

**Board Members:**

Greg McWhorter  
Paul Fortunato  
Terry Henley  
Julie Wheeler  
Tiffany Gardner  
Anthony Wise  
Rick Gentry  
Alvin Nance  
Shannon Coleman Egle  
Michael Wood  
Mike George



**The Health, Educational and Housing Facility Board of the County of Knox**

Regular Meeting  
Tuesday, June 8, 2021, 4:15 p.m.  
17 Market Square, #201  
Knoxville, Tennessee 37902

**AGENDA**

- I. Call to Order
- II. Approval of Minutes from Previous Meeting
  - ACTION** A) Regular Meeting – May 11, 2021
- ACTION** III. Consideration of Resolution regarding Signature Card Authorizations
- ACTION** IV. Review and Consideration of the Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox regarding the issuance of Revenue Bonds (WCO AL DP, LLC), Series 2021, in a Principal Amount not to exceed \$52,515,000, by The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee, a portion of which will finance facilities located in Knox County, Tennessee (TEFRA).
- ACTION** V. Review and Consideration of a Resolution regarding the application of DGA Lakeview, LP for a Payment-In-Lieu-of-Tax (PILOT) transaction for the proposed acquisition and construction of Lakeview at Westland, an approximate 72-unit multifamily housing facility on Emory Church Road in Knox County, Tennessee for low and moderate income citizens in Knox County.
- ACTION** VI. Review and consideration of a final bond resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to the issuance of revenue bonds for DGA Lakeview LP in a principal amount not to exceed \$13,000,000 to finance the acquisition, construction and equipping of an approximate 72-unit multifamily housing facility for low and moderate income citizens in Knox County.

- ACTION** VII. Review and consideration of a resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed amendment of the interest rate and other modifications to the revenue bonds previously issued for Johnson University.
- VIII. Old Business
- IX. New Business
- X. Adjourn

**MINUTES OF THE REGULAR MEETING OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX**

May 11, 2021, 4:15 p.m.

The regular meeting of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox (the “Health & Ed Board” or “Board”) was held on Tuesday, May 11, 2021 at 4:15 p.m., pursuant to notice duly provided to the Directors and the public. The meeting was held at the offices of the Knoxville Chamber and The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee, 37902.

The following Directors were present at the meeting, constituting a quorum, Paul Fortunato (Vice Chair), Julie Wheeler, Rick Gentry, Shannon Coleman Egle, Terry Henley, Anthony Wise, and Alvin Nance.

Also, in attendance were Todd Napier (The Development Corporation), Brenda Wilson Spence (The Development Corporation), R. Christopher Trump (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Susan L. Levine (Paralegal - Egerton, McAfee, Armistead & Davis, P.C.), John Huber with Huber Properties, LLC, the Applicant for the PILOT regarding Farragut Pointe, LLC, Attorney James P. Moneyhun, Jr., with Bass Berry & Sims, bond counsel for Farragut Pointe, LLC and Gleason Partners, L.P., Philip Lawson, Chairman of LHP Capital, LLC (an affiliate of Gleason Partners, L.P. “LHP”), Carey Parker, CEO of LHP, and Justin Sigmon, Vice President of Development for LHP.

I. Paul Fortunato, the Board’s Vice Chair, called the Health & Ed Board meeting to order. The Agenda of the Health & Ed Board meeting is attached hereto as Exhibit A.

The Health & Ed Board discussed the following matters and took the following action as noted:

II. Review/ Approve Minutes from Previous Meeting. The Vice Chair of the meeting asked if there were any changes to the minutes of the regular meeting held on April 13, 2021. There were none. Upon a motion by Julie Wheeler and a second by Alvin Nance, the minutes of the April 13, 2021 meeting were unanimously approved.

III. Review and Consideration of Signature Card Authorization. The Chair recognized Todd Napier who addressed the Board regarding the proposed Resolution for signature card authorizations. Discussion was had.

Upon a motion by Alvin Nance and a second by Shannon Coleman Egle, the Resolution regarding Authorization for Signatures on Checks was unanimously approved. A copy the Resolution is attached hereto as Exhibit B.

IV. Review and Consideration of a Preliminary Bond Resolution and Letter of Intent of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for Gleason Partners, L.P. in a

Principal Amount Not to Exceed \$35,000,000. Alvin Nance recused himself from the discussion and vote on this matter. The Vice Chair recognized James Moneyhun, who provided an overview of the proposed preliminary resolution by Gleason Partners, L.P. for the issuance of revenue bonds to finance the acquisition, rehabilitation and equipping of an approximately 240-unit housing facility for low and moderate-income to be known as Westview Towers (the “Westview Project”) located at 7823 Gleason Drive in Knoxville, Knox County, Tennessee (Parcel ID: 120KA01001). The Westview Project consists of a 13-story tower originally constructed in 1975 on a site located behind West Town Mall in West Knoxville. Mr. Moneyhun stated that the preliminary resolution would allow counsel to the Board to hold the required TEFRA hearing on May 21, 2021. Mr. Moneyhun further stated that the preliminary resolution is needed in connection with the developer’s application to the THDA for low-income housing tax credits.

Mr. Moneyhun stated that the funds would be used to renovate the existing systems such as roofs, siding, mechanical/electrical/plumbing systems, painting, flooring, cabinets and countertops, and lighting fixtures. The outcome of this transaction will be that Westview Tower will remain quality affordable rental housing for qualified Knox County families for many years to come. The Section 8 Project Based Rental Assistance contract from HUD will serve the property for a minimum of another 20 years, subject to federal appropriations. Mr. Moneyhun then introduced the principals with LHP, the affiliate of with Gleason Partners, L.P., the Applicant, should the Board have any additional questions. Discussion was had.

Upon a motion by Anthony Wise, and a second by Terry Henley, the proposed preliminary resolution for Gleason Partners, L.P. was unanimously approved, except for Mr. Nance who recused himself from the vote. A copy of the resolution as approved is attached hereto as Exhibit C.

V. Review and Consideration of a Bond Resolution relative an amendment to the issuance of revenue bonds for Farragut Pointe, L.P. in a principal amount not to exceed \$25,000,000. Rick Gentry recused himself from the discussion and vote on this matter. The Vice Chair recognized James Moneyhun, who provided a brief overview of the project and the changes from the Preliminary Bond Resolution approved by the Board on March 10, 2020. Mr. Moneyhun stated that this final Bond Resolution increases the bond amount to \$25,000,000 from the initial \$16,000,000 bond amount approved in the Preliminary Bond Resolution. The final bond amount increase is due to rising construction and infrastructure costs. Discussion was had.

Upon a motion by Alvin Nance, and a second by Terry Henley, the resolution was approved, except for Mr. Gentry who recused himself from the vote and Mr. Fortunato who voted against approval of the resolution. A copy of the resolution as approved is attached hereto as Exhibit D.

VI. Review and Consideration of a Payment-In-Lieu-of-Taxes (PILOT) Lease for Farragut Pointe, L.P. pertaining to an approximate 120-unit multifamily housing facility on Loop Road in Knox County, Tennessee for low and moderate income citizens in Knox County. Rick Gentry recused himself from the discussion and vote on this matter. The Vice Chair recognized Chris Trump who addressed the Board providing an overview of the prior approval of the PILOT application and Resolution approving the PILOT for Farragut Pointe, L.P. Mr. Trump

indicated that the proposed Resolution states that the form, content and provisions of the Lease Agreement are in all particulars approved and any changes shall be approved by the officer executing the transaction documents and legal counsel to the Board. Discussion was had.

Upon a motion by Alvin Nance, and a second by Anthony Wise, the resolution was approved, except for Mr. Gentry who recused himself from the vote. Mr. Fortunato voted against approval of the resolution. A copy of the resolution as approved is attached hereto as Exhibit E.

VII. Old Business: None

VIII. New Business: None.

IX. Next Meeting. The next regular meeting of The Health, Educational and Housing Facility Board of the County of Knox is scheduled for June 8, 2021, at 4:15 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

X. Adjournment. No further business having come before the Board and upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 4:38 p.m.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Tiffany E. Gardner, Secretary

DRAFT

## EXHIBITS

- Exhibit A      Agenda – May 11, 2021
- Exhibit B      Resolution of the Board of Directors of The Health, educational & Housing Facility Board of the County of Knox Authorizing Signatures on Checks
- Exhibit C      Preliminary Bond Resolution and Letter of Intent of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox relative to a proposed Revenue Bond Issue for Gleason Partners, L.P. in a Principal Amount Not to Exceed \$35,000,000
- Exhibit D      Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox Approving an amendment to the issuance of revenue bonds for Farragut Pointe, L.P. in a principal amount not to exceed \$25,000,000
- Exhibit E      Resolution of the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox Approving the Payment-In-Lieu-of-Taxes (PILOT) Lease for Farragut Pointe, L.P. pertaining to an approximate 120-unit multifamily housing facility on Loop Road in Knox County, Tennessee for low and moderate income citizens in Knox County as well as a letter of intent related thereto

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE  
COUNTY OF KNOX**

**AUTHORIZATION FOR SIGNATURES ON CHECKS**

June 8, 2021

**WHEREAS**, the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox (the “Health & Ed Board”) desires to designate and confirm the authorized signatories on all bank accounts maintained by the Health & Ed Board and the required signatures on all transfers of funds of the Health & Ed Board;

**NOW, THEREFORE**, the following resolutions are hereby adopted:

**RESOLVED**, that the following officers are hereby authorized, approved and designated as signatories on all bank accounts maintained by the Health & Ed Board:

**Title**

Chair – Greg McWhorter

Vice-Chair – Paul Fortunato

Secretary/Treasurer – Tiffany E. Gardner

Assistant Secretary/Treasurer – Julie Wheeler

President & CEO (The Development Corporation of Knox County) – \_\_\_\_\_

**RESOLVED**, that only one of the foregoing signatures shall be required on all checks or transfers of funds of less than \$10,000.00;

**RESOLVED**, that two of the foregoing signatures provided one of the signatures is the Chairman, Vice-Chairman or Secretary/Treasurer shall be required on all checks or transfers of funds of \$10,000.00 or more;

**RESOLVED**, that the form banking resolutions required by any and all banks at which the Health & Ed Board maintains bank accounts are hereby ratified, adopted and approved, such ratification, adoption and approval to be deemed effective as of May 11, 2021, and any designated signatory is authorized to complete and execute such form banking resolutions consistent with the authority granted herein and deliver such banking resolutions to such banks.

I hereby certify that this resolution of the Health & Ed Board was duly and lawfully adopted by its Board of Directors on May 11, 2021, at a meeting at which a quorum was acting throughout, and I furthermore certify that such resolution has not been amended or modified in any respect.

The Health, Educational and Housing Facility Board of  
the County of Knox

Dated: June 8, 2021

By: \_\_\_\_\_  
Tiffany E. Gardner, Secretary

RESOLUTION OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX APPROVING THE ISSUANCE OF  
BONDS FOR THE BENEFIT OF WCO AL DP, LLC

WHEREAS, The Health, Educational and Housing Facility Board of the County of Knox (the "Board") is a corporation organized and existing pursuant to Part 3 of Chapter 101, Title 48, Tennessee Code Annotated, as amended (the "Act"); and

WHEREAS, The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee (the "Issuer") proposes to issue its revenue bonds in one or more series from time to time in the aggregate principal amount of not to exceed \$49,175,000 (the "Bonds") and to loan the proceeds of the Bonds to WCO AL DP, LLC ("WCO"), a Tennessee nonprofit limited liability company whose sole member is Woodbine Community Organization (WCO), Inc., a Tennessee nonprofit corporation, such proceeds to be used by WCO for the purpose of (i) refunding the Issuer's outstanding \$10,400,000 Revenue Bond (Woodbine Community Organization Group Home Facilities Project), Series 2016B (the "Series 2016B Bond") and refinancing a loan obtained by WCO and used by WCO, with the proceeds of the Series 2016B Bond, for the acquisition, construction, installation and equipping of nine residential treatment facilities for individuals with intellectual disabilities, each containing four beds, for a total of 36 beds (collectively, the "Greene Valley Facilities"), (ii) refinancing loans obtained by WCO and used by WCO, with proceeds of the Bonds, for the acquisition, construction, installation and equipping of eight residential treatment facilities for individuals with intellectual disabilities, each containing eight beds, for a total of 64 beds (collectively, the "Shelby County Replacement Facilities"), and (iii) refinancing a loan obtained by WCO and used by WCO, with proceeds of the Bonds, for the acquisition, construction, installation and equipping of eight residential treatment facilities for individuals with intellectual disabilities, each containing eight beds, for a total of 64 beds (collectively, the "Knox County Replacement Facilities") (the Greene Valley Facilities, the Shelby County Replacement Facilities and the Knox County Replacement Facilities are referred to collectively as the "Facilities") (which Facilities, in the aggregate, consist of a total of 25 residential treatment facilities for individuals with intellectual disabilities and a total of 164 beds), the Greene Valley Facilities being located in the Counties of Greene, Hamilton and Knox, the Shelby County Replacement Facilities being located in Shelby County, and the Knox County Replacement Facilities to be located in Knox County, all in the State of Tennessee; and

WHEREAS, by Resolution adopted on April 12, 2016, the Board (i) approved the issuance of the Series 2016B Bond and the financing of the Greene Valley Facilities located in Knox County, Tennessee (the "Existing Knox County Facilities"), and (ii) approved the issuance of the Issuer's \$9,599,403 Revenue Bond (Woodbine Community Organization Group Home Facilities Project), Series 2016A and the financing of the facilities being replaced by the Knox County Replacement Facilities with the proceeds thereof; and

WHEREAS, the Act requires that the Board approve the refinancing of the Existing Knox County Facilities and the financing and refinancing of the Knox County Replacement Facilities to be located in Knox County, Tennessee (the Existing Knox County Facilities and the Knox County



Replacement Facilities being referred to herein collectively as the "Knox County Facilities"), the Knox County Facilities being within the jurisdiction of the Board; and

WHEREAS, notice of the intention of the Board to hold a public hearing with respect to the proposed plan of financing for the issuance of the Bonds to refinance the Existing Knox County Facilities and to finance and refinance the Knox County Replacement Facilities was published in accordance with the provisions of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, the Board has on this date conducted the public hearing and, at such hearing, afforded an opportunity to all persons desiring to be heard on the question of the proposed issuance of the Bonds pursuant to the plan of financing for the Knox County Facilities.

NOW, THEREFORE, BE IT RESOLVED by the Board, and IT IS HEREBY RESOLVED by the authority of the same, as follows:

Section 1. The Board hereby approves the refinancing of the Existing Knox County Facilities and the financing and refinancing of the Knox County Replacement Facilities.

Section 2. The Board hereby approves the issuance of the Bonds.

Section 3. The Board hereby recommends to the County Mayor of Knox County, Tennessee that the Bonds be issued by the Issuer to finance and refinance the Knox County Facilities as described in the plan of financing.

Section 4. The Board hereby requests that the County Mayor of Knox County, Tennessee approve the issuance of the Bonds by the Issuer to finance and refinance the Knox County Facilities as described in the plan of financing.

Section 5. All acts and doings of the officers and board members of the Board which are in conformity with the purposes of this Resolution are, in all respects, approved and confirmed.

Section 6. The Chair of the Board is hereby authorized to execute any and all documents or certificates necessary to evidence the Board's approval of the issuance of the Bonds and the financing and refinancing of the Knox County Facilities.

Section 7. All resolutions or parts thereof of the Board in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 8. This Resolution shall be effective immediately upon its adoption.

[The remainder of this page intentionally left blank.]

**STATE OF TENNESSEE  
COUNTY OF KNOX**

I, Greg McWhorter, Chair of THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX (the "Board") do hereby certify that the foregoing is a true and complete extract of the minutes of the Board of Directors of the Board at a meeting duly called and held on June 8, 2021, and sets forth so much of said minutes as in any way relates to the introduction, consideration and passage of the resolution therein set forth. Public notice of said meeting was given pursuant to and in compliance with all provisions of law.

THE HEALTH, EDUCATIONAL AND HOUSING  
FACILITY BOARD OF THE COUNTY OF KNOX

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Greg McWhorter, Chair

Dated: June 8, 2021

SECRETARY'S CERTIFICATE

I, the undersigned Secretary of The Health, Educational and Housing Facility Board of the County of Knox (the "Board"), DO HEREBY CERTIFY that the foregoing pages of typewritten matter pertaining to the approval of the proposed issuance of bonds by The Health and Educational Facilities Board of The Metropolitan Government of Nashville and Davidson County, Tennessee, for the benefit of WCO AL DP, LLC, constitute a true and correct copy of the resolution adopted by the Board on June 8, 2021, and that the original of said resolution appears of record in the Minute Book of the Board which is in my custody and control.

GIVEN under my hand and the official seal of The Health, Educational and Housing Facility Board of the County of Knox, this 8<sup>th</sup> day of June, 2021.

THE HEALTH, EDUCATIONAL AND HOUSING  
FACILITY BOARD OF THE COUNTY OF KNOX

\_\_\_\_\_  
Tiffany E. Gardner, Secretary

(Seal)

**DATE:** May 13, 2021

**THE HEALTH, EDUCATION & HOUSING FACILITY BOARD OF THE COUNTY OF KNOX**

17 Market Square, #201  
Knoxville, TN 37902-1405

The Board meets monthly on the second Tuesday at 4:15 p.m. in the offices of The Development Corporation located at 17 Market Square, #201, Knoxville, TN 37902-1405.

**PROJECT APPLICATION**

**PROJECT NAME:** Woodbine Community Organization Group Home Facilities

**LOCATION:** Across Tennessee. See Notice of Public Hearing for Knox County Locations.

**SUBMITTED BY:** (If a partnership, applicant should provide the partners' names, addresses, and status, whether limited or general partner.)

WCO AL DP, LLC (whose sole member is Woodbine Community Organization (WCO), Inc.), 643 Spence Lane, Nashville, TN 37217

**AUTHORIZATION – AMOUNT ASKING FOR:** Not exceeding \$49,175,000 (from The Health and Educational Facilities Board of Nashville and Davidson County). Requesting local approval-48-101-308(a)(5).

**ESTIMATED PROJECT COST AND BREAKDOWN** (i.e., land, building, equipment, etc.)

\$10,000,000 to refund/refinance existing facilities constructed with proceeds of 2016 bond (4 in Knox Co.)

\$39,175,000 to finance/refinance new facilities (8 in Knox Co.) (\$2,000,000 for land, \$33,333,000 for buildings/improvements, \$3,069,000 for debt service/repair reserves and \$773,000 for issuance costs).

**PROCEDURE FOR SALE OF BONDS** (Private vs. Public Placement, etc. See also Paragraphs 5 (3) (4) and (5) private placement)

**PURCHASER:** Facilities Funding Group, LLC, 101 West Park Drive, Suite 140, Brentwood, TN 37027

**GUARANTOR:** N/A

**FISCAL AGENT** (if selected): N/A

**ATTORNEY** (if selected): Bradley Arant Boult Cummings LLP, Nashville, TN

**TRUSTEE** (if selected): U.S. Bank National Association

**BRIEF DESCRIPTION OF PROJECT:** (including the purpose, employment created, economic impact, size of buildings, land, etc., and other appropriate comments to fully explain.)

Knox County facilities consist of (i) 4 existing residential treatment facilities with 4 beds each, and (ii) 8 new residential treatment facilities with 8 beds each to replace existing facilities.

Knox County facilities employ approximately 225 full time equivalents.

Knox County facilities generate in excess of \$14,000,000 in direct annual revenues and local spending.

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**FINANCIAL STATEMENTS:** If public placement is requested, include with the above: (1) financial summary of past 5 years; (2) current audit; (3) 3-5 year financial projections.

**RULES:** Compliance with the rules on the following page is the responsibility of Applicant. The Board reserves the right to amend or waiver any Rule without notice.

**RULES**

1. **Procedure** – The Project Application must be filed with the Secretary of the Board fourteen days prior to meeting so that copies can be mailed to all Board Members and counsel to the Board one week prior to Board meeting.
  - (1) If a TEFRA hearing is requested, the completed TEFRA form and Application **MUST BE RECEIVED** by the Secretary not less than 20 days prior to the meeting.
  - (2) If no TEFRA hearing is requested, the Application **MUST BE RECEIVED** by the Secretary not less than 14 days prior to the meeting.
  
2. **Fee Schedule** – Appropriate fees must be submitted with the request:

**Projects and Bond Issues: The Industrial Development Board of the County of Knox and The Health, Educational and Housing Facility Board of the County of Knox**

**Agenda Fee:** \$500. This fee is assessed on matters considered by the Board of Directors at a regular meeting of the Directors. It is not assessed if (i) the Applicant has paid a Project Fee and (ii) the action requested is related to the same Project or Bond Issue for which the Project Fee was paid. If an Applicant requests further action related to an outstanding Bond Issue, the Agenda Fee will be due and payable.

**Project Fee:** 10 basis points (0.10%) of the Total Project/Bond Issue with a minimum of \$2,000 and a maximum of \$4,000.

**Special Meeting Fee:** \$5,000 per Applicant.

**Interlocal Agreement Fee:** \$1,000 per Applicant.

All fees are due and payable fourteen days before the meeting and should be payable to the applicable Board and delivered to the Board at its office located at 17 Market Square, #201, Knoxville, TN 37902-1405.

3. **Housing** – For housing and similar issues, the Board will require a feasibility study to be filed with the original application or for consideration at a regular meeting not less than one month prior to final approval. If consideration is at a regular meeting, the study must be mailed to members and counsel not less than 10 days prior to the meeting.

4. **Refinancing** – Generally, except for manufacturing or regional warehouse facilities, the Board requires that in any refinancing of existing debt, 25% of the bond proceeds be used for new construction or renovations.

5. **General**

- (1) Projects are approved and extended for 6 month periods.
- (2) Regardless of property ownership, applicants will be required to pay all property taxes as if owned by the applicant.
- (3) In the event applicant requests approval of a public placement, he should clearly designate such request on the application and should be prepared to provide reasons therefore at the appropriate Board meeting. A rating of AA or better will normally be required.
- (4) Unless otherwise designated, the Board will consider all requests for new issues to be request for private placements. Private placements shall mean that the bonds may not be sold, transferred or assigned by the holder thereof except (1) to an institutional investor and then only for the investment account of such institutional investor, or (2) an individual investor and then only for the account of such individual investor. For this purpose, an institutional investor shall mean a bank, savings and loan association, insurance company, or other financial institution having a combined capital and surplus of not less than \$5,000,000. For this purpose, an individual investor shall mean one whose net worth is certified to be not less than \$1,000,000. Bonds, notes and other documents shall bear an appropriate legend to reflect these restrictions. As a substitute for this, the Board will consider restrictions limiting the minimum bond size to \$100,000.
- (5) In the event that the Board approves a public issue, it will not execute in connection therewith official statements or similar documents deemed by counsel to create unacceptable obligations.
- (6) Documents to be executed by the Board will include the following or similar paragraph:

No recourse under or upon any obligation, covenant, or agreement or in any Bond or coupon, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator member, director or officer, as such, past, present, or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Bond or coupon issue, of any sum that may be due and unpaid by the Issuer upon any such Bond or coupon. 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, as such to respond by reason of any act or omission on his part or otherwise for the payment for or to the Issuer or any receiver thereof, or for or to the holder of any Bond or coupon , of any sum that may remain due and unpaid upon the Bonds and coupons or any of them, is hereby expressly waived and released as a condition of and consideration for the execution of this Indenture and the issue of such bonds and coupons.

The County of Knox, Tennessee, shall not in any event be liable for the payment of the principal of, premium, if any, or interest on any of the Bonds issued, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever herein or indebtedness by the Issuer, and none of the Bonds of the Issuer issued or any of its agreements or obligations herein or otherwise shall be construed to constitute an indebtedness of the County of Knox, Tennessee, within the meaning of any constitutional or statutory provision whatsoever.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX APPROVING THE PILOT APPLICATION OF DGA LAKEVIEW LP**

WHEREAS, THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX (“Board”) has been duly created and organized pursuant to and in accordance with the provisions of Part 3 of Chapter 101 of Title 48 of the Tennessee Code Annotated, as amended (the "Act") and as such is a public instrumentality of Knox County performing a public function; and

WHEREAS, the purpose of said Act, as stated therein, is to authorize the incorporation in the several municipalities in the State of Tennessee of public corporations to finance, refinance, acquire, own, lease, and/or dispose of projects to promote and maintain and increase commerce, welfare, health, housing, education and prosperity of the people of the State of Tennessee; and

WHEREAS, Tenn. Code Ann. §48-101-312 provides that the Board and all properties at any time owned by it, and the income and revenues therefrom, and all bonds issued by it, and the income therefrom are exempt from all taxation in the State of Tennessee; and

WHEREAS, DGA Lakeview LP (collectively with applicable affiliates, “Applicant”) has submitted an application (“Application”) to the Board for a payment in lieu of tax arrangement under Tenn. Code Ann. §48-101-312 (“PILOT”) for real property taxes in connection with the acquisition, construction and equipping of an approximately 72-unit housing facility for low and moderate-income citizens located on certain property on Emory Church Road in Knoxville, Tennessee (Tax Parcel IDs: 144 02016 and 144 02009) to be known as Lakeview at Westland (the “Project”), subject to such project receiving an allocation of low-income housing tax credits (“LIHTC”) under Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. § 42) from the Tennessee Housing Development Agency (“THDA”); and

WHEREAS, pursuant to Tenn. Code Ann. §§48-101-312(b)(4), the Board has the authority to enter into a payment in lieu of tax transaction for LIHTC projects upon finding that such payments are deemed to be in furtherance of the Board’s public purposes and upon receipt by the Board of a letter of support from the Mayor and Chief Executive Officer of Knox County for such project;

WHEREAS, the Mayor and Chief Executive Officer of Knox County has issued a letter of support for a PILOT for the Project consistent with the terms set forth below (“Mayoral Support Letter”);

WHEREAS, there having been submitted to the Board at its regular scheduled meeting of its Directors on June 8, 2021, a form of Lease Agreement between the Board and the Applicant (“Lease Agreement”), which the Board proposes to execute to carry out the transactions described above, copies of which such instrument shall be filed with the records of the Board; and

WHEREAS, the Board’s Directors desire to approve the Lease Agreement.

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

1. The Board finds that the Project and grant of tax incentives to Applicant by the Board pursuant to the Act, and in particular, Tenn. Code Ann. §§48-101-312, are in furtherance of the public purposes of the Board provided in the Act, and will have the effect of to promote



and maintain and increase commerce, welfare, health, housing (affordable housing, in particular), education and prosperity of the people of the State of Tennessee and, in particular, Knox County, Tennessee.

2. Subject to the THDA's allocation of LIHTC to the Project and as provided in the Mayoral Support Letter, the Application is hereby approved by the Board, and the Board is hereby authorized to enter into a PILOT with the Applicant having (a) a term-length which is fifteen (15) years from the earlier to occur of (i) three (3) years the date of the applicable lease or (ii) when the Project reaches 80% occupancy (the "Benefit Commencement Date"), (b) a closing fee in the amount of \$28,800, (c) an annual maintenance fee equal to \$2,000 per annum, such amount to increase annually at a rate of 2.45% year over year, and (iv) payments-in-lieu-of-tax, from the date of closing of the PILOT to the Benefit Commencement Date (as defined above), an amount equal to the ad valorem taxes which were otherwise payable with respect to the subject real property as of such date of closing, and (v) for each Benefit Year (as such term is defined below) following the Benefit Commencement Date, payments-in-lieu-of-tax in the amount of \$5,000.00 per year.

The term "Benefit Year" means the twelve (12)-month period commencing on the Benefit Commencement Date, and each successive twelve (12)-month period thereafter. The Applicant shall also be given the opportunity to pre-pay the annual maintenance fee at closing based upon a present value discount acceptable to the staff and legal counsel to the Board. This approval is conditioned upon, if not already received, the Applicant's payment to the Board of an application fee in the amount of \$5,000, such application to be fully credited against the above closing fee paid by the Applicant at the closing of the PILOT.

3. The Board is hereby authorized and directed to acquire from the Applicant the real property constituting the Project, pursuant to such deeds, assignments, and other documents of transfer deemed necessary or convenient by the Board to effect the transfer of such property to the Board in a manner that will comply with the Board's enabling legislation and thereby cause such property to be exempt from taxation by any applicable municipality.
4. The Board is hereby authorized and directed to enter into the Lease Agreement, pursuant to which the Board leases to the Applicant the real property constituting the Project. The form, content, and provisions of the Lease Agreement presented to this meeting of the Board of Directors, are in all particulars approved. The Lease Agreement is to be in substantially the form now before this meeting of the Board of Directors, or with such changes therein as shall be approved by the officer or officers executing the Transaction Documents and legal counsel to the Board. The execution of the Transaction Documents by the authorized officer or officers shall constitute evidence of his, her or their approval and approval of legal counsel of any and all such changes or revisions.

The documents described in Sections 3 and 4, together with any other documents executed and delivered in connection with the transactions contemplated herein or otherwise deemed necessary or convenient by the Board or the officer(s) of the Board specified herein, shall be hereinafter referred to as the "Transaction Documents."

5. Each of the officers of the Board is hereby authorized and directed to execute and deliver the Transaction Documents on behalf of the Board. Such officers are, and each of them is, furthermore, hereby authorized to do all acts and things and execute all documents, from time

to time, as may be necessary or convenient to effect the transactions contemplated herein and in the Transaction Documents and to carry out and comply with the provisions of the Transaction Documents and other documents deemed necessary by the Board.

6. Such approvals set forth herein are subject to the Applicant paying or reimbursing the Board for any and all costs and expenses incurred by the Board in connection with the approval and closing of the PILOT, including, without limitation, any and all attorneys' fees incurred by the Board.
7. The PILOT transaction approved hereby must close by December 31, 2021, and upon failure to close by such date (or such later date approved by the Board pursuant to a separate resolution), the approval evidenced hereby shall expire and be of no further force and effect.

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**STATE OF TENNESSEE  
COUNTY OF KNOX**

I, Tiffany E. Gardner, Secretary of THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX (the "Board") do hereby certify that the foregoing is a true and complete extract of the minutes of the Board of Directors of the Board at a meeting duly called and held on June 8, 2021, and sets forth so much of said minutes as in any way relates to the introduction, consideration and passage of the resolution therein set forth. Public notice of said meeting was given pursuant to and in compliance with all provisions of law.

THE HEALTH, EDUCATIONAL AND HOUSING  
FACILITY BOARD OF THE COUNTY OF KNOX

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Tiffany E. Gardner, Secretary

Dated: June 8, 2021

**MINUTES OF THE REGULAR MEETING OF THE APPLICATION REVIEW  
COMMITTEE OF THE HEALTH, EDUCATIONAL & HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX**

Tuesday, May 25, 2021 4:15 p.m.

The regular meeting of the Application Review Committees (the “Application Review Committee” or “Committee”) of the Health, Educational & Housing Facility Board of the County of Knox (the “Board” or “HEB”) was held on Tuesday, May 25, 2021 at 4:15 p.m., pursuant to notice duly provided to the Committee Members and the public. The meeting will be held at the offices of the Knoxville Chamber and The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee, 37902.

The following Application Review Committee Members were present at the meeting constituting a quorum: Rick Gentry (Chair), Greg McWhorter, Tiffany Gardner, Paul Fortunato, and Michael Wood.

Also, in attendance were Todd Napier (The Development Corporation), Brenda Wilson Spence (The Development Corporation), R. Christopher (“Chris”) Trump (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Susan L. Levine (Paralegal – Egerton, McAfee, Armistead & Davis, P.C.), Craig Cobb, Vice President of DGA Residential, LLC, the general partner of DGA Lakeview, LP, (the “Applicant”), and Melody Evans with Dominion Development Group, the management company for the Lakeview at Westland project.

I. Rick Gentry (Chair) called the meeting of the Application Review Committee to order. The Agenda of the meeting is attached hereto as Exhibit A.

II. Review/Approve Minutes from Previous Meeting. The Chair of the meeting asked if there were any changes to the minutes of the regular meeting held on February 23, 2021. There being no changes to the minutes, upon motion of Michael Wood and second by Tiffany Gardner, the minutes were unanimously approved.

III. Review and Consideration of an Application for a Payment-In-Lieu-of-Taxes (“PILOT”) filed by DGA Lakeview, LP for a low-income housing project located in Knox County, Tennessee. The Chair recognized Todd Napier who provided an overview of the project which will be built on certain real property in Knox County, Tennessee (Tax Parcel IDs: 144 02016 and 144 02009), which is bounded on the east by Emory Church Road, bounded on the south by certain property with an address of 9649 Westland Drive, bounded on the west by Pellissippi Parkway – Interstate 140 and bounded on the north by a portion of the Tennessee River commonly known as Sinking Creek. The Project will finance the acquisition, construction and equipping of a 72-Unit housing facility for low and moderate-income citizens to be known as Lakeview at Westland. A copy of the Application is attached hereto as Exhibit B.

Mr. Napier stated that the Applicant is seeking abatement of taxes on the real property over fifteen (15) years in which the Applicant will pay only \$5,000 per year in assessed taxes. With an estimated \$55,000 in total tax assessments for the Project, the PILOT results in a total

property tax abatement of approximately \$750,000. However, the tax assessor believes you need to add in the benefits received from the housing bonds provided by the THDA, which would double the value of the property. This methodology would result in approximately \$1.5 million in property tax abatement over the fifteen years of the PILOT.

Mr. Napier stated that the Mayor of Knox County has provided a letter of support for the PILOT based upon these terms and the PILOT will be conditioned upon the Applicant receiving an award of 4% tax credits from the Tennessee Housing Development Agency.

Mr. Napier then recognized Craig Cobb who provided additional background on the multi-family project, and introduced Melody Evans with the management company, Dominion Development Group should the board have any additional questions.

The Chair questioned Mr. Cobb regarding approval of the road infrastructure. Mr. Cobb stated that they have received approval from Knox County for the construction of the roads and driveways servicing the complex which will be built through the 13-acre conservation easement.

The Chair then recognized Paul Fortunato who questioned Mr. Cobb regarding zoning issues. Mr. Cobb stated that the property is already zoned appropriately, and no further rezoning needs to be completed. Mr. Fortunato then questioned the beginning term of the PILOT lease and payment of taxes before the project reaches the appropriate thresholds of 3 years of 80% occupancy. Mr. Trump clarified that until the PILOT term begins, the Applicant will pay the current rate of taxes. Further discussion was had.

Upon a motion by Tiffany Gardner and a second by Michael Wood, the Committee voted to recommend approval of the PILOT application to the full Board for a fifteen (15) year PILOT (commencing upon earlier of stabilization, or 80% occupancy, and three years from the date of the lease) with a PILOT Payment of \$5,000 per year.

IV. New Business. None.

V. Old Business. Mr. Napier confirmed that he has accepted a new position of employment and that his last day as President and CEO of The Development Corporation of Knox County will be June 4, 2021.

No further business having come before the Application Review Committee and upon motion duly made and seconded, the Chair adjourned the meeting at 4:31 p.m.

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Date

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Rick Gentry, Chair

EXHIBITS

Exhibit A

Agenda

Exhibit B

PILOT Application filed by DGA Lakeview, LP

## LEASE AGREEMENT

This **LEASE AGREEMENT** (herein, this “Lease”), is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2021, by and between **THE HEALTH, EDUCATIONAL & HOUSING FACILITY BOARD OF THE COUNTY OF KNOX**, a public nonprofit corporation organized under the laws of the State of Tennessee (“Landlord”), and **DGA LAKEVIEW LP**, a limited partnership organized under the laws of the State of Tennessee (“Tenant”).

### RECITALS

Landlord is a health, educational and housing facility board of the County of Knox, Tennessee, organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. Sections 48-101-301 et seq., as amended, and is authorized thereunder 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 accommodation for persons of low income.

In connection therewith and in response to Tenant’s application and request filed with Landlord, Landlord has acquired from Tenant certain real property in Knox County, Tennessee, located at 0 Emory Church Road, Knoxville, TN 37922, Parcel ID Numbers 144.02016 and 144.02009, such real property being more particularly described in Exhibit A attached hereto and incorporated herein by reference.

To induce Tenant to construct, develop, equip and install a 72-unit affordable housing apartment development on the Real Property, Landlord will authorize Tenant to construct, develop, equip and install a 72-unit affordable housing apartment development on the Real Property, and Landlord will lease the real property to Tenant on the terms and conditions of this Lease.

NOW, THEREFORE, LANDLORD AND TENANT AGREE AS FOLLOWS:

Landlord, for and in consideration of the payments stipulated herein to be made by Tenant and the covenants and agreements hereinafter contained and to be kept and performed by Tenant, does hereby demise, lease, and let unto Tenant, and Tenant hereby hires, leases and rents from Landlord, for the Term and upon the conditions stated herein, the Real Property and the Project.

### **ARTICLE I DEFINITIONS**

Section 1.1 Definitions. In addition to words and terms defined in the Premises and Recitals, the following terms and variations thereof have the meanings specified or referred to in this Article I:

“**Act**” means Sections 13-20-101 et seq. or 48-101-301 et seq., as applicable, of the Tennessee Code Annotated, as amended.

“**Additional Rent**” shall mean all amounts payable by Tenant under this Lease other than Base Rent, including, without limitation, those amounts described in Section 5.3.

“**Application**” is the Application dated as of November 18, 2020, as amended by that certain amended application filed on April 28, 2021, by Tenant with Landlord, as the same may be amended with the written consent of Landlord.

**“Authorized Tenant Representative”** means Tenant’s general partner or other officer acceptable to Landlord.

**“Base Rent”** has the meaning provided in Article V.

**“Default”** means the happening of any occurrence which, together with the giving of any required notice or the passage of any required period of time, or both, would constitute an Event of Default.

**“Environmental Laws”** has the meaning provided in Section 14.1(a).

**“Environmental Reports”** means that certain Phase 1 Environmental Site Assessment dated November 24, 2020 conducted by GEOServices, LLC, a copy of which has been delivered to Landlord.

**“Event of Default”** has the meaning provided in Section 10.1.

**“Force Majeure”** shall mean any of the following causes, circumstances or events: acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies, including acts of terrorism; orders or restraints of any kind of the government of the United States of America or the State of Tennessee or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; war; insurrections; civil disturbances; riots; epidemics; earthquakes; tornados; lack of availability of material and failure of any lender that is legally committed to make a loan to Tenant to finance costs of the Project or to advance funds for the payment of such costs of the Project if such failure is not the result of any action or omission by Tenant; provided, however, that in any event, weather-related conditions, other than catastrophic weather-related disasters, shall not be deemed to be a “Force Majeure” event hereunder.

**“Governmental Authority”** or **“Governmental Authorities”** means the United States, the State of Tennessee, any political subdivision of either, any court of either of them, and any agency, department, commission, board, bureau or instrumentality of either of them.

**“Hazardous Waste”** has the meaning provided in Section 14.1(a).

**“Improvements”** means, collectively, the Tenant Improvements and any other improvements now or hereafter located on the Real Property.

**“Investor Limited Partner”** shall mean SouthEast Bank, a Tennessee state bank.

**“Landlord’s Agents”** shall mean any incorporator, officer, director, agent, counsel, or employee of Landlord.

**“Landlord’s Designated Representative”** shall mean such person or persons as are designated by the Landlord to provide any approvals or consents under this Agreement or otherwise perform duties of the Landlord specified herein, which person or persons need not be officers, directors or employees of the Landlord.

**“Lease Compliance Information”** has the meaning provided in Section 7.4(a).

**“Legal Requirement”** means any federal, state, local, municipal, foreign, international, multinational or other constitution, law, ordinance, principle of common law, code, regulation, statute or treaty and any court order.



**“Lender”** means any lending institution which has extended credit to Tenant that is secured by a Security Instrument.

**“Loan Documents”** has the meaning provided in Section 4.6(a).

**“Option Price”** has the meaning provided in Section 12.1.

**“Organizational Documents”** means, with respect to any particular entity, (a) if a corporation, the articles or charter of incorporation and the bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; (d) if a limited liability company, the articles of organization and operating agreement; (e) if another type of Person, any other charter or similar document adopted or filed in connection with the creation, formation or organization of the Person; (f) all equity holders’ agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any Person or relating to the rights, duties and obligations of the equity holders of any Person; and (g) any amendment or supplement to any of the foregoing.

**“Person”** means an individual, partnership, limited partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Authority.

**“PILOT Payments”** has the meaning provided in Section 7.2(a).

**“Plans and Specifications”** means the final plans and specifications for the design and construction of the Tenant Improvements on the Real Property, as approved by any and all applicable Government Authorities, which plans and specifications shall be consistent with the Application, subject to any revisions that have been approved by the Landlord’s Designated Representative.

**“Premises”** means the Real Property, together with the Improvements on such Real Property, all whether located on the Real Property at the time of the execution of this Lease, or at any time thereafter.

**“Project”** means the completion of the Tenant Improvements by Tenant, the conveyance of the Real Property to Landlord, the leasing of the Real Property by Tenant from Landlord, and the work of constructing and renovating the Tenant Improvements on the Real Property all pursuant to the terms of this Lease and the Application.

**“Real Property”** means the real property described in Exhibit A attached to this Lease and incorporated herein by reference and any improvements located thereon.

**“Related Documents”** has the meaning provided in Section 13.7.

**“Report”** has the meaning provided in Section 7.4.

**“Security Instrument”** means any deed of trust, security agreement, assignment, pledge, hypothecation, conditional sale agreement, chattel paper, financing statement or other instrument or document encumbering the Real Property or Tenant’s leasehold interest therein, all as amended from time to time.

**“Stabilization Date”** shall be the date the Project achieves 80% occupancy (e.g., 57/72 affordable housing living units are occupied).

**“Tax Year”** has the meaning provided in Section 7.2.

**“Tenant”** means the legal entity or natural person identified in the first paragraph of this Lease, or any permitted transferee or assignee pursuant to Section 4.6.

**“Tenant Construction Contract”** has the meaning provided in Section 3.1.

**“Tenant Documents”** means this Lease and such deeds, bills of sale, assignments, subleases, estoppel certificates, subordination agreements, non-disturbance and attornment agreements and other instruments and documents evidencing and providing for the transactions and obligations contemplated herein, as the same may be amended, modified, and supplemented from time to time.

**“Tenant Improvements”** means the improvements constructed or to be constructed upon the Real Property and affixed thereto by Tenant, as provided in the Application.

**“Tenant Improvements Completion Date”** shall mean the date that is twenty-four (24) months following the date hereof, subject to brief reasonable extensions to accommodate Force Majeure events.

**“Term”** means the term of this Lease, as provided in Section 5.1.

Section 1.2    Usage.

- (a) In this Lease, unless a clear contrary intention appears:
  - (i) the singular number includes the plural number and vice versa;
  - (ii) reference to any Person includes such Person’s successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Lease, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
  - (iii) reference to any gender includes each other gender;
  - (iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;
  - (v) reference to any Legal Requirement means such Legal Requirement as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Legal Requirement means that provision of such Legal Requirement from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;
  - (vi) “hereunder,” “hereof,” “hereto,” and words of similar import shall be deemed references to this Lease as a whole and not to any particular Article, Section or other provision hereof;
  - (vii) “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term;

(viii) “or” is used in the inclusive sense of “and/or”;

(ix) with respect to the determination of any period of time, “from” means “from and including” and “to” means “to but excluding”; and

(x) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

(b) This Lease was negotiated by the parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Lease to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.

(c) Any capitalized terms not specifically defined herein shall have the meanings assigned to them in the Application.

## **ARTICLE II REPRESENTATIONS AND WARRANTIES**

Section 2.1 Representations and Covenants of Landlord. Landlord is a public nonprofit corporation and governmental instrumentality of the State of Tennessee, duly incorporated, validly existing and in good standing under the laws of the State of Tennessee, and is validly organized pursuant to the provisions of the Act. Landlord is authorized and empowered by the provisions of the Act, and has all requisite corporate power and authority to execute and deliver and perform its obligations under this Lease. No consents of any third parties are required nor are any regulatory filings required to be made in order for Landlord to execute this Lease and consummate the transactions herein. This Lease has been duly authorized, executed and delivered on behalf of Landlord and constitutes the legal, valid and binding obligation of Landlord, enforceable in accordance with its terms, subject to bankruptcy and other creditors’ rights, laws, and principles of equity. The execution, delivery and performance by Landlord of this Lease will not contravene or constitute a default under any provision of applicable law or regulation, the Organizational Documents of Landlord or of any contract, agreement, judgment, order, decree, rule, regulation, or other instrument binding on Landlord.

Section 2.2 Representations, Warranties and Covenants of Tenant. Tenant hereby represents and warrants to, and agrees and covenants with Landlord as follows:

(a) Tenant is a limited partnership duly organized, validly existing, and in good standing under the laws of its jurisdiction of organization, with full power and authority to conduct its business as it is now being conducted and to own or use the properties and assets that it purports to own or use.

(b) Tenant has all requisite power, authority and legal right to: (i) execute and deliver this Lease and all other instruments and documents to be executed and delivered by Tenant pursuant hereto; (ii) perform and observe the provisions thereof; and (iii) carry out the transactions contemplated thereby. All action on the part of Tenant which is required for the execution, delivery, performance and observance by Tenant of this Lease has been duly authorized and effectively taken.

(c) This Lease constitutes the legal, valid and binding obligation of Tenant, enforceable against Tenant in accordance with its terms, subject to bankruptcy and other creditors’ rights, laws, and principles of equity.

(d) The Application does not contain any untrue statement or omit to state a material fact necessary to make the statements therein or in this Lease, in light of the circumstances in which they were made, not misleading. No representation of Tenant, or information disclosed by Tenant, in the Application omits to state a material fact necessary to make the statements therein, in light of the circumstances and at the time in which they were made, not misleading.

(e) To its knowledge, Tenant is not in material default under or violating, and none of the execution and delivery of this Lease, consummation of the transactions contemplated hereby or compliance with the terms and conditions hereof will conflict with, constitute a breach of or a default under, or violate, any material agreement or instrument to which Tenant is a party or by which Tenant or any of Tenant's property is bound and which has not been waived, or to Tenant's knowledge, any Legal Requirement. To Tenant's knowledge no event has occurred or is continuing which constitutes a default under or which, with the lapse of time or giving of notice or both, would constitute a default under any of the foregoing.

(f) There is no action, suit or proceeding at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of Tenant, threatened against Tenant or any of its properties which might adversely affect the validity of this Lease or the transactions contemplated hereby.

(g) Neither the execution and delivery of this Lease or the other Tenant Documents nor the consummation or performance of any of the transactions contemplated thereby will, directly or indirectly (with or without notice or lapse of time):

(i) breach (A) any provision of any of the Organizational Documents of Tenant or (B) any resolution adopted by the board of directors, shareholders, partners, or members of Tenant, as applicable;

(ii) breach any of the transactions contemplated by the Tenant Documents or give any Governmental Authority or other Person the right to exercise any remedy or obtain any relief under any Legal Requirement or any judgment or order to which Tenant may be subject;

(iii) contravene, conflict with or result in a violation or breach of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify, any license, permit, or other authorization that is held by Tenant or that otherwise relates to the Premises or to the business of Tenant; or

(iv) breach any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, any agreement, document or contract to which Tenant is a party or by which Tenant may be bound.

(h) Except as may be required by its Organizational Documents, Tenant is not required to give any notice to or obtain any consent from any Person in connection with the execution and delivery of this Lease, the other Tenant Documents, or the consummation or performance of any of the transactions contemplated therein.

**ARTICLE III  
CONSTRUCTION AND/OR RESTORATION**

Section 3.1     Construction of Tenant Improvements.

(a)     Following the date hereof, Tenant shall timely pay for and oversee the construction and completion of the Tenant Improvements on the Premises in order to construct a multi-family housing facility providing approximately seventy-two (72) affordable housing living units, as provided in the Application and the Plans and Specifications. In order to accomplish the construction of the Tenant Improvements, Tenant is hereby authorized to execute in its own name, without reference to Landlord, all necessary contracts, agreements, purchase orders, and related documents, including, without limitation, the construction contract for the Project (collectively, "Tenant Construction Contract"). In no event shall Landlord be liable under any such contracts, agreements, purchase orders, and other related documents, including, without limitation, the Tenant Construction Contract.

(b)     Tenant agrees that the Tenant Improvements shall be completed by the Tenant Improvements Completion Date in accordance with the Plans and Specifications. Tenant further agrees that the Tenant Construction Contract will provide that the Tenant Improvements will be completed by the Tenant Improvements Completion Date and that any and all other agreements pertaining to the construction of the Tenant Improvements will provide for a completion date consistent with such Tenant Improvements Completion Date.

(c)     Tenant agrees, pursuant to the authority and power granted in the preceding paragraph, to proceed with the construction, renovation and equipping of the Tenant Improvements with due diligence, in a good and workmanlike manner and in compliance with all Legal Requirements.

Section 3.2     Completion of Tenant Improvements. The Tenant Improvements shall be deemed complete upon the issuance of a Certificate of Occupancy to Tenant for the entirety of the Project.

Section 3.3     Rights against Contractors, Etc.

(a)     Upon completion of the Tenant Improvements and the request of Tenant, Landlord will assign to Tenant (if any of the following inure to the benefit of Landlord) (i) all warranties and guaranties of any and all contractors, subcontractors, suppliers, and architects for the furnishing of labor, materials or supervision in connection with the Tenant Improvements or any part thereof, and (ii) any and all rights or causes of action against any of the foregoing Persons.

(b)     If any contractor or subcontractor breaches any contract with Tenant or Tenant's contractor related to the Tenant Improvements, Tenant may at its expense, either in its own name or in the name of Landlord, prosecute or defend any action or proceeding related to the construction and equipping of the Project or take any other action involving any such contractor, subcontractor, surety, or supplier that Tenant deems reasonably necessary. Landlord will cooperate fully with Tenant and, at Tenant's expense, will take all action necessary to effect any necessary substitution of Tenant for Landlord in such action or proceeding related to the construction, renovation and equipping of the Project. Tenant shall indemnify Landlord from all claims, damages, liability, reasonable attorneys' fees, and court costs, if Tenant prosecutes or defends any such action or proceeding or takes any other action in Landlord's name; provided Tenant shall be permitted to select its own counsel and otherwise control all aspects of any such actions or proceedings so long as it is diligently defending or prosecuting any such action. Landlord shall pay to Tenant any net amounts recovered and actually received by Landlord as damages, refunds, adjustments, or otherwise in connection with the foregoing.

Section 3.4 Agency Appointment. Landlord hereby makes, constitutes and appoints Tenant as its true and lawful agent, and Tenant hereby accepts such agency, (a) to construct the Tenant Improvements, (b) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, either in Tenant's name or as the stated agent for Landlord, with any other Person, and in general to do all things which may be requisite or proper, all for the construction of the Tenant Improvements with the same powers and with the same validity as Landlord could do if acting in its own behalf, (c) pursuant to the provisions of this Lease, to pay all fees, costs and expenses incurred in the construction of the Tenant Improvements, and (d) to ask, demand, sue for, levy, recover and receive all such sums of money, debts, dues and other demands whatsoever that may be due, owing and payable to Landlord under the terms of any contract, order, receipt, writing or instruction in connection with the construction of the Tenant Improvements, and to enforce the provisions of any contract, agreement, obligation, bond or other performance security. So long as an Event of Default has not occurred and be continuing beyond all applicable notice and cure periods, this appointment of Tenant to act as agent and all authority hereby conferred are granted and conferred irrevocably to the completion date of the Project and thereafter until all activities in connection with the construction and equipping of the Project shall have been completed, and shall not be terminated prior thereto by any act of Landlord or of Tenant or by operation of law.

#### **ARTICLE IV AFFIRMATIVE COVENANTS**

Section 4.1 Terms of Application, Restrictive Covenants and Limited Denial List. Tenant ratifies its representations made in the Application and agrees to comply with all terms and conditions of the Application. Tenant covenants to abide by the obligations of Tenant in the Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits to be recorded in the Register of Deeds' Office for Knox County, Tennessee (the "LURC"), including the applicable restrictions under Section 42 of the Internal Revenue Code and any Treasury Regulations promulgated thereunder.

Section 4.2 Use of Project and Compliance with Laws. Tenant shall comply with, cause compliance with, or obtain waivers of, all Legal Requirements applicable to the Premises and Tenant's operation thereof of 72 multi-family affordable housing units, at no expense to Landlord, whether or not the same are foreseen or unforeseen, ordinary or extraordinary. Tenant shall, throughout the Term, cause the Premises to be used in a manner that will constitute a "housing project" within the meaning of Section 48-101-308 of the Act. Tenant has represented to Landlord in the Application that it will complete and use the Project solely for the purpose of operating a multi-family housing facility providing residential units, all as set out and defined in the Application. Any proposed changes in the use and operation of the Premises must be submitted to Landlord for advance written approval. Pursuant and subject to the provisions of Article X of this Lease, Landlord reserves the right to terminate this Lease if the use of the Premises becomes materially inconsistent with the representations summarized above and as stated in the Application. All representations and warranties in the Application shall be deemed representations and warranties under this Lease.

Section 4.3 Contesting Laws. Tenant shall not be required to comply or cause compliance with the Legal Requirements referred to in Section 4.2, so long as Tenant shall give written notice to Landlord, and at its expense, shall contest the same or the validity thereof in good faith and in accordance with applicable law. Such contests may be made by Tenant in the name of Landlord or of Tenant, or both, as Tenant shall determine, and Landlord agrees that it will, at Tenant's expense, cooperate with Tenant therein, as Tenant may reasonably request. At Landlord's option, Tenant shall provide Landlord with such security reasonably satisfactory to Landlord for the purpose of indemnifying Landlord from all claims, damages, liabilities, reasonable attorneys' fees, and court costs, if Tenant shall pursue any claim or right in Landlord's name.

Section 4.4     Landlord's Title to Real Property. Tenant acknowledges that Tenant has been afforded an opportunity to conduct all diligence concerning the Real Property and the state of Landlord's title thereto and is satisfied with the state and condition thereof. Tenant further acknowledges and agrees that Landlord makes no representations or warranties as to the state or condition of Landlord's title to the Real Property. Until such time as this Lease has been terminated after the occurrence and continuation of an Event of Default beyond all applicable notice and cure periods, Landlord will not, without the prior written consent of Tenant, directly or indirectly create or consent to the creation or existence of any lien or encumbrance (other than as requested by Tenant in writing) upon the Premises or Landlord's interest therein, or convey title to the Premises in any manner whatsoever, except as otherwise provided herein or as requested or approved by Tenant in writing. Landlord will promptly consent to, and allow Tenant to place, any easements (including, but not limited to, the dedication of a portion or portions of the Real Property for public use) on the Real Property, which Tenant believes are necessary for the operation thereof. Landlord will promptly execute any and all documents reasonably requested by Tenant to grant such easements. The form and content of such documents shall be reasonably acceptable to Landlord and its counsel and shall provide that Landlord and its agents will not incur any obligations or liabilities as a result of granting and otherwise entering into such easements.

Section 4.5     Additional Encumbrances; Subordination; Estoppel.

(a)     Provided that no Event of Default has occurred and is continuing beyond all applicable notice and cure periods under this Lease and provided that Landlord is notified in writing of the details of any proposed transaction prior to the closing of such transaction, Tenant shall have the right to encumber by one or more Security Instruments its right to use and occupy the Premises hereunder. Any and all such encumbrances of Tenant's leasehold estate shall, however, at all times be subject to the fee interest of Landlord and shall impose no personal liability on Landlord. Tenant shall indemnify Landlord against any losses, costs or expenses (including reasonable attorney fees), which Landlord may incur as the result of executing any such encumbrance requested by Tenant. Upon the execution and recordation of any Security Instrument, Tenant shall notify Landlord that such Security Instrument has been executed and delivered by Tenant, and Landlord shall also be furnished with the address of the Lender involved in such encumbrance, to which copies of notices are to be mailed. Landlord will thereafter contemporaneously mail to such Lender a duplicate copy of any and all notices in writing that Landlord may, from time to time, give or serve upon Tenant under this Lease. If a Lender requires Landlord to execute any certificate or other closing documents, Tenant shall be responsible to reimburse Landlord's actual expenses, costs, and reasonable attorneys' fees incurred in reviewing closing documents or otherwise expended by Landlord as a result of Tenant's transactions.

(b)     Any Lender may, at its option, at any time before the rights of Tenant shall have been terminated, as provided for herein, pay any of the rent due hereunder or do any other act or thing required of Tenant by the terms hereof, or do any act or thing which may be necessary and proper to be done in the observance of the covenants and conditions hereof, in order to prevent the termination of this Lease. All payments so made and all things so done and performed, by such Lender shall be as effective to prevent a termination of the rights of Tenant hereunder as the same would have been, if done and performed by Tenant.

(c)     Any Security Instrument to be executed by Landlord at the request of Tenant shall include no-recourse provisions stating that Landlord shall incur no personal or individual liability whatsoever as a result of entering into the Security Instrument, and these provisions shall have no exceptions to, or carve-outs from, the no-recourse covenant. In addition, any lien, encumbrance, mortgage or security interest evidenced by the Security Instrument shall be subordinate in right and dignity to the lien in favor of Landlord securing Tenant's obligation to make the rent payments the payments in lieu of taxes and other amounts due to Landlord under this Lease.

Section 4.6      Subletting, Assignment and Mortgaging.

(a) Except for (i) leases in the ordinary course of business or otherwise desirable for operation of an apartment complex, (ii) a leasehold deed of trust pursuant to which Tenant mortgages its leasehold estate in the Premises, (iii) removal of the special limited partner of Tenant in accordance with the terms of its partnership agreement or by the Lender pursuant to the loan documents related to the loan from the Lender to Tenant (the "Loan Documents") so long as any new special limited partner of Tenant is approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of the date of request or shall be deemed approved, and (iv) any other transfer of a partnership interest in Tenant or in any partner of Tenant in accordance with the terms of its partnership agreement or by the Lender pursuant to the Loan Documents so long as (A) DGA Residential, LLC, or an affiliate thereof remains a direct or indirect partner of Tenant or (B) the transferee is approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within sixty (60) days of the date of request or shall be deemed approved (each of the foregoing being a "Permitted Transfer" which shall not require Landlord's consent), Tenant shall not have the right to sublet the Premises or assign or otherwise transfer its rights and interest hereunder except with the prior written consent of Landlord or as explicitly permitted in this Lease. In the event that the Lender or a Recognized Successor Lessee Party becomes the successor tenant hereunder pursuant to this section, the Lender or such Recognized Successor Lessee Party shall be eligible to make the payments in lieu of taxes pursuant to Section 7.2 hereof; and further provided that any successor or assign of the Lender, any Recognized Successor Lessee Party, or any purchaser at a foreclosure sale other than the Lender, shall be entitled to make payments in lieu of taxes pursuant to Section 7.2 hereof so long as Landlord has reasonably approved such person or entity, such approval not to be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of the date of request or shall be deemed approved. If such successor or assign of the Lender, such Recognized Successor Lessee Party, or any purchaser at a foreclosure sale other than the Lender is not approved by Landlord (the "Non-Approved Party") in accordance with the foregoing sentence, then the Non-Approved Party shall make payments in lieu of taxes beginning as of the date of such assignment or purchase equal to the ad valorem taxes that Tenant otherwise would have been required to make with respect to the Premises if the Premises was owned by Tenant.

(b) If a mortgagee or an investor limited partner of Tenant shall have given Landlord, before any Event of Default shall have occurred hereunder, a written notice specifying the name and mailing address of the mortgagee or investor limited partner, then Landlord shall not terminate this Lease by reason of the occurrence of any Event of Default hereunder unless Landlord shall have given the mortgagee and investor limited partner a copy of its notice to Tenant of such Event of Default addressed to the mailing address last furnished by the mortgagee and investor limited partner, and such Event of Default shall not have been cured by said mortgagee or investor limited partner within the time permitted herein (which such time period, with respect to mortgagee and investor limited partner, shall begin upon receipt of the respective notice by mortgagee and investor limited partner), provided that mortgagee and investor limited partner shall have the right to extend the period of time for the curing of any such Event of Default for an additional period of thirty (30) days from the date contained in the notice given pursuant to Section 13.9 herein, or in the case of an Event of Default which cannot be cured within said thirty (30) day period, for such additional period (not to exceed an additional sixty (60) days) as, with all due diligence and in good faith, is necessary to cure the Event of Default. Landlord acknowledges that it has received written notice that (a) Lender is a mortgagee hereunder, and that Landlord shall send notices required to be sent to a mortgagee hereunder to Lender at the address provided in Section 13.9 and (b) the Investor Limited Partner is an investor limited partner hereunder, and that Landlord shall send notices required to be sent to an investor limited partner hereunder to the Investor Limited Partner at the address provided in Section 13.9.



(c) Tenant irrevocably directs that Landlord accept, and Landlord agrees to accept, performance by any such mortgagee or investor limited partner of the Tenant's right to terminate this Lease granted to Tenant by Article X hereof, regardless of whether an Event of Default has occurred. After the date hereof, and in addition to any rights the mortgagee or investor limited partner may have by virtue of this Lease, if, within ninety (90) days after the mailing of a notice of termination, or such later date as may be provided in this Lease following the expiration of the cure period, if any, afforded to the Tenant (the "Mortgagee/Investor Cure Period"), such mortgagee or investor limited partner shall pay, or arrange to the satisfaction of Landlord for the payment of, a sum of money equal to any and all Base Rent, PILOT Payments, other Additional Rents, and other payments due and payable by Tenant hereunder with respect to the portion of the Premises to which such mortgagee or investor limited partner claims an interest as of the date of the giving of notice of termination, in addition to their pro rata share of any and all expenses, costs and fees, including reasonable attorneys' fees, incurred by Landlord in preparation for terminating this Lease, and in acquiring possession of the Premises, then, upon the written request of such mortgagee or investor limited partner made any time prior to the expiration of the Mortgagee/Investor Cure Period, Landlord and the party making such request (or its nominee) (the "New Tenant") shall mutually execute prior to the end of such Mortgagee/Investor Cure Period a new Lease of the Premises (or such portion thereof as they have an interest in or mortgage on) for the remainder of the Term of this Lease and on the same terms and conditions, and with the same priority over any encumbrances created at any time by Landlord, its successors and assigns which Tenant has or had by virtue of this Lease; provided, however, that in addition to the above payments such New Tenant shall have paid to Landlord a sum of money equal to the Base Rent, PILOT Payments, other Additional Rents, and other payments for such portion of the Premises accruing from the date of such termination to the date of the commencement of the term of such new Lease, together with its pro rata share of all expenses, including reasonable attorneys' fees, incident to the preparation, printing, execution, delivery and recording of such new lease and provided, further, that such New Tenant is approved by Landlord, such approval not to be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within sixty (60) days of the date of request or shall be deemed approved. Such priority shall exist by virtue of the notice created by this Lease to any transferee of Landlord or person receiving an encumbrance from Landlord, and the priority shall be self-operative and shall not require any future act by Landlord. Such new Leases shall contain the same clauses subject to which this demise is made, and shall be at the rents and other payments for such portion of the Premises due Landlord and upon the terms as are herein contained. New Tenants under any such new Leases shall have the same right, title and interest in and to and all obligations accruing thereafter under this Lease with respect to the applicable portion of the Premises as Tenant has under this Lease. Nothing in this Section 4.6(c) shall require the investor limited partner or mortgagee, as a condition to the exercise of its rights under this Section 4.6(c), to cure any default of Tenant not reasonably susceptible of being cured by any investor limited partner or mortgagee.

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

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

(f) Notwithstanding the term of any mortgage, Tenant's mortgagee shall have no further rights in the Lease except as stated herein. As used in this Section and throughout this Lease, the noun "mortgage" shall include a leasehold deed of trust, the verb "mortgage" shall include the creation of a leasehold deed of trust, the word "mortgagee" shall include the beneficiary under a leasehold deed of trust, and the terms "foreclose" or "foreclosure" shall include a trustee's sale under a deed of trust as well as a foreclosure by judicial process.

Section 4.7 Tennessee Housing Development Agency. As a condition precedent to Landlord's obligations hereunder, Tenant shall secure a four percent (4%) allocation of low-income housing tax credits under Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. § 42) with the Tennessee Housing Development Agency ("THDA"). The Tenant is required to provide to Landlord such evidence of such allocation as Landlord shall reasonably require.

Section 4.8 Taxation of Improvements. This Lease Agreement is intended to be a lawful agreement between the Tenant and Landlord, as an instrumentality of a local government, for payments in lieu of taxes and therefore, the buildings and improvements that are or will be part of the Premises are assessed solely to Landlord and are subject to all applicable exemptions, all in accordance with Tennessee Code Annotated § 67-5-502(d).

## **ARTICLE V TERM AND RENT**

Section 5.1 Term. Subject to the terms and provisions of this Lease, this Lease shall be and remain in full force and effect for a term commencing on the date of this Lease and ending on the date that is fifteen (15) years from the earlier to occur of (i) the Stabilization Date, and (ii) the date that is three (3) years from the date of this Agreement (the "Term"). This Lease may be terminated at an earlier date in accordance with terms and conditions of this Lease. Notwithstanding the foregoing, other than in connection with the exercise of the purchase option under Section 12.1 hereof, Tenant shall not terminate this Lease without the prior written consent of the Investor Limited Partner.

Section 5.2 Base Rent. Tenant shall pay to Landlord without notice, setoff or demand base rent ("Base Rent") in the amount set forth below, such Base Rent to be paid on the date on which the Additional Rent required pursuant to Section 7.2 hereof is due and payable. The first installment of Base Rent shall be equal to Two Thousand Dollars (\$2,000.00) per annum. Subsequently, the amount of such Base Rent payable by Tenant each year hereunder shall increase to an amount which is 102.45% of the Base Rent which was payable for the immediately preceding year hereunder.

Section 5.3 Additional Rent.

(a) Tenant covenants and agrees at its expense to acquire and construct the Tenant Improvements as described in the Application, and in connection therewith, Tenant agrees to incur capital expenditures of not less than Twenty-Three Million Five Hundred Thirty-Nine Thousand Two Hundred Thirteen Dollars (\$23,539,213.00) to complete the Project. It is understood and agreed that such Tenant Improvements shall become the property of Landlord and part of the Premises leased hereunder. The cost of the acquisition, construction and renovation of the Tenant Improvements shall be treated as Additional Rent payable by Tenant under this Lease, although such amounts shall be payable not to Landlord but to the parties who actually construct and install the Tenant Improvements.

(b) Tenant shall also pay, as Additional Rent, those amounts set out in Article VII hereof and all other sums which Tenant shall be obligated to pay hereunder, whether or not such sums are specifically designated as Additional Rent and debt service payable by Tenant with respect to any loan

secured in whole or in part by a security interest in the Premises or Tenant's interest therein. Tenant shall also pay, as Additional Rent, all reasonable sums advanced by Landlord for or on behalf of Tenant hereunder. The Additional Rent shall be due by Tenant in accordance with the applicable provisions of this Lease and, if no date is specified, then on demand. Any sums advanced by Landlord for or on behalf of Tenant shall bear interest at the prime rate of interest as published in the Wall Street Journal, as adjusted from time to time, plus 2.00% per annum, and shall be due and payable on demand.

Section 5.4 Net Lease. This Lease is a "net lease" and the Base Rent, Additional Rent and all other sums payable hereunder to or for the account of Landlord shall be paid promptly and without set-off, counterclaim, abatement, suspension, deduction, diminution or defense.

## **ARTICLE VI RELEASE AND INDEMNIFICATION**

Section 6.1 Acceptance of Improvements, No Warranties. Tenant acknowledges and agrees that (a) it has examined and is fully familiar with the Premises, (b) the Plans and Specifications for the construction of the Tenant Improvements have been prepared at Tenant's direction and (c) the Tenant Improvements are to be constructed under its supervision. Accordingly, Landlord makes no representation or warranty, either express or implied, and offers no assurance to Tenant or any other Person regarding the condition or title of the Premises, the suitability of the Improvements for Tenant's purposes or needs, or the availability or sufficiency of funds to pay in full the cost of the Project. As to Landlord, Tenant accepts the Premises in their AS-IS CONDITION WITH ALL FAULTS as of the date of the commencement of the Term, and assumes all risks, if any, resulting from the failure of the Project to be completed or to comply with all applicable Legal Requirements.

Section 6.2 Failure or Defect in Title. Landlord shall not be liable to Tenant or to anyone for any damages resulting from (a) failure of, or any defect in, Landlord's title which interferes with, prevents, or renders burdensome the use or occupancy of the Premises or the compliance by Tenant with any of the terms of this Lease, or (b) delay in obtaining possession of all or any part thereof, from any cause whatsoever. No such failure of, or defect in, Landlord's title or delay in possession shall terminate this Lease or entitle Tenant to any abatement in whole or in part, of Base Rent, Additional Rent, or any other sums payable by Tenant pursuant to the terms of this Lease.

Section 6.3 Release and Indemnification.

(a) Tenant hereby releases and forever discharges Landlord, including any incorporator, member, director, officer, employee, counsel or agent of Landlord, and its successors and assigns from any claims, demands, causes of action, accounting, or any other matter arising in connection with the Project. Notwithstanding the foregoing, Tenant shall not be bound to release Landlord, its incorporators, members, directors, officers, employees, counsels or agents from any claims, demands, causes of action, accounting, or any other matter due to the negligence or willful misconduct of Landlord, its incorporators, members, directors, officers, employees, counsels or agents.

(b) Tenant covenants and agrees, at its expense, to pay, and to indemnify and save harmless Landlord, and any incorporator, officer, director, agent, counsel, or employee of Landlord (collectively, "Landlord's Agents"), against and from any and all claims by or on behalf of any Person, arising from (i) the occupation, use, possession, conduct, or management of, or from any work done in or about, the Premises or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, and Legal Requirements affecting the Project or the occupancy or use of the Premises, (ii) any condition of the Premises and, if caused by Tenant, any condition of the adjoining sidewalks and passageways, (iii) any breach or default on the part of Tenant in the performance of any

covenant or agreement to be performed by Tenant pursuant to this Lease, (iv) any act or negligence of Tenant, or any of its agents, contractors, servants, employees, or licensees, (v) any accident, injury, or damage whatsoever caused to any Person in or about the Premises or, if caused by Tenant, upon or under the sidewalks, or (vi) Landlord's ownership of the Premises, the making of this Lease or any transactions related thereto, and from and against all costs, reasonable attorneys' fees, expenses, and liabilities incurred by reason of any claim referred to in this Section. Notwithstanding the foregoing, Tenant shall not be bound to indemnify Landlord, 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 negligence or willful misconduct of Landlord, its incorporators, members, directors, officers, employees, counsels or agents.

(c) Upon notice from Landlord, Tenant shall defend Landlord or any of Landlord's Agents, in any action or proceeding brought in connection with any of the above. In the event Tenant shall fail or refuse to defend Landlord or Landlord's Agents after receipt of such notice or shall fail to diligently prosecute or defend any action subject to this Section 6.3, Landlord shall be entitled to provide its own defense of itself and Landlord's Agents and charge Tenant with the reasonable expenses incurred in connection therewith.

(d) The provisions of this Section 6.3 shall survive the termination of this Lease.

## **ARTICLE VII TAXES, OTHER CHARGES AND EXPENSES OF LANDLORD**

Section 7.1 Agreement to Pay Additional Rent. Tenant agrees to pay and discharge, as Additional Rent, during the Term hereof, punctually, as and when the same shall become due and payable:

(a) All expenses and obligations of every kind and nature, foreseen or unforeseen, for the payment of which Landlord or Tenant is or shall become liable by reason of their respective estates or interests in the Premises or any portion thereof, by reason of any right or interest of Landlord or Tenant in or under this Lease, or by reason of or in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair, rebuilding, use, or occupancy of the Premises or requirements of this Lease.

(b) All taxes of every type and description, assessments (including, but not limited to, assessments for public improvements or benefits), payments in lieu of taxes, and all other impositions and charges of every kind and nature, extraordinary or ordinary, general or special, which at any time during the Term shall be or become due and payable by Landlord or Tenant which shall be levied, assessed, or imposed in connection with the Project or the Premises.

(c) All charges for gas, water, sewer, electricity, light, heat, power, telephone, and other utilities and services used, rendered or supplied to or in connection with the Premises which are required to be paid by Landlord. Tenant agrees that Landlord is not, nor shall it be required, to furnish to Tenant or any other occupant, any gas, water, sewer, electricity, light, heat, power, or any other facilities, equipment, labor, materials, or services of any kind. Landlord will extend any rights it may have to Tenant, and will cooperate with Tenant, at Tenant's expense, in connection with obtaining the use of any such utilities and other facilities and services.

(d) The reasonable out of pocket expenses of Landlord which are incurred in connection with administering the Premises and the Project or performing any act which it is required to do or deems necessary under this Lease, but specifically excluding salaries, office overhead, depreciation, or security.

(e) All of Landlord's closing costs and reasonable expenses, including reasonable attorneys' fees, incurred in connection with the acquisition of the Real Property by Landlord and the negotiation, execution and delivery of this Lease.

(f) As required by the Policies and Procedures, a closing fee equal to Twenty-Five Thousand Two Hundred Dollars (\$25,200.00), provided that Tenant shall be entitled to receive a credit against such closing fee in the amount of the application fee paid by Tenant prior hereto, if any.

Tenant covenants to furnish to Landlord, promptly upon request, proof of the payment of any amount or charge required to be paid by Tenant hereunder.

Section 7.2      Payments in Lieu of Taxes.

(a) Landlord and Tenant recognize that the properties owned by Landlord are exempt from all taxation in the State of Tennessee. Tenant agrees, however, as long as this Lease is in effect to make payments in lieu of taxes ("PILOT Payments") to Knox County, Tennessee and Knoxville, Tennessee, in accordance with the provisions of this Section 7.2.

(b) Tenant shall make PILOT Payments in the amount of \$5,000 per year beginning on the Stabilization Date (the dated when 80% occupancy is achieved) or no more than 3 years from the start of construction, whichever comes first.

Provided, however, that any amounts payable with respect to any partial Tax Years (or other periods preceding the Stabilization Date) included within the Term will be prorated based upon the actual number of days included within the Term. "Tax Year" means each annual period beginning on the Stabilization Date (or the anniversary thereof). It is the parties' intent that during the years identified above, Tenant shall not be required to pay an amount in real and personal property taxes with respect to the Premises constituting the Project in excess of the PILOT Payments.

It is the intent of this Section 7.2 that Knox County, Tennessee shall receive the amounts that would be payable if the Project were privately owned and fully subject to property taxation, minus those applicable reductions detailed above, notwithstanding Landlord's ownership of all or any part thereof. However, nothing contained in this Section 7.2 is intended or shall be construed to require the payment by Tenant of any greater amounts in lieu of taxes than would be payable as taxes if the Project was privately owned as aforesaid. It is accordingly understood and agreed that the amount payable by Tenant in any year under the provisions of this Section 7.2 shall be reduced by the amount of any real property taxes lawfully levied by Knox County, Tennessee and Knoxville, Tennessee upon the Project or any part thereof, or upon Tenant's leasehold estate therein, and actually paid by Tenant pursuant to the requirements of Section 7.2 hereof.

The PILOT Payments provided in this Section 7.2 for each year shall accrue on October 1 of each Tax Year and shall be due on or before the last day of the February immediately following the Tax Year with respect to which such payment relates, and the obligation to make any such payments shall survive the termination of this Lease as to any payments that accrue prior to such termination. Notwithstanding the immediately foregoing sentence, any PILOT Payment due and payable with respect to any Tax Year in which Tenant reacquires the Premises shall be payable upon the closing of the acquisition by Tenant of the Premises from Landlord pursuant to Section 12.1, if any, provided such closing occurs prior to the last day of the February immediately following such Tax Year. With respect to any payments made pursuant to this Section prior to the date they are due, Tenant shall be entitled to the same discounts, if any, as any taxpayer in Knox County, Tennessee is entitled to receive with respect to the payment of property taxes prior to the date such taxes are due.

Notwithstanding the foregoing or any other provisions of this Lease, however, it is the express intention of the parties hereto that the Premises and the leasehold interests therein of Tenant, or any sublessee, shall be exempt from all taxation in the State of Tennessee, and that the PILOT Payments as provided for in this Section 7.2 shall be made by and accepted from Tenant in lieu of all ad valorem taxes which are or may be assessed against the Premises and the leasehold interests therein of Tenant or any sublessee for and during the term of this Lease. If, following an Event of Default, the Premises should legally be placed on the ad valorem tax rolls of either Knox County, Tennessee, the payment in lieu of taxes shall terminate and Tenant shall thereafter pay ad valorem taxes as required of a tax-paying entity. In the event Tenant's leasehold interest, but not Landlord's fee interest, shall become subject to ad valorem taxation, the payment in lieu of taxes called for hereunder shall continue, but shall be reduced on a cumulative basis by the amount of ad valorem taxes paid by Tenant with regard to its leasehold estate in the Premises. In the event the payment in lieu of taxes obligation terminates, Tenant shall still have the right to exercise its option to purchase the Premises as set forth in Section 12.1 hereof. In such event, the provisions of Section 12.1 and Section 12.3 shall apply and Landlord shall reconvey the Premises to Tenant, subject to any then existing indebtedness created or incurred by or at the request of Tenant; and Tenant shall pay to Landlord, as consideration therefore, the sum of One Thousand Dollars (\$1,000.00).

All tax bills for payments in lieu of taxes as provided for in Section 7.2 shall be sent to: DGA Lakeview LP, 3834 Sutherland Avenue, Knoxville, Tennessee 37919, or to such other entity or address as Tenant may hereafter designate and provide to the tax collectors.

(c) In the event that the Premises are not, at the commencement of the Term hereof, situated within the City of Knoxville, Tennessee or some other municipality (collectively, a "Municipality") so as to be subject to ad valorem taxation as a part of a Municipality, but subsequently, by annexation or incorporation, becomes part of a Municipality during the Term, then Tenant shall make additional payments in lieu of taxes, as Additional Rent, in lieu of the ad valorem taxes of the Municipality from and after the effective date of the annexation or incorporation of the Premises into the Municipality. These payments will be billed to Tenant, and Tenant shall pay the same to the appropriate tax collector for the Municipality, upon the same terms and conditions and in the same manner as provided for the PILOT Payments provided in subsection (a) above.

(d) If any such PILOT Payments are not paid by the applicable dates on which they are due, then Tenant shall pay a penalty with respect to such delinquent PILOT Payment from and after the delinquency date in the same amount as the penalty and all other charges which would be due on the corresponding Knox County or other applicable municipality ad valorem taxes. Furthermore, Tenant shall be required to pay to Landlord the amounts payable to Landlord pursuant to Section 5.3(b).

(e) Cessation of Business or Foreclosure. In the event Tenant ceases the active operation of a low-income housing facility for eligible residents at the Real Property, and notwithstanding any provision herein to the contrary, Tenant shall make payments in lieu of taxes beginning as of the date Tenant ceases such operation equal to the ad valorem taxes that Tenant otherwise would have been required to make with respect to the Real Property if the Real Property was owned by Tenant. Upon the foreclosure of Tenant's leasehold interest in this Lease, so long as such successor continues to operate a low income housing facility for eligible residents on the Real Property, such successor shall be permitted and become the successor tenant, 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 Real Property; provided, however, that any such purchaser or successor which is not Lender or one of its wholly owned subsidiaries or Fannie Mae (each, a "Recognized Successor Lessee Party") shall be subject to Landlord'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 7.3 Other Taxes, Assessments, or Other Charges. Except as provided for in Section 7.2(c) above, if any Governmental Authority enacts or imposes any tax, assessment, or other charge on realty or leasehold interests which are not in existence or collected as of the date of this Lease, Tenant shall pay said tax, assessment, or other charge as Additional Rent under this Lease and said tax, assessment, or other charge, if based on the assessment assigned to realty, shall be calculated on an assessment determined as though the Premises were owned by a tax-paying entity.

Section 7.4 Reports to Landlord; Lease Compliance Information.

(a) On or before March 1 of each year during the Term of this Lease, commencing March 1, 2022, or as otherwise reasonably requested by Landlord, Tenant shall file or cause to be filed with Landlord (i) a report initially in the form of Exhibit B attached hereto and incorporated herein by reference, as such form may be revised by Landlord from time to time (the "Report"), containing all information required by Landlord to determine Tenant's compliance with the terms and requirements of this Lease and the Application, and (ii) such other information reasonably requested by Landlord ("Lease Compliance Information"). Each Report shall be certified by an Authorized Tenant Representative. Upon the request of Landlord, Tenant shall provide any and all other additional information reasonably requested by Landlord to determine Tenant's compliance with the Lease and the Application.

(b) Tenant shall prepare and file with the State of Tennessee's State Board of Equalization by October 1 of each year during the term hereof an annual report containing all of the information required pursuant to Tennessee Code Annotated § 48-101-312 in the form attached hereto as Exhibit C, together with such other information, and using such forms, as such Board of Equalization may require from time to time. A copy of the annual report so filed by Tenant shall be filed with the property assessor's office of Knox County, Tennessee by the immediately succeeding October 15, and a copy concurrently provided to Landlord.

(c) Concurrently with the delivery thereof to THDA, Tenant shall deliver to Landlord copies of any and all reports, documentation and information required to be submitted by Tenant from time to time to THDA respecting the Project's compliance with the LURC.

(d) Tenant shall provide to Landlord any and all such other documentation respecting Tenant or the Premises as Landlord shall reasonably request. Tenant shall furthermore provide Landlord at all times during the Term hereof access to the Premises and to any and all records and documents respecting the Premises or Tenant and shall permit Landlord to review and inspect the same to confirm Tenant's compliance with this Lease.

Section 7.5 Survival. The obligations of Tenant to pay any amount due at the termination of this Lease pursuant to this Article VII, shall survive the termination of this Lease.

**ARTICLE VIII**  
**INSURANCE**

Section 8.1 General Requirements. Tenant shall keep the Premises, existing as of the commencement of this Lease or thereafter constructed, erected, installed and purchased constantly and satisfactorily insured by an insurance company or companies lawfully doing business in Tennessee against losses under an All Risks Special Form Policy, in an amount not less than the full replacement costs of the Premises without deduction for depreciation. The policy evidencing this coverage shall be endorsed with a Replacement Cost Endorsement. The amount of the coverage shall be reviewed annually and increased, if necessary, so as to provide coverage at all times in an amount necessary to restore the Premises to the conditions existing just prior to the destruction or damage.

Tenant shall further keep or maintain or cause to be carried commercial general liability insurance on the Premises covering claims for bodily injury, death and property damage with a combined single limit of not less than Two Million Dollars (\$2,000,000.00), with “umbrella” liability coverage in an amount not less than Five Million Dollars (\$5,000,000.00), or such greater amounts as may from time to time be reasonably required by Landlord. Landlord shall be named as an additional insured on policies referred to in this paragraph.

Tenant shall further maintain, or cause to be maintained, the following insurance:

(a) During the course of any construction or repair of Improvements on the Premises, Builder’s Risk insurance under a Builder’s All Risk Policy against “all risks of physical loss,” including collapse and transit coverage, during construction of such Improvements covering the total value of work performed and equipment, supplies and materials furnished.

(b) If any part of the Premises now or hereafter lies within a “special flood hazard area” as defined and specified by the United States Department of Housing and Urban Development pursuant to the Flood Disaster Protection Act of 1973, Tenant shall (i) promptly purchase and pay the premiums for flood insurance policies as Landlord deems required so that Landlord shall be deemed in compliance with the rules and regulations and provisions of the Flood Disaster Protection Act of 1973 as then in effect; and (ii) deliver such policies to Landlord together with evidence satisfactory to Landlord that the premiums therefor have been paid. Such policies of flood insurance shall be in a form reasonably satisfactory to Landlord, shall name Landlord as an insured thereunder, shall be for an amount at least equal to the maximum limit of coverage made available with respect to the Premises under the National Flood Insurance Act of 1968, as amended, whichever is less.

(c) Such other insurance on the Premises, or any replacements or substitutions therefor, in such amounts as may from time to time be reasonably required by Landlord (and requested in writing) against other insurable casualties which at that time are commonly insured against in the case of properties of similar character and location, due regard being given to the height and type of the Tenant Improvements, their construction, location, use and occupancy, or any replacements or substitutions therefor.

Provided that no Event of Default has occurred and remained uncured for any applicable cure period, Tenant shall have the option to apply all insurance proceeds either to the repair, restoration and replacement of the Premises, or to retain the proceeds upon the exercise of its option to purchase the Premises in accordance with Article XII. Notwithstanding the foregoing, Landlord’s or Tenant’s entitlement to insurance proceeds shall be subject to the rights of any Lender under a Security Instrument.

Section 8.2 Additional Covenants. All insurance policies and renewals thereof shall be in form reasonably acceptable to Landlord, shall be issued by a company or companies reasonably acceptable to Landlord, and shall name Landlord as the named insured or an additional insured, as its interest may appear. Said policies and renewals shall provide for no less than thirty (30) days’ written notice to Landlord of any cancellation or amendment thereof. Certificates of said insurance policies and renewals satisfactory to Landlord shall be provided Landlord prior to the effective date thereof, or, upon written request, Landlord shall have the right to hold the policies and renewals thereof. Upon the request of Landlord, Tenant shall promptly furnish to Landlord all renewal notices and all receipts for paid premiums. At least thirty (30) days prior to the expiration date of any of the policies, Tenant shall deliver to Landlord renewal policies in form reasonably satisfactory to Landlord together with receipts evidencing the payment for such policies and renewals. If Tenant fails to maintain the insurance required hereunder, Landlord may, at its option, pay such premiums, or take such other actions, as may be necessary in order to keep any such insurance in full



force and effect. In such event, Tenant shall promptly reimburse Landlord for any such payments on demand, or, at the option of Landlord, all sums so paid by Landlord shall bear interest in accordance with Section 5.3(b). All premiums on insurance policies shall be paid promptly when due.

## **ARTICLE IX MAINTENANCE, REPAIR, IMPROVEMENTS AND REPLACEMENT**

Section 9.1 Tenant's Agreement to Maintain and Repair. Tenant acknowledges that Tenant is accepting the Premises "As-Is" and "With All Faults" and that LANDLORD MAKES NO WARRANTY TO TENANT WHATSOEVER, WHETHER EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE PREMISES ALL OF SUCH WARRANTIES BEING EXPRESSLY DISCLAIMED BY LANDLORD, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. Tenant agrees that at its expense it will keep and maintain the Improvements and the Premises in good repair and condition, reasonable wear and tear, and damage by fire or other casualty expressly excepted. Tenant shall promptly make or cause to be made all interior and exterior, structural and non-structural, ordinary and extraordinary, foreseen and unforeseen repairs, including the maintenance, repair, and replacement necessary to keep the Premises in good and lawful order and condition, wear and tear from reasonable use and damage by fire and other casualty being expressly excepted, whether or not such repairs are due to any Legal Requirement. All permanent replacements, renewals, attachments, and accessories made to, placed on, or affixed to any part of the Real Property, which become fixtures under applicable law, shall become a part of the Real Property, provided, however, in the event that the Premises are transferred to Tenant, whether as a result of the exercise by Tenant of its right to purchase pursuant to Article XII hereof, or otherwise, any deed or instrument of transfer shall include not only the Improvements to the Premises, but also all such replacements, renewals, attachments and accessories constituting fixtures.

Section 9.2 Landlord's Repairs. At any time an Event of Default has occurred and is continuing, and if such Event of Default is not cured within any applicable cure period, then after notice to Tenant, Landlord may, but shall not be required to, rebuild or make any repairs, replacements, or renewals of any nature or description in connection with this Lease or maintain the Improvements or the Premises in any way. Tenant expressly waives the right contained in any Legal Requirement now or hereafter in effect to make any repairs at the expense of Landlord. If Landlord shall (in its sole discretion) advance funds with which to make such repairs, replacements, renewals, or other expenditures, such sums shall be payable by Tenant as Additional Rent hereunder pursuant to Section 5.3 above.

Section 9.3 Additions to Premises. Subject to Article III and Section 4.4, Tenant shall have the right to make replacements for, additions to, alterations of, and improvements to the Premises, structural or otherwise, to construct and equip additions thereto, to attach machinery, equipment, and fixtures thereto, as part of the real estate, and to modify all of the above at its expense, as Tenant in its discretion may determine appropriate, provided that the same shall not materially decrease the value of the Premises or materially change the use thereof. All work done in connection with such additions, alterations or improvements shall be done promptly and in a good and workmanlike manner. Tenant shall pay the cost of such replacements, additions, alterations and improvements. Upon the expiration or termination of this Lease, all such replacements, additions, alterations and improvements which have been affixed to the Real Property and are fixtures, including, without limitation, the Tenant Improvements, under applicable law, shall remain and shall belong to and be the property of Landlord, subject, however, to Tenant's option to purchase under Section 12.1.

Section 9.4 Personal Property. Tenant or its permitted sublessee(s) may at any time or times during the Term hereof install or commence the installation of any machinery, equipment, furnishings, trade fixtures, and other personal property to such extent as Tenant may deem desirable, provided however, that

such installation shall not be permitted to interfere materially with the use and operation of the Premises as set forth in the Application.

Section 9.5 Removal of Personal Property. In the event Tenant or its permitted sublessee determines that any items of personal property installed pursuant to Section 9.4 have become inadequate, obsolete, or worn-out and that the removal thereof will not substantially interfere with the operation or substantially decrease the use of the Premises, Tenant may remove such items of personal property from the Premises and sell, trade-in, exchange, or otherwise dispose of the same.

## **ARTICLE X DEFAULT; REMEDIES**

Section 10.1 Events of Default. Subject to the notice and cure periods set forth herein, any one or more of the following events shall constitute an “Event of Default”:

(a) Tenant fails to pay the Base Rent or Additional Rent, as and when due or within thirty (30) days after receipt from Landlord of notice of such failure.

(b) Tenant fails to complete the Tenant Improvements by the Tenant Improvements Completion Date.

(c) Any other representation or warranty made by Tenant herein or in the Application, or any other representation or warranty made by Tenant in any statement or certificate furnished by Tenant either required hereby or in connection with the execution and delivery of this Lease, proves to be untrue in any material respect as of the date it was made.

(d) Tenant ceases to operate the Project or abandons the Project for a period of sixty (60) days or more.

(e) Tenant fails to file on time any Report (or any related financial statements) required under Section 7.4; or if any information contained in any such report proves to be untrue.

(f) Any other default or an event of default (including, in any case, the expiration of any permitted period for the curing of any such default) occurs under any Tenant Document or other agreement between Landlord and Tenant, or any default occurs under any document executed by Tenant related to the Project or the Premises, including, without limitation, any Security Instrument, which in each case results in a material adverse effect upon Tenant.

(g) Subject to the terms of Section 4.6 hereof, any Lender forecloses on its interest in the Premises or otherwise takes control or possession of the Premises pursuant to its rights under any Security Instrument.

(h) Any material adverse change occurs in the use or operation of the Premises and/or the Project from that set forth in the Application without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed.

(i) Tenant fails to continuously operate a 72-unit apartment complex for households at or below sixty percent (60%) of the area median income on the Premises as provided in the Application at all times during the Term.

(j) Tenant fails in the due performance of, or compliance with, any of the other terms of this Lease and fails to remedy such failure within any applicable cure period.

(k) Tenant fails to comply with its obligations under Section 12.1, including failure to follow its obligations under the LURC.

Except for Events of Default based on subsections (a), (b) and (g) above, and any other Events of Default for which a cure period has been specifically provided, no Event of Default shall occur under this Section 10.1 until such default continues for thirty (30) days after Landlord shall have given Tenant written notice of such default, provided, however, that in the event any such default cannot reasonably be cured within the thirty (30) day period but can reasonably be cured within a sixty (60) day period, Tenant shall have an additional period of time, not to exceed sixty (60) days, after such written notice to cure such default provided Tenant commences such cure during the initial thirty (30) period and diligently pursues its completion at all times thereafter. In the event Tenant's Investor Limited Partner, or its successors and assigns, receives notice of an Event of Default as provided in Section 13.9 and provides written notice to Landlord within the initial thirty (30) days that Tenant has to cure Tenant's Event of Default that Investor Limited Partner desires to cure such Event of Default, Investor Limited Partner shall be allowed an additional thirty (30) days from the date Landlord receives such notice from Investor Limited Partner for Investor Limited Partner to cure the Event of Default.

Section 10.2 Force Majeure. With the exception of Section 10.1(b) which already takes into account for Force Majeure events by its terms, the provisions of Section 10.1 are subject to the limitation that if by reason of Force Majeure, Tenant is unable, in whole or in part, to carry out its agreements and covenants herein contained, other than its obligation to pay Base Rent and Additional Rent, Tenant shall not be deemed in default during the continuance of such inability.

Tenant agrees, however, to remedy with all reasonable dispatch the cause or causes preventing it (as the case may be) from carrying out its agreements and covenants.

Section 10.3 Rights to Cure. If an Event of Default occurs, Landlord may (but shall not be obligated to), advance funds, make payments and perform any such acts for the account of Tenant and at its expense, may enter upon the Premises for any purpose, and take all other actions as may be reasonably necessary or appropriate to protect its interest under this Lease. No such entry shall be deemed an eviction of Tenant. All sums so paid by Landlord and all necessary and incidental costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by Landlord, together with interest at the maximum rate of interest allowed by law, shall be due and payable by Tenant as Additional Rent and may be credited against any sums due to Tenant.

Section 10.4 Landlord's Rights Upon Default. Subject to the rights of mortgages and investor limited partners in Section 4.6 hereof:

(a) Except as otherwise expressly provided herein, if any Event of Default, as defined in Section 10.1, occurs and is not cured within any applicable cure period, Landlord may exercise its right to terminate this Lease and without further notice may enter upon and repossess the Premises and may remove Tenant and all other persons and any and all property from the Premises.

(b) Except as otherwise expressly provided herein, if an Event of Default occurs and is not cured within any applicable cure period, Landlord shall have the right of entry, repossession, and removal prior to the expiration of the Term of this Lease. Landlord shall be under no obligation to terminate this Lease prior to exercising its rights of entry, repossession and removal. If Landlord exercises such rights without terminating this Lease, this Lease shall continue in full force and effect for the balance of its Term,

except that Tenant shall have no right of possession from the date of the exercise of such right; provided that the exercise of such right shall not preclude the subsequent exercise of any other right under this Lease, including the right of termination pursuant to Section 10.1 hereof.

(c) Tenant covenants and agrees to pay, and to indemnify Landlord from and against, all costs and charges, including reasonable attorneys' fees, lawfully and reasonably incurred in (i) obtaining possession of the Premises after default by Tenant or upon expiration or earlier termination of the Term hereof, and (ii) enforcing any provision of this Lease.

(d) Tenant hereby (i) irrevocably submits to the exclusive jurisdiction of the state courts of the State of Tennessee located in Knox County, Tennessee and to the jurisdiction of the United States District Court for the Eastern District of Tennessee located in Knox County, Tennessee, for the purpose of any suit, action, or other proceeding arising out of or based upon this Lease, the Tenant Documents or any other document or transaction related directly or indirectly to the transactions contemplated herein; (ii) waive and agree not to assert by way of motion, as a defense, or otherwise, in any such suit, action, or proceeding, any claim (A) that each is not subject personally to the jurisdiction of the above-named courts, (B) that the suit, action, or proceeding is brought in any inconvenient forum, (C) that the venue of the suit, action, or proceeding is improper, or (D) that this Lease or any of the Loan Documents or the subject matter hereof or thereof may not be enforced in or by such court.

Section 10.5 Reletting. Except as otherwise provided herein, at any time or from time to time after the termination of this Lease pursuant to Section 10.4(a), Landlord may, (but shall be under no obligation to) relet the Premises or any part thereof for the account of Tenant, in the name of Tenant or Landlord, or otherwise without notice to Tenant, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the Term of this Lease), on such conditions and for such uses as Landlord in its discretion may determine. Landlord may collect and receive the rents therefor. Landlord shall have the same right to relet if it exercises its right of entry, repossession, or removal without termination of this Lease as provided in Section 10.4(b). Landlord shall not be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due upon any such reletting. Any such reletting pursuant to this Section 10.5 shall, in all events, be subject to and expire upon the exercise of Tenant's purchase option set forth in Article XII.

Section 10.6 Survival of Tenant's Obligations. No termination of this Lease pursuant to Section 10.4(a) or repossession of the Premises pursuant to Section 10.4(b), or otherwise, shall relieve Tenant of its respective liabilities and obligations hereunder, all of which shall survive any such termination or repossession. If this Lease is terminated pursuant to Section 10.4(a) or if Landlord exercises its right of entry without termination of the Lease as provided in Section 10.4(b), Tenant shall pay to Landlord the Base Rent and all Additional Rent and other charges required to be paid under this Lease or otherwise, by Tenant up to the time of such termination or repossession. Thereafter Tenant, until the end of what would have been the Term of this Lease in the absence of such termination or repossession and whether or not the Premises or any part thereof shall have been relet, shall be liable for and shall pay to Landlord as and for liquidated and agreed current damages for Tenant's default the following:

The Base Rent, Additional Rent, and other charges which would be payable under this Lease by Tenant if the Term of this Lease had not been terminated or the Premises repossessed, less the net proceeds, if any, of any reletting effected for the account of Tenant pursuant to the provisions of Section 10.5. In addition, Tenant shall pay on demand all of Landlord's necessary and incidental expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, legal expenses, reasonable attorneys' fees and expenses, employees' expenses, alteration costs and expenses of preparation for such reletting.

Section 10.7 Additional Remedies. In addition to the right to terminate this Lease and any other remedies provided for herein, when any Event of Default occurs and is not cured within any applicable cure period, Landlord may take whatever other action at law or in equity may appear necessary or desirable to collect the Base Rent, Additional Rent, and any other monetary obligation of Tenant hereunder when due, or to enforce any obligation, covenant, or agreement of Tenant under this Lease. If Landlord elects to terminate this Lease after an Event of Default, Landlord's remedies shall include, but are not limited to, Landlord's right to convey the Premises to Tenant and retain a vendor's lien for all sums due and payable to Landlord by Tenant at the time of the conveyance.

## **ARTICLE XI CONDEMNATION AND CASUALTY**

Section 11.1 Condemnation Proceeds. If all or any part of the Premises is taken by the exercise of the power of eminent domain or condemnation, Tenant shall receive the entire award for the taking. If the award is disbursed by the condemning authorities to Landlord, Landlord shall immediately pay the award to Tenant. Tenant shall be entitled to the proceeds of any condemnation award or portion thereof separately awarded for damages to, or takings of, Tenant's property, or for damages on account of the taking or an interference with Tenant's right to possession, use, or occupancy of the Premises.

Section 11.2 Termination of Lease Upon Condemnation. If all or substantially all of the Premises are taken by the exercise of the power of eminent domain or condemnation, or if the exercise of the power of eminent domain renders the Premises and the use thereof unsatisfactory to Tenant for the purposes for which they were intended, Tenant shall have the right to either acquire the Premises pursuant to the provisions of Section 11.1 or terminate this Lease. Until the purchase or termination has taken place, this Lease shall continue in full force and effect without abatement of rent.

Section 11.3 Continuation of Lease Upon Condemnation. If a lesser portion of the Premises are taken by the exercise of the power of eminent domain or condemnation, this Lease shall nevertheless continue in full force and effect without abatement of rent. If such taking causes damage to, or necessitates the restoration or rebuilding of the Premises or a portion thereof, Tenant, at its sole cost and expense, shall promptly and diligently restore and rebuild to such condition as it shall deem reasonable in view of the nature of the taking and the then intended use of the Premises by Tenant.

Section 11.4 Minor Casualty. If a minor part of the Premises is destroyed or damaged, Tenant shall promptly notify Landlord and at Tenant's expense, Tenant shall promptly and diligently rebuild, restore, replace, and repair the same to such condition as it shall deem reasonable in view of the nature of the damage and the then intended use of the Premises by Tenant.

Section 11.5 Substantial or Complete Casualty. If the entire Premises, or a substantial part thereof, shall be damaged or destroyed to such an extent that restoration thereof cannot be accomplished within ninety (90) days from the date of damage, Tenant shall have the right to either restore the Premises as provided in Section 10.4, acquire the Premises pursuant to the provisions of Section 11.1, or terminate this Lease. If Tenant acquires or restores the Premises, Landlord shall then assign to Tenant (to the extent not previously paid to Landlord) or shall then pay to Tenant (to the extent the same have previously been paid to Landlord but not applied to the repair or restoration of the Premises) all insurance proceeds arising out of such damage or destruction. The foregoing shall in no way, however, supersede or modify the rights of Tenant and any permitted sublessee.

## **ARTICLE XII OPTION TO PURCHASE, INVESTMENT TAX CREDIT AND LIMITATIONS**

Section 12.1 Option to Purchase. Tenant shall have the exclusive option at any time during the Term of this Lease or within ninety (90) days after the expiration or termination of this Lease for any reason whatsoever, including, without limitation, an Event of Default, to purchase all, but no less than all, of the Premises, subject to any then existing indebtedness created by or for the account of Tenant, as permitted or provided for in this Lease. The purchase price will be the sum of One Thousand Dollars (\$1,000.00) (“Option Price”). The exercise of such option by Tenant shall not relieve Tenant from the payment of any monetary obligations which shall be due and payable, or shall have accrued, under this Lease as of the date of conveyance. Tenant shall notify Landlord in writing ninety (90) days before the proposed date of purchase that Tenant desires to exercise its option to purchase hereunder. Upon payment by Tenant of the purchase price in collected funds plus all expenses related thereto and any other sums due and payable hereunder, Landlord shall convey the Premises to Tenant, subject always to the liens of any Security Instrument.

Section 12.2 Investment Tax Credit; Low Income Housing Tax Credit. Landlord and Tenant hereby elect and agree that Tenant shall be entitled to any investment tax or similar credit, or grants, with respect to the Premises now or hereafter authorized by the Internal Revenue Code, or other legislation, and Landlord agrees to take all reasonable action necessary to make such investment tax election and obtain the benefits for same for Tenant at Tenant’s request and expense, and to obtain such grants. In addition, Landlord and Tenant acknowledge and agree that during the entire Term, Tenant shall be the owner(s) of the Premises for income tax purposes, and as such, Tenant alone shall be entitled to all depreciation deductions and low-income housing tax credits or other benefits for income tax purposes relating to the Premises, and Tenant shall have the right to amortize capital costs and to claim any other federal or state tax benefit attributable to the Premises. Landlord agrees to execute and deliver to Tenant any election forms or consents reasonably required to evidence Tenant’s right to claim tax credits, depreciation or other tax benefits available to Tenant as the tax owner of the Premises.

Section 12.3 Conveyance of Title. In the event of any purchase of the Premises or any portion thereof by Tenant pursuant to any provision of this Lease, Landlord shall convey title by a quitclaim deed to Tenant, subject to (i) liens for payments in lieu of taxes and liens, encumbrances, charges, exceptions, and restrictions in existence as of the date of this Lease, (ii) liens, encumbrances, charges, exceptions, and restrictions which Tenant has subsequently requested to be placed, or caused to be placed, against the Premises, (iii) liens, encumbrances, charges, exceptions, and restrictions which Tenant has subsequently approved in writing to be placed against the Premises, (iv) liens, encumbrances, charges, exceptions, and restrictions for which Tenant is responsible under the terms and provisions of this Lease and which arise out of any default by Tenant in the performance of its obligations under this Lease, and (v) any other such liens, encumbrances, charges, exceptions, and restrictions not created or caused by Landlord or Landlord’s Agents. Landlord shall not otherwise be obligated to convey any better title to Tenant than existed on the first day of the Term of this Lease. Tenant shall accept such title, subject to all such aforementioned liens and encumbrances.

Section 12.4 Survival of Rights. All provisions of this Article XII shall survive the expiration of the Term of this Lease (including any extensions therefore) or the termination of this Lease pursuant to any provision hereof (including, but not limited to, any termination pursuant to Article X or Article XI).

### **ARTICLE XIII MISCELLANEOUS PROVISIONS**

Section 13.1 Recording. Upon the request of either party, a memorandum of this Lease shall be executed and recorded in the proper public office for the recordation of deeds in Knox County, Tennessee.

Section 13.2 Signs. At the request of Landlord and the expense of Tenant any development or construction signs located at or on the Premises shall read: “The Health, Educational & Housing Facility Board of the County of Knox has provided financial incentives and other assistance for this Project.”

Section 13.3 Waivers. No waiver of any breach shall affect or alter this Lease or constitute a waiver of any other then existing or subsequent breach.

Section 13.4 Remedies. Subject to the express provisions and limitations of this Lease, each right, power, and remedy of Landlord or Tenant provided for in this Lease shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, in any jurisdiction where such rights, powers, and remedies are sought to be enforced. The exercise of any one or more of the rights, powers, or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by Landlord or Tenant of any or all such other rights, powers, or remedies.

Section 13.5 No Claims against Landlord. Except as provided herein, nothing contained in this Lease shall constitute any consent or request by Landlord, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Premises or any part thereof, nor give Tenant any right, power, or authority to contract for, or permit the performance of, any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any personal claim against Landlord.

Section 13.6 Quiet Enjoyment. Landlord does not make any representation or covenant that Tenant shall have quiet and peaceful possession of the Premises. Landlord, however, agrees that it will not take any action to interfere with Tenant’s peaceful and quiet enjoyment of the Premises and that in the event the peaceful and quiet enjoyment of the Premises shall be denied to Tenant or contested by anyone, Landlord shall upon request of Tenant join when necessary in any proceeding to protect and defend the quiet enjoyment of Tenant, provided that Tenant shall pay the entire cost of any such proceeding and reimburse, indemnify, and hold harmless Landlord from any cost or liability whatsoever.

Section 13.7 Governing Law; Entire Agreement. This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Tennessee, and, together with the action taken by Landlord granting the incentives with respect to the Project set forth in the minutes of the meeting of the Board of Directors of Landlord held on March 9, 2021, and the Application (collectively, the “Related Documents”), expresses the entire agreement of the parties hereto. No party hereto shall be bound by any agreement or representation to any other party which is not expressly set forth in this Lease and the Related Documents and Reports.

Section 13.8 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 13.9 Notice. 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 delivered in person or if sent by United States certified or registered mail, postage prepaid, to Landlord, Tenant or if sent by recognized overnight service providing proof of delivery to Landlord or Tenant at such addresses as either may have designated from time to time in writing, and if to any Lenders under Section 4.5, or any permitted sublessee(s) under Section 4.6, addressed to their principal offices, or at such addresses as said Lenders or said permitted sublessee(s) shall have designated from time to time in writing to Landlord and Tenant. At the commencement of this Lease:

Landlord's address is 17 Market Square #201, Knoxville, Tennessee 37902 with a mandatory copy to counsel for the Board of Directors of Landlord: R. Christopher Trump, Egerton, McAfee, Armistead & Davis, P.C., 1400 Riverview Tower, 900 South Gay Street, Knoxville, Tennessee 37902;

Tenant's address is PO Box 22314, Knoxville, Tennessee 37933, with a mandatory copy to Tenant's counsel: Jordana Nelson, 900 South Gay Street, Suite 1700, Knoxville, Tennessee 37902.

Investor Limited Partner's (which shall get copies of all notices to Tenant) address is \_\_\_\_\_, with a copy to Investor Limited Partner's counsel: \_\_\_\_\_, Attention: \_\_\_\_\_.

Delivery in person shall be effective on the date of delivery. Delivery by mail shall be effective three (3) days from the date of posting in the United States Mail. Delivery by recognized overnight courier shall be effective the next business day following the date the notice is delivered to the recognized overnight courier for the delivery.

Section 13.10 No Default Certificates. Landlord and Tenant agree at any time and from time to time, upon not less than twenty (20) days prior written request by the other party or by any Lender, or by any permitted sublessee(s), to execute, acknowledge, and deliver a statement in writing certifying that this Lease is in full force and effect and that they know of no default (or if there is a default, the grounds therefor) and the date to which the Base Rent and other charges have been paid in advance, if any.

Section 13.11 Headings. Headings in this Lease are for convenience of reference only and shall not define or limit the provisions thereof.

Section 13.12 Successors. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 13.13 Counterparts. This Lease may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one agreement. The signature of any party on a signature page intended by such party to be appended to a counterpart shall be deemed to be a signature to, and may be appended to, any counterpart, and the signature of any party to any counterpart shall be deemed to be a signature to, and may be appended to, any other counterpart.

Section 13.14 Amendments. This Lease may be modified or amended only by an instrument in writing signed by the parties (or their respective successors or assigns).

Section 13.15 Landlord's Limitation of Liability - No Personal Liability. Anything in this Lease to the contrary notwithstanding, Tenant agrees that it shall look solely to the Premises for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed and/or performed by Landlord. No other property or assets of Landlord shall be subject to levy, execution or other procedures for the satisfaction of Tenant's remedies hereunder.

#### **ARTICLE XIV ENVIRONMENTAL MATTERS**

Section 14.1 Tenant's Environmental Representations and Warranties. Tenant represents,



warrants and covenants to Landlord and its successors and assigns that:

(a) Except as set forth in the Environmental Reports, the Premises and their uses by Tenant comply and will at all times during the Term comply with, and Tenant is not in violation of, and has not violated and will not violate, in connection with the ownership, use, maintenance or operation of the Premises and the conduct of the business related thereto and therein, any applicable federal, state, county or local statute, law, regulation, rule, ordinance, code, license or permit relating to environmental matters, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. 9601 et seq., the Resource Conservation and Recovery Act of 1976 as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. § 6901 et seq., the Clean Air Act of 1986, as amended, 42 U.S.C. § 7401, et seq., the Clean Water Act of 1977, as amended, 33 U.S.C. § 1251, the Toxic Substances Control Act of 1976, 15 U.S.C. § 2601, et seq., the National Environmental Policy Act of 1975, 42 U.S.C. § 4321, the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. § 300, et seq., the Emergency Planning and Right-to-Know Act of 1982, 42 U.S.C. § 11001, et seq., the Tennessee Water Quality Control Act, Tenn. Code Ann. § 69-3-101, et seq., the Tennessee Air Quality Act, Tenn. Code Ann. § 68-201-101, et seq., the Tennessee Solid Waste Disposal Act, Tenn. Code Ann. § 68-211-101, et seq., the Tennessee Hazardous Waste Management Act, Tenn. Code Ann. § 68-212-101, et seq., the Tennessee Petroleum Underground Storage Tank Act, Tenn. Code Ann. § 68-215-101, et seq., or any other Legal Requirements regulating, relating to or imposing liability or standards of conduct concerning any petroleum, petroleum byproduct (including, but not limited to, crude oil, diesel oil, fuel oil, gasoline, lubrication oil, oil refuse, oil mixed with other waste, oil sludge, and all other liquid hydrocarbons, regardless of specific gravity), natural or synthetic gas, or hazardous, toxic, radioactive or any other regulated substance, product, material, waste, pollutant or contaminant which are defined as “hazardous substances,” “hazardous materials,” “hazardous waste,” “toxic substances,” or other similar designations by Legal Requirements (hereinafter “Hazardous Waste”), as may now or at my time hereafter be in effect (hereinafter “Environmental Laws”).

(b) Without limiting the generality of (a), Tenant represents and warrants to Landlord, its successors and assigns that:

(i) Subsequent to the conveyance of the Premises to Landlord, Tenant will (and will require any permitted sublessee of the Premises) at all times receive, handle, use, store, treat, ship and dispose of all Hazardous Waste in strict compliance with all applicable Environmental Laws, and will continue to do so during the Term of this Lease.

(ii) Tenant has delivered (or caused to be delivered) to Landlord a copy of the Environmental Reports concerning the environmental condition of the Premises. Except as may be shown in the Environmental Reports, Tenant has no knowledge of or information regarding any Hazardous Waste located on the Premises.

(iii) To Tenant’s actual knowledge, except as set forth in the Environmental Reports, there are no violations of any Environmental Laws requiring any work, repairs, construction or capital expenditures with respect to the Premises, and Tenant has no knowledge or information, nor has Tenant received any notice of any such violations.

(iv) To Tenant’s actual knowledge, except in strict compliance with all applicable Environmental Laws, and except as set forth in the Environmental Reports, no Hazardous Wastes have been released into the environment, or deposited, discharged, placed or disposed at, on or near the Premises, nor have the Premises been used at any time by any person or entity as a landfill or a waste disposal site.

(v) No notices of any violation of any of the matters referred to above relating to the Premises or their use have been received by Tenant, and to Tenant's actual knowledge, there are no writs, injunctions, decrees, orders or judgments outstanding, no lawsuits, claims, proceedings or investigations pending or threatened, relating to the ownership, use, maintenance or operation of the Premises, nor (to Tenant's actual knowledge) is there any basis for such lawsuits, claims, proceedings or investigations being instituted or filed.

(vi) Tenant further represents and warrants to Landlord, its successors and assigns that, except as set forth in the Environmental Reports:

(A.) There are no monitoring wells on the Premises for monitoring Hazardous Waste.

(B.) To Tenant's actual knowledge, there are no underground storage tanks on the Premises.

(C.) To Tenant's actual knowledge, there is no evidence of PCB contamination from any power transformer, capacitor, or any other source on the Premises.

(D.) To Tenant's actual knowledge, there is no asbestos containing material (ACM) on the Premises.

(E.) Tenant knows of no fact or circumstance that may give rise to any future civil, criminal, or administrative proceedings against it relating to environmental matters involving the Premises.

Section 14.2 Tenant's Continuing Responsibility for Environmental Matters.

(a) Tenant covenants at its sole cost and expense, to remove or take remedial action required by any Environmental Law with regard to any Hazardous Waste released to the environment at, on, or from the Premises while under Tenant's possession and control during the Term of this Lease or any extension thereof.

(b) No removal or remedial action shall be taken except after reasonable advance written notice to Landlord; provided, however, that no notice shall be required if immediate action is required in order to comply with the requirements of any Legal Requirements or if immediate action would diminish the extent of any environmental problem or hazardous condition.

(c) Tenant shall indemnify Landlord for any action taken by Tenant, in accordance with Section 14.3 hereof to Landlord's satisfaction.

(d) Tenant shall at all times retain any and all liabilities arising from the handling, treatment, storage, transportation or disposal of any Hazardous Waste by Tenant or by any of Tenant's contractors.

(e) Upon Landlord's written request, Tenant agrees that it shall use its best efforts to obtain a "brownfield agreement" with the Tennessee Department of Environment and Conservation with respect to any of the matters described in the Environmental Reports and to take any and all actions required thereunder.

Section 14.3    Tenant's Indemnification.

(a)        Tenant shall indemnify and hold Landlord and its officers, directors, agents, counsel and employees harmless from and against any and all liabilities, losses, claims, penalties, damages (including, without limitation, consequential damages, interest, penalties, fines and monetary sanctions), and costs, and reasonable attorneys' and consultants' fees and expenses, court costs and all other out-of-pocket expenses incurred or suffered by Landlord by reason of, resulting from, or in connection with, or arising in any manner whatsoever out of the breach of any warranty or covenant or the inaccuracy of any representation of Tenant contained or referred to in this Article XIV. Landlord shall be entitled to conduct its own investigation in connection therewith and provide its own defense and charge Tenant with its reasonable and actual expense incurred in connection therewith.

(b)        All representations, warranties, covenants, agreements and indemnities of Tenant contained in this Article XIV shall survive the Term of this Lease or any extensions hereof and the consummation of the transactions contemplated in this Lease, and shall not be affected by an investigation by or on behalf of Tenant or by any information Tenant may have or obtain with respect thereof.

[Signatures Appear on Following Pages]

**[SIGNATURE PAGE FOR LEASE AGREEMENT]**

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

**DGA LAKEVIEW LP,**  
a Tennessee limited partnership

By: DGA LAKEVIEW GP, LLC,  
a Tennessee limited liability Company  
Its: General Partner

By: \_\_\_\_\_  
Craig Cobb, Vice President

**THE HEALTH, EDUCATIONAL & HOUSING  
FACILITY BOARD OF THE COUNTY OF KNOX**

By: \_\_\_\_\_  
Name: Greg McWhorter  
Title: Chair

**[NOTARY ACKNOWLEDGMENTS ON NEXT PAGE]**

[NOTARY ACKNOWLEDGMENT PAGE TO LEASE AGREEMENT]

STATE OF TENNESSEE  
COUNTY OF KNOX

Personally appeared before me, Notary Public of said County, Craig Cobb, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Vice President (or other officer authorized to execute the instrument) of DGA Lakeview GP, LLC, a Tennessee limited liability company, which is the General Partner of **DGA LAKEVIEW LP**, the within named bargainor, a Tennessee limited partnership, and that he as such Vice President, being authorized to do so, executed the foregoing instrument for the purpose therein contained, by signing the name of said limited partnership by himself as Vice President of its General Partner.

Witness my hand and official seal at office in the aforesaid county, this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

STATE OF TENNESSEE  
COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, a Notary Public in and for said county and state, personally appeared Greg McWhorter, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the Chair of **THE HEALTH, EDUCATIONAL & HOUSING FACILITY BOARD OF THE COUNTY OF KNOX**, the within named bargainor, a public non-profit corporation organized under the laws of the state of Tennessee, and that he as such officer being authorized so to do, executed the within instrument for the purposes therein contained by signing the name of said corporation by himself as such Chair.

Witness my hand and official seal at office in the aforesaid county, this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

**EXHIBIT A**  
**PROPERTY DESCRIPTION**

**EXHIBIT B  
REPORT**

Totals as of December 31, 20\_\_

**Project Data:**

PILOT Recipient (Company Name): \_\_\_\_\_

Address of Property Subject to PILOT: \_\_\_\_\_

**Insurance Requirements:**

In accordance with the Lease Agreement, please provide a certificate of insurance showing insurance coverage in the proper amounts and listing The Health, Educational & Housing Facility Board of the County of Knox as an additional insured.

**Maintenance and Repair:**

In accordance with the Lease Agreement has the building currently owned by The Health, Educational & Housing Facility Board of the County of Knox been properly maintained and repaired?

\_\_\_\_\_ YES \_\_\_\_\_ NO

If the answer is no, please explain. Attach additional sheets if necessary.

**Continuous Operation as Multi-Family Affordable Housing:**

In accordance with the Lease Agreement, has all of the building currently owned by The Health, Educational & Housing Facility Board of the County of Knox been continuously operated during the term of the Lease Agreement as a Multi-Family Affordable Housing facility?

\_\_\_\_\_ YES \_\_\_\_\_ NO

If the answer is no, please explain. Attach additional sheets if necessary.

THE HEALTH, EDUCATIONAL & HOUSING FACILITY BOARD OF  
THE COUNTY OF KNOX, TENNESSEE  
PAYMENT-IN-LIEU-OF-TAX (PILOT) PROGRAM

*PILOT PERFORMANCE REPORT*  
Totals as of December 31, 20\_\_\_\_



**EXHIBIT C**

**BOARD OF EQUALIZATION REPORT**

**REPORT OF PROPERTIES OWNED BY HEALTH AND EDUCATIONAL, INDUSTRIAL DEVELOPMENT AND SPORTS AUTHORITY BOARDS**  
(Rev. 2013)

(Note: late fee due after October 1)

Tennessee law requires businesses leasing property from certain public boards and authorities to annually report to the State Board of Equalization concerning the leased properties.

<p><b>GENERAL INFORMATION</b>      County: _____ Year: _____</p> <p>Owner name: _____</p> <p>Lessee name and address: _____</p>	<p>This property is owned in the name of (select one):</p> <p><input type="checkbox"/> Industrial Development Board (T.C.A. §7-53-301)</p> <p><input type="checkbox"/> Health, Housing &amp; Educational Facility Board (T.C.A. §48-101-307)</p> <p><input type="checkbox"/> Sports Authority Board (T.C.A. §7-67-108)</p>
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Has lessee name changed since last filing? Yes \_\_\_ No \_\_\_

Person filing this report:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_

1. **PROPERTY LISTING:** List all the real and personal property owned by the ID/H&ED Board which is leased or subleased by this lessee as of last January 1. List each property separately if it has a separate parcel or account number in the assessor's records:

A. _____	Project type code (see instructions)	Property address or location	State the city where the property is located	Assessor's id. no.
B. _____				
C. _____				

**REPORT OF PROPERTIES OWNED BY HEALTH AND EDUCATIONAL, INDUSTRIAL DEVELOPMENT AND SPORTS AUTHORITY BOARDS**  
(Rev. 2013)

(Note: late fee due after October 1)

Tennessee law requires businesses leasing property from certain public boards and authorities to annually report to the State Board of Equalization concerning the leased properties.

<p><b>GENERAL INFORMATION</b>      County: _____ Year: _____</p> <p>Owner name: _____</p> <p>Lessee name and address: _____</p>	<p>This property is owned in the name of (select one):</p> <p><input type="checkbox"/> Industrial Development Board (T.C.A. §7-53-301)</p> <p><input type="checkbox"/> Health, Housing &amp; Educational Facility Board (T.C.A. §48-101-307)</p> <p><input type="checkbox"/> Sports Authority Board (T.C.A. §7-67-108)</p>
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Has lessee name changed since last filing? Yes \_\_\_ No \_\_\_

Person filing this report:

Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 E-mail: \_\_\_\_\_

1. **PROPERTY LISTING:** List all the real and personal property owned by the ID/H&ED Board which is leased or subleased by this lessee as of last January 1. List each property separately if it has a separate parcel or account number in the assessor's records:

Project type code (see instructions)	Property address or location	State the city where the property is located	Assessor's id. no.
A. _____	_____	_____	_____
B. _____	_____	_____	_____
C. _____	_____	_____	_____

**Knox County Community Development  
PILOT Application**

**Applicant Information**

1	Company Name	DGA Lakeview, LP				
2	Mailing Address	3834 Sutherland Ave				
3	City	Knoxville	State	TN	ZIP Code	37919
4	Telephone	865-225-6506		Fax		
5	Federal Employer Identification Number	86-1219482				
6	POC Name	Craig Cobb				
7	POC Title	VP of Affordable Housing, DGA Residential, LLC				
8	Mailing Address	3834 Sutherland Ave				
9	City	Knoxville	State	TN	ZIP Code	37919
10	Telephone	865-567-1096		Email	craigc@dominiondg.com	
11	Description of Principle Business	Providing affordable housing in Knox County.				
12	SIC/NASIC (If Known)					
13	Legal Structure	Limited Partnership				
14	If a corporation, state of incorporation					
15	If a foreign corporation, is business registered to do business in Tennessee?	YES		No		
16	Owners and Ownership Structure	Attach information on company owners and ownership structure of the applicant under the header "Applicant Information". Include an organization chart. <a href="#">Attached.</a>				
17	Disclosure of Interests	Consider this a disclosure statement indicating shared ownership interest within the construction, development and management entities.				

**Sponsor Information (if applicable)**

18	Company Name	DGA Residential, LLC				
19	Mailing Address	3834 Sutherland Ave				
20	City	Knoxville	State	TN	ZIP Code	37919
21	Telephone	865-225-6506		Fax		
22	Federal Employer Identification Number	85-084021				
23	POC Name	Craig Cobb				
24	POC Title	VP of Affordable Housing, DGA Residential, LLC				
25	Mailing Address	3834 Sutherland Ave				
26	City	Knoxville	State	TN	ZIP Code	37919
27	Telephone	865-225-6506		Email	craigc@dominiondg.com	
28	Description of Principle Business	Platform for Affordable Housing development and management company.				
29	SIC/NASIC (If Known)					
30	Legal Structure	LLC				
31	If a corporation, state of incorporation					
32	If a foreign corporation, is business registered to do business in Tennessee?	YES		No		

<b>Knox County Community Development</b>					
<b>PILOT Application</b>					

33	Is applicant or sponsor currently involved in litigation, either as plaintiff or defendant, of which the outcome could affect the success of the proposed project?	YES		No		
		If yes, attach detailed explanation under "Sponsor Information".				
34	Has applicant or sponsor ever been charged or convicted of a felony, including any felony relating to financial crime?	YES		No		
		If yes, attach detailed explanation under "Sponsor Information".				
35	Does applicant or sponsor have an application pending, or intend to apply, for industrial revenue bond financing for this or a similar project with any board in Knox County?	YES		No		
		If yes, attach detailed explanation under "Sponsor Information".				
36	Does applicant or sponsor have present plans to incur indebtedness or other financial obligations which would materially affect its financial condition other than the financing applied hereby?	YES		No		
		If yes, attach detailed explanation under "Sponsor Information".				
37	Does applicant or sponsor know of any proposed or pending tender offers, mergers, or acquisitions by or affecting applicant or sponsor or any other materially significant corporate event in any way affecting applicant, application, or sponsor of the project?	YES		No		
		If yes, attach detailed explanation under "Sponsor Information".				

<b>Project Team Identification:</b>					
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Property Manager					
38	Company Name	<a href="#">DGA Residential, LLC</a>			
39	Mailing Address	<a href="#">3834 Sutherland Ave</a>			
40	City	<a href="#">Knoxville</a>	State	<a href="#">TN</a>	ZIP Code <a href="#">37919</a>
41	Telephone	<a href="#">865-225-6506</a>		Email	<a href="mailto:info@dgaresidential.com">info@dgaresidential.com</a>
42	Relevant Experience with PILOT+LIHTC Developments	<a href="#">Reference DGA Residential resume attached.</a>			
Applicant Legal Counsel					
43	Company Name	<a href="#">Jordana Nelson, Bass Berry Sims</a>			
44	Mailing Address	<a href="#">1700 Riverview Tower - 900 S Gay Street</a>			
45	City	<a href="#">Knoxville</a>	State	<a href="#">TN</a>	ZIP Code <a href="#">37902</a>
46	Telephone	<a href="#">865-521-0362</a>		Email	<a href="mailto:jordana.nelson@bassberry.com">jordana.nelson@bassberry.com</a>
47	Relevant Experience with PILOT+LIHTC Developments	<a href="#">Counsel to KCDC with respect to PILOTS supporting LIHTC projects in the City of Knoxville; Counsel to various Industrial Development Boards with respect to PILOTS supporting LIHTC projects in State of Tennessee; Counsel to KCDC with respect to PILOTS supporting KCDC's LIHTC developments.</a>			

**Knox County Community Development  
PILOT Application**

48	<b>Project Engineer</b>					
49	Company Name	NA				
50	Mailing Address					
51	City		State		ZIP Code	
52	Telephone				Email	
53	Relevant Experience with PILOT+LIHTC Developments					
54	<b>Project Architect</b>					
55	Company Name	<a href="#">Studio A Architecture</a>				
56	Mailing Address	<a href="#">2330 Frankfort Ave</a>				
57	City	<a href="#">Louisville</a>	State	<a href="#">KY</a>	ZIP Code	<a href="#">40206</a>
58	Telephone				Email	
59	Relevant Experience with PILOT+LIHTC Developments	<a href="#">See resume attached.</a>				
60	<b>General Contractor</b>					
61	Company Name	<a href="#">Dominion Development Group</a>				
62	Mailing Address	<a href="#">3834 Sutherland Ave</a>				
63	City	<a href="#">Knoxville</a>	State	<a href="#">TN</a>	ZIP Code	<a href="#">37919</a>
64	Telephone				Email	<a href="mailto:seanc@dominiondg.com">seanc@dominiondg.com</a>
	Relevant Experience with PILOT+LIHTC Developments	<a href="#">See resume attached.</a>				
65	<b>Project Developer</b>					
66	Company Name	<a href="#">DGA Residential, LLC</a>				
67	Mailing Address	<a href="#">3834 Sutherland Ave</a>				
	City	<a href="#">Knoxville</a>	State	<a href="#">TN</a>	ZIP Code	<a href="#">37919</a>
	Telephone	<a href="#">855-567-1096</a>			Email	<a href="mailto:craigc@dominiondg.com">craigc@dominiondg.com</a>
68	Relevant Experience with PILOT+LIHTC Developments	<a href="#">See resume attached.</a>				
69						
70	<b>Construction Contractor (if different than general contractor)</b>					
71	Company Name	<a href="#">NA</a>				
72	Mailing Address					
	City		State		ZIP Code	
	Telephone				Email	
	Relevant Experience with PILOT+LIHTC Developments	<a href="#">NA</a>				

<b>Knox County Community Development PILOT Application</b>
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The following developments	
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<b>Project Narrative and Plans</b>
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73 Provide a Project Narrative outlining the purpose of the project, the rationale for the project, and describing the consistency of the project with the goals and objectives identified in the Knox County Consolidated Plan (2020). Include details on any amenities and/or features improving quality of life for residents. Attach additional sheets under "Project Narrative and Plans" as necessary.

74 [Lakeview at Westland](#) is a proposed new construction property consisting of 72 affordable housing rental units. Units types will range from a 2-bedroom, 2-bathroom with approximately 1,100 to a 3-bedroom, 2-bathroom with approximately 1,300 SF. The property will include several amenities including, on-site management, clubhouse, fitness center, business center and playground. Unit amenities will include central A/C, balcony/patios, dishwasher, microwave, washer/dyer connections, among others. All units will come equipped with owner provided, high speed internet access. We will provide special activities and events, such as after school programs, nutrition programs, to serve the residents in order to help enrich their lives. Our project is committed to providing affordable housing in a high opportunity area. KCDC's waitlist has approximately 5,000 families which shows a need to develop more affordable housing in Knox County.

76	Project Site Plan	Attach the site plan for the project.
77	Building Floorplans	Attach floorplans for each building to be constructed in the project.
78	Unit Floorplans	Attach floorplans for each kind of unit to be constructed in the project.
79	Architectural Plans	Attach architectural plans for the project.
80	Evidence of Ownership or Contractual Control	Attach evidence of ownership of the property, such as a (deed, title, lease agreement, etc.)
81	Evidence of Current Property Taxes	Attach evidence of the current property taxes assessed against the property.
81	Appraisals	Attach appraisals, as applicable, attesting to the (un)developed (or current?) value of the property.

**Knox County Community Development  
PILOT Application**

**Project Property Location and Ownership Information**

83	Project Street Address	0 Emory Church Rd, Knoxville, TN 37922; Parcel ID: 144 02016, 144 02009				
	Project Vicinity Map	Attach to the end of this application under "Project Property Location and Ownership Information" a vicinity map with general location of the site shown. <a href="#">Attached.</a>				
84	Project Deed or Surveyor's Description	<a href="#">Reference property description in Title.</a>				
85	What person(s) or entity owns the property at the time of this application?	<a href="#">John Huber</a>				
86	Is the property located in a Difficult Development Area (DDA) or Qualified Census Tract (QCT)? If so, which one?	YES		<a href="#">No</a>		
87						
88	Is the property located in a census tract where the poverty level exceeds 20%?	YES		<a href="#">No</a>		
89	Does the applicant have an option to purchase the property if it is not already owned by the applicant?	<a href="#">YES</a>		No		
	Are there presently outstanding any options or liens with regard to the property?	YES		<a href="#">No</a>		
90	Provide a brief description of the activities to be performed at this location, including a description of products to be produced and/or services to be provided.	<a href="#">Multi-family affordable housing.</a>				
91						
92	Is the property zoned appropriately for its intended use in this project?	<a href="#">YES</a>	<a href="#">Attached</a>	No		
	Attach to the end of this application with the header "Project Property Location and Ownership Information" evidence of the current zoning classification of the property.					
93	Attach to the end of this application with the header "Project Property Location and Ownership Information" a copy of Applicant's title insurance policy, commitment, or title report with respect to the real property.					

**Project Tax Information**

95	Attach to the end of this application with the header "Project Tax Information" the latest property tax statement from the Knox County Assessor's Office for all properties identified in this application.					
96						
97	<b>For Real Property</b>					
98	Tax Parcel ID Number(s):	<a href="#">144-02009; 144-02016</a>				
	Current Assessment:	<a href="#">Reference assement attached.</a>				
99	Current Tax:	<a href="#">Reference assement attached.</a>				
100	Will this project result in the subdivision of any current tax parcel?	YES		<a href="#">No</a>		
101	Is the project located in the City of Knoxville's	VEC		<a href="#">No</a>		

Knox County Community Development PILOT Application						
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102	Central Business Improvement District?	YES		NO		
103	If yes to the above, what is the current CBID tax assessment?					
For Tangible Personal Property						
105	Tax Parcel ID Number(s):					
	Current Assessment:					
106	Current Tax:					
	Are there currently any assessments under appeal?	YES		No		
107	If yes to the above, please describe:					

Financial Information						
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109	Has applicant filed for bankruptcy in the past? If yes, list date.	YES		No		Date
110	Cash value of PILOT Abatement Requested	\$ 5,000.00	Term (Years)	15	Percent value of abatement requested	
111	Cash value of LIHTC allocation received	TBD	Term (Years)	15	Percent value of LIHTC allocation received	TBD
113	Capitalization Rate of the Project					
114	Construction Budget	Attach detailed construction budget under "Financial Information".				
115	Project Pro Forma	Attach a project pro forma under "Financial Information"..				
116	Evidence of Finances	Attach evidence of finances to complete project under "Financial Information"				
	THDA LIHTC Award Letter - NA	Not yet received.				
117	Sources and Uses Funds	Attach Sources and Uses Document under "Financial Information"				
	Financial Statements	Attach under "Financial Information" copies of the applicant's last two fiscal years' audited financial statements. – NA				
118	Corporation Net Worth - NA	Not applicable.				
119	Individual Tax Filings - NA	Not applicable.				

Justification of Need	
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121	Attach a narrative explanation with the header "Justification of Need" of why the project could not proceed "but for" the granting of the applied-for PILOT. Include copies of supporting evidence, if needed. <a href="#">Reference attached.</a>
122	Attach an opinion letter of an affordable housing consultant acceptable to staff with the header "Justification of Need" indicating the amounts set forth in the construction budget and pro forma as being reasonable, fair, and within industry norms for similarly situated affordable housing projects. <a href="#">Reference above.</a>

Capital Investment	
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123	Land Acreage of the Project	24.19 Acres	Cost of the Acreage	\$ 1,276,000.00
124	Site Preparation Cost	*\$1.5mm	Personal Property Cost	



**Knox County Community Development  
PILOT Application**

	Real Property (Building) Square Footage		Real Property Cost	\$ 1,276,000.00
125	Briefly describe these investments, including all types of tangible personal property, site development, and other improvements planned for this location. Attach additional pages as necessary under "Capital Investment".			
	Reference building plans. *The \$1.5mm referenced above includes \$960,000 for sitework and grading and an additional \$560,000 for onsite utility infrastructure.			

**Construction Estimates:**

126	Start Date	Summer 2021		Completion Date	Fall 2022
	Describe any off-site infrastructure that requires new public investments:				
127	New Water Investments	NA			
128	New Sanitary Sewer Investments	NA			
129	New Streets Investments	NA			
130	New Storm Sewer Investments	NA			
131	Other New Public Investments	TBD - potential code requirement for off-site sidewalks. Estimate of \$50k - \$75k.			
132	Have project utility requirements been reviewed by the appropriate local utility providers?	YES		No	

**Project Employment**

133	This project will provide an excess of 50 temporary construction jobs. Post construction, this project will provide up to 3 property management jobs.
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**Project Environmental Impacts**

	Attach to the end of this application under "Project Environmental Impacts" a Phase 1 Environmental Audit addressed to Knox County Community Development or to the Industrial Development Board of Knox County. ***	
135	Discuss environmental	Reference Phase 1.

**Knox County Community Development  
PILOT Application**

136	impacts created by the project						
	Will the development or operation of the property require an environmental permit?	Air	Yes		No		
		Water	Yes		No		

**Supplemental Information**

137 Provide a written narrative of how PILOT savings will directly benefit residents through one or more of the following : additional property improvements; rental payment reduction or stabilization; and resident amenities and/or services.

138 [Reference project narrative.](#)

**Certification and Signature**

This application is made in order to induce the government of Knox County, Tennessee to grant review to application, applicant, and sponsor. Applicant and sponsor represent and warrant that the statements contained herein or attached hereto are true and correct to the best of their knowledge and include all information materially significant to Knox County and its consideration of this application. Applicant and sponsor have read and agree to comply with all requirements of the application procedures and policies of Knox County as pertains to PILOT applications. Applicant specifically agrees to pay all required costs, fees, and expenses in connection with this application, whether or not the financial incentives are granted or this project built.

  
\_\_\_\_\_

Applicant Signature

2/22/21  
\_\_\_\_\_

Date

  
\_\_\_\_\_

Sponsor Signature

2/22/21  
\_\_\_\_\_

Date

COMMUNITY DEVELOPMENT

March 26, 2021

Mr. Greg McWhorter, Chairman  
The Health, Educational and Housing Facility Board of Knox County  
17 Market Square  
Knoxville, TN 37902

RE: Letter of support for Lakeview at Westland

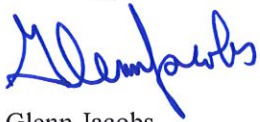
Dear Chairman McWhorter:

I understand that DGA Lakeview, LP (the "Developer") desires to construct 72 units of affordable housing on Emory Church Road in Knox County. The Developer currently owns the real property where this housing will be sited.

I further understand that 100% of the units will be maintained as affordable housing, principally serving low to moderate income households at 60% of area median income (AMI) or below. To provide financing for this project, the LP intends to apply for a 4% allocation of low-income housing tax credits from Tennessee Housing Development Agency, in addition to payments in lieu of taxes through The Health, Educational and Housing Facility Board of Knox County (the "Board").

Pursuant to Section 48-101-301 of the Tennessee Code Annotated, the Board is permitted to enter into an agreement for payments in lieu of taxes with the LP with respect to Farragut Pointe, provided that I, as chief executive of Knox County, provide a letter in support of the project. Please accept this letter as evidence of my support of this project for payments in lieu of taxes for the LP for a term of 15 years with the payment amount as \$5,000 per year. Year 1 shall commence at the point of stabilization (defined as 80% occupied or above) or no more than 3 years from the start of construction, whichever comes first. The development of this quality affordable housing development for low to moderate income citizens is an important goal of the County, and this project is consistent with this goal.

Sincerely,



Glenn Jacobs  
Knox County Mayor

cc: The Honorable John Whitehead  
Todd Napier, The Industrial Development Board  
Chris Caldwell, Knox County Finance  
Dwight Van de Vate, Office of Knox County Mayor Glenn Jacobs  
Jenny Holden, Knox County Community Development

RESOLUTION AUTHORIZING AND APPROVING ALL DOCUMENTS, INSTRUMENTS, ACTIONS, AND MATTERS NECESSARY OR APPROPRIATE FOR, OR PERTAINING TO, THE ISSUANCE, SALE, AND DELIVERY BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX OF ITS MULTIFAMILY HOUSING TAX-EXEMPT MORTGAGE-BACKED BONDS (M-TEBS) (LAKEVIEW AT WESTLAND), SERIES 2021A AND ITS MULTIFAMILY HOUSING TAXABLE REVENUE BONDS (LAKEVIEW AT WESTLAKE), SERIES 2021B IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TWENTY MILLION DOLLARS (\$20,000,000)

WHEREAS, the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox (the "Issuer"), has met pursuant to proper notice; and

WHEREAS, DGA Lakeview LP, a Tennessee limited partnership (the "Borrower"), has requested the Issuer to finance the acquisition, rehabilitation and equipping of an approximately 72-unit housing facility for low and moderate-income citizens located in Knox County, Tennessee to be known as Lakeview at Westland (the "Project"), which project is of the character and will accomplish the purposes of Part 3 of Chapter 101 of Title 48 of the Tennessee Code Annotated, as amended (the "Act"); and

WHEREAS, the Issuer proposes to finance the Project by the issuance and sale of its revenue bonds in an amount not to exceed \$20,000,000; and

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

WHEREAS, there have been submitted to the Issuer at the meeting on June 8, 2021, the forms of the following instruments which the Issuer proposes to execute to carry out the transactions described above, copies of which instruments shall be filed with the records of the Issuer:

(a) Indenture of Trust (the "Indenture") between the Issuer and U.S. Bank National Association, as trustee (the "Trustee");

(b) The form of the Issuer's Multifamily Housing Tax-Exempt Mortgage-Backed Bonds (M-TEBS) (Lakeview at Westland), Series 2021A (the "Series 2021A Bonds") and its Multifamily Housing Taxable Revenue Bonds (Lakeview at Westland), Series 2021B (the "Series 2021B Bonds," together with the Series 2021A Bonds, the "Bonds");

(c) Financing Agreement (the "Financing Agreement") between the Issuer and the Borrower, to provide for the loan of the proceeds of the Bonds to the Borrower and for the repayment of such loan;

(d) Bond Purchase Agreement (the "Purchase Agreement") by and among the Issuer, the Borrower, and the purchaser of the Bonds (the "Bond Purchaser");

(e) A Preliminary Official Statement (the "Series 2021A Preliminary Official Statement") relating to the issuance and sale of the Series 2021A Bonds; and

(f) A Preliminary Official Statement (the "Series 2021B Preliminary Official Statement" and together with the Series 2021A Preliminary Official Statement, the "Preliminary Official Statement") relating to the issuance and sale of the Series 2021B Bonds.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX:

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

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

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

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

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

6. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute by facsimile or manual signature, attested by the facsimile or manual signature of its Secretary or Assistant

Secretary, and either is authorized and directed to deliver the Bonds to the Trustee for authentication and delivery to the Bond Purchaser thereof upon payment of the purchase price therefor.

7. The Issuer hereby approves the preparation and distribution of each Preliminary Official Statements in connection with the sale of the applicable series of Bonds. The Issuer hereby authorizes the preparation of Official Statements in substantially the same form as the Preliminary Official Statements with such changes as are necessary to finalize and complete the Preliminary Official Statements. Nothing herein shall constitute the approval by the Issuer of the form of the Preliminary Official Statements, the Official Statements or the information contained therein other than information directly relating to the Issuer contained therein. The Chair of the Issuer is hereby authorized to execute such certificates as are requested to deem the Preliminary Official Statements as final as of its date within the meaning of Rule 15c2-12 under Securities Exchange Act of 1934.

8. The Purchase Agreement, the Indenture, the Financing Agreement and the Bonds shall be in substantially the forms submitted, which are hereby approved, with such completions, omissions, insertions and changes as may be approved by the officers executing them, their execution to constitute conclusive evidence of their approval of any such omissions, insertions and changes. In connection with the execution of the Purchase Agreement and the Indenture, the officer(s) are hereby expressly authorized to approve the maturities and interest rates on the Bonds, provided that none of the interest rates on the Bonds may exceed the maximum interest rate permitted by law, the aggregate principal amount of the Bonds shall not exceed \$20,000,000, and the final maturity of the Bonds shall be no later than the maximum term permitted by law.

9. The officers of the Issuer are hereby authorized and directed to execute, deliver and file all certificates and instruments, including financing statements to evidence security interests created under the Indenture, a Tax Exemption Certificate and Agreement and a Land Use Restriction Agreement in connection with the Series 2021A Bonds, and an informational statement to be filed with the State of Tennessee, and to take all such further action as they may consider necessary or desirable in connection with the issuance and sale of the Bonds and the financing of the Project.

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

11. The Bonds, and the interest payable thereon, are limited obligations of the Issuer, and shall not be deemed to constitute a general debt or liability of the Issuer, but shall be payable solely from such special sources and funds provided therefor in accordance with the provisions thereof and the provisions of the Indenture.

Neither the State of Tennessee, nor any other political subdivision thereof, shall be liable for the payment of the principal of, or the interest on, the Bonds, or for the performance of any pledge, mortgage, obligation, agreement, or certification, of any kind whatsoever of the Issuer, and neither the Bonds, nor any of the pledges, mortgages, agreements, obligations, or certifications of the Issuer shall be construed to constitute an indebtedness of the State of Tennessee, or any other political subdivision thereof, within the meaning of any constitutional or statutory provisions whatsoever.

No recourse under, or upon, any statement, obligation, covenant, agreement, or certification, contained in any of the foregoing documents, including, without limitation, the Bonds, and the Indenture; or in any other document or certification whatsoever; or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding or by virtue or any constitution or statute or otherwise, or under any circumstances, under or independent of the foregoing documents, including, without limitation the Bonds, and the Indenture; or any other document or certification, whatsoever, shall be had against any incorporator, member, director, or officer, as such, past, present, or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for, or to, the Issuer, or any receiver thereof, or from, or to, the owner of the Bonds for any sum that may be due and unpaid by the Issuer upon the Bonds, or the interest payable thereon. 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, as such, to respond by reason of any act or omission on his or her part of otherwise for, directly or indirectly, the payment for, or to, the Issuer or any receiver thereof, or for, or to, the owners of the Bonds, of the principal of, or the premium, if any, or interest on, the Bonds

shall be deemed to have been waived and released as a condition of, and consideration for, the execution of the aforesaid documents and the issuance of the Bonds.

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

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**STATE OF TENNESSEE  
COUNTY OF KNOX**

I, Greg McWhorter, Chair of THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX (the "Board") do hereby certify that the foregoing is a true and complete extract of the minutes of the Board of Directors of the Board at a meeting duly called and held on June 8, 2021, and sets forth so much of said minutes as in any way relates to the introduction, consideration and passage of the resolution therein set forth. Public notice of said meeting was given pursuant to and in compliance with all provisions of law.

THE HEALTH, EDUCATIONAL AND HOUSING  
FACILITY BOARD OF THE COUNTY OF KNOX

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Greg McWhorter, Chair

Dated: June 8, 2021

**RESOLUTION OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY  
BOARD OF THE COUNTY OF KNOX APPROVING THE AMENDMENT OF  
REVENUE BOND (JOHNSON UNIVERSITY PROJECT)  
SERIES 2015 AND RELATED DOCUMENTS**

WHEREAS, the Board of Directors of The Health, Educational and Housing Facility Board of the County of Knox (the "Issuer"), has met pursuant to proper notice; and

WHEREAS, the Issuer has issued its Revenue Bond (Johnson University Project), Series 2015 (as amended, the "Bond") in the original principal amount of not to exceed \$35,000,000; and

WHEREAS, the proceeds of the Bond were loaned to Johnson University, a Tennessee nonprofit corporation (the "Borrower"), pursuant to a Bond Purchase and Loan Agreement dated as of June 23, 2015 (as amended, the "Loan Agreement") between Pinnacle Bank (the "Bondholder"), the Borrower and the Issuer; and

WHEREAS, the proceeds of the Bond were used by the Borrower to finance and refinance improvements to the Borrower's educational facilities (the "Project"); and

WHEREAS, the Bond was originally purchased by Pinnacle Bank (the "Bondholder") and is still held by the Bondholder; and

WHEREAS, the Borrower has requested that the Issuer approve an amendment to the Loan Agreement and the Bond (collectively, the "Amendments") to establish the interest rate on the upcoming tender date for the Bond and to make any changes requested by the Bondholder in connection therewith; and

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX:

1. The Chair or Vice Chair of the Issuer is hereby authorized and directed to execute and either is authorized and directed to deliver the Amendments to the other parties thereto.
2. The Amendments shall be in the form as may be approved by the officer executing it, his or her execution to constitute conclusive evidence of his or her approval of such forms.
4. The officers of the Issuer are hereby authorized and directed to execute, deliver and file such other certificates and instruments, including Internal Revenue Service Form 8038, 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, if requested by the Borrower, to hold a public hearing relating to any extension of average weighted maturity of the Bond.
5. Any authorization herein to execute any document shall include authorization to record such document where appropriate.
6. All other acts of the officers of the Issuer which are in conformity with the purposes and intent of this resolution are hereby approved and confirmed.

[The remainder of this page intentionally left blank.]

**STATE OF TENNESSEE  
COUNTY OF KNOX**

I, Greg McWhorter, Chair of THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE COUNTY OF KNOX (the "Board") do hereby certify that the foregoing is a true and complete extract of the minutes of the Board of Directors of the Board at a meeting duly called and held on June 8, 2021, and sets forth so much of said minutes as in any way relates to the introduction, consideration and passage of the resolution therein set forth. Public notice of said meeting was given pursuant to and in compliance with all provisions of law.

THE HEALTH, EDUCATIONAL AND HOUSING  
FACILITY BOARD OF THE COUNTY OF KNOX

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Greg McWhorter, Chair

Dated: June 8, 2021