

Board Members:

Charley Bible
Shannon Coleman Egle
Paul Fortunato
Tiffany Gardner
Mike George
Terry Henley
J. Ford Little
Lou Moran, III
Alvin Nance
Lisa Rottmann
Anthony Wise



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

Regular Meeting
Tuesday, August 8, 2023, 4:15 p.m.
17 Market Square, #201
Knoxville, Tennessee 37902

AGENDA

- I. Call to Order
- ACTION** II. Approval of Minutes from Previous Meeting
 - a) Regular Meeting – June 13, 2023
- ACTION** III. Finance Report
- ACTION** IV. Nominating Committee report for Board Officers and Committee Members and Related Appointments
- ACTION** V. Consideration of a Resolution Authorizing and Approving all Documents, Instruments, Actions, and Matters Necessary or Appropriate for, or Pertaining to, the Issuance, Sale, and Delivery of Multifamily Housing Revenue Bonds, Series 2023 (Sutherland 1 Apartments) in the aggregate Principal Amount not to exceed \$25,000,000
- ACTION** VI. Consideration of a Resolution Authorizing and Approving all Documents, Instruments, Actions, and Matters Necessary or Appropriate for, or Pertaining to, the Issuance, Sale, and Delivery of Multifamily Housing Revenue Bonds, Series 2023 (Sutherland 2 Apartments) in the aggregate Principal Amount not to exceed \$25,000,000
- VII. Old Business
- VIII. New Business
- IX. Adjourn

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

June 13, 2023, 4:15 p.m.

The regular meeting of the Board of Directors of The Health, Educational & Housing Facility Board of the County of Knox (the “Health, Ed Board” or “Board”) was held on Tuesday, June 13, 2023, at 4:50 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, Paul Fortunato (Chair), Tiffany Gardner (Vice Chair), Shannon Coleman Egle (Secretary), Dr. Anthony Wise, Jr., Alvin Nance, Lou Moran, III, Charley Bible, and J. Ford Little.

Also, in attendance were Mac McWhorter (Knoxville Chamber), Karen Kakanis (Knoxville Chamber), Caroline Bailey (Knoxville Chamber), R. Christopher Trump (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Katrina Vargas (Paralegal - Egerton, McAfee, Armistead & Davis, P.C.), Mark Mamantov (Bass Berry & Sims), Blayne Chance (Public Observer), and Soriya Gast (Public Observer).

I. Paul Fortunato, the Board’s 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 then discussed the following matters and took the following actions as noted:

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 May 9, 2023. There were none.

Upon a motion by Dr. Anthony Wise, Jr. and a second by Alvin Nance, the minutes of the May 9, 2023, meeting were unanimously approved. A copy of the minutes is attached hereto as Exhibit B.

III. Review and Consideration of Appointment of Nominating Committee for Board Officers and Committee Appointments.

Upon a motion by Dr. Anthony Wise, Jr. and a second by Alvin Nance, the appointment of a nominating committee composed of Paul Fortunato, Lou Moran, III and Tiffany Gardner was unanimously approved.

IV. Old Business. None.

V. New Business. None.

VI. Next Meeting. The next regular meeting of The Health, Ed Board of the County of Knox is scheduled for July 11, 2023, at 4:15 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

VII. 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 4:52 p.m.

Dated

Shannon Coleman Egle, Secretary

DRAFT

EXHIBITS

Exhibit A Agenda – June 13, 2023

Exhibit B Minutes – May 9, 2023

DRAFT

The Health, Educational and Housing Facility Board of the County of Knox
Balance Sheet
As of June 30, 2023

	As of Jun 30, 2023	As of Jun 30, 2022 (PY)
ASSETS		
Current Assets		
Bank Accounts		
100-000 Cash - Checking	189,559.00	197,659.19
104-000 Cash - Money Market	224,955.79	224,038.51
Total Bank Accounts	\$ 414,514.79	\$ 421,697.70
Other Current Assets		
127-000 Prepaid Insurance	4,833.32	4,833.32
Total Other Current Assets	\$ 4,833.32	\$ 4,833.32
Total Current Assets	\$ 419,348.11	\$ 426,531.02
TOTAL ASSETS	\$ 419,348.11	\$ 426,531.02
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
200-000 Accounts Payable	92.50	-
Total Accounts Payable	\$ 92.50	\$ -
Total Current Liabilities	\$ 92.50	\$ -
Long-Term Liabilities		
250-000 Deferred Revenue	37,872.47	39,953.22
Total Long-Term Liabilities	\$ 37,872.47	\$ 39,953.22
Total Liabilities	\$ 37,964.97	\$ 39,953.22
Equity		
300-000 Opening Balance Equity	44,772.55	44,772.55
320-000 Retained Earnings	340,786.17	334,857.08
Net Income	(4,175.58)	6,948.17
Total Equity	\$ 381,383.14	\$ 386,577.80
TOTAL LIABILITIES AND EQUITY	\$ 419,348.11	\$ 426,531.02

The Health, Educational and Housing Facility Board of the County of Knox
Income Statement with Prior Year Comparison
For the 3 Periods Ended June 30, 2023

	<u>Apr - Jun, 2023</u>	<u>Apr - Jun, 2022 (PY)</u>
Income		
410-000 Interest Revenue	374.89	132.47
435-000 Application Revenue	-	12,000.00
445-000 Agenda Revenue	500.00	-
Total Income	\$ 874.89	\$ 12,132.47
Gross Profit	\$ 874.89	\$ 12,132.47
Expenses		
502-001 Operating Expenses	176.64	212.65
503-001 Advertising Expenses	61.32	159.14
504-001 Administrative Expenses (TDC)	2,250.00	2,250.00
507-001 Insurance Expense	1,812.51	1,812.51
512-001 Legal Expense	750.00	750.00
Total Expenses	\$ 5,050.47	\$ 5,184.30
Net Operating Income	\$ (4,175.58)	\$ 6,948.17
Net Income	\$ (4,175.58)	\$ 6,948.17

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 REVENUE BONDS, SERIES 2023 (SUTHERLAND 1 APARTMENTS) IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000

WHEREAS, The Health, Educational and Housing Facility Board of the County of Knox (the "Issuer"), is a public, nonprofit corporation organized and existing under, and by virtue of the provisions of Part 3 of Chapter 101 of Title 48 of the Tennessee Code Annotated, as amended (the "Act");

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;

WHEREAS, the Issuer is authorized by the Act to, among other things, issue, sell, and deliver revenue notes and revenue bonds, and to use the proceeds therefrom for, among other things, financing, refinancing, acquiring, improving, constructing, equipping, owning, leasing and disposing of properties for the purpose of enabling certain types of institutions as described in the Act, to provide facilities in order to promote the welfare, health, housing, education, prosperity and living conditions of the people of the State of Tennessee;

WHEREAS, ECG Sutherland 1, LP, a Tennessee limited partnership (the "Borrower") has requested the Issuer to issue not to exceed \$25,000,000 in aggregate principal amount of its Multifamily Housing Revenue Bonds, Series 2023 (Sutherland 1 Apartments) (the "Bonds") and to lend the proceeds of the sale of the Bonds to finance (i) to finance the acquisition, rehabilitation, construction and equipping of a 74-unit low and moderate income housing facility located at 1036 Dunhill Way and a 92-unit low and moderate income housing facility a located at 3200 Sutherland View Way in the City of Knoxville, Knox County, Tennessee (collectively, the "Project") to be developed by the Borrower and (ii) to pay issuance costs as needed.

WHEREAS, the Issuer desires to definitively authorize and approve, the issuance, execution, sale, and delivery of the Bonds to be dated as of the date of issuance and delivery, or such other date as may be determined by the officers of the Board executing the Bonds, in an aggregate principal amount not to exceed \$25,000,000, or such lesser aggregate amount as may be determined by the officers of the Issuer executing the Bonds;

WHEREAS, the Issuer hereby determines that the issuance of the Bonds, and the loan of the proceeds thereof to the Borrower for the above purposes, will be in accordance with the provisions, and will further the purposes and the policies of the Act;

WHEREAS, in order to obtain funds to finance and carry out the foregoing, the Issuer will issue the Bonds pursuant to the terms of a Trust Indenture to be dated as of August 1, 2023,

or such later date (the "Indenture"), between the Issuer and Truist Bank, as Trustee (the "Trustee");

WHEREAS, contemporaneously with the execution of the Indenture, the Issuer and the Borrower will enter into a Loan Agreement (the "Loan Agreement"), of even date with the Indenture, specifying the terms and conditions pursuant to which the Issuer will loan the proceeds of the sale of the Bonds to the Borrower for the purposes set forth above;

WHEREAS, to further evidence its obligations under the Loan Agreement, the Borrower will execute a Promissory Note of even date with the Bonds (the "Promissory Note") in the original principal amount equal to the principal amount of the Bonds as issued;

WHEREAS, upon conversion of the Bonds to the permanent phase, (i) the Bonds shall be removed from the book-entry system and converted to the physical Governmental Note delivered by the Issuer (in the form attached to the Funding Loan Agreement (as defined below)) (the "Governmental Note") which shall be purchased by Grandbridge, as the Freddie Mac Seller/Servicer ("Grandbridge"), and (ii) the Funding Loan Agreement (the "Funding Loan Agreement"), between the Issuer, Grandbridge and the Trustee, and the Project Loan Agreement (the "Project Loan Agreement"), between the Issuer, the Borrower and the Trustee (both as attached to the Indenture), shall be delivered by the respective parties thereto and become effective and shall supersede the Indenture and the Loan Agreement;

WHEREAS, the principal of, and the premium, if any, and interest on, the Bonds will be payable solely and exclusively from (i) during construction, payments to be made by the Borrower under the provisions of the Loan Agreement and the Promissory Note and (ii) upon conversion to the permanent phase, (A) payments to be made by the Borrower under the provisions of the Project Loan Agreement and the Project Note and (B) payments made pursuant to a guaranteed mortgage pass-through Freddie Mac mortgage backed security issued by Freddie Mac;

WHEREAS, the Borrower has proposed that the Bonds be sold to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") under the terms of a Bond Purchase Agreement by and among the Issuer, the Underwriter and the Borrower (the "Bond Purchase Agreement");

WHEREAS, in consideration for the Underwriter's purchase of the Bonds, and as further security for the payment of the principal and the interest on the Bonds, the Issuer will assign to the Trustee, pursuant to the Indenture and Funding Loan Agreement, all of the right, title, and interest of the Issuer (excepting only certain rights as specified in such Indenture) in and to the Loan Agreement, Project Loan Agreement, the Promissory Note and, if applicable, the Project Note issued in connection with the Project Loan Agreement;

WHEREAS, at least 40% of the units in the Project will be set aside for persons of low income (having income less than 60% of the median area income) pursuant to a Land Use Restriction Agreement by and among the Issuer, the Trustee and the Borrower (the "Land Use Restriction Agreement");

WHEREAS, it is proposed that in order to accomplish the issuance, sale and delivery of the Bonds and properly to secure the payment of the principal thereof and redemption premium (if any) and interest thereon, the Issuer should authorize the issuance and sale of the Bonds and the execution and delivery of the documents hereinabove referred to;

WHEREAS, the following documents have been presented to the Issuer for approval in connection with the issuance, sale, and delivery of the Bonds:

- (1) The proposed form of the Indenture;
- (2) The proposed form of the Loan Agreement;
- (3) The proposed form of the Bonds;
- (4) The proposed form of the Promissory Note;
- (5) The proposed form of the Land Use Restriction Agreement;
- (6) The proposed form of the Funding Loan Agreement;
- (7) The proposed form of the Project Loan Agreement;
- (8) The proposed form of the Governmental Note;
- (9) The proposed form of the Bond Purchase Agreement; and
- (10) The Preliminary Official Statement (the "Preliminary Official Statement"), providing certain information with respect to the Bonds.

WHEREAS, it appears to the Issuer that all of such documents are in due form and that the execution, delivery, and implementation thereof, and the execution, issuance, and delivery of the Bonds, will facilitate and further the purposes of the Act;

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

Section 1. Findings with Respect to the Bonds. The Issuer hereby finds that the issuance of the Bonds will contribute to the general welfare, prosperity, health, education and living conditions of the people of the State of Tennessee.

Section 2. Authorization of the Issuance of the Bonds. Under and pursuant to the provisions of the Act, the Issuer hereby authorizes the execution, issuance, sale, and delivery of the Bonds to the Underwriter in consideration of payment therefor in accordance with the provisions of the Bond Purchase Agreement, the proceeds of the sale thereof to be used for the purposes specified in the preamble hereto.

Section 3. Approval of the Loan Agreement. The form, content, and provisions of the Loan Agreement, as presented to this meeting of the Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Loan Agreement in the name, and on behalf, of the Issuer.

The Loan Agreement is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Loan Agreement, to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Loan Agreement, as executed and delivered.

Section 4. Approval of the Indenture. The form, content, and provisions of the Indenture, as presented to this meeting of the Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Indenture in the name, and on behalf, of the Issuer.

The Indenture is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Indenture, to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Indenture, as executed and delivered.

Section 5. Approval of the Bonds. The form, content, and provisions of the Bonds, as presented to this meeting of the Board of Directors of the Issuer, subject to appropriate insertions and revisions, are in all particulars hereby approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, attest, and deliver to the Underwriter, the Bonds in consideration of payment therefor in the name and on behalf of the Issuer, such Bonds to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions and, when the Bonds shall be executed, attested, and delivered in the manner contemplated herein, such signatures constituting conclusive approval of the final form of the Bonds.

Section 6. Approval of the Bond Purchase Agreement; Sale of Bonds. The form, content, and provisions of the Bond Purchase Agreement, as presented to this meeting of the

Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Bond Purchase Agreement in the name, and on behalf, of the Issuer.

The Bond Purchase Agreement is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Bond Purchase Agreement to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Bond Purchase Agreement, as executed and delivered.

Section 7. Approval of the Land Use Restriction Agreement. The form, content, and provisions of the Land Use Restriction Agreement, as presented to this meeting of the Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Land Use Restriction Agreement in the name, and on behalf, of the Issuer.

The Land Use Restriction Agreement is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Land Use Restriction Agreement to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Land Use Restriction Agreement, as executed and delivered.

Section 8. Approval of the Promissory Note. The form, content and provisions of the proposed Promissory Note, as presented to this meeting of the Issuer, are in all particulars approved.

Section 9. Approval of Preliminary Official Statement and Official Statement. The Preliminary Official Statement, in the form submitted to this meeting and made a part of this Resolution as though set forth in full herein, shall be, and the same hereby is, approved in substantially said form, provided that the Issuer makes no representations as to statements and information contained therein not furnished by the Issuer. The Board hereby consents to the lawful use of the Preliminary Official Statement by the Underwriter, and the publication, execution and distribution of the final Official Statement, in substantially the form of the Preliminary Official Statement, taking into account such amendments and alterations as authorized by this Resolution, is hereby authorized and approved. The Preliminary Official Statement is deemed "final" for purposes of Rule 15(c)2-12 promulgated under the Securities Exchange Act of 1934.

The officers of the Issuer are hereby authorized, empowered, and directed to do all acts and things, and execute all documents, as may be necessary or convenient to further the preparation and circulation of the Preliminary Official Statement and final Official Statement and the marketing and selling of the Bonds.

Section 10. Approval of the Funding Loan Agreement. The form, content, and provisions of the Funding Loan Agreement, as presented to this meeting of the Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Funding Loan Agreement in the name, and on behalf, of the Issuer.

The Funding Loan Agreement is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Funding Loan Agreement, to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Funding Loan Agreement, as executed and delivered.

Section 11. Approval of the Project Loan Agreement. The form, content, and provisions of the Project Loan Agreement, as presented to this meeting of the Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Project Loan Agreement in the name, and on behalf, of the Issuer.

The Project Loan Agreement is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Project Loan Agreement, to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Project Loan Agreement, as executed and delivered.

Section 12. Approval of the Governmental Note. The form, content, and provisions of the Governmental Note, as presented to this meeting of the Board of Directors of the Issuer, subject to appropriate insertions and revisions, are in all particulars hereby approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, attest, and deliver the Governmental Note in consideration of payment therefor in the name and on behalf of the Issuer, such Governmental Note to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions and, when the

Governmental Note shall be executed, attested, and delivered in the manner contemplated herein, such signatures constituting conclusive approval of the final form of the Governmental Note.

Section 13. Official Intent to Reimburse Expenditures. The Issuer makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended, and based upon the representations of the Borrower:

13.1 The Borrower reasonably expects to reimburse itself for the Project expenditures with proceeds of the Bonds.

13.2 The maximum principal amount of debt expected to be issued for the reimbursement purposes described herein is not to exceed \$25,000,000.

13.3 Reimbursement of the expenditures described in (a) above with the proceeds of the borrowing described herein will occur not earlier than the date on which the expenditure is paid and not later than the later of (1) the date that is 18 months after the date on which the expenditure is paid, or (2) the date on which the Project is placed in service or abandoned (but in no case more than 3 years after the day on which the expenditure is paid).

13.4 The expenditures described in (a) above are "capital expenditures" as defined in Treas. Reg. § 1.150-1, which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles (as determined at the time the expenditure is paid).

Section 14. Miscellaneous Acts. The officers of the Issuer as set forth above are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, deliver, and, if applicable, file or record, or cause to be filed or recorded, in any appropriate public offices, all such documents, instruments, and certifications, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may, in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution, or any of the documents herein authorized and approved, for the authorization, issuance, and delivery by the Issuer of the Bonds.

Section 15. Limited Obligation and Liability. 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.

Neither the City of Knoxville, Tennessee (the "City"), Knox County, Tennessee (the "County") nor 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 City or the

County, 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 of 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 or otherwise for, directly or indirectly, the payment for, or to, the Issuer or any receiver thereof, or for, or to, the owner 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.

Section 16. Compliance with Open Meeting Requirements. It is found and determined that all formal actions of the Issuer concerning and relating to the adoption of this Resolution were adopted in an open meeting of the Issuer, and that all deliberations of the Issuer that resulted in those formal actions were in meetings open to the public pursuant to the requirements of Sections 8-44-101 et seq. and Section 48-101-307(h), Tennessee Code Annotated, as amended.

Section 17. Captions. The captions or headings in this Resolution are for convenience only and shall in no way define, limit, or describe the scope or intent of any provision hereof.

Section 18. Partial Invalidity. If any one or more of the provisions of this Resolution shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, but this Resolution shall be construed the same as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be.

Section 19. Conflicting Resolutions Repealed. All resolutions or parts thereof in conflict herewith, are, to the extent of such conflict, hereby repealed, and this Resolution shall take effect from and after its adoption.

Adopted this 8th day of August, 2023.

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

By: _____
Chair

Attest:

Secretary

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 REVENUE BONDS, SERIES 2023 (SUTHERLAND 2 APARTMENTS) IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$25,000,000

WHEREAS, The Health, Educational and Housing Facility Board of the County of Knox (the "Issuer"), is a public, nonprofit corporation organized and existing under, and by virtue of the provisions of Part 3 of Chapter 101 of Title 48 of the Tennessee Code Annotated, as amended (the "Act");

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;

WHEREAS, the Issuer is authorized by the Act to, among other things, issue, sell, and deliver revenue notes and revenue bonds, and to use the proceeds therefrom for, among other things, financing, refinancing, acquiring, improving, constructing, equipping, owning, leasing and disposing of properties for the purpose of enabling certain types of institutions as described in the Act, to provide facilities in order to promote the welfare, health, housing, education, prosperity and living conditions of the people of the State of Tennessee;

WHEREAS, ECG Sutherland 2, LP, a Tennessee limited partnership (the "Borrower") has requested the Issuer to issue not to exceed \$25,000,000 in aggregate principal amount of its Multifamily Housing Revenue Bonds, Series 2023 (Sutherland 2 Apartments) (the "Bonds") and to lend the proceeds of the sale of the Bonds to finance (i) to finance the acquisition, rehabilitation, construction and equipping of a 120-unit low and moderate income housing facility located at 510 Vista Glen Way in the City of Knoxville, Knox County, Tennessee (the "Project") to be developed by the Borrower and (ii) to pay issuance costs as needed.

WHEREAS, the Issuer desires to definitively authorize and approve, the issuance, execution, sale, and delivery of the Bonds to be dated as of the date of issuance and delivery, or such other date as may be determined by the officers of the Board executing the Bonds, in an aggregate principal amount not to exceed \$25,000,000, or such lesser aggregate amount as may be determined by the officers of the Issuer executing the Bonds;

WHEREAS, the Issuer hereby determines that the issuance of the Bonds, and the loan of the proceeds thereof to the Borrower for the above purposes, will be in accordance with the provisions, and will further the purposes and the policies of the Act;

WHEREAS, in order to obtain funds to finance and carry out the foregoing, the Issuer will issue the Bonds pursuant to the terms of a Trust Indenture to be dated as of August 1, 2023, or such later date (the "Indenture"), between the Issuer and Truist Bank, as Trustee (the "Trustee");

WHEREAS, contemporaneously with the execution of the Indenture, the Issuer and the Borrower will enter into a Loan Agreement (the "Loan Agreement"), of even date with the Indenture, specifying the terms and conditions pursuant to which the Issuer will loan the proceeds of the sale of the Bonds to the Borrower for the purposes set forth above;

WHEREAS, to further evidence its obligations under the Loan Agreement, the Borrower will execute a Promissory Note of even date with the Bonds (the "Promissory Note") in the original principal amount equal to the principal amount of the Bonds as issued;

WHEREAS, upon conversion of the Bonds to the permanent phase, (i) the Bonds shall be removed from the book-entry system and converted to the physical Governmental Note delivered by the Issuer (in the form attached to the Funding Loan Agreement (as defined below)) (the "Governmental Note") which shall be purchased by Grandbridge, as the Freddie Mac Seller/Servicer ("Grandbridge"), and (ii) the Funding Loan Agreement (the "Funding Loan Agreement"), between the Issuer, Grandbridge and the Trustee, and the Project Loan Agreement (the "Project Loan Agreement"), between the Issuer, the Borrower and the Trustee (both as attached to the Indenture), shall be delivered by the respective parties thereto and become effective and shall supersede the Indenture and the Loan Agreement;

WHEREAS, the principal of, and the premium, if any, and interest on, the Bonds will be payable solely and exclusively from (i) during construction, payments to be made by the Borrower under the provisions of the Loan Agreement and the Promissory Note and (ii) upon conversion to the permanent phase, (A) payments to be made by the Borrower under the provisions of the Project Loan Agreement and the Project Note and (B) payments made pursuant to a guaranteed mortgage pass-through Freddie Mac mortgage backed security issued by Freddie Mac;

WHEREAS, the Borrower has proposed that the Bonds be sold to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") under the terms of a Bond Purchase Agreement by and among the Issuer, the Underwriter and the Borrower (the "Bond Purchase Agreement");

WHEREAS, in consideration for the Underwriter's purchase of the Bonds, and as further security for the payment of the principal and the interest on the Bonds, the Issuer will assign to the Trustee, pursuant to the Indenture and Funding Loan Agreement, all of the right, title, and interest of the Issuer (excepting only certain rights as specified in such Indenture) in and to the Loan Agreement, Project Loan Agreement, the Promissory Note and, if applicable, the Project Note issued in connection with the Project Loan Agreement;

WHEREAS, at least 40% of the units in the Project will be set aside for persons of low income (having income less than 60% of the median area income) pursuant to a Land Use Restriction Agreement by and among the Issuer, the Trustee and the Borrower (the "Land Use Restriction Agreement");

WHEREAS, it is proposed that in order to accomplish the issuance, sale and delivery of the Bonds and properly to secure the payment of the principal thereof and redemption premium

(if any) and interest thereon, the Issuer should authorize the issuance and sale of the Bonds and the execution and delivery of the documents hereinabove referred to;

WHEREAS, the following documents have been presented to the Issuer for approval in connection with the issuance, sale, and delivery of the Bonds:

- (1) The proposed form of the Indenture;
- (2) The proposed form of the Loan Agreement;
- (3) The proposed form of the Bonds;
- (4) The proposed form of the Promissory Note;
- (5) The proposed form of the Land Use Restriction Agreement;
- (6) The proposed form of the Funding Loan Agreement;
- (7) The proposed form of the Project Loan Agreement;
- (8) The proposed form of the Governmental Note;
- (9) The proposed form of the Bond Purchase Agreement; and
- (10) The Preliminary Official Statement (the "Preliminary Official Statement"), providing certain information with respect to the Bonds.

WHEREAS, it appears to the Issuer that all of such documents are in due form and that the execution, delivery, and implementation thereof, and the execution, issuance, and delivery of the Bonds, will facilitate and further the purposes of the Act;

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

Section 1. Findings with Respect to the Bonds. The Issuer hereby finds that the issuance of the Bonds will contribute to the general welfare, prosperity, health, education and living conditions of the people of the State of Tennessee.

Section 2. Authorization of the Issuance of the Bonds. Under and pursuant to the provisions of the Act, the Issuer hereby authorizes the execution, issuance, sale, and delivery of the Bonds to the Underwriter in consideration of payment therefor in accordance with the provisions of the Bond Purchase Agreement, the proceeds of the sale thereof to be used for the purposes specified in the preamble hereto.

Section 3. Approval of the Loan Agreement. The form, content, and provisions of the Loan Agreement, as presented to this meeting of the Board of Directors of the Issuer, are in

all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Loan Agreement in the name, and on behalf, of the Issuer.

The Loan Agreement is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Loan Agreement, to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Loan Agreement, as executed and delivered.

Section 4. Approval of the Indenture. The form, content, and provisions of the Indenture, as presented to this meeting of the Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Indenture in the name, and on behalf, of the Issuer.

The Indenture is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Indenture, to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Indenture, as executed and delivered.

Section 5. Approval of the Bonds. The form, content, and provisions of the Bonds, as presented to this meeting of the Board of Directors of the Issuer, subject to appropriate insertions and revisions, are in all particulars hereby approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, attest, and deliver to the Underwriter, the Bonds in consideration of payment therefor in the name and on behalf of the Issuer, such Bonds to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions and, when the Bonds shall be executed, attested, and delivered in the manner contemplated herein, such signatures constituting conclusive approval of the final form of the Bonds.

Section 6. Approval of the Bond Purchase Agreement; Sale of Bonds. The form, content, and provisions of the Bond Purchase Agreement, as presented to this meeting of the Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or

either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Bond Purchase Agreement in the name, and on behalf, of the Issuer.

The Bond Purchase Agreement is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Bond Purchase Agreement to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Bond Purchase Agreement, as executed and delivered.

Section 7. Approval of the Land Use Restriction Agreement. The form, content, and provisions of the Land Use Restriction Agreement, as presented to this meeting of the Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Land Use Restriction Agreement in the name, and on behalf, of the Issuer.

The Land Use Restriction Agreement is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Land Use Restriction Agreement to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Land Use Restriction Agreement, as executed and delivered.

Section 8. Approval of the Promissory Note. The form, content and provisions of the proposed Promissory Note, as presented to this meeting of the Issuer, are in all particulars approved.

Section 9. Approval of Preliminary Official Statement and Official Statement. The Preliminary Official Statement, in the form submitted to this meeting and made a part of this Resolution as though set forth in full herein, shall be, and the same hereby is, approved in substantially said form, provided that the Issuer makes no representations as to statements and information contained therein not furnished by the Issuer. The Board hereby consents to the lawful use of the Preliminary Official Statement by the Underwriter, and the publication, execution and distribution of the final Official Statement, in substantially the form of the Preliminary Official Statement, taking into account such amendments and alterations as authorized by this Resolution, is hereby authorized and approved. The Preliminary Official Statement is deemed "final" for purposes of Rule 15(c)2-12 promulgated under the Securities Exchange Act of 1934.

The officers of the Issuer are hereby authorized, empowered, and directed to do all acts and things, and execute all documents, as may be necessary or convenient to further the preparation and circulation of the Preliminary Official Statement and final Official Statement and the marketing and selling of the Bonds.

Section 10. Approval of the Funding Loan Agreement. The form, content, and provisions of the Funding Loan Agreement, as presented to this meeting of the Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Funding Loan Agreement in the name, and on behalf, of the Issuer.

The Funding Loan Agreement is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Funding Loan Agreement, to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Funding Loan Agreement, as executed and delivered.

Section 11. Approval of the Project Loan Agreement. The form, content, and provisions of the Project Loan Agreement, as presented to this meeting of the Board of Directors of the Issuer, are in all particulars approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, acknowledge, and deliver said Project Loan Agreement in the name, and on behalf, of the Issuer.

The Project Loan Agreement is to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Issuer are hereby authorized, empowered, and directed, from and after the execution and delivery of the Project Loan Agreement, to do all acts and things, and execute all documents, as may be necessary or convenient to carry out, and comply with, the provisions of said Project Loan Agreement, as executed and delivered.

Section 12. Approval of the Governmental Note. The form, content, and provisions of the Governmental Note, as presented to this meeting of the Board of Directors of the Issuer, subject to appropriate insertions and revisions, are in all particulars hereby approved, and the Chair and Vice Chair, or either of them, are hereby authorized, empowered, and directed to execute, attest, and deliver the Governmental Note in consideration of payment therefor in the name and on behalf of the Issuer, such Governmental Note to be in substantially the form now before this meeting of the Board of Directors of the Issuer, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions and, when the

Governmental Note shall be executed, attested, and delivered in the manner contemplated herein, such signatures constituting conclusive approval of the final form of the Governmental Note.

Section 13. Official Intent to Reimburse Expenditures. The Issuer makes the following declarations for the purpose of complying with the reimbursement rules of Treas. Reg. § 1.150-2 pursuant to the Internal Revenue Code of 1986, as amended, and based upon the representations of the Borrower:

13.1 The Borrower reasonably expects to reimburse itself for the Project expenditures with proceeds of the Bonds.

13.2 The maximum principal amount of debt expected to be issued for the reimbursement purposes described herein is not to exceed \$25,000,000.

13.3 Reimbursement of the expenditures described in (a) above with the proceeds of the borrowing described herein will occur not earlier than the date on which the expenditure is paid and not later than the later of (1) the date that is 18 months after the date on which the expenditure is paid, or (2) the date on which the Project is placed in service or abandoned (but in no case more than 3 years after the day on which the expenditure is paid).

13.4 The expenditures described in (a) above are "capital expenditures" as defined in Treas. Reg. § 1.150-1, which are any costs of a type which are properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles (as determined at the time the expenditure is paid).

Section 14. Miscellaneous Acts. The officers of the Issuer as set forth above are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, deliver, and, if applicable, file or record, or cause to be filed or recorded, in any appropriate public offices, all such documents, instruments, and certifications, in addition to those acts, things, documents, instruments, and certifications hereinbefore authorized and approved, as may, in their discretion, be necessary or desirable to implement or comply with the intent of this Resolution, or any of the documents herein authorized and approved, for the authorization, issuance, and delivery by the Issuer of the Bonds.

Section 15. Limited Obligation and Liability. 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.

Neither the City of Knoxville, Tennessee (the "City"), Knox County, Tennessee (the "County") nor 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 City or the

County, 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 of 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 or otherwise for, directly or indirectly, the payment for, or to, the Issuer or any receiver thereof, or for, or to, the owner 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.

Section 16. Compliance with Open Meeting Requirements. It is found and determined that all formal actions of the Issuer concerning and relating to the adoption of this Resolution were adopted in an open meeting of the Issuer, and that all deliberations of the Issuer that resulted in those formal actions were in meetings open to the public pursuant to the requirements of Sections 8-44-101 et seq. and Section 48-101-307(h), Tennessee Code Annotated, as amended.

Section 17. Captions. The captions or headings in this Resolution are for convenience only and shall in no way define, limit, or describe the scope or intent of any provision hereof.

Section 18. Partial Invalidity. If any one or more of the provisions of this Resolution shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, but this Resolution shall be construed the same as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be.

Section 19. Conflicting Resolutions Repealed. All resolutions or parts thereof in conflict herewith, are, to the extent of such conflict, hereby repealed, and this Resolution shall take effect from and after its adoption.

Adopted this 8th day of August, 2023.

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

By: _____
Chair

Attest:

Secretary