

Board Members:

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



The Industrial Development Board of the County of Knox

Regular Meeting
Tuesday, April 11, 2023, 4:00 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 – March 21, 2023
- ACTION** III. Review and Consideration of a Resolution approving the Grant Funding Agreement for Employee Training with Beehive Industries, LLC in an amount up to \$39,500.00 (“Grant Amount”) to reimburse Beehive for a portion of costs associated with the delivery of skills training (the “Employee Training”) to Qualified Employees.
- ACTION** IV. Review and Consideration of the recommendation from the Application Review Committee regarding the proposed amendment to the Lease Agreement for a Payment-In-Lieu-of-Tax (PILOT) transaction with Dover Development Corporation for the real property located at 101 E. Fifth Avenue, Knoxville, Tennessee, 37917.
- ACTION** V. Finance Report
- VI. Old Business
- VII. New Business
- VIII. Adjourn

**MINUTES OF THE REGULAR MEETING OF
THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX**

March 21, 2023, 4:00 p.m.

The regular meeting of the Board of Directors of The Industrial Development Board of the County of Knox (the “Industrial Development Board” or “Board”) was held on Tuesday, March 21, 2023, at 4:00 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), Alvin Nance, Dr. Anthony Wise, Jr., Terry Henley, Mike George, Lisa Rottmann, Charley Bible, and J. Ford Little.

Also, in attendance were Mike Odom (Knoxville Chamber), Mac McWhorter (Knoxville Chamber), Karen Kakanis (Knoxville Chamber), R. Christopher Trump (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Katrina Vargas (Paralegal - Egerton, McAfee, Armistead & Davis, P.C.), Blayne Chance (Public Observer), David Williams (Public Observer), Mike Cohen (Dover), Rick Dover (Dover), and Chris Caldwell (Knox County Mayor’s Office).

I. Paul Fortunato, the Board’s Chair, called the Industrial Development Board meeting to order. The Agenda of the Industrial Development Board meeting is attached hereto as Exhibit A.

The Industrial Development 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 February 14 & 28, 2023.

Upon a motion by Tiffany Gardner and a second by Mike George, the minutes of the February 14 & 28, 2023, meeting were unanimously approved. A copy of the minutes is attached hereto as Exhibit B.

III. Review and Consideration of an amendment to the Lease Agreement for a Payment-In-Lieu-of-Tax (PILOT) transaction with Dover Development Corporation for the real property located at 101 E. Fifth Avenue, Knoxville, Tennessee, 37917.

Alvin Nance and Charley Bible abstained from voting and the discussion.

The Chair recognized Mr. Trump, who addressed the Board regarding the proposed amendment to Dover PILOT Lease, explaining that a proposed amendment to the PILOT lease agreement (“Lease”) with Dover Development Corporation (“Dover Development”) has been included in the Board packet, stating that the proposed amendment seeks to eliminate the 62 and over age requirement for residents of the project covered by the Lease. Mr. Trump also directed

the Board to a letter in the Board packet from Chris Caldwell stating that the Knox County supports the amendment. Mr. Trump recognized Rick Dover, the General Manager of Dover Development Corporation. Mr. Dover stated that he was recently made aware of a conflict between the age requirement and the fair housing requirements of applicable law, directing the Board to a letter in the Board packet from Dover's HUD counsel, Michael King. Mr. Dover stated that the amendment was necessary to prevent Dover Development from violating applicable fair housing laws. Mr. Dover stated that the project has always been occupied by individuals under the age of 62 but that the project was intended to serve, and the majority of the residents have always been occupied by, individuals that are over the age of 62. Mr. Dover stated that Dover Development will continue its efforts to serve the senior population, but that removal of the age requirement was necessary. Mr. Dover further stated that a mixed-age population is important for a vital resident community. Mr. Dover expressed that they always wanted the project to be a mixed-age housing project and that the earlier focus on serving residents over the age of 62 was due to Dover Development's (and their earlier partner in the project, Southeaster Housing) attempts to obtain Community Investment Tax Credit financing. Mr. Dover stated that once it became apparent that the CITC financing was not achievable, Dover Development was always open to the project being occupied by residents under the age of 62. Mr. Dover also stated that the project has been a very challenging project with many cost overruns and that COVID has presented many challenges. He stated that the project has had to eliminate its meals service requirement due to challenges associated with the post-COVID world and the costs associated with the service.

Discussion was had concerning what the initial PILOT lease required, whether if the project is still eligible for the PILOT if the age requirement is removed, and whether there is precedent for granting PILOTs to projects for general residential use. Mr. Trump stated that the original PILOT lease required only that the project be used for multi-family housing/independent senior living for residents aged 62 and over and that the project did not contain any requirement that senior housing amenities be maintained. Mr. Trump stated that the project pre-restoration was dilapidated and costing Knox County money and that a PILOT is often granted for restoration of historic structures as residential buildings. Mr. Trump stated that the Board has broad authority under its enabling statute to grant PILOTs for housing developments. Mr. Trump explained that Dover currently is arguably not in compliance with the lease, but that the Board has authority to eliminate the age requirement and to waive any and all defaults which may have occurred prior. Further discussion was had concerning whether the PILOT should be continued if the use is different from that which was initially proposed when the application for the PILOT was approved.

Mr. Fortunato proposed that the Board request that the Application Review Committee to consider the proposed amendment and make a recommendation to the Board. He stated this would permit the committee to dig in a little further and obtain what other information may be relevant to the decision. Mr. Trump stated that the Board has the authority to do so and that the Application Review Committee would be a logical committee for such delegation.

Comments were then taken from the public.

Upon a motion by Tiffany Gardner and a second by Mike George, the Board voted to table the action and request the Application Review Committee of the Board to consider the proposed amendment and make a recommendation to the Board.

IV. The Development Corporation: Fee Waivers Discussion and Transition Update.

(a) Transition Update. Mr. Odom provided an update on the transition of assets and business of The Development Corporation of Knox County to the IDB.

(b) Fee Waivers Discussion. Mr. Odom presented a breakdown of application and other fees charged by various Industrial Development Board's across the State of Tennessee, stating that the larger peer communities charge fees which are generally much less than the IDB charges or have eliminated such fees entirely. Mr. Odom explained that staff to the Board believes that the waiver and eventual elimination of such fees is necessary to ensure that Knox County remains competitive with such communities for projects seeking to relocate in the State of Tennessee. Mr Odom explained that the fees were once necessary for the IDB to be able to pay the management fee payable to The Development Corporation of Knox County and its other expenses, but that the Knoxville Chamber Partnership ("Chamber") will not be charging such management fees and pays such other costs and expenses on behalf of the IDB. Mr. Odom stated that such other costs and expenses are now included in its budget for funds provided to the Chamber by Knox County. As a result, Mr. Odom stated, the charging of application and closing fees is not necessary. Discussion was had.

V. Old Business. None.

VI. New Business. None.

VII. Next Meeting. The next regular meeting of The Industrial Development Board of the County of Knox is scheduled for April 11, 2023, at 4:00 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

VIII. 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 5:13 p.m.

Dated

Shannon Coleman Egle, Secretary

EXHIBITS

- Exhibit A Agenda – March 21, 2023
- Exhibit B Minutes – February 14 & 28, 2023
- Exhibit C Amendment to the Lease Agreement for a Payment-In-Lieu-of-Tax (PILOT) transaction with Dover Development Corporation for the real property located at 101 E. Fifth Avenue, Knoxville, Tennessee, 37917

DRAFT

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL
DEVELOPMENT BOARD OF THE COUNTY OF KNOX APPROVING
AN AMENDMENT OF THE PILOT LEASE AGREEMENT
FOR DOVER DEVELOPMENT CORPORATION**

WHEREAS, THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX (“IDB”) is a nonprofit public corporation organized by Knox County as an industrial development board pursuant to Tenn. Code Ann. §§7-53-301 et seq. (the “Act”) and as such is a public instrumentality of Knox County performing a public function; and

WHEREAS, the IDB’s statutory purposes include financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and Knox County, in particular; and

WHEREAS, Tenn. Code Ann. §7-53-305 provides that the IDB 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, pursuant to a Resolution dated January 27, 2003, the Commission of Knox County, Tennessee (the “Commission”) delegated to the IDB the authority to negotiate and accept from lessees payments in lieu of ad valorem taxes, found that such payments are deemed to be in furtherance of the IDB’s public purposes as set forth in the Act, and adopted the IDB’s Property Tax Incentive Program; by a Resolution dated December 20, 2004, the Commission adopted certain amendments to the IDB’s Tax Incentive Program in accordance with the Act (as so amended, the “Tax Incentive Program”); and

WHEREAS, Southeastern Housing Foundation II, Inc. submitted, on behalf of itself and Dover Development Corporation, formerly known as Family Pride Corporation (“Dover Development” or “Applicant”), an application to the Board for certain tax incentives under the Tax Incentive Program in connection with the acquisition, construction, redevelopment, renovation and improvement of a multi-family housing project for elderly individuals over the age of 62, having approximately 100 units and to be located on property at 101 E. Fifth Avenue, in Knoxville, Tennessee, known as the Historic Knoxville High School (the “Project”); and

WHEREAS, on January 27, 2014, the Commission approved the Application and authorized the Board’s grant of tax incentives under the Tax Incentive Program for the Project; and

WHEREAS, on February 4, 2014, the Application Review Committee of the Board recommended the approval of the Application under the Tax Incentive Program, the grant of tax incentives for the Project thereunder, and a PILOT lease term of fifteen (15) years; and

WHEREAS, the Board approved the Application and the grant of tax incentives under the Tax Incentive Program for the Project, pursuant to a resolution dated February 11, 2014; and

WHEREAS, on September 14, 2014, Dover Development purchased the Project from the County;

WHEREAS, the PILOT was unable to close by the deadline proscribed by the Tax Incentive Program, and Dover Development submitted an application requesting the renewal of the Board’s approval of the grant of tax incentives under the Tax Incentive Program for the Project (“Renewed Application”); and

WHEREAS, on September 26, 2016, the Commission approved the Renewed Application and authorized the Board’s grant of tax incentives under the Tax Incentive Program for the Project; and

WHEREAS, the Board authorized the IDB to enter into a lease agreement (“PILOT Lease”) and related transactions (collectively, “PILOT Transaction”) to grant the tax incentives under the Tax Incentive Program for the Project, and on October 31, 2016, the IDB and the Applicant entered into the PILOT Lease and closed on the PILOT Transaction; and

WHEREAS, subsequently, Dover Development substantially completed the Project pursuant to the terms of the PILOT Lease; and

WHEREAS, as a result of concerns that limiting the use of the Project to residents under the age of 62 would violate fair housing requirements set forth in applicable law and a change of use of the Project to include occupation of the Project by some residents under the age of 62, Dover Development submitted a form of amendment to the PILOT Lease pursuant to which the PILOT Lease would be amended to eliminate from the PILOT the 62 and over age requirement (“Age Requirement”) for residents of the Project (“Lease Amendment”); and

WHEREAS, on March 21, 2023, the Board requested that the Application Review Committee make a recommendation to the Board as to whether to approve the Lease Amendment; and

WHEREAS, on April 4, 2023, the Application Review Committee of the Board recommended that the PILOT Lease be amended to remove the Age Requirement.

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

Section 1. The Board further finds that the Project provides needed moderate-income housing to the residents of Tennessee and Knox County, in particular, and constitutes a “project” under the Act.

Section 2. The Board approves the amendment of the PILOT Lease to eliminate the Age Requirement, authorizes the change of use of the Project and, to the extent any such defaults may have been deemed to occur as a result of such change of use, authorizes the waiver of any and all such defaults under the PILOT Lease.

Section 3. The form, content, and provisions of the Lease Amendment, presented to this meeting of the Board, with such changes or revisions thereto as shall be approved by the officer or officers executing the Lease Amendment and legal counsel to the Board, is hereby approved. The execution of the Lease Amendment 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.

Section 4. The officers of the Board are each hereby authorized and directed to execute and deliver the Lease Amendment, with such authorized changes, if any, having been made, on behalf of the IDB, it being the intent that the signature of any one of such officers shall be sufficient to bind the IDB thereto. The above officers, and each of them are, 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 Lease Amendment and to carry out and comply with the provisions of the Amendment and other documents deemed necessary by the IDB.

[Signature page for Resolution – Dover Development Lease Amendment]

**STATE OF TENNESSEE
COUNTY OF KNOX**

I, _____, Secretary/Treasurer of The Industrial Development Board of the County of Knox (the “IDB”) and keeper of the official minutes of the Board of Directors thereof, do hereby certify that the foregoing is a true and complete extract of the minutes of the Board of Directors of the IDB at a meeting duly called and held on April 11, 2023, 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 INDUSTRIAL DEVELOPMENT BOARD
OF THE COUNTY OF KNOX**

Secretary

Dated: _____, 2023

THIS INSTRUMENT PREPARED BY:

William A. Reeves
Wise and Reeves PLLC
625 South Gay Street, Suite 160
Knoxville, TN 37902

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this “Amendment”), is made and entered into as of the ____ day of _____ 2023, by and between **THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX**, a public, non-profit corporation organized and existing under the laws of the State of Tennessee (“Landlord”), and **DOVER SIGNATURE PROPERTIES, INC.**, (formally Dover Development Corporation), a corporation organized under the laws of the State of Tennessee, (“Tenant”).

RECITALS

The Landlord and Tenant entered into a Lease Agreement dated the 31st day of October, 2016.

The Landlord and Tenant have agreed to make certain changes to the Lease Agreement, effective immediately upon execution of this First Amendment to the Lease Agreement.

The First Amendment to Lease Agreement is authorized by Section 13.14 of the Lease Agreement.

Now, therefore, Landlord and Tenant agree as follows:

1. All references in the Lease Agreement to “persons over the age of sixty-two (62)” shall be deleted, including without limitation, on page 1 (Recitals); page 7, Section 3.1(a); page 8, Section 4.1 (by reference to the Application); page 9, Section 4.2; or by reference to the Resolution dated January 27, 2014 of the Commission of Knox County, and all applications, attachments, exhibits, or documents which may contain any reference to or for “persons over the age of sixty-two (62),” however made or wherever found.
2. The Premises shall remain a multi-family housing facility without age limitations including for independent senior living uses.
3. All other terms of the Lease Agreement not specifically amended by this **FIRST AMENDMENT TO LEASE AGREEMENT** shall remain in full force and effect.

[Signatures on following page.]

IN WITNESS WHEREOF, the parties have caused this Amendment to be fully executed as of the day and year first above written.

LESSOR:

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE COUNTY OF KNOX**

By: _____
Name: Michael Odom
Title: _____

LESSEE:

DOVER SIGNATURE PROPERTIES
(formally Dover Development
corporation)

By: _____
Name: Richard Dover
Title: _____

STATE OF TENNESSEE
COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said county and state, personally appeared Michael Odom, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself/herself to be the _____ of **THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX**, the within named bargainer, a public non-profit corporation organized under the laws of the state of Tennessee, and that he/she 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/herself as such _____.

Witness my hand and official seal at office in the aforesaid county, this _____ day of _____, 2023.

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 Richard Dover, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself/herself to be the _____ of **DOVER SIGNATURE PROPERTIES**, the within named bargainer, a Tennessee corporation, and that he/she 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/herself as such _____.

Witness my hand and official seal at office in the aforesaid county, this _____ day of _____, 2023.

Notary Public

My Commission expires: _____

The Purchasing Division of Knox County Tennessee will receive sealed proposals for the provision of the **Sale and Redevelopment of Historic Knoxville High School** as specified herein. Proposals must be received by **2:00 p.m.** on **August 21, 2013**. Late proposals will neither be considered nor returned.

Deliver Proposals To:

**Proposal Number 1778
Knox County Purchasing Division
Suite 100
1000 North Central Street
Knoxville, Tennessee 37917**

The Proposal Envelope must show the Proposal Number, Name & Opening Date.

SECTION I GENERAL TERMS AND CONDITIONS

- 1.1 ADDITIONAL INFORMATION:** Knox County wants requests for additional information routed to Ben Sharbel, Senior Buyer/Real Property Coordinator, at 865/215-5765. Questions may be faxed to 865/215-5778 or emailed to ben.sharbel@knoxcounty.org. Information about the Knox County Purchasing Division may be obtained on the internet at www.knoxcounty.org/purchasing.
- 1.2 ACCEPTANCE:** Vendors shall hold their price firm and subject to acceptance by Knox County for a period of one hundred eighty (180) days from the date of the proposal closing, unless otherwise indicated in their proposal.
- 1.3 ALTERNATIVE PROPOSALS:** Knox County will not accept alternate proposals (those not equal to specifications) unless authorized by the Request for Proposal.
- 1.4 AUDIT HOTLINE:** Knox County has established an Audit Hotline to report potential fraud and waste. To report potential fraud, waste, or abuse, please call 1-866-858-4443 (toll-free). You can also file a report online by accessing <http://www.knoxcounty.org/hotline/index.php>.
- Vendors are hereby cautioned that this Audit Hotline does not replace the Award Protest Procedures found in Section VI, Item M of the Knox County Purchasing Regulations.**
- 1.5 AWARD:** Award will be made to the most responsive, responsible proposer(s) meeting specifications, who presents the proposal that is in the best interest of Knox County. Knox County reserves the right to not award this proposal. Award, if extended, will be made in accordance with the evaluation criteria specified herein.
- 1.6 CONFLICT OF INTEREST:** Vendors must have a "non-conflict of interest" affidavit on file prior to contract award.
- 1.7 COPIES:** Knox County **requires** that proposals being submitted be one (1) marked original and five (5) exact copies. An electronic copy on CD, in one complete file, is also requested.
- 1.8 DECLARATIVE STATEMENT:** Any statement or words (i.e.: must, shall, will, etc) are declarative statements and the vendor must comply with the condition. Failure to comply with any such condition may result in the proposal being non-responsive and disqualified.
- 1.9 DISADVANTAGED BUSINESS PROGRAM:** Knox County has established a Disadvantaged Business Program, which has the responsibility of increasing opportunity for small, minority and women owned businesses. This is being accomplished through community education programs, policy edification, active recruitment of interested businesses and process re-engineering.

Knox County is committed to ensuring full and equitable participation for all disadvantaged businesses. Knox County welcomes submittals from those disadvantaged businesses that have an interest in providing goods and/or services listed herein. In addition, Knox County strongly encourages the inclusion of disadvantaged businesses by non-disadvantaged contractors who may wish to partner or subcontract portions of this agreement in order to accomplish the successful delivery of goods and/or services. If you are a disadvantaged business and would like additional information about our disadvantaged business program please contact:

Deborah Porter, Supplier Diversity Coordinator
Knox County Purchasing
Telephone: 865.215.5754
Fax: 865.215.5778
Email: deborah.porter@knoxcounty.org

- 1.10 ELECTRONICALLY SUBMIT RESPONSE:** Due to the nature of this solicitation, Knox County Purchasing Division **will not** be able to accept electronically submitted responses. A hard copy response must be submitted with one (1) original (marked) and five (5) exact copies. An electronic copy on CD, in one complete file, is also requested. Facsimile submission is strictly prohibited.
- 1.11 HOW TO DO BUSINESS:** Knox County utilizes a web-based purchasing software system, “Knox Purchasing On-Line”. The system provides our clients (vendors, county departments and the citizens of Knox County) with a more enhanced and end-user friendly means of accessing our services. The system allows for on-line vendor registration and maintenance, electronic receipt of purchase orders, on-line retrieval and submittal of quotes, bids and proposals for our vendor-clients and on-line requisitioning and receiving for our county departments. In order for the County to maximize its investment and minimize the cost associated with office operations we need your help. When doing business with Knox County we are urging you to please go to our website at www.knoxcounty.org/purchasing, register as a vendor in our on-line purchasing system, “Knox Purchasing On-Line”, if you have not done so and whenever possible to conduct your business with the County through this site. If you have any questions please contact the Purchasing Division Representative listed in subsection 1.1 of this document.
- 1.12 INCURRED COSTS:** Knox County will not be responsible for any costs incurred by the proposer in the preparation of their proposal.
- 1.13 MULTIPLE PROPOSALS:** Knox County will consider multiple proposals that meet specifications.
- 1.14 NO CONTACT POLICY:** After the date and time the firm receives this Request for Proposal, any contact initiated by any firm with any Knox County representative, other than the Purchasing Division representative listed herein, concerning this Request for Proposal **is strictly prohibited**. Any such unauthorized contact may cause the disqualification of the firm from this process. If the firm is found in violation of this section for any reason, it could result in debarment from this solicitation from Knox County for twenty-four (24) months. This period of “no contact” will conclude upon the award of contract.
- 1.15 NON-COLLUSION:** Vendors, by submitting a signed proposal certify that the accompanying proposal is not the result of, or affected by, any unlawful act of collusion with any other person or company engaged in the same line of business or commerce, or any other fraudulent act punishable under Tennessee or United States law.
- 1.16 NON-DISCRIMINATION:** Vendors, during the performance of this contract, will not discriminate against any employee or applicant for employment because of race, religion, sex, national origin or disability except where religion, sex, national origin or disability is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor.
- 1.17 PROOF OF FINANCIAL AND BUSINESS CAPABILITY:** Proposers must, upon request, furnish satisfactory evidence of their ability to furnish sufficient proof of their financial and business capabilities in accordance with the terms and conditions of these specifications. Knox County will make the final determination as to the proposer's ability.
- 1.18 PROPOSAL DELIVERY:** Knox County requires proposers, when hand delivering proposals, to time date and stamp the envelope before depositing it in the proposal box. Knox County will not be responsible for any lost or misdirected mail. The time clock in the Purchasing Division shall serve as the official record of time. Knox County shall not be responsible for technical difficulties experienced by vendors trying to register electronically less than one hour prior to the proposal closing time.

Solicitations must be in a sealed envelope/box prior to entering the Purchasing Division office. Purchasing Division personnel are not allowed to see the submittal nor assist in placing documents in an envelope/box. Additionally, the Purchasing Division is not responsible for providing materials (e.g. envelopes, boxes, tape) for submittals.

- 1.19 **RECYCLING:** Knox County, in its continuing efforts to lessen the amount of landfill waste and to further recycling efforts, request that proposals be submitted on paper and shall:
- 1.19.1 Be submitted on recycled paper
 - 1.19.2 Not include pages of unnecessary advertising
 - 1.19.3 Be made on both sides of each sheet of paper
- 1.20 **RESTRICTIVE OR AMBIGUOUS SPECIFICATIONS:** It is the responsibility of the prospective proposer to review the entire Request for Proposal (RFP) packet and to notify the Purchasing Division if the specifications are formulated in a manner that would unnecessarily restrict competition. Any such protest or question regarding the specifications or proposal procedures must be received in the Purchasing Division by July 31, 2013 at 4:30 p.m. local time. These requirements also apply to specifications that are ambiguous.
- 1.21 **SIGNING OF PROPOSALS:** In order to be considered all proposals must be signed. Please sign the original in blue ink. By signing the proposal document, the proposer acknowledges and accepts the term and conditions stated in the proposal document. An official who is authorized to bind the applicant must sign proposals and proposals shall remain binding for one hundred eighty (180) days after the closing date of this RFP. It is suggested that mailed proposals be sent by certified or registered mail, return receipt requested.
- 1.22 **TAXES:** Knox County purchases are not subject to taxation. Tax exemption certificates will be provided upon request.
- 1.23 **TITLE VI OF THE CIVIL RIGHTS ACT:** "Nondiscrimination in Federally Assisted Programs" - "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance." 42 U.S.C. section 2000 et seq. It is the policy of Knox County Government that all its services and activities be administered in conformance with the requirements of Title VI.
- 1.24 **USE OF PROPOSAL FORMS:** Interested firms must complete the proposal forms contained in the proposal package. Failure to complete the proposal forms may result in proposal rejection.
- 1.25 **VENDOR DEFAULT:** Knox County reserves the right, in case of vendor default, to procure the articles or services from other sources and hold the defaulting vendor responsible for any excess costs occasioned thereby. Should vendor default be due to a failure to perform or because of a request for a price increase, Knox County reserves the right to remove the vendor from the County's proposer's list for twenty-four months.
- 1.26 **VENDOR REGISTRATION:** Prior to the closing of this proposal, **ALL PROPOSERS** must be registered with the Purchasing Division. Please register on-line at our website at www.knoxcounty.org/purchasing and click on "Online Vendor Registration". Proposers must be registered with the Purchasing Division prior to submitting their proposal.
- 1.27 **WAIVING OF INFORMALITIES:** Knox County reserves the right to waive minor informalities or technicalities when it is in the best interest of Knox County.

SECTION II OBLIGATIONS, RIGHTS AND REMEDIES

These terms and conditions shall be part of the Contract. Knox County reserves the right to negotiate other terms and conditions it deems appropriate and necessary under the circumstances to protect the public's trust.

- 2.1 **ALTERATIONS OR AMENDMENTS:** No alterations, amendments, changes, modifications or additions to this Contract shall be binding on Knox County without the prior written approval of the County.
- 2.2 **APPROPRIATION:** In the event no funds are appropriated by Knox County for the goods or services in any fiscal year or insufficient funds exist to purchase the goods or services, then the Contract shall expire upon the expenditure of previously appropriated funds or the end of the current fiscal year, whichever occurs first, with no further obligations owed to or by either party.

- 2.3 ASSIGNMENT:** Contractor shall not assign or sub-contract this agreement, its obligations or rights hereunder to any party, company, partnership, incorporation or person without the prior written specific consent of Knox County.
- 2.4 BOOKS AND RECORDS:** Contractor shall maintain all books, documents, accounting records and other evidence pertaining to the goods and services provided under this Contract and make such materials available at its offices at all reasonable times during the Contract period and for three (3) years from the date of the final payment under this agreement for inspection by Knox County or by any other governmental entity or agency participating in the funding of this agreement, or any authorized agents thereof; copies of said records to be furnished if requested. Such records shall not include those books, documents and accounting records that represent the Contractor's costs of manufacturing, acquiring or delivering the products and services governed by this agreement.
- 2.5 CHILD LABOR:** Contractor agrees that no products or services will be provided or performed under this Contract which have been manufactured or assembled by child labor.
- 2.6 COMPLIANCE WITH ALL LAWS:** Contractor is assumed to be familiar with and agrees to observe and comply with all federal, state, and local laws, statutes, ordinances, and regulations in any manner affecting the provision of this RFP and all instructions and prohibitive orders issued regarding this work and shall obtain all necessary permits. All licensing information must be submitted with the bid.
- 2.7 DEFAULT:** If Contractor fails to perform or comply with any provision of this Contract or the terms or conditions of any documents referenced and made a part hereof, Knox County may terminate this Contract, in whole or in part, and may consider such failure or noncompliance a breach of Contract. Knox County expressly retains all rights and remedies provided by law in case of such breach, and no action by Knox County shall constitute a waiver of any such rights or remedies. In the event of termination for default, Knox County reserves the right to purchase its requirements elsewhere, with or without competitive bidding.
- 2.8 GOVERNING LAW:** This Contract shall be governed by the laws of the State of Tennessee, and all obligations of the parties are performable in Knox County, Tennessee. The Chancery Court and/or the Circuit Court of Knox County, Tennessee, shall have exclusive and concurrent jurisdiction of any disputes, which arise hereunder.
- 2.9 INDEMNIFICATION/HOLD HARMLESS:** Contractor shall indemnify, defend, save and hold harmless Knox County, its officers, agents and employees from all suits, claims, actions or damages of any nature brought because of, arising out of, or due to breach of the agreement by Contractor, its subcontractors, suppliers, agents, or employees or due to any negligent act or occurrence or any omission or commission of Contractor, its subcontractors, suppliers, agents or employees.
- 2.10 INDEPENDENT CONTRACTOR:** Contractor shall acknowledge that it and its employees serve as independent contractors and that Knox County shall not be responsible for any payment, insurance or incurred liability.
- 2.11 INCORPORATION:** All specifications, drawings, technical information, Request for Proposal, Proposal, Award and similar items referred to or attached or which are the basis for this Contract are deemed incorporated by reference as if set out fully herein.
- 2.12 INSPECTION AND ACCEPTANCE:** Warranty periods shall not commence until Knox County inspects and formally accepts the goods and/or services. The terms, conditions and timing of acceptance shall be determined by Knox County. Knox County reserves the right to reject any or all items or services not in conformance with applicable specifications, and Contractor assumes the costs associated with such nonconformance. Acceptance of goods or services does not constitute a waiver of latent or hidden defects or defects not readily detectable by a reasonable person under the circumstances.
- 2.13 LIMITATION OF LIABILITY:** In no event shall Knox County be liable for any indirect, incidental, consequential, special or exemplary damages or lost profits, even if Knox County has been advised of the possibility of such damages.

2.14 NON-DISCRIMINATION AND NON-CONFLICT STATEMENT: Contractor agrees that no person on the grounds of handicap, age, race, color, religion, sex or national origin, shall be excluded from participation in, or be denied benefits of, or be otherwise subjected to discrimination in the performance of this agreement, or in the employment practices of Vendor. Contractor shall upon request show proof of such non-discrimination, and shall post in conspicuous places available to all employees and applicants notices of non-discrimination. Contractor covenants that it complies with the Fair Wage and Hour Laws, the National Labor Relations Act, and other federal and state employment laws as applicable. Contractor covenants that it does not engage in any illegal employment practices.

Contractor covenants that it has no public or private interest, and shall not acquire directly or indirectly any interest that would conflict in any manner with the provision of its goods or performance of its services. Contractor warrants that no part of the total Contract amount provided herein shall be paid directly or indirectly to any officer or employee of Knox County as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor or consultant to Contractor in connection with any goods provided or work contemplated or performed relative to the agreement.

2.15 ORDER OF PRECEDENCE: In the event of inconsistent or conflicting provision of the Contract and referenced documents, the following descending order of precedence shall prevail: (1) Written Contract, (2) Request for Proposal, (3) Vendor's Response to Request for Proposal, (4) Award, (5) Special Terms and Conditions, (6) General Terms and Conditions, (7) Specifications, (8) Drawings.

2.16 REMEDIES: Knox County shall have all rights and remedies afforded under the U.C.C. and Tennessee law in Contract and in tort, including but not limited to rejection of goods, rescission, right of set-off, refund, incidental, consequential and compensatory damages and reasonable attorneys fees.

2.17 RIGHT TO INSPECT: Knox County reserves the right to make periodic inspections of the manner and means the service is performed or the goods are supplied.

2.18 SEVERABILITY: If any provision of this Contract is declared illegal, void or unenforceable, the remaining provisions shall not be affected but shall remain in force and in effect.

2.19 TAX COMPLIANCE: Pursuant to Resolution R-07-1-903 passed by the Commission of Knox County, Tennessee, Contractor hereby acknowledges, by submission of its proposal and signature that it is current in its respective Federal, State, County, and City taxes of whatever kind or nature and is not delinquent in any way. Delinquent status must be disclosed or risk debarment by the Knox County Purchasing Division.

2.20 TERMINATION: Knox County may terminate this agreement with or without cause at anytime. In the event of termination by either party, fees due for services satisfactorily performed or goods accepted prior to the termination date shall be paid.

2.21 WARRANTY: Contractor warrants to Knox County that all items delivered and all services rendered shall conform to the specifications, drawings, bid and/or other descriptions furnished and/or incorporated by reference, and will be fit for the particular purpose purchased, of merchantable quality, good workmanship, and free from defects. Contractor extends to Knox County all warranties allowed under the U.C.C. Contractor shall provide copies of warranties to the County. Return of merchandise not meeting warranties shall be at Contractor's expense.

SECTION III SPECIFICATIONS

3.1 INTRODUCTION: The purpose of this RFP is to solicit proposals from qualified applicants to purchase and to redevelop Historic Knoxville High School located at 101 E. Fifth Avenue, Knoxville Tennessee 37917. The original Knoxville High School was constructed in 1909-1910 with additions constructed in 1914 and 1920. The total square footage is approximately 109,115 square feet. The map and parcel number is 094DH005 and the lot is approximately 1.9 acres.

In 1994 the building was placed on the National Register of Historic Places as a contributing structure in the Emory Place Historic District. A fundamental aspect of the reuse of the Historic Knoxville High School should be the preservation of its historic character. There are no public funds appropriated or planned for this facility. There may be tax abatements considered (Please see Attachment's A and B). Knox County hopes to ensure that the final development and use of the property will be an asset to the community.

3.2 APPLICABLE BUSINESS EXPERIENCE: Proposer's **must** include a detailed explanation of experience relating to development and restoration of similar facilities and other business or work experience for a minimum of the last ten (10) years. Proposer's **must** have completed development and restoration of a minimum of three (3) properties similar in size, scope, and cost and provide detailed information regarding each in their proposal.

3.3 CHANGES AFTER AWARD: Any material change to the original scope of development of those real properties awarded by this RFP (as set forth in the successful proposer's submittal documents) and whose appraised value is determined to exceed seventy-five thousand dollars (\$75,000) is strictly prohibited. Such material change will result in an automatic repeal of the award, necessitating a re-issuance of the RFP for the project.

3.4 CURRENT FACILITY USE: The Knox County School System has been utilizing part of Historic Knoxville High School for Adult Education, the Night Alternative Program (NAP), GED Offices, the Knox County Museum of Educational History, Knox County Teachers Credit Union Offices, School Coupon Offices, the Friends of Literacy, and offices for various school subject area departments. These uses have been phased out and moved to other locations.

3.5 DEED USE RESTRICTIONS: Knox County requests proposer's to consider when preparing their submittals the following deed use restrictions to be imposed on the purchaser of this property:

- Currently C-3/H-1 zoning designation
- It will be the responsibility of the successful proposer to have the proper zoning designation for the intended use.

3.6 DOUGHBOY STATUE: Directly in front of the building is a World War I memorial dedicated in 1922. Known as the "Doughboy Statue", this memorial is historically and socially significant and **must** be preserved and properly maintained as part of any reuse plan.

3.7 EVALUATION CRITERIA:

3.7.1	Quality of Rehabilitation	30 Points
3.7.2	Proposers Intended Use (Plans for Development and Future Use/Adaptive Reuse)	30 Points
3.7.3	Proposer's Experience	30 Points
3.7.4	Amount Offered to County	10 Points

Please note that all financial documentation submitted by proposer will be reviewed and evaluated by County Accountants and ranked accordingly.

3.8 INTENDED USE: The East Tennessee Community Design Center (ETCDC) completed a study of the possible adaptive reuses for Historic Knoxville High School (See Attachment C). The Proposer's recommendation for reutilization of Historic Knoxville High School will be a factor in determining final award of sale. Acceptable uses could include but are not limited to the following:

- General Residential
- Live/work Mixed Use
- Continued Civic Use
- Senior Living
- Office or Retail
- Hotel

3.9 PROPERTY DESCRIPTION:

- 3.9.1** The building is approximately 103 years of age.
- 3.9.2** Number of stories: 3
- 3.9.3** The building is of brick construction.
- 3.9.4** The building is approximately 109,115 square feet.
- 3.9.5** The parcel of land upon which the building sets is approximately 1.90 acres.
- 3.9.6** The map number is 094DH. The parcel number is 005.
- 3.9.7** Current deed is on file and available for viewing in the Knox County Register of Deeds Office.

3.10 PROPOSAL INFORMATION AND SPECIAL CONDITIONS:

3.10.1 All applicants are advised to read this RFP carefully and discuss any questions with Knox County Purchasing. An inspection of the site may be arranged by contacting Ben Sharbel at (865) 215-5765.

3.10.2 Knox County cannot ensure a profitable venture to the successful applicant. Each applicant is encouraged to make his/her own economic appraisal of the opportunity offered by this RFP.

3.10.3 It is the applicant's responsibility to make his/her own assessments of the requirements and restrictions in considering a proposal. Knox County makes no warranties or representations, express or implied, about the present condition of the property.

3.11 REQUIREMENTS/CONDITIONS OF SALE:

3.11.1 The sale of this property is contingent upon acceptance and approval of the Knox County Commission.

3.11.2 All property is sold "As Is" with no warranty given.

3.11.3 The sale will be executed within thirty (30) days of the **Knox County Commission** approval of the transaction.

3.11.4 Any building renovation will be the sole responsibility of the proposer. If the building is to be renovated, all current federal, state, and local building codes must be met. Do not assume that the building you are purchasing meets all codes.

3.11.5 This building may contain environmentally hazardous materials including but not limited to asbestos and lead-based material. Proposer is responsible for containment, removal and disposal of all such materials in compliance with Federal and State law. A copy of the Phase I Environmental Site Assessment conducted for the City of Knoxville is available for review and copy, at the proposer's expense by contacting Ben Sharbel at (865) 215-5765.

3.12 SITE INVESTIGATION: All site investigation conducted by the successful proposer will be done at the expense of the successful proposer. Also, the successful proposer will be required to provide the County copies of all documentation and materials collected in the researching and testing of the property.

SECTION IV INSTRUCTIONS FOR PROPOSAL SUBMISSION

Applicants must complete all attached forms and shall submit the following requested information. Failure to follow this format may be just cause for rejection of proposals. Cost of preparation of proposals is the sole responsibility of the proposer. Please provide one (1) marked original proposal and five (5) exact copies. An electronic copy on CD, in one complete file, is also requested. Please mark original copy. Use the numbers and titles below when providing additional information.

- 4.1 **PROPOSER INFORMATION:** Name, address, contact person, e-mail address of contact person, telephone number, fax number, Knox County business license (if applicable), State of Tennessee Sales Tax Number (if applicable).
- 4.2 **SIGNATURE LINE WITH DATE:** An official who is authorized to bind the applicant must sign proposals and proposals shall remain binding for one hundred eighty (180) days after the closing date of this RFP. It is suggested that mailed proposals be sent by certified or registered mail, return receipt requested.
- 4.3 **NARRATIVE:** Include a narrative of your plan to restore Historic Knoxville High School. The narrative should include as much detail as possible regarding which elements of the building will be saved and restored as well as the materials and processes used in the restoration plan.
- 4.4 **REMODELING AND RESTORATION OF EXISTING FACILITIES:** Attach conceptual and other design documents for facilities that are proposed. Plans and materials submitted with proposals will not be returned unless specifically requested by the applicant. Information should include, but not be limited to, the following:
 - 4.4.1 Concept drawing.
 - 4.4.2 Description of intended use proposed.
 - 4.4.3 Description of the materials and construction methods to be used.
 - 4.4.4 Proposed schedule and calendar of activities.
 - 4.4.5 Sources and methods of financing for construction and operation.
 - 4.4.6 Detailed parking plan
- 4.5 **APPLICABLE BUSINESS EXPERIENCE:** Include a detailed explanation of experience relating to development and restoration of similar facilities and other business or work experience for a minimum of the last ten (10) years. Provide detailed information, per Section 3.2 above, regarding three (3) properties similar in size, scope, and cost previously completed.
- 4.6 **BUSINESS REFERENCES:** Furnish three (3) business references that are not related to applicant by blood or marriage with names, addresses, telephone numbers and email addresses. Use attached form.
- 4.7 **FINANCIAL STATEMENT:** Use attached form and include additional information if needed.
- 4.8 **STATEMENT OF AUTHORIZATION:** Allowing Knox County to investigate, if necessary, the applicant's ability to finance, develop, and operate proposed and existing facilities. Reference Section V of this document.
- 4.9 **COST PROPOSAL:** Proposers shall state the amount offered to Knox County for the purchase of this facility.

SECTION V FINANCIAL STATEMENT

5.1 FINANCIAL STATEMENT OF: _____

Submitted in connection with an application for purchase of Historic Knoxville High School.

ASSETS		LIABILITIES	
1. Cash (include savings)	\$ _____	1. Accounts Payable	\$ _____
2. Accounts Receivable	\$ _____	2. Notes Payable	\$ _____
3. Notes Receivable	\$ _____	3. Mortgage	\$ _____
4. Equipment Owned:		4. Other	\$ _____
	\$ _____		\$ _____
Cars/Trucks	\$ _____		\$ _____
Other			
5. Real Property	\$ _____		
6. Marketable Investments	\$ _____		
7. Other Major Assets	\$ _____		
	\$ _____		
	\$ _____		
8. _____	\$ _____		
	\$ _____		
	\$ _____		
TOTAL ASSESTS	\$ _____	TOTAL LIABILITIES	\$ _____
NET WORTH	\$ _____		

Include any applicable information concerning investors that will be involved in capital development or operation of this project.

Signature: _____ Date: _____

Statement of Authorization:

The above signed is an authorized representative of _____ and allows Knox County to investigate, if necessary, the applicant's ability to finance, develop, and operate proposed and existing facilities.

SECTION VI BUSINESS REFERENCES

The following references can confirm the information provided in Proposal

6.1 Name: _____
Address: _____

Telephone: _____
Email: _____

6.2 Name: _____
Address: _____

Telephone: _____
Email: _____

6.3 Name: _____
Address: _____

Telephone: _____
Email: _____

ATTACHMENT A

- **Revenue Bonds**

The Industrial Development Board of Knox County is empowered to issue tax-exempt bonds for public development projects or taxable bonds for the construction of private development projects that may serve a public purpose. Bond issues have been utilized for the construction of educational facilities, public parking garages and housing projects that include an affordable income component, and publicly-owned sports or entertainment complexes.

- **PILOT Program**

The PILOT program is for projects that will create jobs or additional investment in an area. The IDB owns the subject property and leases it back to the taxable entity that developed the project. The prior year's taxes collection is typically used as the basis for establishing the PILOT payment amount.

- **TIF Program**

The TIF program is for economic development projects that provide improvements to public infrastructure in blighted and under-utilized areas of Knox County and in other properties designated by Knox County Commission and Knoxville City Council. The infrastructure loan is paid down by allocating the incremental increase in new taxes collected in the district, initiated by the new development.

- **Redevelopment TIF**

Within qualified redevelopment and urban renewal projects in the City of Knoxville, Knoxville's Community Development Corporation (KCDC) will consider and implement the use of tax increment financing for a specific redevelopment and/or urban renewal project. KCDC is the housing and redevelopment authority of the City and as such is authorized to issue tax increment debt to finance certain qualifying costs relating to a Project. Such debt would be secured solely by incremental taxes generated by the Project and would otherwise be non-recourse to KCDC. KCDC has adopted Policies and Procedures to provide guidance to applicants for tax increment financing as to the procedure KCDC intends to use in the consideration and administration of tax increment financing transactions described in redevelopment and urban renewal plans prepared at the request of the City. For more information refer to KCDC's website at the following link: <http://www.kcdc.org/en/Redevlopment/Tax-Increment-Financing.aspx>

Local Incentive Program Comparison

	PILOT	IDB TIF	Redevelopment TIF (i.e., KCDC, Housing Authority)
Primary Public Benefit	Economic development	Economic development	Community redevelopment
Maximum Term	20 Years (without State approval)	15 Years (County IDB policy) 30 Years (State statute)	Term of Redevelopment Area
Title to Property	Conveyed to IDB	Not conveyed to IDB	Not conveyed to IDB
Property Affected	Project area only	Economic Impact area	Redevelopment Area or Project Specific
Required Approvals	County IDB, operating within policies and procedures approved by County Commission <i>or</i> County IDB and County Commission on projects approved by County Commission <i>or</i> City IDB and City Council (when within corporate limits of City of Knoxville) approval of project	Approval of Economic Impact Plan by County Commission, IDB and City Council (when within corporate limits of City of Knoxville and when city taxes are utilized)	Approval of Redevelopment Plan by Redevelopment Authority (i.e., KCDC or Housing Authority), County Commission and City Council (when within corporate limits of City of Knoxville) Including Tax Increment Financing Provision
Eligible Property	Any approved project authorized by state law	Any approved project authorized by state law	Any approved project within a redevelopment district authorized by state law

Investment Tax Credit Program

Over the past twenty-five years, more than 29,000 buildings have been rehabilitated across the country, generating over \$25 billion in private investment in historic buildings nation-wide. In Tennessee, buildings of almost every type imaginable have benefited from the Investment Tax Credit (ITC) program, from B&Bs and hotels and shotgun houses to large-scale business developments. 750 buildings in Tennessee have been rehabilitated using the ITC program, generating over \$500 million investment in Tennessee's historic buildings.

There are two types of ITCs available: 20% for a certified historic structure or 10% for a non-historic structure. Investment Tax Credits are available to the owners or certain long-term renters of income-producing properties. The 20% ITC reduces the cost of restoration and rehabilitation to the owner of an income producing historic property as an income tax credit. The credit is 20% of what an owner spends rehabilitating the building, not including acquisition costs.

To qualify for the 20% Credit:

The building must be listed on the National Register of Historic Places, or listed as a contributing structure within a National Register Historic District. The rehabilitation project must meet the "substantial rehabilitation test," which means you must spend the adjusted value of the building or \$5000, whichever is greater. The figure is derived by subtracting the value of the land from the cost of the building and land together. After rehabilitation, the structure must be income producing for five years (commercial, rental, B&B). The rehabilitation must meet The Secretary of the Interior's Standards for Rehabilitation and Guidelines for Rehabilitation of Historic Buildings.

To qualify for the 10% credit:

The structure must have been built before 1936 and not "historic" (must not be listed or eligible for listing on the National Register of Historic Places). The structure must retain 50-70% of external walls and 75% of internal walls. The rehabilitation must meet the "substantial rehabilitation test" as in the 20% credit. The structure must be used for five years as income producing but NOT housing.

For additional general information on the Investment Tax Credit program, see the National Park Service's ITC website at <http://www.nps.gov/history/tax.htm>

To receive an application and instructions for the ITC program, contact the Tennessee Historical Commission:

Louis Jackson
615/532-1550 ext. 106
Louis.Jackson@tn.gov
Information courtesy of the Tennessee Historical Commission

ATTACHMENT B

Community Investment Tax Credit Program

Financial institutions may obtain a credit against the sum total of taxes imposed by the Franchise and Excise Tax Laws when qualified loans, qualified investments, grants or contributions are extended to eligible housing entities for engaging in eligible low income housing activities. The amount of the credit shall be applied one time and will be based on the total amount of the loan, investment, grant, or contribution; or the credit may be applied annually for qualified loans and qualified low rate loans and will be based on the unpaid principal balance of the loan. The amount of the credit shall be as follows:

- Five percent (5%) of a qualified loan or qualified long term-term investment; *OR* three percent (3%) annually of the unpaid principal balance of a qualified loan as of December 31 of each year for the life of the loan, *OR* fifteen (15) years, whichever is earlier.
- Ten percent (10 %) of a qualified low rate loan, grant, or contribution; *OR* five percent (5%) annually of the unpaid principal balance of a qualified low rate loan as of December 31 of each year for the life of the loan, *OR* fifteen (15) years, whichever is earlier.

The program is administered in cooperation with The Tennessee Department of Revenue. THDA will certify the housing entity and activity as eligible to receive the tax credits. TDoR will award the tax credits to the financial institutions. The eligible housing entity will be required to maintain records as requested by THDA to ensure that affordable housing opportunities are being provided.

Eligible Activities:

- Activities that create or preserve affordable housing for low income Tennesseans.
- Activities that assist low income Tennesseans in obtaining safe and affordable housing.
- Activities that build the capacity of an eligible non-profit organization to provide housing opportunities for low-income Tennesseans.
- Any other low-income housing related activity approved by the THDA Executive Director and the Commissioner of Revenue.

Low income Tennesseans are defined as those who are at or below 80 % of the area median income as adjusted for family size. Applicable income limits are the current income limits produced by the Department of Housing and Urban Development for the Section 8 Programs. Tennessee limits may be found at www.huduser.org/datasets/il.html.

Eligible Housing Entities:

- Tennessee based non-profit organizations with an Internal Revenue Code 501 (C)(3) status
- Public Housing Authorities
- Development Districts
- Tennessee Housing Development Agency

Participating financial institutions will receive tax credits for extending the following to eligible housing entities:

- Qualified loans defined as a loan at least 2% below the prime rate
- Qualified low-rate loans defined as a loan at least 4% below the prime rate
- Qualified long term investments extending for a period of more than 5 years
- Grants or contributions

Qualified long term investments are defined as equity investments where repayment is not expected to begin for a period of more than 5 years. Tax credits may be available to financial institutions retroactively for funds extended to eligible housing entities for eligible activities back to the date the bill was signed into law, June 22, 2005. Unused tax credits that are applied one time may be carried forward for a period of 15 years after the tax year in which the credit originated. Unused tax credits that are applied annually may not be carried forward beyond the tax year in which the credit originated.

Certification and Review Process:

THDA will certify the financial institution's contribution as eligible for the tax credit by confirming that the receiving organization meets eligibility requirements and that the proposed activities are eligible. An initial review of the proposed activity will be conducted upon submission of the application packet to THDA. The vast majority of subsequent reviews will be done via desk audits of scheduled progress reports submitted to THDA by the recipient agency. THDA will conduct the reviews until the approved eligible activity is completed or funds are exhausted. Upon receipt of the Certificate of Contribution for Tax Credit from THDA, TDoR will calculate the tax credits to be awarded to the financial institution. In the event that the recipient agency does not accomplish the approved activity, the financial institution will bear no fault, and will retain the awarded tax credits. THDA has established decertification criteria for agencies failing to accomplish approved activities.

Decertification: Failure to comply with the terms of the Community Investment Tax Credit Program will cause the qualifying organization to be decertified and deemed ineligible to participate in the Community Investment Tax Credit Program for a period not to exceed 36 months from the date of decertification. The qualifying organization may be granted an opportunity to cure findings prior to decertification. Financial institutions that make subsequent loans, investments, grants, or contributions to decertified organizations will not be awarded tax credits for those transactions.

Required Documentation to be Submitted at the Time of Application:

- Copy of 501 (C)(3) designation letter from the IRS.
- Copy of valid Certificate of Existence from the Tennessee Secretary of State dated no more than 12 months prior to the date of application submission.
- Project business plan describing the proposed housing related activity. The plan will detail what is going to be done, where the activity will take place, who and how many will benefit, the income levels of the population to be served, how the funds from the financial institution will be used, and the expected time frame for completion.

Required Reports: Scheduled reports are to be submitted by the recipient agency to THDA detailing progress on the approved activity. Upon THDA certification, the eligible organization will be informed of the required reporting schedule. The eligible organization will be required to submit a completion report to THDA within 30 days of project completion.

Application Process:

- The requesting agency or the financial institution will secure the Certificate of Contribution for Tax Credit form from the THDA or TDoR website.
- The Certificate of Contribution for Tax Credit should be completed by both the requesting agency and the financial institution. The Certificate of Contribution for Tax Credit should be signed by authorized representatives of the requesting agency and the financial institution.
- The requesting agency will submit the completed Certification form and the project business plan to THDA. If the requesting agency is a non-profit entity, a Certificate of Existence from the Secretary of State, dated no more than 12 months prior to the date of application submission, and IRS documentation designating the organization as a 501 (C)(3) entity must also be submitted.
- THDA will certify both the organization and the funded activity as meeting eligibility guidelines and will forward the Certification form to TDoR.
- TDoR will inform the financial institution and THDA of the amount of tax credits awarded. TDoR will inform THDA if tax credits are not awarded.
- THDA will notify the requesting agency that their Certificate of Contribution for Tax Credit has been fully certified. A schedule for required progress reports will be established.
- The requesting agency will submit scheduled progress reports to THDA until the funded activity is completed or the funds are exhausted.
- The requesting agency will submit a completion report to THDA within 30 days of project completion.

Applications may be mailed or faxed to:

Tennessee Housing Development Agency
CITC Program
404 James Robertson Pkwy. Suite 1200
Nashville, TN 37243-0900
615-815-2200 (phone)
615-564-1292 (fax)

Questions and/or comments should be directed to [Toni Shaw](#), Community Projects Coordinator, at 615-815-2034.



Historic Knoxville High School

101 E. Fifth Avenue, Knoxville TN 37917





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Funding for this project is provided by Knox County, the City of Knoxville Community Development Block Grant, the United Way of Greater Knoxville, and the Tennessee Arts Commission.



PROJECT HISTORY

In November 2012, Knox County Board of Education Second District representative Ms. Indya Kincannon approached the Community Design Center to study possible adaptive reuses for the Historic Knoxville High School building. The request was for a similar process of analysis and community input used in the Oakwood School project. The Community Design Center went to the City of Knoxville Community Development Department and Knox County Commission to support their work on the project. Support from the City is provided through the HUD funded Community Development Block Grant technical services contract and Knox County provided a technical assistance grant.

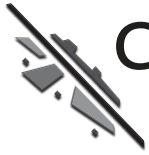
PROCESS

The Community Design Center developed a public involvement process and assembled a stakeholder steering committee and a team of volunteer professional advisors to assist the Center. The process consisted of:

- i. Documenting the existing building conditions as well as creating a historical timeline and review of 1/2 mile surrounding area
- ii. Identifying and organizing a stakeholder steering committee. Reference appendix "A".
- iii. Identifying and organizing volunteer professional advisors including meeting facilitators, designers and construction professionals. Reference appendix "A".
- iv. Organizing and facilitating a public input meeting.

PUBLIC MEETING

After notice to the public through email lists, posters printed and placed in the windows of local businesses, and flyers disbursed through the community, a public meeting was held at St. John's Lutheran Church on January 29, 2013. Purpose of the meeting was to gather input from the public and the neighborhood regarding their perceived appropriate and non-appropriate uses of the land and facility.



Historic Knoxville High School

BUILDING DESCRIPTION 2

Knoxville High School was built in 1909-1910, with additions made in 1914 and 1920. It is Neoclassical with a Beaux Arts influence. The imposing building was designed by Albert Baumann, Sr., who founded the architectural firm of Baumann and Baumann with his brother Joseph in 1891. The firm is known for its use of red brick trimmed with limestone, and Knoxville High School is a noteworthy example of that use of materials. Knoxville High School was known as the outstanding improvement to the Knoxville School System in the early 1900's. Knoxville's first citywide school, it was Knoxville's only high school for many years. The additions made in 1914 and 1920 more than doubled its size and by 1923, its enrollment was 2,030 students.

Many of its facilities were also used by the community at large, with its auditorium serving as a community theater and other school spaces being used as community spaces. In 1930 a small gymnasium space at the corner of Lamar Street and 4th Avenue was replaced with a large facility across Lamar Street and converted to vocational training including auto repair and the addition of a third floor. This space was converted to a City Fire Station in 1950 to house Station 3. Fire Station #3 moved out and is currently located on Baxter Avenue. The large auditorium was destroyed by fire and the 1980 reconstruction only enclosed the lower level and did not rebuild the auditorium or upper floors.

Knoxville High School ceased to be used as a regular high school in 1951, but the building has been continuously utilized. Until the 1980s the building housed the central office for the old Knoxville city school system and was used for records storage. In 1994 the building was placed on the National Register of Historic Places as a contributing structure in the Emory Place Historic District. Presently the building is used by a variety of Knox County education programs. Directly in front of the building is a World War I memorial dedicated in 1922. Known as the "Doughboy Statue", this memorial is historically and socially significant and should be preserved and properly maintained as part of any reuse plan.

Recent uses of the building currently being phased out include Adult Education, Night Alternative Program (NAP), GED Offices, Knox County Museum of Educational History, Knox County Teachers Credit Union Offices, School Coupon Offices, Friends of Literacy as well as offices for various school subject area departments.

The following comments and recommendations are compiled from developer, real estate, and contractor input received through the analysis and public input phases of the project. Several suggested uses were considered including general residential, live/work mixed use, continued civic use, senior living, office or retail, and hotel. Several possible uses were specifically excluded during the public input process and justification for the “Do Not Allow” suggestions are also addressed. Most uses could qualify for Tax Increment Funding (TIF) to enhance project feasibility.

A fundamental aspect of the reuse of the Historic Knoxville High School should be the preservation of its historic character. The exterior details, window patterns, cornice with dental moldings, along with the grand entry portico should all be preserved. Many original interior elements worthy of preservation should also remain. The entry lobby with marble details, memorial and dedication plaques as well as historic stairwell detailing and at least some of the tin crown moldings and high stamped tin ceilings should be retained and highlighted in any renovation.

Residential reuse in some form seems to be the consensus of local developers. Limited but accessible parking could support a residential project while being inadequate for other civic or commercial uses. The building on the corner of Lamar and Fourth was originally a gym and later a fire station and could be converted into support space for the residents. This space could include recreational facilities or possibly studio or work space for a live / work development concept. Many area assets (see map in Appendix F) would also support a residential community including access to public transportation, nearby schools, and many attractions within walking distance. The existing neighborhood is economically diverse with a broad range of incomes and housing values (see Appendix E). A historic tax credit residential project would allow financing options that would help offset the costs and improve the feasibility of the overall project.

Any civic use that requires local government funding (education, community center, library...) is unlikely given the budgets, tax issues, and current funding shortfalls. There are many old schools in Knox County that are examples of inaction, decay, and eventual demolition. The civic option is a poor choice without large amounts of committed funds which does not fit the current fiscal reality. Limited parking and public office needs also limit the civic use options.

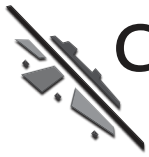
Office reuse has a low potential without a motivated single tenant with the desire for a historic setting. Historic Tax credits may also be available if the owner is eligible. Limited on-site parking could be problematic for many office uses. Another problem with office space use is that existing vacant office space is in abundance and significantly cheaper than new or renovated space. There is existing vacant office space with historic character nearby in Emory Place and along Central and Broadway. A complete inventory of commercial space in the area is available from Bob Whetsel, City of Knoxville Director of Redevelopment, at (865) 215- 2543.

Senior or assisted living is another option, but with the current development of Oakwood School and other existing nearby senior living options the market may be saturated. Knoxville High School may also be too large for an effective senior citizens housing environment. The senior living options already in place in the area include assisted and independent living in both public and private developments.

Mixed Use/Retail use may be able to support a tiny corner coffee shop that caters to the building occupants, but larger scale retail is unlikely. Retail has to connect to other retail, the relation to the Old City is not strong enough and Emory Place is primarily offices. The retail area at Broadway and Central is a small scale specialised market of antiques, services, and longtime anchor Carpet Headquarters. Reuse of Knoxville High should provide a population to support existing retail and entertainment nearby.

Hotel use is an interesting concept and would likely have to cater to historic preservation tourists. Location is convenient to the Old City and Gay Street 100 block arts and entertainment districts but the interstate and railroad are significant psychological barriers that may deter tourists. The Knoxville market may support an upscale historic boutique hotel in this location.

Transitional, homeless, or subsidized housing and support services were specifically excluded both by public input and by area availability. Listed during public input as “Do Not Allow” uses, there is both a real and perceived situation that the area already serves more than it’s share of the indigent housing and services need. The Salvation Army, Volunteer Ministries, Knox Area Rescue Ministries all have facilities clustered together nearby to serve downtown populations in need. Several public housing opportunities also exist within a 1 mile radius.



STEERING COMMITTEE

Indya Kincannon	Knox County Board of Education 2nd District Representative
Rogers Doughty	City of Knoxville, Community Development Department
Bob Whetsel	City of Knoxville, Director of Redevelopment
Doug Dillingham	Knox County Schools Building and Grounds Director
Hugh Holt	Knox County Purchasing Department Purchasing Director
Judith Neff	4th and Gill Neighborhood Neighborhood Association Representative
Benna Van Vuuren	Knox County Education Museum Museum Director
Kim Trent	Knox Heritage Executive Director
Mark Campen	Knoxville City Council Fifth District Representative
Amy Broyles	Knox County Commission 2nd District Representative
Tony Norman	Knox County Commission Chairman, 3rd District Representative
Don Parnell	Realty Trust Group Executive Vice President

COMMUNITY DESIGN CENTER

Stephenie Welch	Facilitator (Volunteer)
Dave Watson	Executive Director
Leslie Fawaz, A.I.A	Studio Director
Jordan Nalley	Architecture Student Intern
William Copeland	Landscape Architecture Student Intern

PUBLIC INPUT MEETING RESULTS

The Titles for each suggestion below are created from discussions during the meeting. Each sub-topic is directly from Notes taken from each of the 9 tables. Each table was asked to provide 3-5 Possible uses for the Site and Building and “Do not Allow” suggestions for the site and building.

Possible Uses and Suggestions

Community Center/Arts Center/ Artist Live&Work

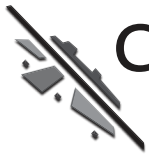
1. Community Center for Arts, multi-use, museum
2. Art Center; residents for artists
3. Artist live/work
4. Artist Co-Op
5. Artist live/work space with community center
6. Marketplace and artspace

Education

1. Magnet, extended, literacy, etc.
2. Pre-K, charter, higher education
3. K-12
4. School: multi-use
 - art
 - after school
 - enrichment
5. School or mix of niche schools (art)

Relationship to School Board located in Andrew Johnson Building

1. Consider relationship between AJ and HKHS
2. Move KCS (Knox County Board of Education) out of AJ and make AJ a hotel
3. Move KCS (Knox County Board of Education) to HKHS
4. Move Central (Knox County Board of Education) offices to HKHS



Historic Integrity

1. Maintain Historic Integrity (In/Out/Doughboy)
2. Include a room for historic materials/alumni records
3. Use that will improve quality of life surrounding

Senior Living

1. Senior living (Can be mixed use)
2. Assisted living
3. Residential/Assisted or other
4. High-end assisted living

Residential

1. Condo/apartments
2. Condos
 - owner-occupied
 - mixed use
 - business
3. Mixed residential with shops/commercial

Office Building

1. Mixed office: Law/ Realty/ etc.
2. Business incubators, restaurants (Cafeteria)
3. Small Business Incubator

Library

1. Library and community education facility
2. New downtown library

Mixed Use

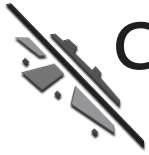
1. Mixed use Commercial/Residential

Technology Center

1. Internet and computer center

Hotel

1. Historic "boutique" hotel



“Do Not Allow” Suggestions

***Homeless Facility/ Low-income Housing**

*The fact that this neighborhood is already carrying the burden for Knox County in regards to the Homeless Population is what brought about this consideration.

1. DON'T do another homeless shelter
2. No homeless, transitional housing, or services
3. NOT subsidized housing
4. No low-income housing
5. No social services for homeless or transitional housing
6. No government supported housing

No Building Demolition

1. DON'T tear the building down
2. Not torn down
3. Do not turn into a parking lot
4. Don't chop up/down into smaller pieces

Vacant

1. Not Vacant
2. Not sitting empty

No Student Housing

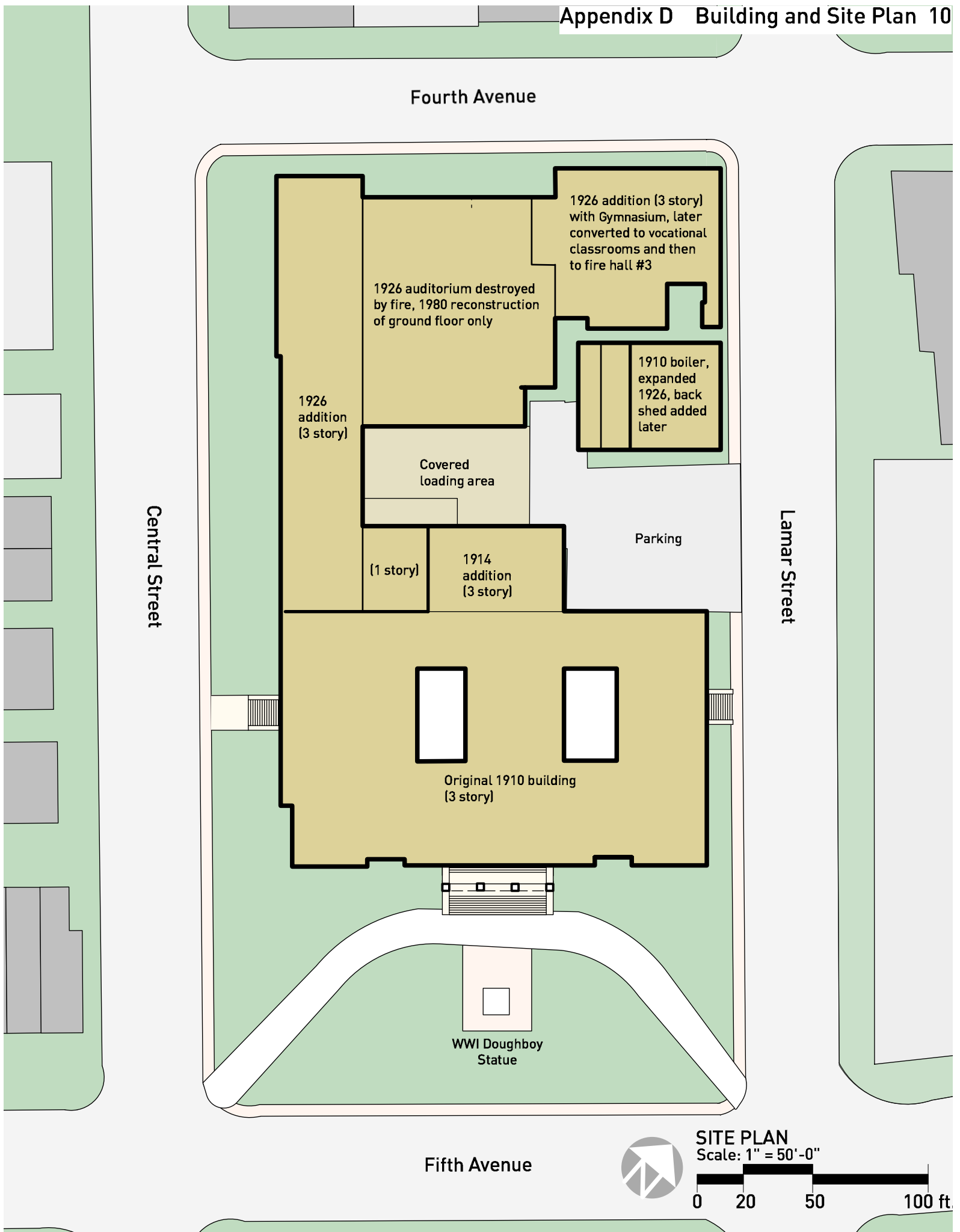
Not UNCivic use

One of the largest single costs associated with the reuse of the Historic Knoxville High School building will be the installation of upgraded mechanical systems including heating, ventilation, and air conditioning (HVAC), plumbing and electrical systems. Currently the building has an outdated steam boiler heat system and many window and small area air conditioning systems. The electrical distribution is a collection of years of changes with a collection of many differing levels of service and qualities not conforming to current codes.

An upgrade to the HVAC system and plumbing could be done utilizing water source heat pumps, DX rooftop units for the existing Credit Union area, and fresh air units to meet code. The system would be complete with a new boiler and evaporative cooling tower. This is really the most practical system for this building. The system quoted could have multiple tenants or a single tenant and includes ductwork that would be suited for office or education. A good budget price for the HVAC and plumbing work would be \$2,650,000.00. A complete upgrade of the electrical systems would add approximately \$1,600,000 to the costs, depending on the existing service, making the total mechanical systems budget \$4,250,000.

ENVIRONMENTAL

A report on potential hazardous materials and associated costs will also be prepared. Eric Solt with S&ME Inc., 865-970-0003, is collecting information for an assessment. The final haz-mat report should be available in June 2013.

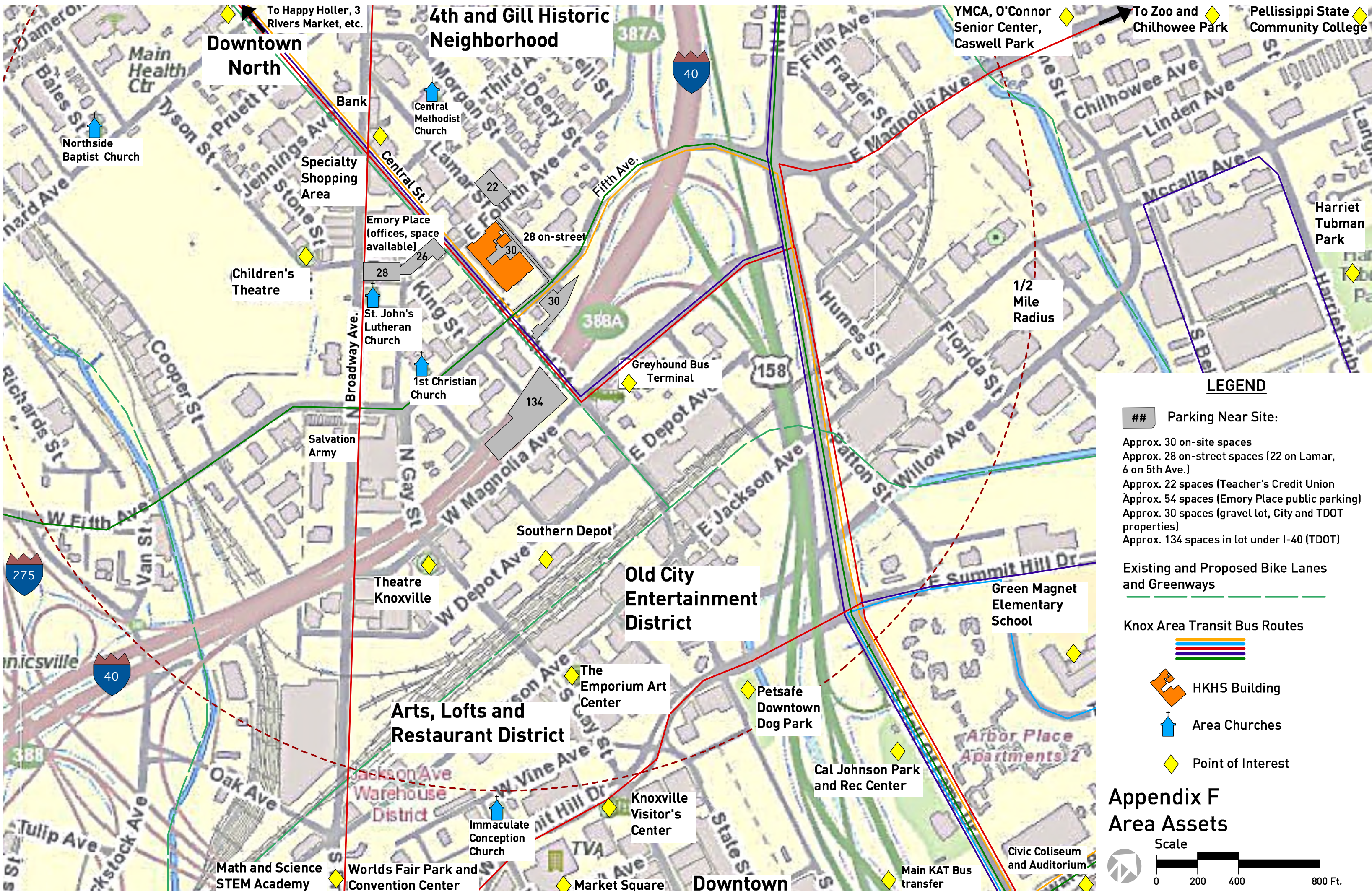


Income Statistics for Surrounding Zip Code 37917

Subject	ZCTA5 37917											
	Households		Families		Married-couple Families		Nonfamily households					
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error				
Total	12,534	+/- 345	5,413	+/- 385	3,646	+/- 338	7,121	+/- 428				
Less than \$10,000	14.8%	+/- 1.8	8.9%	+/- 2.6	1.6%	+/- 1.0	19.3%	+/- 3.0				
\$10,000 to \$14,999	7.9%	+/- 1.6	2.3%	+/- 1.1	1.8%	+/- 1.4	12.5%	+/- 2.6				
\$15,000 to \$24,000	18.0%	+/- 2.3	13.1%	+/- 3.1	8.6%	+/- 2.9	21.9%	+/- 3.4				
\$25,000 to \$34,999	17.2%	+/- 2.7	14.7%	+/- 3.8	14.5%	+/- 4.8	19.5%	+/- 3.4				
\$35,000 to \$49,999	14.5%	+/- 2.0	19.7%	+/- 3.4	20.6%	+/- 4.8	10.5%	+/- 2.3				
\$50,000 to \$74,999	17.2%	+/- 2.6	24.1%	+/- 4.0	29.4%	+/- 5.3	11.6%	+/- 2.9				
\$75,000 to \$99,999	5.5%	+/- 1.3	8.5%	+/- 2.5	11.8%	+/- 3.6	2.8%	+/- 1.0				
\$100,000 to \$149,999	3.7%	+/- 1.1	6.4%	+/- 2.3	9.3%	+/- 3.3	1.6%	+/- 0.8				
\$150,000 to \$199,999	0.6%	+/- 0.4	1.1%	+/- 0.7	0.7%	+/- 0.7	0.3%	+/- 0.4				
\$200,000 or more	0.5%	+/- 0.3	1.3%	+/- 0.8	1.5%	+/- 0.0	0.0%	+/- 0.5				
Median income (dollars)	30,510	+/- 1,621	42,573	+/- 4,598	52,040	+/- 4,546	23,068	+/- 1,912				
Mean income (dollar)	38,756	+/- 1,839	51,149	+/- 3,449	N	N	28,900	+/- 1,662				

Source: U.S. Census Bureau, 2007 - 2011 American Community Survey

* income statistics were requested by a developer on the team



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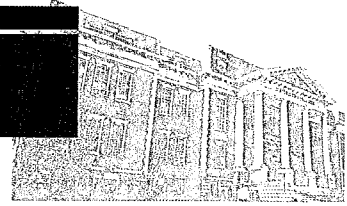


Southeastern Housing Foundation
KNOXVILLE LEADERSHIP FOUNDATION

4.1/4.2	PROPOSER INFORMATION AND SIGNATURE
4.3	NARRATIVE
4.4	REMODELING AND RESTORATION OF EXISTING FACILITIES
4.4.1	CONCEPT DRAWING
4.4.2	DESCRIPTION OF INTENDED USE PROPOSED
4.4.3	DESCRIPTION OF MATERIALS AND CONSTRUCTION METHODS TO BE USED
4.4.4	PROPOSED SCHEDULE AND CALENDAR OF ACTIVITIES
4.4.5	SOURCES AND METHODS OF FINANCING FOR CONSTRUCTION AND OPERATION
4.4.6	DETAILED PARKING PLAN
4.5	APPLICABLE BUSINESS EXPERIENCE
4.6	BUSINESS REFERENCES
4.7/4.8	FINANCIAL STATEMENTS / STATEMENT OF AUTHORIZATION
4.9	COST PROPOSAL
4.10	APPENDIX

HISTORIC KNOXVILLE HIGH SCHOOL

4.1/4.2 PROPOSER INFORMATION AND SIGNATURE



Ben Sharbel
Knox County Purchasing Division
1000 North Central St., Suite 100
Knoxville, TN 37917

Re: Proposal #1778, Sale & Redevelopment of Historic Knoxville High School

Mr. Sharbel:

We are pleased to submit this response to Knox County's Request for Proposal (#1778) regarding the Sale & Redevelopment of Historic Knoxville High School. Our team has the financial capacity, development expertise, and management experience to return this historic building to its place as a proud, contributing asset to the community and neighborhood.

Our proposal is being submitted by a team comprised of Family Pride Corporation and Southeastern Housing Foundation. Family Pride Corporation is a registered Knox County women-owned business.

Family Pride Corporation
1125 Grove St.
Loudon, TN 27774

Lucy E. Dover, President

Contact: Rick Dover, General Manager
rickdover@familypridecorp.com
(865) 924-0791

Southeastern Housing Foundation
901 E. Summit Hill Dr., Suite 300
Knoxville, TN 37915

Christopher L. Martin, President

Contact: Grant Rosenberg, VP of Housing
grosenberg@klf.org
(865) 207-5828

We confirm that the undersigned, or their assignees, have the authority to submit this proposal, respond to related inquiries, and negotiate on behalf of Family Pride Corporation and Southeastern Housing with respect to this proposal.

Sincerely,

Lucy E. Dover, President
Family Pride Corporation

8/21/13
Date

Christopher L. Martin, President
Southeastern Housing Foundation

8/21/13
Date

HISTORIC KNOXVILLE HIGH SCHOOL

4.3 NARRATIVE



When Knoxville High School closed its doors in 1951, a major source of energy left the community. Over the next 62 years, Knox County has faced challenges in maintaining the structure itself and determining suitable and productive uses that are efficient and effective.

Our proposal calls for **100 UNITS OF SENIOR INDEPENDENT LIVING FOR PERSONS 62 AND OLDER**. This plan for the redevelopment of Historic Knoxville High will restore the physical structure of this great landmark, as well as the inherent energy that ceased over a half-century ago.

We believe this proposal is the most compelling and competitive for the surrounding neighborhoods, the greater community, and Knox County government based on the following points:

MARKET AND NEED: As referenced in the Community Design Center's report, many folks in the community support the redevelopment of Historic Knoxville High School for residential and senior living. Anecdotally, many would agree that with the baby boomer generation set to retire over the next several years, the market for low-maintenance, amenity and service-oriented housing is growing nationwide. Empirically, market data shows that **within a five mile radius of this site, 18,419 people are over 65 years old**. This suggests that a capture rate of only a half percent would lease this facility to capacity. Trends indicate that the over-65 population in this same area will **grow at least 15 percent over the next five years**. Finally, the need for affordable senior housing options is evidenced by a **median household income between \$22,000 and \$28,000** for this same demographic (65+ within five mile radius).

COMPATIBILITY OF USE: **Old school buildings are very well suited to be converted to senior living facilities.** A classroom can be converted into an apartment; a cafeteria into a dining hall; a library into...a library! There are many elements of this conversion that merit less intensive rehabilitation; however they yield tremendous value to residents.

DESIGN ELEMENTS: We will **fully rehabilitate the entire property** and pursue Federal Historic Tax Credits to ensure its rich architectural history is preserved. Leadership in Energy and Environmental Design (LEED) Certification will be sought to mitigate our environmental footprint and save energy costs. Because this property qualifies as assisted living and will have local transportation provided to its tenants, local zoning requires 30 spaces of parking.



ECONOMIC IMPACT: Given the property is currently a drain on local resources and generates zero revenue for Knox County, our **\$500,000 purchase price and \$13.7 million redevelopment** will place this large, historic property back onto the tax rolls, eventually generating over \$180,000 per year in City and County taxes. This project will certainly boost construction employment, but more importantly, it will create **18 new permanent jobs with an annual payroll of over \$480,000**. In addition, this facility will purchase local food and supplies leading to a boost in sales tax revenue. Beyond seeking Historic Tax Credits, a Payment in Lieu of Taxes (PILOT) and Community Investment Tax Credit (CITC) financing (all of which are referenced in the RFP), this property will not require any other long term subsidy or public assistance.

ACCESSIBILITY TO THE PUBLIC: While this would be a privately owned building, we are committed to making many of the **common spaces available to neighborhood and community organizations**. We intend to set aside a special room for use by the Historic Knoxville High School Alumni Association, and we have proposed **artist studio space**, to be located in the attic of the building, in which we hope to offer art classes to both our tenants and individuals throughout the community. The Arts & Culture Alliance of Greater Knoxville is a supporter of this concept (see appendix) and will assist us with programming. We would also **ensure via deed restriction that the Doughboy Statue would be preserved and maintained in perpetuity** for as long as it remains on the property. Our team has reached out to the 4th & Gill and Old North Knoxville neighborhood associations to inform them of our intentions. While we believe this proposal reflects the community sentiment detailed in the Community Design Center's recommendations, we would welcome further community input into the development of this project as it moves along.

CAPACITY AND EXPERIENCE OF DEVELOPMENT TEAM: Our development, management and ownership team is entirely local and has **more than 50 combined years of experience in property development and management**. Southeastern Housing Foundation is a Knoxville-based non-profit organization and Family Pride Corporation is a family-owned business from Loudon. Both entities develop and manage property throughout East Tennessee. Family Pride Corporation will be responsible for the management of the property, and Southeastern Housing Foundation will bring Community Investment Tax Credit financing to **allow these units to be affordable to senior citizens on a fixed income**. Our team has the **financial capacity, development expertise, and management experience** to ensure the success of this project. Additionally, we have financing lined up and can close on this property within 180 days, begin construction by Spring of 2014, and anticipate **opening the facility in Winter of 2015**.



WE BELIEVE THAT OUR PROPOSAL OFFERS KNOX COUNTY THE HIGHEST AND BEST USE FOR THE SALE AND REDEVELOPMENT OF HISTORIC KNOXVILLE HIGH SCHOOL. WE SEE THIS OPPORTUNITY AS A DISTINCT HONOR AND BELIEVE THIS PROJECT WILL PROVIDE A LEGACY THAT ALL GENERATIONS - PAST, PRESENT AND FUTURE - CAN BE PROUD OF.

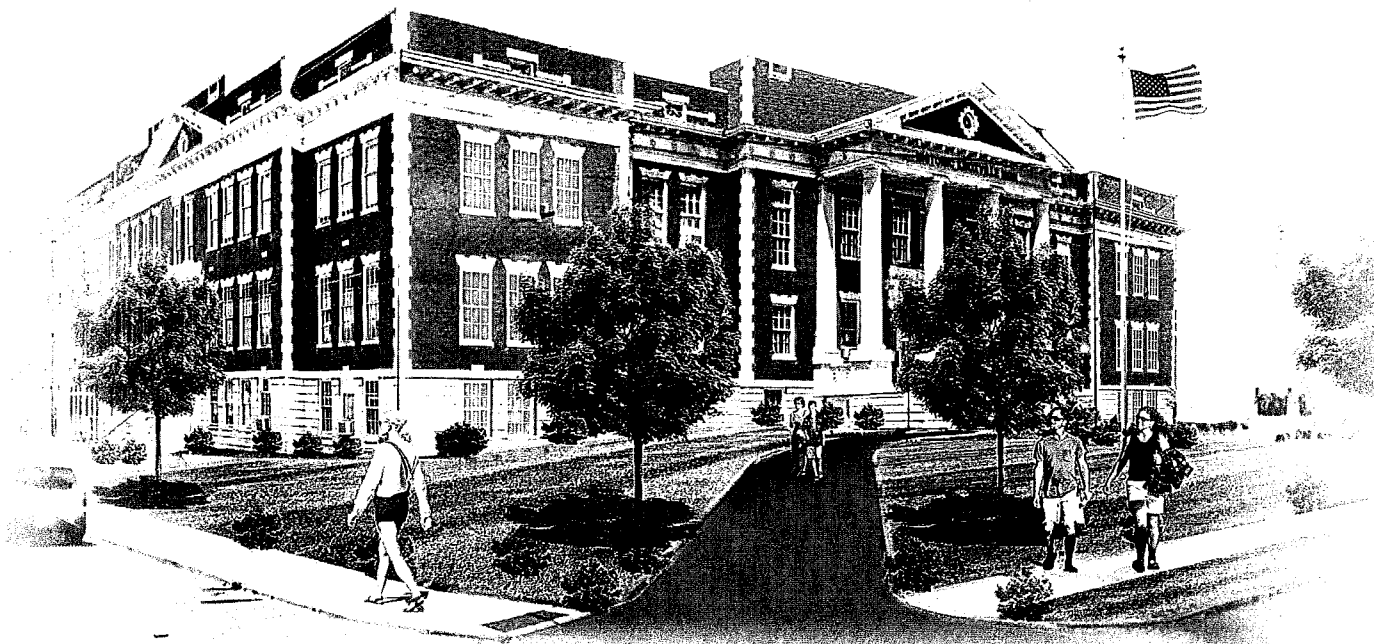
HISTORIC KNOXVILLE HIGH SCHOOL

4.4 REMODELING & RESTORATION OF EXISTING FACILITIES



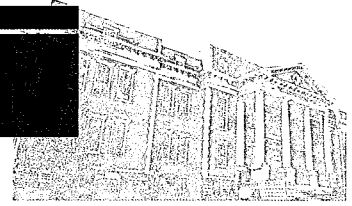
While the subject property has endured deferred maintenance and neglect over the past several years, the structure of the building appears to be sound and ample opportunity exists within the walls. As summarized earlier, the building will be completely restored and its original design and historic features will be preserved. Federal Historic Tax Credits will be pursued, which means that the Department of Interior guidelines will be strictly adhered to. In addition, the property falls under H-1 zoning, therefore local historic guidelines will apply. The historic Doughboy Statue will be preserved and maintained, and green space will be kept and expanded within the courtyard.

4.4.1 CONCEPT DRAWING



HISTORIC KNOXVILLE HIGH SCHOOL

4.4.1 CONCEPT DRAWING

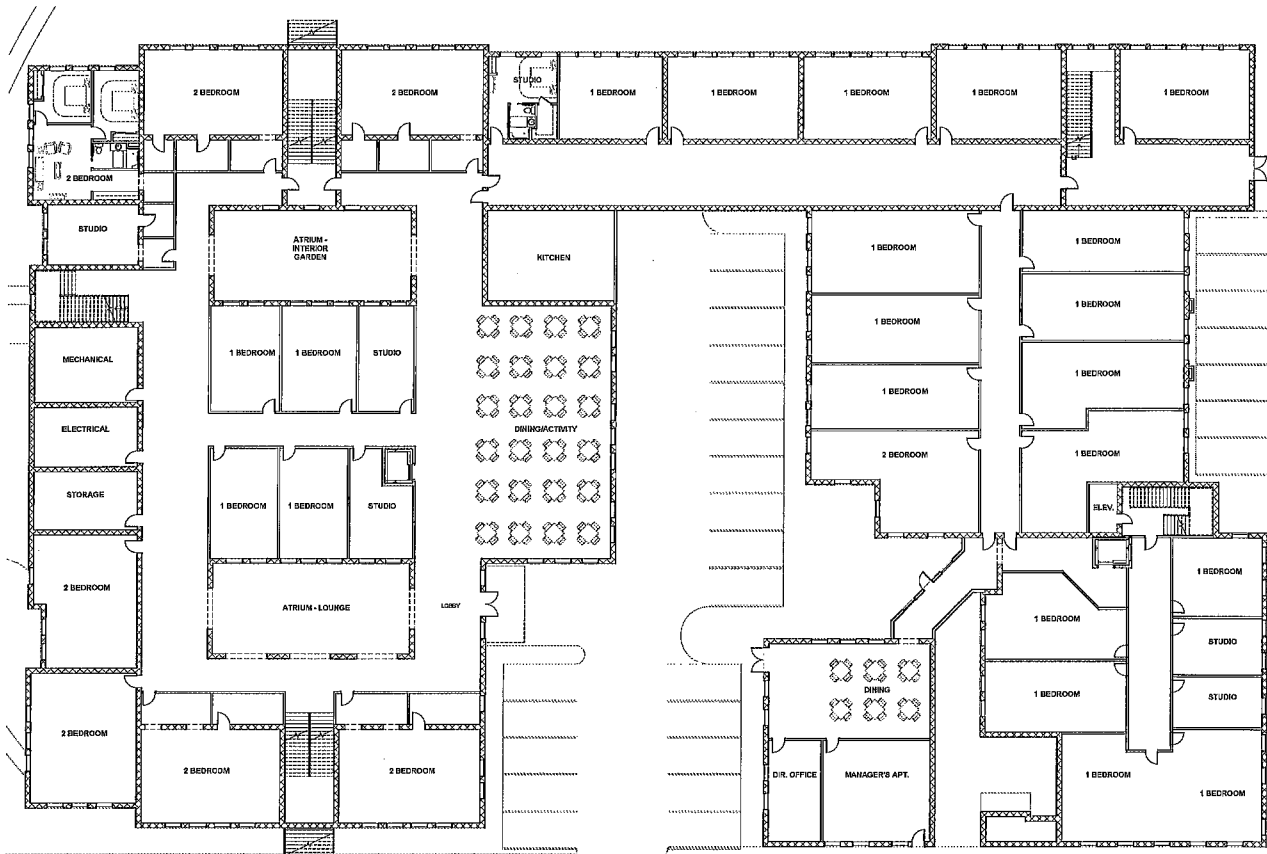
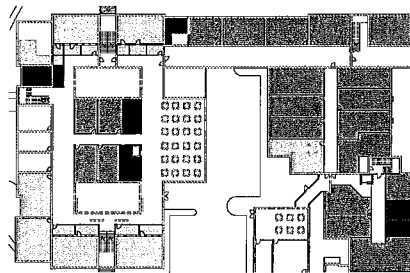


UNIT TOTALS

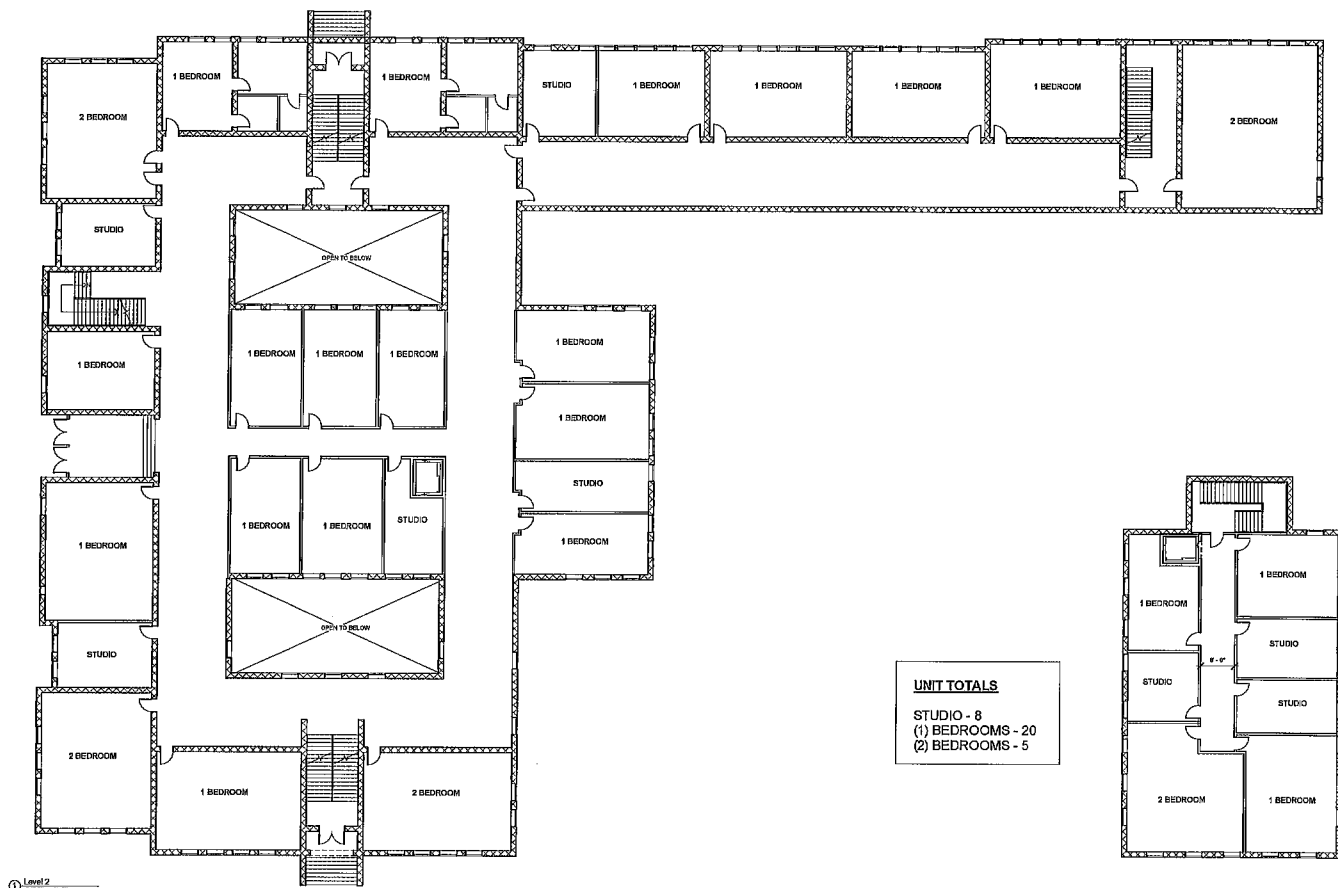
STUDIO - 6
 (1) BEDROOMS - 21
 (2) BEDROOMS - 8

Unit Legend

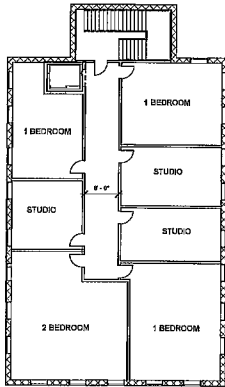
- 1 BEDROOM
- 2 BEDROOM
- STUDIO



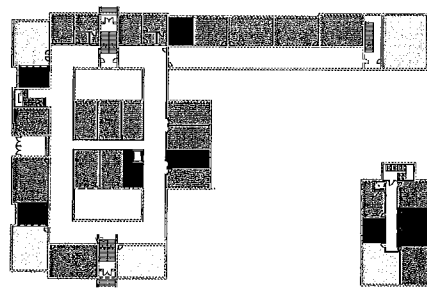
FIRST FLOOR



UNIT TOTALS
 STUDIO - 8
 (1) BEDROOMS - 20
 (2) BEDROOMS - 5

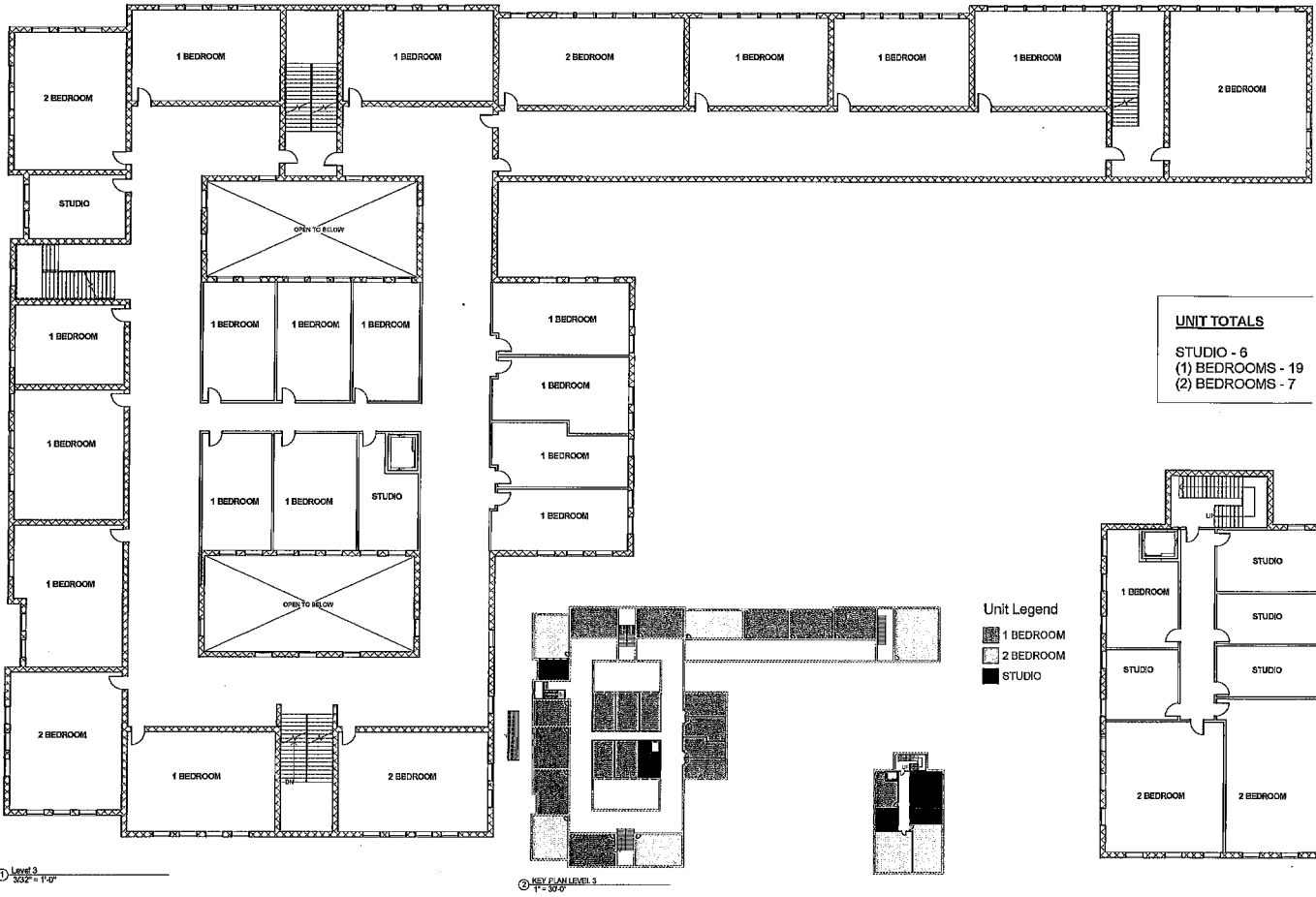


Level 2
 302' x 110'

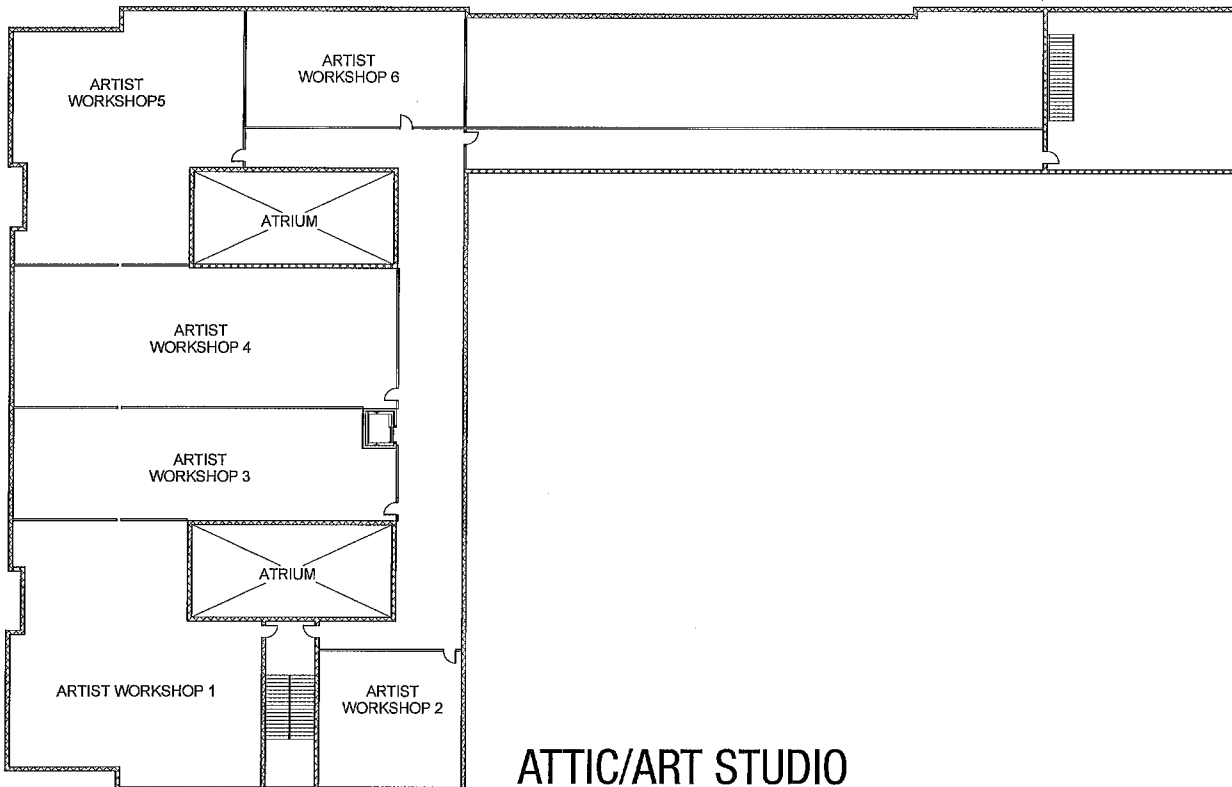


Unit Legend
 ■ 1 BEDROOM
 ▨ 2 BEDROOM
 ■ STUDIO

SECOND FLOOR

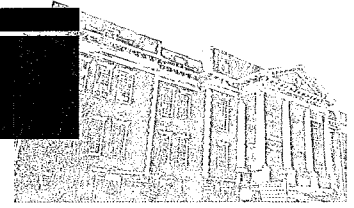


THIRD FLOOR



ATTIC/ART STUDIO

4.4.2 DESCRIPTION OF INTENDED USE PROPOSED



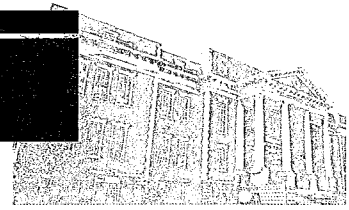
This proposal calls for 100 units of Senior Independent Living for persons 62 and older. Our tenants will have access to the following services and amenities:

- TRAINED ON-SITE STAFF AND ON-CALL NURSES
- DAILY EXERCISE AND WELLNESS PROGRAMS
- DAILY MEALS AND SNACKS
- LOCAL TRANSPORTATION
- UTILITIES
- LAUNDRY SERVICE
- CABLE AND INTERNET
- FULL TIME ACTIVITIES DIRECTOR
- ALL BUILDING MAINTENANCE, CLEANING & FUTURE IMPROVEMENTS

Many senior citizens live on a fixed income, and through the use of CITC financing, we are able to offer rents that are more affordable than market rate facilities. In an economically diverse area like 37917, this allows many current residents within the neighborhood to stay close and have access to the same quality services as those of higher incomes. Furthermore, we have found that most senior citizens who live in market rate housing would income-qualify for this development.

As referenced in the Community Design Center's recommendations, many transitional, homeless or subsidized housing and support services were specifically excluded as "Do Not Allow" uses both by public input and area availability. This proposed use will exceed the quality of market rate housing throughout the Knoxville community, and our team will ensure via deed restriction that the property be used exclusively for senior citizens and that no other referenced "Do Not Allow" uses be permitted on this site.

4.4.3 DESCRIPTION OF MATERIALS AND CONSTRUCTION METHODS TO BE USED



As previously mentioned, the original architecture and design elements will be preserved to the greatest extent possible. All materials will adhere to Federal Historic Tax Credit guidelines, and structural and mechanical systems will follow Leadership in Energy and Environmental Design (LEED) certification guidelines. All applicable local zoning, building and design permits will be obtained.

4.4.4 PROPOSED SCHEDULE AND CALENDAR OF ACTIVITIES

Our calendar will be contingent upon the timing of the County's announcement of RFP award, County Commission approval of the sale and Industrial Development Board approval of the PILOT. If these items can be addressed in a timely manner, our team is prepared to move quickly to commence with environmental remediation and construction.

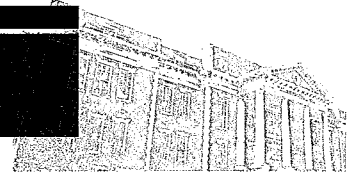
FALL 2013: Submit Proposal for Redevelopment to Knox County

WINTER 2014: Receive Award Notification and Contract from Knox County Commission

SPRING 2014: Obtain PILOT from Knox County Industrial Development Board/Close on Construction Financing/Begin Environmental Remediation & Construction

WINTER 2015: Obtain Certificate of Occupancy for KHS Senior Living

4.4.5 SOURCES AND METHODS OF FINANCING FOR CONSTRUCTION AND OPERATION



Construction and permanent mortgage financing is already lined up for this project. Citizens National Bank (CNB) of Sevierville has extended a Letter of Intent to provide a Community Investment Tax Credit Loan to Southeastern Housing Foundation (See appendix). SHF has maintained an excellent relationship with CNB over the past several years and has partnered with them on several acquisition and development projects utilizing a variety of loan products. The Community Investment Tax Credit provides an interest rate of 4 minus prime (currently 0%). In return, SHF will ensure these units are made available to seniors whose incomes fall below 80% of Adjusted Median Income for Knox County, a figure that currently stands at \$34,000 for a single person. Since most seniors live on a fixed income, we believe this income threshold will already qualify many of those residents living in market rate developments throughout the community.

Our research supports this assumption, and we anticipate a strong market and capture rate which will ensure long-term financial stability in operations. In addition to the debt, Southeastern Housing Foundation will defer over \$1 million in fee as equity, and Family Pride Corporation will purchase the Historic Tax Credits to provide the rest of the equity in the partnership. Finally, to fill the operational gap in debt service coverage and loan-to-value, our team will seek a Payment in Lieu of Taxes (PILOT), assuming at least a \$18,000 payment per year over ten years and an increase to over \$180,000 in taxes per year beyond the PILOT period.

DEVELOPMENT PRO FORMA

SOURCES OF FUNDS

CITC Loan – Citizens National Bank of Sevierville
Owner Equity – SHF
Historic Tax Credit Equity – FPC

AMOUNT

\$11,249,680
\$1,025,898
\$1,517,477

TOTAL SOURCES

\$13,793,055

USES OF FUNDS

Site Work
Acquisition – Land
Construction
Contingency
Off-Site Improvements (water main)
Environmental Remediation
Construction Bond Fee
Consultant Fees
Security
Architectural/Engineering Fees
Developer Fee
Construction Loan Interest (market rate construction loan)
Real Estate Taxes (\$0 during construction period only)
Insurance During Construction
Environmental Review
Appraisal & Survey
Title and Recording
Permits and Fees
Legal Fees
Soft Cost Contingency
Construction Loan Origination Fees
Permanent Loan Origination Fees
PILOT Fees
Organizational
Owner Equity
Lease-Up Expense
Operating Reserve

AMOUNT

\$116,143
\$500,000
\$7,986,720
\$798,672
\$25,000
\$750,000
\$65,890
\$30,000
\$15,000
\$239,602
\$552,407
\$501,586
\$0
\$22,725
\$5,000
\$6,500
\$99,834
\$25,250
\$15,000
20,000
\$159,734
\$224,944
\$35,000
\$6,500
\$1,025,898
\$20,200
\$545,400

TOTAL USES

\$13,793,055

OPERATIONS PRO FORMA

REVENUE	AMOUNT
Rental/Service Income*	\$2,424,000
Vacancy (10%)	\$242,400
TOTAL REVENUE	\$2,181,600

EXPENSES	AMOUNT
Operating Expenses*	\$1,090,800
PILOT Payment** (10 years)	\$18,559
TOTAL EXPENSES	\$1,109,359

NET OPERATING INCOME \$1,072,241

DEBT SERVICE \$576,722

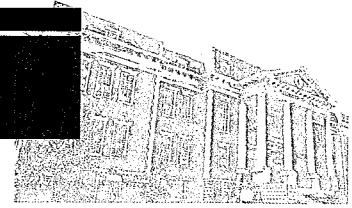
CASH FLOW \$495,519

*Tenant rent and expenses are all inclusive of meals, transportation, utilities, insurance, laundry, cleaning, maintenance and many other amenities.

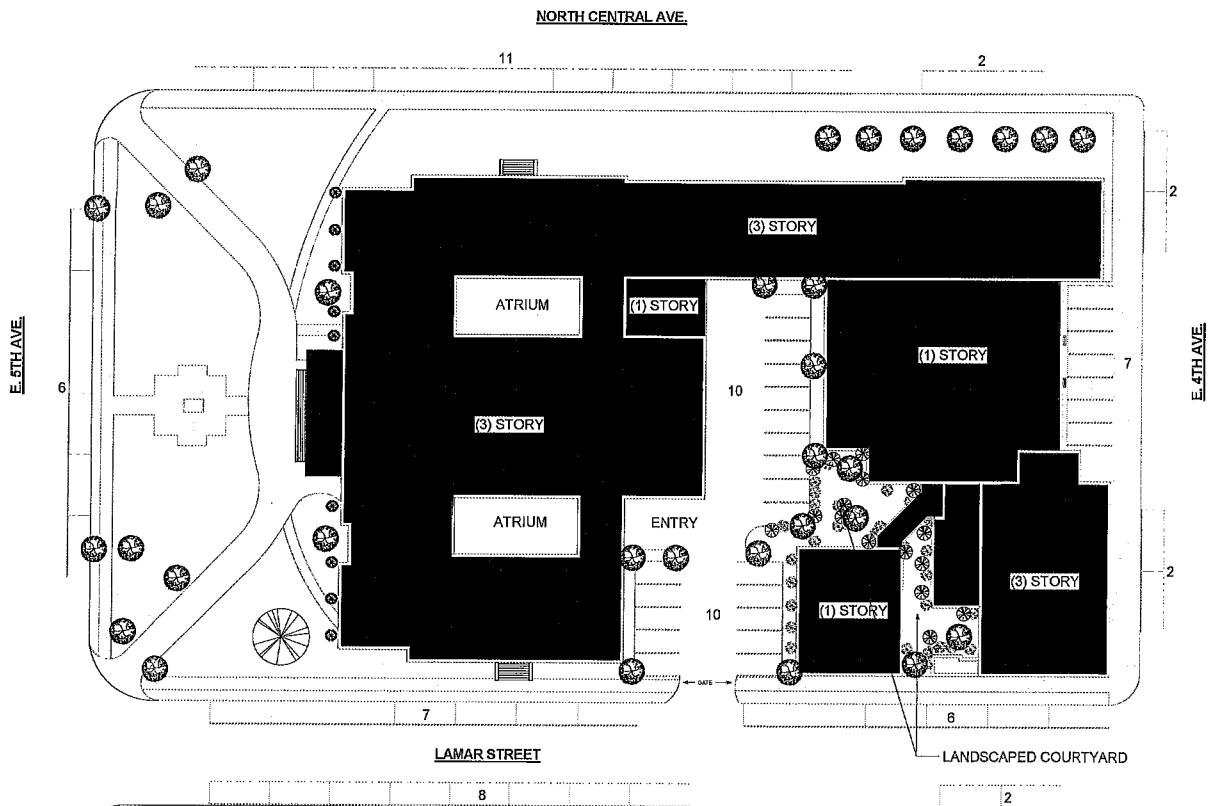
**Assumes PILOT payment of \$18,559 over ten years covering the gap in loan-to-value to obtain financing.

HISTORIC KNOXVILLE HIGH SCHOOL

4.4.6 DETAILED PARKING PLAN



This proposed development will meet the zoning definition of an assisted living facility. Therefore, parking requirements will require a minimum of 30 parking spaces. We will provide all of these on-site, however approximately 40 additional spaces are conveniently located adjacent to the property.



SITE PLAN

HISTORIC KNOXVILLE HIGH SCHOOL

4.5 APPLICABLE BUSINESS EXPERIENCE



Southeastern Housing Foundation (SHF) and Family Pride Corporation (FPC) both have extensive experience and expertise in redeveloping and repurposing historic school buildings that are directly applicable to this proposal for Historic Knoxville High School. For this project, each organization will serve as co-developer. SHF will be the owner and FPC will enter into a master lease agreement with SHF to manage the property. FPC will also hold an equity interest in the property as the purchaser of its Historic Tax Credits.

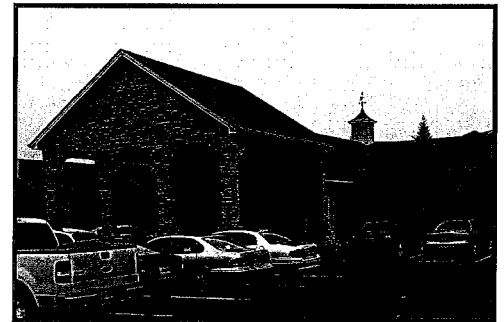


DEVELOPER, PROPERTY MANAGER & EQUITY PARTNER

FPC has a history of successful renovation projects including three municipally-owned properties (one school and two hospitals); as well as two other current historic projects in progress (former Oakwood School and Alexander Inn). FPC maintains a track record of long-term ownership, and its business model and profit center is focused on the quality, effectiveness and efficiency of its operations.

APPLICABLE PROJECTS

RIVER OAKS PLACE, Independent & Assisted Living, Lenoir City, Tennessee, 71 Units
This former 53,000 square foot Lenoir City Middle School building dates back to 1908 (with an addition in the 1950's). FPC purchased the building in 1995 from the City of Lenoir City via a Request for Proposals. The project opened in 1996 with 15 senior independent living apartments. Another 21 units of assisted living were added in 1997, along with 3 workforce housing apartments. A 35,000 square foot addition followed in 2004, which added 32 additional 1BR and 2BR apartments licensed for assisted living.



RIVER OAKS PLACE, LENOIR CITY, TENN.

RIVER OAKS PLACE, Assisted Living, Loudon, Tennessee, 40 Units

This facility was a former county hospital from 1939 to 1971 and later used as office space for county government. It was vacant and condemned when FPC purchased the property from county government in 1998. The 30,000 square foot building underwent a complete restoration and opened in 1999 with 32 units. The building was further expanded in 2009, adding eight more rooms, bringing the total assisted living units in operation today to 40.



RIVER OAKS PLACE, LOUDON TENN.

LAKEWOOD PLACE, Assisted Living, Loudon, Tennessee, 40 Units

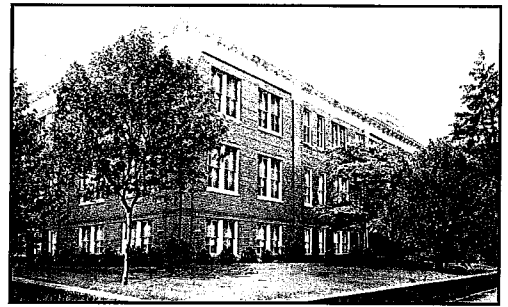
This 55,000 square foot, three-story concrete structure was originally built in 1971 and served as the county hospital until a new hospital was built in 2006. FCP purchased the property from Loudon County government via RFP and began construction two days after the hospital ceased operations. Lakewood Place opened with 34 units of assisted living 14 months later, after a complete renovation and addition were made. There is also professional space on the ground floor.



LAKEWOOD PLACE, LOUDON, TENN.

OAKWOOD SENIOR LIVING*, Assisted Living, Knoxville, Tennessee, 62 Units

The former Oakwood Elementary School was purchased from Knox County in the summer of 2012 and is currently under construction. Once completed, the \$6.5 million, 54,300 square foot facility will boast LEED Certification and 62 units of assisted living.
**Expected completion date: Spring 2014*



OAKWOOD SENIOR LIVING, KNOXVILLE, TENN.

ALEXANDER INN*, Assisted Living, Oak Ridge, Tennessee, 58 Units

The Alexander Inn, once known as “The Guest House,” was designed by renowned Chicago architectural firm Skidmore, Owings & Merrill and built in 1942 as part of the top-secret Manhattan Project. In its heyday, the guest list for this elegant, saltbox-style hotel boasted many well-known names, from top industrialists and scientists of the day - including the father of the atomic bomb, Robert Oppenheimer - to President John F. Kennedy and his wife, Jackie. By the time Family Pride acquired the property in May 2013, the Inn had been unoccupied for more than 20 years and was in total disrepair. Now, a \$6 million investment will restore this beloved icon to its former glory, thanks to a partnership with Knox Heritage, a non-profit organization dedicated to preserving historic properties, and a grant from the Department of Energy.

**Expected completion date: Summer 2014*



ALEXANDER INN, OAK RIDGE, TENN.

AWARDS & RECOGNITION:

- Loudon County Preservationist of the Year, 2012
- Nine Counties Preservationist of the Year, 2011
- East Tennessee Historical Society Preservation Award, 2007
- Tennessee Historical Society Certificate of Merit, 2007
- Lenoir City Citizenship Award, 2005
- Knox Heritage Certificate of Appreciation, 2005
- Tennessee Governor’s Environmental Stewardship Award, 2003
- Lenoir City Neighborhood Improvement Award, 2003
- Lenoir City Mission Appreciation Award, 1995

MANAGEMENT TEAM - FAMILY PRIDE:

Rick Dover, General Manager

Rick has been involved in all facets of real estate development, construction, historic preservation, and operations management since graduating from the University of Tennessee in 1977. Mr. Dover joined Family Pride Corporation, his family’s business, in 1994. Mr. Dover is responsible for all day to day operations of the company.

B. Shea Ramsey, Project Manager

Shea is responsible for construction management, cost control, and property management on all of the company’s properties. He is a graduate of the University of Tennessee, and has been employed by the company for two years.



Southeastern Housing Foundation
KNOXVILLE LEADERSHIP FOUNDATION **DEVELOPER & OWNER**

SHF is a supporting organization of Knoxville Leadership Foundation. Knoxville Leadership Foundation (KLF) is a faith-based 501(c)(3). Founded in 1994, KLF has a 19-year history of relationships with local government, non-profits, churches, businesses and others of goodwill in the East Tennessee region. KLF's strength is relationships: bringing people together from all walks of life - urban, suburban and rural - to address needs in our community.

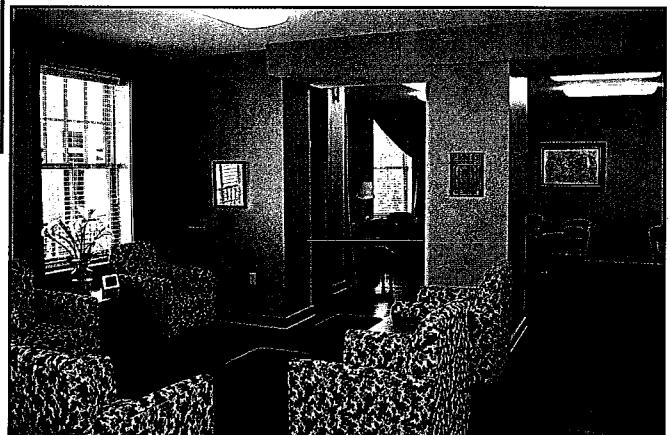
SHF was tapped by the City of Knoxville to convert the former Flenniken Elementary School and Fifth Avenue Motel into supportive housing developments utilizing a variety of financing and redevelopment tools. These projects, while different uses than the one outlined in this proposal, demonstrate SHF's experience and commitment to converting old, vacant and blighted properties into productive developments.

APPLICABLE PROJECTS

MINVILLA MANOR, Knoxville, Tennessee, 57 Units

Minvilla Manor is a 36,600 square foot, 57-unit apartment complex that provides permanent supportive housing solutions for disabled, formerly homeless citizens of the Knoxville area. Situated in the downtown historic district, the building was originally built in 1913 to serve as high-end townhouses. As the years passed, the building degenerated into a blighted residential. In 2002, the buildings were condemned for code violates, and the complex became a location of frequent fires, drug activity, and prostitution.

Volunteer Ministry Center (VMC), who was already actively involved in homeless ministry in the area, decided to step in. They approached SHF to act as fee developer of the project, and through a combination of Historic Tax Credits, Low Income Housing Tax Credits, THDA Housing Trust Fund, and strong support from the City of Knoxville and Knox County, SHF was able to complete the \$7.2 million historic renovation on Minvilla Manor in November 2010. The facility is now at full occupancy. Once forgotten and dismissed, the property has become a place of restoration and reconciliation for the residents and the community.

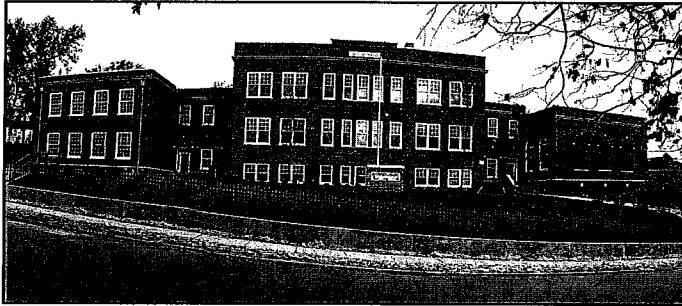


MINVILLA MANOR, KNOXVILLE, TENN.

FLENNIKEN LANDING, Knoxville, Tennessee, 48 Units

Flenniken Landing is the second Permanent Supportive Housing project developed by Southeastern Housing Foundation (SHF). Located in South Knoxville, the 40,000 square foot, 48-unit development builds upon the vision of many community leaders' efforts to alleviate chronic homelessness in the Knoxville area. Originally built in 1919 as an elementary school, Flenniken sat vacant and blighted for over 20 years before SHF put together an intricate \$7.2 million financing package to successfully rehabilitate Flenniken into the LEED for Homes (Gold) property that stands today.

Our partners included the City of Knoxville, Tennessee Housing Development Agency (THDA), Federal Home Loan Bank of Atlanta, Knoxville's Community Development Corporation (KCDC) and many local churches, businesses and concerned citizens. The building opened in November of 2011 and is now at full occupancy.



FLENNIKEN LANDING, KNOXVILLE, TENN.

AWARDS & RECOGNITION

- THDA - Tennessee's Best Award for Remarkable achievement (flenniken landing), 2012
- NATIONAL HOUSING & REHABILITATION ASSOCIATION - Timmy Award for Most Innovative Finance, 2012
- KNOX HERITAGE - Fantastic Fifteen Award (Flenniken Landing), 2011
- THDA - 2012 Tennessee's Best Award for Remarkable Achievement (Flenniken Landing), 2011
- TENNESSEE HISTORICAL COMMISSION - Certificate of Merit (Minvilla Manor), 2011
- US DEPT OF HOUSING URBAN DEVELOPMENT (HUD) - HUD Secretary's Award for Excellence in Historic Preservation (Minvilla Manor), 2011
- KNOX HERITAGE - Mayor of Knoxville Award (Minvilla Manor), 2010

MANAGEMENT TEAM - SOUTHEASTERN HOUSING FOUNDATION

Christopher L. Martin, President

Chris is the founder and president of KLF, SHF, and NHI. He has been working in the affordable housing industry for more than 20 years and has developed systems and processes that have leveraged over \$25 million dollars through the work of KLF and its subsidiaries.

Grant Rosenberg, Vice President of Housing

Grant was previously the Director of Community Development for Knox County. He has extensive experience in housing development, having managed redevelopment activities, grants and entitlement funds for Knox County Government. He now oversees the operations of both SHF and Neighborhood Housing, Inc., KLF's single-family housing development organization. He holds a MBA, has received extensive training in HUD and LIHTC compliance and governance and is a LEED Green Associate.

Sandy Behm, Vice President of Finance and Administration

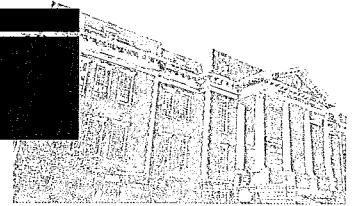
Sandy joined the KLF team in 2012 after 15 years with Lawler Wood, LLC (LW) as VP and Controller and 20 years as a CPA in public and corporate accounting. She was a part of the financial management of all of the affordable housing work of LWH; specializing in LIHTC accounting and property management.

Chris Cowart, Director of Asset Management & Program Compliance

Chris' background as a lawyer, legal counsel in HUD's regional office in Denver, CO and real estate experience brings extensive expertise with both single-family and multifamily housing initiatives.

HISTORIC KNOXVILLE HIGH SCHOOL

4.6 BUSINESS REFERENCES



The following business references can attest to the capacity,
experience and expertise of our team:

- 6.1 **JOE PETRE, PRESIDENT, CONVERSION PROPERTIES**
- 6.2 **MARK S. WATSON, CITY MANAGER, CITY OF OAK RIDGE**
- 6.3 **PATRICK PHILLIPS, PRESIDENT, LOUDON COUNTY
ECONOMIC DEVELOPMENT AGENCY**

Please see Section VI on the following page for detailed contact information.

SECTION VI BUSINESS REFERENCES

The following references can confirm the information provided in Proposal

- 6.1 Name: Joe Petre, President, Conversion Properties
Address: 402 S. Gay Street, Suite 202
Knoxville, TN 37902

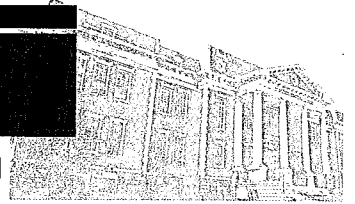
Telephone: (865) 246-1332
Email: jpetre@conversionprop.com
- 6.2 Name: Mark S. Watson, City Manager, City of Oak Ridge, Tennessee
Address: P.O. Box 1
Oak Ridge, TN 37831

Telephone: (865) 425-3550
Email: mwatson@oakridgetn.gov
- 6.3 Name: Patrick Phillips, President, Loudon County Economic Development Agency
Address: 274 Blair Bend Drive
Loudon, TN 37774

Telephone: (865) 458-8889
Email: phillips@loudoncountyedda.org

HISTORIC KNOXVILLE HIGH SCHOOL

4.7/4.8 FINANCIAL STATEMENT(S) Statement of Authorization



Family Pride Corporation is a private entity and wishes not to make its financial statements public. Officers of the corporation are willing to sit down with county officials and review financial statements to determine ability and readiness of FPC to complete this project as a partner of Southeastern Housing Foundation. We would ask that any financial information related to Family Pride Corporation not be made a part of the public record.

Please see Section V on the following page for the Southeastern Housing Foundation's financial statement.

SECTION V FINANCIAL STATEMENT

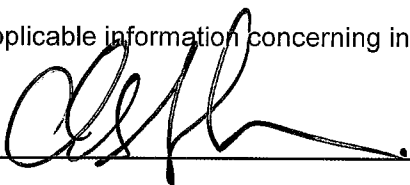
5.1 FINANCIAL STATEMENT OF: Southeastern Housing Foundation II, Inc.

Submitted in connection with an application for purchase of Historic Knoxville High School.

ASSETS		LIABILITIES	
1. Cash (include savings)	\$ 1,233,815	1. Accounts Payable	\$ 80,519
2. Accounts Receivable	\$ 33,400	2. Notes Payable	\$ 240,000
3. Notes Receivable	\$	3. Mortgage	\$ 3,661,373
4. Equipment Owned:		4. Other	
Cars/Trucks	\$ _____		\$ _____
Other	\$ _____		\$ _____
5. Real Property	\$ 6,206,475		
6. Marketable Investments	\$		
7. Other Major Assets			
Prepaid Expenses	\$ <u>3,368</u>		
	\$ _____		
8. <u>Deferred loan cost</u>	\$ <u>66,204</u>		
	\$ _____		
TOTAL ASSETS	\$ <u>7,543,262</u>	TOTAL LIABILITIES	\$ <u>3,981,892</u>
NET WORTH	\$ <u>3,561,370</u>		

Include any applicable information concerning investors that will be involved in capital development or operation of this project.

Signature: _____



Date: _____

8/21/13

Statement of Authorization:

The above signed is an authorized representative of Southeastern Housing Foundation II, Inc. and allows Knox County to investigate, if necessary, the applicant's ability to finance, develop, and operate proposed and existing facilities.

HISTORIC KNOXVILLE HIGH SCHOOL

4.9 COST Proposal



This proposal respectfully submits an offer of **\$500,000** for the subject property. We believe this to be a fair market offer given the challenges in converting a building more than 100 years old. As previously mentioned, we will not seek any additional subsidy from Knox County; however we will apply for the Payment In Lieu of Taxes (PILOT) program to enable our Net Operating Income (NOI) to cover debt service and loan to value for this large project.

Based on our assumptions, under a proposed 10-year PILOT term, this project would generate \$18,559 per year in taxes. However, after 10 years the payment would increase to \$183,160 per year. We feel confident this redevelopment proposal not only yields the highest and best use, but it is also the most economically viable for all parties. We thank you for your consideration and look forward to working with Knox County on this exciting venture.

CITIZENS NATIONAL BANK

Grant Rosenberg
Vice President of Housing
Knoxville Leadership Foundation
901 East Summit Hill Dr., Suite 300
Knoxville, TN 37915

Re: Financing for Historic Knoxville High School

Dear Grant:

Citizens National Bank of Sevierville is pleased to offer a Community Investment Tax Credit (CITC) loan to Southeastern Housing Foundation for the acquisition and redevelopment of Historic Knoxville High School into Senior Independent Living to be managed by Family Pride Corporation.

The CITC loan term is 15 years and the rate will be 4 points below prime; currently 0%. The amount of the loan will be contingent upon factors such as Federal Historic Tax Credits and the property obtaining a Payment in Lieu of Taxes (PILOT) from local authorities, as well as approval by Citizens National Bank's Board of Directors.

We look forward to partnering with you on this exciting project and wish you luck on your proposal to Knox County.

Please let me know if you need any further information or clarification.

Sincerely,



Wes Farragut
Vice President
wfarragut@cnbtn.com
(865)429-7510





P.O. Box 2506
Knoxville, Tennessee 37901
Phone: 865-523-7543
Fax: 865-523-7312

August 14, 2013

Knox County Purchasing Division
Suite 100
1000 North Central St.
Knoxville, TN 37917

Re: Proposal #1778, Sale & Redevelopment of Historic Knoxville High School

To whom it may concern:

I am writing on behalf of the Arts & Culture Alliance of Greater Knoxville, Tennessee, a membership driven organization representing 350 artists and more than 100 arts and culture organizations in greater Knoxville, to express support for the Southeastern Housing Foundation and Family Pride Corporation's proposal to redevelop Historic Knoxville High School.

One of the components of this redevelopment calls for artist studio/classroom space in the loft/attic of the building. This not only presents a great opportunity for arts programming to enhance the quality of life for the residents of this facility, it also provides a valuable partnership opportunity for the local arts community who will be delighted to utilize this space.

The mission of the Arts & Culture Alliance of Greater Knoxville is to serve and support a diverse community of artists, arts organizations, and cultural institutions. As we believe this proposal helps advance that mission; we are anxious to publicly voice our support for your approval.

Sincerely,

Liza Zenni
Executive Director
Arts & Culture Alliance of Greater Knoxville, Tennessee

LEASE AGREEMENT

This **LEASE AGREEMENT** (herein, this “Lease”), is made and entered into as of the 31st day of October, 2016, by and between **THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX**, a public nonprofit corporation organized under the laws of the State of Tennessee (“Landlord”), and **DOVER DEVELOPMENT CORPORATION**, a corporation organized under the laws of the State of Tennessee, formerly known as Family Pride Corporation (“Tenant”).

RECITALS

Landlord is a public nonprofit corporation organized pursuant to the provisions of Sections 7-53-101 to 7-53-316, inclusive, of the Tennessee Code Annotated, as amended, and is authorized thereunder to acquire, own, lease and dispose of certain real and personal properties, in order to (i) maintain and increase employment, (ii) promote and develop trade, new industry, and commerce, and (iii) induce manufacturing, industrial, governmental and commercial ventures to remain or locate in the State of Tennessee.

The Commission of Knox County, Tennessee (the “Commission”) has, pursuant to a Resolution, dated January 27, 2014, delegated to Landlord the authority to accept the Application (as such term is defined below) and grant tax incentives for the Project (as such term is defined below) under PTIP (as such term is defined below).

In connection therewith, Landlord has acquired from Tenant certain real property in Knox County, Tennessee, located at 101 E. Fifth Avenue, Knoxville, Tennessee 37917, Parcel No. 094DH005, and known as the Historic Knoxville High School, such real property being more particularly described in Exhibit A attached hereto and incorporated herein by reference.

To induce Tenant to operate a multi-family housing/independent senior living facility for persons over the age of sixty-two (62) on the Real Property, Landlord will authorize Tenant to improve, renovate, construct, and equip a multi-family housing facility providing approximately one-hundred (100) independent senior living units for persons over the age of sixty-two (62) on the above described 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 7-53-101 to 7-53-316, inclusive, 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 January 3, 2014, filed by Southeastern Housing Foundation II, Inc. under Landlord’s Property Tax Incentive Program on behalf of itself and Tenant, as the same may be amended with the written consent of Landlord.

“Authorized Tenant Representative” means Tenant’s General Manager or other executive 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 those certain environmental reports all conducted by S&ME, copies of which have been delivered to Tenant:

- (a) Phase I, dated May 1, 2003; and
- (b) Phase II, dated February 6, 2014; and
- (c) Asbestos and Lead-Paint Report, dated February 10, 2014.

“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” 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.

“Landlord’s Agents” has the meaning provided in Section 6.3(c).

“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.

“Municipality” has the meaning provided in Section 7.2(b).

“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, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Authority.

“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, the RFP and the Proposal, 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 the Tenant Improvements on the Real Property all pursuant to the terms of this Lease and the Application.

“Proposal” shall mean the proposal submitted by Tenant and Southeastern Housing Foundation LLC in response to the RFP, a copy of which is attached hereto as Exhibit B.

“PTIP” means Landlord’s Property Tax Incentive Program and the payments in lieu of taxes to be paid in accordance with Section 7.2 hereof.

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

“PTIP Policies and Procedures” means the Policies and Procedures of Landlord with regard to the PTIP, as the same may be modified from time to time by Landlord.

“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.

“RFP” shall mean that certain Request for Proposal for the sale and redevelopment of the former Old Knoxville High School issued by Knox County, Tennessee.

“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.

“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, nondisturbance 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 and the Proposal.

“Tenant Improvements Completion Date” shall mean the date that is twenty (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 corporation 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 and the Proposal do 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 or the Proposal omits to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(e) 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) Promptly following the date hereof, Tenant shall pay for and oversee the construction and completion of the Tenant Improvements on the Property in order to complete the redevelopment of the Premises into a multi-family housing facility providing approximately one hundred (100) independent senior living units for persons over the age of sixty-two (62), as provided in the Application, the RFP and the Proposal, with such modifications thereto as reflected in the Plans and Specifications approved by the Landlord's Designated Representative. In order to accomplish the construction and renovation 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 ("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 Plans and Specifications. During the development of the Project, Tenant will cause to be prepared Plans and Specifications for the construction of the Tenant Improvements at such times as such Plans and Specifications are needed to permit the completion of the Tenant Improvements by the Tenant Improvements Completion Date. Such Plans and Specifications shall be subject to review and comment from the Landlord's Designated Representative and shall conform in all material respects with the improvements described in the Proposal. In the event that the Landlord claims that the Plans and Specifications do not conform in all material respects with the Proposal, then the Landlord shall give written notice within fifteen (15) business days of receipt of said Plans and Specifications specifying in reasonable detail why the Plans and Specifications do not materially conform to the Proposal. The failure

of the Landlord to give such notice shall be deemed a waiver of any such objection as to the conformity of the Plans and Specifications with the Proposal.

Section 3.3 Completion of Tenant Improvements. The Tenant Improvements shall be deemed complete upon the issuance of a Certificate of Occupancy to Tenant for the Project.

Section 3.4 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 3.5 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, 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 Tenant ratifies its representations made in the Application and agrees to comply with all terms and conditions of the Application.

Section 4.2 Use of Project and Compliance with Laws. Tenant shall promptly comply with, cause compliance with, or obtain waivers of, all Legal Requirements applicable to the Premises and Tenant's operation thereof as a multi-family housing/independent senior living facility providing independent senior living units for persons over the age of sixty-two (62), 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 "project" within the meaning of Section 7-53-101 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/independent senior living facility providing independent senior living units for persons over the age of sixty-two (62), all as set out and defined in the Application and the Proposal. 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 and the Proposal. All representations and warranties in the Application and the Proposal 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 4.1, 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 of an Event of Default, 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 exists 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 and Assignment. Other than leases to residents of the Premises entered into in the ordinary course of business, Tenant shall not assign its interest in this Lease or sublet the Premises or any interest therein without the prior written consent of Landlord. Any permitted assignment or subletting of the Premises shall be only for the purposes set forth in the Application and this Lease. Any permitted sublease shall be subject and subordinate to the terms of this Lease. Tenant shall give Landlord thirty (30) days' notice of any assignment or subletting of the Premises, and if Landlord consents thereto, shall provide Landlord with an instrument executed by the assignee or sublessee(s) of the Premises certifying that the assignment or sublease of the Premises is in force and is subject to all of the terms and provisions of this Lease. If a transfer, assignment or sublease will in Landlord's opinion, result in a change in the use and operation of the Premises from that specified in the Application or if, as a result of any proposed sublease or assignment of the Premises, the beneficiary of the PTIP incentives would be a party other than Tenant, then Landlord may withhold its consent. Granting any consent under this Section will be at the sole discretion of Landlord and, if granted, may be subject to Tenant and the transferee, assignee, and sublessee filing a new application for PTIP incentives with Landlord, paying any fees due with respect to such new application or transfer, and otherwise complying with the PTIP Policies and Procedures.

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 October 30, 2031 (the "Term"). This Lease may be terminated at an earlier date in accordance with terms and conditions of this Lease.

Section 5.2 Base Rent. Tenant shall pay to Landlord without notice, setoff or demand as base rent (“Base Rent”) the sum of One Thousand Dollars (\$1,000.00) per annum, 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.

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, Lessee agrees to incur capital expenditures of not less than \$12,200,000.00. 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 and construction 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.

(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.

(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 PTIP Policies and Procedures, a closing fee equal to \$187,296.00, which shall be payable in five equal installments of \$37,459.20, commencing on the date hereof and continuing on each anniversary hereof through and including October 30, 2020.

(g) All other fees and charges required by the Application and the PTIP Policies and Procedures, including an application fee equal to \$4,000.00, which such application fee Landlord acknowledges has been received.

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 under present law, including specifically Section 7-53-305 of the Act, 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 ("PTIP Payments") to Knox County, Tennessee and Knoxville, Tennessee, in accordance with the provisions of this Section 7.2.

Commencing with the Tax Year (as defined below) beginning January 1, 2017, and for each Tax Year thereafter through and including the Tax Year beginning January 1, 2031, Tenant shall be required to pay the following amounts to Landlord as PTIP Payments:

Tax Year	PTIP Amount	Portion of PTIP Allocable to Knox County	Portion of PTIP Allocable to City of Knoxville
2017	\$12,311.70	\$5,661.00	\$6,650.71
2018	\$12,311.70	\$5,661.00	\$6,650.71
2019	\$12,311.70	\$5,661.00	\$6,650.71

2020	\$12,311.70	\$5,661.00	\$6,650.71
2021	\$12,311.70	\$5,661.00	\$6,650.71
2022	\$12,311.70	\$5,661.00	\$6,650.71
2023	\$12,311.70	\$5,661.00	\$6,650.71
2024	\$12,311.70	\$5,661.00	\$6,650.71
2025	\$12,311.70	\$5,661.00	\$6,650.71
2026	\$12,311.70	\$5,661.00	\$6,650.71
2027	\$12,311.70	\$5,661.00	\$6,650.71
2028	\$12,311.70	\$5,661.00	\$6,650.71
2029	\$12,311.70	\$5,661.00	\$6,650.71
2030	\$12,311.70	\$5,661.00	\$6,650.71
2031	\$12,311.70	\$5,661.00	\$6,650.71
2032	\$12,311.70	\$5,661.00	\$6,650.71

It is the parties' intent that during the Tax Years identified above, Tenant shall not be required to pay an amount in real property taxes with respect to the Premises constituting the Project in excess of the Existing Tax Payment. Such reduction shall not apply (a) upon expiration of the Term, (b) in the event that Tenant assumes ownership of the Premises; or (c) with regard to any other tax assessed against Tenant, its income, or its real or personal property. Upon the acquisition of the Project by Tenant, Tenant shall begin paying all applicable ad valorem and other taxes directly to Knox County, Tennessee and Knoxville, Tennessee, as assessed, but shall not make, from the date of such acquisition, any in lieu payments with respect to such property, provided that the PTIP Payment for the Tax Year in which the acquisition takes place and any prior Tax Years for which the PTIP Payment has not yet been paid shall be due and payable upon the close of such acquisition as provided below, provided further that the PTIP Payment payable with respect to any partial Tax Year during the Term shall be prorated based upon the actual number of days this Lease was in effect during such Tax Year. "Tax Year" means each annual period beginning on January 1 in each year.

It is the intent of this Section 7.2 that Knox County, Tennessee and Knoxville, Tennessee shall receive the amounts 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 and not 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 PTIP 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 PTIP 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 or Knoxville, 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, pursuant to the provisions of Tennessee Code Annotated Section 7-53-305, 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 PTIP 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 or Knoxville, 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: 4129 Homberg Drive, Suite D-2, Knoxville, Tennessee 37919, or to such other entity or address as Tenant may hereafter designate and provide to the tax collectors.

(b) If any such PTIP Payments are not paid by the applicable dates on which they are due, then Tenant shall pay a penalty with respect to such delinquent PTIP 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, City of Knoxville, or other applicable Municipality ad valorem taxes.

Section 7.3 Other Taxes, Assessments, or Other Charges. Except as provided for in Section 7.2(b) 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, 2017, 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 C 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, (ii) a copy of the most recently issued [Assisted Living License issued for the Project by the Bureau of Health Licensure and Regulation of the State of Tennessee], and (iii) 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 also prepare and file with the State of Tennessee's State Board of Equalization by October 1 of each year during the term hereof and an annual reporting containing all of the information required pursuant to Tennessee Code Annotated 7-53-305(e), 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 and the City of Knoxville, Tennessee and with Landlord by the immediately succeeding October 15.

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 One Million Dollars (\$1,000,000.00), with "umbrella" liability coverage in an amount not less than Three Million Dollars (\$3,000,000.00), 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 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 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. 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 ten (10) days thereafter.

(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) 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 multi-family housing/independent senior living facility providing independent senior living units for persons over the age of sixty-two (62) on the Premises as provided in the Application and the Proposal 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.

Except for Events of Default based on subsections (a), (d) and (g) above, and 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.

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.

(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 thirty (30) 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 Ten Dollars (\$10.00) ("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 thirty (30) 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. 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.

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 pursuant to Tenn. Code Ann. §7-53-305 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 Industrial Development 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 PTIP incentives with respect to the Project set forth in the minutes of the meeting of the Board of Directors of Landlord held on October 11, 2016, 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 4129 Homberg Drive, Suite D-2, Knoxville, Tennessee 37919, with a mandatory copy to Tenant's counsel: Stephen R. Wise, Esq., 625 S. Gay Street, Suite 160, Knoxville, Tennessee 37902.

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, information and belief, 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, information and belief, 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 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.

DOVER DEVELOPMENT CORPORATION

By: [Signature]
Name: RICK DOVER
Title: GENERAL MGR

THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX

By: [Signature]
Name: Alvin NANCE
Title: Chair

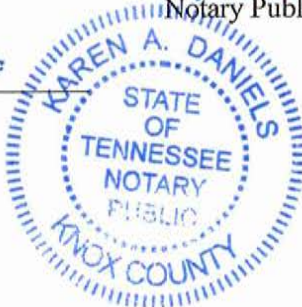
STATE OF TENNESSEE
COUNTY OF KNOX

Before me, the undersigned authority, a Notary Public in and for said county and state, personally appeared Richard Dover, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself/herself to be the General Manager of **DOVER DEVELOPMENT CORPORATION**, the within named bargainor, a Tennessee corporation, and that he/she 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/herself as such General Manager.

Witness my hand and official seal at office in the aforesaid county, this 31st day of October, 2016.

[Signature: Karen A. Daniels]
Notary Public

My Commission expires: 3/6/18



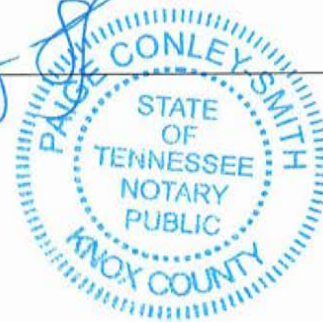
STATE OF TENNESSEE
COUNTY OF KNOX

Before me, the undersigned authority, a Notary Public in and for said county and state, personally appeared Alvin Nance, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself/herself to be the Chair of **THE INDUSTRIAL DEVELOPMENT 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/she 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/herself as such Chair.

Witness my hand and official seal at office in the aforesaid county, this 27th day of October, 2016.

R. G. Smith
Notary Public

My commission expires: December 21, 2016





March 20, 2023

R. Christopher Trump
Egerton, McAfee, Armistead & Davis, P. C.
400 Main St., Suite 630
Knoxville, TN 37902.
VIA EMAIL: ctrump@emlaw.com

Re: Request to Modify PILOT Lease Agreement
Historic Knox High School

Dear Chris:

I am writing in follow up to our recent telephone conversations regarding the PILOT Lease Agreement between the Industrial Development Board of the County of Knox ("IDBC") and Dover Development Corporation ("Dover") dated October 31, 2016 ("PILOT Lease") for the property known as the Historic Knoxville High School ("Knox High"). Under the terms of the PILOT Lease, Dover was to operate a "multi-family housing/independent, senior, living facility, providing independent, senior, living units for persons over the age of sixty-two (62)." Dover has requested that the provisions limiting housing to residents 62 and over be removed.

42 U.S.C § 3604 prohibits housing providers from refusing to rent, discriminate, or to advertise a rental indicating a preference or limitation on the basis of a person's familial status. "Familial status" is defined at 42 U.S.C. § 3602 as "one or more individuals (who have not attained the age of 18 years) being domiciled with—

- (1) a parent or another person having legal custody of such individual or individuals; or
(2) the designee of such parent or other person having such custody, with the written permission of such parent or other person."

The Housing For Older Persons Act of 1995 ("HOPA") exempts senior housing facilities from familial status discrimination complaints. 42 U.S.C. § 3607 Such exempt housing facilities or communities can lawfully refuse to sell or rent dwellings to families with minor children only if they qualify for the exemption.

Under HOPA, there is a specific exemption that permits a restriction on housing to residents aged 62 and older provided that the facility is "intended for, and solely occupied by persons 62 years of age or older." In order to qualify for the exemption, a facility or community must comply with all the requirements of the exemption. Knox High does not meet this exemption as the property is not solely occupied by residents aged 62 and older.

Dwight E. Tarwater 1
Thomas A. Bickers 1
John W. Elder 1 2 3
Michael J. King 1 4
Taylor A. Williams 1
Catherine W. Anglin 1
Lindsey M. Collins 1
Kendell G. Vonckx 1
Thomas H. Jarvis 1
Kelsey C. Osborne 1 5
Kathryn V. Haaquist 1
Michael S. Deel 1

Donald F. Paine
(1939 - 2013)

1 Licensed in Tennessee
2 Licensed in Illinois
3 Licensed in New York
4 Licensed in North Carolina
5 Licensed in Texas

Since the inception of the PILOT Lease, persons under the age of 62 have been permitted to reside at the facility. There are several reasons. Many of the applicants applying for housing at Knox High were under the age of 62. For a significant number of age 62 and older applicants, it was soon discovered that they were not capable of living in the independent housing provided by Knox High.

For example, during a period of time that the elevators were offline, older residents were unable to traverse the stairs from their rooms to the dining facility. Employees delivered meals to apartments. Even when the elevators were working, a number of older residents insisted on staff delivering meals to their rooms, a service that was not part of resident's leases with Knox High. This was not a long-term feasible solution without significant additional staffing that would result in increased housing costs. A separate safety issue was raised by the fire marshal. Residents living on higher floors were incapable of using the stairs if the elevators were out of service. Knox High could not assure the fire marshal that adequate resources were in place to transport residents out of the facility if the elevators were inoperable and an emergency occurred.

Because Knox High does not meet the 62 and older exemption, denying applicants because they have minor children residing with them violates the Fair Housing Act. Likewise, continuing to advertise as a senior community limited to residents aged 62 and older also violates the Act.

The age 62 and over limitation was placed in the PILOT Lease solely at the request of Dover. At the time the PILOT Lease was negotiated, Dover had applied for a tax credit that restricted residents of the property to this age group. While a letter of intent for the tax credit was executed, the deal fell through, and Dover never received the credit. Knox County never requested nor conditioned approval of the PILOT Lease upon the inclusion of any age requirement.

The removal of the age restriction not only ensures Knox High is in compliance with the Fair Housing Act, but it also creates another housing option for all persons, not just for those who qualify for senior housing. In my prior correspondence with Chris Caldwell, I noted the issues facing tenants in the Knox County rental market. As of August 2022, occupancy rates in Knox County exceeded 95% and rent had increased in excess of 20% on an annual basis. These rent increases combined with the lack of available housing in Knox County have made renting extraordinarily difficult. The removal of the age requirements in the PILOT Lease and opening Knox High to the community as a whole will serve to benefit all citizens of Knox County.

Dover believes the requested lease modification serves the best interests of the citizen of Knox County and those persons who desire to move into our community. T.C.A. § 7-53-101, et. seq., gives the IDB broad discretion to approve a PILOT Lease and would permit the requested modification. Dover respectfully requests the IDB approve the modification. If you should have any questions regarding this request, please do not hesitate to contact me.

Very truly yours,

PAINE | TARWATER | BICKERS, LLP

Michael J. King

Michael J. King



OFFICE OF COUNTY MAYOR GLENN JACOBS

Department of Finance • 400 Main Street, Suite 630, Knoxville, TN 37902

Chris Caldwell
Knox County Government
400 Main Street; 630 City County Building
Knoxville, TN 37902
3/20/23

Chairman Fortunato
Chair
Knox County Industrial Development Board
17 Market Square, #201
Knoxville, TN 37902

Dear Chairman Fortunato:

Concerns about the payment in lieu of taxes (PILOT) related to the Knoxville High site have come to my attention. I wanted to share with you Knox County's intention during the request for proposal process.

During our process, we consulted with the Community Design Center to develop the highest and best use for the property. They recommended six categories, one of which was senior living. It's important to note that this was one of six recommendations, not a requirement.

After Mr. Dover was declared the winning bidder, he began working with us and IDB on a PILOT request. During this process, he asked if he could include the language of "62 and older" to assist in being awarded a federal grant. We didn't object, but it's important to note that it wasn't required of us to be approved for the PILOT.

Since Mr. Dover never received the federal award and it wasn't a requirement of the PILOT, we support removing the clause in the official document. I'm planning on attending the meeting to answer any questions that might arise.

Please don't hesitate to contact me if you have any questions.

Sincerely,

Chris Caldwell
CFO/Co-Chief of Staff

The Industrial Development Board of the County of Knox
Balance Sheet
As of March 31, 2023

	<u>As of Mar 31, 2023</u>	<u>As of Mar 31, 2022 (PY)</u>
ASSETS		
Current Assets		
Bank Accounts		
100-000 Cash - Regions Bank	99,605.95	161,796.88
100-600 Construction Funds - Grassy Creek	-	262,331.64
100-700 CGI Grant Pass-through	43,000.00	119,000.00
100-800 Workforce Training Funds	75,000.00	-
Total 100-000 Cash - Regions Bank	\$ 217,605.95	\$ 543,128.52
112-000 Grassy Creek - TIF Fund	409.65	429.65
113-000 Northshore TC TIF Fund - City	0.00	1,294,286.88
114-000 Northshore TC TIF Fund - County	752,485.77	76,110.40
Total Bank Accounts	\$ 970,501.37	\$ 1,913,955.45
Accounts Receivable		
125-000 Accounts Receivable (A/R)	80,000.00	-
Total Accounts Receivable	\$ 80,000.00	\$ -
Other Current Assets		
127-000 Prepaid Insurance	3,970.08	3,934.33
Total Other Current Assets	\$ 3,970.08	\$ 3,934.33
Total Current Assets	\$ 1,054,471.45	\$ 1,917,889.78
Other Assets		
170-000 Loan to TDC	450,000.00	450,000.00
Total Other Assets	\$ 450,000.00	\$ 450,000.00
TOTAL ASSETS	\$ 1,504,471.45	\$ 2,367,889.78
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable		
200-000 Accounts Payable	77,000.00	5,662.12
Total Accounts Payable	\$ 77,000.00	\$ 5,662.12
Other Current Liabilities		
246-000 Northshore TC TIF - Liability	752,485.77	1,370,397.28
247-000 Grassy Creek TIF - Liability	409.65	429.65
250-000 Grassy Creek Project Fund Liability	-	262,331.64
251-000 CGI Reimbursement Liability	43,000.00	119,000.00
252-000 Workforce Training Liability	75,000.00	-
Total Other Current Liabilities	\$ 870,895.42	\$ 1,752,158.57
Total Current Liabilities	\$ 947,895.42	\$ 1,757,820.69
Total Liabilities	\$ 947,895.42	\$ 1,757,820.69
Equity		
300-000 Opening Balance Equity	18,400.68	18,400.68
320-000 Retained Earnings	591,668.41	669,177.56
Net Income	(53,493.06)	(77,509.15)
Total Equity	\$ 556,576.03	\$ 610,069.09
TOTAL LIABILITIES AND EQUITY	\$ 1,504,471.45	\$ 2,367,889.78

The Industrial Development Board of the County of Knox

Budget Variance Report

For the 12 Periods Ended March 31, 2023

	March 2023			April 2022 - March 2023			April 2022 - March 2023	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	% Remaining
Income								
410-000 Interest Revenue	3	8	(6)	39	100	(61)	100	61%
420-000 Base Rent Revenue	-	892	(892)	10,700	10,700	-	10,700	0%
435-000 Application Revenue	-	333	(333)	10,000	4,000	6,000	4,000	-150%
440-000 Closing Revenue	-	-	-	1,000	-	1,000	-	-
446-000 Assignment Fee	-	-	-	12,771	-	12,771	-	-
447-000 Approp. from Retained Earnings	-	6,054	(6,054)	-	72,642	(72,642)	72,642	100%
Total Income	\$ 3	\$ 7,287	\$ (7,284)	\$ 34,510	\$ 87,442	\$ (52,932)	\$ 87,442	61%
Expenses								
502-001 Operating Expenses	70	125	(55)	1,684	1,500	184	1,500	-12%
503-001 Advertising Expense	45	100	(55)	1,189	1,200	(11)	1,200	1%
507-001 Insurance Expense	361	358	-	4,295	4,292	3	4,292	0%
509-001 Professional Services	-	83	(83)	-	1,000	(1,000)	1,000	100%
511-001 Accounting Expense	-	871	(871)	9,600	10,450	(850)	10,450	8%
512-001 Legal Expense	2,138	1,667	471	22,235	20,000	2,235	20,000	-11%
519-001 Administrative Expense	4,083	4,083	-	49,000	49,000	(0)	49,000	0%
Total Expenses	\$ 6,696	\$ 7,287	\$ (590)	\$ 88,004	\$ 87,442	\$ 562	\$ 87,442	-1%
Net Operating Income	\$ (6,694)	\$ -	\$ (6,694)	\$ (53,493)	\$ -	\$ (53,493)	\$ -	\$ -

The Industrial Development Board of the County of Knox
Income Statement with Prior Year Comparison
For the 12 Periods Ended March 31, 2023

	<u>Apr 2022 - Mar 2023</u>	<u>Apr 2021 - Mar 2022 (PY)</u>
Income		
410-000 Interest Revenue	39.42	74.39
420-000 Base Rent Revenue	10,700.00	10,700.00
435-000 Application Revenue	10,000.00	4,000.00
444-000 Closing Revenue	1,000.00	-
446-000 Assignment Fee	12,771.02	-
Total Income	\$ 34,510.44	\$ 14,774.39
Gross Profit	\$ 34,510.44	\$ 14,774.39
Expenses		
502-001 Operating Expenses	1,684.19	1,000.99
503-001 Advertising Expense	1,189.10	924.00
507-001 Insurance Expense	4,295.25	3,796.09
511-001 Accounting Expense	9,600.00	9,600.00
512-001 Legal Expense	22,235.00	27,962.50
519-001 Administrative Expense	48,999.96	48,999.96
Total Expenses	\$ 88,003.50	\$ 92,283.54
Net Operating Income	\$ (53,493.06)	\$ (77,509.15)
Other Income		
430-000 PILOT Revenue	426,993.25	409,923.71
449-000 Oakwood Rent- Restricted	77,000.00	77,000.00
450-000 Grant Revenue	500,000.00	650,000.00
460-000 Grassy Creek Construction Revenue	8,111.55	1,074,755.06
470-000 Workforce Training Funds	75,000.00	-
Total Other Income	\$ 1,087,104.80	\$ 2,211,678.77
Other Expenses		
550-000 Grant Expense	500,000.00	650,000.00
560-000 Grassy Greek Construction Expense	8,111.55	1,074,755.06
570-000 Workforce Training Expense	75,000.00	-
587-001 PILOT Payment Expense	426,993.25	409,923.71
950-001 Transfer to TDC - Restricted Funds	77,000.00	77,000.00
Total Other Expenses	\$ 1,087,104.80	\$ 2,211,678.77
Net Other Income	\$ -	\$ -
Net Income	\$ (53,493.06)	\$ (77,509.15)