

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

Date: May 23, 2024

To: Board of Commissioners

From: Benjamin M. Bentley, Secretary

Subject: **AGENDA**
Board Meeting of the Board of Commissioners
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway Street
Knoxville, TN 37917

1. Call to Order.
2. Approval is requested to execute the minutes for the meeting held on March 28, 2024 (no April meeting held). **(Item 2 Attachment)**
3. Motion to add, delete or postpone agenda items.
4. Reports of officers and special presentations.

NEW BUSINESS

ADMINISTRATION (Jim Barker)

5. Approval is requested to award Contract Q2410 for roofing services at Passport Residences with Lafayette Construction and Development, Inc. **(Item 5 Attachment)**

REDEVELOPMENT/LEGAL SERVICES (Jim Hatfield)

6. Approval is requested to grant a Certificate of Completion and Release for 1534 Texas Avenue (#081PE003) (\$3000) to Hayes Construction, Inc. **(Item 6 Attachment)**
7. Approval is requested to grant a Certificate of Completion and Release for 2120 McCalla Avenue (#095BE006) (\$1875) to East Tennessee Housing Development Corporation. **(Item 7 Attachment)**
8. Resolution authorizing the formation of Western Heights 4 GP Corporation and Western Heights 4 LP relating to the construction of Western Heights Phase 4. **(Item 8 Attachment)**
9. Resolution regarding a payment in lieu of tax transaction (PILOT) with Pines III, L.P. **(Item 9 Attachment)**

10. Resolution regarding financing for Western Heights Phase 1. [\(Item 10 Attachment\)](#)

11. Resolution authorizing amendment to loan agreement with Regions Capital Advantage, Inc. [\(Item 11 Attachment\)](#)

FINANCE & ACCOUNTING (Nancy White)

12. Resolution approving the Operating Budget for the Public Housing Program and Resolution approving the Operating Budgets for the Rental Assistance/Section 8 Programs, Central Office Cost Center, and Multi-Family Housing for FY 2025 (July 1, 2024–June 30, 2025). [\(Item 12 Attachment\)](#)

Unfinished Business

Public Forum

Adjourn

The next agenda review meeting will be held
Tuesday, June 25, 2024 @ 5 p.m.

The next board meeting will be held
Thursday, June 27, 2024 @ 5 p.m.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD MEETING MINUTES

The Board of Commissioners of the Knoxville's Community Development Corporation met on **March 28, 2024** at 901 N. Broadway, Knoxville, Tennessee.

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

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

Absent: Commissioner John Winemiller

Approval to execute the minutes for the *regular* meeting held on February 27, 2024. Commissioner Broyles moved to approve. Commissioner Harris seconded the motion. All other Commissioners present voted "Aye."

REDEVELOPMENT (Jim Hatfield)

Approval to award a purchase order for demolition services for 12 buildings at Western Heights. Commissioner Whetsel moved to approve. Commissioner Harris seconded the motion. All other Commissioners present voted "Aye."

Resolution authorizing the negotiation and execution of all documents required to effectuate the closing of Western Heights CNI Phase 1, a 76-unit mixed income housing project for families, including the execution of all loan and tax credit documents, soft loans (CNI pass through), as well as the ground and PILOT lease. Commissioner Harris moved to approve. Commissioner Wade seconded the motion. All other Commissioners present voted "Aye." Resolution 2024-013 is attached.

Resolution approving the submission of the 2024 Public Housing Agency Annual Plan. Commissioner Broyles moved to approve. Commissioner Harris seconded the motion. All other Commissioners present voted "Aye." Resolution 2024-014 is attached.

PUBLIC FORUM

None

UNFINISHED BUSINESS

None

ADJOURNMENT

With no further business to come before the Board, the meeting adjourned by consent at 5:14 p.m.

Kimberly K. Henry, Chair

Approved:

ATTEST:

Benjamin M. Bentley, Secretary

Approved:

DRAFT

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION BOARD ACTION FORM - ITEM 5

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Approval is requested to award Contract Q2410 for roofing services at Passport Residences with Lafayette Construction and Development, Inc.
SUBMITTED BY	Name, Title / Department: Jim Barker, Vice President of Administration
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ _____ Expenditure: \$ 144,981,75 Source of Funds: Replacement Reserves
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input checked="" type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Legal Counsel: _____ Other – Name/Title: Terry McKee/Procurement Director

BACKGROUND

1. What is the objective of this action?

This action approves the award of KCDC's solicitation for Roofing Services for KCDC's property called Passport Residences with Lafayette Construction and Development, Inc. While four bids are recorded on the bid tabulation and these indicate that the low bid is substantially less than the other bids, four other bids were submitted but had to be rejected due to non-compliance with either state contractor licensing rules or federal bonding regulations. The four rejected bids are in close cost proximity to the recommended low bid.

2. Why is the action needed now?

Various Passport buildings require roofing services to stop leaking roofs. This will prevent further damage to the structures.

3. Who are the parties involved and what are their roles (if appropriate)?

The vendor will work with KCDC's Construction and Maintenance Director, KCDC's Maintenance Director and site staff to provide these services as weather permits.

4. What are the long-term and short-term exposures?

The short term exposure is getting the work done, paying the vendor and preventing water leak damage. There are no long term on-going costs.

HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	This is routine roof replacement that is necessary as roofing materials age. KCDC proposes to engage a vendor to roof with TAMCO brand, dimensional shingles.
ATTACHMENTS	Bid Tabulation Form



Benjamin M. Bentley, Executive Director/CEO

901 N. Broadway • Knoxville, TN 37917
 865.403.1100 • Fax 865.403.1117
 800.848.0298 (Tennessee Relay Center)
 www.kcdc.org

TO: The KCDC Board

FROM: Benjamin M. Bentley, Secretary

DATE: May 17, 2024

SUBJECT: Approval of the award of a contract for Roofing Services for KCDC’s property Passport Residences Q2410 with Lafayette Construction and Development, Inc.

KCDC’s Procurement Policy requires written formal solicitations (publicly advertised and opened) in all cases where the aggregate cost of the item(s) or service(s) requested is \$50,000 or more. Staff requests Board approval of the following recommendation.

Scope of Work	Provide roofing services at KCDC’s Passport Property
Funding Source	Replacement Reserves
Total Award Amount	\$144,981.75 (plus \$60.00 per decking board that must be replaced)
Review Committee	Jack Canada, Maintenance and Construction Manager Tim Hatfield, Maintenance Director Terry McKee, Procurement Director
Solicitation Type	Invitation for Bids

Company	Total Project Cost	Recommended for Approval
Balinger Construction	\$384,000.00	No
Eskola	\$239,330.00	No
Iron Horse Builders	\$149,640.00	No
Lafayette Construction and Development	\$144,981.75	Yes



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

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

KCDC Webpage. The solicitation document and all related documents are posted to KCDC's Web Page for all interested parties to have access to-whether or not they have ever registered with KCDC.

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

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

Associated Construction Women*	Associated General Contractors of Tennessee
Atlanta Chapter <i>National Association of Black Women in Construction</i> *+	Black Contractors Association+
Centro Hispano de East Tennessee+	Construction Market Data
Dodge Data & Analytics	Knox County's Supplier Diversity Office*+
Knoxville Area Urban League+	Knoxville Builder's Exchange
Knoxville Chamber Partnership	Knoxville's DBAC Office*+
Knoxville Equity Partners+	SCORE
SERC	Small Business Administration
Tennessee Small Business Development Center	Tennessee Minority Supplier Development Council+
Tennessee Valley Authority Diversity Outreach*+	WJBE Radio+
U.S. Department of Commerce Minority Business Development Agency+	

- * Denotes an organization promoting/assisting Woman Owned Businesses
- + Denotes an organization promoting/assisting Minority Owned Businesses

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION BOARD ACTION FORM - ITEM 6

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Approval is requested to grant a Certificate of Completion and Release for 1534 Texas Avenue (Tax ID #081PE003) to Hayes Construction, Inc. (\$3000).
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Legal Counsel: _____ Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Property was conveyed to the owner through the City's Homemaker Program. All construction has been completed and the City of Knoxville requests the release be granted. The house is one-story, four-bedroom, two-bathroom, single-family home containing approximately 1,382 sf. It will be rented to a household with income at or below 80% AMI.</p>	
<p>2. Why is the action needed now? All the requirements of the Special Warranty Deed have been fulfilled.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? KCDC, City of Knoxville, property owner.</p>	
<p>4. What are the long-term and short-term exposures? none</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	
ATTACHMENTS	Release and photos

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

CLT No. 081PE003
1534 Texas Avenue

CERTIFICATE OF COMPLETION AND RELEASE

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

This is to certify that all requirements of certain covenants controlling construction of improvements contained in Special Warranty Deed dated 11 September 2023, between KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION (the "Grantor"), and HAYES CONSTRUCTION, INC., (the "Grantee"), of record in Instrument No. 202309110013297 in the Office of the Register of Deeds for Knox County, Tennessee, which covenants are designated as the reversionary interest and covenants A through G, have been fully and satisfactorily performed by said Grantee in accordance with said Special Warranty Deed, and the requirements of said covenants are hereby terminated, and said Grantee is released from further performance thereunder.

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

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: _____
BENJAMIN M. BENTLEY
EXECUTIVE DIRECTOR/CEO

STATE OF TENNESSEE
COUNTY OF KNOX

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

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

Expiration of Commission

Notary Public





KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION BOARD ACTION FORM - ITEM 7

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Approval is requested to grant a Certificate of Completion and Release for 2120 McCalla Avenue (Tax ID #095BE006) to East Tennessee Housing Development Corporation. (\$1875).
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Legal Counsel: _____ Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Property was conveyed to the owner through the City's Homemaker Program. All construction has been completed and the City of Knoxville requests the release be granted. The single family home has 3BR, 2BA, and measures approximately 1,127sf. It will be sold to a household with income at or below 80% AMI.</p>	
<p>2. Why is the action needed now? All the requirements of the Special Warranty Deed have been fulfilled.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? KCDC, City of Knoxville, property owner.</p>	
<p>4. What are the long-term and short-term exposures? none</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	
ATTACHMENTS	Release and photos

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

CLT No. 095BE006
2120 McCalla Avenue

CERTIFICATE OF COMPLETION AND RELEASE

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

This is to certify that all requirements of certain covenants controlling construction of improvements contained in Special Warranty Deed dated 17 April 2023, between KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION (the “Grantor”), and EAST TENNESSEE HOUSING DEVELOPMENT CORPORATION, (the “Grantee”), of record in Instrument No. 202304170055800 in the Office of the Register of Deeds for Knox County, Tennessee, which covenants are designated as the reversionary interest and covenants A through G, have been fully and satisfactorily performed by said Grantee in accordance with said Special Warranty Deed, and the requirements of said covenants are hereby terminated, and said Grantee is released from further performance thereunder.

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

KNOXVILLE’S COMMUNITY DEVELOPMENT CORPORATION

By: _____
BENJAMIN M. BENTLEY
EXECUTIVE DIRECTOR/CEO

STATE OF TENNESSEE
COUNTY OF KNOX

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

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

Expiration of Commission

Notary Public





KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM ITEM 8

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing the formation of Western Heights 4 GP Corporation and Western Heights 4 LP in connection with potential development of Phase 4 of Western Heights CNI redevelopment project.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Approval of the formation of entities and related filings necessary to facilitate the development of Phase 4 at Western Heights.</p>	
<p>2. Why is the action needed now? In order to pursue 2024 9% tax credits, these entities and agreements need to be in place.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? Brinshore Development and/or its subsidiaries will serve as developer and co-owner with KCDC on the project. Western Heights 4 GP Corporation will be an instrumentality of KCDC and will serve as the general partner of the ownership entity.</p>	
<p>4. What are the long-term and short-term exposures? None.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	KCDC was previously awarded a HUD CNI grant to facilitate the redevelopment of Western Heights.
ATTACHMENTS	Resolution, Charter, Certificate of LP

RESOLUTION NO. 2024-_____

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
AUTHORIZING THE FORMATION OF WESTERN HEIGHTS 4 GP
CORPORATION AND WESTERN HEIGHTS 4 LP RELATING TO THE
CONSTRUCTION OF WESTERN HEIGHTS PHASE 4**

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

WHEREAS, pursuant to Tenn. Code Ann. § 13-20-104(b), housing and redevelopment authorities in Tennessee are authorized to cause the formation of corporations; and

WHEREAS, pursuant to Tenn. Code Ann. § 13-20-104(a)(6), housing and redevelopment authorities in Tennessee are authorized to own, operate, assist, or otherwise participate in (directly or through a partnership, a limited liability company, or other entity in which the authority, or an entity affiliated with an authority, is a general partner, managing member, or otherwise participates in the activities of the entity) one (1) or more mixed-finance projects (including projects financially assisted by low-income housing tax credits); and

WHEREAS, for the purpose of facilitating the financing, rehabilitation, construction and development of a proposed redevelopment project, KCDC desires to form a corporation known as Western Heights 4 GP Corporation (the "Corporation") in connection with the development of a housing facility for very-low, low and/or moderate-income citizens to be on a portion of the property currently known as Western Heights and located in the vicinity of Virginia Avenue and Fort Promise Drive in Knoxville, Tennessee (the "Project"); and

WHEREAS, the Board desires to approve, authorize and ratify such documentation as is necessary for KCDC to form the Corporation (the "Corporate Documents"), including, but not limited to, the charter (the "Charter") and bylaws (the "Bylaws") of the Corporation, drafts of which have been submitted to KCDC and shall be filed with the records of KCDC; and

WHEREAS, KCDC desires to appoint its Chairman, Vice-Chairman and Treasurer as the initial Board of Directors of the Corporation; and

WHEREAS, for the purpose of facilitating the financing, rehabilitation, construction and development of the Project, KCDC and the Corporation desire to form a limited partnership known as Western Heights 4 LP (the "Limited Partnership"); and

WHEREAS, the Board desires to approve, authorize and ratify the execution of such documentation as is necessary for KCDC to form the Limited Partnership (the "Partnership Documents"), including, but not limited to, a limited partnership agreement (the "Limited Partnership

Agreement”) and a certificate of limited partnership (the “Certificate of Limited Partnership”), drafts of which have been submitted to KCDC and shall be filed with the records of KCDC.

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

RESOLVED, that the Chairman, Vice Chairman, Secretary, Assistant Secretary and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively the “Authorized Officers”), is/are authorized and empowered to execute and cause to be filed or recorded, as applicable, the Charter, the Bylaws, the Limited Partnership Agreement and the Certificate of Limited Partnership; and, further

RESOLVED, that the Charter, the Bylaws, the Limited Partnership Agreement and the Certificate of Limited Partnership shall be in substantially the forms submitted, which are hereby approved, with such completions, omissions, insertions and changes as may be approved by the officers executing them, their execution to constitute conclusive evidence of their approval of any such completions, omissions, insertions and changes; and, further

RESOLVED, that the Chairman, Vice Chairman, Secretary, Assistant Secretary and/or any other officer of KCDC, acting alone or in combination with one another (individually and collectively the “Authorized Officers”), is/are authorized and empowered to execute and cause to be filed or recorded, as applicable, any and all other instruments, documents and agreements deemed necessary or desirable by the Authorized Officers in order to form the Corporation and the Limited Partnership, all in the form approved by the Authorized Officers executing same, the execution of same by such Authorized Officers to constitute conclusive evidence of the approval of same; and, further

RESOLVED, that it is in the best interest of KCDC to enter into, file and/or record the Corporate Documents and the Partnership Documents with respect to the Project; and, further,

RESOLVED, that any and all other actions heretofore taken on behalf of KCDC by the Authorized Officers and KCDC’s legal counsel to execute and deliver any of the agreements, documents or instruments authorized by the foregoing resolutions, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the Authorized Officers that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Adopted this 25th day of April, 2024.

**KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION**

By: _____
Secretary

Nick McBride
Register of Deeds
Knox County

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CHARTER
OF
WESTERN HEIGHTS 4 GP CORPORATION

The undersigned, acting as the incorporator of a nonprofit corporation under the Tennessee Nonprofit Corporation Act, does hereby adopt the following Charter for such corporation:

ARTICLE I

NAME

The name of the corporation shall be WESTERN HEIGHTS 4 GP CORPORATION.

ARTICLE II

PUBLIC BENEFIT CORPORATION

The corporation is a public benefit corporation.

ARTICLE III

NOT FOR PROFIT

The corporation is not-for-profit.

ARTICLE IV

PURPOSES

The corporation is an instrumentality of Knoxville's Community Development Corporation ("KCDC"), a housing authority organized under Tennessee Code Annotated §§ 13-20-101 *et seq.* (the "Housing Authorities Law"), formed pursuant to §13-20-104(b) of the Housing Authorities Law for the purpose of exercising certain powers conferred upon KCDC by the Housing Authorities Law as delegated to the corporation by KCDC from time to time.

ARTICLE V

POWERS

In furtherance and not in limitation of the general powers conferred by the laws of the State of Tennessee, and the purposes set forth herein, it is expressly provided that the corporation shall have the following powers:

(a) To enter into, make and perform contracts of every sort and kind with any person, firm, association, corporation, municipality, body politic, housing authority, county, state, or

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with the Federal Government or any agency or instrumentality thereof in connection with the ownership and financing of certain real property commonly known as Western Heights, or a portion thereof (the "Western Heights Property");

(b) To issue bonds or other obligations of the corporation, and to contract Indebtedness without limit as to amount for any of the purposes of the corporation and to secure the same to the extent necessary by mortgage, deed or deeds of trust, or pledge or lien or any or all of the real or personal property, or both, or right, title and interest therein of the corporation in connection with the ownership and financing of the Western Heights Property;

(c) To form a limited partnership for the purpose of facilitating the acquisition of the Western Heights Property and the financing, design, construction and/or operations of low-income housing on the Western Heights Property;

(d) To acquire the Western Heights Property and finance, design, construct and/or operate low-income housing on the Western Heights Property;

(e) To do everything necessary, proper, convenient or incident to effect any or all of the purposes for which the corporation is organized and to undertake any other actions conferred upon KCDC by the Housing Authorities Law and delegated to the corporation by KCDC; and

(f) Without limiting the generality of the foregoing, this corporation shall have all the powers, privileges, rights, and immunities necessary or convenient for carrying out the purposes for which this corporation is formed, and the directors hereby claim for this corporation all the benefits, privileges, rights and powers created, given, extended or conferred, now or hereafter, by the provisions of all applicable laws of the State of Tennessee, pertaining to not-for-profit corporations and any additions or amendments thereto.

ARTICLE VI

PERIOD OF EXISTENCE

The duration of the corporation shall be perpetual.

ARTICLE VII

INITIAL REGISTERED OFFICE; INITIAL REGISTERED AGENT; INITIAL PRINCIPAL OFFICE

The address of the initial registered office of the corporation in the State of Tennessee is 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The name of its initial registered agent at that office is Benjamin M. Bentley. The place in Tennessee where the principal office of the corporation is to be located is 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The business email address is bbentley@kcdc.org.

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ARTICLE VIII

MEMBERS

The corporation shall not have members.

ARTICLE IX

DIRECTORS

SECTION 1. Number of Directors. The Board of Directors shall consist of three (3) members.

SECTION 2. Election and Term. The directors of the corporation shall be the same persons who are elected to hold the offices of Chairman, Vice Chairman, and Treasurer of KCDC. The Board of Commissioners of KCDC shall have the power to appoint and remove all directors of the corporation. The election of any person to any such office in KCDC shall be deemed to be an election of such person to the Board of Directors of the corporation. Each director shall hold office until the expiration of the term for which he/she is elected, and thereafter until his successor has been elected and qualified.

ARTICLE X

INCORPORATOR

The name and address of the Incorporator is as follows:

NAME	ADDRESS
Russell E. Stair	1700 Riverview Tower 900 S. Gay Street Knoxville, TN 37902

ARTICLE XI

AMENDMENTS

The business and conduct of affairs of the corporation shall be regulated by Bylaws adopted by the board of directors, which shall not be inconsistent with this Charter and which so long as the corporation acts and functions as an instrumentality of KCDC, shall only be amended with the prior approval of KCDC, or its successors or designee.

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ARTICLE XII

**PROVISIONS FOR REGULATION AND CONDUCT
OF THE AFFAIRS OF THE CORPORATION**

Other provisions, consistent with the laws of the State of Tennessee, for the regulation and conduct of the affairs of this corporation, and creating, defining, limiting or regulating the powers of this corporation or of the directors are as follows:

(a) The corporation is a not-for-profit, non-stock corporation and no part of the income, profits or assets of the corporation shall ever be distributed to, on inure to the benefit of, any member, director or officer, but shall be used only for charitable or low-income housing purposes as provided herein.

(b) All of the assets of the corporation shall be held in trust for the purposes herein mentioned, including payment of the corporation's liabilities. Upon dissolution of the corporation, title to or other interest in any real or personal property and any other assets owned by the corporation at such time, after the payment of all its liabilities, shall vest in and be transferred to KCDC, or, in the event that KCDC shall cease to exist or fail to be a political subdivision of the State of Tennessee, to the State of Tennessee or a political subdivision thereof for a public purpose.

ARTICLE XIII

SPECIAL PROVISION

The acts and functions of the corporation shall constitute only acts of this corporation and shall never constitute an act, debt or a pledge of the faith and credit of the taxing power of the State of Tennessee or any political subdivision, taxing district or body, corporate and politic thereof and shall not constitute an act, debt or pledge of KCDC, HUD or any staff members or employees of any such public body.

ARTICLE XIV

**INDEMNIFICATION OF AND INSURANCE ON
DIRECTORS AND OFFICERS**

The directors and officers of the corporation shall be indemnified in connection with any actual or threatened, civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the name of the corporation or otherwise) arising out of their service to the corporation or to another organization at the request of the corporation to the full extent permitted by the laws of the State of Tennessee and to the extent that such indemnification is limited to liability insurance coverage or distribution approved by HUD from residual receipts or surplus cash; provided, however, the directors and officers of the corporation may not be indemnified for liability: (i) for any breach of the director's duty of loyalty to the corporation; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; and (iii) under § 48-58-304 of the Act, as the same exists or hereafter may

be amended. Any repeal or modification of this Article XIV shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

Dated: March 29, 2024



Russell E. Stair

37244989.1

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Tre Hargett
Secretary of State

Division of Business Services
Department of State

State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

WESTERN HEIGHTS 4 GP CORPORATION
901 N BROADWAY
KNOXVILLE, TN 37917

April 4, 2024

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	001528500	Formation Locale:	TENNESSEE
Filing Type:	Nonprofit Corporation - Domestic	Date Formed:	04/04/2024
Filing Date:	04/04/2024 10:42 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2025
Duration Term:	Perpetual	Image # :	B1516-2361
Public/Mutual Benefit:	Public		
Business County:	KNOX COUNTY		

Document Receipt

Receipt # : 008905524	Filing Fee:	\$100.00
Payment-Check/MO - CAPITAL FILING SERVICE INC, NASHVILLE, TN		\$200.00
Deposit-Account - CAPITAL FILING SERVICE INC, NASHVILLE, TN		\$100.00

Registered Agent Address:
BENJAMIN M. BENTLEY
901 N BROADWAY
KNOXVILLE, TN 37917

Principal Address:
901 N BROADWAY
KNOXVILLE, TN 37917

Congratulations on the successful filing of your **Charter** for **WESTERN HEIGHTS 4 GP CORPORATION** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Nichole Hambrick

Certificate of Authenticity

I, Lucretia Albert, do hereby make oath that I am a licensed attorney and/or the custodian of the original version of the electronic document tendered for registration herewith and that this electronic document is a true and exact copy of the original document executed and authenticated according to law on March 29, 2024.

Date

Lucretia Albert

Affiant Signature

04/02/2024

Date

State of Tennessee

County of Davidson

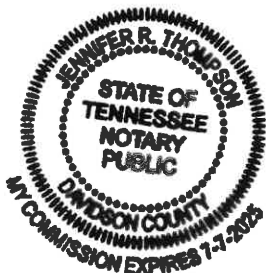
Sworn to and subscribed before me this 02 day of April, 2024

John D. King

Notary's Signature

My Commission Expires: 7-7-25
Date

Notary's Seal (if on paper)



FILED

39

**CERTIFICATE OF LIMITED PARTNERSHIP
WESTERN HEIGHTS 4 LP**

This Certificate of Limited Partnership (the "Certificate") of WESTERN HEIGHTS 4 LP, a Tennessee limited partnership (the "Partnership") is made on this 29th day of March, 2024, by Western Heights 4 GP Corporation, as the General Partner, and is filed pursuant to the Tennessee Revised Limited Partnership Act, Section 61-2-201.

The General Partner hereby certifies as follows:

1. The name of the Partnership is Western Heights 4 LP.
2. The name of the initial registered agent and the address of the initial registered office of the Partnership is as follows:

Benjamin M. Bentley
901 N. Broadway
Knoxville, Knox County, Tennessee 37917

3. The address of the principal office of the Partnership is as follows:

901 N. Broadway
Knoxville, Knox County, Tennessee 37917

The business email address of the Partnership is bbentley@kcdc.org.

4. The name and the business mailing address of the General Partner is as follows:

Western Heights 4 GP Corporation
901 N. Broadway
Knoxville, Knox County, Tennessee 37917

5. The term of the Partnership shall continue in perpetuity, unless the Partnership is sooner dissolved in accordance with the provisions of the partnership agreement of the Partnership.

6. This Certificate of Limited Partnership shall be effective upon its filing with the Secretary of State of Tennessee.

IN WITNESS WHEREOF, the undersigned has executed and sworn to this Certificate of Limited Partnership as of the day and year first above written.

By: Benjamin M. Bentley
Benjamin M. Bentley,
President

35045994.1

B1516-2365 04/04/2024 10:42 AM Received by Tennessee Secretary of State Tre Hargett



Tre Hargett
Secretary of State

Division of Business Services
Department of State

State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Western Heights 4 LP
WESTERN HEIGHTS 4 GP CORPORATION
901 N BROADWAY
KNOXVILLE, TN 37917

April 4, 2024

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	001528503	Formation Locale:	TENNESSEE
Filing Type:	Limited Partnership - Domestic	Date Formed:	04/04/2024
Filing Date:	04/04/2024 10:42 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2025
Duration Term:	Perpetual	Image # :	B1516-2366
Business County:	KNOX COUNTY		

Document Receipt

Receipt # : 008905546	Filing Fee	\$100.00
Payment-Account - #000009 CAPITAL FILING SERVICE INC, NASHVILLE, TN		\$100.00

Registered Agent Address:
BENJAMIN M. BENTLEY
901 N BROADWAY
KNOXVILLE, TN 37917

Principal Address:
901 N BROADWAY
KNOXVILLE, TN 37917

Congratulations on the successful filing of your **Certificate of Limited Partnership** for **Western Heights 4 LP** in the State of Tennessee which is effective on the date shown above. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Nichole Hambrick

Certificate of Authenticity

I, Lucretia Albert, do hereby make oath that I am a licensed attorney and/or the custodian of the original version of the electronic document tendered for registration herewith and that this electronic document is a true and exact copy of the original document executed and authenticated according to law on March 29, 2024.

Date

Lucretia Albert

Affiant Signature

04/02/2024

Date

State of Tennessee

County of Davidson

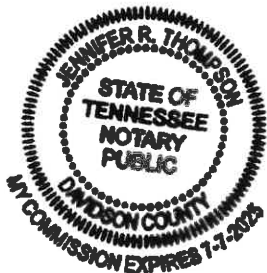
Sworn to and subscribed before me this 02 day of April, 2024

[Signature]

Notary's Signature

My Commission Expires: 7-7-25
Date

Notary's Seal (if on paper)



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM ITEM 9

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing a PILOT agreement between KCDC and Pines III, L.P. to effectuate a PILOT to support the acquisition and rehab of a 152-unit affordable housing complex at 5999 Tannahill Drive in Knoxville.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input type="checkbox"/> Regular <input type="checkbox"/> Special <input checked="" type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? This resolution will provide for a 20-year PILOT to assist in the economics in order to facilitate the acquisition and renovation of the Pines Apartments.</p>	
<p>2. Why is the action needed now? The sponsor, LHP Capital, is pursuing an allocation of 2024 volume cap and 4% credits. If awarded, they will need to close in 2nd half of 2024 and an approved PILOT will be needed in advance of closing.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? KCDC as lessor under the PILOT lease. LHP Capital as sponsor of the project and lessee under the lease.</p>	
<p>4. What are the long-term and short-term exposures? This PILOT lease structure is customary and is typical for affordable housing developments in Knoxville.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	None
ATTACHMENTS	Resolution, Mayor Support Letter, draft PILOT Lease

RESOLUTION NO. 2024-__

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S
COMMUNITY DEVELOPMENT CORPORATION REGARDING A PAYMENT
IN LIEU OF TAX TRANSACTION WITH PINES III, L.P.**

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

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

WHEREAS, to induce Pines III, L.P., a Tennessee limited partnership (the "Applicant"), to acquire, construct, rehabilitate and equip the Pines Apartments, a 152 unit housing facility for low and moderate income citizens (the "Project"), KCDC will acquire certain real and personal property related to the Project, and KCDC will lease said property to the Applicant on the terms and conditions set forth in the Lease referenced herein; and

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

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

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

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

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

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

4. The Lease shall be in substantially the form submitted, which is hereby approved, with such completions, omissions, insertions and changes as may be

approved by the officer executing it, his or her execution to constitute conclusive evidence of his or her approval of any such omissions, insertions and changes.

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

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

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

Approved this ___ day of May, 2024

**KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION**

By: _____
Secretary



CITY OF KNOXVILLE
INDYA KINCANNON, MAYOR

November 27, 2023

Benjamin Bentley
Knoxville's Community Development Corporation
901 N. Broadway
Knoxville, Tennessee 37917

Re: Support Letter for The Pines Affordable Housing Project

Dear Mr. Bentley:

I understand that Knoxville's Community Development Corporation ("KCDC"), through its proposed lessee, Pines III, L.P., is undertaking the acquisition and rehabilitation of multi-family apartments located at 5999 Tannahill Drive currently owned by Pines Apartments II, L.P. I understand that this project entails rehabilitating a 152-unit apartment development providing affordable and workforce housing for the local community. To provide financing for this project, Pines III, L.P., intends to apply for an allocation of low-income housing tax credits from the Tennessee Housing Development Agency to ensure these apartments remain as affordable housing for the next 30 years.

Pursuant to T.C.A. § 48-101-312, and because the City has not formed a health, educational, and housing facility corporation, KCDC is permitted to enter into an agreement for payments in lieu of taxes with respect to this project provided that I, as the chief executive officer of the City, provide a letter in support of the project. Provided that the project receives an allocation of low-income housing tax credits, please accept this letter as evidence of my support of this project for payments in lieu of taxes for a term of up to 20 years with the payment amount set at \$95,720.71 to the City of Knoxville and \$69,006.00 to Knox County. The provision of affordable housing for low-income residents is an important goal for the City, and this project is consistent with that goal.

Sincerely,

Indya Kincannon
Mayor

Approved as to form:

Charles W. Swanson
Director of Law

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

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

TO

PINES III, L.P.

(a Tennessee limited partnership)

LEASE

DATED AS OF _____, 2024

This instrument prepared by:
BASS, BERRY & SIMS PLC (JPM)
900 S. Gay Street, Suite 1700
Knoxville, Tennessee 37902

LEASE

This Lease, made and entered into as of _____, 2024, by and between KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §§ 13-20-101, et seq. ("Lessor"), and PINES III, L.P., a Tennessee limited partnership ("Lessee").

WITNESSETH:

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

WHEREAS, in order to encourage Lessee to cause the acquisition and renovation of a low-income housing facility consisting of approximately 152 apartment units known as the Pines Apartments located in the City of Knoxville, Tennessee (the "Project"), thereby furthering the purposes of the Act, Lessor desires to lease to Lessee and Lessee desires to rent from Lessor certain real property and equipment hereinafter more particularly described, on the terms and conditions set forth herein; and

WHEREAS, pursuant to Tenn. Code Ann. § 48-101-312(b)(4)(C), the Mayor of the City of Knoxville, Tennessee submitted a letter dated November 27, 2023 to the Lessor supporting the Project and approving the Lessor to negotiate and accept from Lessee payments in lieu of ad-valorem taxes; and

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

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

UNDER AND SUBJECT to the following terms and conditions:

ARTICLE I.

Definitions

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

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

"Act" shall mean Tenn. Code Ann. §§ 13-20-101, et seq., as amended.

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

"Buildings" shall mean the Buildings to be renovated on the Leased Land by Lessee pursuant to Article XI.

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

"Completion Date" shall mean the earlier of (i) the date that is [thirty (30) months] after the date hereof and (ii) the date that the renovations to the Buildings described in Article XI are substantially complete, as evidenced by the issuance of a certificate of occupancy. Lessee shall provide a certificate to Lessor evidencing the Completion Date no later than thirty (30) days after the occurrence of the Completion Date.

"County" shall mean Knox County, Tennessee.

"Equipment" shall mean the machinery, equipment and other tangible personal property described on Exhibit B attached hereto as from time to time supplemented.

"Force Majeure" means fires, floods, inability to obtain materials, conditions arising from governmental orders or regulations, war or national emergency, acts of God, and any other cause, similar or dissimilar, beyond the applicable party's reasonable control. Where this Lease expressly provides that a party's obligations are subject to Force Majeure, then delay or non-performance on the part of such party will be excused upon the occurrence and during the continuance of such event of Force Majeure, provided that such party promptly gives the other party written notice of the occurrence and abatement of such event of Force Majeure.

"Improvements" shall mean the Buildings and the other improvements on the Leased Land.

"Investor Limited Partner" shall mean First Horizon Community Development Corporation, Inc., as the investor limited partner of Lessee, and its successors and assigns.

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

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

"Leased Property" shall mean the Equipment and the Leased Land, together with the Buildings and related improvements.

"Lender" shall mean Walker & Dunlop, LLC and its successors and assigns.

"Lessee" shall mean Pines III, L.P., a Tennessee limited partnership.

"Lessor" shall mean Knoxville's Community Development Corporation, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Act.

"Rent" shall mean collectively, the Basic Rent and the Additional Rent.

"Tax Credits" shall mean any low income housing tax credits available at the Leased Property pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

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

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

ARTICLE II.
Representations of Lessee

Section 2.01 Lessee makes the following representations and warranties to induce Lessor to enter into this Lease:

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

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

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

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

(e) To the knowledge of Lessee, and in reliance upon, and except as disclosed in, an independent third-party report obtained by Lessee, there are no substances, materials, wastes, pollutants or contaminants located on the Leased Property that are regulated under any environmental law or regulation except those materials and substances that are maintained in compliance with such laws and regulations, and Lessee shall not permit material quantities of such substances, materials, wastes, pollutants or contaminants to exist on the Leased Property during the Term of this Lease except in compliance with such laws and regulations.

ARTICLE III.
Lease Term

Subject to the provisions contained in this Lease, this Lease shall be in full force and effect for a Term commencing on the date hereof and ending on the twentieth (20th) anniversary of the Completion Date, unless terminated earlier, in accordance with the terms hereof. Lessee shall provide a certificate to Lessor evidencing the Completion Date no later than thirty (30) days after the occurrence of the Completion Date.

Notwithstanding the foregoing, the Term of this Lease may be terminated upon exercise by Lessee of the purchase option described in Article XV hereof.

ARTICLE IV.

Rent

Section 4.01 Basic Rent. Lessee will pay to Lessor without notice or demand, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, as Basic Rent on each January 1 during the Term, the sum of \$1.00. Lessor acknowledges that Lessee has prepaid the Basic Rent for the Term on the date hereof.

Section 4.02 Additional Rent. Lessee agrees to pay, as additional rent, all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay (including, without limitation, the obligations in Article XI hereof). Without limiting the foregoing, Lessor and Lessee recognize that the Leased Property has been conveyed to Lessor subject to or contemporaneously with the execution of a deed of trust securing the financing of the acquisition of and renovations to the Leased Property. Lessee agrees to make all payments of debt service relating to such financing. Lessor will execute and deliver commercially reasonable documents pledging its interest in the Leased Property, by joinder or otherwise, in connection with Lessee's financing or refinancing of the Leased Property. In the event of any failure on the part of Lessee to pay any amounts, liabilities or obligations described in this paragraph, Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of the Basic Rent. Notwithstanding the terms of this Lease, the Additional Rent shall not be treated as rent for federal or state tax purposes and the items of Additional Rent shall be treated for tax purposes as determined by the Lessee in its sole discretion as the owner of the Leased Property for federal and state tax purposes.

ARTICLE V.

Compliance with Laws: Permitted Contests:

Lessee's Acceptance of Leased Property: Reports: Lease of Equipment: Net Lease

Section 5.01 Compliance with Laws. Lessee shall throughout the Term and at no expense to Lessor promptly cure any violations under all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities, which are or shall become lawfully applicable to the Leased Property, the repair and alteration thereof, and the use or manner of use of the Leased Property, whether or not such laws, ordinances, orders, rules, regulations and requirements are foreseen or unforeseen, ordinary or extraordinary, and whether or not they shall involve any change of governmental policy or shall require structural or extraordinary repairs, alterations or additions, irrespective of the cost thereof.

Section 5.02 Permitted Contests. Lessee shall not be required to comply or cause compliance with the laws, ordinances, orders, rules, regulations or requirements referenced in Section 5.01, so long as Lessee shall, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses (including attorneys' fees) in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses.

Section 5.03 Acceptance of Leased Property. Lessee acknowledges that, as between Lessor and Lessee, it has examined the Leased Land and the state of Lessor's title thereto prior to the making of this Lease and knows the condition and state thereof, including, without limitation, the environmental and soil

conditions, as of the first day of the term of this Lease, and accepts the same in said condition and state; that no representations as to the condition or state thereof have been made by representatives of Lessor; and that in entering into this Lease, Lessee is relying solely upon its own examination thereof. Lessee shall have sole and exclusive possession of the Leased Property during the Term.

Section 5.04 Lease of Equipment. Lessor does hereby demise, lease and let unto Lessee, and Lessee does hereby lease and rent from Lessor, for the Term and upon the conditions herein stated, all Equipment. Lessee shall have sole and exclusive possession of the Equipment during the Term.

Section 5.05 Net Lease. This is a "net lease" and the Rent and all other sums payable hereunder to or for the account of Lessor shall be paid promptly and without set off, counterclaim, abatement, suspension, deduction, diminution or defense.

ARTICLE VI.

Title and Tax Benefits

Section 6.01 No Conveyance of Title by Lessor. Lessor covenants and agrees that, except as set forth herein, during the Term of this Lease, it will not convey, pledge, encumber or suffer or permit the conveyance of, by any voluntary act on its part, its title to the Leased Property to any person, firm, corporation, or other entity whatsoever, irrespective of whether any such conveyance or attempted conveyance shall recite that it is expressly subject to the terms of this Lease unless such conveyance is consented, in writing, to by Lessee, its mortgagee and Investor Limited Partner. Lessor will not create any lien, encumbrance or charge upon its interest in the Leased Property except for any such lien, encumbrance or charge otherwise created by this Lease or consented to by Lessee.

Section 6.02 Tax Benefits. Lessee shall be deemed throughout the term of this Lease to own all Improvements and all alterations, additions, equipment and fixtures built, made or installed by Lessee in, on or under the Improvements or on the Property for federal tax purposes and shall be entitled to all of the tax attributes of ownership thereof, including, without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the low-income housing tax credit described in Section 42 of the Code, with respect to the Improvements and the equipment therein, and Lessee shall have the right to amortize and depreciate capital costs and to claim any other federal tax benefits attributable to the Improvements and the equipment therein. The Lessor expressly waives and relinquishes in favor of the Lessee any rights to claim the benefit of or to use any federal or state tax credits or depreciation benefits that are currently or may become, available during the Term as a result of any equipment, furniture or fixtures installed by the Lessee on the Improvements whether or not such items become a part of the realty, and the Lessor agrees to execute and deliver to Lessee any election form required to evidence the Lessee's right to claim tax credits or depreciation benefits on improvements made or property installed by the Lessee. Lessor shall execute and deliver other and further certificates, documents, and amendments to this Lease as reasonably requested by Lessee to confirm and establish that Lessee is the owner of the Leased Property for federal income and state franchise and excise tax purposes.

Section 6.03 Taxation of Improvements. This Lease is intended to be a lawful agreement between the Lessee and Lessor, as an instrumentality of a local government, for payments in lieu of taxes and therefore, the Buildings are assessed solely to Lessor and are subject to all applicable exemptions, all in accordance with Tennessee Code Annotated § 67-5-502(d).

ARTICLE VII.
Taxes and Other Charges

Section 7.01 Taxes and Other Governmental Charges. Lessee agrees, subject to the provisions of Section 7.04, to pay and discharge, as Additional Rent, punctually as and when the same shall become due and payable without penalty, all ad valorem taxes that at any time during the Term shall be or become due and payable by Lessor or Lessee and that shall be levied, assessed or imposed upon, or that shall be or become liens upon, the Leased Property or any portion thereof or any interest of Lessor or Lessee therein, under and by virtue of any present or future law, statute, regulation or other requirement of any governmental authority.

Section 7.02 Lessee Subrogated to Lessor's Rights. To the extent of any payments of Additional Rent by Lessee under this Article VII, Lessee shall be subrogated to Lessor's rights in respect to the proceedings or matters relating to such payments, and any recovery in such proceedings or matter shall be used to reimburse Lessee for the amount of such Additional Rent so paid by Lessee.

Section 7.03 Utility Services. Lessee agrees that Lessor is not, nor shall it be, required to furnish to Lessee or any other user of the Leased Property any gas, water, sewer, electricity, light, heat, power or any other facilities, equipment, labor, materials or services of any kind pursuant to this Lease and Lessee agrees that it shall pay all costs and expenses related to the foregoing.

Section 7.04 Payments in Lieu of Taxes.

(a) Recognition of Tax Status. Lessee recognizes that under present law, including specifically the Act, the properties owned by Lessor are exempt from all taxation in the State of Tennessee. Lessee further recognizes that present law, including specifically the Act and Tenn. Code Ann. § 48-101-312(b)(4)(C), provides legal authority to Lessor to enter into agreements for payments in lieu of ad valorem property taxes, such as this Lease.

(b) Administrative Provisions. In furtherance of the agreements in this Section, it is agreed by and between the parties hereto that Lessee, in cooperation with Lessor, shall cause all of the Leased Property, including but not limited to, the Leased Land, the Buildings, the Equipment located in the Buildings or on the Leased Land, each expansion of any Building, the Equipment located in each expansion of any Building, and any other Equipment conveyed to Lessor hereunder to be valued and assessed separately by the assessor or other official or officials charged with the responsibility of assessing privately owned property in the area where the Leased Property is located at the time such privately owned property is valued or assessed. Lessee, in cooperation with Lessor, shall cause to be applied to the appropriate taxable value of each such portion of the Leased Property the tax rate or rates that would be applicable for state and local tax purposes if the property were then privately owned, and shall cause the county trustee or other official or officials charged with the responsibility of collecting taxes to submit annually to Lessor and Lessee a statement of the taxes which would otherwise then be chargeable to each such portion of the Leased Property. The right is reserved to Lessee to the same extent as if Lessee were the owner of the Leased Property to contest the validity or amount of any such assessment.

(c) Payments in Lieu of Taxes. In addition to Basic Rent and Additional Rent hereunder, Lessee and Lessor agree that Lessee shall pay directly to the City and the County: (i) for each Tax Year occurring during the period commencing on the date hereof through and including the day prior to the Completion Date, a payment in lieu of taxes equal to the ad valorem taxes that would otherwise be payable with respect to the Leased Property if such Leased Property were owned by Lessee and (ii) for each Tax Year occurring during the period commencing on the Completion Date through and including the

twentieth (20th) anniversary of the Completion Date, an annual payment in lieu of taxes to the County equal to \$69,006.00 and an annual payment in lieu of taxes to the City equal to \$95,720.71.

Amounts payable with respect to any partial Tax Years included within the Term will be prorated based upon the actual number of days included within such Tax Year. Any payment due with respect to a Tax Year that is not paid prior to the termination or expiration of this Lease shall not be extinguished as a result of such termination or expiration and shall survive such termination or expiration.

Notwithstanding anything to the contrary contained in this Section, this Lease shall not be extended except pursuant to an amendment in writing and executed by both the Lessor and Lessee. Such reduction in taxes otherwise payable shall not apply with regard to any other tax assessed against Lessee, its income, its other real property or its personalty. In the event Lessee assumes ownership of the Leased Property, Lessee shall begin paying all applicable ad valorem and other taxes directly to the City and the County, as assessed, but shall not make, from the date of such acquisition, any in lieu payments with respect to such property other than those payments that were unpaid at the time of such acquisition.

Notwithstanding anything to the contrary contained in this Section, in the event that Lessee fails to complete the renovation of the Buildings in accordance with Article XI hereof or the Leased Property becomes ineligible for Tax Credits due to a violation of the use restrictions (related to the Tax Credits) applicable to the Leased Property, then Lessee shall make a payment in lieu of taxes with respect to each Tax Year remaining in the Term on behalf of the Lessor to the City and the County in an amount equal to the ad valorem taxes that would otherwise be payable with respect to the Leased Property if such Leased Property were owned by Lessee.

(d) Credit for Taxes Paid. Nothing contained in this Section 7.04 is intended or shall be construed to require the payment by Lessee of any greater amounts in lieu of taxes than would be payable as taxes if the Leased Property were owned by Lessee. It is accordingly understood and agreed that the amount payable by Lessee in any year under the provisions of this Section 7.04 shall be reduced by the amount of any ad valorem taxes lawfully levied upon the Leased Property or any part thereof, or upon Lessee's leasehold estate therein, and actually paid by Lessee pursuant to the requirements of Section 7.01 hereof to the City and the County and to the extent that any such tax payments paid by Lessee pursuant to the requirements of Section 7.01 hereof for any year shall exceed the in-lieu-of-tax payments for such year otherwise provided in this Section 7.04 the amount payable by Lessee in any subsequent year under the provisions of this Section 7.04 shall be reduced by such excess amount.

(e) Timing of Payments. Each payment in lieu of taxes required by this Section 7.04 with respect to any Tax Year or partial Tax Year shall be paid not later than February 28th of the following year.

(f) Reports. On behalf of Lessor, Lessee shall, during the term of this Lease, submit on or before October 1 of each year to the Tennessee State Board of Equalization the annual report required to be submitted by it. In addition, within ninety (90) days after the conclusion of each Tax Year during the term hereof, Lessee agrees to provide a report to Lessor, in a form reasonably acceptable to Lessor, that includes the following information pertaining to tenant evictions: (i) the number of tenant evictions completed as well as initiated (however, not taken through the full eviction process but which resulted in the tenant relocating from the property) during the Tax Year; and (ii) for each such eviction or initiated eviction that resulted in a relocation, an explanation of the reason(s) for the eviction and unit type (one bedroom, two bedroom, etc.) involved, and (b) the period of time such tenant(s) have been residents of the Project.

(g) Payment Upon Termination or Expiration. Upon the termination of this Lease for any reason during a Tax Year, Lessee shall pay a pro-rated amount of the payments in lieu of taxes, if any, required by this Section 7.04 for the period that this Lease is in effect and for which no payments in lieu of taxes have been made up to the date of such termination.

(h) Cessation of Business. Except in the event Lessee shall terminate this Lease pursuant to Article IX of this Lease, in the event Lessee ceases the active operation (excluding temporary cessations due to Force Majeure events) of a low-income housing facility for eligible residents at the Leased Property, and notwithstanding any provision herein to the contrary, Lessee shall make payments in lieu of taxes beginning as of the date Lessee ceases such operation equal to the ad valorem taxes that Lessee otherwise would have been required to make with respect to the Leased Property if the Leased Property was owned by Lessee.

Section 7.05 Permitted Contests. Lessee shall not be required to pay any tax or assessment against the Leased Property or any part thereof, so long as Lessee shall, at Lessee's expense, contest the same or the validity thereof in good faith, by appropriate proceedings which shall operate to prevent the collection of the tax or assessment so contested or resulting from such contest and the sale of the Leased Property or any part thereof to satisfy the same. Such contest may be made by Lessee in the name of Lessor or of Lessee, or both, as Lessee shall determine, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request. It is understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses (including attorneys' fees) in connection with any such proceeding brought by Lessee, and Lessee covenants to pay, and to indemnify and save harmless Lessor from, any such costs or expenses.

ARTICLE VIII.

Maintenance and Repair

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

Lessee shall keep and maintain in good order, condition and repair (including any such repair as is required due to fire, storm or other casualty) the Leased Property and every part thereof and any and all appurtenances thereto. Lessee shall save Lessor harmless on account of claims for mechanics and materialmen's liens in connection with any work by Lessee, and any such liens shall exist only against Lessee's leasehold interest and shall be discharged, by bond or otherwise, within sixty (60) days after filing. Lessee shall keep and maintain the Leased Property in accordance with all directions, rules and regulations of the proper officials of the government agencies having jurisdiction, at the sole cost and expense of Lessee, provided that Lessee shall not be required to repair or restore the Leased Property following material damage from a fire or other casualty except that Lessor may require Lessee to remove any debris from the Leased Property following a fire or other casualty.

ARTICLE IX.

Condemnation

If during the Term, all or any part of the Leased Property be taken by the exercise of the power of eminent domain or condemnation, Lessee shall be entitled to and shall receive the entire award for the taking. If title to or control of all of the Leased Property shall be taken by the exercise of the power of eminent domain or condemnation, or if such use or control of a substantial part of the Leased Property shall be taken as to result in rendering a substantial part of the Leased Property untenable or of materially

reduced value to Lessee, Lessee may terminate this Lease and exercise the purchase option purchase to Article XV by giving written notice to the Lessor and thereafter shall have no further liability hereunder except as specifically provided herein, provided, as a condition of such termination, Lessor may require Lessee to remove all or a portion of the improvements from the remaining portion of the Leased Property.

ARTICLE X.

Insurance and Indemnification

Section 10.01 Insurance. Lessee shall carry commercial general liability insurance covering the Leased Property and the use and occupancy of the same in a company or companies licensed to do business in Tennessee under a policy satisfactory to Lessor both as to amount and coverage and shall provide evidence of same to Lessor. Lessor shall be listed as an additional insured on such policy. Lessee shall also insure all improvements on the Leased Property at their full replacement value, with Lessor being included as an additional insured, and Lessee shall provide evidence of same to Lessor. Each policy described above shall not be canceled without first giving Lessor not less than thirty (30) days prior written notice. Lessee shall provide to Lessor evidence of all insurance policies contemplated by this Section, including, upon request, annual certificates of continued coverage.

Section 10.02 Indemnification. Lessee covenants and agrees, at its expense, to pay, and to indemnify and save Lessor and its directors, agents and employees (collectively, the "Indemnified Parties") harmless against and from any and all claims by or on behalf of any person, firm, corporation, or governmental authority, arising from the occupation, use, possession, conduct or management of or from any work or activity done in or about the Leased Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Leased Property or the occupancy or use thereof. Lessee also covenants and agrees, at its expense, to pay, and to indemnify and save the Indemnified Parties harmless against and from, any and all claims, costs or expenses arising from (i) any condition, including any environmental condition, now existing or hereafter arising, on the Leased Property, (ii) any breach or default on the part of Lessee in the performance of any covenant or agreement to be performed by Lessee pursuant to this Lease, (iii) any act or negligence of Lessee, or any of its agents, contractors, servants, employees or licensees, (iv) the failure of the Acquisition Deed to convey title to the Leased Land to Lessor on the date hereof other than as described in the Acquisition Deed, (v) any disputes, demands or claims related to the title of the Leased Land or any liens or other encumbrances affecting the Leased Land (other than claims originating from an action in violation of Section 6.01 hereof), or (vi) any accident, injury or damage whatever caused to any person, firm or corporation in or about the Leased Property and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in this Section. In the event that any action or proceeding is brought against any Indemnified Party by reason of any such claims, Lessee, upon notice from such Indemnified Party, covenants to resist or defend such action or proceeding. Notwithstanding anything in this Lease to the contrary, Lessee shall not be required to indemnify any of the Indemnified Parties in the event of any acts of gross negligence or willful misconduct or intentional misconduct of any of the Indemnified Parties or for any claim or liability which the Indemnified Parties was not given the opportunity to contest. The indemnification provided shall survive termination of this Lease.

ARTICLE XI.

Renovation of Buildings: Alterations

Lessee shall have the right to construct buildings and other improvements on the Leased Land from time to time and to make additions to and alterations of any such buildings and improvements and any existing buildings and improvements. All work done in connection with such additions, alterations, improvements or construction shall be done promptly, and in good and workmanlike manner, and in

compliance with all applicable laws, ordinances, orders, rules, regulations and requirements of all federal, state and municipal governments and the appropriate departments, commissions, boards and offices thereof. Lessee shall maintain or cause to be maintained, at all times when any work is in process in connection with such additions, alterations, improvements or construction, workmen's compensation insurance covering all persons employed in connection with such work and with respect to whom death or bodily injury claims could be asserted against Lessor, Lessee or the Leased Property.

Lessee covenants and agrees at its expense to cause the acquisition of the Leased Land and the renovation of the apartment buildings and improvements located on the Leased Land (the "Buildings"), and in connection therewith, Lessee agrees to incur capital expenditures for the renovation of the Buildings in an aggregate amount of not less than \$_____. It is understood and agreed that the Buildings, together with all other improvements or fixtures from time to time placed on the Leased Land, shall become the property of Lessor and part of the Leased Property, subject to the purchase option set forth in Article XV. Lessee agrees to complete the renovation of the Buildings prior to the date that is [thirty (30) months] after the date hereof, provided that such time period shall be extended in the event of an event of Force Majeure.

ARTICLE XII. **Acquisition of Equipment**

Section 12.01 Acquisition of Equipment. As of the date of this Lease, Lessee has acquired the Equipment, if any, shown on Exhibit B for location in the Buildings or on the Leased Land. In furtherance of the foregoing, upon the execution of this Lease, Lessee shall convey the Equipment shown on Exhibit B to Lessor by a bill of sale in substantially the form of Exhibit C attached hereto and thereafter such Equipment shall become the property of Lessor, but shall be for the sole use and benefit of Lessee during the Term.

Unless Lessee gives Lessor written notice to the contrary, any machinery and equipment hereafter acquired by Lessee to be located on the Leased Land or any improvement thereon by means of a bill of sale in substantially the form of Exhibit C attached hereto, and thereafter such equipment likewise shall become the property of Lessor and part of the Equipment subject to the provisions hereof, but shall be for the sole use and benefit of Lessee during the Term, and Exhibit B shall be deemed to have been supplemented to include such equipment.

Any Equipment removed from the Leased Property, other than for ordinary maintenance, shall no longer be deemed part of the Leased Property for purposes of this Lease and, upon the written request of Lessee, shall be conveyed to Lessee pursuant to Article XV.

Section 12.02 Installation and Removal of Other Equipment. Lessee may at any time or times during the Term install or commence the installation on the Leased Land or any improvement thereon of any equipment in addition to the Equipment as Lessee may deem desirable, and Lessee may also remove any such equipment at its discretion. All such equipment shall be acquired and installed at the expense of Lessee and shall remain the property of Lessee and shall not be part of the Equipment unless otherwise added to Exhibit B.

Section 12.03 Alteration, Improvement, Removal and Modifications of Equipment by Lessee. Lessee may alter, improve and modify the Equipment from time to time as it may determine is desirable for its uses and purposes. Lessee shall be responsible for all costs of such alterations, improvements and modifications. All such alterations, improvements and modifications shall become a part of the Equipment and the property of Lessor as made. Lessee shall use its best efforts to cause all work done in connection with such alterations, improvements and modifications to be done in a good and workmanlike manner and in compliance with all laws, ordinances, orders, rules, regulations and requirements of all governmental

authorities. Lessee may remove and dispose of any Equipment that Lessee determines is not necessary for Lessee's operations provided Lessee purchases such Equipment pursuant to Article XV.

ARTICLE XIII.

Subletting, Assignments and Mortgaging

Section 13.01 Except for (i) leases in the ordinary course of business or otherwise desirable for operation of an apartment complex, (ii) a leasehold deed of trust pursuant to which Lessee mortgages its leasehold estate in the Leased Property, (iii) removal of the general partner of Lessee in accordance with the terms of its partnership agreement (the "Partnership Agreement") or by the Lender pursuant to the loan documents related to the loan from the Lender to Lessee (the "Loan Documents") so long as any new general partner of Lessee is approved by Lessor, such approval not to be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of the date of request or shall be deemed approved, and (iv) any other transfer of a partnership interest of Lessee in accordance with the terms of its Partnership Agreement or by the Lender pursuant to the Loan Documents so long as (A) LHP Capital, LLC or an affiliate thereof remains a direct or indirect partner of Lessee or (B) the transferee is approved by Lessor, such approval not to be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of the date of request or shall be deemed approved (each of the foregoing being a "Permitted Transfer" which shall not require Lessor's consent), Lessee shall not have the right to sublet the Leased Property or assign or otherwise transfer its rights and interest hereunder except with the prior written consent of Lessor or as explicitly permitted in this Lease. In the event that the Lender becomes the successor lessee hereunder pursuant to this section, the Lender shall be eligible to make the payments in lieu of taxes pursuant to Section 7.04 hereof; and further provided that any successor or assign of the Lender, or any purchaser at a foreclosure sale other than the Lender, shall be entitled to make payments in lieu of taxes pursuant to Section 7.04 hereof so long as Lessor has reasonably approved such person or entity, such approval not to be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of the date of request or shall be deemed approved. If such successor or assign of the Lender or any purchaser at a foreclosure sale other than the Lender is not approved by Lessor (the "Non-Approved Party") in accordance with the foregoing sentence, then the Non-Approved Party shall make payments in lieu of taxes beginning as of the date of such assignment or purchase equal to the ad valorem taxes that Lessee otherwise would have been required to make with respect to the Leased Property if the Leased Property was owned by Lessee. If Lessee conveys, assigns, transfers, leases, subleases or sells all or any part of its rights or interest hereunder to a transferee with the approval of HUD in accordance with section (c) of the Lease Addendum attached hereto as Exhibit F but without the approval of Lessor, such transferee shall make payments in lieu of taxes beginning as of the date thereof equal to the ad valorem taxes that Lessee otherwise would have been required to make with respect to the Leased Property if the Leased Property was owned by Lessee, except as otherwise provided in this Section 13.01.

Section 13.02 If a mortgagee or Investor Limited Partner of Lessee shall have given Lessor, before any Event of Default shall have occurred hereunder, a written notice specifying the name and mailing address of the mortgagee or Investor Limited Partner, then Lessor shall not terminate this Lease by reason of the occurrence of any Event of Default hereunder unless Lessor shall have given the mortgagee and Investor Limited Partner a copy of its notice to Lessee of such Event of Default addressed to the mailing address last furnished by the mortgagee and Investor Limited Partner, and such Event of Default shall not have been cured by said mortgagee or Investor Limited Partner, as applicable, within the time permitted herein (which such time period, with respect to mortgagee and Investor Limited Partner, shall begin upon receipt of the respective notice by mortgagee and Investor Limited Partner), provided that mortgagee and Investor Limited Partner shall have the right to extend the period of time for the curing of any such Event of Default for an additional period of thirty (30) days from the date contained in the notice given pursuant to Section 16.03 herein, or in the case of an Event of Default which cannot be cured within said thirty (30) day period, for such additional period (not to exceed an additional sixty (60) days) as, with all due diligence

and in good faith, is necessary to cure the Event of Default. Lessor acknowledges that it has received written notice that (a) Lender is a mortgagee hereunder, and that Lessor shall send notices required to be sent to a mortgagee hereunder to Lender at the address provided in Section 16.03 and (b) the Investor Limited Partner is an investor limited partner hereunder, and that Lessor shall send notices required to be sent to an investor limited partner hereunder to the Investor Limited Partner at the address provided in Section 16.03.

Section 13.03 Lessee irrevocably directs that Lessor accept, and Lessor agrees to accept, performance by any such mortgagee or Investor Limited Partner of the Lessee's, as applicable, right to terminate this Lease granted to Lessee by Article XV hereof, regardless whether an Event of Default has occurred. After the date hereof, and in addition to any rights the mortgagee or Investor Limited Partner may have by virtue of this Lease, if, within ninety (90) days after the mailing of a notice of termination, or such later date as may be provided in this Lease following the expiration of the cure period, if any, afforded to the Lessee (the "Mortgagee/Investor Cure Period"), such mortgagee or Investor Limited Partner shall pay, or arrange to the satisfaction of Lessor for the payment of, a sum of money equal to any and all Basic Rent, Additional Rents, and other payments due and payable by Lessee hereunder with respect to the portion of the Leased Property to which such mortgagee or Investor Limited Partner claims an interest as of the date of the giving of notice of termination, in addition to their pro rata share of any and all expenses, costs and fees, including reasonable attorneys' fees, incurred by Lessor in preparation for terminating this Lease, and in acquiring possession of the Leased Property, then, upon the written request of such mortgagee or Investor Limited Partner made any time prior to the expiration of the Mortgagee/Investor Cure Period, Lessor and the party making such request (or its nominee) (the "New Lessee") shall mutually execute prior to the end of such Mortgagee/Investor Cure Period a new Lease of the Leased Property (or such portion thereof as they have an interest in or mortgage on) for the remainder of the Term of this Lease and on the same terms and conditions, and with the same priority over any encumbrances created at any time by Lessor, its successors and assigns which Lessee has or had by virtue of this Lease; provided, however, that in addition to the above payments such New Lessee shall have paid to Lessor a sum of money equal to the Basic Rent and other payments for such portion of the Leased Property accruing from the date of such termination to the date of the commencement of the term of such new Lease, together with its pro rata share of all expenses, including reasonable attorneys' fees, incident to the preparation, printing, execution, delivery and recording of such new lease and provided, further, that such New Lessee is approved by Lessor, such approval not to be unreasonably withheld, conditioned or delayed, and shall be provided or withheld within thirty (30) days of the date of request or shall be deemed approved. Such priority shall exist by virtue of the notice created by this Lease to any transferee of Lessor or person receiving an encumbrance from Lessor, and the priority shall be self-operative and shall not require any future act by Lessor. Such new Leases shall contain the same clauses subject to which this demise is made, and shall be at the rents and other payments for such portion of the Leased Property due Lessor and upon the terms as are herein contained. New Lessees under any such new Leases shall have the same right, title and interest in and to and all obligations accruing thereafter under this Lease with respect to the applicable portion of the Leased Property as Lessee has under this Lease. Nothing in this Section 13.03 shall require the Investor Limited Partner or mortgagee, as a condition to the exercise of its rights under this Section 13.03, to cure any default of Lessee not reasonably susceptible of being cured by any investor limited partner or mortgagee.

Section 13.04 Simultaneously with the making of such new leases, the party obtaining such new lease and all other parties junior in priority of interest in the Leased Property shall execute, acknowledge and deliver such new instruments, including new mortgages and new subleases, as the case may be, and shall make such payments and adjustments among themselves, as shall be necessary and proper for the purpose of restoring to each of such parties as nearly as reasonably possible, the respective interest and status with respect to the Leased Property which was possessed by the respective parties prior to the termination of this Lease as aforesaid.

Section 13.05 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Leased Property to such mortgagee or their respective nominee until the new leases have been executed by all pertinent parties. Lessor agrees, however, that Lessor will, at the cost and expense of such mortgagee or respective nominee, cooperate in the prosecution of judicial proceedings to evict the then defaulting Lessee or any other occupants of the Leased Property.

Section 13.06 Notwithstanding the term of any mortgage, Lessee's mortgagee shall have no further rights in the Lease except as stated herein. As used in this Section and throughout this Lease, the noun "mortgage" shall include a leasehold deed of trust, the verb "mortgage" shall include the creation of a leasehold deed of trust, the word "mortgagee" shall include the beneficiary under a leasehold deed of trust, and the terms "foreclose" or "foreclosure" shall include a trustee's sale under a deed of trust as well as a foreclosure by judicial process.

ARTICLE XIV.

Events of Default: Termination

If any one or more of the following events (herein called "Events of Default") shall happen:

(a) if Lessee fails to maintain the commercial general liability insurance required by Section 10.01 after being given notice of such failure and not curing such failure within ten (10) days of receipt of such notice; or

(b) if default shall be made in the due and punctual payment of any payment due pursuant to Section 7.04 hereof, and such default shall continue for more than thirty (30) days after Lessee's receipt of written notice of such default to Lessee from Lessor; or

(c) if default shall be made by Lessee in the due performance of or compliance with any of the terms hereof, other than that referred to in the foregoing subdivisions (a) and (b), and such default shall continue for sixty (60) days after Lessor shall have given Lessee written notice of such default (or in the case of any such default which cannot with due diligence be cured within such 60-day period, if Lessee shall fail to proceed promptly to cure the same and thereafter prosecute the curing of such default with due diligence, it being intended in connection with any such default not susceptible of being cured with due diligence within the sixty (60) days that the time of Lessee within which to cure the same shall be extended for such period as may be necessary to complete the curing of the same with all due diligence);

then in any such event Lessor at any time thereafter and while such Event of Default shall continue may give a written termination notice to Lessee, which notice shall specify the nature of the Event of Default and a date of termination of this Lease not less than ninety (90) days after the giving of such notice. Upon such termination, Lessor shall have the right, but not the obligation, to enter upon the Leased Property and repossess the Leased Property. This termination right is subject to Lessee's right to purchase the Leased Property pursuant to Section 15.01 and at any time during or within 30 days after the term of this Lease, Lessee may exercise its right in Section 15.01 to purchase the Leased Property without regard to whether an Event of Default has occurred.

ARTICLE XV.

Purchases and Purchase Prices

Section 15.01 Option to Purchase. Lessee (and upon an event of default under any mortgage, such mortgagee) shall have an irrevocable and exclusive option to purchase the Leased Property as a whole or any part thereof at any time during the Term or within thirty (30) days after the termination or expiration of the Lease for the amount provided in Section 15.03. To exercise such option Lessee or mortgagee shall (i) give Lessor at least ten (10) days prior written notice of its intent to exercise any option granted pursuant

to this Section 15.01, which notice shall state the purchase date, and (ii) comply with the provisions of Section 15.03 hereof. The option to be exercised by Lessee or mortgagee hereunder may be exercised whether or not a default or Event of Default has occurred hereunder. Lessee or mortgagee shall also have the option to purchase any item of Equipment upon ten (10) days' prior written notice of its intent to exercise its option to purchase such item and upon compliance with Section 15.03.

Section 15.02 Granting of Easements. From time to time during the Term, Lessee shall have the right, at Lessee's expense, to cause Lessor (i) to grant easements affecting the Leased Land, (ii) to dedicate or convey, as required, portions of the Leased Land for road, highway and utilities and other public purposes, and (iii) to execute petitions to have the Leased Land or portions thereof annexed to any municipality or included within any utility, highway or other improvement or service district. Lessor shall also promptly execute and deliver estoppels, joinders, non-disturbance agreements and other documents required in connection with Lessee's use, financing, and refinancing of the Leased Property.

Section 15.03 Exercise of Option.

(a) To exercise any option contained in Section 15.01, Lessee shall pay, or cause to be paid, on or prior to the purchase date, as the purchase price the sum of (i) \$1.00 plus (ii) any other amounts that are then due or that have accrued under this Lease (including, without limitation, any amounts due upon termination or expiration of this Lease), but excluding any amounts required to be expended pursuant to Article XI.

(b) On the purchase date for the purchase of the Leased Property pursuant to Section 15.01, this Lease shall terminate and Lessor shall convey Lessor's interest in the Leased Property to Lessee (or its assigns) by quitclaim deed and/or bill of sale, as appropriate, without warranty of any type. The form of the quitclaim deed and bill of sale pursuant to which property will be conveyed pursuant to this Section shall be in substantially the forms attached hereto as Exhibit D and Exhibit E respectively. Lessee shall pay all expenses relating to such conveyance.

ARTICLE XVI.
Miscellaneous

Section 16.01 Applicable Law. This Lease shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Tennessee.

Section 16.02 Severability. In the event that any clause or provision of this Lease shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.

Section 16.03 Notices and Demands. All notices, certificates, demands, requests, consents, approvals and other similar instruments under this Lease shall be in writing, and shall be effective either (a) when delivered personally to the party for whom intended, (b) on the second business day following mailing by a nationally recognized overnight courier service, (c) on the fifth day following mailing by certified or registered mail, return receipt requested, postage prepaid, or (d) on the date transmitted by telecopy as shown on the telecopy confirmation therefor as long as such telecopy transmission is followed by mailing of such notice by certified or registered mail, return receipt requested, postage prepaid, in any case addressed to such party as set forth below or as a party may designate by written notice given to the other party in accordance herewith.

To the Lessor:

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

with copies to:

Bass, Berry & Sims PLC
900 S. Gay Street
1700 Riverview Tower
Knoxville, Tennessee 37902
Attention: James P. Moneyhun, Jr., Esq.

To the Lessee:

Pines III, L.P.
900 South Gay Street, Suite 2000
Knoxville, Tennessee 37902
Attention: Mike Rodgers

with copies to:

Gentry, Tipton & McLemore, PC
900 S. Gay Street, Suite 2300
Knoxville, Tennessee 37902
Attention: Brian Blind

To Lender (as mortgagee as provided in Article XIII):

Walker & Dunlop, LLC
7272 Wisconsin Avenue, Suite 1300
Bethesda, MD 20814
Attention: Rob Rotach

To the Investor Limited Partner
(as an investor limited partner as provided in Article XIII):

First Horizon Community Investment Group, Inc.
165 Madison Avenue, 6th Floor
Memphis, TN 38103
Attention: Amanda L. Ward

Section 16.04 Headings and References. The headings in this Lease are for convenience of reference only and shall not define or limit the provisions thereof. All references in this Lease to particular Articles or Sections are references to Articles or Sections of this Lease, unless otherwise indicated.

Section 16.05 Successors and Assigns. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 16.06 Multiple Counterparts. This Lease may be executed in multiple counterparts, each of which shall be an original but all of which together shall constitute but one and the same instrument.

Section 16.07 Expenses and Closing Fee. Lessee shall pay all costs and expenses of Lessor in connection with the preparation, negotiation and execution of this Lease and the performance hereof, including the reasonable fees and expenses of Lessor's attorneys. In addition, in the event that Lessor shall be required to engage legal counsel for the enforcement of any of the terms of this Lease, whether or not such employment shall require institution of suit or other legal services required to secure compliance on the part of Lessee, Lessee shall be responsible for and shall promptly pay to Lessor the reasonable value of said attorneys' fees, and any other reasonable expenses incurred by Lessor as a result of such default. Furthermore, simultaneously with the execution hereof, Lessee shall pay to Lessor a closing fee in the amount of \$35,000.00 in accordance with Lessor's policies.

Section 16.08 No Liability of Officers, Etc. No recourse under or upon any obligation, covenants or agreement contained in this Lease shall be had against any incorporator, members, director or officer, as such, past, present or future, of Lessor, either directly or through the Lessor. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer is hereby expressly waived and released by Lessee as a condition of and consideration for the execution of this Lease.

Section 16.09 No Liability of City, County, Officers, Etc. The City, County and the officers and agents of the City and County shall not in any event be liable for the performance of any obligation or agreement of any kind whatsoever herein, and none of the agreements or obligations of Lessor contained in this Lease or otherwise shall be construed to constitute an indebtedness of the City, County or the officers or agents of the City or County, within the meaning of any constitutional or statutory provision whatsoever.

Section 16.10 Limitation of Liability. Notwithstanding any other provision hereof, Lessor's liability hereunder shall be limited to its interest in the Leased Property and the payments to be made pursuant to this Lease, and Lessee shall not have any recourse against any other assets of Lessor.

Section 16.11 Interest. In addition to all other amounts payable under this Lease, Lessee shall also pay interest on any payment due hereunder that is not paid on the date such payment is due until paid at the interest rate, as it may vary from time to time, that the City would impose on a delinquent tax payment during the period such payment was due.

Section 16.12 Amendments and Modifications. The Lease constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings whether written or oral. Any amendments, modifications or revisions to this Lease shall be signed by both Lessor and Lessee and only with the prior written consent of Investor Limited Partner.

Section 16.13 HUD Lease Addendum. The Lease Addendum attached hereto as Exhibit F is incorporated herein and, in the event of a conflict between the terms of the Lease Addendum and this Lease, the Lease Addendum shall control.

Section 16.14 Limited Partner Provisions. Exhibit G (the "Limited Partner Provisions") is hereby attached hereto and incorporated herein by reference. Except with respect to the terms of Section 16.13 hereof, to the extent there is any inconsistency with the terms of this Lease, the Limited Partner Provisions shall control.

[Signatures appear on following page.]

IN WITNESS WHEREOF, this Lease has been duly executed by the parties hereto as of the date and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

ATTEST:

By: _____
Scott Broyles, Vice Chair

Secretary

PINES III, L.P.,
a Tennessee limited partnership

By: Pines III GP, LLC
a Tennessee limited liability company,
its General Partner

By: _____
Carey B. Parker, President

EXHIBIT A

Legal Description of Leased Land

EXHIBIT B

Leased Equipment

None.

EXHIBIT C

BILL OF SALE

Knox County, Tennessee

_____, 20__

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby transfers and conveys to Knoxville's Community Development Corporation, a public nonprofit corporation, all of its right, title, claim and interest in law and equity in and to all personal property, fixtures, machinery and equipment described on Exhibit A attached hereto.

The undersigned warrants that it has good and lawful right to make this conveyance.

IN WITNESS WHEREOF, _____ has caused its name to be signed by its duly authorized officer on the day and year first above written.

PINES III, L.P.,
a Tennessee limited partnership

By: Pines III GP, LLC
a Tennessee limited liability company,
its General Partner

By: _____
Name: _____
Title: _____

Sworn to and subscribed before me, this ____ day of _____, 20__.

Notary Public

My Commission Expires:

EXHIBIT D

This Instrument Prepared By:
James P. Moneyhun, Jr., Attorney
BASS, BERRY & SIMS PLC
1700 Riverview Tower
900 South Gay Street
Knoxville, Tennessee 37902

QUITCLAIM DEED

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

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

First Party, and

PINES III, L.P., a Tennessee limited partnership.

Second Party,

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

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

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

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

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

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

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

By: _____
Chair

STATE OF TENNESSEE)
)
COUNTY OF _____)

Personally appeared before me the undersigned authority, a Notary Public in and for said City and in said state, _____, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be the Chair of Knoxville's Community Development Corporation, the within named bargainor, a housing and redevelopment authority of the City of Knoxville, Tennessee organized under the Tennessee Housing Authorities Law, and that he as such Chair, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Chair.

Witness my hand and official seal at office, this ____ day of _____, ____

Notary Public

My Commission Expires:

Name and address of property owner:

who is responsible for payment of taxes.

CLT CODE: _____

I hereby swear or affirm that the actual consideration or true value of this transfer, whichever is greater is \$1.00.

Subscribed and sworn to before me, this ____ day of _____, ____.

Affiant

My Commission Expires:

Notary Public

EXHIBIT E

BILL OF SALE

Knox County, Tennessee

_____, 20__

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby transfers and conveys to Pines III, L.P., a Tennessee limited partnership, all of its right, title, claim and interest in law and equity in and to all personal property, fixtures, machinery and equipment described on Exhibit A attached hereto.

The undersigned makes no warranty as to title of the property transferred and conveyed.

IN WITNESS WHEREOF, Knoxville's Community Development Corporation has caused its name to be signed by its duly authorized officer on the day and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT
CORPORATION

By: _____
Title: _____

Sworn to and subscribed before me, this ____ day of _____, 20__.

Notary Public

My Commission Expires:

EXHIBIT F

HUD Lease Addendum

**Lease Addendum -
Multifamily**

U.S. Department of Housing
and Urban Development
Office of Housing

OMB Approval No. 2502-
0598 (Exp. 9/30/2021)

Public Reporting Burden for this collection of information is estimated to average 0.5 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Response to this request for information is required in order to receive the benefits to be derived. This agency may not collect this information, and you are not required to complete this form unless it displays a currently valid OMB control number. While no assurance of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Warning: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to, 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

Project Name: Pines Apartments
HUD Project No: _____

THIS LEASE ADDENDUM is attached to and made part of that certain Lease dated as of _____, 2024 (the "Lease") between KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION ("Landlord") and PINES III, L.P. ("Tenant") (collectively, the "Parties").

The Lease Addendum is required in connection with a mortgage loan insured by the U.S. Department of Housing and Urban Development ("HUD") for multifamily projects pursuant to the National Housing Act, as amended, found at 12 U.S.C. § 1701, *et seq.* ("Act"), and made by the following HUD-approved lender, Walker & Dunlop, LLC, a Delaware limited liability company ("Lender"). The insured loan is secured by a Security Instrument on the leasehold estate set forth in the Lease.

The definition of any capitalized term or word used in this Lease Addendum and not otherwise defined can be found in the Security Instrument and/or Note between Lender and Tenant; or the Regulatory Agreement between Tenant and HUD. The terms "HUD" and "Lender" as used in the Lease Addendum shall also include their successors and assigns, and the Tenant is the same legal entity as the Borrower under the Security Instrument. All references to "days" in this Lease Addendum shall mean calendar days.

Notwithstanding anything else in the Lease to which this Lease Addendum is attached, and for valuable consideration, the receipt and sufficiency of which the Parties hereto hereby acknowledge and agree, and to induce the Lender to make the

Loan to the Tenant described in the Security Instrument, and to induce HUD to insure said Loan, so long as this leasehold estate is subject to a security instrument insured, reinsured, or held by HUD or given to HUD in connection with a resale, or the Property is acquired and held by HUD because of a default under the Security Instrument, Landlord and Tenant acknowledge and agree to the following provisions.

The leasehold estate consists of the legally described land and includes all buildings, improvements, alterations, and fixtures now or in the future located on the legally described land. The Tenant does not own title to any of the buildings, improvements, alterations or fixtures but Tenant is the owner of the buildings, improvements, alterations and fixtures for federal income and state franchise and excise tax purposes. As such, the term “**Property**” means the legally described land in the Lease including the buildings, improvements, alterations and fixtures now or in the future located on the land.

1. Compliance with HUD Requirements. Pursuant to the Act, the following provisions may not be waived under any circumstances, whether for a new lease or an existing lease:

- (a) the term of the Lease and other Lease provisions comply with the section of the Act and related federal regulations under which the Note is endorsed for mortgage insurance;
- (b) the Landlord owns the Property in fee simple, and the leasehold estate is directly by the Landlord to the Tenant;
- (c) the leasehold estate underlying the Lease constitutes a mortgageable real property interest under state law;
- (d) the Lease and related Lease documents do not conflict with any Program Obligations.¹ promulgated by HUD with respect to such mortgage insurance; and
- (e) all ground rent amounts have prior written approval by HUD.

2. Modifications. The Lease and this Lease Addendum shall not be modified without the written consent of HUD and Lender. Modifications of the Lease and this Lease Addendum that are not authorized in writing by HUD and Lender are void and unenforceable.

3. Conflict Provision. The provisions of this Lease Addendum benefit Lender and

¹ “Program Obligations” means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Lease Addendum rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on “HUDCLIPS,” at www.hud.gov.

HUD and are specifically declared to be enforceable against the parties to the Lease and all other persons by Lender and HUD. In the event of any conflict, inconsistency or ambiguity between the provisions of this Lease Addendum and the provisions of any other part of the Lease, the provisions of this Lease Addendum shall prevail and control.

4. Recording. The full Lease agreement and incorporated HUD Lease Addendum, or a memorandum of lease (if permitted under state law), must be recorded in the applicable land records office. If a memorandum of lease or a short form lease is to be recorded, it must set forth the following information, in addition to compliance with state law requirements:

- (a) names of the Parties;
- (b) legal description;
- (c) term and renewals;
- (d) reference to the HUD Lease Addendum; and
- (e) specific reference to HUD's option to purchase in Section 7 (unless Section 7 is expressly waived in writing by HUD in accordance with Program Obligations).

5. Estoppel Certificate. As a condition of HUD's acceptance of a lease transaction, an estoppel certificate identifying the Lease documents and signed by the Landlord, dated within thirty (30) days of the Note endorsement, must be provided to Lender and HUD at closing. The Landlord must confirm in writing to Lender and HUD that the Security Instrument is authorized, the Lease is in full force and effect, there are no defaults or pending defaults under the Lease or conditions that would give rise to defaults given the passage of time, and that the description of the Property is correct. The document must provide the language required by 24 CFR Section 200.62, and also include the "Warning" language found at the beginning of this Lease Addendum.

Upon a reasonable request from Tenant, Lender, or HUD, Landlord further agrees to promptly provide from time to time an estoppel certificate to confirm the terms of, and no default under, the Ground Lease.

6. Consent for Mortgage. Landlord agrees that the Tenant is authorized to obtain a loan, the repayment of which is to be insured by HUD and secured by the Security Instrument on this leasehold estate. The Tenant is further authorized to execute all documents necessary as determined by HUD and otherwise to comply with Program Obligations for obtaining such an insured loan.

7. Intentionally deleted.

8. Conveyance by Tenant. If approved in writing by HUD in advance, the Tenant may convey, assign, transfer, lease, sublease or sell all or any part of its leasehold interest in the Property without the need for approval or consent by any other

person or entity.

9. Insurance.

- (a) Insurance policies shall be in an amount, and with such company or companies and in such form, and against such risks and hazards, as shall be approved by Lender and HUD.
- (b) The Landlord shall not take out separate insurance concurrent in form or contributing in the event of loss with that specifically required to be furnished by the Tenant to Lender. The Landlord may at its own expense, however, take out separate insurance which is not concurrent in form or not contributing in the event of loss with that specifically required to be furnished by the Tenant to Lender.

10. Condemnation. All awards and/or proceeds from a condemnation, or the negotiated sale in lieu of condemnation, of all or any part of the Tenant's and/or Landlord's interests in the Property, Improvements or the leasehold estate, shall be paid to Lender and applied as provided in the Security Instrument.

11. Intentionally deleted.

12. Intentionally deleted.

13. Landlord Cooperation for Needed Authorizations. The Landlord agrees that within ten (10) business days after receipt of written request from the Tenant, it will join in any and all applications for permits, licenses or other authorizations required by any Governmental Authority in connection with any work which the Tenant may do hereunder and will also join in any grants for easements for electric, telephone, telecommunications, cable, gas, water, sewer and such other public utilities and facilities as may be reasonably necessary in the operation of the Property and if, at the expiration of such ten (10) day period, the Landlord shall not have joined in any such application, or grants for easements, the Tenant shall have the right to execute such application and grants in the name of the Landlord, and for that purpose, the Landlord hereby irrevocably appoints the Tenant as its attorney-in-fact to execute such papers on behalf of the Landlord, only to the extent that a public body as Landlord may do so within the exercise of its municipal powers and responsibilities.

14. Taxes. Nothing in this Lease shall require the Tenant to pay any franchise, estate, inheritance, succession, capital levy or transfer tax of the Landlord or any income excess profits or revenue tax, or any other tax, assessment charge or levy upon the rent payable by the Tenant under this Lease.

15. Notices. All notices, demands and requests which are required to be given by the Landlord, Tenant, Lender or HUD in connection with the Lease and this Lease Addendum shall be in writing and shall be sent by registered or certified mail,

postage prepaid, and addressed to the address of the party as given in this instrument unless a request for a change in this address has been sent to the party giving the notice by registered or certified mail prior to the time when such notice is given.

All notices shall be addressed as follows:

If to Lender:

Walker & Dunlop, LLC
7272 Wisconsin Avenue, Suite 1300
Bethesda, MD 20814
Attention: Rob Rotach

with copies to:

Tiber Hudson LLC
2042 Town Center Blvd., #121
Knoxville, Tennessee 37922
Attention: Jonathan H. Peyton, Esq.

If to HUD:

US Dept. of Housing and Urban Dev.
701 Broadway, Suite 130
Nashville, TN 37203

If to Tenant:

Pines III, L.P.
900 South Gay Street, Suite 2000
Knoxville, Tennessee 37902
Attention: Mike Rodgers

with copies to:

Gentry Tipton & McLemore, P.C.
900 South Gay Street, Suite 2300
Knoxville, Tennessee 37902
Attention: Timothy M. McLemore, Esq.

First Horizon Community Investment Group, Inc.
165 Madison Avenue, 6th Floor
Memphis, TN 38103
Attention: Amanda L. Ward

If to Landlord:

Knoxville's Community Development Corporation
P.O. Box 3550
Knoxville, Tennessee 37927

Attention: Benjamin M. Bentley

with copies to:

James P. Moneyhun, Jr., Esq.
Bass, Berry & Sims PLC
1700 Riverview Tower
Knoxville, Tennessee 37902

16. No Merger. There shall be no merger of this Lease or the leasehold estate created by this Lease with the fee estate in or ownership of the Property or any interest therein by reason of the fact that the same person or entity may acquire or hold, directly or indirectly, this Lease or the leasehold estate hereby created or any interest therein and fee estate in or ownership of the Property. No such merger shall occur unless and until HUD specifically consents and agrees in writing to such merger.

Each signatory below hereby certifies that each of their statements and representations contained in the Lease and this Lease Addendum and all their supporting documentation thereto are true, accurate, and complete. This Lease Addendum has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring the Loan, and may be relied upon by HUD as a true statement of the facts contained therein.

IN WITNESS WHEREOF, this Lease has been duly executed by the parties hereto as of the date and year first above written.

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

ATTEST:

By: _____
Scott Broyles, Vice Chair

Secretary

PINES III, L.P.,
a Tennessee limited partnership

By: Pines III GP, LLC,
a Tennessee limited liability company,
its General Partner

By: _____
Carey B. Parker, President

EXHIBIT G

LIMITED PARTNER PROVISIONS

During the Compliance Period (as defined in the Partnership Agreement) or so long as the Limited Partner has an ownership interest in Lessee, notwithstanding Lessor's rights under applicable law or any provision in this Lease to the contrary, each of the provisions set forth in this Rider shall apply.

Section 1. Term. Except in an Event of Default by the Limited Partner, subject to applicable notice and cure provisions, during the Compliance Period (as defined in the Partnership Agreement) or so long as the Limited Partner has an ownership interest in Lessee, Lessor shall not have any right to terminate the Lease at any time without the consent of the Limited Partner.

Section 2. Intentionally Omitted.

Section 3. Notice and Cure Rights. With respect to any defaults under this Lease including an Event of Default, Lessor, shall: (1) give the Limited Partner a copy of any written notice given to the Lessee under the Lease at the address noted in Section 16.03, (2) give the Limited Partner fifteen days after the Limited Partner's receipt of such notice to cure a non-payment of any sum due under this Lease; (3) give the Limited Partner sixty days after the Limited Partner's receipt of such notice to cure any other default under this Lease; (4) if a default is incapable of being cured within thirty days, give the Limited Partner such additional time as is necessary to cure such default provided the Limited Partner has commenced to cure such default and is diligently proceeding to cure such default, provided, however, such additional time shall not exceed 120 days; (5) if the Limited Partner makes any such payment or otherwise cures such default, accept such action as curing the respective default under this Lease; (6) if the Limited Partner cannot cure a default without removing the general partner of the Lessee and assuming control of the Lessee, toll Lessor's exercise of remedies during the period the Limited Partner is attempting to remove the general partner of the Lessee for a period of at least 120 days. In addition, if the Limited Partner removes the general partner of the Lessee, the Limited Partner will not have to cure prior defaults of such general partner that are not capable of being cured by the Limited Partner, such as the bankruptcy of such general partner.

Section 4. Transfer: Removal. Subject to HUD requirements as set forth in Exhibit E of Lessee's Partnership Agreement, it shall not constitute an Event of Default under this Lease and the consent of Lessor is not required, for: (a) the transfer, at any time, of limited partner interests in Lessee in accordance with the terms of the Partnership Agreement, (b) the transfer of ownership interests in a limited partner of Lessee, (c) the removal of a general partner of Lessee in accordance with the Partnership Agreement by any Limited Partner and the replacement of such general partner with Lessee's special limited partner or an affiliate of such Limited Partner or the Limited Partner or any affiliate thereof becomes an additional general partner of Lessee with managerial rights in accordance with the terms of the Partnership Agreement or any other method of replacement of the general partner as allowed by the Partnership Agreement. Notwithstanding the foregoing, notice of any such transfer or removal shall be provided to Lessor within 30 days following the date of such transfer or removal.

Section 5. Amendments. (a) Lessor shall not enter into any agreement with the other party to the Lease to terminate, cancel, surrender, amend, alter, modify or extend the Lease or any interest of the Lessee thereunder without the Limited Partner's prior written reasonable consent and any such purported agreement shall not be valid or effective without such prior written consent. Without limiting the generality of the foregoing, the Limited Partner's prior written consent shall be required prior to Lessee being permitted to terminate the Lease following the occurrence of damage, destruction or a taking, (b) notwithstanding anything to the contrary contained in this Lease, it shall not constitute an Event of Default under this Lease and the consent of Lessor is not required, for an amendment of the Partnership Agreement (i) memorializing the

transfers or removal described in the Partnership Agreement, or (ii) which does not materially and adversely affect the ability of Lessee to perform Lessee's obligations under this Lease.

Section 6. Casualty and Condemnation Proceeds. Lessor shall permit insurance and condemnation proceeds to be used to rebuild the Leased Premises provided that: (i) sufficient funds are provided from other sources to effectively rebuild the Leased Premises to a lawfully authorized multifamily housing complex, and (ii) Lessor may hold all such proceeds and disburse them based on the progress of construction, subject to such additional reasonable conditions as Lessor may impose.

Section 7. Fee Interest. Lessor shall not transfer or encumber its fee interest in the Leased Premises without the written consent of the Limited Partner, which consent shall not be unreasonably withheld, denied or delayed, unless such transfer would cause the reduction, loss or recapture of the low-income housing tax credit described in Section 42 of the Code, cause the loss of the property tax exemption for the Leased Premises or Property, including the Improvements, or cause a violation or breach of the HUD Loan Documents.

37914505 1

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM ITEM 10

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing an increased loan amount from \$5,400,000 to \$5,886,000 between KCDC and Western Heights 1 LP.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? WH 1 project has additional CNI funds in the project as a source. For tax purposes, KCDC lends these funds into the project and therefore an increased loan amount needs to be approved from the previously approved \$5.4M amount.</p> <p>2. Why is the action needed now? Project is closing in May 2024.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? Brinshore, not KCDC, will be providing the standard financial and completion guarantees on behalf of the owner entity and as required by the lender, JP Morgan Chase, and to the equity investor, Richman Group. Western Heights 1 GP Corporation, an instrumentality of KCDC, is the general partner of owner entity, Western Heights 1 LP. The General Partner will, however, be party to all the documents as general partner of the owner entity. KCDC will serve as lessor under the ground and pilot lease.</p> <p>4. What are the long-term and short-term exposures? None. This is a pass-through loan.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	On March 28, 2024, KCDC board previously approved a closing resolution for this transaction.
ATTACHMENTS	Resolution

RESOLUTION NO. 2024-___

RESOLUTION OF THE BOARD OF COMMISSIONERS OF KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION REGARDING FINANCING FOR WESTERN HEIGHTS PHASE 1

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

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

WHEREAS, to further the construction and/or rehabilitation of 76 units of mixed-income housing (the "Project") on certain property located at approximately 1814 Vermont Avenue, 1790 Vermont Avenue, 1787 Virginia Avenue, 1763 Virginia Avenue, and 1775 Virginia Avenue in Knoxville, Tennessee (the "Property"), KCDC (i) formed Western Heights 1 GP Corporation (the "Corporation"), a Tennessee nonprofit corporation, pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated, as an instrumentality of KCDC and (ii) formed Western Heights 1 LP, a Tennessee limited partnership (the "Partnership"), of which the Corporation is the general partner, KTW Phase 1, LLC ("KTW") is the special limited partner and KCDC is the limited partner; and

WHEREAS, KCDC, the City of Knoxville, Tennessee (the "City") and the United States Department of Housing and Urban Development ("HUD") have entered into a FY 2021 Choice Neighborhoods Implementation Grant Agreement pursuant to which HUD has agreed to provide financing for the development of the Project through HUD's Choice Neighborhoods Implementation grant program (the "CNI Funds"), which CNI Funds will be contributed by HUD in the form of a grant to the Corporation; and

WHEREAS, KCDC previously authorized a loan by KCDC of CNI Funds to the Partnership to assist with the financing of the Project (the "CNI Loan") in an amount not to exceed \$5,400,000; and

WHEREAS, the CNI Loan is evidenced by a promissory note and a loan agreement and is secured by a deed of trust (collectively, the "CNI Loan Documents"); and

WHEREAS, the CNI Loan Documents provide for a maximum loan amount of \$5,886,000, of which only \$5,400,000 may be drawn unless the Board of Commissioners of KCDC authorizes the lending of the full amount of \$5,886,000; and

WHEREAS, KCDC now desires to increase the authorized amount of the CNI Loan to an amount not to exceed \$5,886,000 in order to make the full amount of the CNI Loan as set forth in the CNI Loan Documents available to the Partnership.

NOW, THEREFORE, BE, AND IT IS HEREBY, RESOLVED, that (i) the authorized amount of the CNI Loan is hereby increased from an amount not to exceed \$5,400,000 to an amount not to exceed \$5,886,000; (ii) KCDC is hereby authorized to loan to the Partnership the full amount of the CNI Loan funds up to \$5,886,000, as contemplated in the CNI Loan Documents; and, further

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

RESOLVED, that the CNI Loan Documents, in the form executed by KCDC and the Partnership, are hereby ratified and approved; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of KCDC by the officers of KCDC to execute and deliver the CNI Loan Documents or any agreements, documents or instruments in connection therewith, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the officers of KCDC that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved at a meeting of the Board of Commissioners held this 29th day of May, 2024.

**KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION**

By: _____
Secretary

37474639.2

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 11

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing an amendment to a tax increment loan agreement with Regions bank pertaining to the south waterfront redevelopment plan.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Loan amendment will preserve additional borrowing capacity under the TIF loan if it was not otherwise amended.</p> <p>2. Why is the action needed now? This amendment is needed so that upon receipt of funding from COK for the pedestrian bridge, the repayment of the previously borrower TIF proceeds will not count against the loan's principal balance limits.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? KCDC as borrower and Regions as lender under TIF loan documents.</p> <p>4. What are the long-term and short-term exposures? None.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	In 2023, KCDC entered into a loan agreement with Regions bank to provide a financing source to facilitate redevelopment in the south waterfront.
ATTACHMENTS	Resolution

RESOLUTION NO. 2024-__

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
AUTHORIZING AMENDMENT TO LOAN AGREEMENT WITH
REGIONS CAPITAL ADVANTAGE, INC.**

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

WHEREAS, pursuant to the Knoxville South Waterfront Redevelopment & Urban Renewal Plan, as it may be amended from time to time (the "Plan"), KCDC is authorized to facilitate redevelopment projects in the area subject to the Plan (the "Redevelopment Area"); and

WHEREAS, pursuant to the Plan, KCDC is authorized to assist with such redevelopment projects by entering into tax increment financing transactions with respect to redevelopment projects in the Redevelopment Area; and

WHEREAS, to support and assist with certain redevelopment projects within the Redevelopment Area, KCDC previously issued its Tax Increment Revenue Note Series 2023 (Federally Tax-Exempt Note) (Knoxville South Waterfront Redevelopment Project) (the "TIF Note"), which TIF Note was purchased by Regions Capital Advantage, Inc. ("Lender"); and

WHEREAS, in connection with the Lender's purchase of the TIF Note, KCDC and Lender entered into a Loan Agreement (the "Loan Agreement", and, together with all other documents and instruments executed and delivered in connection with the issuance and purchase of the TIF Note, the "TIF Loan Documents"); and

WHEREAS, KCDC and Lender have agreed to amend the TIF Loan Documents to provide that KCDC shall make a \$9,000,000 principal payment under the TIF Note on or before July 31, 2024, with such prepaid amount being available for KCDC to reborrow under the Loan Documents, along with certain other changes, including but not limited to implementing a change in the index interest rate from BSBY to SOFR; and

WHEREAS, the Board has determined that it is in the best interests of KCDC to proceed with the amendments to the Loan Documents; and

WHEREAS, the amendments will be evidenced by a First Amendment to Loan Agreement (the "Amendment").

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Knoxville's Community Development Corporation, as follows:

RESOLVED, that (i) the Chairman, Vice Chairman, Secretary, Assistant Secretary and/or any other officer of KCDC (each, an "Authorized Officer"), acting alone or in combination with one another, is/are authorized, empowered and directed to negotiate and execute, and, if requested, the Secretary is authorized to attest, and any such officer of KCDC is authorized to deliver to the other parties thereto, the Amendment and all other instruments, documents and agreements deemed necessary or desirable by an Authorized Officer to carry out the transactions described herein, all in the form approved by the Authorized Officer executing same, the execution by such Authorized Officer to constitute conclusive evidence of the approval of same, and (ii) such officers, together with all other officers and employees of KCDC, are hereby authorized to take all such further action as they may consider necessary or desirable in connection with the Loan and to take from time to time any actions deemed necessary or desirable by such officers and employees to effectuate and comply with the terms of such agreements as are executed on behalf of KCDC pursuant to the authorization contained herein; and further

RESOLVED, that any and all other actions heretofore taken on behalf of KCDC by the Authorized Officers to execute and deliver any of the agreements, documents or instruments authorized by the foregoing resolutions, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the Authorized Officers that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved this 29th day of May, 2024.

**KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION**

By: _____
Secretary

KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 12

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution approving the Operating Budget for the Public Housing Program and Resolution approving Operating Budgets for Rental Assistance/Section 8 Programs, Central Office Cost Center, and Multi-Family Housing for FY 2025 (July 1, 2024 - June 30, 2025).
SUBMITTED BY	Name, Title / Department: Nancy White, Chief Financial Officer, Executive Management
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>see pgm detail</u> Expenditure: \$ <u>n/a</u> Source of Funds: Program Operating and Reserve Funds (as applicable)
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input checked="" type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Legal Counsel: _____ Other – Name/Title: _____

BACKGROUND

1. What is the objective of this action?

To seek approval of the above-mentioned program operating budgets for FYE 2025 for policy compliance.

2. Why is the action needed now?

We are required to bring an operating budget to the Board for approval within each fiscal year for the subsequent fiscal year period.

3. Who are the parties involved and what are their roles (if appropriate)?

Program and financial management staff work together to closely monitor budget-expenditure variance reports on a monthly basis. Procedures are in place to ensure expenditures do not exceed approved budgets and/or revisions and that funds are expended in accordance with applicable program requirements.

4. What are the long-term and short-term exposures?

No exposure due to monitoring procedures and adequate reserves.

HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)

HUD and KCDC's Fiscal and Accounting Policy requires an operating budget to be prepared and approved by the Board within each fiscal year for the subsequent fiscal year for prudent financial management of KCDC programs.

ATTACHMENTS

Resolutions and Budgets

PHA Board Resolution
Approving Operating Budget

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 07/31/2019)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Knoxville's Community Development Corporation PHA Code: TN003

PHA Fiscal Year Beginning: July 1, 2024 Board Resolution Number: 2024-

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- Operating Budget approved by Board resolution on: 05/29/2024
- Operating Budget submitted to HUD, if applicable, on:
- Operating Budget revision approved by Board resolution on:
- Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

I hereby certify that all the information stated within, as well as any information provided in the accompaniment herewith, if applicable, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: Kim Henry	Signature:	Date: 05/29/2024
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RESOLUTION NO. 2024--

**RESOLUTION APPROVING OPERATING BUDGETS FOR
RENTAL ASSISTANCE/SECTION 8 PROGRAMS, THE CENTRAL
OFFICE COST CENTER, AND THE MULTI-FAMILY HOUSING PROGRAM
FOR THE FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025**

WHEREAS the Operating Budget for Rental Assistance/Section 8 Programs, the Central Office Cost Center, and the Multi-Family Housing Program are not subject to annual approval by the Department of Housing and Urban Development; and

WHEREAS the annual budget for the above referenced project, programs, and departments are directly dependent upon existing contractual relationships or upon contractual relationships that may yet be negotiated during any given fiscal year; and

WHEREAS the above referenced budget has been prepared based upon anticipated revenues from existing contractual relationships between Knoxville's Community Development Corporation and other second parties; and

WHEREAS in the opinion of the Board of Commissioners, the financial plan for this program is consistent with KCDC's overall operating strategy and is fiscally responsible.

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

THAT the Operating Budget for Knoxville's Community Development Corporation is hereby approved and adopted for the fiscal year July 1, 2024 through June 30, 2025.

Approved this 29th day of May, 2024.

**KNOXVILLE'S COMMUNITY
DEVELOPMENT CORPORATION**

By: _____
Secretary



FY 2025 Operating Budgets

May 29, 2024



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

	FY2025 Budget	FY2024 Budget	\$ Var	% Var
REVENUE				
Multifamily ¹	\$ 17,065,165	\$ 16,708,478	\$ 356,687	
Public Housing	1,303,397	1,648,073	(344,676)	
KHDC ²	1,816,827	1,273,987	542,840	
COCC ³	8,208,899	8,483,022	(274,124)	
Rental Assistance ⁴	28,942,028	28,459,862	482,166	
TOTAL REVENUE	\$ 57,336,316	\$ 56,573,421	\$ 762,894	1%
EXPENSE				
Multifamily ¹	\$ 12,485,394	\$ 11,891,953	\$ 593,441	
Public Housing	1,305,910	1,613,503	(307,593)	
KHDC ²	849,394	962,618	(113,224)	
COCC ³	10,312,971	10,888,869	(575,898)	
Rental Assistance ⁴	28,865,392	28,406,855	458,537	
TOTAL EXPENSE	\$ 53,819,061	\$ 53,763,798	\$ 55,263	0%
NET INCOME	\$ 3,517,255	\$ 2,809,623	\$ 707,632	25%

¹ Multifamily consolidated report includes Cagle Corporation and Montgomery Village Corporation. They will be approved in each's individual board meetings. Presented herein for board overall budget review.

² KHDC is approved in separate board meeting. Presented herein for board overall budget review.

³ COCC includes Redevelopment, Business Activities (Property Management & Manor) and Executive Management.

⁴ Formally known as Section 8 Program



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

Multi-Family Housing				
Description	FY 2025 Budget	FY 2024 Budget	\$ Variance	% Variance
Revenue:				
HUD Grants	\$ 6,741,496	\$ 7,054,492	\$ (312,996)	
Tenant Revenue	3,502,949	3,182,121	320,828	
Other Revenue	265,613	175,659	89,955	
Total Revenue	\$ 10,510,058	\$ 10,412,272	\$ 97,786	1%
Expenses:				
Salaries & Benefits	\$ 1,918,393	\$ 1,872,994	\$ 45,399	
Administration & Tenant Services	1,178,839	1,056,760	122,079	
Utilities	2,024,370	1,676,390	347,980	
Maintenance & Operating	1,827,089	2,010,920	(183,831)	
Insurance	428,330	272,116	156,214	
General Expense	371,740	213,618	158,122	
Interest Expense	421,687	437,129	(15,442)	
Total Expenses	\$ 8,170,448	\$ 7,539,927	\$ 630,521	8%
Net Income (Loss)	\$ 2,339,610	\$ 2,872,345	\$ (532,735)	-19%

Revenue & Expense Variance

Increase in total revenue primarily due to increase in HUD contract rent for multi-family housing and interest revenue earned from investments.

Increase in total expenses primarily due to estimated increase in insurance and utility expenses.



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

Cagle Terrace Corporation				
Description	FY 2025 Budget	FY 2024 Budget	\$ Variance	% Variance
Revenue:				
HUD Grants	\$ 2,138,752	\$ 2,247,060	\$ (108,308)	
Tenant Revenue	770,250	533,080	237,170	
Other Revenue	35,397	33,528	1,869	
Total Revenue	\$ 2,944,399	\$ 2,813,668	\$ 130,731	5%
Expenses:				
Salaries & Benefits	\$ 354,752	\$ 378,974	\$ (24,221)	
Administration & Tenant Services	251,539	227,891	23,648	
Utilities	341,440	369,430	(27,990)	
Maintenance & Operating	287,776	369,130	(81,354)	
Insurance	104,750	83,704	21,046	
General Expense	60,030	29,220	30,810	
Interest Expense	265,033	271,195	(6,162)	
Total Expenses	\$ 1,665,320	\$ 1,729,544	\$ (64,224)	-4%
Net Income (Loss)	\$ 1,279,079	\$ 1,084,125	\$ 194,955	18%

Revenue & Expense Variance

Increase in total revenue primarily due to increase in HUD contract rent for multi-family housing.

Decrease in total expenses primarily due to decrease in maintenance costs and utility expenses.



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

Montgomery Village Corporation				
Description	FY 2025 Budget	FY 2024 Budget	\$ Variance	% Variance
Revenue:				
HUD Grants	\$ 2,880,263	\$ 2,869,110	\$ 11,153	
Tenant Revenue	691,568	577,195	114,373	
Other Revenue	38,877	36,233	2,644	
Total Revenue	\$ 3,610,708	\$ 3,482,538	\$ 128,170	4%
Expenses:				
Salaries & Benefits	\$ 484,524	\$ 557,627	\$ (73,103)	
Administration & Tenant Services	327,317	320,413	6,905	
Utilities	678,810	629,330	49,480	
Maintenance & Operating	465,384	540,541	(75,157)	
Insurance	184,169	102,359	81,809	
General Expense	72,277	47,760	24,517	
Interest Expense	437,145	424,452	12,693	
Total Expenses	\$ 2,649,626	\$ 2,622,482	\$ 27,144	1%
Net Income (Loss)	\$ 961,082	\$ 860,055	\$ 101,026	12%

Revenue & Expense Variance

Increase in total revenue primarily due to increase in HUD contract rent for multi-family housing.

Increase in total expenses primarily due to estimated increase in insurance and utility expenses.



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

Public Housing				
Description	FY 2025 Budget	FY 2024 Budget	\$ Variance	% Variance
Revenue:				
HUD Grants	\$ 1,171,995	\$ 1,359,670	\$ (187,675)	
Tenant Revenue	125,743	228,000	(102,257)	
Other Revenue	5,658	60,403	(54,744)	
Total Revenue	\$ 1,303,397	\$ 1,648,073	\$ (344,676)	-21%
Expenses:				
Salaries & Benefits	\$ 274,392	\$ 313,373	\$ (38,981)	
Administration & Tenant Services	208,087	185,352	22,736	
Utilities	320,890	412,310	(91,420)	
Maintenance & Operating	266,029	248,357	17,673	
Insurance	191,940	47,725	144,215	
General Expense	44,571	406,387	(361,816)	
Interest Expense	-	-	-	
Total Expenses	\$ 1,305,910	\$ 1,613,503	\$ (307,593)	-19%
Net Income (Loss)	\$ (2,513)	\$ 34,569	\$ (37,083)	-107%

Revenue & Expense Variance

Decrease in total revenue primarily due to Western Heights converting out of public housing.

Decrease in total expenses primarily due to less maintenance cost as a result of property converting out of public housing.



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

KHDC				
Description	FY 2025 Budget	FY 2024 Budget	\$ Variance	% Variance
Revenue:				
HUD Grants	\$ 637,861	\$ 593,167	\$ 44,694	
Tenant Revenue	163,365	119,061	44,304	
Other Revenue	1,015,601	561,759	453,842	
Total Revenue	\$ 1,816,827	\$ 1,273,987	\$ 542,840	43%
Expenses:				
Salaries & Benefits	\$ 112,834	\$ 200,343	\$ (87,509)	
Administration & Tenant Services	184,420	205,553	(21,132)	
Utilities	39,410	35,740	3,670	
Maintenance & Operating	190,138	217,782	(27,644)	
Insurance	37,650	23,763	13,887	
General Expense	32,928	18,404	14,524	
Interest Expense	252,013	261,033	(9,020)	
Total Expenses	\$ 849,394	\$ 962,618	\$ (113,224)	-12%
Net Income (Loss)	\$ 967,433	\$ 311,369	\$ 656,064	211%

Revenue & Expense Variance

Increase in revenue primarily due to increase in contract rents for Passport Section 8 and Clifton Road units and interest earned on investments.

Decrease in expenses primarily due to management restructure for Passport Section 8 and Clifton Road which produced overall cost savings.

NOTE: Presented for information and consolidation overview. Budget is subject to KHDC Board Approval.



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

COCC				
Description	FY 2025 Budget	FY 2024 Budget	\$ Variance	% Variance
Revenue:				
HUD Grants	\$ -	\$ -	\$ -	
Tenant Revenue	-	-	-	
Other Revenue	8,208,899	8,483,022	(274,124)	
Total Revenue	\$ 8,208,899	\$ 8,483,022	\$ (274,124)	-3%
Expenses:				
Salaries & Benefits	\$ 7,701,755	\$ 8,031,754	\$ (329,999)	
Administration & Tenant Services	2,040,322	1,960,839	79,483	
Utilities	69,680	77,460	(7,780)	
Maintenance & Operating	420,960	483,643	(62,683)	
Insurance	80,090	35,174	44,916	
General Expense	164	300,000	(299,836)	
Interest Expense	-	-	-	
Total Expenses	\$ 10,312,971	\$ 10,888,869	\$ (575,898)	-5%
Net Income (Loss)	\$ (2,104,073)	\$ (2,405,847)	\$ 301,775	-13%

Revenue & Expense Variance

Decrease in revenue due to lower anticipated LP billable expenses to tax credit properties.

Decrease in total expenses due to lower anticipated salary expenses for property management company.

Note: COCC includes Redevelopment, Business Activities (Property Management & Manor) and Executive Management.



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

Rental Assistance				
Description	FY 2025 Budget	FY 2024 Budget	\$ Variance	% Variance
Revenue:				
HUD Grants	\$ 28,787,313	\$ 28,414,127	\$ 373,186	
Tenant Revenue	-	-	-	
Other Revenue	154,715	45,735	108,980	
Total Revenue	\$ 28,942,028	\$ 28,459,862	\$ 482,166	2%
Expenses:				
Salaries & Benefits	\$ 1,216,595	\$ 1,134,734	\$ 81,861	
Administration & Tenant Services	1,299,079	1,398,085	(99,005)	
Utilities	-	-	-	
Maintenance & Operating	470	3,821	(3,351)	
Insurance	60,260	46,908	13,352	
General Expense	26,288,988	25,823,307	465,681	
Interest Expense	-	-	-	
Total Expenses	\$ 28,865,392	\$ 28,406,855	\$ 458,537	2%
Net Income (Loss)	\$ 76,636	\$ 53,007	\$ 23,629	45%

Revenue & Expense Variance

Overall variance is primarily associated with increased HUD funding, necessitated by heightened payment standards and the expectation of new properties being completed in FY2025, consequently augmenting the leased unit count.

Note: Formally known as Section 8 Program

BELL STREET CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **AGENDA**
Annual Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested to execute the minutes of the *annual* meeting held on May 25, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

4. Adjourn.

BELL STREET CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Bell Street Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:34 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the meeting held on May 26, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:34 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

BELL STREET CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Bell Street Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:34 p.m. Those Directors present and absent were:

Present: Director Kim Henry	Absent:
Director Scott Broyles	
Director Felix Harris	

Approval to execute the minutes of the meeting held on May 26, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:34 p.m.


Benjamin M. Bentley, President

Approved: May 29, 2024

ATTEST:


Nancy White, Secretary

Approved: May 29, 2024

BELL STREET 2 CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **AGENDA**
Annual Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested to execute the minutes of the *special* meeting held on February 27, 2024. [\(Attached\)](#)
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

4. Adjourn.

BELL STREET 2 CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of the Bell Street 2 Corporation met on **February 27, 2024** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:33 p.m. Those Directors present and absent were:

Present:	Director Kim Henry	Absent:	
	Director Scott Broyles		
	Director Felix Harris		

Approval to execute the minutes for the *annual* meeting held on May 25, 2023. Director Harris made the motion to approve. Director Broyles seconded the motion. Directors present voted "Aye."

Resolution authorizing Bell Street 2 LP, on behalf of Bell Street 2 LP, to negotiate and execute all documents required to effectuate the closing of Austin Homes Phase 3, a 161-unit affordable housing project for families and seniors earning between 30% and 60% AMI. Director Harris made a motion to approve. Director Broyles seconded the motion. All Directors present voted "Aye." Resolution No. 2024-01 is attached.

With no further business to come before the Board, the meeting adjourned at 5:35 p.m.

Benjamin M Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

BELL STREET 2 CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of the Bell Street 2 Corporation met on **February 27, 2024** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:33 p.m. Those Directors present and absent were:

Present:	Director Kim Henry	Absent:
	Director Scott Broyles	
	Director Felix Harris	

Approval to execute the minutes for the *annual* meeting held on May 25, 2023. **Director Harris made the motion to approve. Director Broyles seconded the motion. Directors present voted "Aye."**

Resolution authorizing Bell Street 2 LP, on behalf of Bell Street 2 LP, to negotiate and execute all documents required to effectuate the closing of Austin Homes Phase 3, a 161-unit affordable housing project for families and seniors earning between 30% and 60% AMI. **Director Harris made a motion to approve. Director Broyles seconded the motion. All Directors present voted "Aye." Resolution No. 2024-01 is attached.**

With no further business to come before the Board, the meeting adjourned at 5:35 p.m.



Benjamin M Bentley, President

Approved: May 29, 2024

ATTEST:



Nancy White, Secretary

Approved: May 29, 2024

RESOLUTION NO. 2024-01

RESOLUTION OF THE BOARD OF DIRECTORS OF BELL STREET 2 CORPORATION REGARDING THE DEVELOPMENT AND FINANCING OF AUSTIN HOMES PHASE 3 AND THE EXECUTION OF DOCUMENTS RELATING THERETO

WHEREAS, the Board of Directors of Bell Street 2 Corporation (the "Corporation") has met pursuant to proper notice; and

WHEREAS, the Corporation has been organized pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated, as an instrumentality of Knoxville's Community Development Corporation ("KCDC"); and

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

WHEREAS, by Sections 13-20-101 et seq., Tennessee Code Annotated, housing and redevelopment authorities in Tennessee are authorized through their respective governing bodies to finance and/or refinance housing and redevelopment projects; and

WHEREAS, to further the development of a 161-unit low-income housing development known as Austin Homes Phase 3 on real property located at approximately 245 S. Bell Street in the City (the "Project"), the Corporation formed Bell Street 2 LP, a Tennessee limited partnership (the "Partnership"); and

WHEREAS, the Corporation serves as the Class B Limited Partner of the Partnership, with KCDC serving as limited partner and Bell Street 2 GP, LLC (the "General Partner"), whose sole member is Southeastern Housing Foundation II, Inc. ("SHF"), serving as the general partner; and

WHEREAS, the Corporation has also agreed to serve as the developer for the Project; and

WHEREAS, the Amended and Restated Limited Partnership Agreement of the Partnership provides that the General Partner shall obtain the advance written consent of the Class B Limited Partner prior to exercising any rights and powers on behalf of the Partnership; and

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

WHEREAS, JP Morgan Chase Bank, N.A. (the "Bank") has agreed to purchase the Bonds for a purchase price not to exceed \$41,000,000, the proceeds of which will be loaned by KCDC to the Partnership at a rate of interest equal to the Wall Street Journal Prime Rate minus 4%, pursuant to a Bond Purchase and Loan Agreement between the Partnership, KCDC and the Bank (together with such other documents, agreements, and security instruments referred to therein

and/or required to be executed in connection therewith and any amendments thereto, the "Bond Loan Documents"; and

WHEREAS, to proceed with the rehabilitation of the Project and to utilize low-income housing tax credits available pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, for said rehabilitation, the Corporation desires to:

- (i) authorize the transactions contemplated in the Bond Loan Documents, and authorize and consent to the execution and delivery by the General Partner, on behalf of the Partnership, and by the Corporation, as applicable, of the Bond Loan Documents;
- (ii) authorize the transactions contemplated by that certain Amended and Restated Agreement of Limited Partnership Agreement of the Partnership (the "Partnership Agreement") among the General Partner, the Corporation, as Class B Limited Partner, RAH Investor 407 LLC, as the Investor Limited Partner, Sterling Corporate Services LLC, as the Special Limited Partner, and KCDC, as the Withdrawing Limited Partner;
- (iii) authorize and consent to the execution and delivery by the General Partner, on behalf of the Partnership, and by the Corporation, as applicable, of the Partnership Agreement and the documents and agreements ancillary thereto, including but not limited to an Incentive Management Fee Agreement, Reporting Services Agreement, Guaranty Agreement, Developer's Pledge and Security Agreement, Class B Limited Partner's Pledge and Security Agreement, Right of First Refusal and Purchase Option Agreement, Indemnity Spreader Agreement and Development Agreement (collectively, and together with the Partnership Agreement, the "Equity Documents");
- (iv) authorize the transactions contemplated by a Ground Lease from KCDC to the Partnership (the "Ground Lease"), including but not limited to KCDC's lease of the Property to the Partnership and the Partnership's agreement to a payment in lieu of taxes arrangement with KCDC, and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the Lease and the documents related thereto (the "Ground Lease Documents");
- (v) authorize a permanent loan to the Partnership from the Bank or an affiliate or assignee thereof in an amount not to exceed \$13,000,000, to be evidenced upon completion of construction of the Project by a promissory note and secured by a leasehold deed of trust (together with such other documents, agreements, and security instruments referred to therein and/or required to be executed in connection therewith, the "Permanent Loan Documents"), and authorize and

consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the Permanent Loan Documents; and

- (vi) authorize a loan to the Partnership from Knoxville's Community Development Corporation or an affiliate thereof to finance costs related to the development of the Project (the "KCDC Loan"), which loan shall not exceed the maximum principal amount of \$12,000,000, shall bear interest at a rate per annum no greater than the maximum rate of interest permitted by law and shall mature no later than December 31, 2082, and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable; of the documents related to the KCDC Loan (the "KCDC Loan Documents"); and
- (vii) authorize a loan to the Partnership from the City of Knoxville to finance costs related to the development of the Project (the "City of Knoxville Loan"), which loan shall not exceed the maximum principal amount of \$1,500,000, shall bear interest at a rate per annum no greater than the maximum rate of interest permitted by law and shall mature no later than December 31, 2082, and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the documents related to the City of Knoxville Loan (the "City of Knoxville Loan Documents"); and
- (viii) authorize a loan to the Partnership from Southeastern Housing Foundation II, Inc. or an affiliate thereof ("SHF") to finance costs related to the development of the Project (the "Capital Advance Loan"), which loan shall not exceed the maximum principal amount of \$7,500,000, shall be funded from the proceeds of a Section 202 capital advance loan to SHF from the U.S. Department of Housing and Urban Development, shall bear interest at a rate per annum no greater than the maximum rate of interest permitted by law and shall mature no later than December 31, 2082, and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the documents related to the KCDC Loan (the "Capital Advance Loan Documents"); and
- (ix) authorize a loan to the Partnership from SHF to finance costs related to the development of the Project (the "NHTF Loan"), which loan shall not exceed the maximum principal amount of \$900,000, shall be funded from the proceeds of a National Housing Trust Fund loan to SHF from the Tennessee Housing Development Agency, shall bear interest at a rate no greater than the maximum rate of interest permitted by law and shall mature no later than December 31, 2082, and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the documents related to the NHTF Loan (the "NHTF Loan Documents"); and

- (x) authorize the RAD Use Agreement and a Housing Assistance Payment Contract related to 43 residential units in the Project, together with the other documents related to the Rental Assistance Demonstration Program offered by the U.S. Department of Housing and Urban Development ("HUD") for the Project (collectively, the "RAD Documents"), and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the RAD Documents; and
- (xi) authorize the Section 202 Project Rental Assistance Contract related to 50 residential units in the Project, together with a Capital Advance Program Mortgage Note, a Capital Advance Program Deed of Trust, a Collateral Assignment of Mortgage Note and Deed of Trust, a Security Agreement, a Capital Advance Mixed-Finance Program Use Agreement, a Regulatory Agreement for Capital Advance Mixed Finance Program, a PRAC Conversion Agreement, an Elderly Housing RAD Use Agreement, and the other documents related to HUD's Section 202 program and applicable to a capital advance upon completion and conversion from PRAC to RAD (collectively, the "RAD for PRAC Documents"), and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the RAD for PRAC Documents; and
- (xii) authorize a construction contract between the Partnership and Jenkins & Stiles, LLC and the documents related thereto for the construction of the Project (collectively, the "Construction Documents"), and authorize and consent to the execution by the General Partner, on behalf of the Partnership, and the Corporation, as applicable, of the Construction Documents;

Copies of the Bond Loan Documents, the Equity Documents, the Ground Lease Documents, the Permanent Loan Documents, the KCDC Loan Documents, the City of Knoxville Loan Documents, the Capital Advance Loan Documents, the NHTF Loan Documents, the RAD Documents, the RAD for PRAC Documents and the Construction Documents shall be filed with the records of the Corporation; and

WHEREAS, the Board of Directors of the Corporation desires to authorize the officers of the Corporation, for and on behalf of the Corporation, to execute such documents as they, individually or collectively, determine is necessary, desirable or appropriate to carry out the transactions contemplated in and to ratify such officers' prior actions related to the Bond Loan Documents, the Equity Documents, the Ground Lease Documents, the Permanent Loan Documents, the KCDC Loan Documents, the City of Knoxville Loan Documents, the Capital Advance Loan Documents, the NHTF Loan Documents, the RAD Documents, the RAD for PRAC Documents and the Construction Documents.

NOW, THEREFORE, BE, AND IT IS HEREBY, RESOLVED, that the Corporation hereby authorizes and consents to those certain transactions contemplated in the Bond Loan

Documents, the Equity Documents, the Ground Lease Documents, the Permanent Loan Documents, the KCDC Loan Documents, the City of Knoxville Loan Documents, the Capital Advance Loan Documents, the NHTF Loan Documents, the RAD Documents, the RAD for PRAC Documents and the Construction Documents, and to the execution and delivery of the same by the General Partner on behalf of the Partnership; and, further

RESOLVED, that each of the President, the Vice President and any other officer of the Corporation (each, an "Authorized Officer"), or any one of them acting alone, be and hereby is authorized and directed, on behalf of the Corporation, without the necessity of the joinder by any other officer of the Corporation, to (i) execute and deliver (a) any and all instruments, documents and agreements deemed necessary or desirable by the Authorized Officer in connection with the transactions contemplated herein and in the Bond Loan Documents, the Equity Documents, the Ground Lease Documents, the Permanent Loan Documents, the KCDC Loan Documents, the City of Knoxville Loan Documents, the Capital Advance Loan Documents, the NHTF Loan Documents, the RAD Documents, the RAD for PRAC Documents and the Construction Documents, and (b) any and all other instruments, documents and agreements deemed necessary or advisable by an Authorized Officer to carry out the transactions described herein; all in the form approved by the Authorized Officer executing same, the execution of same by such Authorized Officer to constitute conclusive evidence of the approval of same; and further (ii) take all such further action as they may consider necessary or desirable in connection with the transactions described herein and to take from time to time any actions deemed necessary or desirable by such officer to effectuate and comply with the terms of such agreements as are executed on behalf of the Corporation pursuant to the authorization contained herein; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of the Corporation (on its own behalf and on behalf of the Partnership, in its capacity as the Class B Limited Partner of the Partnership) by the officers of the Corporation to execute and deliver any of the agreements, documents or instruments authorized by the foregoing resolutions, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the officers of the Corporation that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

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

BELL STREET 2 CORPORATION

By: 
President

37192722.2

BELL STREET 3 CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **AGENDA**
Annual Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested to execute the minutes of the *annual* meeting held on May 25, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

4. Adjourn.

BELL STREET 3 CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Bell Street 3 Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:37 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the meeting held on June 30, 2022. **Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."**

Approval to elect officers. **Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."**

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:38 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

BELL STREET 3 CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Bell Street 3 Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:37 p.m. Those Directors present and absent were:

Present: Director Kim Henry	Absent:
Director Scott Broyles	
Director Felix Harris	

Approval to execute the minutes of the meeting held on June 30, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:38 p.m.


Benjamin M. Bentley, President

Approved: May 29, 2024

ATTEST:


Nancy White, Secretary

Approved: May 29, 2024

BLUEGRASS GP CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **AGENDA**
Annual Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested to execute the minutes of the *special* meeting held on February 27, 2024. [\(Item 2 Attachment\)](#)
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White
4. Resolution regarding the development and financing of Bluegrass Landing and the execution of documents relating thereto. [\(Item 4 Attachment\)](#)
5. Adjourn.

THIS MEETING AND ALL COMMUNICATIONS BETWEEN MEMBERS IS SUBJECT TO THE PROVISIONS OF THE TENNESSEE OPEN MEETINGS ACT, TENN. CODE ANN. §8-44-101, *et seq.*

BLUEGRASS GP CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of the Bluegrass GP Corporation met on **February 27, 2024** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:35 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the *special* meeting held on January 25, 2024. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

REDEVELOPMENT (Iim Hatfield)

Resolution authorizing Bluegrass GP Corporation to negotiate and execute all documents required to effectuate the closing of the acquisition and development of Bluegrass Apartments, consisting of approximately 47 units of new affordable housing located at 1645 Ebenezer Road. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye." Resolution No. 2024-02 is attached.

With no further business to come before the Board, the meeting adjourned by consent at 5:37 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

BLUEGRASS GP CORPORATION BOARD ACTION FORM - ITEM 4

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing Bluegrass GP Corporation to negotiate and execute all documents required to effectuate the closing of Bluegrass Landing apartments, a 47-unit, new construction affordable housing development.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, VP of Redevelopment
MEETING TYPE	<input type="checkbox"/> Regular <input type="checkbox"/> Special <input checked="" type="checkbox"/> Annual
CLASSIFICATION	<input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS - Russell Stair</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Bluegrass GP Corporation, as general partner of the project's owner entity, DGA Bluegrass LP, needs to enter into various customary agreements required in order for the project to close on its financing and begin construction. Such documents include but are not limited to an amended partnership agreement, loan documents, PILOT lease, management agreement, assignments, and other related agreements.</p> <p>2. Why is the action needed now? Closing for this project is scheduled next month and board approval is needed in advance of closing.</p> <p>3. Who are the parties involved and what are their roles (if appropriate)? KCDC, as owner of Bluegrass GP Corporation, the general partner of the project. DGA Residential as project sponsor and developer.</p> <p>4. What are the long-term and short-term exposures? There is minimal exposure to KCDC under the development agreement terms with DGA residential for this project.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	In February 2023, the board approved the closing of the bonds for this project.
ATTACHMENTS	Resolution

RESOLUTION NO. 2024-___

RESOLUTION OF THE BOARD OF DIRECTORS OF BLUEGRASS GP CORPORATION REGARDING THE DEVELOPMENT AND FINANCING OF BLUEGRASS LANDING AND THE EXECUTION OF DOCUMENTS RELATING THERETO

WHEREAS, the Board of Directors of Bluegrass GP Corporation (the “Corporation”) has met pursuant to proper notice; and

WHEREAS, the Corporation has been organized pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated, as an instrumentality of Knoxville’s Community Development Corporation (“KCDC”); and

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

WHEREAS, by Sections 13-20-101 et seq., Tennessee Code Annotated, housing and redevelopment authorities in Tennessee are authorized through their respective governing bodies to finance and/or refinance housing and redevelopment projects; and

WHEREAS, to further the development of a 47-unit low-income housing development known as Bluegrass Landing on real property located at approximately 1645 Ebenezer Road in the City (the “Project”), the Corporation as the sole general partner, DGA Bluegrass SLP, LLC, as the Class B Limited Partner and Craig Cobb, as the limited partner, formed DGA Bluegrass LP, a Tennessee limited partnership (the “Partnership”); and

WHEREAS, to assist the Partnership in the financing of the development of the Project, KCDC, as issuer (the “Issuer”), previously issued its Multifamily Housing Revenue Bonds (Bluegrass Apartments Project) Series 2024 in an aggregate principal amount of \$15,459,000 (the “Bonds”); and

WHEREAS, to proceed with the development and financing of the Project and to utilize low-income housing tax credits available pursuant to Section 42 of the Internal Revenue Code of 1986, as amended, for said development, the Corporation, on its own behalf and as sole general partner acting on behalf of the Partnership, desires to:

- (i) authorize the transactions contemplated in that certain Lease between The Health, Educational and Housing Facility Board of the County of Knox (the “PILOT Lessor”) and the Partnership, providing for the PILOT Lessor’s lease of the Project to the Partnership and the Partnership’s payment in lieu of taxes to the PILOT Lessor” (the “Lease”, and, together with all documents required to be executed in connection therewith, the “PILOT Documents”);
- (ii) authorize the transactions contemplated by that certain Second Amended and Restated Agreement of Limited Partnership of DGA Bluegrass LP (the “Partnership Agreement”) among the Corporation, Alliant Credit Facility IV, LLC

(the "Limited Partner"), Alliant Credit Facility ALP IV, LLC (the "Administrative Limited Partner"), Craig Cobb (the "Withdrawing Limited Partner") and DGA Bluegrass SLP, LLC (the "Class B Limited Partner") (the Partnership Agreement, together with all documents required to be executed in connection therewith, the "Partnership Documents");

- (iii) authorize a mortgage loan from Walker & Dunlop, LLC ("Walker & Dunlop") to the Partnership in an amount not exceeding \$16,000,000 (the "Walker & Dunlop Loan"), such loan to be insured by the Secretary of Housing and Urban Development, the proceeds of which are to be used for the benefit of the Project and the terms of which are substantially similar to those set forth in that certain draft Building Loan Agreement provided by Walker & Dunlop and available for review at this meeting (together with all documents, regulatory agreements and security instruments referred to therein and/or required to be executed in connection therewith, with such modifications agreed to by the parties thereto, the "Walker & Dunlop Loan Documents");
- (iv) Authorize an equity bridge loan from Sterling Bank or an affiliate thereof in an amount not to exceed \$10,000,000, the proceeds of which will be used to develop the Project, and to enter into a promissory note and bridge loan agreement (together with all other documents, agreements and security instruments referred to therein and/or required to be executed in connection therewith, with such modifications agreed to by the parties thereto, the "Equity Bridge Loan Documents");

Copies of the PILOT Documents, Partnership Documents, the Walker & Dunlop Loan Documents and the Equity Bridge Loan Documents shall be filed with the records of the Corporation; and

WHEREAS, the Board of Directors of the Corporation desires to authorize the officers of the Corporation, for and on behalf of the Corporation on its own behalf and, as the sole general partner, on behalf of the Partnership, as applicable, to execute such documents as they, individually or collectively, determine is necessary, desirable or appropriate to carry out the transactions contemplated in and to ratify such officers' prior actions related to the PILOT Documents, the Partnership Documents, the Walker & Dunlop Loan Documents and the Equity Bridge Loan Documents.

NOW, THEREFORE, BE, AND IT IS HEREBY, RESOLVED, that the Corporation, acting on its own behalf and on behalf of the Partnership, as applicable, be and hereby is authorized to approve and to close those certain transactions contemplated in the PILOT Documents, the Partnership Documents, the Walker & Dunlop Loan Documents and the Equity Bridge Loan Documents; and, further

RESOLVED, that each of the President, the Vice President and any other officer of the Corporation (each, an "Authorized Officer"), or any one of them acting alone, be and hereby is authorized and directed, on behalf of the Corporation, acting on its own behalf and as sole general partner of the Partnership, as applicable, without the necessity of the joinder by any other officer of the Corporation, to (i) execute and deliver (a) any and all instruments, documents and agreements deemed necessary or desirable by the Authorized Officer in connection with the Lease, including but not limited to the PILOT

Documents and any other documents requiring the approval or consent of the Partnership or the Corporation; (b) the Partnership Documents, (c) any and all instruments, documents and agreements deemed necessary or desirable by the Authorized Officer to evidence and secure the Walker & Dunlop Loan, including, but not limited to, the Walker & Dunlop Loan Documents; (d) any and all other instruments, documents and agreements deemed necessary or desirable by the Authorized Officer to evidence and secure the Equity Bridge Loan, including, but not limited to, the Equity Bridge Loan Documents; and (e) any and all other instruments, documents and agreements deemed necessary or advisable by an Authorized Officer to carry out the transactions described herein; all in the form approved by the Authorized Officer executing same, the execution of same by such Authorized Officer to constitute conclusive evidence of the approval of same; and further (ii) take all such further action as they may consider necessary or desirable in connection with the transactions described herein and to take from time to time any actions deemed necessary or desirable by such officer to effectuate and comply with the terms of such agreements as are executed on behalf of the Corporation (on its own behalf and/or in its capacity as the sole general partner of the Partnership, as applicable) pursuant to the authorization contained herein; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of the Corporation (on its own behalf and on behalf of the Partnership, in its capacity as the sole general partner of the Partnership) by the officers of the Corporation to execute and deliver any of the agreements, documents or instruments authorized by the foregoing resolutions, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the officers of the Corporation that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects; and, further

RESOLVED, that the Limited Partner, the Administrative Limited Partner, and their respective successors and assigns are hereby authorized to rely upon these resolutions, and upon any certificate of any officer of the Corporation with respect thereto, until receipt of actual written notice of the revocation thereof, and may conclusively presume that the persons designated as officers of the Corporation in any certificates signed by any officer of the Corporation to hold such position until actual receipt of a certificate from the Corporation to the contrary; and, further

RESOLVED, that these resolutions may be executed and transmitted via facsimile, e-mail or other form of electronic transmission, and shall be deemed an original.

Approved at a meeting of the Board of Directors held this 29th day of May, 2024.

BLUEGRASS GP CORPORATION

By: _____
President

CAGLE TERRACE CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **AGENDA**
Annual Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested to execute the minutes of the *annual* meeting held on May 25, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

FINANCE & ACCOUNTING (Nancy White)

4. Resolution approving the Operating Budget for the fiscal year 2025 (July 1, 2024 – June 30, 2025).
5. Adjourn.

CAGLE TERRACE CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Cagle Terrace Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:29 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the *special* meeting held on June 30, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

Resolution approving operating budget for fiscal year 2024 (July 1, 2023–June 30, 2024). Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye." Resolution No. 2023–01 is attached.

With no further business to come before the Board, the meeting adjourned by consent at 5:32 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

CAGLE TERRACE CORPORATION BOARD ACTION FORM - ITEM 4

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution approving the Operating Budget for Cagle Terrace Corporation for the fiscal year 2025 (July 1, 2024 - June 30, 2025).
SUBMITTED BY	Name, Title / Department: Nancy White, Chief Financial Officer, Executive Management
MEETING TYPE	<input type="checkbox"/> Regular <input type="checkbox"/> Special <input checked="" type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>see program detail</u> Expenditure: \$ <u>n/a</u> Source of Funds: Program Operating and Reserve Funds (as applicable)
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input checked="" type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Legal Counsel: _____ Other – Name/Title: _____
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? To seek approval of the Operating Budget for FYE 2025 for policy compliance.</p>	
<p>2. Why is the action needed now? We are required to bring an operating budget to the Board for approval within each fiscal year for the subsequent fiscal year period.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? Program and financial management staff work together to closely monitor budget-expenditure variance reports on a monthly basis. Procedures are in place to ensure expenditures do not exceed approved budgets and/or revisions and that funds are expended in accordance with applicable program requirements.</p>	
<p>4. What are the long-term and short-term exposures? No exposure due to monitoring procedures and adequate reserves. None.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	Fiscal and Accounting Policy requires an operating budget to be prepared and approved by the Board within each fiscal year for the subsequent fiscal year for prudent financial management of programs.
ATTACHMENTS	Resolution and Budget

RESOLUTION NO. 2024-___

**RESOLUTION APPROVING OPERATING BUDGET FOR
CAGLE TERRACE CORPORATION
FOR THE FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025**

WHEREAS the Operating Budget for Cagle Terrace Corporation is not subject to annual approval by the Department of Housing and Urban Development; and

WHEREAS the annual budget for the above referenced project, programs, and departments are directly dependent upon existing contractual relationships or upon contractual relationships that may yet be negotiated during any given fiscal year; and

WHEREAS the above referenced budget has been prepared based upon anticipated revenues from existing contractual relationships between Cagle Terrace Corporation and other second parties; and

WHEREAS in the opinion of the Board of Commissioners, the financial plan for this program is consistent with KCDC's overall operating strategy and is fiscally responsible.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CAGLE TERRACE CORPORATION:

THAT the Operating Budget for Cagle Terrace Corporation is hereby approved and adopted for the fiscal year July 1, 2024 through June 30, 2025.

Approved this ___ day of May, 2024.

CAGLE TERRACE CORPORATION

By: _____
Secretary



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

Cagle Terrace Corporation				
Description	FY 2025 Budget	FY 2024 Budget	\$ Variance	% Variance
Revenue:				
HUD Grants	\$ 2,138,752	\$ 2,247,060	\$ (108,308)	
Tenant Revenue	770,250	533,080	237,170	
Other Revenue	35,397	33,528	1,869	
Total Revenue	\$ 2,944,399	\$ 2,813,668	\$ 130,731	5%
Expenses:				
Salaries & Benefits	\$ 354,752	\$ 378,974	\$ (24,221)	
Administration & Tenant Services	251,539	227,891	23,648	
Utilities	341,440	369,430	(27,990)	
Maintenance & Operating	287,776	369,130	(81,354)	
Insurance	104,750	83,704	21,046	
General Expense	60,030	29,220	30,810	
Interest Expense	265,033	271,195	(6,162)	
Total Expenses	\$ 1,665,320	\$ 1,729,544	\$ (64,224)	-4%
Net Income (Loss)	\$ 1,279,079	\$ 1,084,125	\$ 194,955	18%

Revenue & Expense Variance

Increase in total revenue primarily due to increase in HUD contract rent for multi-family housing.

Decrease in total expenses primarily due to decrease in maintenance costs and utility expenses.

EVERETT GP CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **AGENDA**
Annual Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested to execute the minutes of the *initial* meeting held on February 27, 2024. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

4. Adjourn.

EVERETT GP CORPORATION

INITIAL MEETING MINUTES

The Board of Directors of Everett GP Corporation met in the *Initial Session* on **February 27, 2024** at 901 N. Broadway, Knoxville, Tennessee.

The meeting was called to order and a quorum declared at 5:37 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

REDEVELOPMENT (Jim Hatfield)

Resolution regarding the formation and organizational matters. Director Broyles made the motion to approve. Director Harris seconded the motion and all Directors present voted "Aye." Resolution No. 2024-01 is attached.

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

Benjamin M Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

FIVE POINTS 1 CORPORATION

Date: May 19, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *annual* meeting held on May 25, 2023. [\(Attached\)](#)
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

FIVE POINTS 1 CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Five Points 1 Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:39 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the meeting held on May 26, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:40 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

FIVE POINTS 2 CORPORATION

Date: May 19, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *annual* meeting held on May 25, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

FIVE POINTS 2 CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Five Points 2 Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:41 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the meeting held on May 26, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:41 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

FIVE POINTS 3 CORPORATION

Date: May 19, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *annual* meeting held on May 25, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

FIVE POINTS 3 CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Five Points 3 Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:41 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the meeting held on May 26, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:42 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

FIVE POINTS 4 CORPORATION

Date: May 19, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *annual* meeting held on May 25, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

FIVE POINTS 4 CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Five Points 4 Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:42 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the meeting held on May 26, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:43 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

GREATER TENNESSEE HOUSING ASSISTANCE CORPORATION

Date: May 19, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *special* meeting held on February 27, 2024. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

GREATER TENNESSEE HOUSING ASSISTANCE CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of Greater Tennessee Housing Assistance Corporation met on **February 27, 2024** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared at 5:39 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes for the *annual* meeting held on May 25 2023. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Resolution authorizing the assumption and assignment of a purchase agreement with KCDC in connection with the acquisition of four parcels located within Knoxville's South Waterfront area. Director Harris made a motion to approve. Director Broyles seconded the motion. All Directors present voted "Aye." Resolution No. 2024-01 is attached.

With no more business to come before the Board, the meeting adjourned at 5:41 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

GROSVENOR SQUARE GP CORPORATION

Date: May 19, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *special* meeting held on September 28, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

GROSVENOR SQUARE GP CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of the Grosvenor Square GP Corporation met on **September 28, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared at 5:29 p.m. Those Directors present and absent were:

Present:	Director Kim Henry	Absent:
	Director Scott Broyles	
	Director Felix Harris	

Approval to execute the minutes for the *annual* meeting held on May 25, 2023. **Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."**

Resolution authorizing negotiation and execution of documents required to effectuate the closing of Grosvenor Square Apartments, a 184-unit new construction affordable housing development. **Director Broyles made a motion to approve. Director Harris seconded the motion. Director Henry was recused. All Directors present voted "Aye."** Resolution 2023-01 attached.

With no further business to come before the Board, the meeting adjourned by consent at 5:31 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

HOLLYWOOD GP CORPORATION

Date: May 19, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *annual* meeting held on May 26, 2022. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

HOLLYWOOD GP CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Hollywood GP Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:46 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the *annual* meeting held on May 25, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:47 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

HOLSTON GP CORPORATION

Date: May 19, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *special* meeting held on September 28, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

HOLSTON GP CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of the Holston GP Corporation met on **September 28, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared at 5:31 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes for the *annual* meeting held on May 25, 2023. Director Harris made a motion to approve. Director Broyles seconded the motion. All Directors present voted "Aye."

Resolution authorizing the negotiation and execution of all documents required to effectuate the closing of Holston River Apartments, a 96-unit new construction affordable housing development. Director Harris made a motion to approve. Director Broyles seconded the motion. Director Henry was recused. All Directors present voted "Aye." Resolution 2023-01 attached.

With no further business to come before the Board, the meeting adjourned by consent at 5:41 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

KNOXVILLE'S HOUSING DEVELOPMENT CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **AGENDA**
Annual Meeting of the Board of Directors
Wednesday, May 29, 2024, 5:00 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *special* meeting held on March 28, 2024. [\(Item 2 Attachment\)](#)
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

Chair: Kimberly Henry
President: Benjamin Bentley
Vice President: Jim Hatfield
Secretary: Nancy White
Treasurer: Nancy White

FINANCE & ACCOUNTING (Nancy White)

4. Resolution approving operating budget for the fiscal year 2025 (July 1, 2024 through June 30, 2025). [\(Item 4 Attachment\)](#)

DEVELOPMENT (Jim Hatfield)

5. Resolution approving an increase to the amount of KHDC's loan to Western Heights 1 LP. [\(Item 5 Attachment\)](#)
6. Adjourn

KNOXVILLE'S HOUSING DEVELOPMENT CORPORATION

SPECIAL MEETING MINUTES

The Board of Commissioners of the Knoxville's Housing Development Corporation met on **March 28, 2024** at 901 N. Broadway, Knoxville, Tennessee.

The meeting was called to order and a quorum declared at 5:15 p.m. Those Directors present and absent were:

Present: Director Kimberly Henry
Director Scott Broyles
Director Felix Harris
Director Robert Whetsel
Director Becky Wade
Director Kathy Hill

Absent: Director John Winemiller

Approval to execute the minutes for the *special* meeting held on August 31, 2023. Director Harris made the motion to approve the minutes. Director Whetsel seconded the motion and all other Directors present voted "Aye."

REDEVELOPMENT (Jim Hatfield)

Resolution authorizing the negotiation and execution of various documents and agreements including a loan to Western Heights 1 LP, project owner, in an amount not to exceed \$8,000,000 in connection with the closing of Western Heights CNI Phase 1 (Project), a 76-unit mixed-income housing development in Western Heights. Director Harris made a motion to approve. Director Broyles seconded the motion and all other Directors present voted "Aye." Resolution No. 2024-01 is attached.

With no further business to come before the Board, the meeting adjourned by consent at 5:18 p.m.

Kimberly K Henry, Chair

Approved:

ATTEST:

Nancy White, Secretary

Approved:

KNOXVILLE'S HOUSING DEVELOPMENT CORPORATION

BOARD ACTION FORM - ITEM 4

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution approving the Operating Budget for KHDC for the fiscal year 2025 (July 1, 2024 - June 30, 2025).
SUBMITTED BY	Name, Title / Department: Nancy White, Chief Financial Officer, Executive Management
MEETING TYPE	<input type="checkbox"/> Regular <input type="checkbox"/> Special <input checked="" type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>see program detail</u> Expenditure: \$ <u>n/a</u> Source of Funds: Program Operating and Reserve Funds (as applicable)
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input checked="" type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Legal Counsel: _____ Other – Name/Title: _____
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? To seek approval of the KHDC Operating Budget for FYE 2025 for internal policy compliance.</p>	
<p>2. Why is the action needed now? We are required to bring an operating budget to the Board for approval within each fiscal year for the subsequent fiscal year period.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? Program and financial management staff work together to closely monitor budget-expenditure variance reports on a monthly basis. Procedures are in place to ensure expenditures do not exceed approved budgets and/or revisions and that funds are expended in accordance with applicable program requirements.</p>	
<p>4. What are the long-term and short-term exposures? No exposure due to monitoring procedures and adequate reserves.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	HUD and KHDC Fiscal and Accounting Policy requires an operating budget to be prepared and approved by the Board within each fiscal year for the subsequent fiscal year for prudent financial management of programs.
ATTACHMENTS	Resolution and Budget

RESOLUTION NO. 2024--

**RESOLUTION APPROVING OPERATING BUDGET FOR
KNOXVILLE'S HOUSING DEVELOPMENT CORPORATION
FOR THE FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025**

WHEREAS the Operating Budget for Knoxville's Housing Development Corporation is not subject to annual approval by the Department of Housing and Urban Development; and

WHEREAS the annual budget for the above referenced project, programs, and departments are directly dependent upon existing contractual relationships or upon contractual relationships that may yet be negotiated during any given fiscal year; and

WHEREAS the above referenced budget has been prepared based upon anticipated revenues from existing contractual relationships between Knoxville's Housing Development Corporation and other second parties; and

WHEREAS in the opinion of the Board of Commissioners, the financial plan for this program is consistent with KCDC's overall operating strategy and is fiscally responsible.

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

THAT the Operating Budget for Knoxville's Housing Development Corporation is hereby approved and adopted for the fiscal year July 1, 2024 through June 30, 2025.

Approved this 29th day of May, 2024.

**KNOXVILLE'S HOUSING
DEVELOPMENT CORPORATION**

By: _____
Secretary



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

KHDC				
Description	FY 2025 Budget	FY 2024 Budget	\$ Variance	% Variance
Revenue:				
HUD Grants	\$ 637,861	\$ 593,167	\$ 44,694	
Tenant Revenue	163,365	119,061	44,304	
Other Revenue	1,015,601	561,759	453,842	
Total Revenue	\$ 1,816,827	\$ 1,273,987	\$ 542,840	43%
Expenses:				
Salaries & Benefits	\$ 112,834	\$ 200,343	\$ (87,509)	
Administration & Tenant Services	184,420	205,553	(21,132)	
Utilities	39,410	35,740	3,670	
Maintenance & Operating	190,138	217,782	(27,644)	
Insurance	37,650	23,763	13,887	
General Expense	32,928	18,404	14,524	
Interest Expense	252,013	261,033	(9,020)	
Total Expenses	\$ 849,394	\$ 962,618	\$ (113,224)	-12%
Net Income (Loss)	\$ 967,433	\$ 311,369	\$ 656,064	211%

Revenue & Expense Variance

Increase in revenue primarily due to increase in contract rents for Passport Section 8 and Clifton Road units and interest earned on investments.

Decrease in expenses primarily due to management restructure for Passport Section 8 and Clifton Road which produced overall cost savings.

NOTE: Presented for information and consolidation overview. Budget is subject to KHDC Board Approval.

KNOXVILLE'S HOUSING DEVELOPMENT CORPORATION

BOARD ACTION FORM ITEM 5

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing an increased loan amount from \$8,000,000 to \$8,437,040 between KHDC and Western Heights 1 LP.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input type="checkbox"/> Regular <input type="checkbox"/> Special <input checked="" type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ 8,000,000 Expenditure: \$ 8,437,040 Source of Funds: KHDC non federal funds
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS Other – Name/Title: _____
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? WH 1 project has experienced some additional development costs as the budgets have been finalized. As such, an increase to the KHDC loan for the project is needed.</p>	
<p>2. Why is the action needed now? Project is closing in May 2024.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? As has been done on past development deals, KHDC will provide loans to the Project owner entity, Western Heights 1 LP in order to fill-out the capital stack. Western Heights 1 LP is the owner entity of the Project who will be the borrower on the loans.</p>	
<p>4. What are the long-term and short-term exposures? The loan will provide for a 40 year repayment period and will only be repaid to the extent there is net cash flow available from the property to repay the loan balance.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	On March 28, 2024, KHDC board previously approved a closing resolution for this transaction.
ATTACHMENTS	Resolution

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF KNOXVILLE'S
HOUSING DEVELOPMENT CORPORATION APPROVING AN
INCREASE TO THE AMOUNT OF KHDC'S LOAN TO WESTERN
HEIGHTS 1 LP**

WHEREAS, the Board of Directors of Knoxville's Housing Development Corporation ("KHDC"), has met pursuant to proper notice; and

WHEREAS, KHDC has been organized pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated, as an instrumentality of Knoxville's Community Development Corporation ("KCDC"); and

WHEREAS, the Board of Directors of KHDC previously approved a loan (the "Loan") to Western Heights 1 LP (the "Partnership") in an amount not to exceed \$8,000,000 to assist with the Partnership's construction of a 76-unit mixed-income residential apartment development in the City of Knoxville (the "Project"); and

WHEREAS, the Loan is evidenced by a promissory note and a loan agreement and is secured by a deed of trust (collectively, the "Loan Documents"); and

WHEREAS, the Loan Documents provide for a maximum loan amount of \$8,437,040, of which only \$8,000,000 may be drawn unless the Board of Directors of KHDC authorizes the lending of the full amount of \$8,437,040; and

WHEREAS, the Board of KHDC now desires to increase the authorized amount of the Loan to an amount not to exceed \$8,437,040 in order to make the full amount of the Loan as set forth in the Loan Documents available to the Partnership.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Knoxville's Housing Development Corporation, as follows:

RESOLVED, that it is in the best interest of KHDC to provide the Loan for the purpose of financing the development cost of the Project; and, further

RESOLVED, that the authorized amount of the Loan is hereby increased from an amount not to exceed \$8,000,000 to an amount not to exceed \$8,437,040; and, further

RESOLVED, that KHDC is hereby authorized to loan to the Partnership the full amount of the Loan funds up to \$8,437,040 as contemplated in the Loan Documents; and, further

RESOLVED, that the Loan Documents, in the form executed by KHDC and the Partnership, are hereby ratified and approved; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of KHDC by the President, Chairman, Vice-Chairman or Secretary of KHDC to execute and deliver the Loan Documents or any agreements, documents or instruments in connection therewith, or to take any of the other actions authorized by the foregoing resolutions, and all other acts of KHDC officers that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved this 29th day of May, 2024.

**KNOXVILLE'S HOUSING
DEVELOPMENT CORPORATION**

By: _____
Secretary

37500793.3

LIBERTY PLACE KNOXVILLE CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *special* meeting held on October 26, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

LIBERTY PLACE KNOXVILLE CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of the Liberty Place Knoxville Corporation met on **October 26, 2023** at 901 N. Broadway, Knoxville, Tennessee.

The meeting was called to order and a quorum declared at 5:22 p.m. Those Directors present and absent were:

Present: Director Kimberly Henry
Director Scott Broyles

Absent: Director Felix Harris

Approval to execute the minutes for the *special* meeting held on August 31, 2023. **Director Broyles made a motion to approve. Director Henry seconded the motion. All Directors present voted "Aye."**

REDEVELOPMENT (Jim Hatfield)

Approval to execute a change order increasing Contract C23005 value by an amount not to exceed \$250,000 associated with the incorporation of solar panels. **Director Broyles made the motion to approve. Director Henry seconded the motion and all Directors present voted "Aye."**

With no further business to come before the Board, the meeting adjourned by consent at 5:33 p.m.

Benjamin M Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

MOSS GROVE GP CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *annual* meeting held on May 25, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White
4. Adjourn.

MOSS GROVE GP CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Moss Grove GP Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:50 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the *special* meeting held on July 28, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:51 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

MONTGOMERY VILLAGE CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *special* meeting held on June 30, 2022. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

FINANCE & ACCOUNTING (Nancy White)

4. Resolution approving operating budget for the fiscal year 2025 (July 1, 2024 through June 30, 2025). **(Item 4 Attachment)**
5. Adjourn.

MONTGOMERY VILLAGE CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Montgomery Village Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:31 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the *special* meeting held on June 30, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

Resolution approving operating budget for fiscal year 2024 (July 1, 2023–June 30, 2024). Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye." Resolution No. 2023–01 is attached.

With no further business to come before the Board, the meeting adjourned by consent at 5:38 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

MONTGOMERY VILLAGE CORPORATION
BOARD ACTION FORM - ITEM 4

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution approving the Operating Budget for Montgomery Village Corporation for the fiscal year 2025 (July 1, 2024 - June 30, 2025).
SUBMITTED BY	Name, Title / Department: Nancy White, Chief Financial Officer, Executive Management
MEETING TYPE	<input type="checkbox"/> Regular <input type="checkbox"/> Special <input checked="" type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>see program detail</u> Expenditure: \$ <u>n/a</u> Source of Funds: Program Operating and Reserve Funds (as applicable)
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input checked="" type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input type="checkbox"/> Legal Counsel: _____ Other – Name/Title: _____
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? To seek approval of the Operating Budget for FYE 2025 for policy compliance.</p>	
<p>2. Why is the action needed now? We are required to bring an operating budget to the Board for approval within each fiscal year for the subsequent fiscal year period.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? Program and financial management staff work together to closely monitor budget-expenditure variance reports on a monthly basis. Procedures are in place to ensure expenditures do not exceed approved budgets and/or revisions and that funds are expended in accordance with applicable program requirements.</p>	
<p>4. What are the long-term and short-term exposures? No exposure due to monitoring procedures and adequate reserves.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	HUD and the organization's Fiscal and Accounting Policy requires an operating budget to be prepared and approved by the Board within each fiscal year for the subsequent fiscal year for prudent financial management of our programs.
ATTACHMENTS	Resolution and Budget

RESOLUTION NO. 2024-__

**RESOLUTION APPROVING OPERATING BUDGET FOR
MONTGOMERY VILLAGE CORPORATION
FOR THE FISCAL YEAR JULY 1, 2024 THROUGH JUNE 30, 2025**

WHEREAS the Operating Budget for Montgomery Village Corporation is not subject to annual approval by the Department of Housing and Urban Development; and

WHEREAS the annual budget for the above referenced project, programs, and departments are directly dependent upon existing contractual relationships or upon contractual relationships that may yet be negotiated during any given fiscal year; and

WHEREAS the above referenced budget has been prepared based upon anticipated revenues from existing contractual relationships between Montgomery Village Corporation and other second parties; and

WHEREAS in the opinion of the Board of Commissioners, the financial plan for this program is consistent with KCDC's overall operating strategy and is fiscally responsible.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MONTGOMERY VILLAGE CORPORATION:

THAT the Operating Budget for Montgomery Village Corporation is hereby approved and adopted for the fiscal year July 1, 2024 through June 30, 2025.

Approved this ___ day of May, 2024.

MONTGOMERY VILLAGE CORPORATION

By: _____
Secretary



KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION
FY 2025 Budget
July 1, 2024 - June 30, 2025

Montgomery Village Corporation				
Description	FY 2025 Budget	FY 2024 Budget	\$ Variance	% Variance
Revenue:				
HUD Grants	\$ 2,880,263	\$ 2,869,110	\$ 11,153	
Tenant Revenue	691,568	577,195	114,373	
Other Revenue	38,877	36,233	2,644	
Total Revenue	\$ 3,610,708	\$ 3,482,538	\$ 128,170	4%
Expenses:				
Salaries & Benefits	\$ 484,524	\$ 557,627	\$ (73,103)	
Administration & Tenant Services	327,317	320,413	6,905	
Utilities	678,810	629,330	49,480	
Maintenance & Operating	465,384	540,541	(75,157)	
Insurance	184,169	102,359	81,809	
General Expense	72,277	47,760	24,517	
Interest Expense	437,145	424,452	12,693	
Total Expenses	\$ 2,649,626	\$ 2,622,482	\$ 27,144	1%
Net Income (Loss)	\$ 961,082	\$ 860,055	\$ 101,026	12%

Revenue & Expense Variance

Increase in total revenue primarily due to increase in HUD contract rent for multi-family housing.

Increase in total expenses primarily due to estimated increase in insurance and utility expenses.

PASSPORT DEVELOPMENT CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *annual* meeting held on May 25, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

PASSPORT DEVELOPMENT CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Passport Development Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:52 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the meeting held on May 26, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:52 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

PASSPORT HOUSING CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *annual* meeting held on May 25, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White
4. Adjourn.

PASSPORT HOUSING CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Passport Housing Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:52 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the meeting held on May 26, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:53 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

SUTHERLAND 1 CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *special* meeting held on September 28, 2023. [\(Attached\)](#)
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White
4. Adjourn.

SUTHERLAND 1 GP CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of Sutherland 1 GP Corporation met on **September 28, 2023** at 901 N. Broadway, Knoxville, Tennessee.

The meeting was called to order and a quorum declared at 5:33 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes for the *annual* meeting held on May 25, 2023. Director Broyles made the motion to approve. Director Harris seconded the motion and all Directors present voted "Aye."

REDEVELOPMENT (Jim Hatfield)

Resolution authorizing negotiation and execution of all documents required to effectuate the closing of the acquisition and renovation of Dunhill and Sutherland View Apartments, having a combined 166 units of existing affordable housing units. Director Harris made the motion to approve. Director Broyles seconded the motion. Director Henry was recused. All Directors present voted "Aye." Resolution No. 2023-02 is attached.

With no further business to come before the Board, the meeting adjourned at 5:35 p.m.

Benjamin M Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

SUTHERLAND 2 CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *special* meeting held on September 28, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White
4. Adjourn.

SUTHERLAND 2 GP CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of Sutherland 2 GP Corporation met on **September 28, 2023** at 901 N. Broadway, Knoxville, Tennessee.

The meeting was called to order and a quorum declared at 5:36 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes for the *annual* meeting held on May 25, 2023. Director Broyles made the motion to approve. Director Harris seconded the motion and all Directors present voted "Aye."

REDEVELOPMENT (Jim Hatfield)

Resolution authorizing negotiation and execution of all documents required to effectuate the closing of the acquisition and renovation of Sutherland Park Apartments, a 120-units of existing affordable housing development. Director Broyles made the motion to approve. Director Harris seconded the motion. Director Henry was recused. All Directors present voted "Aye." Resolution No. 2023-02 is attached.

With no further business to come before the Board, the meeting adjourned at 5:35 p.m.

Benjamin M Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

WESTERN HEIGHTS 1 GP CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *special* meeting held on March 28, 2024. [\(Item 2 Attachment\)](#)
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Resolution authorizing Western Heights 1 GP Corporation, on behalf of Western Heights 1 LP, to enter into the increased CNI and KHDC loans. [\(Item 4 Attachment\)](#)
5. Adjourn.

WESTERN HEIGHTS 1 GP CORPORATION

SPECIAL MEETING MINUTES

The Board of Directors of the Western Heights 1 GP Corporation met on **March 28, 2024** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared at 5:18 p.m. Those Directors present and absent were:

Present: Director Kim Henry Absent:
 Director Scott Broyles
 Director Felix Harris

Approval to execute the minutes of the *annual* meeting held on May 25, 2023. Director Harris made a motion to approve. Director Broyles seconded the motion. All Directors present voted "Aye."

REDEVELOPMENT (Jim Hatfield)

Resolution authorizing Western Heights 1 LP to negotiate and execute all documents required to effectuate the closing of Western Heights CNI Phase 1, a 76-unit mixed-income housing project. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye." Resolution No. 2024-01 is attached.

With no further business to come before the Board, the meeting adjourned at 5:21 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

WESTERN HEIGHTS 1 GP CORPORATION BOARD ACTION FORM - ITEM 4

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing Western Heights 1 GP Corporation, on behalf of Western Heights 1 LP, to enter into the increased CNL and KHDC loans.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input type="checkbox"/> Regular <input type="checkbox"/> Special <input checked="" type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ _____ Expenditure: \$ _____ Source of Funds: _____
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: BBS Other – Name/Title: _____
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? As the project's general partner, it will be signing on project loans and will need authorization to increase the KHDC and CNL loans.</p>	
<p>2. Why is the action needed now? Project is scheduled to close in May 2024.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? Western Heights 1 LP is the owner entity of the Project. Western Heights 1 GP Corporation is the General Partner. Brinshore Development, and their subsidiaries, will be our partner on this project and will serve as lead developer. JP Morgan Chase is providing the debt financing. Richman Group is providing the tax credit equity. Jenkins & Stiles will serve as the general contractor.</p>	
<p>4. What are the long-term and short-term exposures? N/A</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	The board approved the closing of this transaction in March 2024.
ATTACHMENTS	Resolution

RESOLUTION NO. 2024-02

RESOLUTION OF THE BOARD OF DIRECTORS OF WESTERN HEIGHTS 1 GP CORPORATION REGARDING CERTAIN FINANCING FOR WESTERN HEIGHTS PHASE 1 AND THE EXECUTION OF DOCUMENTS RELATING THERETO

WHEREAS, the Board of Directors of Western Heights 1 GP Corporation (the "Corporation") has met pursuant to proper notice; and

WHEREAS, the Corporation has been organized pursuant to Sections 13-20-101 et seq., Tennessee Code Annotated, as an instrumentality of Knoxville's Community Development Corporation ("KCDC"); and

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

WHEREAS, by Sections 13-20-101 et seq., Tennessee Code Annotated, housing and redevelopment authorities in Tennessee are authorized through their respective governing bodies to finance and/or refinance housing and redevelopment projects; and

WHEREAS, to further the development of a 76-unit mixed-income housing development known as Western Heights Phase 1 on real property located at approximately 1814 Vermont Avenue, 1790 Vermont Avenue, 1787 Virginia Avenue, 1763 Virginia Avenue, and 1775 Virginia Avenue in the Knoxville, Tennessee (the "Project"), the Corporation formed Western Heights 1 LP, a Tennessee limited partnership (the "Partnership"); and

WHEREAS, the Corporation serves as the general partner of the Partnership, with KCDC serving as limited partner and KTW Phase 1, LLC ("KTW") serving as the special limited partner; and

WHEREAS, KCDC, the City of Knoxville, Tennessee (the "City") and the United States Department of Housing and Urban Development ("HUD") have entered into a FY 2021 Choice Neighborhoods Implementation Grant Agreement pursuant to which HUD has agreed to provide financing for the development of the Project through HUD's Choice Neighborhoods Implementation grant program (the "CNI Funds"), which CNI Funds will be contributed by HUD in the form of a grant to the KCDC; and

WHEREAS, the Board of Directors of the Corporation previously authorized the Partnership to borrow CNI Funds from KCDC (the "CNI Loan") to assist with the financing of the Project in an amount not to exceed \$5,400,000; and

WHEREAS, the CNI Loan is evidenced by a promissory note and a loan agreement and is secured by a deed of trust (collectively, the "CNI Loan Documents"); and

WHEREAS, the CNI Loan Documents provide for a maximum loan amount of \$5,886,000, of which only \$5,400,000 may be drawn unless the Board of Directors of the Corporation authorizes the Partnership to draw the full amount of \$5,886,000; and

WHEREAS, the Corporation now desires to increase the authorized borrowing amount of the CNI Loan to an amount not to exceed \$5,886,000 in order to allow the Partnership to draw the full amount of the CNI Loan as set forth in the CNI Loan Documents; and

WHEREAS, the Board of Directors of the Corporation previously authorized the Partnership to borrow funds from Knoxville's Housing Development Corporation ("KHDC"), an instrumentality of KCDC (the "KHDC Loan"), to assist with the financing of the Project in an amount not to exceed \$8,000,000; and

WHEREAS, the KHDC Loan is evidenced by a promissory note and a loan agreement and is secured by a deed of trust (collectively, the "KHDC Loan Documents"); and

WHEREAS, the KHDC Loan Documents provide for a maximum loan amount of \$8,437,040, of which only \$8,000,000 may be drawn unless the Board of Directors of the Corporation authorizes the Partnership to draw the full amount of \$8,437,040; and

WHEREAS, the Corporation now desires to increase the authorized borrowing amount of the KHDC Loan to an amount not to exceed \$8,437,040 in order to allow the Partnership to draw the full amount of the KHDC Loan as set forth in the KHDC Loan Documents.

NOW, THEREFORE, BE, AND IT IS HEREBY, RESOLVED, that (i) the authorized amount of the CNI Loan is hereby increased to \$5,886,000; (ii) the Partnership is hereby authorized to borrow an amount not to exceed \$5,886,000 under the CNI Loan Documents; (iii) the authorized amount of the KHDC Loan is hereby increased to \$8,437,040; and (iv) the Partnership is hereby authorized to borrow an amount not to exceed \$8,437,040 under the KHDC Loan Documents; and, further

RESOLVED, that the CNI Loan Documents and the KHDC Loan Documents, in the form executed by the Corporation, KCDC and KHDC, as applicable, are hereby ratified and approved; and, further

RESOLVED, that any and all other actions heretofore taken on behalf of the Corporation (on its own behalf and on behalf of the Partnership, in its capacity as the general partner of the Partnership) by the officers of the Corporation to execute and deliver the CNI Loan Documents and the KHDC Loan Documents or any agreements, documents or instruments in connection

therewith, or to take any of the other actions authorized by the foregoing resolutions, and all acts of the officers of the Corporation that are in conformity with the purposes and intent of these resolutions, are hereby approved, ratified and confirmed in all respects.

Approved at a meeting of the Board of Directors held this 29th day of May, 2024.

WESTERN HEIGHTS 1 GP CORPORATION

By: 
President

37474640.4

WESTERN HEIGHTS 2 GP CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *initial* meeting held on February 27, 2024. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White
4. Adjourn.

WESTERN HEIGHTS 2 GP CORPORATION

INITIAL MEETING MINUTES

The Board of Directors of the Western Heights 2 GP Corporation met in the *Initial Session* on **February 27, 2024** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared at 5:41 p.m. Those Directors present and absent were:

Present: Director Kim Henry Absent:
 Director Scott Broyles
 Director Felix Harris

Resolution regarding formation and approval of organizational matters. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye." Resolution 2024-01 attached.

With no further business to come before the Board, the meeting adjourned at 5:42 p.m.

Benjamin M. Bentley, President Approved:

ATTEST:

Nancy White, Secretary Approved:

WESTERN HEIGHTS 3 GP CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *initial* meeting held on February 27, 2024. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White

4. Adjourn.

WESTERN HEIGHTS 3 GP CORPORATION

INITIAL MEETING MINUTES

The Board of Directors of the Western Heights 3 GP Corporation met in the *Initial Session* on **February 27, 2024** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared at 5:43 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Resolution regarding formation and approval of organizational matters. Director Harris made a motion to approve. Director Broyles seconded the motion. All Directors present voted "Aye." Resolution 2024-01 attached.

With no further business to come before the Board, the meeting adjourned at 5:44 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

WESTERN HEIGHTS 4 GP CORPORATION

Date: May 23, 2024

To: Board of Commissioners

From: Nancy White, Secretary

Subject: **INITIAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway Street
Knoxville, TN 37917

1. Call to Order.

REDEVELOPMENT (Jim Hatfield)

2. Resolution authorizing the formation of Western Heights 4 GP Corporation and Western Heights 4 LP in connection with potential development of Phase 4 of Western Heights CNI redevelopment project. **(Item 2 Attachment)**
3. Adjourn.

WESTERN HEIGHTS 4 GP CORPORATION BOARD ACTION FORM ITEM 2

MEETING DATE	May 29, 2024
AGENDA ITEM DESCRIPTION	Resolution authorizing the formation of Western Heights 4 GP Corporation and Western Heights 4 LP in connection with potential development of Phase 4 of Western Heights CNI redevelopment project.
SUBMITTED BY	Name, Title / Department: Jim Hatfield, Vice President, Redevelopment
MEETING TYPE	<input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special <input type="checkbox"/> Annual
CLASSIFICATION	<input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Approval
BUDGET / FINANCIAL IMPACT	Budgeted: \$ <u>n/a</u> Expenditure: \$ <u>n/a</u> Source of Funds:
APPROVAL / REVIEWS	<input checked="" type="checkbox"/> Department Head /VP <input type="checkbox"/> Budget/Finance <input checked="" type="checkbox"/> Executive Director/CEO <input checked="" type="checkbox"/> Legal Counsel: <u>BBS</u> Other – Name/Title:
<u>BACKGROUND</u>	
<p>1. What is the objective of this action? Approval of the formation of entities and related filings necessary to facilitate the development of Phase 4 at Western Heights.</p>	
<p>2. Why is the action needed now? In order to pursue 2024 9% tax credits, these entities and agreements need to be in place.</p>	
<p>3. Who are the parties involved and what are their roles (if appropriate)? Brinshore Development and/or its subsidiaries will serve as developer and co-owner with KCDC on the project. Western Heights 4 GP Corporation will be an instrumentality of KCDC and will serve as the general partner of the ownership entity.</p>	
<p>4. What are the long-term and short-term exposures? None.</p>	
HISTORICAL / TRANSACTIONAL INFORMATION (who, when, where)	KCDC was previously awarded a HUD CNI grant to facilitate the redevelopment of Western Heights.
ATTACHMENTS	Resolution, Charter, Certificate of LP

RESOLUTION NO. 2024-01

RESOLUTION OF THE BOARD OF DIRECTORS OF WESTERN HEIGHTS 4 GP CORPORATION REGARDING FORMATION AND ORGANIZATIONAL MATTERS

April 25, 2024

The board of directors of Western Heights 4 GP Corporation, a Tennessee nonprofit corporation (the "Corporation"), has met pursuant to proper notice and does hereby resolve:

Action of Incorporator

RESOLVED, that the Action of the Incorporator of the Corporation taken by written consent dated as of March 29, 2024, and all actions reflected therein, be, and the same hereby are, ratified, approved, and adopted by the undersigned for the benefit of the Corporation; and

FURTHER RESOLVED, that the Incorporator be, and the same hereby is, discharged of any further obligations, duties or liability to the Corporation.

Charter

RESOLVED, that the Charter of the Corporation, filed in the office of the Secretary of State of Tennessee and recorded in the Knox County Register of Deeds, is hereby ratified and approved.

Bylaws

RESOLVED, that the Bylaws attached hereto as Exhibit A are hereby approved and adopted.

Officers

RESOLVED, that the following named persons are hereby declared elected to the offices of the Corporation set forth opposite their respective names to serve as such officers pursuant to the Bylaws:

President - Benjamin M. Bentley

Vice President - Jim Hatfield

Secretary and Treasurer - Nancy White

Bank Accounts

RESOLVED, that the officers of the Corporation are hereby authorized and directed for and on behalf of the Corporation to designate from time to time one or more banks, trust companies or other banking institutions to act as depository or depositories for the funds of the Corporation for and during such period as such officer may from time to time deem necessary or desirable in the interests on the Corporation and to open or close out from time to time accounts in any such depository so selected;

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, in the name of and on behalf of the Corporation, to take any and all actions that such officer may deem necessary or advisable in order to establish bank accounts from time to time for the efficient conduct of the Corporation's business;

FURTHER RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and empowered to sign checks drawn on such account(s); and

FURTHER RESOLVED, that any resolutions required by said banking institutions shall be attached to these resolutions and are hereby adopted in their entirety as if such resolutions were a part hereof as of the date of adoption of these resolutions.

Payment of Organizational Expenses

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to pay all fees and expenses incident to or required in the organization of the Corporation.

Formation of Western Heights 4 LP

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take all actions deemed by such officers to be necessary and convenient to form Western Heights 4 LP (the "Limited Partnership") and have the Corporation serve as the general partner thereof.

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, on behalf and in the name of the Corporation, to prepare or cause to be prepared and to execute, deliver, verify, acknowledge, file or record any documents (including, without limitation, a certificate of limited partnership and a limited partnership agreement), instruments, certificates,

statements, papers, or any amendments thereto, as may be deemed necessary or advisable in order to form the Limited Partnership.

Submission of Application for Low Income Housing Tax Credits and Multifamily Tax-Exempt Bond Authority

RESOLVED, that the officers of the Corporation be, and they hereby are, authorized and directed to take all actions deemed by such officers to be necessary and convenient to facilitate the submission of an application to the Tennessee Housing Development Agency for an allocation of low income housing tax credits and/or Multifamily Tax-Exempt Bond Authority for the purpose of redevelopment of certain real property commonly known as a portion of Western Heights and located in the vicinity of Virginia Avenue and Fort Promise Drive in Knoxville, Tennessee.

General Authority and Ratification

RESOLVED, that the officers of the Corporation be, and each of them hereby is, authorized and directed, on behalf and in the name of the Corporation, to prepare or cause to be prepared and to execute, deliver, verify, acknowledge, file or record any documents, instruments, certificates, statements, papers, or any amendments thereto, as may be deemed necessary or advisable in order to effectuate the actions approved herein, and to take such further steps and do all such further acts or things as are necessary or desirable to carry out the transactions contemplated by the foregoing resolutions; and

FURTHER RESOLVED, that the authority and power given hereunder be deemed retroactive and any and all acts authorized hereunder performed prior to the passage of these resolutions, are hereby ratified and approved.

Adopted this day of , 2024.

WESTERN HEIGHTS 4 GP CORPORATION

By: _____
Secretary

EXHIBIT A

BY-LAWS OF WESTERN HEIGHTS 4 GP CORPORATION

These Bylaws shall regulate the business and affairs of Western Heights 4 GP Corporation (the "Corporation"), subject to the provisions of the Charter of the Corporation (as amended or restated from time to time, the "Charter") and any applicable provisions of the Tennessee Nonprofit Corporation Act (as amended, the "Act").

ARTICLE I. OFFICES

Section 1.1 **Principal Office.** The principal office of the Corporation shall be located at 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The Corporation may have such other offices, either within or without the State of Tennessee, as its Board of Directors may designate or as the business of the Corporation may require from time to time.

Section 1.2 **Registered Office.** The registered office of the Corporation required by the Act to be maintained in the State of Tennessee may, but need not, be identical to the principal office in the State of Tennessee; and the address of the registered office may be changed from time to time by its Board of Directors.

ARTICLE II. MEMBERS

The Corporation shall not have members.

ARTICLE III. DIRECTORS

Section 3.1 **General Powers.** The business and affairs of the Corporation shall be supervised by its Board of Directors (the "Board"), which shall exercise in the name of and on behalf of the Corporation all of the rights and privileges legally exercisable by the Corporation as a corporate entity, except as may otherwise be provided by law, the Charter, or these Bylaws. In addition, without limiting the foregoing, the Board shall be authorized and empowered:

- (a) To employ such persons as in its opinion are needed for the administration of the Corporation and to pay reasonable compensation for services and expenses thereof;
- (b) To receive, accept, administer, invest and distribute on behalf of the Corporation property contributed, gifted or bequeathed to the Corporation; and
- (c) To make distributions of income and principal in furtherance of the

Corporation's purposes in such amounts and proportions as the Board, in its discretion, shall determine from time to time.

Section 3.2 Number and Tenure. The directors of the Corporation shall be the same persons who are elected to hold the offices of Chairman, Vice Chairman, and Treasurer of Knoxville's Community Development Corporation ("KCDC"). The election of any person to any such office in KCDC shall be deemed to be an election of such person to the Board of Directors of the Corporation. Each director shall hold office until the expiration of the term for which he/she is elected, and thereafter until his successor has been elected and qualified. The Board of Commissioners of KCDC shall have the power to appoint and remove all directors of the corporation.

Section 3.3 Limited Personal Liability. No person who is or was a Director of the Corporation, nor such person's heirs, executors or administrators (hereinafter collectively referred to for purposes of this Section as a "Director"), shall be personally liable to the Company for monetary damages for breach of fiduciary duty as a Director. However, this provision shall not eliminate or limit the liability of a Director:

- (a) for any breach of a Director's duty of loyalty to the Corporation;
- (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or
- (c) under § 48-58-304 of the Act.

If the Act hereafter is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a Director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the full extent permitted by the amended Act. No repeal or modification of the provisions of this Section, either directly or by the adoption of a provision inconsistent with the provisions of this Section, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Section 3.4 Annual Meeting. The regular annual meeting of the Board shall be held without other notice than this Section of the Bylaws immediately following the annual meeting of Knoxville's Community Development Corporation in May of each year and at the same place as the annual meeting of Knoxville's Community Development Corporation.

Section 3.5 Special Meetings. Special meetings of the Board may be called by the President or by any Director, and it shall thereupon be the duty of the Secretary-Treasurer to cause notice of such meeting to be given as hereinafter provided. The President or the Director calling the meeting shall fix the time and place (which may or may be anywhere within or without the State of Tennessee) for the holding of the meeting.

Section 3.6 Notices. Notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Director not less than three (3) days previous thereto either personally, by mail or by electronic mail, by or at the direction of the Secretary-Treasurer, the President or the Director calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Corporation with postage thereon prepaid. The attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 3.7 Quorum and Participation. A majority of the total number of Directors in office shall constitute a quorum for the transaction of business at any meeting of the Board, provided that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further that the Secretary-Treasurer shall notify any absent Directors of the time and place of such adjourned meeting.

Section 3.8 Manner of Acting. Each Director shall be entitled to one (1) vote upon any matter properly submitted for a vote to the Board. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, except as may otherwise be specifically provided by law, by the Charter, or by these Bylaws. Members of the Board absent from any meeting shall not be permitted to vote at such meeting by written proxies.

Section 3.9 Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board at which action on any Corporation matter is taken shall be presumed to have assented to the action taken, unless such Director's dissent shall be entered in the minutes of the meeting, or unless he or she shall forward such dissent by certified mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.10 Compensation. Neither Directors nor officers shall receive any salary for their services. Any director or officer of the Corporation may also perform legal services for the Corporation; otherwise, no director or officer shall receive compensation for service to the Corporation in any other capacity, nor shall any close relative or a Director or officer receive compensation for serving the Corporation. The term "close relative" as used herein shall mean any brother or sister of any Director or officer, the forebears and descendants of a Director or officer or any such brother or sister and any spouse of a Director or officer or any aforesaid person.

ARTICLE IV. OFFICERS

Section 4.1 Number. The officers of the Corporation shall be a President, Vice President, Secretary-Treasurer and such other officers as may be determined by the Board from time to time to perform such duties as may be designated by the Board. In no event shall a member of the

Board serve as an officer of the corporation.

Section 4.2 Election and Term of Office. The officers of the Corporation shall be elected annually by the Board at the regular annual meeting of the Board. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until the next regular annual meeting of the Board or until his successor shall have been elected. A vacancy in any office held by an officer, because of death, resignation, removal, disqualification or otherwise, may be filled by the Board. A retiring officer may succeed himself or herself.

Section 4.3 Removal of Officers and Agents by Directors. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Corporation will be served thereby.

Section 4.4 President. The President:

(a) Shall be the principal executive officer of the Corporation, shall in general, supervise and control all of the business and affairs of the Corporation, and unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;

(b) May sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board, or by these Bylaws, to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and

(c) Shall in general perform all duties incident to the office of the present and such other duties as may be prescribed by the Board from time to time.

Section 4.5 Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

Section 4.6 Secretary-Treasurer. The Secretary-Treasurer shall:

(a) Keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;

(b) See that all notices are duly given in accordance with these Bylaws or as required by law;

(c) Be custodian of the corporate records and of the seal of the Corporation and affix the seal of the Corporation to documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws;

(d) Keep a register of the names and post office addresses of all Directors;

(e) Have a general charge of the books of the Corporation;

(f) Keep on file at all times a complete copy of the Charter and Bylaws of the Corporation containing all amendments thereto (which copy shall always be open to the inspection of any Director), and at the expense of the Corporation, forward a copy of the Bylaws and of all amendments thereto to each Director;

(g) In general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him/her by the Board; and

(h) Have charge and custody of and be responsible for all funds and securities of the Corporation;

(i) Be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Corporation and for the deposit of all such monies in the name of the Corporation in such bank or banks, trust companies or other depositories, as shall be selected in accordance with the provisions of these regulations; and

(j) In general, perform all the duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to him/her by the Board.

Section 4.7 Resignation. An officer may resign such officer's position at any time by tendering such resignation in writing to the President or, in the case of the resignation of the President, to the Secretary. A resignation shall become effective upon the date specified in such notice, or, if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

Section 4.8 Compensation. The powers, duties and compensation, if any, of officers, agents and employees shall be fixed by the Board, subject to the provisions of these regulations with respect to compensation for Directors and officers and close relatives of Directors and officers.

ARTICLE V. NON-PROFIT OPERATION

The Corporation shall at all times be operated on a non-profit basis, and no interest or dividends shall be paid or payable by the Corporation to any Director as such, and shall be

operated for the charitable purposes for which the Corporation was created.

ARTICLE VI. CONTRACTS, LOANS, CHECKS, DEPOSITS, INVESTMENTS

Section 6.1 Contracts and Employment of Agents. The Board may authorize any officer or agent to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the Corporation. The Board shall be specifically authorized, in its sole discretion, to employ and to pay the compensation of such agents, accountants, custodians, experts, consultants and other counsel, legal, investment or otherwise, as the Board shall deem advisable, and to delegate discretionary powers to, and rely upon information furnished by, such individuals or entities. Such authority may be general or confined to specific instances.

Section 6.2 Loans. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name, unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 6.3 Checks. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instruments shall be signed by the Secretary-Treasurer and countersigned by the President or Vice President of the Corporation.

Section 6.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation with such banks, trust companies, brokerage accounts, investment managers, or other depositories as the Board may from time to time select.

Section 6.5 Fiscal Year. The fiscal year of the Corporation shall mean a twelve (12) month period commencing the first day of July of each and every year and shall end on the following last day of June.

Section 6.6 Gifts. The Board of Directors may accept, on behalf of the Corporation, any contribution, gift bequest or devise for the general purposes or any special purpose of the Corporation.

ARTICLE VII. BOOKS, RECORDS AND AUDITS

Section 7.1 Books and Records. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board, and shall keep at the registered or principal office a record giving the names and addresses of the Directors. So long as the Corporation acts and functions as an instrumentality of KCDC, then all books and records of the Corporation may be

inspected by KCDC, its agents or attorneys at any time.

Section 7.2 Audits. The Corporation shall cause audits of all its books and records to be performed by a firm of independent certified public accountants as necessary. Copies of the audits shall be provided to KCDC for its review.

ARTICLE VIII. MISCELLANEOUS

KCDC shall have power to make and adopt such rules and regulations not inconsistent with law, the Charter, or these regulations, as it may deem advisable for the management of the business and affairs of the Corporation.

ARTICLE IX. WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the laws of the State of Tennessee relating to non-profit corporations or under the provisions of the Charter or the Bylaws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X. AMENDMENTS TO BYLAWS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the affirmative vote of two-thirds of the Directors present at any regular or special meeting, provided a quorum, as provided in these Bylaws, be present and provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or such requirement shall have been duly waived by all Directors.

Adopted this 29th day of March, 2024.

Nick McBride
Register of Deeds
Knox County

FILED

39

CHARTER
OF
WESTERN HEIGHTS 4 GP CORPORATION

The undersigned, acting as the incorporator of a nonprofit corporation under the Tennessee Nonprofit Corporation Act, does hereby adopt the following Charter for such corporation:

ARTICLE I

NAME

The name of the corporation shall be WESTERN HEIGHTS 4 GP CORPORATION.

ARTICLE II

PUBLIC BENEFIT CORPORATION

The corporation is a public benefit corporation.

ARTICLE III

NOT FOR PROFIT

The corporation is not-for-profit.

ARTICLE IV

PURPOSES

The corporation is an instrumentality of Knoxville's Community Development Corporation ("KCDC"), a housing authority organized under Tennessee Code Annotated §§ 13-20-101 *et seq.* (the "Housing Authorities Law"), formed pursuant to §13-20-104(b) of the Housing Authorities Law for the purpose of exercising certain powers conferred upon KCDC by the Housing Authorities Law as delegated to the corporation by KCDC from time to time.

ARTICLE V

POWERS

In furtherance and not in limitation of the general powers conferred by the laws of the State of Tennessee, and the purposes set forth herein, it is expressly provided that the corporation shall have the following powers:

(a) To enter into, make and perform contracts of every sort and kind with any person, firm, association, corporation, municipality, body politic, housing authority, county, state, or

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with the Federal Government or any agency or instrumentality thereof in connection with the ownership and financing of certain real property commonly known as Western Heights, or a portion thereof (the "Western Heights Property");

(b) To issue bonds or other obligations of the corporation, and to contract Indebtedness without limit as to amount for any of the purposes of the corporation and to secure the same to the extent necessary by mortgage, deed or deeds of trust, or pledge or lien or any or all of the real or personal property, or both, or right, title and interest therein of the corporation in connection with the ownership and financing of the Western Heights Property;

(c) To form a limited partnership for the purpose of facilitating the acquisition of the Western Heights Property and the financing, design, construction and/or operations of low-income housing on the Western Heights Property;

(d) To acquire the Western Heights Property and finance, design, construct and/or operate low-income housing on the Western Heights Property;

(e) To do everything necessary, proper, convenient or incident to effect any or all of the purposes for which the corporation is organized and to undertake any other actions conferred upon KCDC by the Housing Authorities Law and delegated to the corporation by KCDC; and

(f) Without limiting the generality of the foregoing, this corporation shall have all the powers, privileges, rights, and immunities necessary or convenient for carrying out the purposes for which this corporation is formed, and the directors hereby claim for this corporation all the benefits, privileges, rights and powers created, given, extended or conferred, now or hereafter, by the provisions of all applicable laws of the State of Tennessee, pertaining to not-for-profit corporations and any additions or amendments thereto.

ARTICLE VI

PERIOD OF EXISTENCE

The duration of the corporation shall be perpetual.

ARTICLE VII

INITIAL REGISTERED OFFICE; INITIAL REGISTERED AGENT; INITIAL PRINCIPAL OFFICE

The address of the initial registered office of the corporation in the State of Tennessee is 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The name of its initial registered agent at that office is Benjamin M. Bentley. The place in Tennessee where the principal office of the corporation is to be located is 901 N. Broadway, Knoxville, Knox County, Tennessee 37917. The business email address is bbentley@kcdc.org.

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ARTICLE VIII

MEMBERS

The corporation shall not have members.

ARTICLE IX

DIRECTORS

SECTION 1. Number of Directors. The Board of Directors shall consist of three (3) members.

SECTION 2. Election and Term. The directors of the corporation shall be the same persons who are elected to hold the offices of Chairman, Vice Chairman, and Treasurer of KCDC. The Board of Commissioners of KCDC shall have the power to appoint and remove all directors of the corporation. The election of any person to any such office in KCDC shall be deemed to be an election of such person to the Board of Directors of the corporation. Each director shall hold office until the expiration of the term for which he/she is elected, and thereafter until his successor has been elected and qualified.

ARTICLE X

INCORPORATOR

The name and address of the Incorporator is as follows:

NAME	ADDRESS
Russell E. Stair	1700 Riverview Tower 900 S. Gay Street Knoxville, TN 37902

ARTICLE XI

AMENDMENTS

The business and conduct of affairs of the corporation shall be regulated by Bylaws adopted by the board of directors, which shall not be inconsistent with this Charter and which so long as the corporation acts and functions as an instrumentality of KCDC, shall only be amended with the prior approval of KCDC, or its successors or designee.

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ARTICLE XII

**PROVISIONS FOR REGULATION AND CONDUCT
OF THE AFFAIRS OF THE CORPORATION**

Other provisions, consistent with the laws of the State of Tennessee, for the regulation and conduct of the affairs of this corporation, and creating, defining, limiting or regulating the powers of this corporation or of the directors are as follows:

(a) The corporation is a not-for-profit, non-stock corporation and no part of the income, profits or assets of the corporation shall ever be distributed to, on inure to the benefit of, any member, director or officer, but shall be used only for charitable or low-income housing purposes as provided herein.

(b) All of the assets of the corporation shall be held in trust for the purposes herein mentioned, including payment of the corporation's liabilities. Upon dissolution of the corporation, title to or other interest in any real or personal property and any other assets owned by the corporation at such time, after the payment of all its liabilities, shall vest in and be transferred to KCDC, or, in the event that KCDC shall cease to exist or fail to be a political subdivision of the State of Tennessee, to the State of Tennessee or a political subdivision thereof for a public purpose.

ARTICLE XIII

SPECIAL PROVISION

The acts and functions of the corporation shall constitute only acts of this corporation and shall never constitute an act, debt or a pledge of the faith and credit of the taxing power of the State of Tennessee or any political subdivision, taxing district or body, corporate and politic thereof and shall not constitute an act, debt or pledge of KCDC, HUD or any staff members or employees of any such public body.


ARTICLE XIV

**INDEMNIFICATION OF AND INSURANCE ON
DIRECTORS AND OFFICERS**

The directors and officers of the corporation shall be indemnified in connection with any actual or threatened, civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the name of the corporation or otherwise) arising out of their service to the corporation or to another organization at the request of the corporation to the full extent permitted by the laws of the State of Tennessee and to the extent that such indemnification is limited to liability insurance coverage or distribution approved by HUD from residual receipts or surplus cash; provided, however, the directors and officers of the corporation may not be indemnified for liability: (i) for any breach of the director's duty of loyalty to the corporation; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; and (iii) under § 48-58-304 of the Act, as the same exists or hereafter may

be amended. Any repeal or modification of this Article XIV shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

Dated: March 29, 2024



Russell E. Stair

37244989.1

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Tre Hargett
Secretary of State

Division of Business Services
Department of State

State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

WESTERN HEIGHTS 4 GP CORPORATION
901 N BROADWAY
KNOXVILLE, TN 37917

April 4, 2024

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	001528500	Formation Locale:	TENNESSEE
Filing Type:	Nonprofit Corporation - Domestic	Date Formed:	04/04/2024
Filing Date:	04/04/2024 10:42 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2025
Duration Term:	Perpetual	Image # :	B1516-2361
Public/Mutual Benefit:	Public		
Business County:	KNOX COUNTY		

Document Receipt

Receipt # : 008905524	Filing Fee:	\$100.00
Payment-Check/MO - CAPITAL FILING SERVICE INC, NASHVILLE, TN		\$200.00
Deposit-Account - CAPITAL FILING SERVICE INC, NASHVILLE, TN		\$100.00

Registered Agent Address:
BENJAMIN M. BENTLEY
901 N BROADWAY
KNOXVILLE, TN 37917

Principal Address:
901 N BROADWAY
KNOXVILLE, TN 37917

Congratulations on the successful filing of your **Charter** for **WESTERN HEIGHTS 4 GP CORPORATION** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Nichole Hambrick

Certificate of Authenticity

I, Lucretia Albert, do hereby make oath that I am a licensed attorney and/or the custodian of the original version of the electronic document tendered for registration herewith and that this electronic document is a true and exact copy of the original document executed and authenticated according to law on March 29, 2024.

Date

Lucretia Albert
Affiant Signature

04/02/2024

Date

State of Tennessee

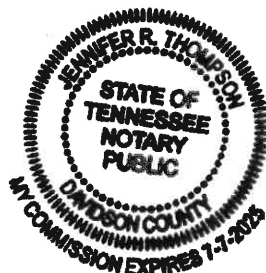
County of Davidson

Sworn to and subscribed before me this 02 day of April, 2024

Jennifer R. Thompson
Notary's Signature

My Commission Expires: 7-7-25
Date

Notary's Seal (if on paper)



FILED

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**CERTIFICATE OF LIMITED PARTNERSHIP
WESTERN HEIGHTS 4 LP**

This Certificate of Limited Partnership (the "Certificate") of WESTERN HEIGHTS 4 LP, a Tennessee limited partnership (the "Partnership") is made on this 29th day of March, 2024, by Western Heights 4 GP Corporation, as the General Partner, and is filed pursuant to the Tennessee Revised Limited Partnership Act, Section 61-2-201.

The General Partner hereby certifies as follows:

1. The name of the Partnership is Western Heights 4 LP.
2. The name of the initial registered agent and the address of the initial registered office of the Partnership is as follows:

Benjamin M. Bentley
901 N. Broadway
Knoxville, Knox County, Tennessee 37917

3. The address of the principal office of the Partnership is as follows:

901 N. Broadway
Knoxville, Knox County, Tennessee 37917

The business email address of the Partnership is bbentley@kcdc.org.

4. The name and the business mailing address of the General Partner is as follows:

Western Heights 4 GP Corporation
901 N. Broadway
Knoxville, Knox County, Tennessee 37917

5. The term of the Partnership shall continue in perpetuity, unless the Partnership is sooner dissolved in accordance with the provisions of the partnership agreement of the Partnership.
6. This Certificate of Limited Partnership shall be effective upon its filing with the Secretary of State of Tennessee.

IN WITNESS WHEREOF, the undersigned has executed and sworn to this Certificate of Limited Partnership as of the day and year first above written.

By: Benjamin M. Bentley
Benjamin M. Bentley,
President

35045994.1



Tre Hargett
Secretary of State

Division of Business Services
Department of State

State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Western Heights 4 LP
WESTERN HEIGHTS 4 GP CORPORATION
901 N BROADWAY
KNOXVILLE, TN 37917

April 4, 2024

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	001528503	Formation Locale:	TENNESSEE
Filing Type:	Limited Partnership - Domestic	Date Formed:	04/04/2024
Filing Date:	04/04/2024 10:42 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2025
Duration Term:	Perpetual	Image # :	B1516-2366
Business County:	KNOX COUNTY		

Document Receipt

Receipt # : 008905546	Filing Fee	\$100.00
Payment-Account - #000009 CAPITAL FILING SERVICE INC, NASHVILLE, TN		\$100.00

Registered Agent Address:
BENJAMIN M. BENTLEY
901 N BROADWAY
KNOXVILLE, TN 37917

Principal Address:
901 N BROADWAY
KNOXVILLE, TN 37917

Congratulations on the successful filing of your **Certificate of Limited Partnership** for **Western Heights 4 LP** in the State of Tennessee which is effective on the date shown above. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Nichole Hambrick

Certificate of Authenticity

I, Lucretia Albert, do hereby make oath that I am a licensed attorney and/or the custodian of the original version of the electronic document tendered for registration herewith and that this electronic document is a true and exact copy of the original document executed and authenticated according to law on March 29, 2024.

Date

Lucretia Albert
Affiant Signature

04/02/2024

Date

State of Tennessee

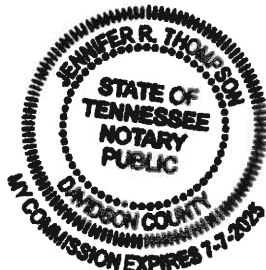
County of Davidson

Sworn to and subscribed before me this 02 day of April, 2024

Jennifer R. Thompson
Notary's Signature

My Commission Expires: 7-7-25
Date

Notary's Seal (if on paper)



WESTERN HEIGHTS CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary/Treasurer

Subject: **ANNUAL AGENDA**
Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
KCDC Main Office, 901 N. Broadway
Knoxville, Tennessee 37917

1. Call to Order.
2. Approval is requested to execute the *annual* minutes from the meeting held on May 25, 2023. ([Attachment](#))
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

4. Adjourn.

WESTERN HEIGHTS CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Western Heights Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:56 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the meeting held on August 25, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:57 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved:

YOUNG HIGH GP CORPORATION

Date: May 23, 2024

To: Board of Directors

From: Nancy White, Secretary

Subject: **ANNUAL AGENDA**
Board Meeting of the Board of Directors
Wednesday, May 29, 2024, 5 p.m.
901 N. Broadway
Knoxville, Tennessee 37917

1. Call to order.
2. Approval is requested to execute the minutes for the *annual* meeting held on May 25, 2023. **(Attached)**
3. The Corporation's By-Laws provide for an annual meeting to elect officers:

President: Ben Bentley
Vice President: Jim Hatfield
Secretary-Treasurer: Nancy White
4. Adjourn.

YOUNG HIGH GP CORPORATION

ANNUAL MEETING MINUTES

The Board of Directors of the Young High GP Corporation met on **May 25, 2023** at 901 N. Broadway, Knoxville, Tennessee 37917.

The meeting was called to order and a quorum declared present at 5:58 p.m. Those Directors present and absent were:

Present: Director Kim Henry
Director Scott Broyles
Director Felix Harris

Absent:

Approval to execute the minutes of the *annual* meeting held on May 26, 2022. Director Broyles made a motion to approve. Director Harris seconded the motion. All Directors present voted "Aye."

Approval to elect officers. Director Harris made a motion to elect the following slate of officers. Director Broyles seconded the motion. All Directors present voted "Aye."

President:	Benjamin Bentley
Vice President:	Jim Hatfield
Secretary/Treasurer:	Nancy White

With no further business to come before the Board, the meeting adjourned by consent at 5:59 p.m.

Benjamin M. Bentley, President

Approved:

ATTEST:

Nancy White, Secretary

Approved: