

AGENDA
MONTHLY MEETING OF
THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD
OF THE CITY OF CHATTANOOGA, TENNESSEE

Monday, May 18, 2026 @ 12:30 PM

1. Call to Order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Approval of the Minutes for April 20, 2026, monthly meeting.
4. Recognition of Persons Wishing to Address the Board.
5. **The Baylor School Bond Issuance - \$62 million**

A resolution authorizing and approving all documents, instruments, actions, and matters necessary or appropriate for, or pertaining to, the issuance, sale, and delivery by the Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee of its educational facilities revenue bonds (The Baylor School Project) Series 2026, in one or more series, in the aggregate principal amount not to exceed \$62 million. **(HEB-2026-06)**

6. **The Overlook Project – PILOT and Lease Agreements**

A resolution of the Health, Educational, and Housing Facility Board of the City of Chattanooga, Tennessee, regarding a Payment in Lieu of Taxes transaction with the Overlook Apts LP. **(HEB-2026-07)**

7. **Other Business/Discussion**
8. Adjournment.



HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD

**City of Chattanooga, Tennessee
MONTHLY MEETING MINUTES**

John P. Franklin, Sr. Council Building

J.B. Collins Conference Room

1000 Lindsay Street

Chattanooga, TN 37402

for

Monday, April 20, 2026

12:35 PM

Present Board Members: Hicks Armor (Chair); Hank Wells (Secretary); Andrea Smith; Brian Erwin; Kanika Wellington-Jones; Tom Hirsch; and Jonathan Mason. Absent were Richard Johnson (Vice-Chair) and Malcolm Harris.

Also present were Phillip A. Noblett (Counsel to the Board); Janice Gooden (CALEB); Megan Miles (Housing); Jacquelen Madding; Chris Rutledge (Pinnacle Bank); Sarah Ross and Dallas Joseph (Baylor School); and Richard Beeland and Sandra Gober (Economic Development).



Chairman Armor confirmed that the meeting was properly advertised, and there is a quorum present to conduct business.



**MINUTES APPROVAL FOR THE FEBRUARY 16, 2026,
MONTHLY MEETING**

On motion of Mr. Brian Erwin, seconded by Ms. Kanika Wellington-Jones, the February 16, 2026, minutes for the monthly meeting were unanimously approved as written and presented. The motion carried.



PUBLIC COMMENTS

There were no public comments.



RESOLUTION

On motion of Mr. Wells, seconded by Ms. Smith,

A RESOLUTION RATIFYING THE EXECUTION BY THE CHAIR OF A JOINDER FOR THE TENNESSEE HOUSING DEVELOPMENT AGENCY RENTAL HOUSING DECLARATION OF RESTRICTIVE COVENANTS AND NOTICE OF LAND USE RESTRICTIONS CONCERNING THE CHATTANOOGA NEIGHBORHOOD ENTERPRISE (CNE) LYERLY PILOT TRANSACTION. (HEB-2026-03)

Attorney Noblett said this ratification is for the purposes of the CNE/Lyerly PILOT transaction for the restrictive covenants that were involved that the THDA has required.

The motion carried.

ADOPTED

RESOLUTION

On motion of Mr. Hirsch, seconded by Mr. Mason,

A RESOLUTION RATIFYING THE EXECUTION BY THE CHAIR OF THE NOTICE OF LAND USE RESTRICTIONS AND INSPECTION AND MAINTENANCE AGREEMENT OF PRIVATE STORMWATER MANAGEMENT FACILITIES CONCERNING THE CHATTANOOGA NEIGHBORHOOD ENTERPRISE (CNE) BAILEY PILOT TRANSACTION. (HEB-2026-04)

Attorney Noblett said this second one is simply a Notice of Land Use Restrictions and Inspection and Maintenance Agreement of Private Stormwater Management Facilities that CNE has on the Bailey property. They are responsible in that case for a Private Stormwater Management Facility.

The motion carried.

ADOPTED

RESOLUTION

On motion of Ms. Smith, seconded by Ms. Jones,

A RESOLUTION AUTHORIZING THE CHAIR OR VICE-CHAIR TO ENTER INTO A MEMORANDUM OF UNDERSTANDING (MOU) WITH THE TENNESSEE HOUSING DEVELOPMENT AGENCY, IN SUBSTANTIALLY THE FORM ATTACHED, TO ADMINISTER A DOWNPAYMENT ASSISTANCE PROGRAM, FOR AN AMOUNT UP TO THREE MILLION DOLLARS (\$3,000,000.00), SUBJECT TO APPROVAL BY THE CITY ATTORNEY. (HEB-2026-05)

Ms. Megan Miles (Director of Housing Policies) spoke. Last year, the Chattanooga City Council allocated \$3 million for the City to create a brand new downpayment assistance program. Our team has been very hard at work over the last several months. We are going to be making up to \$15,000.00 of City funding available to first time homebuyers to purchase a home in the City limits.

What you are looking at today is actually going to be a partnership with the Tennessee Housing Development Agency (THDA). It will be the first time they have done anything like this in the state. What this does is it allows us to access their mortgage products. THDA primarily does a lot of mortgage lending for single-family homes. They have fantastic mortgage products including a Downpayment Assistance Program (DPA). They have products that allow up to \$6,000 in DPA, and we have designed our program so that those two things can be layered together.

We created a really streamlined process so that if you are a lender who is already approved to work with THDA, you can continue to follow their process, access that \$6,000, and then you can unlock an additional \$15,000 in City funding so that we can help more first-time homebuyers purchase a home and generate wealth.

That is what the Memorandum of Understanding does. It just outlines the partnership between THDA and the HEB. That funding already exists; it has already been allocated by City Council and is sitting in a bank account at THDA. We will be reimbursing THDA for the loans. That is why it says an amount up to \$3 million. We are also making a pathway for participating lenders who are based locally and have their own products. THDA will likely not access all of that \$3 million, but we are making it available to them on a first come, first serve basis. Each month they will be sending us a monthly report. They will be fronting the money for DPA, and we will be reimbursing them. That is a really easy and nice process for us. We will keep that money here. It gives us the opportunity to leverage additional public funds and strengthen and impact our investment locally.

Mr. Erwin said he is very familiar with THDA. Under this partnership, are there specific zip codes that are identified by THDA and the City that qualify and additionally, is there a term that must be occupied. Ms. Miles said that any home that is purchased within the City of Chattanooga limits can qualify for city programs. There are a few changes. We really designed our program to layer very well with THDA. There are a couple of tweaks that we made. They will go up to 120% of the AMI and restriction up to 120% because that is what really makes sense with our market. They work in Nashville, Franklin, and across the state. They have a bit of a higher income limit. We have a geographic boundary. The home must be purchased within the City of Chattanooga under the \$400,000 purchase price limit. The loan itself is designed to be a zero percent interest deferred payment. It is not amortizing; there is no payments and due in full upon sale or cash out refinance. Only due if there is a cash event and the owner will be recouping that. Otherwise, it will sit in position behind THDA's first mortgage and people are choosing to access it behind the \$6,000 DPA.

The borrower must qualify for all THDA lending. They will have to have a THDA first mortgage. We are thinking of access and sustainability for the program is how can we come in on the back end and be the gap filler. What is the gap that someone needs to reach the distance of what they have and what already exists in the mortgage and homeownership. We think to be responsible stewards of our local dollars we are going to come in at the end. We are asking for first mortgage for THDA products that would be the Great Choice Home Loans, and then they can bring that additional THDA DPA, and our money up to \$15,000 will go to cover whatever that gap is remaining.

Chairman Armor said that is the gap for the downpayment. Ms. Miles said exactly. They have to qualify for the loan. When they look at the loan and they know what the downpayment is and they know they don't have it, how do they qualify for the loan without having the downpayment that you are going to help them with? Ms. Miles said that is what the lender will do. The way we are running this program again is because we are going to be relying on lenders. Your participating lender, you are already approved to work with THDA, you have been through training, you know what their products are, and you know how to calculate that. We will be doing an additional training with those lenders. Any lender that wants access – the lender then knows you don't have the full downpayment. They will be working within guidelines, but the lender is really going to be the one responsible for determining that.

Ms. Jones has a question about the lender. Is there any way that we can recommend that the vender actively markets the DPA at the point of sale instead of waiting for somebody to ask for it. They are doing a lot of outreaches. One of the things they did when they were designing this program is start with the lenders. After further discussion, a series of information sessions will be held with the City. There are three scheduled at the end of May beginning of June, and we are also going to be pulling housing counselors and hiring lenders to attend community outreach sessions so that people have an opportunity to have those conversations.

Mr. Erwin asked what the application process is. Is it somewhat structured on what the requirements are but to apply specifically for the City grant. Ms. Miles said what they are trying to do as the City, we don't want to be in the business and one of the reasons is THDA partnership is so fantastic because it removes a lot of that administrative burden because they are already

experts in that. We are tapping into the process that already exists for them and the way that we anticipate the way this works with THDA lenders is that it really should not look much different than it already looks. We are not expecting homebuyers to submit an additional application to the City. We do not want to get in the way of that process.

Attorney Noblett said the agreement is with the City and THDA. It should be with the Board. We updated the MOU to be with the HEB.

The motion carried.

ADOPTED

OTHER BUSINESS-DISCUSSION

FYI – Preliminary Summary of Bonds and Project – The Baylor School Project, Series 2026 - \$62 million.

Mr. Dallas Joseph is the Chief Financial Officer at The Baylor School. They are coming to the Board to submit information about the financing. They will have 1,134 students enrolled in Baylor. It is 890-day students and 244 boarding students. They would like to increase their boarding program by 100 students. What we have before you is one of two things. One, we are applying to build a new dorm that will allow us to increase the boarding program from 244 to 342. We are also building a central energy plant to send steam and water to that building and several others. We also have a fiber optic project. In addition, we want to refinance 2017 bonds that this board approved.

Mr. Erwin asked in the refinancing of the 2017 bonds, what was their maturity date? It would be another 18 years, about 2045. This issue would be held by the bank as well.

Attorney Noblett said this will come before the Board next month. We do not need a vote today and just for informational purposes.

Discussion of College Hill Courts:

Chairman Armor asked about College Hill Courts. It is his understanding that these are up to seven phases that as they took down parts of it, build Phase 1, tear this part down, those people have the option of moving. Chairman Armor does not remember where he picked this up, but he heard there were people who did not have a space to go to. And that was concerning because he heard that the reason it was done in phases is so that any current resident could choose to leave if they wanted to, but that people had been turned away. Part of it was that because of the mixed-income usage that says there are 50 people in this building that is being torn down and there may only be 25 slots in the new building for those 50 people. Great concern. Chairman Armor does not have any substantiation if you said who, where, what, he does not know, but he wanted someone from this to – Ms. McCright – to make sure for the next meeting if they can come in and tell us no, what you heard was incorrect. Chairman Armor is concerned about that.

Mr. Richard Beeland said that he worked with Ms. McCright on those projects. He can assure you that is incorrect. Phase 1 is going to be completed the end of this year, and a portion of the people who choose to move and relocate will be able to locate to those units. Phase 2 is under construction as he speaks and will be ready next year. The remaining ones will be able to move into that one. As the other phases come along, then the remaining people in the units would be able to choose to go into those if they still remain. There is not that many people who are still remaining at College Hill Courts properly because they either chose to move out and they have not been renting any more, but they will have enough room for everyone who wants to move.

Chairman Armor said that was his understanding. He cannot remember where he heard, and it was probably somebody who knew somebody, but does not think it was a first-hand person because he would have gotten their name. He appreciates the clarification because that was our understanding and why we approved the phase because it was so that before one was torn down then they had a place to go. That is right. Chairman Armor's question was answered.



After further discussion, Mr. Mason made a motion to adjourn the meeting, seconded by Mr. Erwin, and the meeting adjourned at 1:00 PM.

Respectfully submitted,

Hank Wells, *Secretary*

APPROVED:

Hicks Armor, *Chair*

**The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Educational Facilities Revenue Bonds
(The Baylor School Project) Series 2026**

Preliminary Summary of Bonds and Project

Board: The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Borrower: The Baylor School
Maximum Par: \$62,000,000

The Baylor School is a nonprofit private school founded in 1893 and located at 171 Baylor School Road, Chattanooga, Tennessee 37405 (the “Campus”). Approximately 1,000 students in 6th through 12th grade attend Baylor each year, of which approximately 240 are boarding students from 24 states and 18 countries. Approximately half of Baylor’s students are male and half are female.

The proposed financing consists of two components: (i) refinancing the Board’s Educational Facilities Revenue Bond, Series 2017A, the proceeds of which were loaned to Baylor to finance or refinance various facilities on the Campus and (ii) financing the construction and equipping of a new student housing facility, a central energy plant and fiber system upgrades, and the renovation of Hunter and Lupton Halls, all on the Campus.

Pinnacle Bank will purchase the bonds and will hold the bonds as a loan on its books. The bonds are not being sold to the public market. The refinancing bonds will mature approximately 16 years after closing and the new money bonds will mature approximately 30 years after closing. We plan to close the bond deal in May of this year.

Consistent with other bonds that the Board has issued, the proposed bonds will be tax-exempt and issued under a conduit bond structure. The bonds will be limited obligations of the Board and will be solely payable from the limited revenues and collateral provided by Baylor. Furthermore, Baylor will be required to indemnify the Board for any liability related to the projects or the bonds. Neither the City of Chattanooga nor any other governmental entity will have any liability with respect to the projects or the bonds.

Chattanooga Times Free Press

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FOR YOUR ORDER

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Company: BASS BERRY & SIMS
Client: BASS BERRY & SIMS/ BASS BASS
Street Address: 21 Platform Way S
City, State: Nashville, TN
Zip Code: 37203-7166
Phone #: 615-259-6606
Credit Code: Pre-payment Required

Ad ID #: 596310
Copy Line: NOTICE OF MEETING AND PUBLIC

Ad Start Date: 5/10/2026
Ad Stop Date: 5/10/2026
Insertions: 2

Order Date: 05/04/2026
Sales Executive: Legals Ads
Ad taker: SSWAFFORD01

Pay Type:
Class: 387
Words: 514
Agate Lines: 89
Columns: 1
Ad Depth: 534
PO#:
Publication Name: TFP Times Free Press, TFP TimesFreePress.com

Total: \$288.30
Payment: \$0.00
Balance Due:\$288.30

Chattanooga Times Free Press

400 East 11Th Street
Chattanooga, TN 37403

NOTICE OF MEETING AND PUBLIC HEARING

Notice is hereby given that the Board of Directors of The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the "Issuer"), will hold a meeting and public hearing on Monday, May 18, 2020, at 12:30 p.m., Eastern Time, in the John P. Franklin, Sr. Council Building, 1000 Lindsay Street, Chattanooga, Tennessee in either the Assembly Room or the J.B. Collins Conference Room. The Issuer will consider and act upon all business which may properly come before it at such meeting, including but not limited to authorizing all documents and matters necessary or desirable in connection with the issuance of its qualified 501(c)(3) tax-exempt revenue bonds in a maximum principal amount of not to exceed \$62,000,000 (the "Bonds"). The proceeds of the Bonds will be loaned to The Baylor School, a Tennessee nonprofit corporation (the "Borrower"), to (a) finance and/or refinance the costs of acquiring, constructing, improving and/or equipping various educational and related support facilities and infrastructure (collectively, the "Project"), including without limitation: (i) financing the (A) construction and equipping of a new student housing building known as the Rike Field Dorm along with associated field landscaping (the Rike Field Complex), (B) construction and equipping of a new central energy plant, (C) acquisition and construction of campus fiber upgrades, (D) renovation and equipping of Hunter and Luton Hall dormitories and (E) renovation and equipping of Founders Hall administrative building, and (ii) refinancing the Issuer's Revenue Refunding Bonds Series 2017A (The Baylor School Project) dated September 29, 2017, the proceeds of which were loaned to the Borrower to finance or refinance the acquisition, construction, renovation and equipping of facilities, including (1) renovation and equipping of Lowrance and Luton Hall dormitories, (2) replacement of HVAC systems for Hunter Hall, (3) improvements to athletic fields and other athletic facilities, and (4) renovation, improvement and equipping of educational facilities, (b) pay the costs of issuing the Bonds. The Project is located on the campus of the Borrower at 171 Baylor School Road, Chattanooga, Tennessee 37405 (the "Campus"). The Borrower will be the owner and operator of the Project.

A public hearing (pursuant to Section 141(f) of the Internal Revenue Code of 1986, as amended) will be held at said meeting by the Issuer in connection with the issuance of the Bonds. Any person interested in the issuance of the Bonds or the location or purposes of the Project is invited to attend the public hearing (which may be continued or adjourned to a later date), and any person wanting to provide public comment shall express their desire to do so prior to the meeting.

THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE ISSUER, THE STATE OF TENNESSEE, THE CITY OF CHATTANOOGA, OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF TENNESSEE, BUT SHALL BE PAYABLE SOLELY FROM SOURCES PROVIDED BY THE BORROWER. Additional information with respect to the foregoing may be obtained from Philip A. Nelson, Esq., City of Chattanooga Advertiser's Office, 100 East 11th Street, Suite 200, Chattanooga, Tennessee 37402, (423) 643-8250.

RESOLUTION AUTHORIZING AND APPROVING ALL DOCUMENTS, INSTRUMENTS, ACTIONS, AND MATTERS NECESSARY OR APPROPRIATE FOR, OR PERTAINING TO, THE ISSUANCE, SALE, AND DELIVERY BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE OF ITS EDUCATIONAL FACILITIES REVENUE BONDS (THE BAYLOR SCHOOL PROJECT) SERIES 2026, IN ONE OR MORE SERIES, IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$62,000,000

WHEREAS, The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the “Issuer”) is a public corporation organized under and pursuant to the provisions of Sections 48-101-301, et seq., Tennessee Code Annotated, as amended (the “Act”); and

WHEREAS, The Baylor School (the “Borrower”), a Tennessee nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code, has requested that the Issuer issue its revenue bonds as described herein and loan the proceeds thereof to assist the Borrower in connection with certain of its financing needs as described herein; and

WHEREAS, the Borrower proposes that the Borrower, the Issuer and Pinnacle Bank, a Tennessee bank (the “Purchaser”) enter into a Bond Purchase and Loan Agreement (the “Bond Purchase and Loan Agreement”) under which the Issuer will issue and sell its Educational Facilities Revenue Bonds (The Baylor School Project) Series 2026, in one or more series, in the aggregate principal amount not exceeding \$62,000,000 (the “Bonds”) to the Purchaser for a purchase price equal to the par amount of the Bonds; and

WHEREAS, pursuant to the Bond Purchase and Loan Agreement, the Issuer will loan the proceeds of the sale of the Bonds to the Borrower for the following purposes:

(a) finance and/or refinance the costs of acquiring, constructing, improving and/or equipping various educational and related support facilities and infrastructure (collectively, the “Project”), all located on the campus of the Borrower at 171 Baylor School Road, Chattanooga, Tennessee 37405 (the “Campus”), including without limitation:

(i) financing the (A) construction and equipping of a new student housing building known as the Rike Field Dorm along with associated field landscaping (the Rike Field Complex), (B) construction and equipping of a new central energy plant, (C) acquisition and construction of campus fiber upgrades, (D) renovation and equipping of Hunter and Lupton Hall dormitories and (E) renovation and equipping of Founders Hall administrative building; and

(ii) refinancing the Issuer’s Revenue Refunding Bonds Series 2017A (The Baylor School Project) dated September 20, 2017, the proceeds of which were loaned to the Borrower to finance or refinance the acquisition, construction, renovation and equipping of facilities, including (1) renovation and equipping of Lowrance and Lupton Hall dormitories; (2) replacement of HVAC systems for Hunter Hall; (3) improvements to athletic fields and other athletic facilities; and (4) renovation, improvement and equipping of educational facilities;

(b) pay the costs of issuing the Bonds.

WHEREAS, to evidence its obligations under the Bond Purchase and Loan Agreement, the Borrower will execute its Baylor School Notes, Series 2026 (the “Notes”), in one or more series, which will be endorsed by the Issuer to the Purchaser as security for the Bonds; and

WHEREAS, the Bonds will be payable from payments made by the Borrower under the Notes and the Bond Purchase and Loan Agreement; and

HEB-2026-06

WHEREAS, the officers of the Issuer have caused to be presented to this meeting the following documents which the Issuer proposes to accept and/or to execute and deliver, as applicable:

1. the form of Bond Purchase and Loan Agreement;
2. the form of the Notes; and
3. the form of the Bonds.

WHEREAS, it appears that each of the instruments above referred to which are now before this meeting is in appropriate form and is an appropriate instrument to be accepted or executed and delivered by the Issuer for the purposes intended.

NOW, THEREFORE, BE, AND IT IS HEREBY RESOLVED, by the Board of Directors of The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee as follows:

RESOLVED, That the form, terms and provisions of the Bond Purchase and Loan Agreement which is before this meeting be and they are hereby approved and the Chairman or Vice Chairman of the Issuer, or either of them, be and they are each hereby authorized, empowered and directed to execute, acknowledge and deliver, and the Secretary or the Assistant Secretary, or either of them, to attest (if requested) the Bond Purchase and Loan Agreement in the name and on behalf of the Issuer; that said instrument is to be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein; and that from and after the execution and delivery of said instrument the officers of the Issuer are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of said instrument as executed; and, further,

RESOLVED, That the form, terms and provisions of the Notes which are before this meeting be and is hereby approved, and the Chairman or Vice Chairman of the Issuer be and they are hereby authorized, empowered and directed to accept delivery of said instrument on behalf of the Issuer, and the Chairman or Vice Chairman of the Issuer, or either of them, be and they are hereby authorized, empowered and directed to endorse and the Secretary or the Assistant Secretary, or either of them, to attest (if requested) the Notes to the Purchaser, in substantially the forms now before this meeting and hereby approved, or with such changes therein as shall be approved by the officers of the Issuer executing the endorsement of the Notes, their execution of such endorsement to constitute conclusive evidence of their approval of any and all such changes or revisions; and, further,

RESOLVED, That the form, terms and provisions of the Bonds which are before this meeting be and is hereby approved and the Chairman or the Vice Chairman of the Issuer, or either of them, be and they are each hereby authorized, empowered and directed to execute and acknowledge the Bonds in the name and on behalf of the Issuer, and the Secretary or the Assistant Secretary, or either of them, to attest (if requested), and thereupon to deliver the Bonds to the Purchaser upon payment therefor as provided in the Bond Purchase and Loan Agreement; that the Bonds are to be in substantially the forms now before this meeting and hereby approved, or with such changes therein as shall be approved by the officers of the Issuer executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of Bonds now before this meeting; and, further,

RESOLVED, That the instruments herein authorized shall be dated as of the date the initial payment is received for the Bonds or such other date as shall be approved by the officers executing such instruments; and, further,

RESOLVED, That the Bonds, and the interest payable thereon, are limited obligations of the Issuer, and shall not be deemed to constitute a general debt or liability of the Issuer, but shall be payable solely from such special sources and funds provided therefor in accordance with the provisions thereof and the provisions of the Bond Purchase and Loan Agreement; and, further,

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

RESOLVED, That no recourse under, or upon, any statement, obligation, covenant, agreement, or certification, contained in any of the foregoing documents or in any other document or certification whatsoever, or under any judgment obtained against the Issuer or by the enforcement of any assessment or by any legal or equitable proceeding or by virtue of any constitution or statute or otherwise, or under any circumstances, under or independent of the foregoing documents or any other document or certification, whatsoever, shall be had against any incorporator, member, director, or officer, as such, past, present, or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for, or to, the Issuer, or any receiver thereof, or from, or to, the owner of the Bonds, for any sum that may be due and unpaid by the upon the Bonds or the interest payable thereon; any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such incorporator, member, director, or officer, as such, to respond by reason of any act or omission on his or her part or otherwise for, directly or indirectly, the payment for, or to, the Issuer or any receiver thereof, or for, or to, the owner of the Bonds, of the principal of, or the premium, if any, or interest on, the Bonds, shall be deemed to have been waived and released as a condition of, and consideration for, the execution of the aforesaid documents and the issuance of the Bonds; and, further,

RESOLVED, That the Chairman or the Vice Chairman of the Issuer, or either of them, be and they are hereby authorized, empowered and directed upon delivery of the Bonds to file with the State Director of Local Finance in the Office of the Comptroller of the Treasury the information required by Section 9-21-151 of Tennessee Code Annotated; and, further,

RESOLVED, That the Chairman or the Vice Chairman of the Issuer, or either of them, be and each is hereby authorized, empowered and directed to prepare and file with the Secretary of the Treasury the Statement (Form 8038) with respect to the Bonds if required by Section 149(e)(2) of the Internal Revenue Code of 1986; and, further,

RESOLVED, That the officers of the Issuer are hereby authorized to execute, deliver and file such additional documents, certificates and instruments, including, without limitation, federal tax compliance agreements and financing statements to evidence security interests created under the Bond Purchase and Loan Agreement, and to take all such further actions, from time to time, as they may consider necessary or desirable in connection with the issuance and sale of the Bonds; and, further,

RESOLVED, That all acts of any of the officers of the Issuer which are in conformity with the purposes and intent of this resolution and in furtherance of the issuance and sale of the Bonds, including without limitation, the execution and delivery of other documents in connection therewith, shall be and the same hereby are in all respects, approved and confirmed.

The foregoing Resolution was approved and adopted by the Board of Directors of The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee on May 18, 2026.

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____
Title: Hicks Armor, Chairman

ATTEST:

By: _____
Title: Hank Wells, Secretary

49592675.1

BOND PURCHASE AND LOAN AGREEMENT

among

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

and

THE BAYLOR SCHOOL

and

PINNACLE BANK, a Tennessee bank

Dated as of [Closing Date]

\$17,900,000

The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Educational Facilities Revenue Bond
(The Baylor School Project)
Series 2026A

\$43,500,000

The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee
Educational Facilities Revenue Bond
(The Baylor School Project)
Series 2026B

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Exhibits:

- A. Form of Bond
- B. Form of Note
- C. Form of Covenant Compliance Report
- D. Draw Request
- E-1. Series 2026A Principal Repayment Schedule
- E-2. Series 2026B Principal Repayment Schedule

THIS BOND PURCHASE AND LOAN AGREEMENT dated as of [Closing Date] (the “Agreement”), among THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE, a public, nonprofit corporation duly organized and existing under the laws of the State of Tennessee (the “Issuer”), PINNACLE BANK, a Tennessee bank, as initial holder of the Bonds described herein (the “Lender”), and THE BAYLOR SCHOOL, a Tennessee nonprofit corporation (the “Borrower”).

W I T N E S S E T H:

WHEREAS, the Issuer is a public, nonprofit corporation authorized under Tennessee Code Annotated Sections 48-101-301, et seq., as amended (the “Act”), to issue bonds for the purposes authorized by the Act; and

WHEREAS, the Issuer proposes to issue and sell to the Lender, with the approval of the Borrower, its (i) Educational Facilities Revenue Bond (The Baylor School Project) Series 2026A, in the principal amount of \$17,900,000 (the “Series 2026A Bond”) and (ii) Educational Facilities Revenue Bond (The Baylor School Project) Series 2026B, in the principal amount of not to exceed \$43,500,000 (the “Series 2026B Bond”); the Series 2026A Bond and the Series 2026B Bond are sometimes hereinafter referred to collectively as the “Bonds”); and

WHEREAS, the proceeds of the sale of the Series 2026A Bond will be loaned by the Issuer to the Borrower to (a) refinance the Issuer’s Revenue Refunding Bonds Series 2017A (The Baylor School Project) dated September 20, 2017 (the “Refinanced Bonds”), the proceeds of which were loaned to the Borrower, to finance or refinance the renovation, remodeling, construction and equipping of educational facilities located on the Borrower’s campus at 171 Baylor School Road, Chattanooga, Tennessee (the “Campus”), including (i) renovation and equipping of Lowrance and Lupton Hall dormitories; (ii) replacement of HVAC systems for Hunter Hall; (iii) improvements to athletic fields and other athletic facilities and (iv) renovation, improvement and equipping of educational facilities (collectively, the “Refinanced Project”), and (b) pay certain fees and expenses relating to the issuance and sale of the Bonds; and

WHEREAS, the proceeds of the sale of the Series 2026B Bond will be loaned by the Issuer to the Borrower to finance (A) construction and equipping of a new student housing building known as the Rike Field Dorm along with associated field landscaping (the Rike Field Complex), (B) construction and equipping of a new central energy plant, (C) acquisition and construction of campus fiber upgrades, (D) renovation and equipping of Hunter and Lupton Hall dormitories and (E) renovation and equipping of Founders Hall administrative building, all on the Campus (collectively, the “New Project”) and (b) pay certain fees and expenses relating to the issuance and sale of the Bonds; and

WHEREAS, the Borrower agrees to repay such loan from the Issuer on the terms and conditions hereinafter set forth; and

WHEREAS, simultaneously with the issuance of the Bonds, to evidence its obligations hereunder and to make payments sufficient to pay the Bonds, the Borrower will execute and deliver to the Issuer a Series 2026A Promissory Note and a Series 2026B Promissory Note (collectively, the “Notes”), which the Issuer will endorse to the Lender as security for the Bonds; and

WHEREAS, the Issuer, the Borrower and the Lender desire to set forth the terms and conditions with respect to such financing.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions. In addition to other terms defined elsewhere in this Agreement, the following terms shall have the following meanings in this Agreement unless the context otherwise requires:

“Act” shall have the meaning given to such term in the recitals hereof.

“Advance” means each advance made by the Lender of a portion of the principal amount of the Series 2026B Bond pursuant to the terms hereof on or before the Advance Termination Date.

“Advance Termination Date” means [June 1, 2029].

“Affiliate” means any other Person controlling or controlled by or under common control with Borrower. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” means this Bond Purchase and Loan Agreement, including any amendments or supplements hereto.

“Bonds” shall have the meaning given to such term in the recitals hereof.

“Bond Counsel” means Bass Berry & Sims PLC, or any other firm nationally recognized on the subject of municipal bonds acceptable to the Holder.

“Borrower” means The Baylor School, a Tennessee nonprofit corporation.

“Borrower Representative” means the President of the Borrower, the Head of School, the Chief Financial Officer, or any one or more of the persons at the time designated to act on behalf of the Borrower by written certificate furnished to the Holder containing the specimen signature of such person and signed on behalf of the Borrower by a Borrower Representative.

“Business Day” means any day on which the Holder is open for the purpose of conducting business.

“Campus” shall have the meaning given to such term in the recitals hereof.

“Capital Campaign Pledges” means all donor gifts, charitable pledges and contributions made to the Borrower specifically designated or restricted for the New Project.

“Capital Campaign Receipts” means all pledge receipts received by the Borrower from Capital Campaign Pledges.

“Capitalized Lease” means any lease of property by Borrower, as lessee, that would be capitalized on a balance sheet of Borrower prepared in accordance with GAAP.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in law, rule regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether

or not having the force of law) by any Governmental Authority provided that notwithstanding anything herein to the contrary, (i) the Dodd Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or, pursuant to the accord commonly referred to as “Basel III” or the United States or foreign regulatory authorities, shall in each case be deemed a “Change in Law,” regardless of the date enacted, adopted or issued.

“Closing Date” means [Closing Date].

“Closing Statement” means the Closing Statement of even date with this Agreement executed by the Borrower directing the Lender with respect to the application of the proceeds of the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations and revenue rulings thereunder.

“Construction Account” means a deposit account established by the Borrower with Pinnacle Bank into which the Lender shall disburse proceeds of the Series 2026B Bond in accordance with the terms hereof for payment costs of the New Projects.

“Controlled Group” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated under common control) which, together with the Borrower are treated as a single employer under Section 414 of the Code.

“Date of Taxability” means the earliest date as of which interest on the applicable Bonds shall have been determined to be includable in the gross income of any Holder or prior Holder as a result of a Determination of Taxability.

“Default Rate” means a rate per annum equal to the interest rate otherwise applicable plus 4%.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(a) on that date when the Borrower provides notice to the Issuer and the Holder that an Event of Taxability has occurred or when Borrower otherwise files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have occurred;

(b) on the date when the Holder or any prior Holder notifies the Issuer and the Borrower that it has received a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within 180 days after receipt by the Issuer and the Borrower of such notification from the Holder or any prior Holder, the Issuer or the Borrower shall deliver to each Holder and prior Holder (A) a ruling or determination letter issued to or on behalf of the Borrower by the Commissioner or any District Director of Internal Revenue (or any other governmental official exercising the same or a substantially similar function from time to time) or (B) a written opinion by an attorney or firm of attorneys of recognized standing on the subject of tax exempt municipal finance to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(c) on the date when the Issuer or the Borrower shall be advised in writing by the Commissioner or any District Director of Internal Revenue (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the Issuer or the Borrower, or upon any review or audit of the Issuer or the Borrower or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(d) on that date when the Issuer or the Borrower shall receive notice from any Holder or prior Holder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Holder or any prior Holder the interest on the Bonds paid to such Holder or Prior Holder due to the occurrence of an Event of Taxability;

provided, however, that no Determination of Taxability shall occur under clauses (c) or (d) above unless the Issuer and the Borrower have been afforded the opportunity, at its expense, to contest any such assessment; and provided further that no Determination of Taxability shall occur until such contest, if made, has been finally determined; and provided further that upon demand from the Holder or any prior Holder, the Borrower shall immediately reimburse such Holder or prior Holder for any payments such Holder (or any prior Holder) shall be obligated to make as a result of the Determination of Taxability during any such contest.

“Dollars” means the lawful money of the United States of America.

“Draw Request” means a request in the form provided as Exhibit D hereof from the Borrower to the Lender for an Advance of Series 2026B Bond proceeds to the Borrower.

“Eminent Domain” means the taking of title to, or the temporary use of, the Premises or any part thereof pursuant to eminent domain or condemnation proceedings, or any voluntary conveyance of any part of the Premises during the pendency of, or as a result of a threat of, such proceedings.

“Environmental Laws” means all federal, state, regional, county or local laws, statutes, rules, regulations or ordinances, now or hereafter in effect, relating to the generation, recycling, use, reuse, sale, storage, handling, transport, treatment, emission, discharge or disposal of Hazardous Materials, including the Comprehensive Environmental Response Compensation Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601 et seq. (“CERCLA”), the Resource Conservation and Recovery Act of 1976, as amended by the Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §6901 et seq. (“RCRA”), the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., the Clean Water Act of 1977, 33 U.S.C. §1251 et seq., and any state, regional, county or local statute, law, rule, regulation or ordinance now or hereafter in effect that relates to the protection of public health or safety from exposure to Hazardous Materials, to the discharge, emission or disposal of Hazardous Materials in or to air, water, land or groundwater, to the withdrawal or use of groundwater, to the use, handling or disposal of asbestos, polychlorinated biphenyls, petroleum, petroleum derivatives or by-products, other petroleum hydrocarbons or urea formaldehyde, to the treatment, storage, disposal or management of Hazardous Materials, to exposure to Hazardous Materials or to the transportation, storage, disposal, management or release of gaseous or liquid substances, and any regulation, order, injunction, judgment, or legally enforceable declaration, notice or demand issued thereunder.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“Event of Bankruptcy” means any event described in Section 9.1(g) and (h) hereof.

“Event of Default” means any of the events set forth in Section 9.1 hereof.

“Event of Taxability” means a change in law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by the Issuer or the Borrower, or the failure to take any action by the Issuer or the Borrower, or the making by the Issuer or the Borrower of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the Bonds) which has the effect of causing interest paid or payable on the Bonds to become includable, in whole or in part, in the gross income of the Holder or any prior Holder for federal income tax purposes.

“Fiscal Year” means, with respect to the Borrower, the twelve (12) month period ending on June 30 of each year or such other annual fiscal accounting period for the Borrower as may be established in the future by its governing body and approved by the Holder.

“GAAP” means generally accepted accounting principles from time to time in effect in the United States of America. In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in this Agreement, then the Borrower and the Lender agree to enter into negotiations in order to amend such provisions of this Agreement so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an amendment shall have been executed and delivered by the Borrower and the Lender, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. “Accounting Change” refers to a change in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

“Governmental Authority” means all agencies, authorities, bodies, boards, commissions, courts, instrumentalities, legislatures and offices of any nature whatsoever for any government unit or political subdivision, whether foreign, federal, state, county, district, municipal or otherwise, and whether now or hereafter in existence.

“Hazardous Materials” means gasoline, motor oil, fuel oil, waste oil, other petroleum or petroleum-based products, asbestos, polychlorinated biphenyls, medical and infectious wastes and any chemical, material or substance to which exposure is prohibited, limited or regulated by any federal, state, county, local or regional authority or which, even if not so regulated, is known to pose a hazard to health and safety, including but not limited to substances and materials defined or designated as “hazardous substances”, “hazardous wastes”, “pollutants”, “contaminants”, “hazardous materials” or “toxic substances” under any Environmental Law.

“Highest Lawful Rate” means the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on debts outstanding hereunder, as the case may be, under the laws applicable to the Issuer or the Borrower, as applicable, that presently are in effect or, to the extent allowed by law, under such applicable laws that hereafter may be in effect and that allow a higher maximum nonusurious interest rate than applicable laws now allow.

“Holder” means the Lender or any future registered owner of the Bonds as permitted hereunder.

“Indebtedness” means with respect to the Borrower at any date, without duplication, (i) all obligations of the Borrower for borrowed money, (ii) all obligations of the Borrower evidenced by bonds,

debentures, notes or other similar instrument, (iii) all obligations of the Borrower to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of the Borrower as lessee under Capitalized Leases, (v) all obligations of the Borrower to purchase securities (or other property) that arise out of or in connection with the sale of the same or substantially similar securities or property, (vi) all deferred obligations of the Borrower to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, (vii) all Indebtedness of others secured by a Lien on any asset of the Borrower, whether or not such Indebtedness is assumed by the Borrower and (viii) all Indebtedness of others guaranteed by the Borrower.

“Issuer” means The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee, a public, nonprofit corporation of the State of Tennessee, and its successors and assigns.

“Issuer Representative” means the Chairman and Vice Chairman of the Issuer, or either of them, or any one of the persons at the time designated to act on behalf of the Issuer by written certificate furnished to the Lender containing the specimen signatures of such persons and signed on behalf of the Issuer by its Chairman or Vice Chairman.

“Issuer Resolution” means the resolution of the Issuer adopted on May 18, 2026, authorizing the execution of this Agreement and the issuance of the Bonds.

“Lender” means Pinnacle Bank, a Tennessee banking association, or any successor or assignee thereof, as the Holder of the Bonds.

“Lien” means, as to any asset, (1) any lien, charge, claim, mortgage, security interest, pledge, hypothecation or other encumbrance of any kind with respect to such asset, (2) any interest of a vendor or lessor under any conditional sale agreement, Capitalized Lease or other title retention agreement relating to such asset, (3) any reservation, exception, encroachment, easement, right-of-way, covenant, condition, restriction, lease or other title exception affecting such asset, or (4) any assignment, deposit, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the UCC or comparable law of any jurisdiction).

“Loan(s)” means the Series 2026A Loan and the Series 2026B Loan and any other advances made to or on behalf of the Borrower pursuant to this Agreement and the Bonds. Such term is further defined and clarified in Section 5.1 hereof.

“Local Government” means City of Chattanooga, Tennessee.

“Material Adverse Effect” means, with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singularly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences whether or not related, a material adverse change in, or a material adverse effect on, (a) the business, results of operations, financial condition, assets, liabilities or prospects of the Borrower; (b) the ability of the Borrower to perform any of its obligations under the Operative Documents; (c) the rights and remedies of the Lender under any of the Operative Documents; or (d) the legality, validity or enforceability of any of the Operative Documents.

“Material Contracts” means each indenture, mortgage, agreement or other instrument or contract (written or oral) to which the Borrower is a party or by which any of its assets are bound (including, without limitation, any employment or executive compensation agreement, collective bargaining agreement,

agreement relating to an obligation, agreement for the construction, acquisition or disposition of real or personal property, agreement for the purchasing or furnishing of services, operating lease, joint venture agreement, agreement relating to the acquisition or disposition of an Affiliate or agreement of merger or consolidation) which (i) evidences, secures or governs any outstanding obligation of the Borrower, and (ii) if canceled, breached or not renewed by any party thereto, would have a Material Adverse Effect on the business operations, assets, condition (financial or otherwise) or prospects of the Borrower.

“Negative Pledge Agreement” means the Negative Pledge Agreement of even date herewith executed by the Borrower in favor of the Lender.

“Net Proceeds” when used with respect to any insurance proceeds or award resulting from, or other amount received in connection with, Eminent Domain, means the gross proceeds from such proceeds, award or other amount, less all expenses (including attorneys’ fees) incurred in the realization thereof.

“New Project” shall have the meaning given to such term in the recitals hereof

“Notes” shall have the meaning given to such term in the recitals hereof and in the form attached hereto as Exhibit B.

“Operative Documents” means this Agreement, the Bonds, the Notes and the Negative Pledge Agreement.

“Payment of the Bonds” means payment in full of the Bonds and the making in full of all other payments due and payable pursuant to this Agreement at the time of such payment.

“Permitted Encumbrances” means:

(a) Liens created pursuant to the Operative Documents and other Liens in favor of the Holder or its affiliates;

(b) Liens in existence on the date hereof that are listed in the title search therefor, if any, provided to the Holder as a condition to closing the Loan;

(c) Liens for taxes or assessments or other government charges or levies if not yet due and payable or, if due and payable, if they are being contested in good faith by appropriate proceedings and for which appropriate reserves are maintained;

(d) Liens imposed by law, such as (i) mechanics’, materialmen’s, landlords’, warehousemen’s and carriers’ Liens, and other similar Liens, securing obligations incurred in the ordinary course of business that are not past due or that are being contested in good faith by appropriate proceedings and for which appropriate reserves have been established; and (ii) Liens of customs and revenue authorities to secure payments of custom duties in connection with the importation of goods;

(e) Liens under worker’s compensation, unemployment insurance, social security or similar legislation;

(f) Liens, deposits or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases (permitted under the terms of this Agreement), public or statutory obligations, surety, stay, appeal, indemnity, performance or other similar bonds, or other similar obligations arising in the ordinary course of business;

(g) Judgment and other similar Liens arising in connection with court proceedings, provided the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings and appropriate reserves are being maintained;

(h) Easements, rights-of-way, restrictions and other similar encumbrances that, in the aggregate, do not materially interfere with the occupation, use and enjoyment by the Borrower of the property or assets encumbered thereby in the normal course of its business or materially impair the value of the property subject thereto;

(i) Purchase money Liens on any property hereafter acquired or the assumption of (or the acquisition of property subject to) any Lien on property existing at the time of such acquisition, or a Lien incurred in connection with any conditional sale or other title retention agreement or a Capitalized Lease; provided that:

(1) any property subject to any of the foregoing is acquired by the Borrower in the ordinary course of its business and the Lien on any such property is created, assumed or otherwise in existence at the time of such acquisition;

(2) the obligation secured by any Lien so created, assumed or existing shall not exceed one hundred percent (100%) of the lesser of cost or fair market value as of the time of acquisition of the property covered thereby to the Borrower acquiring the same;

(3) each such Lien shall attach only to the property so acquired and fixed improvements thereon; and

(4) the Debt secured by all such Liens is otherwise permitted hereunder.

“Person” means an individual, partnership, corporation, limited liability company, trust, unincorporated organization, association, joint venture, joint stock company, or a government or agency or political subdivision thereof.

“Plan” means, with respect to the Borrower at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained by a member of the Controlled Group for employees of a member of the Controlled Group of which the Borrower is a part, or (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the Borrower is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“Plans and Specifications” means the plans and specifications for the New Project, together with any addenda thereto and modifications thereof approved in writing by the Lender.

“Premises” means the real property and all improvements thereon that are covered by the Negative Pledge Agreement.

“Projects” means, collectively, the New Project and the Refinanced Project.

“Project Budget” means the construction budget for the New Project, detailing the costs and expenses associated therewith, as delivered to the Lender in connection with this Agreement.

“Project Facilities” means the facilities acquired, constructed, renovated and equipped as part of the Projects.

“Refinanced Bonds” shall have the meaning given to such term in the recitals hereof.

“Refinanced Project” shall have the meaning given to such term in the recitals hereof.

“Reportable Event” shall have the meaning assigned to such term in Title IV of ERISA and the regulations thereunder.

“Reserved Rights” means the rights of the Issuer to (i) receive notices specified hereunder, (ii) receive certain information required hereunder and inspect the books and records of Borrower and the Project Facilities, (iii) indemnification and limitations on the liability of the Issuer and its directors, officers, employees, etc. and (iv) reimbursement of certain fees and expenses specified hereunder.

“Restoration Work” shall have the meaning given to such term in Section 8.1(k) hereof.

“Series 2026A Loan” means the Lender’s making available of the proceeds of the Series 2026A Bonds to the Borrower, subject to the terms and conditions hereof, through the Lender’s purchase of the Series 2026A Bonds from the Issuer.

“Series 2026A Maturity Date” means [June 1], 2042.

“Series 2026A Tax-Exempt Rate” means a fixed rate equal to 2.60%.

“Series 2026A Taxable Rate” means, upon a Determination of Taxability with respect to the Series 2026A Bond, the interest rate per annum that shall provide the Lender with the same after tax yield that the Lender would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Lender as a result of such Determination of Taxability.

“Series 2026B Loan” the Lender’s making available of the proceeds of the Series 2026B Bonds to the Borrower, subject to the terms and conditions hereof, through the Lender’s purchase of the Series 2026B Bonds from the Issuer.

“Series 2026B Maturity Date” means [June 1], 2056.

“Series 2026B Tax-Exempt Rate” means a fixed rate equal to 3.77%.

“Series 2026B Taxable Rate” means, upon a Determination of Taxability with respect to the Series 2026B Bond, the interest rate per annum that shall provide the Lender with the same after tax yield that the Lender would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Lender as a result of such Determination of Taxability.

“State” means the State of Tennessee.

“Subsidiary” means, with respect to the Borrower, any corporation, partnership, joint venture, limited liability company, association or other entity the accounts of which would be consolidated with those of the Borrower in its consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, partnership, joint venture, limited liability company, association or other entity (a) of which securities or other ownership interests

representing more than 50% of the equity or more than 50% of the ordinary voting power, or in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise controlled, by the Borrower or one or more subsidiaries of the Borrower or by the Borrower and one or more subsidiaries of the Borrower.

“Tax Certificate” means the Tax Exemption Certificate and Agreement dated the Closing Date and executed by the Borrower and the Issuer in connection with the issuance of the Bonds.

“Unrestricted Liquidity” means unrestricted cash, marketable securities and similar funds that are board designated and can be reclassified as unrestricted.

Section 1.2 Rules of Construction.

(a) In this Agreement, unless otherwise indicated, (i) defined terms may be used in the singular or the plural and the use of any gender includes all genders, (ii) the words “hereof,” “herein,” “hereto,” “hereby” and “hereunder” refer to this entire Agreement, (iii) all references to particular Articles or Sections are references to the Articles or Sections of this Agreement, (iv) the terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants,” (v) the term “including” shall mean “including, but not limited to,” (vi) the table of contents, captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement, (vii) any capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the other Operative Documents, (viii) all references herein to the Code or any particular provision or section thereof shall be deemed to refer to any successor, or successor provision or section, thereof, as the case may be and (ix) the terms “best knowledge” or “knowledge” shall mean the actual knowledge (and shall not include constructive knowledge) of the members and managers, after due inquiry, of the Borrower.

(b) All accounting terms used herein without definition shall be interpreted in accordance with GAAP, and except as otherwise expressly provided herein, all determinations herein required shall be made in accordance with GAAP.

(c) References to any time of the day in this Agreement shall refer to the time in effect in Chattanooga, Tennessee on such day.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the Issuer. The Issuer hereby represents and warrants to, and agrees with, the Borrower and the Lender as follows (all of which shall survive the execution and delivery of this Agreement and the issuance of the Bonds):

(a) The Issuer is a public, nonprofit corporation of the State organized and existing under the Act. The Issuer is authorized to issue bonds in accordance with the laws of the State, including the Act.

(b) The Issuer has the power to loan the Borrower the proceeds from the sale of the Bonds pursuant to the provisions of this Agreement to finance or refinance the Project Facilities, such loan being in furtherance of the purposes for which the Issuer was organized.

(c) The Issuer has the power to enter into this Agreement and to carry out its obligations hereunder, to issue the Bonds to finance or refinance the Project Facilities and to assign the Notes without recourse to the Lender; by proper action has duly authorized the execution and delivery of this Agreement, the performance of its obligations hereunder and the issuance of the Bonds; and, simultaneously with the execution and delivery of this Agreement, has duly executed and delivered and issued the Bonds.

(d) The Issuer hereby finds that the financing and refinancing of the Project Facilities will serve the purposes of the Act.

(e) So long as the Bonds are outstanding, the Issuer will not issue or sell any other bonds, notes or other obligations the principal, premium, if any, or interest of which may be payable in whole or in part from the payments by the Borrower pursuant to this Agreement or the Notes.

(f) To the best of the Issuer's knowledge, the execution and delivery by the Issuer of this Agreement and the Bonds and compliance with the terms and conditions hereof and thereof will not conflict with or result in the violation of or constitute a default under (i) the Act or any existing law, rule or regulation applicable to it, (ii) any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree or other agreement, instrument or restriction of any kind to which the Issuer or any of its assets is subject, or (iii) the by-laws or any other rules or procedures of the Issuer.

(g) To the best of the Issuer's knowledge, no further approval, consent or withholding of objection on the part of any Federal, state or local regulatory body, is required in connection with (1) the execution, issuance, sale and delivery of the Bonds by the Issuer, (2) the execution or delivery of or compliance by the Issuer with the terms and conditions of this Agreement, or (3) the assignment by the Issuer of its rights under this Agreement and the Notes. To the best of Issuer's knowledge, the consummation by the Issuer of the transactions set forth in the manner and under the terms and conditions as provided herein will comply with all applicable state, local or Federal laws and any rules and regulations promulgated thereunder by any regulatory authority or agency.

(h) To the best of Issuer's knowledge, no litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or threatened against the Issuer with respect to (1) the organization and existence of the Issuer, (2) its authority to execute or deliver this Agreement or the Bonds, (3) the validity or enforceability of this Agreement or the Bonds, or the transactions contemplated hereby or thereby, (4) the title of any officer of the Issuer who executed this Agreement or the Bonds, or (5) any authority or proceedings related to the execution and delivery of this Agreement or the Bonds, on behalf of the Issuer, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(i) All requirements and conditions specified in the Act, the bylaws or other organizational documents of the Issuer and all other laws and regulations applicable to the adoption of the Issuer Resolution, the execution, delivery and issuance of the Bonds and the execution and delivery of the other Operative Documents to which the Issuer is a party, have been fulfilled.

(j) The Issuer shall take all action and do all things which it is authorized by law to take and do in order to perform and observe all covenants and agreements on its part to be performed and observed under the Bonds and the other Operative Documents to which it is a party and in order to provide for and to assure payment of the Bonds and the interest thereon when due, but solely in accordance with and subject to the limitations contained in the Bonds and the other Operative Documents to which it is a party.

(k) The Issuer shall not alter, amend or repeal the Issuer Resolution, or, without the prior written consent of the Holder, agree to any alteration or amendment of this Agreement, or take any action impairing any authority, right or benefit given or conferred by the Issuer Resolution or the Operative Documents.

(l) The Bonds and the other Operative Documents to which the Issuer is a party are legal, valid and binding obligations of the Issuer.

All of the above representations and warranties shall survive the execution and delivery of this Agreement and the issuance of the Bonds.

THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE PROJECT FACILITIES OR THE CONDITION THEREOF, OR THAT THE PROJECT FACILITIES ARE SUITABLE FOR THE PURPOSES OR NEEDS OF BORROWER. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, THAT BORROWER WILL HAVE QUIET AND PEACEFUL POSSESSION OF THE PROJECT FACILITIES. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT FACILITIES OR ITS SUITABILITY FOR THE BORROWER'S PURPOSES.

Section 2.2 Representations and Warranties of Borrower. The Borrower makes the following representations as the basis for its undertakings hereunder (all of which shall survive the execution and delivery of this Agreement and the issuance of the Bonds):

(a) The Borrower is a nonprofit corporation duly organized and validly existing under the laws of the State.

(b) The Borrower is an organization described in Section 501(c)(3) of the Code and is not a "private foundation" as defined in Section 509(a) of the Code. The Borrower's status as a tax-exempt organization has not been adversely modified, limited, or revoked, and the facts and circumstances which formed the basis for the status of the Borrower either substantially exist for the Borrower or differ in a manner consistent with the requirements of Section 501(c)(3) of the Code. The Borrower has conducted its operations and filed all required reports with the Internal Revenue Service to maintain such status.

(c) The Borrower has the power to enter into the Operative Documents to which it is a party and perform its obligations thereunder, and by proper action has duly authorized the execution and delivery of the Operative Documents to which it is a party and the performance of its obligations thereunder. When executed and delivered, the Operative Documents to which the Borrower is a party will be the valid and binding obligations or agreements of the Borrower, enforceable in accordance with their respective terms.

(d) The Project Facilities constitute a "project" within the meaning of the Act.

(e) There is no litigation at law or in equity or any proceeding before any governmental agency or arbitral body involving the Borrower pending or, to the knowledge of the Borrower, threatened which has not been disclosed to the Lender in which any judgment or order would have a Material Adverse Effect upon the business or assets of the Borrower, or that would materially affect its authority to do business, the validity of the Operative Documents or the performance of its obligations thereunder. The Borrower is not in default with respect to any judgment, order, writ,

injunction, decree, demand, rule or regulation of any court, governmental authority or arbitration board or tribunal.

(f) The Borrower is in compliance in all material respects with all requirements and conditions of all Material Contracts and related documents, and no event has occurred and is continuing under the provisions of any Material Contract that with the lapse of time or the giving of notice, or both, would constitute an event of default by the Borrower thereunder.

(g) The execution and delivery of the Operative Documents to which it is a party and the performance by the Borrower of its obligations thereunder do not and will not conflict with, or constitute a breach or result in a violation of, the articles of incorporation or bylaws of the Borrower, or to the best of its knowledge, any agreement or other instrument to which the Borrower is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental agency having jurisdiction over the Borrower or any of its property.

(h) The Borrower has obtained all consents, approvals, authorizations and orders of any governmental or regulatory authority that (1) are required to be obtained by the Borrower as a condition precedent to the issuance of the Notes or the execution and delivery of the Operative Documents, (2) are required for the performance by the Borrower of its obligations thereunder or in connection with the Tax Certificate or (3) are required for the acquisition, construction and equipping of the Project Facilities, or, if such permits are not yet obtainable, has no reason to believe it will not be able to obtain such permits when required.

(i) The most recent audited financial statements of the Borrower, copies of which have been furnished to the Issuer and the Lender, accurately reflect the financial condition of the Borrower and its results of operations for the periods provided in such audited financial statements. There has been no change which would reasonably be expected to have a Material Adverse Effect on the financial condition of the Borrower since the date of the most recent of such financial statements.

(j) The Borrower is in compliance in all material respects with all Environmental Laws to which it is subject and will continue to maintain such compliance.

(k) The Borrower has filed all federal, state and local tax returns which are required to be filed by it and has paid or caused to be paid all taxes as shown on such returns or on any assessment received by it, to the extent that such taxes have become due, and no controversy in respect of additional taxes, state or federal, of the Borrower is pending or, to the knowledge of the Borrower, threatened which has not heretofore been disclosed in writing to the Lender and which, if adversely determined, would have a Material Adverse Effect on the financial condition or operations of the Borrower.

(l) None of the Operative Documents nor any information (financial or otherwise) furnished by or on behalf of the Borrower in connection with the negotiation of the sale of the Bonds contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein not misleading. There is no fact that the Borrower has not disclosed in writing to the Lender that will have a Material Adverse Effect on the properties, business, prospects, profits or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under the Operative Documents.

(m) The Borrower possesses all material patents, licenses, trademarks, trademark rights, trade names, trade name rights and copyrights necessary to conduct its business as now conducted, without known conflict with any patent, license, trademark, trade name or copyrights of any other Person.

(n) The site of the Project Facilities is properly zoned for its intended use for the Project Facilities, and the use and operation of the Project Facilities complies with the uses permitted by applicable zoning regulations.

(o) The Borrower has not taken any action and will not take or omit to take any action which would impair the exclusion of interest on the Bonds from federal income taxation.

(p) All of the representations, warranties and covenants of the Borrower contained in the Tax Certificate are hereby reaffirmed and incorporated herein by this reference.

(q) The Borrower (a) is not an “investment company” or “controlled” by an “investment company”, as such terms are defined in, or subject to regulation under, the Investment Company Act of 1940, as amended, and (b) is not otherwise subject to any other regulatory scheme limiting its ability to incur debt or requiring any approval or consent from, or registration or filing with, any Governmental Authority in connection therewith.

(r) No proceeds of the Bonds will be used directly or indirectly for “purchasing” or “carrying” any “margin stock” with the respective meanings of each of such terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the applicable Margin Regulations. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying “margin stock”.

(s) The Borrower has all material licenses, accreditations, registrations, permits, and approvals which are needed or required by law to conduct its operations as presently conducted. Upon the request of the Holder, the Borrower will deliver to the Holder an accurate list and summary description of all such licenses, accreditations, registrations, permits and approvals held by the Borrower relating to its operations.

(t) To the knowledge of the Borrower, there is no threatened employee strike, work stoppage or labor dispute with any labor organization pertaining to its operations. To the knowledge of the Borrower, no labor organization claims to represent any persons who are employed by the Borrower. There are no unfair labor practice charges pending against the Borrower at the National Labor Relations Board. The Borrower is in compliance in all material respects with all federal and state laws respecting employment and employment practices, terms and conditions of employment, and wages and hours. The Borrower has complied in all material respects with all requirements of the Immigration and Reform and Control Act of 1986.

(u) The Borrower is in compliance in all material respects with ERISA to the extent applicable to it and has received no notice to the contrary from the PBGC or any other Governmental Authority. No condition exists or event or transaction has occurred with respect to any Plan that could reasonably be expected to result in the incurrence by the Borrower of any material liability, fine or penalty.

(v) The Borrower does not have any Subsidiaries except BTAP, LLC, a Tennessee nonprofit limited liability company which presently conducts no activities and has no assets.

(w) The Borrower (i) is not a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)), (ii) does not engage in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such person in any manner violative of Section 2, or (iii) is not a person on the list of Specially Designated Nationals and Blocked Persons or subject to the limitations or prohibitions under any other U.S. Department of Treasury's Office of Foreign Assets Control regulation or executive order.

(x) The Borrower is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (ii) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Bonds will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

Section 2.3 Representations of the Lender.

(a) The Lender is an “accredited investor” as defined in Rule 501 of Regulation D, or a “qualified institutional buyer” as defined in Rule 144A, under the Securities Act of 1933, as amended (the “1933 Act”).

(b) The Lender is purchasing the Bonds solely for its own account in evidence of a privately negotiated loan, made in the ordinary course of the commercial lending business of the Lender, for the purpose of extending credit to the Issuer and the Borrower at prevailing tax-exempt interest rates.

(c) The Lender has regularly acquired debt similar to the Bonds for its own account and has sufficient knowledge and experience in business and financial matters in general, and in debt such as the Bonds in particular, to enable the Lender to evaluate the merits and risks of purchase of the Bonds, the credit of the Borrower, and the terms of the Bonds. The Lender confirms it is able to bear the economic risk of acquisition and ownership of the Bonds, including loss of all principal.

(d) The Lender has had full and free access to all books, records, and audits, and has had satisfactory opportunity to make inquiry of the officers, of the Issuer and the Borrower, and has been provided with and has evaluated such corporate, financial and general information regarding the Issuer and the Borrower as the Lender deems necessary to make an informed decision with respect to the purchase of the Bonds; provided, however, that this representation shall not constitute a waiver of any rights or remedies the Lender may have with respect to any untrue information it may have received or any material information which was withheld from review.

(e) The Lender understands that an official statement, prospectus, offering circular, or other comprehensive offering statement has not been provided with respect to the Bonds. The Lender has made its own independent credit analysis and decision to purchase the Bonds based on an independent examination and evaluation of the transaction and the information deemed appropriate, without reliance on any other person or entity.

(f) The Lender understands that the Bonds: (i) are not registered under the 1933 Act and is not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (ii) is not listed on any stock or other securities exchange, and (iii) is not rated by any credit rating agency.

(g) The Lender does not have a present intention to the distribution, resale, pledging, fractionalization, subdivision or other disposition of the Bonds or any interest therein. The Lender is not participating, directly or indirectly, in any underwriting of the Bonds or any interest therein. The Lender presently intends to hold the Bonds for an indefinite period of time. Because the Lender has no immediate intent to trade the Bonds, and as a condition to the purchase of the Bonds, the Lender has directed the Issuer and the Borrower not to obtain a CUSIP number for the Bonds or apply for eligibility of the Bonds under the book-entry system of The Depository Trust Company.

(h) Although the Lender has no immediate or present intention of reselling or otherwise distributing the Bonds or any interest therein to any person or entity, the Lender reserves the right to sell or dispose of the Bonds, or any interest therein, in accordance with its own judgment and its agreements herein with respect thereto.

(i) The Lender covenants and agrees that, in connection with any encumbrance, pledge, sale, transfer or other disposition of the Bonds, or any interest therein, the Lender will comply with all applicable federal and state securities laws and all regulations and rulings promulgated thereunder, including without limitation all disclosure and registration requirements thereof.

(j) It is specifically understood and agreed that the Issuer makes no representation, covenant or agreement as to the financial position or business condition of the Borrower and does not represent or warrant as to any statements, materials, representations or certifications furnished by the Borrower in connection with the sale of the Bonds, or as to the correctness, completeness or accuracy thereof. The Issuer, furthermore, has not undertaken any independent investigation into the financial condition or capabilities of the Borrower to manage or operate the Project Facilities or the Borrower's ability to discharge its obligations under the Note, this Agreement or any other obligation whatsoever.

ARTICLE III ISSUANCE OF THE BONDS

Section 3.1 Sale and Purchase of Bond. In reliance upon the representations, warranties and agreements herein contained, and subject to the conditions herein set forth (a) the Issuer agrees to issue and sell the Series 2026A Bond to the Lender for a purchase price of \$17,900,000 and the Series 2026B Bond to the Lender for a purchase price of not to exceed \$43,500,000, such amounts to be paid through (and shall be equal to the amount of) the advance of proceeds to the Borrower as set out in Article VII hereof; (b) the Issuer also agrees to lend the Borrower the proceeds of the Bonds, to enter into this Agreement and to pledge the Notes, endorsed without recourse to the order of the Lender; (c) the Lender agrees to purchase the Bonds from the Issuer; and (d) the Borrower agrees to enter into this Agreement, the Notes and the other Operative Documents, and to consent to the pledge of the Notes, endorsed without recourse by the Issuer, to the order of the Lender as security for the Bonds.

Section 3.2 Conditions Precedent To Closing and Delivery of Bond. The Issuer shall issue and sell the Bonds, and the Lender shall accept delivery of the Bonds, only upon delivery to the Lender, in form and substance satisfactory to the Lender, of the following:

- (a) Executed copies of the Operative Documents and the Tax Certificate;
- (b) Evidence of the due authorization, execution and delivery of the Operative Documents by the parties thereto;
- (c) Original policies or certificates, as determined by and satisfactory to the Lender, with respect to the insurance required hereunder;
- (d) Evidence of the completion and arrangements for filing of Internal Revenue Service Form 8038 with respect to the issuance of the Bonds;
- (e) A favorable opinion of counsel for the Borrower as to such matters as the Lender may reasonably request;
- (f) A favorable opinion of counsel for the Issuer as to such matters as the Lender may reasonably request;
- (g) A favorable opinion of Bond Counsel as to such matters as the Lender may reasonably request, including that interest on the Bonds will be excluded from gross income for Federal and State income tax purposes;
- (h) A certificate of the Borrower certifying that after giving effect to the financing described in this Agreement, (x) no Default or Event of Default exists, (y) all representations and warranties of Borrower set forth in the Operative Documents are true and correct and (z) since the date of the financial statements of Borrower delivered at Closing pursuant to this Agreement, there shall have been no change which has had or could reasonably be expected to have a Material Adverse Effect, and having as attachments true and correct copies of its resolution authorizing the financing described in this Agreement, its articles of incorporation, bylaws, Internal Revenue Service determination letter regarding its status under Section 501(c)(3) of the Code and a Certificate of Existence issued by the Secretary of State of the State;
- (i) A certificate of the Issuer having as attachments true and correct copies of its articles of incorporation, bylaws and a Certificate of Existence issued by the Secretary of State of the State;
- (j) Evidence satisfactory to the Lender that the Refinanced Bonds will be paid in full on the Closing Date; and
- (k) A Project Budget for all costs of the New Project (including hard and soft costs) in form and substance acceptable to the Lender;
- (l) A project timeline for the estimated progress and completion of the New Project;
- (m) Plans and Specifications for the New Project in form and substance acceptable to the Lender;
- (n) Executed copies of the construction contract for the New Project;

(o) Such other documentation, certificates and opinions as may be reasonably required by the Lender or Bond Counsel.

Section 3.3 Bond to be Issued in Registered Form; Registration and Transfer.

(a) The Bonds shall be issuable as fully registered Bonds without coupons. The Bonds shall be substantially in the form attached hereto as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Agreement, and may have endorsed thereon such legends or text as maybe necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirements of law with respect thereto.

(b) The Borrower is hereby appointed as the registrar for the Bonds (the “Bond Registrar”) and as such shall keep books for the registration and for the registration of transfer of the Bonds as provided in this Agreement (the “Bond Registration Books”). The transfer of the Bonds may be registered upon the Bond Registration Books only upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon such registration of transfer, the Issuer shall execute and deliver at the earliest practicable time in exchange for such Bond a new Bond registered in the name of the transferee, in an aggregate principal amount equal to the principal amount of such Bond and maturing in the same principal installments and bearing interest at the same rate.

(c) The Bond surrendered in any exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. The Bond Registrar shall not be required to make any registration of transfer of the Bond during the fifteen (15) days immediately preceding an interest payment date on the Bonds or, in the case of any proposed redemption of the Bonds, after any such Bond or any portion thereof has been called for redemption.

(d) The person in whose name the Bond shall be registered upon the Bond Registration Books shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and interest on such Bond shall be made only to the registered owner thereof or his registered assigns. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond, including the interest thereon, to the extent of the sum or sums so paid.

(e) Upon any registration of transfer of the Bond or of any interest therein, the transferee or any subsequent transferee, if the transfer to it in all respects complies with the requirements of this Section, and if it is duly registered as owner as herein provided, shall be deemed the Holder for purposes of this Agreement and shall succeed to the rights and be bound by the obligations of the Lender hereunder, including without limitation the provisions of this Section relating to transfer of the Bonds. Immediately upon any registration of transfer of the Bond or of any interest therein, the new Holder shall give written notice of such transfer to the Borrower.

(f) Principal and interest shall be payable to the Holder of record on the principal or interest payment date for such payment.

**ARTICLE IV
TERMS OF THE BONDS**

Section 4.1 Interest Rate.

(a) Tax Exempt Rates. Interest shall accrue on the outstanding principal amount of the Series 2026A Bonds, and shall be calculated at a fixed rate equal to the Series 2026A Tax-Exempt Rate. Interest shall accrue on the outstanding principal amount of the Series 2026B Bonds, and shall be calculated at a fixed rate equal to the Series 2026B Tax-Exempt Rate. All interest on the Bonds shall be calculated on the basis of an assumed 360-day year composed of twelve 30-day months.

(b) Taxable Rate. Notwithstanding the foregoing, (i) upon the occurrence of a Determination of Taxability with respect to the Series 2026A Bonds, then, from and after the Date of Taxability, the interest rate used to calculate interest on the Bonds shall be the Series 2026A Taxable Rate, and (ii) upon the occurrence of a Determination of Taxability with respect to the Series 2026B Bonds, then, from and after the Date of Taxability, the interest rate used to calculate interest on the Bonds shall be the Series 2026B Taxable Rate. The Holder shall determine said Taxable Rates upon the occurrence of a Determination of Taxability and such determination of the Taxable Rates (absent manifest error) shall be conclusive and binding upon the Issuer, the Borrower and the Holder.

(c) Default Rate. Notwithstanding the foregoing, from and after the occurrence of an Event of Default, until such time as the Event of Default has been remedied or otherwise waived by the Holder, the Bonds shall bear interest at the Default Rate. To the extent permitted by law, interest shall accrue on any overdue payment of interest or principal at the Default Rate.

(d) Maximum Rate. Anything herein to the contrary notwithstanding, in no event will the Bonds or the Notes bear interest at a rate in excess of the Highest Lawful Rate.

Section 4.2 Repayment of Bonds.

(a) Series 2026A.

(i) Accrued interest on the outstanding principal amount of the Series 2026A Bond shall be payable to the Lender monthly in arrears on the 1st day of each calendar month (each an “Interest Payment Date”), commencing on the 1st day of the 1st month after the Closing Date.

(ii) The Borrower shall make principal payments on the Series 2026A Bond to the Lender in the amounts and on the dates as set forth in Exhibit E-1 hereto.

(iii) The entire outstanding principal balance of the Series 2026A Bond plus all accrued and unpaid interest shall be due and payable in full on the Series 2026A Maturity Date.

(b) Series 2026B.

(i) Accrued interest on the outstanding principal amount of the Series 2026B Bond shall be payable to the Lender monthly in arrears on the 1st day of each calendar

month (each an “Interest Payment Date”), commencing on the 1st day of the 1st month after the Closing Date.

(ii) On June 1 of each year following the Advance Termination Date, the Borrower shall apply all Capital Campaign Receipts to the payment of principal on the Series 2026B Bond. The Borrower will in any event make principal payments on the Bond, whether from Capital Campaign Receipts or any other source, as are necessary such that the outstanding principal amount of the Series 2026B Bond does not exceed the maximum amounts for each corresponding Payment Date shown on Exhibit E-2 hereof:

(iii) Commencing June 1, 2037, and continuing on each June 1 thereafter to the Series 2026B Maturity Date, the Borrower shall make equal annual principal payments on the Series 2026B Bond in the amount necessary to amortize the principal amount outstanding as of June 1, 2037 (which will not exceed \$34,180,000) over a 20-year period ending on the Series 2026B Maturity Date. For example, assuming the principal amount outstanding as of June 1, 2037 is \$34,180,000, the annual principal payment due will be \$1,709,000.

(iv) The entire outstanding principal balance of the Series 2026B Bond plus all accrued and unpaid interest shall be due and payable in full on the Series 2026B Maturity Date.

Section 4.3 Optional Prepayment.

(a) The Series 2026A Bonds and the Series 2026B Bonds are subject to prepayment, in whole or in part, on any interest payment date, at the option of the Borrower, at a price of par plus accrued interest; provided, however, if the funds for any prepayment are derived directly or indirectly from a refinancing with a third party, then the Borrower shall pay the Lender a prepayment fee based on the following table:

Date of Prepayment	Prepayment Fee
On or before 1 st anniversary of Closing Date	5% of the amount prepaid
After 1 st anniversary of Closing Date and on or before 2 nd anniversary of Closing Date	4% of the amount prepaid
After 2 nd anniversary of Closing Date and on or before 3 rd anniversary of Closing Date	3% of the amount prepaid
After 3 rd anniversary of Closing Date and on or before 4 th anniversary of Closing Date	2% of the amount prepaid
After 4 th anniversary of Closing Date and on or before 5 th anniversary of Closing Date	1% of the amount prepaid
After the 5 th anniversary of the Closing Date	No Prepayment Fee

(b) The Borrower is hereby granted, and shall have the option to prepay, on any interest payment date, the unpaid principal of the Notes in whole or in part at the same price and on the same conditions as prepayment of the Bonds.

(c) To exercise the redemption and prepayment option granted in this Section, the Borrower shall give written notice to the Issuer and the Holder which shall specify therein (i) the date of the intended prepayment of the Notes and the Bonds, which shall not be less than 30 nor more than 60 days from the date the notice is mailed and (ii) the principal amount of the Bonds and the Notes to be prepaid.

(d) Following a partial prepayment of a Series of Bonds, the Borrower may request Lender to reset the repayment schedule for such Series to reflect the reduction in balance from prepayments, so long as such reset does not extend the Maturity Date of such Series or extend the original weighted average maturity of the Bonds. Otherwise, any partial repayment of a Series of Bonds the Loan shall be applied in inverse order of scheduled principal payments due.

ARTICLE V LOAN OF PROCEEDS TO BORROWER; ADDITIONAL PAYMENTS

Section 5.1 Loan by the Issuer; Repayment of Loan.

(a) The Issuer agrees, upon the terms and conditions contained in this Agreement, to lend to the Borrower, in a single advance on the Closing Date, the proceeds received by the Issuer from the sale of the Series 2026A Bond. The Issuer agrees, upon the terms and conditions contained in this Agreement, to lend to the Borrower, in one or more Advances made prior to the Advance Termination Date, the proceeds received by the Issuer from the sale of the Series 2026B Bond. Advances shall be made by the Lender to or on behalf of the Borrower as provided in Article VII hereof.

(b) Concurrent with the issuance of the Bonds, to evidence its obligations to repay the Bonds, the Borrower shall deliver the Notes to the Issuer for assignment to the Lender as security for the Payment of the Bonds. The Issuer hereby assigns the Notes to the Lender without recourse and shall also execute the form of assignment affixed to the Notes.

Section 5.2 Place, Time and Application of Payments.

(a) The Borrower shall make all payments required hereunder and under the Bonds, for the account of the Issuer, as and when the same become due and shall promptly pay to the Holder all other amounts necessary to pay principal of and interest on the Bonds, including any other payments required by the Bonds, as and when the same become due (whether at maturity, by acceleration or otherwise), on the dates and in the amounts set forth herein and in the Bonds.

(b) All payments by the Borrower to the Holder shall be made in lawful currency of the United States of America and in immediately available funds to the Holder at such place or by such method as shall be specified by the Holder by notice to the Borrower; provided, nothing herein shall be construed to require payment of any amount in advance of the due date thereof.

(c) Any amount at any time paid to the Holder as the payment of principal of or interest on the Bonds as the same become due shall be credited against the Borrower's obligation hereunder and under the Notes as of the date such payment is received (but subject to collection of any instrument, draft, check or order for payment received by the Holder).

(d) All amounts payable by the Borrower to the Holder hereunder which are due on a day which is not a Business Day shall be payable on the next succeeding Business Day, and any interest payable thereon shall be payable for such extended time at the specified rate.

Section 5.3 No Set Off. The obligation of the Borrower to make the payments required by the Notes shall be absolute and unconditional. The Borrower will pay without abatement, diminution or deduction (whether for taxes or otherwise) all such amounts regardless of any cause or circumstance whatsoever including, without limitation, any defense, set off, recoupment or counterclaim that the Borrower may have or assert against the Issuer, the Lender, any Holder or any other Person.

Section 5.4 Prepayments. The Borrower shall have the option to prepay the Note, in whole or in part, as set forth in Section 4.3 hereof.

Section 5.5 Credits Against the Note. To the extent that principal of or interest on the Bonds shall be paid, there shall be credited against the unpaid principal of or interest on the Note, as the case may be, an amount equal to the principal of or interest on the Bonds so paid. If the principal of and interest on and other amounts payable under the Bonds shall have been paid sufficiently that Payment of the Bonds shall have occurred, then the Note, *ipso facto*, shall be deemed to have been paid in full, the Borrower's obligations thereon shall be discharged (with the exception of the obligation of the Borrower to make certain payments which may subsequently arise as a result of a Determination of Taxability which shall survive notwithstanding Payment of the Bonds) and the Notes shall be cancelled and surrendered to the Borrower.

Section 5.6 Additional Payments.

(a) Determination of Taxability.

(i) In the event of a Determination of Taxability, and within thirty (30) days of demand of the Holder or any prior Holder, the Borrower shall pay to such Holder or prior Holder an amount by which (i) the interest which would have accrued on the applicable Bonds at the applicable Taxable Rate during the period beginning on the Date of Taxability and ending on the earlier to occur of the date of conversion to the Taxable Rate or the date of payment in full and retirement of the applicable Bonds, exceeds (ii) the interest actually paid on the applicable Bonds for such period; and all interest, penalties, additions to federal income tax, costs, expenses, attorneys' fees, and other losses which shall have been paid or are payable by the Holder as a result of the failure to include interest on the Bonds in the gross income of the Holder for federal income tax purposes.

(ii) The Holder shall, if requested by the Borrower, have an attorney in fact, qualified to practice before the Internal Revenue Service, designated by the Borrower for the purpose of appealing or challenging any Event of Taxability; provided, however, the Borrower provides indemnity reasonably satisfactory to the Holder to indemnify it against any additional tax liability, penalties or interest that may result from any such appeal. All reasonable legal fees, costs and expenses of such appeal shall be paid by the Borrower. In the event a final judgment or order shall have been entered within 180 days of the Event of Taxability finding, as a final determination, that no Event of Taxability has indeed occurred, the Holder shall reimburse to the Borrower all supplemental interest that has been paid on the Bonds, and no additional supplemental interest shall be payable unless and until an Event of Taxability shall subsequently occur. Notwithstanding anything in this subsection to the contrary, the right of the Borrower to challenge any Event of Taxability shall terminate if no such final judgment or order shall have been entered within 180 days after the occurrence of the Event of Taxability, unless the Holder shall otherwise agree,

and after the expiration of such 180 day period without the entry of a final judgment or order, the Bonds shall immediately bear interest at the Taxable Rate and Borrower shall be required to pay to the Holder the amount specified in Section 5.6(a)(i) hereof. In addition, unless the Borrower shall otherwise provide reasonable indemnification to the Holder, the right of the Borrower to challenge any Event of Taxability shall terminate if the exercise of such right would cause any tax return of the Holder to be inaccurate or would delay the timely filing thereof or would in the Holder's reasonable opinion result in an adverse impact on its tax returns.

(iii) The obligation of the Borrower contained in this Section with respect to the payment of amounts required to be paid in the event of a Determination of Taxability shall survive the termination of this Agreement and the payment in full of the Notes or the Bonds.

(iv) The Lender shall, upon written request, provide the Borrower and the Issuer with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Borrower and the Issuer.

(b) Late Fee. The Borrower agrees to pay the Holder a late fee on any payments past due for ten (10) or more days in an amount equal to five percent (5%) of the amount of payment past due. When any payment is past due for ten (10) or more days, subsequent payments shall first be applied to past due balances. This provision for late charges shall not be deemed to extend the time for payment or be a “grace period” or “cure period” that gives the Issuer or the Borrower a right to cure such default. Imposition of late charges is not contingent upon the giving of any notice or lapse of any cure period.

(c) Change in Law.

(i) If any Change in Law shall either (i) impose, modify or deem applicable any reserve, special deposit or similar requirement against the Bond or (ii) impose on the Holder any other condition relating, directly or indirectly, to this Agreement, and the result of any event referred to in the preceding clause (i) or (ii) shall be to increase the cost to the Holder of owning the Bond (including, without limitation, any such change that results in the Bond becoming subject to the federal alternative minimum tax), then, within thirty (30) days of demand by the Holder, the Borrower hereby agrees to pay to the Holder, from time to time as specified by the Holder, such additional amounts to compensate the Holder for such increased cost.

(ii) If the Holder shall have determined that any Change in Law regarding capital adequacy, or compliance by the Holder with any request or directive regarding capital adequacy (whether or not having the force of law) of any Governmental Authority, has or would have the effect of reducing the rate of return on the Holder's capital with respect to the Bond or as a consequence of its ownership of the Bond, to a level below that which the Holder could have achieved but for such Change in Law or compliance (taking into consideration the Holder's policies with respect to capital adequacy) by an amount deemed by the Holder to be material, then from time to time, within thirty (30) days of demand by the Holder, the Borrower hereby agrees to pay the Holder such additional amount or amounts as will compensate the Holder for such reduction.

(iii) The Holder will demand any additional amount under subsection (i) or (ii) of this Section 5.6(c) by delivering to Borrower a certificate setting forth (i) a description of the change in law resulting in the increased cost, (ii) the amount necessary to compensate Holder for such change and (iii) the Holder's calculations supporting the determination of the additional payment required. The certificate of the Holder claiming compensation under this Section shall be conclusive absent manifest error. In determining any such amount, the Holder may use any reasonable averaging and attribution methods.

(iv) For purposes of clarity, a change in the federal corporate tax rate applicable to the Holder shall not be considered a Change in Law.

ARTICLE VI ASSIGNMENT OF CERTAIN ISSUER RIGHTS

Section 6.1 Assignment of Loan Agreement and Note. In order to provide security for the payment of principal of and interest on the Bonds and all amounts now or hereafter payable under this Agreement, the Issuer hereby pledges, assigns, transfers and sets over to the Holder all of the Issuer's right, title and interest (including beneficial interest) in and to this Agreement and the Note, including, but not limited to, all payments of principal and interest due and to become due from the Borrower under the Notes and this Agreement, whether made at their respective due dates or as prepayments permitted or required by this Agreement, together with full power and authority, in the name of the Issuer or otherwise, to demand, receive, enforce, collect or receipt for any or all of the foregoing, to endorse or execute any checks or other instruments or orders, to file any claims and to take any action which the Holder may deem necessary or advisable in connection therewith, and the Issuer hereby irrevocably appoints the Holder attorney in fact of the Issuer for such purposes, which appointment is coupled with an interest and is irrevocable; provided, however, that the Issuer shall continue to have, together with the Holder, all Reserved Rights.

Section 6.2 Certain Rights of the Lender.

(a) The Lender or any subsequent Holder may take or release other security, may release any party primarily or secondarily liable for any indebtedness secured hereby, may grant extensions, renewals or indulgences with respect to such indebtedness, and may apply any other security therefor held by it to the satisfaction of such indebtedness without prejudice to any of its rights hereunder. Nothing herein contained and no act done or omitted by the Holder pursuant to the powers and rights granted it herein shall be deemed to be a waiver by the Holder of its rights and remedies under the Bonds or this Agreement. The right of the Holder to collect such indebtedness and to enforce any other security therefor held by it may be exercised by the Holder either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

(b) Neither the assignment of the Issuer's right hereunder nor any action or inaction on the part of the Lender or any subsequent Holder shall, without Lender's or any subsequent Holder's written consent, constitute an assumption on its part of any obligation of any other person under this Agreement or the Note, nor shall the Lender or any subsequent Holder have any obligation to make any payment to be made by the Issuer hereunder or under the Notes or the Bonds, or to present or file any claim, or to take any other action to collect or enforce the payment of any amounts which have been assigned to the Lender or any subsequent Holder or to which it may be entitled under this assignment at any time or times. No action or inaction on the part of the Issuer shall adversely affect or limit in any way the rights of the Lender or any subsequent Holder under this assignment or under this Agreement or the Notes. The Lender shall maintain the right to transfer and/or assign,

in whole or in part, the Note or any interest therein, to any person or entity in its sole and absolute discretion.

Section 6.3 No Further Assignment. Except as set forth in this Article, the Issuer agrees that during the term of this Agreement it will not sell, assign, transfer or convey any of its interest in this Agreement or the Notes. The Issuer may not assign its rights hereunder to any person without the prior written consent of the Lender.

Section 6.4 Application of Funds.

(a) If no Event of Default shall have occurred, the Borrower and the Issuer agree that all funds assigned hereunder shall be paid and applied as follows:

(i) each payment to be made pursuant to the Notes shall be paid by the Borrower directly to the Holder on or before the due date of such payment under this Agreement, and shall be applied in accordance with the terms hereof and of the Bonds;

(ii) all amounts prepaid by the Borrower pursuant to Section 4.3 hereof shall be paid to the Holder and applied to the redemption of the Bonds as provided in the Bonds; and

(iii) all other funds assigned hereunder shall be applied as provided in this Agreement and the Bonds.

(b) If any “Event of Default” under this Agreement shall have occurred, all funds covered by this Agreement shall be paid to the Holder who shall hold all funds received and shall apply the same in the manner specified in Section 9.3 of this Agreement and in the Bonds.

**ARTICLE VII
ADVANCE OF PROCEEDS TO THE BORROWER**

Section 7.1 General; Payment of Refinanced Bonds; Construction Account.

(a) The Lender will purchase the Bonds and extend the Loan to the Borrower, on behalf of the Issuer, by advancing the proceeds of the Bonds to or on behalf of the Borrower as set forth in this Article VII.

(b) On the Closing Date, the Lender will make a single Advance of all proceeds of the Series 2026A Bond pursuant to the Closing Statement to repay the Refinanced Bonds in full and to pay costs of the issuance of the Bonds.

(c) There is hereby created a Construction Account with the Lender. The Lender shall deposit to the Construction Account the Advances of the proceeds of the Series 2026B Bond eligible from time to time prior to the Advance Termination Date as provided in Section 7.2 below. The Borrower hereby agrees to use the moneys in the Construction Account only for the purpose paying costs of the New Project. Under no circumstances shall the Borrower invest any moneys held in the Construction Account, and the Borrower shall be entitled to no interest or profit thereon. Any amounts remaining in the Construction Account on the Advance Termination Date shall be used to prepay the Series 2026B Bond.

Section 7.2 Advance of Series 2026B Proceeds.

(a) Draw Requests.

(i) At least 5 Business Days before the requested date of each Advance, the Borrower shall deliver to Lender a Draw Request signed by the Borrower Representative, together with an AIA Application for Payment Form G702 and G703 and such other additional information as the Lender may reasonably require to assure that amounts requisitioned shall be used to reimburse the Borrower for costs previously paid by the Borrower for the New Project or to pay costs incurred by the Borrower which are due and owing. The Borrower shall be entitled to an Advance only in an amount approved by Lender in accordance with the terms of this Agreement.

(ii) Following receipt and approval of a Draw Request by Lender, Lender will make such Advance in accordance with this Agreement within 5 Business Days.

(iii) Each Draw Request, and Borrower's acceptance of any Advance, shall be deemed to ratify and confirm, as of the date of the requisition and the Advance, respectively, that (A) all representations and warranties in the Operative Documents, remain true and correct in all material respects, and all covenants and agreements in the Operative Documents remain satisfied in all material respects unless they specifically relate to an earlier date, (B) there is no Event of Default existing under the Operative Documents, (C) all conditions to the Advance, whether or not evidence thereof is required by Lender, are satisfied, (D) the AIA Document G702 and G703 is correct, (E) after the Advance, all obligations for work and other costs heretofore incurred by Borrower in connection with the construction of the New Project and which are due and payable will be fully paid and satisfied, and (F) any unadvanced portion of the Series 2026B Bond, plus the portions of the total cost of the construction of the New Project which are to be paid by Borrower from other funds, set aside and committed, will be sufficient to pay the unpaid total cost of the construction of the New Project.

(iv) The Lender shall not be obligated to make the final Advance unless the following conditions shall have been satisfied:

(A) The Lender shall have received, in form and substance satisfactory to the Lender, a Certificate of Substantial Completion (AIA Form G704 or equivalent) to the effect that the New Project has been completed in accordance with the Plans and Specifications.

(B) The Lender shall have received a certificate of occupancy with respect to the New Project.

(C) A final payment application from the general contractor and all final waivers of Liens of the general contractor, subcontractors, laborers and material suppliers have been furnished to the Lender or, as to any disputed lien or claim of lien, a bond in form and substance acceptable to the Lender has been provided or sufficient funds to cover it are placed in escrow with an escrow agent satisfactory to the Lenders.

(D) Lender shall have received written evidence, in form and substance satisfactory to Lender, including a Certificate of Substantial Completion

(AIA Form G704 or equivalent) signed by the General Contractor and the Borrower, to the effect that the Improvements have been completed in accordance with the Plans and Specifications.

(b) *Notice, Frequency and Place of Advance.* Unless otherwise requested by the Borrower and agreed to by the Lender: (a) disbursements shall be made no more frequently than one time per month, (b) all disbursements shall be made at the payment office of the Lender into the Construction Account, and (c) each Advance shall be in a minimum amount of \$100,000.

(c) *Advances Do Not Constitute a Waiver.* No Advance of Bond proceeds shall constitute a waiver of any of the conditions precedent to the Lender's obligations to make further Advances nor, in the event the Borrower is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the Lender from thereafter declaring such inability to be an Event of Default.

ARTICLE VIII BORROWER'S COVENANTS

Section 8.1 Affirmative Covenants. So long as any of the Borrower's obligations hereunder or under the Operative Documents (except any indemnification obligations of the Borrower under the Operative Documents pursuant to which the Lender or the Issuer have not made any claim) are unpaid or remain outstanding, the Borrower will comply with the following affirmative covenants:

(a) Use of Proceeds. The Borrower will use the proceeds of the Bonds solely for the purposes described in this Agreement.

(b) Existence; Conduct of Business; 501(c)(3) Status. The Borrower will do or cause to be done all things necessary to preserve, renew and maintain in full force and effect its legal existence and good standing in the State and its respective rights, accreditations, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business and will continue to engage in the same business as presently conducted or such other businesses that are reasonably related thereto. The Borrower shall maintain its status at all times as an organization described in Section 501(c)(3) of the Code that is not a private foundation within the meaning of Section 509(a) of the Code.

(c) Financial and Other Reports. The Borrower will furnish to the Holder and, if the Issuer requests, to the Issuer, the following:

(i) as soon as available and in any event within 150 days after the end of each Fiscal Year of the Borrower, a copy of the annual audited report for such fiscal year for the Borrower, containing a statement of financial position of the Borrower as of the end of such fiscal year and the related statements of activities and cash flows (together with all footnotes thereto) of the Borrower for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and reported on by independent public accountants of nationally recognized standing satisfactory to the Lender to the effect that such financial statements present fairly in all material respects the financial condition and the results of operations of the Borrower for such Fiscal Year in accordance with GAAP and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

(ii) along with the financial statements required in Section 8.1(c)(i), the Borrower shall provide, a covenant compliance report in the form attached hereto as Exhibit C showing whether the Borrower has complied with the financial covenants set forth in Section 8.3 hereof;

(iii) as soon as available and in any event within 60 days after each fiscal quarter, an unaudited operating statement of the Borrower, containing a balance sheet as of the end of such quarterly period (in comparative form), an income statement (year to date and compared to budget), projected cash flows, all certified by an Borrower Representative as presenting fairly in all material respects the results of operations of the Borrower;

(iv) within 30 days after adoption by the Board of Trustees of the Borrower, a pro forma operating and capital budget for the then current fiscal year, and any amendments thereto shall be promptly provided to the Lender upon adoption thereof;

(v) as soon as available and in any event within 60 days after each June 30 and December 31, an investment portfolio performance report of the Borrower;

(vi) upon the occurrence of any Event of Default, a certificate of the chief executive officer or the chief financial officer of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(vii) the filing, commencement of, or any material development in, any action, suit or proceeding, or notice of the filing or commencement thereof or of any investigation, by, or before any arbitrator or Governmental Authority against or, to the knowledge of the Borrower, affecting the Borrower which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect

(viii) written notice of the occurrence of any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect;

(ix) written notification not later than 30 days after the Borrower knows of the loss or threatened loss by the Borrower of any accreditation or any license held by the Borrower the loss of which could reasonably be expected to result in a Material Adverse Effect;

(x) from time to time, provide such additional information regarding the financial position, results of operations, business, or prospects, proposed or approved capital plans or major programmatic changes of the Borrower that have been approved by the Borrower as the Issuer or the Holder may reasonably request.

(d) Compliance with Other Agreements. The Borrower shall comply in all material respects with, or cause to be complied with, all requirements and conditions of all Material Contracts and related documents, and insurance policies which relate to the Borrower and the Project Facilities.

(e) Inspection. The Borrower will, at any reasonable time and from time to time and upon reasonable prior notice and during normal business hours, permit the Holder, the Issuer and

the agents or representatives of the Holder to examine and copy and make abstracts from the records and books of account of, and visit the properties of, the Borrower, and to discuss the affairs, finances and accounts of the Borrower with its management and its accountants. The Holder's inspection rights in this subsection are subject to applicable federal and state privacy laws and regulations, including laws and regulations relating to the privacy of medical records.

(f) Reportable Event under ERISA. Borrower shall provide to the Lender as soon as possible, and in any event within 10 days after Borrower or any of its Affiliates knows or have reason to know of the occurrence of any Reportable Event with respect to any Plan, a statement of a Borrower Representative describing such Reportable Event and the action, if any, which Borrower or such Affiliate proposes to take with respect thereto.

(g) Payment of Expenses. The Borrower will pay (1) the reasonable fees and expenses of the Issuer, counsel to the Issuer, the Holder, counsel to the Holder and Bond Counsel and all other costs, fees and expenses incidental to the financing hereunder, the issuance of the Bonds and the costs of producing the documents referred to herein, and the fees of any construction consultant engaged or employed by Lender in connection with or in aid of the performance of Lender's functions under this Agreement, (2) all taxes of any kind whatsoever lawfully assessed, levied or imposed with respect to the filings or recordings pursuant to the Operative Documents and the transactions contemplated by this Agreement, (3) all costs of administration, amendment or enforcement of any of the Operative Documents and (4) if requested by the Holder, a tax tracking fee associated with the cost of verifying that property taxes due on the Premises are paid timely. Notwithstanding the foregoing, the Lender will provide \$25,000 at Closing to be applied to closing costs.

(h) Compliance with Laws. The Borrower shall observe and comply with all applicable laws, statutes, codes, acts, ordinances, regulations, permits, licenses and requirements of all any Governmental Authority applicable to its business and properties.

(i) Books and Records. The Borrower will keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities to the extent necessary to prepare the consolidated financial statements of the Borrower in conformity with GAAP.

(j) Insurance. The Borrower will maintain or cause to be maintained, with financially sound and reputable insurers, property insurance, public liability insurance, third party property damage insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of the Borrower as may customarily be carried or maintained under similar circumstances by entities engaged in similar businesses. At the request of the Lender, Borrower will deliver forthwith a certificate executed by a duly authorized officer of Borrower, specifying the details of such insurance in effect. On the Closing Date and upon request during the term of this Agreement, the Holder shall be provided with evidence that Borrower has satisfied all of the Holder's insurance requirements, including, without limitation, (i) a copy of Borrower's liability insurance policy evidencing insurance in an amount and with a company satisfactory to the Holder, naming the Holder as an additional insured, and (ii) evidence of builder's risk insurance on the ACORD 27 form, in form, substance and with coverages which are satisfactory to the Holder in an amount which adequately covers the replacement costs of all improvements to the Net Project, all materials used in connection therewith, and soft cost coverage acceptable to the Holder. All insurance shall be issued by companies authorized to transact business in Tennessee, having a minimum Best Rating of A-XI or better, and shall be otherwise satisfactory to the Holder. The

Holder shall also be provided with evidence that premiums for such insurance have been paid for the one-year period commencing on the Closing Date and for each one-year period thereafter.

(k) Damage or Destruction.

(i) If the Premises or any part thereof is damaged or destroyed by fire or other casualty, the Borrower shall, as promptly as practicable, repair, rebuild, restore or replace the property damaged or destroyed (herein referred to as the "Restoration Work"). If the Net Proceeds from insurance on the Premises available to pay the costs of such Restoration Work are not sufficient for such purpose, the Borrower shall complete the Restoration Work at its own expense.

(ii) If an Event of Default shall have occurred and be continuing (and not have been waived), then the Lender may require that all Net Proceeds of insurance may applied toward payment of all or part of the Bonds and other obligations hereunder in such order as the Holder may determine.

(l) Condemnation Awards. The Net Proceeds of any Condemnation Award shall be paid to the Holder and shall paid to the Borrower; provided, however, if an Event of Default shall have occurred and be continuing (and not have been waived), then the Lender may require that all Net Proceeds of any Condemnation Award be applied toward payment of all or part of the Bonds and other obligations hereunder in such order as the Holder may determine.

(m) Payment of Obligations. The Borrower will pay and discharge at or before maturity, all of its obligations and liabilities (including without limitation all tax liabilities and claims that could result in a statutory Lien) before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

(n) Compliance with Tax Certificate; Event of Taxability. The Borrower will comply with the covenants, requirements and agreements set forth in the Tax Certificate. The Borrower will give the Issuer and the Holder prompt written notice of any determination by the Borrower that an Event of Taxability has occurred.

(o) Environmental Matters. The Borrower will:

(i) Cause the Premises to remain free of all Hazardous Materials other than those maintained therein or thereon in material compliance with Environmental Laws. The Borrower will not cause or permit the Premises to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials except in material compliance with Environmental Laws.

(ii) Notify the Lender promptly if it receives any notice or obtains knowledge of any potential liability under any Environmental Law that would reasonably be expected to have a Material Adverse Effect.

(iii) In the event that Hazardous Materials unrelated to the Borrower's operations are discovered on or are brought onto the Premises, cause such Hazardous Materials to be removed and disposed of promptly to the extent such action is required

pursuant to an enforceable order or directive of a governmental agency with jurisdiction over the Premises or to the extent necessary to avoid the Premises or the Borrower becoming subject to liability under any Environmental Law that would reasonably be expected to have a Material Adverse Effect.

(iv) Obtain any material permits, approvals, registrations or certificates (collectively "Environmental Permits") necessary under any applicable Environmental Law and will keep such Environmental Permits current and comply in all material respects with the requirements of all Environmental Permits and Environmental Laws in all jurisdictions in which Borrower operates, now or in the future, and will comply, in all material respects with all Environmental Laws that in the future become applicable to the Borrower or the business.

(v) Not place, or allow to be placed, any underground or aboveground storage tanks on the Premises except in compliance with applicable Environmental Laws.

(vi) Indemnify and hold the Lender and its officers, directors, agents, employees, affiliates and representatives harmless from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits, actions, orders, judgments, investigations, regulatory proceedings and other proceedings, and all costs and expenses (including, but not limited to, attorney's and consultant's fees and expenses) (collectively, "Liabilities"), incurred in connection therewith, arising directly or indirectly from or out of, or in any way connected with (1) the presence or alleged presence of any Hazardous Materials or underground storage tanks in, on or under the Premises; (2) any cleanup, removal and/or remedial proceeding, investigation, order or other action undertaken or required pursuant to any Environmental Law; (3) any violation or alleged violation of any Environmental Law relating to the Premises or the use of the Premises, whether attributable to events occurring before or after the acquisition of the Premises by the Borrower; (4) any inaccuracy of the certifications, representations and warranties contained herein; or (5) any default by the Borrower in the performance or observance of the covenants and agreements of the Borrower contained herein. This indemnity shall survive the termination of this Agreement.

(p) Compliance with Plans and Specifications and Legal Requirements. Borrower shall cause all construction to be performed in a good and workmanlike manner and strictly in accordance with the Plans and Specifications and all legal requirements, ordinances and restrictions affecting the New Project. Upon reasonable demand of Lender, Borrower shall correct and require to be replaced any material or work that is defective, unworkmanlike, or not in substantial compliance with the Plans and Specifications or any legal requirement, ordinance or restriction, whatever the cost to do so. The Advance of any Series 2026B Bond proceeds shall not constitute a waiver of Lender's right to require such correction or replacement

(q) Borrower Accounts. The Borrower shall maintain its primary deposit and treasury management relationship with the Lender. Treasury management includes deposit account related services such as wire module, ACH, etc. It does not include purchasing card, merchant services or other ancillary products.

(r) Further Assurances. The Borrower will take all actions requested by the Holder to create and maintain in the Holder's favor the valid liens and/or perfected security described in the Operative Documents.

(s) Most Favored Nations. If the Borrower at any time enters into, amends, modifies, restates or otherwise changes any agreement, document or instrument now existing or hereafter entered into evidencing or governing any Indebtedness for borrowed money owed by the Borrower to any other lender or creditor (each, an “Other Lender”), then (i) the Borrower shall deliver to the Lender, within 10 days after entering into, or becoming bound by, any such transaction, amendment or modification, written notice thereof together with true, correct and complete copies of all agreements, documents and instruments relating thereto (collectively, the “Other Lender Documents”), such that Lender will be able to determine whether such Other Lender Documents contain any provision that is more restrictive on the Borrower or more favorable to the Other Lender than the corresponding terms provided to the Lender under this Agreement or any other Operative Document (each, a “More Favorable Term”), and (ii) any such More Favorable Term shall automatically and immediately be deemed incorporated into this Agreement and the other Operative Documents, as applicable, for the benefit of the Lender, as if set forth in full herein, without the need for any further action by any party. The Lender shall determine, in its sole discretion, whether any provision contained in the Other Lender Documents constitutes a More Favorable Term. Promptly upon the request of the Lender, the Borrower shall execute and deliver such amendments, agreements, documents, instruments and certificates as the Lender may reasonably require to evidence and confirm the incorporation of any such More Favorable Term into this Agreement and the other Operative Documents. The rights of the Lender under this Section are in addition to, and not in limitation of, any other rights or remedies of the Lender under this Agreement or any other Operative Document.

Section 8.2 Negative Covenants. So long as any of the Borrower's obligations hereunder or under the Operative Documents (except any indemnification obligations of the Borrower under the Operative Documents pursuant to which the Holder or the Issuer have not made any claim) are unpaid or remain outstanding, the Borrower will not violate any of the following negative covenants:

(a) Amendment to Organizational Documents. The Borrower will not amend, modify or waive any of its rights under its articles of incorporation, bylaws, or other organizational documents.

(b) Indebtedness. The Borrower will not create, incur, assume or suffer to exist any Indebtedness, except:

(i) its obligations hereunder and under the Notes;

(ii) Indebtedness incurred prior to the date hereof as reflected on the financial statements provided to the Holder in connection with the issuance of the Bonds;

(iii) Indebtedness owed to the Holder or its affiliates;

(iv) Accounts payable to trade creditors for goods or services that are aged not more than sixty (60) days from the due date and current operating liabilities (other than for borrowed money) that are not more than thirty (30) days past due, in each case incurred in the ordinary course of business; and

(v) Other Indebtedness not described in (i) – (iv) above if (A) the Borrower delivers a certificate satisfactory to the Holder at least 10 but not more than 30 days prior to the incurrence of such Indebtedness, demonstrating that the Borrower’s ratio of Unrestricted Liquidity to Indebtedness (including without limitation the proposed

additional Indebtedness) is greater than or equal to 1.25 to 1.0 and (B) no Event of Default has occurred and is continuing hereunder.

(c) Liens; Agreements Restricting Liens.

(i) The Borrower will not create, incur, assume or suffer to exist any Lien upon or with respect to any of its real or personal property, fixtures, revenues, investments, accounts, cash or other assets whatsoever, now owned or hereafter acquired, except Permitted Encumbrances.

(ii) The Borrower will not enter into or become a party to any agreement with any Person that in any way restricts or limits the ability of the Borrower to create, incur, assume or suffer to exist any Lien with respect to any real or personal property, fixtures, revenues, investments, accounts, cash or other assets whatsoever, whether now owned or hereafter acquired, of the Borrower except for this Agreement

(d) ERISA Restrictions. The Borrower will not:

(i) terminate, or permit any Affiliate to terminate, any Plan so as to result in any material (in the opinion of the Holder) liability of Borrower to the PBGC,

(ii) permit to exist any occurrence of any Reportable Event (as defined in Title IV of ERISA), or any other event or condition, which presents a material (in the opinion of the Holder) risk of such a termination by the PBGC of any Plan, or

(iii) institute any Plan unless the Holder shall have given its written consent thereto.

(e) Accounting Changes. The Borrower will not make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the Fiscal Year of the Borrower.

(f) Consolidation, Merger, Sale or Conveyance. The Borrower covenants that it will not merge or consolidate with, or sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or acquire all or substantially all of the assets or the business of any Person, or create any subsidiaries without the prior written consent of the Holder.

(g) Sale of Assets. The Borrower will not sell, lease, assign, transfer or otherwise dispose of any of its now owned or hereafter acquired assets (including shares of stock, receivables and leasehold interests), except: (i) the sale of inventory in the ordinary course of business for cash or on open account or on terms of payment ordinarily extended to its customers; (ii) the sale or other disposition of surplus, obsolete or worn-out assets no longer used or useful in the conduct of its business; (iii) the sale or exchange of equipment if the purpose of such sale or exchange is to acquire replacement items of similar or upgraded equipment and (iv) [the sale of investments consistent with past practice and consistent with its investment policy as in place from time to time]. Notwithstanding the foregoing, the sale by the Borrower of all or substantially all of its assets shall be governed by Section 8.2(f) rather than this section.

(h) Guaranties. The Borrower will not assume, guarantee, endorse or otherwise be or become directly or contingently responsible or liable (including an agreement to purchase any

obligation, stock, assets, goods or services, or to supply or advance any funds, assets, goods or services, or to maintain or cause such Person to maintain a minimum working capital or net worth, or otherwise to assure the creditors of any Person against loss) for obligations of any Person, except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

(i) Interest Swaps. The Borrower will not enter into any interest rate swap agreements, interest rate cap agreements, interest rate collar agreements, interest rate insurance and other agreements or arrangements designed to provide protection against fluctuations in interest rates with any Person without the prior written consent of the Holder.

(j) No Sectarian Use of Project. The Borrower will not use the Project Facilities or any part thereof for sectarian instruction or as place of religious worship or in connection with any part of the program of a school or department of divinity for any religious denomination or the training of ministers, priests, rabbis or other similar persons in the field of religion.

(k) Investments. The Borrower shall not make any investment other than consistent with past practice and consistent with its investment policy as in place from time to time.

(l) Subsidiaries. The Borrower will not acquire or create a Subsidiary without the prior written consent of the Holder. The Borrower will not activate or transfer any assets to BTAP, LLC without the prior written consent of Lender.

Section 8.3 Financial Covenants. So long as any of the Borrower's obligations hereunder or under the Operative Documents (except any indemnification obligations of the Borrower under the Operative Documents pursuant to which the Holder or the Issuer have not made any claim or any other similar obligations as to which no claim has been made) are unpaid or remain outstanding, the Borrower will comply with the following financial covenants:

(a) Liquidity Covenant. The Borrower shall maintain Unrestricted Liquidity tested as of each June 30 (each a "Testing Date") of not less than \$60,000,000. Notwithstanding the foregoing, the Borrower may cure a failed liquidity test by providing a certificate to the Lender showing that its Debt Service Coverage Ratio (as defined below) as of such failed Testing Date was not less than 1.00 to 1.00 (a "DSCR Cure"); provided, however, the DSCR Cure will only be available twice during the term of this Agreement, and the DSCR Cure will not be available if the Borrower fails to meet the liquidity test on 2 consecutive Testing Dates.

As used herein, "Debt Service Coverage Ratio" means the ratio determined as follows: (i) change in unrestricted net assets, plus depreciation, amortization and interest expense, minus net assets released from restriction for capitalized expenditures, plus (or minus) the loss (or gain) on interest rate derivative instruments, plus (or minus) the loss (or gain) on unrestricted investments, plus unrestricted endowment funds appropriated for operations, (ii) divided by the current portion of long-term Indebtedness, plus interest expense [for the prior fiscal year].

(b) Covenant Compliance Certification. As described in Section 8.1(c)(2) hereof, the Borrower shall annually provide a covenant compliance certificate to the Holder, in the form provided on Exhibit C hereto, certifying compliance with the financial covenant in this Section 8.3(a).

**ARTICLE IX
EVENTS OF DEFAULT**

Section 9.1 Events of Default. The term “Event of Default” shall mean any one or more of the following events:

(a) The failure by the Borrower to pay any payment of principal of or interest on or other amount payable under the Operative Documents when due;

(b) The occurrence of an event of default under any other Operative Document, subject to any applicable cure periods in such other Operative Document;

(c) Any representation or warranty of the Borrower contained in this Agreement, in any Operative Document, in the Tax Certificate or in any other document, instrument or certificate delivered pursuant hereto or in connection with the issuance and sale of the Bonds shall have been false, misleading or incomplete in any material respect on the date as of which made;

(d) Failure by the Borrower to observe and perform any covenant, condition or agreement on the part of the Borrower under Sections 8.1(a), 8.1(b), 8.2 or 8.3 of this Agreement;

(e) Failure by the Borrower to observe and perform any covenant, condition or agreement on the part of the Borrower under this Agreement (other than a covenant, condition or agreement that is specifically dealt with elsewhere in this Section) for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Holder;

(f) The Borrower shall (1) fail to pay any indebtedness for borrowed money (other than its obligations hereunder or under the Bonds or the Note), or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), including any such indebtedness or obligation now or hereafter owed to the Holder, or (2) fail to perform or observe any term, covenant or condition on its part to be performed or observed under any agreement or instrument relating to any such indebtedness, when required to be performed or observed, if the effect of such failure under (1) or (2) is to accelerate, or to permit the acceleration after the giving of notice or the passage of time or both, of the maturity of such indebtedness or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof, so long as the aggregate principal amount of such indebtedness that would then become due or payable would equal or exceed \$1,000,000;

(g) The Borrower shall (i) commence a voluntary case or other proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a custodian, trustee, receiver, liquidator or other similar official of it or any substantial part of its property, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (i) of this Section, (iii) apply for or consent to the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, or (vi) take any action for the purpose of effecting any of the foregoing;

(h) An involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or its debts, or any substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a custodian, trustee, receiver, liquidator or other similar official for the Borrower or for a substantial part of its assets, and in any such case, such proceeding or petition shall remain undismissed for a period of 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) One or more judgments, decrees or orders for the payment of money in excess of the greater of \$250,000, in the aggregate shall be rendered against the Borrower and such judgment(s), decree(s) or order(s) shall continue unsatisfied and in effect for a period of sixty (60) consecutive days without being vacated, discharged, satisfied or stayed or bonded pending appeal;

(j) Any of the Operative Documents shall cease to be in full force and effect, or shall be declared null and void, or the validity or enforceability thereof shall be contested by the Borrower, or the Borrower shall deny it has any further liability or obligation under any of the Operative Documents to which it is a party; or

(k) The occurrence of an event of default (as defined therein) by the Borrower under any agreement, whether now existing or entering into hereafter, between the Borrower and the Holder or any affiliate thereof.

Section 9.2 Remedies of Holder. Whenever any Event of Default referred to in Section 9.1 hereof shall have happened and shall not have been waived, the Holder may take any one or more of the following remedial steps:

(a) By written notice declare all installments of principal repayable pursuant to the Notes and the Bonds for the remainder of the term thereof to be immediately due and payable, whereupon the same, together with accrued interest thereon as provided for in the Notes and the Bonds, shall become immediately due and payable without presentment, demand, protest or any other notice whatsoever, all of which are hereby expressly waived by the Borrower; provided, however, that upon the occurrence of any event described in Section 9.1(g) or (h) the Notes and the Bonds shall become immediately due without demand or acceleration.

(b) Take whatever other action at law or in equity may appear necessary or desirable to collect the amounts payable pursuant to the Notes and the Bonds then due and thereafter to become due, or to enforce the performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement or under any of the other Operative Documents.

In the enforcement of the remedies provided in this Section, the Holder may treat all reasonable expenses of enforcement, including, without limitation, legal, accounting and advertising fees and expenses, as additional amounts payable by the Borrower then due and owing and the Borrower agrees to pay such additional amounts upon demand, the amount of such legal fees to be without regard to any statutory presumption.

Section 9.3 Payments After Default; No Waiver. Any amounts collected pursuant to action taken under Section 9.2 hereof shall be paid to the Holder and applied to the payment of, first, any costs, expenses and fees incurred by the Holder as a result of taking such action; second, any overdue interest on the Bonds; third, any overdue principal of the Bonds; fourth, the outstanding principal balance of the Bonds; and fifth, if Payment of the Bonds shall have been made, all remaining moneys shall be paid as required by law.

Section 9.4 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Holder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 9.5 Enforcement of Reserved Rights. Notwithstanding anything in this Agreement to the contrary, the Issuer shall have the right to independently enforce the Reserved Rights and shall not be required to obtain the consent of the Lender, any Holder, or any other person or entity in order to enforce any of the Reserved Rights.

ARTICLE X LIMITATION OF LIABILITY; INDEMNIFICATION

Section 10.1 Limitation of Issuer's Liability. No covenant, agreement or obligation contained in any Operative Document shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee or agent of the Issuer in his individual capacity, and neither the directors of the Issuer nor any officer, employee or agent thereof executing any Operative Document shall be liable personally on such Operative Document or be subject to any personal liability or accountability by reason of the issuance thereof. No director, officer, employee or agent of the Issuer shall incur any personal liability with respect to any other action taken by him pursuant to the Operative Documents or the Act or any of the transactions contemplated thereby provided he acts in good faith.

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF TENNESSEE OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE LOCAL GOVERNMENT OR THE ISSUER, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF TENNESSEE OR OF ANY SUCH POLITICAL SUBDIVISION, INCLUDING THE LOCAL GOVERNMENT OR THE ISSUER, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS HEREIN PROVIDED THEREFOR FROM REVENUES. NEITHER THE STATE OF TENNESSEE, THE LOCAL GOVERNMENT NOR THE ISSUER SHALL BE OBLIGATED TO PAY THE SAME OR THE INTEREST THEREON EXCEPT FROM REVENUES AND RECEIPTS DERIVED BY Issuer pursuant to this Agreement or from payments on the Notes and neither the faith and credit nor the taxing power of the State of Tennessee or of any political subdivision thereof is pledged to the payment of the principal of or the interest on the Bonds. The issuance of the Bonds shall not directly, indirectly or contingently obligate the State of Tennessee or any political subdivision thereof, INCLUDING THE LOCAL GOVERNMENT OR THE ISSUER, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for its payment. THE ISSUER HAS NO TAXING POWER.

Section 10.2 Indemnification by Borrower. The Borrower shall and hereby does indemnify and hold harmless the Issuer, the Bonds Registrar, the Holder and the Local Government and all officers, directors, agents and employees thereof (each an "Indemnified Party" and, collectively, the "Indemnified Parties") of and from all losses, costs, damages, expenses and liabilities of whatever nature, including but not limited to reasonable attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments (collectively referred to hereinafter as "Losses"), to the extent arising out of or related to one or more Claims, as hereinafter defined, excluding any such Losses or Claims that arise out of an act of gross negligence or willful misconduct of any such Indemnified Parties. The word "Claims" as used herein shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatsoever nature including but not limited to claims, lawsuits, causes of action and other legal actions and

proceedings involving bodily or personal injury or death of any person or damage to any property (including but not limited to persons employed by any of the Indemnified Parties and any other person) brought against any of the Indemnified Parties or to which any of the Indemnified Parties is a party, to the extent arising out of or relating to (1) the transfer, sale, operation, use, occupancy, maintenance or ownership of the Project Facilities or any part thereof or (2) the execution, delivery or performance of this Agreement, any Operative Document or any other related instruments or documents, and the issuance of the Bonds. The obligations of the Borrower under this Section shall survive termination of this Agreement and apply to all Losses and Claims that result from, arise out of, or are related to any event, occurrence, condition or relationship prior to termination of this Agreement, whether such Losses and Claims are asserted prior to termination of this Agreement or thereafter.

Each Indemnified Party shall reimburse the Borrower for payments made by the Borrower pursuant to this Section to the extent of any proceeds, net of all expenses of collection, actually received by such Indemnified Party from any insurance covering such Claims with respect to the Losses sustained. The Indemnified Parties shall have the duty to claim any such insurance proceeds and shall assign their respective rights to such proceeds, to the extent of such required reimbursement, to the Borrower.

In case any Claim shall be brought against any Indemnified Party in respect of which indemnity may be sought against the Borrower, then such Indemnified Party shall promptly notify the Borrower in writing of such Claim. Failure to notify the Borrower of such Claim shall not relieve the Borrower from any liability that the Borrower may have other than pursuant to this Section and shall relieve the Borrower from liability the Borrower may have under this Section only to the extent that such failure materially prejudices the Borrower. The Borrower shall have the right to assume the investigation and defense of such Claim, including the employment of counsel, which counsel shall be satisfactory to the Indemnified Parties, and shall pay all expenses of the investigation and defense of such Claim. If any action, suit or proceeding is brought against any Indemnified Party for any loss or damage for which the Borrower is required to provide indemnification under this Section, such Indemnified Party shall promptly notify the Borrower and the Borrower shall have the sole right and duty to assume, and shall assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion. Notwithstanding the foregoing, in the event the Indemnified Party is the Holder or the Issuer, in the event the Holder or the Issuer reasonably believes there are defenses available to it that are not being pursued, the Holder or the Issuer (as the case may be) may, in its sole discretion, hire independent counsel to pursue its own defense, and the Borrower shall be liable for the cost of such counsel. The Borrower shall not be liable for Losses resulting from settlement of Claims against an Indemnified Party unless the Borrower consents to that settlement. The obligations of the Borrower under this Section shall survive any termination of this Agreement.

Section 10.3 Issuer Not Liable. To the extent permitted by law, no recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the other Operative Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the Issuer or the Local Government or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, officer, agent, attorney or employee as such, past, present or future, of the Issuer or the Local Government or any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the Issuer and the Borrower, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such director, officer, agent, attorney and employee is, by the execution of this Agreement and as a condition of, and as part of the consideration for, the execution of this Agreement, expressly waived and released.

Notwithstanding any other provision of this Agreement, none of the Issuer nor the Local Government shall be liable to the Borrower or the Holder or any other person for any failure of the Issuer to take action under this Agreement unless the Issuer (a) is requested in writing by an appropriate person to take such action, (b) is assured of payment of, or reimbursement for, any reasonable expenses in such action, and (c) is afforded, under the existing circumstances, a reasonable period to take such action. In acting under this Agreement, or in refraining from acting under this Agreement, the Issuer may conclusively rely on the advice of its counsel.

ARTICLE XI MISCELLANEOUS

Section 11.1 Assignment and Participation.

(a) Except with the prior written consent of the Holder, other than the assignment by the Issuer to the Holder hereunder or under the Note, the rights of the Borrower under this Agreement shall not be assigned and the duties and obligations of the Borrower under this Agreement shall not be delegated, and the Project Facilities may not be leased or sold as a whole or in part.

(b) The Holder shall have the right to transfer and/or assign its rights and interest hereunder and under the Operative Documents to any person or entity in its sole and absolute discretion. The Holder covenants and agrees that, in connection with any encumbrance, pledge, sale, transfer or other disposition of the Bonds, or any interest therein, the Holder will comply with all applicable federal and state securities laws and all regulations and rulings promulgated thereunder, including without limitation all disclosure and registration requirements thereof.

(c) Upon prior written notice to the Borrower, the Holder may participate portions of its obligations under this Agreement and the other Operative Documents and the obligations of Borrower under this Agreement and the other Operative Documents (collectively, the “Participated Obligations”) to financial institutions (“Participants”). The Borrower and the Issuer acknowledge and agree that upon any participation the Participants will become owners of a pro rata portion of the Participated Obligations.

Section 11.2 Benefit of Agreement. The Borrower intends that the representations, warranties and covenants made by the Borrower in this Agreement shall be for the equal benefit of the Issuer and the Holder hereunder.

Section 11.3 Notices. Except as may otherwise be provided in the applicable Operative Document, all demands, notices, approvals, consents, requests and other communications hereunder and under the other Operative Documents shall be in writing and shall be deemed to have been given when delivered in person or by overnight courier or mailed by first class registered or certified mail, postage prepaid, addressed:

(a) if to the Borrower, at The Baylor School, 171 Baylor School Road, Chattanooga, Tennessee 37405, Attn: Head of School;

(b) if to the Issuer, at The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee, c/o City Attorney, Suite 200, 2nd Floor City Hall Annex, 100 E. 11th Street, Chattanooga, Tennessee, Attn: Chairman;

(c) if to the Lender, at Pinnacle Bank, a Tennessee bank, 801 Broad St #100, Chattanooga, TN 37402, Attention: Chris Rutledge; and

(d) if to any Holder other than the Lender, as shall be specified in writing by such Holder to the Issuer and the Borrower.

A duplicate copy of each notice, approval, consent, request or other communication given under any Operative Document by either the Issuer or the Borrower to the other shall also be given to the Lender or any subsequent Holder. The Issuer, the Borrower and the Lender or any subsequent Holder may, by notice given hereunder, designate any further or different addresses to which subsequent notices, approvals, consents, requests, or other communications shall be sent or persons to whose attention the same shall be directed.

Section 11.4 Amendments. This Agreement, the Bonds and the Notes may not be terminated, modified or amended, and the Borrower will not take or omit to take any action, the taking or omission of which might result in any alteration or impairment of this Agreement, the Bonds or the Note, without the prior written consent of the Holder. Any consent provided for in this Agreement which may be given by the Issuer shall not be valid unless approved in writing by the Holder and no offer made by the Borrower under any Operative Document shall be deemed accepted or rejected by the Issuer without such approval. In connection with any such amendment requested by the Borrower, the Holder may require the Borrower to deliver, at the Borrower's expense, an opinion of Bond Counsel to the effect that such amendment will not adversely affect the exclusion of interest on the Bonds from gross income for Federal income tax purposes. Notwithstanding the foregoing, the provisions of this Agreement (other than the provisions which affect the rights of the Issuer to indemnification, payment of expenses or notice) may be amended in writing signed only by the Borrower and the Holder, without the need for the consent of the Issuer provided that in connection with such amendment, the Holder and the Issuer shall receive an opinion of nationally recognized bond counsel that such amendment will not adversely affect the exclusion of interest on the Bonds for federal income tax purposes.

Section 11.5 UCC Financing Statements. The Holder may file any financing statements and any continuation statements and amendments to financing statements that are or may be necessary with respect to this Agreement and the assignment of the Issuer's rights hereunder under the Uniform Commercial Code as in effect in the State. The Borrower hereby (a) irrevocably appoints the Holder as its true and lawful attorney for such purpose, with full power of substitution, and (b) ratifies and confirms all that such attorney or any substitute shall lawfully do by virtue hereof. If so requested by the Holder, the Borrower shall ratify and confirm all proper continuation statements and amendments to financing statements as may be designated in any such request.

Section 11.6 No Third Party Beneficiary. It is specifically agreed between the parties to this Agreement that it is not intended by any of the provisions of any part of this Agreement to make the public or any member thereof, other than as may be expressly provided herein, a third party beneficiary hereunder.

Section 11.7 Miscellaneous.

(a) The Holder shall furnish to the Issuer upon written request (1) a statement of the amount of principal of the Bonds outstanding and unpaid as of the date of such request and (2) such information as may be necessary to complete the annual audit of the Issuer as required by the Act or any other law, now or hereafter in effect.

(b) This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and the subsequent holders of the Bonds and their respective successors and

assigns. The representations, covenants and agreements contained herein shall continue notwithstanding the delivery of the Bonds to the Lender.

(c) If any provision of this Agreement shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision hereof.

(d) This Agreement shall be governed by the applicable laws of the State of Tennessee.

(e) The Operative Documents express the entire understanding among the parties and none of such instruments may be modified except in writing signed by the parties. No Operative Document may be modified before Payment of the Bonds without the consent of the Holder.

(f) This Agreement may be executed in several counterparts, each of which shall be an original, and all of which together shall constitute but one and the same instrument.

(g) The Issuer and the Borrower shall each notify the other and the Holder within five Business Days after either of them receives notice that an Event of Bankruptcy has occurred with respect to the Borrower or the Issuer, or after either of them becomes aware that an Event of Default (as defined in Article IX) has occurred.

Section 11.8 References to the Bonds Ineffective After Bond Paid. Upon Payment of the Bonds, all references in this Agreement to the Bonds shall be ineffective and the Issuer and Holder of the Bonds shall not thereafter have any rights hereunder, excepting those that shall have theretofore vested rights to indemnification under Section 10.2 hereof, the right to receive payments pursuant to Section 5.6(a) hereof as a result of a Determination of Taxability and the rights to the computation, reporting and payment of any rebate amounts and other payments under the Tax Certificate.

Section 11.9 No Implied Waiver. In the event any agreement contained in the Notes or this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach thereunder or hereunder. Neither any failure nor any delay on the part of the Lender or any subsequent Holder to exercise any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege.

Section 11.10 Interest and Loan Charges Not to Exceed Highest Lawful Rate. Anything in this Agreement or the Operative Documents to the contrary notwithstanding, in no event whatsoever, whether by reason of advancement of proceeds of the Bonds, acceleration of the maturity of the unpaid balance hereunder or under the Bonds or otherwise, shall the interest and loan charges agreed to be paid to the Holder for the use of the money advanced or to be advanced hereunder exceed the Highest Lawful Rate in effect from time to time. It is understood and agreed by the parties that, if for any reason whatsoever the interest or loan charges paid or contracted to be paid by Borrowers hereunder or in respect of the Bonds shall exceed the Highest Lawful Rate, then, *ipso facto*, the obligation to pay such interest and/or loan charges shall be reduced to the Highest Lawful Rate in effect from time to time, and any amounts collected by the Holder that exceed the Highest Lawful Rate shall be applied to the reduction of the principal balance of the Bonds, if permitted under applicable law or if not refunded to Borrower so that at no time shall the interest or loan charges paid or payable in respect of this Agreement exceed the Highest Lawful Rate.

Section 11.11 Issuer Representative. Whenever under the provisions of this Agreement the approval of the Issuer is required or the Issuer is required to take some action at the request of the Borrower,

such approval shall be made or such action shall be taken by the Issuer Representative; and the Borrower, the Lender and any subsequent Holder shall be authorized to rely on any such approval or action.

Section 11.12 Borrower Representative. Whenever under the provisions of this Agreement the approval of the Borrower is required or the Borrower is required to take some action at the request of the Issuer, such approval shall be made or such action shall be taken by the Borrower Representative; and the Issuer, the Lender and any subsequent Holder shall be authorized to act on any such approval or action.

Section 11.13 Service, Waiver of Jury Trial.

(a) Service of process in any action shall be duly served if mailed by registered mail, postage prepaid, to Borrower and Issuer each at its address described in Section 11.3 or if served by any other means permitted by applicable law.

(b) The Borrower, and the Issuer to the extent permitted by law, each hereby (i) covenants and agrees not to elect a trial by jury of any issue triable of right by a jury, and (ii) waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist. This waiver of right to trial by jury is separately given, knowingly and voluntarily, by Borrower and Issuer, and this waiver is intended to encompass individually each instance and each issue as to which the right to a jury trial would otherwise accrue. Holder is hereby authorized and requested to submit this Agreement for resolution, so as to serve as conclusive evidence of such waiver of the right to jury trial by Borrower and Issuer. Further, Borrower and Issuer each hereby certifies that no representative or agent of Holder (including Holder's counsel) has represented, expressly or otherwise, to Borrower or Issuer that Holder shall not seek to enforce this waiver of right to jury trial provision.

(c) The waivers made pursuant to this Section shall be irrevocable and unmodifiable, whether in writing or orally, and shall be applicable to any subsequent amendments, renewals, supplements or modifications of this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

Section 11.14 Privately Negotiated Loan.

The Borrower and the Issuer each acknowledges and agrees that the Lender is purchasing the Bonds as evidence of a privately negotiated loan and in that connection the Bonds shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement, or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

Section 11.15 Role of Lender. The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this Agreement and any other information, materials or communications provided by the Lender: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Agreement, information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the Issuer and the Borrower have been informed that the Issuer and the Borrower should discuss this Agreement and any such other

information, materials or communications with any and all internal and external advisors and experts that the Issuer and the Borrower, respectively, deem appropriate before acting on this Agreement or any such other information, materials or communications.

(signature page follows)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their respective names, all as of the date first above written.

**THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE**

ATTEST:

By: _____
Secretary

By: _____
Chairman

THE BAYLOR SCHOOL

By: _____
Name: _____
Title: _____

PINNACLE BANK, A TENNESSEE BANK

By: _____
Name: _____
Title: _____

EXHIBIT A
FORM OF BOND

THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THIS BOND IS A LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES PLEDGED FOR ITS BENEFIT. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE ISSUER, THE CITY OF CHATTANOOGA OR THE STATE OF TENNESSEE OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, OR INTEREST ON THIS BOND.

No. R 1

#[Series A Par Amount]

#[Series B Par Amount]

UNITED STATES OF AMERICA
STATE OF TENNESSEE

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE
EDUCATIONAL FACILITIES REVENUE BOND
(THE BAYLOR SCHOOL PROJECT)
SERIES 2026 [A / B]

Dated [Closing Date]

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE, a public, nonprofit corporation duly organized and existing under the Constitution and laws of the State of Tennessee (the “Issuer”), for value received, hereby promises to pay the principal amount of #[Series A Par Amount] / #[Series B Par Amount], solely from the sources and on the dates as hereinafter provided, to PINNACLE BANK, A TENNESSEE BANK (the “Lender”) or registered assigns, with a final payment of all unpaid amounts on [_____, 20__] (the “Maturity Date”). Payment of the final installment of principal shall be made only upon the presentation and surrender hereof to Bond Registrar pursuant to the Bond Purchase and Loan Agreement dated as of [Closing Date] (the “Agreement”) among the Issuer, the Lender and THE BAYLOR SCHOOL (the “Borrower”). Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Agreement.

[2026A: The Lender will fund the purchase of this Bond by making a single advance of the proceeds of the Bonds to the Borrower on the date hereof pursuant to the terms and conditions of the Agreement.]

[2026B: The Lender will fund the purchase of the Bond by making advances of the proceeds thereof to the Borrower pursuant to the terms and conditions of the Agreement.]

The Issuer promises to pay, but solely from such sources, interest on the outstanding principal amount of this Bond from the date of this Bond until the principal amount hereof is paid in full, on the dates and at the rates provided in the Agreement. The Issuer shall make principal and interest payments as provided in the Agreement.

Notwithstanding the foregoing, from and after the occurrence of an Event of Default, until such time as the Event of Default has been remedied or otherwise waived by the Holder, this Bond shall bear interest at the Default Rate.

Anything herein to the contrary notwithstanding, in no event will this Bond or the Notes bear interest at a rate in excess of the Highest Lawful Rate.

All payments of principal of and interest on this Bond shall be made to the Holder at its address as it appears on the registration book of the Bonds Registrar in lawful money of the United States of America.

This Bond is issued pursuant to the Act, as amended, and the Agreement for the purposes set forth in the Agreement. Pursuant to the Agreement, the Issuer has loaned the proceeds of this Bond to the Borrower, and the Borrower, to evidence repayment of the loan, has issued its promissory note dated the date hereof (the “Note”).

This Bond is secured by (a) an assignment to the Holder by the Issuer of substantially all of its rights in the Agreement, excluding Reserved Rights; and (b) the assignment by the Issuer without recourse and pledge and delivery of the Notes to the Holder. Reference is hereby made to the Agreement, the Notes and to all amendments thereto for a description of the provisions, among others, with respect to the nature and extent of such security and guarantee, the rights, duties and obligations of the Issuer, the Borrower and the Holder of this Bond.

Executed copies of the Agreement and the Notes are on file in the office of the Issuer. Reference is hereby made to such documents for the provisions, among others, with respect to the custody and application of the proceeds of this Bond, the collection and disposition of revenues, a description of the funds charged with and pledged to the payment of the principal of and interest on this Bond, the nature and extent of the security, the terms and conditions under which this Bond is or may be issued, the system of registration of this Bond, the rights, duties and obligations of the Issuer and the rights of the Holder of this Bond, and, by the acceptance of this Bond, the Holder hereof assents to all of the provisions of such documents.

This Bond is a limited obligation of the Issuer, the principal of and interest on which is payable solely from the revenues derived from the Agreement and the Note, which revenues have been pledged and assigned to secure the payment thereof. The Issuer shall not be obligated to pay the principal of or interest on this Bond except from such revenues pledged and assigned therefor. Neither the faith and credit nor the taxing power of the State of Tennessee or any political subdivision or agency thereof, including the Issuer and the City of Chattanooga, Tennessee, is pledged to the payment of the principal of or interest on this Bond, and this Bond shall not be deemed to constitute a debt of the City of Chattanooga, Tennessee, the State of Tennessee or any political subdivision or agency thereof. The Issuer has no taxing power.

Pursuant to the Agreement, the Borrower is hereby appointed to act as the initial Bond Registrar. The transfer of this Bond may be registered by the Holder hereof in person or by his attorney or legal representative at the principal office of the Bonds Registrar, or its successors and assigns, but only in the manner and subject to the limitations and conditions provided in the Agreement. Upon any such registration of transfer, the Bonds Registrar shall execute and deliver in exchange for this Bond a new registered bond or bonds without coupons, registered in the name of the transferee or transferees, in denominations authorized by the Agreement and in the aggregate principal amount equal to the remaining outstanding principal amount of this Bond, of the same maturity of principal installments and bearing interest at the same rate.

This Bond may be redeemed in whole or in part at any time at the option of the Borrower as provided in the Agreement in such amounts as the Notes is prepaid by the Borrower. Any redemption in part shall be applied to reduce the principal installments of this Bond as provided in the Agreement.

In certain events, on the conditions, in the manner and with the effect set forth in the Agreement, the unpaid principal of this Bond may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon.

All acts, conditions and things required to exist, happen and be performed precedent to the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law, and the issuance of this Bond, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitations.

IN WITNESS WHEREOF, The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee has caused this Bond to be signed and attested by the manual or facsimile signature of its duly authorized officers as of the date first above written.

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

ATTEST:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT B
FORM OF NOTE

AFTER THE ENDORSEMENT AND PLEDGE OF THIS NOTE AS HEREON PROVIDED, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO A SUCCESSOR OR ASSIGNEE OF THE PURCHASER REFERRED TO IN THE BOND PURCHASE AND LOAN AGREEMENT REFERRED TO HEREIN.

PROMISSORY NOTE A

[Closing Date]

[\$[Series A Par Amount]
[\$[Series B Par Amount]

FOR VALUE RECEIVED, the undersigned, THE BAYLOR SCHOOL, a Tennessee nonprofit corporation (“Borrower”), promises to pay to the order of THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE (the “Issuer”), a Tennessee public nonprofit corporation (the “Issuer”), at the office of PINNACLE BANK, A TENNESSEE BANK, Nashville, Tennessee (the “Purchaser”), or at such other place as the holder of this Note (“Holder”) may from time to time designate in writing, the principal sum of \$[Series A Par Amount] / \$[Series B Par Amount]] (or such lesser amount advanced hereunder), plus interest on the outstanding principal balance hereof from the date hereof as provided below.

Reference is made to the Bond Purchase and Loan Agreement dated as of [Closing Date] (the “Bond Purchase and Loan Agreement”) among the Borrower, the Issuer and the Purchaser, for a more complete statement of the provisions thereof and of the rights of the Issuer, the Borrower and the Purchaser. Terms used herein in capitalized form and not otherwise defined herein have the meanings ascribed thereto in the Bond Purchase and Loan Agreement. This Note is subject to all terms and conditions of the Bond Purchase and Loan Agreement.

The principal amount hereof shall only be advanced by the Issuer upon satisfaction of the conditions set forth in the Bond Purchase and Loan Agreement.

This Note has been pledged and assigned to the Purchaser and its successors and assigns as the holder of the Issuer’s Educational Facilities Revenue Bond (The Baylor School Project) Series 2026 [A / B] (the “Bond”). This Note is the “Note” referred to in the Bond Purchase and Loan Agreement and is entitled to the benefits and is subject to the conditions thereof.

The Borrower promises to pay interest on the outstanding principal amount of this Note at the interest rates equal to the interest rates borne by the Bonds and to make principal and interest payments hereunder in the same amounts and on the same dates as principal and interest payments are required to be made on the Bonds.

Each payment of principal and interest on this Note will be sufficient to enable the Issuer to pay when due the total amount of principal of (whether at maturity, upon acceleration or otherwise) and interest on the Bonds. To the extent that principal of or interest on the Bonds shall be paid, there shall be credited against unpaid principal of or interest on this Note, as the case may be, an amount equal to the principal of or interest on such Bond so paid. The principal of and interest on this Note are payable in immediately available funds of any coin or currency of the United States of America which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts.

In addition, the Borrower agrees to pay in immediately available funds all other amounts at the time the Issuer may be required to pay the same pursuant to the Bonds or the Bond Purchase and Loan Agreement.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional without any defense, recoupment or right of set off by reason of any default by the Issuer under the Bond Purchase and Loan Agreement for any other reason.

The Borrower may at its option, and may under certain circumstances be required to, prepay all or part of the unpaid principal of this Note upon the terms provided in the Bond Purchase and Loan Agreement and the Bonds.

All payments hereunder shall be payable in lawful money of the United States of America representing legal tender in payment of all debts and dues, public and private, at the time of payment.

In the event of (i) default in the payment of principal or interest when due hereunder or (ii) default under or in the performance of or compliance with any other of the obligations, agreements, terms or conditions contained in this Note, the Bond Purchase and Loan Agreement, or any other Operative Documents, then, in such event, the balance of the principal sum of the indebtedness evidenced hereby, with all arrearages of interest thereon, and any other sums advanced hereunder or under any other document evidencing, guaranteeing or securing the indebtedness evidenced hereby, shall, at the option of the Holder of this Note, become and be due and payable immediately, without notice, anything contained herein to the contrary notwithstanding, time being of the essence of this contract. From and after the date of default, interest will accrue at the Default Rate.

The undersigned and any and all endorsers, sureties, guarantors, or other parties, hereby severally waive demand, notice, presentment, and protest.

In the event this Note is placed in the hands of an attorney for collection or for enforcement or protection of the security, the Borrower agrees to pay reasonable attorney's fees and all court and other costs.

The failure of the Holder hereof to exercise any option to accelerate the indebtedness hereunder in the event of any default as above provided, or any forbearance, indulgence, or other delay by such Holder in the exercise of any such option, shall not constitute a waiver of the right to exercise such option prior to the curing of any such default or in the event of any subsequent default, whether similar or dissimilar to any prior default.

The Borrower consents to any extension of time of payment hereof, release of all or any part of the security for the payment hereof, or release of any party liable for this obligation. Any such extension or release may be made without notice to Borrower and without discharging its liability.

No provision in this Note shall require the payment or permit the collection of interest in excess of the Highest Lawful Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided for herein, the provisions of this paragraph shall govern, and the undersigned shall not be obligated to pay the amount of such interest to the extent that it is in excess of the amount permitted by law. In the event the Holder shall collect moneys which are deemed to constitute interest which would otherwise increase the effective interest rate on this note to a rate in excess of that permitted to be charged by applicable law, then *ipso facto*, the obligation to pay such interest and/or loan charges shall be reduced to the Highest Lawful Rate in effect from time to time, and any amounts collected by the Holder that exceed the Highest Lawful Rate shall be applied to the reduction of the principal balance of the

Bonds, if permitted under applicable law or if not refunded to Borrower so that at no time shall the interest or loan charges paid or payable in respect of this Agreement exceed the Highest Lawful Rate.

This Note shall be construed according to the laws of the State of Tennessee.

Any notice to the Borrower made pursuant to, or in accordance with, this Note shall be effective when delivered by personal service or when placed in the United States mails, registered or certified mail, postage prepaid, return receipt requested, addressed to the locations provided in the Bond Purchase and Loan Agreement.

IN WITNESS WHEREOF, THE BAYLOR SCHOOL has caused this Note to be duly executed by its authorized representative as of the date first above written.

THE BAYLOR SCHOOL

By: _____
Name: _____
Title: _____

Pay to the order of PINNACLE BANK, A TENNESSEE BANK, as Holder of the herein referenced Bond, without recourse against the undersigned.

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____
Chairman

EXHIBIT C

FORM OF COVENANT COMPLIANCE REPORT

This Certificate is given pursuant to Section 8.3 of that certain Bond Purchase and Loan Agreement dated [Closing Date] (the "Agreement") among THE BAYLOR SCHOOL (the "Borrower"), THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE (the "Issuer") and Pinnacle Bank, a Tennessee bank (the "Lender").

I, the undersigned, hereby certify that to the best of my knowledge no Event of Default (as defined in the Agreement) has occurred and is continuing, and provided on the attached spreadsheets is information demonstrating compliance with the financial covenants contained in Section 8.3 of the Agreement.

THE BAYLOR SCHOOL

By:
Name: _____
Title: _____

EXHIBIT D
FORM OF DRAW REQUEST

The Baylor School
2026B Bond – Draw Request

DRAW REQUEST NO. ____

Amount Requested by this Draw Request: \$ _____

Total Advances to Date (including this Draw Request): \$ _____

1. This Draw Request is submitted by THE BAYLOR SCHOOL (the “Borrower”) to PINNACLE BANK, A TENNESSEE BANK (the “Lender”) pursuant to the Bond Purchase and Loan Agreement dated as of [Closing Date] (the “Loan Agreement”) among THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE (the “Issuer”) as a request for Advance by the Lender of Bond proceeds as described in the Loan Agreement. All capitalized terms herein shall have the meanings assigned to them in the Loan Agreement.

2. Each obligation for which an Advance is hereby requested is described in reasonable detail in Schedule A hereto together with the name and address of the person, firm or corporation to whom payment is due.

3. The bills, invoices or statements of account for each obligation referenced in Schedule A hereto are provided with this Draw Request.

4. The Borrower hereby certifies that:

a. each obligation mentioned in Schedule A hereto has been properly incurred, is a proper charge against the Bond and has not been the basis of any previous Advance;

b. no event has occurred and no condition exists under the Loan Agreement, which will result, either immediately or with the passage of time, or the giving of notice or both, in the occurrence or existence of any event of default under the Loan Agreement or any other instrument or document pertaining thereto;

c. all representations and warranties made by the Borrower in the Loan Agreement and the Master Indenture are true in all material respects, as if made on the date hereof;

d. all necessary permits and approvals required for that portion of the Project for which such withdrawal is to be made have been issued and are in full force and effect; and

e. the Advance and use of the Series 2026B Bond proceeds for the purpose intended will not cause any of the representations or certifications contained in the Tax Agreement to be untrue.

This ____ day of _____, 20__.

THE BAYLOR SCHOOL

By: _____
Title: _____

SCHEDULE A TO DRAW REQUEST NO. ____

EXHIBIT E-1
SERIES 2026A PRINCIPAL REPAYMENT SCHEDULE

<u>Payment Dates</u> <u>(June 1)</u>	<u>Amount</u>
2028	\$250,000.00
2029	\$250,000.00
2030	\$250,000.00
2031	\$250,000.00
2032	\$250,000.00
2033	\$300,000.00
2034	\$300,000.00
2035	\$300,000.00
2036	\$300,000.00
2037	\$300,000.00
2038	\$3,030,000.00
2039	\$3,030,000.00
2040	\$3,030,000.00
2041	\$3,030,000.00
2042	\$3,030,000.00
 TOTAL	<hr/> \$17,900,000.00

EXHIBIT E-2
SERIES 2026B PRINCIPAL REPAYMENT SCHEDULE

Payment Date	Maximum Principal Amount Outstanding
June 30, 2028	\$41,500,000
June 30, 2029	\$40,000,000
June 30, 2030	\$37,500,000
June 30, 2031	\$36,000,000
June 30, 2032	\$34,180,000

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MAYOR’S LETTER

_____, 2026

The undersigned Mayor, as the chief elected executive officer of the City of Chattanooga, Tennessee (the “Local Government”), has been informed that The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the “Issuer”) has given approval to the issuance, in one or more series, of Educational Facilities Revenue Bonds (The Baylor School Project) Series 2026 in a principal amount of not to exceed \$62,000,000 (the “Bonds”), the proceeds thereof will be loaned to The Baylor School (“Borrower”) to (a) finance and/or refinance the costs of acquiring, constructing, improving and/or equipping various educational and related support facilities and infrastructure (collectively, the “Project”), including without limitation: (i) financing the acquisition, construction and equipping of a new student housing building, a central energy plant and campus fiber upgrades, and financing the renovation and equipping of Hunter and Lupton Halls, (ii) refinancing the Issuer’s Revenue Refunding Bonds Series 2017A (The Baylor School Project) dated September 20, 2017, the proceeds of which were loaned to the Borrower to finance or refinance the acquisition, construction, renovation and equipping of facilities, including (1) renovation and equipping of Lowrance and Lupton Hall dormitories; (2) replacement of HVAC systems for Hunter Hall; (3) improvements to athletic fields and other athletic facilities; and (4) renovation, improvement and equipping of educational facilities; and (b) pay the costs of issuing the Bonds.

The Project is located on the campus of the Borrower at 171 Baylor School Road, Chattanooga, Tennessee 37405 (the “Campus”). The Borrower will be the owner and operator of the Facility.

The undersigned further understands that the Issuer, after giving public notice at least 7 days in advance thereof attached hereto as Exhibit A, held a public hearing on May 18, 2026, at which a reasonable opportunity was provided for persons with differing views on both the issuance of the Bonds and the location and nature of the Project to be heard. The undersigned has been informed of the substance of the public hearing. Based on such understanding and information, the undersigned hereby approves the issuance of the Bonds for the purposes above indicated. This approval is given pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended and does not in any respect obligate the Local Government for the payment of the Bonds.

The City of Chattanooga, Tennessee, nor any agents or members of the Issuer, shall not in any event be liable for the payment of the principal of or interest on any of the Bonds, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever, which may be undertaken by the Issuer with respect the Bonds, and none of the Bonds or any of the agreements or obligations relating thereto shall be construed to constitute an indebtedness of the City of Chattanooga, Tennessee within the meaning of any constitutional or statutory provision whatsoever.

Mayor
City of Chattanooga

**RESOLUTION OF THE HEALTH, EDUCATIONAL AND
HOUSING FACILITY BOARD OF THE
CITY OF CHATTANOOGA, TENNESSEE
REGARDING A PAYMENT IN LIEU OF TAXES TRANSACTION
WITH THE OVERLOOK APTS LP**

WHEREAS, the Board of Directors of The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee (the "Board"), has met pursuant to proper notice; and

WHEREAS, to induce Overlook Apts LP, a Delaware limited partnership (the "Company"), to construct a multifamily housing facility with units that will be leased to persons of low and/or moderate-income in Chattanooga, Tennessee (the "Project"), the Board (i) will acquire certain real property located in the City of Chattanooga, Tennessee (the "Property") and (ii) will lease the Property to the Company on the terms and conditions set forth in the Lease referenced herein; and

WHEREAS, there has been submitted to the Board a form of Agreement for Payments in Lieu of Ad Valorem Taxes (the "PILOT Agreement") and a form of a Lease Agreement between the Company and the Board (the "Lease" and, together with the PILOT Agreement, the "PILOT Documents"), which provide for certain payments in lieu of tax as provided therein and which the Board proposes to execute to carry out the transaction described above.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE:

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 of Chattanooga, Tennessee.

2. The Chairman or Vice Chairman of the Board is hereby authorized and directed to execute, and, if requested, the Secretary or Assistant Secretary of the Board is authorized to attest, and either is authorized and directed to deliver the PILOT Documents to the Company.

3. The Chairman or Vice Chairman of the Board is furthermore hereby authorized and directed to execute, and, if requested, the Secretary or Assistant Secretary of the Board is authorized to attest, and either is authorized and directed to deliver such documents as are necessary or appropriate for the Board to acquire the Property.

4. The Board is hereby authorized and directed to own the Project and the Property pursuant to the terms of the Lease.

5. The PILOT Documents shall be in substantially the forms submitted, which are hereby approved, with such completions, omissions, insertions and changes as may be approved by the officer executing them, his or her execution to constitute conclusive evidence of his or her approval of any such omissions, insertions and changes.

6. The officers of the Board 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 Company or limited partner investor in the Company may request to create and/or preserve any liens on or interests in the ownership of the Project or any portion thereof.

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

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

I hereby certify that attached hereto is a resolution of The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee, duly and lawfully adopted by its Board of Directors on May 18, 2026, at a meeting at which a quorum was acting throughout and I furthermore certify that such resolution has not been amended or modified in any respect.

Dated: May 18, 2026

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____
Name: Hicks Armor
Title: Chair

ATTEST:

Hank Wells, Secretary

50241116.1

**AGREEMENT FOR PAYMENTS IN LIEU
OF AD VALOREM TAXES**

(THE OVERLOOK PROJECT)

THIS AGREEMENT (this “Agreement”) is made and entered into as of this the ____ day of _____, 202_, by and among **THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE**, a public nonprofit corporation (the “Board”); and **THE OVERLOOP APTS LP**, a Delaware limited partnership (the “Company”).

WITNESSETH:

WHEREAS, the Company is contemplating the improvement of certain real property in Chattanooga, Hamilton County, Tennessee, which real property is more particularly described on Exhibit A attached hereto (the “Property”), by rehabilitating a multifamily residential housing facility described in more detail on Exhibit B (the “Project”); and

WHEREAS, the Board and the Company have entered into a Lease Agreement dated as of the date hereof (the “PILOT Lease”) pursuant to which the Board has agreed to acquire the Property, including the Project to be constructed thereon, and lease such Property to the Company; and

WHEREAS, the Company will lease units in the Project to persons of low and/or moderate income, and therefore the Project is of the type that may be owned by the Board pursuant to Tennessee Code Annotated §§ 48-101-301, *et seq.*, (the “Act”); and

WHEREAS, the Company has requested the Board's assistance with the Project; and

WHEREAS, substantial economic benefits to the City and County economies will be derived from the Project; and

WHEREAS, because the Property is to be owned by the Board, which is a public corporation organized under the provisions of the Act, the Property will be exempt from ad valorem property taxes (“property taxes”) normally paid to the City and to the County, so long as the Property is owned by the Board, pursuant to the provisions of Tennessee Code Annotated, § 48-101-312; and

WHEREAS, for the public benefit of the citizens of the City and the County, the Board has requested that the Company make certain payments to the Board in lieu of the payment of property taxes that would otherwise be payable with respect to the Property; and

WHEREAS, the Company has agreed to make such payments to the Board in lieu of the property taxes otherwise payable with respect to the Property (the “In Lieu Payments”), as more particularly set forth hereinafter; and

WHEREAS, the Board has been authorized to receive the In Lieu Payments in lieu of property taxes in accordance with a letter from the Mayor of the City of Chattanooga, Tennessee supporting the Project pursuant to Tenn. Code Ann. § 48-101-312(b)(4)(A); and

WHEREAS, the Company and the Board have agreed that all In Lieu Payments made to the Board by the Company shall be paid, as to In Lieu Payments with respect to City property taxes, to the Treasurer

of the City (the “Treasurer”) and, as to In Lieu Payments made to the Board with respect to County property taxes, to the Trustee of the County (the “Trustee”); and

WHEREAS, the Board wishes to designate the Assessor of Property of the County (the “Assessor”) as its agent to appraise the Property if necessary hereunder.

NOW, THEREFORE, IN CONSIDERATION OF the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. In Lieu Payments. During the Tax Abatement Period, the Company shall pay directly to the Treasurer and the Trustee In Lieu Payments in the amount set forth in Exhibit C. Such In Lieu Payments shall be paid for the benefit of the Board to the City and the County pursuant to this Agreement, and the Company shall provide evidence of such In Lieu Payments to the Board contemporaneously with such payments. In Lieu Payments shall be made by the Company in lieu of the property taxes which would otherwise be payable with respect to Property if the Property was owned by the Company and was subject to property taxes.

2. Tax Abatement Period. The Tax Abatement Period shall be the fifteen (15) year period commencing on January 1 following the Completion Date, as defined in the PILOT Lease (the “Tax Abatement Period”). Prior to the commencement of the Tax Abatement Period, the Company shall make In Lieu Payments equal to \$89,814 (which amount shall be paid \$42,443 to the City and \$47,371 to the County). For any tax years after the Tax Abatement Period that the Property is owned by the Board and leased to the Company, the Company shall make In Lieu Payments in an amount equal to one hundred percent (100%) of the amount of taxes that would have been payable with respect to the Property if it were subject to property taxes.

3. Affordable Housing Commitment.

(a) The Company will rent the units in the Project in accordance with and will comply with the terms of: (i) the Land Use Restriction Agreement dated as of _____, 202_ among the Board, the Company and the other parties thereto (the “Bond Restrictive Covenants”) and (ii) the Declaration of Land Use Restrictive Covenants for Low-Income Housing Tax Credits to be entered into between the Company and the Tennessee Housing Development Agency (“THDA”) after the Completion Date, as defined in the PILOT Lease (the “LIHTC Restrictive Covenants” and together with the Bond Restrictive Covenants, the “Bond and LIHTC Restrictive Covenants”).

(b) The Company will obtain, complete, and maintain on file income certifications from each tenant in the Project in accordance with the Bond and LIHTC Restrictive Covenants. Not later than December 1st of each year during the Tax Abatement Period, the Company shall provide the Board with a written report with respect to the income of each tenant of the Project, compliance under the Bond and LIHTC Restrictive Covenants and such other matters as may be reasonably requested by the Board or the City. Such written report may be in the same form required under the Bond and LIHTC Restrictive Covenants or such other form as may be approved by the Board or the City.

(c) The Company will with reasonable notice permit any duly authorized representative of the Board or the City to inspect the books and records of the Company pertaining to the occupancy of the units and compliance with this Agreement, the PILOT Lease and the Bond and LIHTC Restrictive Covenants.

(d) The Company shall enter into the LIHTC Restrictive Covenants within the time period required under the THDA Low-Income Housing Tax Credit 2025 Qualified Allocation Plan (the “QAP”). Pursuant to the QAP, the LIHTC Restrictive Covenants and as elected in the Company’s tax credit

application to THDA, the Company hereby agrees that the term of the LIHTC Restrictive Covenants (the "Extended Use Period") shall not be terminated via the qualified contract process and waives any and all opportunity to terminate the Extended Use Period via the qualified contract process. Notwithstanding a termination of the Extended Use Period under LIHTC Restrictive Covenants, the following actions shall be prohibited for a period of three (3) years beginning on the date the Extended Use Period is terminated: (i) the eviction or termination of the tenancy of an existing tenant of any unit in the Project subject to occupancy restrictions, for other than good cause, and (ii) increase the gross rent of any unit in the Project subject to occupancy restrictions, except in accordance with Section 42(g). If, for any reason, the Extended Use Period is less than thirty (30) years, the Company agrees to enter into a separate restrictive covenant agreement with the Board containing the same tenant income restrictions on the Project and otherwise in similar form and substance as the LIHTC Restrictive Covenants for a thirty (30) year term commencing on the same commencement date as the LIHTC Restrictive Covenants.

4. Non-Compliance Payment. If the Property becomes ineligible for federal low-income housing tax credits due to a violation of the LIHTC Restrictive Covenants, the Company shall make In Lieu Payments, beginning as of the date of such violation, in an amount equal to the property taxes that would otherwise be payable with respect to the Property if the Property was owned by the Company.

5. Reserved.

6. Cessation of Business or Foreclosure. In the event the Company ceases (after the Completion Date) the active leasing of units in the Project for sixty (60) consecutive days, other than due to a Force Majeure (as defined in the PILOT Lease) that prevents the leasing of units in the Project or due to the maintenance or repair of the Project, then notwithstanding any provision herein to the contrary, the Company shall make In Lieu Payments, beginning as of the date the Company ceases such active leasing, in an amount equal to the property taxes that would otherwise be payable with respect to the Property if the Property was owned by the Company. Upon the foreclosure of the Company's leasehold interest in the PILOT Lease, any successor to the Company's interest thereunder shall, notwithstanding any provisions herein to the contrary, make In Lieu Payments, beginning as of the date such successor acquires the Company's leasehold interest under the PILOT Lease, in an amount equal to the property taxes that would otherwise be payable with respect to the Property if the Property was owned by such successor.

7. Additional Improvements. The In Lieu Payments payable hereunder shall only apply to the Property identified in the PILOT Lease as the Project. In the event the Company makes improvements to or expands the Project so as to increase the assessment of the tax parcel on which the Project is located, the Company shall make In Lieu Payments to the City and the County with respect to value of such improvements or expansion in an amount equal to the property taxes that would otherwise be payable with respect to such improvements or expansion if such improvements or expansion were owned by the Company except to the extent such improvements or expansion are permitted to be part of the Project in the sole discretion of the Board.

8. Payments in Lieu of Taxes Applicable Only to Property. Any reduction in property taxes otherwise payable as provided in this Agreement shall not apply with respect to any other tax assessed against the Company, its income, or its other real property or any personal property.

9. Assumption of Ownership of Property. In the event the Company acquires ownership of the Property or any portion thereof, the Company shall begin paying all applicable property taxes directly to the City and County as to such Property 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. Upon any such acquisition or upon the termination or expiration of the PILOT Lease for any reason during a year, the Company shall pay a pro-rated amount of the In Lieu Payments (with the

application of pro-rated reductions in the manner provided above) required by this Agreement for the period during such year that the applicable Property was owned by the Board. The Company shall also make any payments required by the PILOT Lease and under Section 18 of this Agreement.

10. Credit for Taxes Paid. Nothing contained in this Agreement is intended or shall be construed to require the payment by the Company of any In Lieu Payments that would be greater in amount than would be payable as property taxes if the Property were owned by the Company. It is accordingly understood and agreed that the amount payable by the Company in any year under the provisions of this Agreement shall be reduced by the amount of any property taxes lawfully levied upon the Property or any part thereof, or upon the Company's leasehold estate therein, and actually paid by the Company to the City and the County, and to the extent that any such tax payments paid by the Company for any year shall exceed the In Lieu Payments for such year, the amount payable by the Company in any subsequent year under the provisions of this Agreement shall be reduced by such excess amount.

11. Timing of Payments. The In Lieu Payments with respect to each year, to the extent payable for the benefit of the City, shall be due on or before the last day on which property taxes are due and payable without penalty to the City with respect to such year, and to the extent payable for the benefit of the County, shall be due on or before the last day on which property taxes are payable without penalty to the County with respect to such year. The obligation to make any such payments shall survive the termination of the PILOT Lease.

12. Late Charges and Collection Costs. If not paid as required above, all In Lieu Payments shall be subject to late charges and related costs as follows:

(a) If the Company fails to make an In Lieu Payment when due, then a late charge shall be charged and shall also be immediately due and payable. The late charge shall be in the amount of one and one-half percent (1-1/2%) of the owed amount. Additional late charges of one and one-half percent (1-1/2%) of the amount shall accumulate and become immediately due and payable upon the expiration of each subsequent thirty (30) day period when there remains any outstanding unpaid amount.

(b) If the Company should fail to pay all amounts and late charges due as provided hereinabove, then the Board, the City or the County may bring suit, in addition to all remedies provided hereunder, against the Company in the Chancery Court of Hamilton County to seek to recover the In Lieu Payments due, late charges, expenses and costs of collection in addition to reasonable attorneys' fees.

13. Designation of Assessor; Appraisal and Assessment of Property. The Board hereby designates the Assessor as its agent to appraise and assess the Property. The Board will request the Assessor to appraise and assess the Property in accordance with the Constitution and laws of the State of Tennessee as though the Property were subject to property taxes. The Board will request the Assessor to give the Trustee, the Treasurer, the Board and the Company written notice of any changes in appraisals of the Property in the same manner that notices are given to owners of taxable property. If the Assessor is unwilling or unable to undertake the assessment required by this Section, the Board shall retain a third party experienced with appraisals to undertake the appraisal and assessment required by this Section consistent with the appraisal and assessment methodology that would be applied by the Assessor and provide such appraisal and assessment to the Company.

14. Computation and Billing of Payments In Lieu of Taxes. Each year, the Board shall send the Company, with copies to the Assessor, Trustee and the Treasurer, bills for appropriate amounts of In Lieu Payments (the "PILOT Bills"). After receipt of the PILOT Bills, the Company shall pay to the Treasurer and the Trustee the amounts indicated on the PILOT Bills which amounts shall be determined in accordance with the provisions set forth herein.

15. Application of In Lieu Payments. All In Lieu Payments received by the Treasurer for the benefit of the City shall be disbursed to the appropriate funds of the City, as directed by the City Finance Director, and in accordance with the normal requirements of law governing the settlement and paying over of taxes to municipalities. All In Lieu Payments received by the Trustee for the benefit of the County (other than the School Portion which shall be paid to the School Fund) shall be disbursed to the appropriate fund of the County as directed by the Finance Director of the County and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties.

16. Contest by the Company. The Company shall have the right to contest the appraisal or assessment of the Property and the computation of the amount of each In Lieu Payment. If the Company contests any such appraisal or assessment, then it shall present evidence to the Board in favor of its position. If the In Lieu Payments being contested shall be or become due and payable, the Company shall make such payments under protest. The Company and the Board shall negotiate in good faith for a period not to exceed sixty (60) days to resolve any disputes as to appraisal, assessment or computation of the In Lieu Payment. If the Company and the Board are unable to resolve a dispute, then the Company may file suit in the Chancery Court of Hamilton County to ask that the provisions of this Agreement, including those covering appraisal, assessment and computation, be construed or applied to the relevant facts by the Chancery Court in order to resolve such dispute.

17. Lien on the Property. Any In Lieu Payments payable under this Agreement shall become a lien on the Property if not paid when due, and such lien shall be enforceable against the Property in the same manner as a property tax lien would be enforced against the Property.

18. Term; Termination Payment. This Agreement shall become effective on the date hereof and shall continue for so long as (i) the PILOT Lease remains in effect or (ii) the Company has made all payments required hereunder, whichever shall later occur. If the PILOT Lease terminates prior to the expiration of the Tax Abatement Period due to a default by the Company hereunder or under the PILOT Lease or the purchase of the Property by the Company pursuant to the PILOT Lease, the Company shall make an additional In Lieu Payment contemporarily with the termination of the PILOT Lease equal to \$89,839.

19. Notices, etc. All notices permitted or required to be made hereunder shall be in writing and delivered by personal delivery, reputable overnight courier or certified mail. Notices shall be deemed given (a) when actually given and received if delivered by personal delivery; (b) one (1) Business Day after delivery to a reputable overnight courier if delivered by an overnight courier; or (c) five (5) Business Days after deposit with the United States Postal Service if delivered by certified mail. All such notices shall be addressed to the appropriate party as follows:

Board:

The Health, Educational and Housing
Facility Board of the City of Chattanooga,
Tennessee
100 E. 11th Street, Suite 200
Chattanooga, Tennessee 37402
Attention: City Attorney

Company: The Overlook Apts LP
909 Third Avenue, Floor 21
New York, NY 10022
Attention: Kenny Oyewole

Copies of all notices shall also be sent to:

Assessor: Hamilton County Assessor of Property
Hamilton County Courthouse
Chattanooga, Tennessee 37402

Treasurer: City of Chattanooga Treasurer
101 East 11th Street, Suite 100
Chattanooga, Tennessee 37402

Trustee: Hamilton County Trustee
Hamilton County Courthouse
Chattanooga, Tennessee 37402

Any such person may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communication shall be sent.

20. No Waiver; Remedies. No failure on the part of any party hereto, and no delay in exercising any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement are cumulative and are not exclusive of any remedies provided by law.

21. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court or jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions of this Agreement.

22. No Liability of Board, City and County Officers. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any incorporator, member, official, director or officer of the Board, the City or the County, whether past, present or future, either directly or through the Board, the City or the County. 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, official, director or officer is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.

23. Assignment. The Company may only assign any of its rights or obligations under this Agreement, or any part hereof, to a permitted assignee of the PILOT Lease.

24. Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the parties and signatories hereto and to their respective successors and assigns.

25. Governing Law. The Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee.

26. Prohibition on Boycott of Israel. The Company certifies that it is not currently engaged in, and will not for the duration of this Agreement engage in, a boycott of Israel as defined by Tenn. Code Ann. § 12-4-119.

27. Amendments. This Agreement may be amended only in writing, signed by each of the parties hereto.

28. Counterparts. This Agreement may be executed in counterparts, each of which when executed and delivered will be deemed an original, and all of which together will constitute one instrument.

29. State Reports. The Company shall comply with any State reporting requirements applicable to this Agreement and the payment of In Lieu Payments hereunder.

30. Stormwater Fees. In addition to the other requirements under this Agreement, the Company shall be responsible for all stormwater fees assessed by the City against the Real Property.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and date first above written.

**THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE**

By: _____
Chairman

ATTEST:

Secretary

THE OVERLOOK APTS LP
a Delaware limited partnership

By: _____

Name: _____

Title: _____

EXHIBIT A

(REAL PROPERTY DESCRIPTION)

The following described real estate in the City of Chattanooga, Hamilton County, Tennessee:

Land in Hamilton County, Tennessee, being Parcel B-3, as shown on the map entitled Amendment No. 10 of the Golden Gateway Urban Renewal Area, of record in Plat Book 32, page 13, Register's Office for Hamilton County, Tennessee, and being more particularly described as follows: Beginning at a point in the West line of Boynton Drive, said point being Thirty and 00/100 (30.00) feet South 81 degrees 07 minutes West from the point of intersection of the centerlines of Boynton Drive and Gateway Avenue, said point of intersection being N 238, 624.00, E 2, 203, 551.77, said point of BEGINNING being N 238, 619.37, E 2, 203, 522.13; thence South 8 degrees 53 minutes East with the West line of Boynton Drive, a distance of Five Hundred Seven and 97/100 (507.97) feet to a point in the West line of Boynton Drive, said point being N 238, 117.63, E 2, 203, 600.54; thence Southeastwardly with the West line of Boynton Drive along a Five Hundred Fifty and 87/100 (550.87) foot radius curve to the left, a distance of Two Hundred eighty-nine and 22/100 (289.22) feet to a point in the West line of Boynton Drive, said point being N 237, 856.23, E 2, 203, 716.60; thence South 52 degrees 55 minutes West, a distance of Three Hundred and 84/100 (300.84) feet to a point in the East line of Riverfront Parkway, said point being N 237, 674.86, E 2, 203, 476.60; thence Northwestwardly with the East line of Riverfront Parkway along a One Thousand Three Hundred Ninety-two and 40/100 (1,392.40) foot radius curve to the right, a distance of One Hundred Fifty-nine and 37/100 (159.37) feet to a point in the East line of Riverfront Parkway, said point being N 237, 791.76, E 2, 203, 368.44; thence North 9 degrees 25 minutes West, a distance of Eight Hundred Twenty and 37/100 (820.37) feet to a point, said point being N 238, 601.02, E 2, 203, 233.93; thence South 89 degrees 31 minutes East, a distance of Eighteen and 50/100 (18.50) feet to a point, said point being N 238, 600.86, E 2, 203, 252.43; thence North 86 degrees 05 minutes East, a distance of Two Hundred Seventy and 18/100 (270.18) feet to the point of beginning, and containing 258,409 square feet, more or less, as shown by survey of Hensley- Schmidt, Inc., and Marked Drawing No. 335D-41.1. The positions of corners and directions of lines refer to the Tennessee Coordinate System. Being the same property conveyed to OVERLOOK 2192 TN, LLC a Tennessee limited liability company, by deed from BOYNTON II, L.P., a Tennessee limited partnership, filed for record in Book GI 10832, Page 538, in the Register's Office of Hamilton County, Tennessee as further conveyed to OVERLOOK APTS LP, a Delaware limited partnership by deed from OVERLOOK 2192 TN, LLC, a Tennessee limited liability company, filed for record in Book ____, Page ____, in the Register's Office of Hamilton County, Tennessee..

EXHIBIT B

GENERAL DESCRIPTION OF PROJECT INCLUDING ADDRESS, SIZE AND NUMBER OF UNITS

The Overlook Apartments (“The Overlook”) is a 162-unit multi-family property located at 1201 Boynton Drive, Chattanooga, Tennessee 37402. It was originally constructed in 1978 and last renovated in 2004. The site consists of one nine-story high-rise residential building and four two-story townhouse-style building. The unit mix of the property contains 16 studios, 122 one-bedroom apartments, and 24 two-bedroom apartments. The project will receive a new 20-year HAP contract assignment for 20% of the units at closing while all units remain restricted to 60% AMI, ensuring long term affordability for the residents.

The redevelopment project would utilize several sources of capital including 4% Low-Income Housing Tax Credits (LIHTC), tax-exempt bonds, deferred developer fees and equity from Paths/Nuveen. The estimated total development budget is \$24.2 million to rehabilitate The Overlook, this is beyond the ~\$2 million the developer is currently spending on the much-needed critical repairs at the property. The affordable housing units will be developed and constructed by Paths Development and Paths Construction, while Paths Property Management and Safety & Security will manage the properties at stabilization. The project construction timeline will be 12 months in addition to a 3-month period for rent-up and conversion. There will be NO resident displacement through our renovations approach, and the developer will not need to move the residents to hotels (unless the developer needs to make structural changes only in the few ADA units), which are not currently contemplated.

The general scope of work for the subject property is expected to include but is not limited to: replacement of all HVAC, windows, roofs, exterior upgrades, parking lot repaving, installation of new security cameras and exterior lighting, new building entrance doors, mag locks and access controls (fobs), new assistance call systems, updated laundry facilities, painting throughout the building interiors (common areas and individual units), replacement of trash compactors and chute doors, and modernization of elevators. In-unit renovations are anticipated to consist of new flooring, the replacement of kitchen cabinets, countertops, and fixtures, new bathroom fixtures and accessories, control valves and drains, and water supply valves, painting each apartment unit, replacement of all electrical outlets and switches, new energy efficient light fixtures, and new doors throughout including entry, bedroom, bathroom, and closet doors. The renovations will be aimed at improving building infrastructure and security systems, increasing curb appeal, and enhancing existing apartment units with new appliances, fixtures, and finishes. Upgraded property management services will include the implementation of the Reliant Safety and Security team.

EXHIBIT C

In Lieu Payments During Tax Abatement Period

<u>Tax Abatement Period</u>	<u>Total In Lieu Payments</u>	<u>City Portion</u>	<u>County Portion</u>
Year 1	\$89,814	\$42,443	\$47,371
Year 2	\$90,236	\$42,443	\$47,793
Year 3	\$90,669	\$42,443	\$48,226
Year 4	\$91,116	\$42,443	\$48,673
Year 5	\$91,576	\$42,443	\$49,133
Year 6	\$92,050	\$42,443	\$49,607
Year 7	\$92,539	\$42,443	\$50,096
Year 8	\$93,042	\$42,443	\$50,599
Year 9	\$93,560	\$42,443	\$51,117
Year 10	\$94,093	\$42,443	\$51,650
Year 11	\$94,643	\$42,443	\$52,200
Year 12	\$95,209	\$42,443	\$52,766
Year 13	\$95,792	\$42,443	\$53,349
Year 14	\$96,392	\$42,443	\$53,949
Year 15	\$97,011	\$42,443	\$54,568

LEASE AGREEMENT

(THE OVERLOOK PROJECT)

THIS LEASE AGREEMENT (this “Lease”) is made and entered into as of this the ____ day of _____, 202_, by and among **THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE**, a public nonprofit corporation (“Lessor”); and **THE OVERLOOK APTS LP**, a Delaware limited partnership (“Lessee”).

WITNESSETH:

WHEREAS, Lessor is a public nonprofit corporation and a public instrumentality of the City of Chattanooga, Tennessee (the “City”), and is authorized under Sections 48-101-301, *et seq.*, Tennessee Code Annotated, as amended (the “Act”), to acquire, own, lease, and dispose of multi-family housing facilities for persons of low and/or moderate income; and

WHEREAS, Lessee is contemplating the improvement of certain real property in the City, which real property is more particularly described on Exhibit A attached hereto (the “Leased Land”); and

WHEREAS, Lessor and Lessee desire for Lessor to own the Leased Land and lease the Leased Land to Lessee; and

WHEREAS, Lessee desires to lease from Lessor the Leased Land as more particularly described on the terms and conditions set forth herein; and

WHEREAS, Lessor and Lessee have entered into an Agreement for Payments in Lieu of Ad Valorem Taxes dated as of the date hereof (the “PILOT Agreement”), pursuant to which Lessee has agreed to make certain payments to Lessor in lieu of the payment of property taxes that would otherwise be payable with respect to the Leased Property, as more particularly defined and set forth therein; and

NOW, THEREFORE, Lessor, for and in consideration of the In Lieu Payments (as defined herein) stipulated to be made by Lessee as more particularly set forth in the PILOT Agreement, 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 herein, and upon the conditions hereinafter stated, the Leased Property; and

UNDER AND SUBJECT, however, to deed restrictions, covenants, easements, reservations, rights of way and other encumbrances applicable to the real property 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

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:

“Application” shall mean the Application submitted to the City pursuant to the City’s PILOT program for affordable housing, including the Guidelines.

“Basic Rent” shall mean the amounts described in Section 5.01.

“Commencement Date” shall mean the date of execution of this Lease as set forth above.

“Completion Date” shall mean the date that both of the following have occurred: (i) Lessee has received a certificate of occupancy for the Project and (ii) the Project is at a level of completion that tenants may occupy apartment units in the Project.

“City” shall mean Chattanooga, Tennessee.

“County” shall mean Hamilton County, Tennessee.

“Force Majeure” shall mean, without limitation, the following: strikes, lockouts or other industrial disturbances; act of public enemies; orders of any kind of the government of the United States of America or the State of Tennessee or any of their respective departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; pandemics or epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of Lessee.

“Guidelines” shall mean the City’s guidelines for the consideration of approving tax incentives for multi-family housing facilities that include units reserved for persons of low and/or moderate income.

“In Lieu Payments” shall mean those certain payments in lieu of taxes that Lessee shall pay for the benefit of Lessor, pursuant to the terms of the PILOT Agreement and this Lease.

“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 in accordance with the terms hereof.

“Leased Property” shall mean the Leased Land together with the Project and related and/or additional improvements and/or fixtures constructed or to be constructed on the Leased Land.

“Lessee” shall mean The Overlook Apts LP, a Delaware limited partnership.

“Lessor” shall mean The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee, a Tennessee public nonprofit corporation.

“PILOT Agreement” shall mean that certain Agreement for Payments in Lieu of Ad Valorem Taxes dated as of the date hereof by and between Lessor and Lessee.

“Project” shall mean the rehabilitation of a multi-family residential rental facility with not less than 162 units as described in Lessee’s Application to be located on Leased Land.

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

“Term” shall have the meaning prescribed to it in Article IV.

**ARTICLE II
REPRESENTATIONS OF LESSEE**

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

(a) Lessee is a limited partnership duly formed and existing under the laws of the State of Delaware and is 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 has, by proper action, been duly authorized to execute and deliver this Lease and, when executed and delivered by the parties hereto, 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 XIII, 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, 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
ACQUISITION AND RENOVATION OF PROJECT**

Section 3.01 Agreement to Transfer Title and Rehabilitate Project.

(a) Lessee agrees to transfer the title in and to the Leased Property to Lessor as of the date hereof, pursuant to a special warranty deed, and at such time, the Leased Property shall become the property of Lessor.

(b) Lessee covenants and agrees at its expense to rehabilitate the Project on the Leased Land so that the Project can continue to be occupied by residential rental tenants. Lessee shall obtain prior written approval of Lessor in the event of any material changes to the Project, as described in the Application. It is understood and agreed that the Leased Property with all other improvements or fixtures from time to time placed on the Leased Land shall become the property of Lessor. Lessee agrees to cause the commencement of the construction of the Project to occur no later than May 18, 2027 and to cause the Completion Date for the Project to occur no later than May 18, 2029, provided that if the Completion Date does not occur by such date due to a Force Majeure event as demonstrated by Lessee to the satisfaction of Lessor at the time of the occurrence of such event, such outside date for the Completion Date shall be extended by the period of delay caused by such Force Majeure event.

(c) In addition to the Project, 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. Lessee shall make In Lieu Payments with respect to such buildings and additional improvements as is provided in the PILOT Agreement.

Section 3.02 Construction Standards. All construction and installation work on the Leased Land shall be done at Lessee's sole cost and expense, in a good and workmanlike manner, and in compliance with all applicable building codes, laws, ordinances, rules, and regulations of any governmental authority having jurisdiction over the Leased Property.

Section 3.03 No Construction Liens. Lessee shall indemnify and hold Lessor harmless from any mechanics', materialman's, or other similar liens against the Leased Property. Without limitation of the foregoing, within thirty (30) days from receipt of notice of Lessor of the nature and existence of any mechanics', materialmen's, or other similar liens, Lessee shall discharge, bond, or otherwise remove any such lien that has been filed as a result of or arising from the construction and installation of the Project.

ARTICLE IV LEASE TERM

Section 4.01 Term.

(a) Subject to the provisions contained in this Lease, this Lease shall be in full force and effect for a Term commencing as of the Commencement Date and ending on the last day of the Tax Abatement Period (as defined in the PILOT Agreement), unless previously terminated as provided herein.

(b) Notwithstanding the foregoing, the Term of this Lease may be terminated upon exercise by Lessee of the purchase option as to all of the Leased Property described in Article XIV hereof.

**ARTICLE V
RENT**

Section 5.01 Basic Rent. Lessee will pay to Lessor as Basic Rent 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, the sum of \$1.00 on each January 1 during the Term. Lessor acknowledges that Lessee has paid the Basic Rent in full for the Term as of the date of this Lease.

Section 5.02 Additional Rent. Lessee agrees to pay, as additional rent, all other amounts, liabilities and obligations which Lessee herein assumes or agrees to pay hereunder or under the PILOT Agreement. 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.

Section 5.03 Net Lease. This is a “net lease” and the Basic Rent, In Lieu Payments, additional 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
COMPLIANCE WITH LAWS; PERMITTED CONTESTS;
LESSEE’S ACCEPTANCE OF LEASED PROPERTY**

Section 6.01 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 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.

Without limiting the foregoing, Lessee agrees to comply with all federal and state fair housing laws and regulations with respect to the rental of units within the Project. Lessee agrees that the City may conduct inspections of the interiors of the units in the Project and the common areas in the Project during the 5th, 10th, 12th and 14th year of the Tax Abatement Period, as defined in the PILOT Agreement, pursuant to Chapter 21, Article V of the City Code, including any successor provisions thereto. The City may also conduct such inspections at any time upon receipt of a complaint by any tenant in any unit in the Project. For each noncompliance with Chapter 21, Article V of the City Code, Lessee agrees, in addition to all other remedies hereunder, to pay to the City \$5,000 with respect to each such violation, which amounts will be deposited by the City in its Housing Trust Fund.

Section 6.02 Permitted Contests. Lessee shall not be required to comply or cause compliance with the laws, ordinances, orders, rules, regulations or requirements detailed in Section 6.01, 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 6.03 Acceptance of Leased Property. Lessee acknowledges that it has examined the Leased Property described in Exhibit A attached hereto and the state of Lessor's title thereto prior to the making of this Lease and knows the condition and state thereof, 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.

ARTICLE VII RENT ABSOLUTE; STATE OF TITLE; AND TAX BENEFITS

Section 7.01 No Termination or Abatement for Damage or Destruction, Etc. Lessee acknowledges that Lessor has made no representations as to the condition of the Leased Property, including the title thereto. Except as otherwise expressly provided herein, this Lease shall not terminate, neither party shall have any right to terminate this Lease, Lessee shall not be entitled to the abatement of any rent or any reduction thereof, nor shall the obligations hereunder of Lessee or Lessor be otherwise affected, by reason of the condition of the Leased Property or the title thereto, any damage to or the destruction of all or any part of the Leased Property from whatever cause, the loss or theft of the Leased Property or any part thereof, the taking of the Leased Property or any portion thereof by condemnation or otherwise, the prohibition, limitation or restriction of Lessee's use of the Leased Property, or the interference with such use by any private person or corporation, or by reason of any eviction by paramount title or otherwise, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rent payable hereunder shall continue to be payable in all events and the obligations of the parties hereunder shall continue unaffected, unless the requirement to pay or perform the same shall be terminated pursuant to an express provision of this Lease.

Section 7.02 No Termination for Insolvency, Etc., of Lessor. Lessee covenants and agrees that it will remain obligated under this Lease in accordance with its terms, and that Lessee will not take any action to terminate, rescind or avoid this Lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding-up or other proceedings affecting Lessor or any assignee of Lessor in any such proceeding and notwithstanding any action with respect to this Lease which may be taken by any trustee or receiver of Lessor or any assignee of Lessor in any such proceeding, or by any court in any such proceeding.

Section 7.03 No Conveyance of Title by Lessor. Lessor covenants and agrees that during the Term of this Lease, it will not convey, 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 to by Lessee in Lessee's sole and absolute discretion. Lessor will not create any lien, encumbrance, or charge upon its interest in the Leased Property unless requested to do so in writing by Lessee.

Section 7.04 Tax Benefits. During the Term, and to the extent permitted by law, Lessee shall be entitled to all benefits under federal and state tax laws attributable to the ownership of the Leased Property, including, without limitation, the right to claim deductions for depreciation. Lessor acknowledges and agrees that, in the event that any of such federal or state tax benefits are granted or issued to Lessor, Lessor shall assign, transfer, or convey all of such federal or state tax benefits that Lessee is entitled under this Section to Lessee. Lessee acknowledges and agrees that neither Lessor nor any of its representatives has made any representation to Lessor regarding the federal or state tax consequences to Lessee of entering into this Lease.

**ARTICLE VIII
TAXES, CHARGES AND OTHER PAYMENTS**

Section 8.01 General Covenant. Lessee agrees to pay and discharge, as additional rent, punctually as and when the same shall become due and payable, each and every cost, expense, and obligation of every kind and nature, foreseen or unforeseen that is in any manner connected with or arising out of the possession, operation, maintenance, alteration, repair or use of the Leased Property.

Section 8.02 Taxes and Other Governmental Charges. Lessee agrees, subject to the provisions of Section 8.05, 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 8.03 Lessee Subrogated to Lessor's Rights. To the extent of any payments of additional rent by Lessee under this Article VIII, but subject to Lessee's option to purchase the Leased Property under Article XIV, 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 8.04 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, and Lessee agrees that it shall pay all costs and expenses related to the foregoing.

Section 8.05 Payments in Lieu of Taxes. In addition to Basic Rent and as additional rent payable hereunder, Lessee and Lessor agree that Lessee shall pay In Lieu Payments as described in and in the manner provided in the PILOT Agreement. Lessee shall make the In Lieu Payments with respect to the Leased Property in the amounts set forth in the PILOT Agreement as such amounts may be adjusted from time to time as provided in the PILOT Agreement.

Section 8.06 Proof of Payment. Lessee covenants to furnish to Lessor, promptly upon request, proof of the payment of any tax, assessment, and other governmental or similar charge, and any utility charges, which is payable by Lessee as provided in this Article.

Section 8.07 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 IX
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.

Subject to Article XIV, 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 promptly make, or cause to be made, all repairs, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, necessary to keep the Leased Property in good and lawful order and condition, wear and tear from reasonable use excepted.

**ARTICLE X
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, Lessee may terminate this Lease by giving written notice to Lessor and thereafter shall have no further liability hereunder except as specifically provided herein.

**ARTICLE XI
INSURANCE AND INDEMNIFICATION**

Section 11.01 Insurance. Lessee shall, at its expense, maintain with financially sound and reputable insurance companies insurance on the Leased Property or with respect to its activities on the Leased Property in at least such amounts and against at least such risks as are usually insured against in the same and in furtherance of general area by companies of established repute engaged in the same or a similar business. Without limiting and in furtherance of the foregoing, Lessee shall be required to satisfy the insurance requirements set forth in Exhibit B attached hereto.

Section 11.02 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) 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, or (v) any expenses incurred as a result of a mechanic's, materialman's or other similar lien being filed against any portion of the Leased

Property. In the event that any action or proceeding is brought against any of the Indemnified Parties by reason of any such claims, Lessee, upon notice from such Indemnified Parties, covenants to resist or defend such action or proceeding; provided, however, that Lessor shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose. 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 such Indemnified Party. Lessee's obligation to provide indemnification under this Section shall survive the expiration or termination of this Lease.

ARTICLE XII SUBLETTING, ASSIGNMENTS AND MORTGAGING

Section 12.01 Assignment and Subletting. Lessee may sublet any portion of the Leased Property to residential tenants without the prior consent of Lessor. Lessee shall also have the right to assign or otherwise transfer its rights and interest hereunder without the prior consent of Lessor provided that (a) the assignee has experience owning and/or managing similar projects; (b) Lessee provides written notice of such assignment to Lessor; and (c) such assignee assumes all obligations of Lessor hereunder.

Section 12.02 Permitted Mortgages. Notwithstanding Section 12.01 hereof, Lessee is hereby given the right, at any time and from time to time, to mortgage its leasehold estate in the Leased Property.

Section 12.03 Notice of Defaults. If a mortgagee 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, 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 a copy of its notice to Lessee of such Event of Default addressed to the mailing address last furnished by the mortgagee, and such Event of Default shall not have been cured by said mortgagee as provided in Sections 12.04 and 12.05 hereof.

Section 12.04 Performance by Mortgagee. Lessee irrevocably directs that Lessor accept, and Lessor agrees to accept, performance by any such mortgagee of any term, covenant, agreement, provision, condition or limitation on Lessee's part to be performed or observed as though performed or observed by Lessee (including, without limitation, exercise of the option to purchase the Leased Property granted to Lessee by Section 14.01 hereof), irrespective of whether an Event of Default has occurred, provided such performance by the mortgagee shall occur within the time prescribed therefor in this Lease, plus an additional grace period of thirty (30) days thereafter or, if said Event of Default is curable but not within said 30-day period, then within such additional time as may be necessary to cure the same provided the mortgagee commences the curing thereof within such 30-day period and thereafter prosecutes the curing of such Event of Default to completion with all due diligence; provided, however, (i) with respect to any Event of Default hereunder which cannot be cured by the mortgagee until it obtains possession of the Leased Property, the provisions of Section 12.05 shall apply and (ii) if Lessee fails to maintain commercial public liability insurance required by Section 11.01 hereof or to make any payment hereunder or under the PILOT Agreement, the mortgagee shall only have ten (10) days to cure such Event of Default.

Section 12.05 Cure After Foreclosure. If an Event of Default occurs under this Lease which cannot be cured by a mortgagee without first obtaining possession of the Leased Property (which shall not include an Event of Default relating to the maintenance of liability insurance), then, and notwithstanding any other provision contained in this Lease, Lessor shall not terminate this Lease by reason of such Event of Default if (i) said mortgagee, within the thirty (30) day grace period set forth in Section 12.04 above, shall have commenced, and thereafter diligently proceeds with, an appropriate proceeding to foreclose such mortgage or otherwise obtains possession of the Leased Property, and (ii) the mortgagee shall have cured such Event of Default within thirty (30) days following its obtaining possession of the Leased Property (or,

if said Event of Default is curable but not within said 30-day period, then within such additional time as maybe necessary to cure the same provided the mortgagee commences the curing thereof within such 30-day period and thereafter prosecutes the curing of such Event of Default to completion with all due diligence).

Section 12.06 Effect of Foreclosure. During the pendency of any foreclosure proceedings, the mortgagee shall fully perform all the obligations of Lessee under this Lease that can be performed by such mortgagee without possession of the Leased Property (including, but not limited to, payment of all Basic Rent, the In Lieu Payments, all additional rent, maintenance of insurance, and any and all other monies due and payable by Lessee hereunder); provided, however, that if such mortgagee obtains possession of the Leased Property during the time that it is enforcing its foreclosure remedy or as a result thereof, then such mortgagee shall perform fully all of Lessee's obligations under this Lease. In the event such mortgagee or any purchaser at a judicial or non-judicial foreclosure sale acquires title to the leasehold estate through such a foreclosure proceeding, or otherwise, it shall thereupon become subrogated to all the rights of Lessee under this Lease whereupon:

- (a) Lessee shall have no further right hereunder; and
- (b) Such mortgagee or purchaser shall forthwith be obligated to assume and perform each and all of Lessee's obligations and covenants hereunder.

Upon any such foreclosure, the In Lieu Payments shall be adjusted as provided in the PILOT Agreement.

Section 12.07 Estoppel Certificate. Upon the written request of any mortgagee or prospective mortgagee, and for the benefit of said mortgagee, Lessor will deliver to said mortgagee a certificate as to whether Lessor is aware of any default by Lessee hereunder and addressing such additional matters as the mortgagee may reasonably request.

Section 12.08 Further Assignment by Mortgagee. Notwithstanding anything to the contrary contained in this Article XII, the mortgagee, on or after acquiring ownership of Lessee's leasehold estate, may assign this Lease without the necessity of obtaining Lessor's consent and, upon any such assignment, provided such assignee shall assume and agree to perform and be bound by all of the terms hereof except for obligations occurring during its ownership of said leasehold estate.

Section 12.09 Joinder. At the request of Lessee, Lessor shall join in any security instrument with respect to the Leased Property when requested by Lessee in order to subject Lessor's interest in the Leased Property to such security instrument and to acknowledge that the lien of such security instrument is superior to Lessor interest in the Leased Property; provided that Lessor's liability thereunder shall be expressly limited to Lessor's interest in the Leased Property.

Section 12.10 Financing Approvals and Consents. Lessor shall cooperate with Lessee, to the extent reasonable and at no additional cost to Lessor, in consummating any financing or refinancing related to the Leased Property or any portion thereof. Without limitation of the foregoing, the Chairman of the Board of Lessor, or the Chairman's designee, shall, upon Lessee's request, enter into or consent to such documents as are necessary to consummate such financing including, without limitation, security instruments, estoppel certificates, subordination and non-disturbance agreements, affidavits and certificates provided that any such document acknowledges any liability of Lessor under such document shall be expressly limited to Lessor's interest in the Leased Property.

Section 12.11 Lessor Acknowledgement. Lessor acknowledges Lessee's mortgagee shall have the right to exercise Lessee's option to purchase the Leased Property as provided in Section 14.01 of this

Lease. Lessee irrevocably directs that Lessor accept, and Lessor agrees to accept, performance by any such mortgagee of Lessee's right to exercise the option to purchase the Leased Property granted to Lessee by Section 14.01 hereof, regardless of whether an Event of Default has occurred, provided such performance by said mortgagee shall occur within the period of time granted to Lessee by the terms hereunder to exercise such right.

ARTICLE XIII 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 insurance required by Section 11.01 for more than ten (10) days after written notice of such default to Lessee from Lessor; or

(b) if default shall be made in the due and punctual payment of any payment due hereunder or under the PILOT Agreement, and such default shall continue for more than ten (10) days after written notice of such default is given to Lessee by Lessor; or

(c) Lessee fails to comply with Section 3(b) of the PILOT Agreement with respect to the rental of certain units in the Project to tenants of low and/or moderate income; or

(d) Lessee fails to remedy any violation of Chapter 21 of the City Code of the City relating to the habitability of the Project within six (6) months of when Lessee is cited for such violation; or

(e) 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), (b), or (c) and such default shall continue for thirty (30) 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 30-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 thirty (30) days that the time of Lessee within which to cure the same shall be extended for such period not to exceed ninety (90) days as may be necessary to complete the curing of the same with all due diligence); or

(f) if Lessee shall file a voluntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future statute, law or regulations, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver, custodian or liquidator of Lessee or of all or any substantial part of its properties or of the Leased Property, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due; or

(g) if a petition shall be filed against Lessee seeking any reorganization, composition, readjustment, liquidation or similar relief under any present or future statute, law or regulation, and shall remain uncontested, undismissed or unstayed for an aggregate of sixty (60) days (whether or not consecutive), or if any trustee, receiver, custodian or liquidator of Lessee or of all or any substantial part of its properties or of the Leased Property shall be appointed without the consent or acquiescence of Lessee and such appointment shall remain uncontested, unvacated or unstayed for an aggregate of sixty (60) days (whether or not consecutive);

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 thirty (30) 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. Such termination provisions are subject to Lessee's right to purchase the Leased Property pursuant to Section 14.01, and at any time on or prior to the termination of this Lease, Lessee may exercise its right in Section 14.01 to purchase the Leased Property.

ARTICLE XIV PURCHASE OPTION AND PURCHASE PRICE

Section 14.01 Option to Purchase. Lessee shall have an option to purchase the Leased Property as a whole at any time during the Term and for up to sixty (60) days thereafter for the amount provided in Section 14.03. To exercise such option Lessee shall (i) give Lessor at least ten (10) days' prior written notice of its intent to exercise any option granted pursuant to this Section 14.01, which notice shall state the purchase date, and (ii) comply with the provisions of Section 14.03 hereof.

Section 14.02 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 Property to be used by public utilities or public access, or (ii) to dedicate or convey, as required, portions of the Leased Property for road, highway and utilities and other public purposes.

Section 14.03 Exercise of Option. To exercise any option contained in Section 14.01, Lessee (or any such mortgagee or its designee) 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 or under the PILOT Agreement, including Section 18 thereof. On the purchase date for the purchase of the Leased Property pursuant to Section 14.01 or any portion thereof, Lessor shall convey the Leased Property to Lessee by quitclaim deed, without warranty of any type, substantially in the form of Exhibit C attached hereto. Lessee shall pay all expenses relating to such conveyance.

Section 14.04 Survival of Rights. All provisions of this Article XIV shall survive the expiration or earlier termination of this Lease or the PILOT Agreement for a period of sixty (60) days thereafter.

ARTICLE XV REPOSSESSION

At any time after the termination of the Term pursuant to Article XIII, Lessor without further notice may take possession of the Leased Property. If any Event of Default occurs, Lessor shall also have the right of entry, repossession, and removal, after not less than thirty (30) days' prior written notice to Lessee of its intent to exercise such right and specifying the nature of the Event of Default, prior to the expiration of the Term and without any obligation on the part of Lessor to terminate this Lease, subject to the prior written consent of Lender, provided that such right shall not be in contravention of the laws of the jurisdiction in which the Leased Property is located and subject to Lessee's right to purchase the Leased Property pursuant to Section 14.01. In the event of the exercise of such right without termination of this Lease, this Lease shall continue in full force and effect for the balance of the Term except that Lessee shall have no right of possession from the date of the exercise of such right, provided that the exercise of such right shall not preclude the subsequent exercise of any other right under this Lease, including the right of termination pursuant to Article XIII. Lessor shall not be liable for, or by reason of, any such repossession or removal.

**ARTICLE XVI
RELETTING**

If the Term shall have been terminated pursuant to Article XIII, or if Lessor shall have exercised its right of repossession and removal pursuant to Article XV, Lessor may relet the Leased Property or any part thereof for the account and benefit of Lessee for such rental terms, to such persons, firms or corporations and for such period or periods as may be fixed and determined by Lessor. Lessor shall not otherwise be required to do any act or exercise any diligence to mitigate the damages to Lessee and, subject to the foregoing provisions, Lessor shall not be responsible or liable for any failure to relet the Leased Property or any portion thereof. Notwithstanding anything to the contrary, Lessor's right to relet under this Article XVI shall be void and have no further effect if this Lease is terminated due to the purchase of the Leased Property pursuant to Article XIV.

**ARTICLE XVII
SURVIVAL OF LESSEE'S OBLIGATIONS**

No termination of the Term pursuant to Article XIII or repossession of the Leased Property pursuant to Article XV shall relieve Lessee of its liability and obligations hereunder, all of which shall survive any such expiration or repossession.

**ARTICLE XVIII
MISCELLANEOUS**

Section 18.01 No Waiver; Remedies. No failure on the part of any party hereto, and no delay in exercising any right under this Lease shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Lease preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Lease are cumulative and are not exclusive of any remedies provided by law.

Section 18.02 Surrender of the Leased Property. Except as otherwise provided in this Lease, Lessee shall, upon the expiration or termination of this Lease for any reason whatsoever, surrender the Leased Property to Lessor in good order, condition and repair, except for reasonable wear and tear and damage by casualty.

Section 18.03 Acceptance of Surrender. No surrender to Lessor of this Lease or of the Leased Property or any part thereof or of any interest therein shall be valid or effective unless agreed to and accepted in writing by Lessor, and no act by any representative or agent of Lessor, and no act by Lessor, other than such a written agreement and acceptance by Lessor, shall constitute an acceptance of any such surrender.

Section 18.04 No Claims Against Lessor. Nothing contained in this Lease shall constitute any consent or request by Lessor, expressed or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Leased Property or any part thereof, nor give Lessee any right, power or authority to contract for or permit the performance of any labor or services or the furnishings of any materials or other property in such fashion as would permit the making of any claim against Lessor. Lessor shall have the right to post and keep posted at all reasonable times on the Leased Property any notices which Lessor shall be required to post for the protection of Lessor.

Section 18.05 Governing Law. The Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee.

Section 18.06 Severability. In the event that any clause or provision of this Lease shall be held to be invalid by any court or jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions of this Lease.

Section 18.07 Notices and Demands. All notices permitted or required to be made hereunder shall be in writing and delivered by personal delivery, reputable overnight courier or certified mail. Notices shall be deemed given (a) when actually given and received if delivered by personal delivery; (b) one (1) business day after delivery to a reputable overnight courier if delivered by an overnight courier; or (c) five (5) business days after deposit with the United States Postal Service if delivered by certified mail. All such notices shall be addressed to the appropriate party as follows:

Lessor: The Health, Educational and Housing Facility
Board the City of Chattanooga, Tennessee
1000 Lindsay Street
Chattanooga, Tennessee 37402
Attention: City Attorney

Lessee: Overlook Apts LP
909 Third Avenue, Floor 21
New York, NY 10022
Attention: Kenny Oyewole

Copies of all notices shall also be sent to:

Assessor: Hamilton County Assessor of Property
Hamilton County Courthouse
Chattanooga, Tennessee 37402

Treasurer: City of Chattanooga Treasurer
101 East 11th Street, Suite 100
Chattanooga, Tennessee 37402

Trustee: Hamilton County Trustee
Hamilton County Courthouse
Chattanooga, Tennessee 37402

Any such person may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communication shall be sent.

Section 18.08 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 18.09 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 18.10 Counterparts. This Lease may be executed in counterparts, each of which when executed and delivered will be deemed an original, and all of which together will constitute one instrument.

Section 18.11 Closing Fee; Expenses. Upon the execution of this Lease, Lessee shall pay Lessor a closing fee of \$10,000. Lessee shall pay all costs and expenses of Lessor in connection with the negotiation, preparation, execution and administration of this Lease, any amendments hereto and the performance hereof, including the reasonable fees and expenses of Lessor's attorneys. Without limiting the foregoing, in the event that Lessor shall be required to engage legal counsel for the enforcement of any of the terms of this Lease, whether or not such employment shall require institution of suit or other legal services required to secure compliance on the part of Lessee, Lessee shall be responsible for and shall promptly pay to Lessor the reasonable value of said attorneys' fees, and any other expenses incurred by Lessor as a result of such default.

Section 18.12 No Liability of Board, City and County Officers. No recourse under or upon any obligation, covenant or agreement contained in this Lease shall be had against any incorporator, member, official, director or officer, as such, of the Board, the City or the County, whether past, present or future, either directly or through the Board, the City or the County. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Lease.

Section 18.13 Limitation of Liability. Notwithstanding any other provision hereof, Lessor's liability hereunder shall be limited to its interest in the Leased Property, the rents derived from 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 18.14 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 18.15 Recording of Lease. This Lease shall not be recorded. A short form or memorandum of this Lease shall, upon Lessee's request, be prepared by Lessor, at Lessee's expense, and recorded by Lessee, at Lessee's expense. Upon Lessor's request, Lessee shall provide Lessor evidence of the recordation of such short form or memorandum of lease within a reasonable time.

Section 18.16 Quiet Enjoyment. Lessor covenants that by Lessee paying all amounts due hereunder and performing Lessee's obligations under this Lease, Lessee shall have quiet enjoyment of and may peaceably enjoy the Leased Property and all appurtenances belonging thereto, subject to the express terms, covenants and conditions contained in this Lease.

[Signature Pages Follow]

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

LESSOR:

**THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOG, TENNESSEE**

By: _____
Chairman

ATTEST:

Secretary

LESSEE:

THE OVERLOOK APTS LP
a Delaware limited partnership

By: _____

Name: _____

Title: _____

EXHIBIT A

LEGAL DESCRIPTION OF LEASED LAND

Land in Hamilton County, Tennessee, being Parcel B-3, as shown on the map entitled Amendment No. 10 of the Golden Gateway Urban Renewal Area, of record in Plat Book 32, page 13, Register's Office for Hamilton County, Tennessee, and being more particularly described as follows: Beginning at a point in the West line of Boynton Drive, said point being Thirty and 00/100 (30.00) feet South 81 degrees 07 minutes West from the point of intersection of the centerlines of Boynton Drive and Gateway Avenue, said point of intersection being N 238, 624.00, E 2, 203, 551.77, said point of BEGINNING being N 238, 619.37, E 2, 203, 522.13; thence South 8 degrees 53 minutes East with the West line of Boynton Drive, a distance of Five Hundred Seven and 97/100 (507.97) feet to a point in the West line of Boynton Drive, said point being N 238, 117.63, E 2, 203, 600.54; thence Southeastwardly with the West line of Boynton Drive along a Five Hundred Fifty and 87/100 (550.87) foot radius curve to the left, a distance of Two Hundred eighty-nine and 22/100 (289.22) feet to a point in the West line of Boynton Drive, said point being N 237, 856.23, E 2, 203, 716.60; thence South 52 degrees 55 minutes West, a distance of Three Hundred and 84/100 (300.84) feet to a point in the East line of Riverfront Parkway, said point being N 237, 674.86, E 2, 203, 476.60; thence Northwestwardly with the East line of Riverfront Parkway along a One Thousand Three Hundred Ninety-two and 40/100 (1,392.40) foot radius curve to the right, a distance of One Hundred Fifty-nine and 37/100 (159.37) feet to a point in the East line of Riverfront Parkway, said point being N 237, 791.76, E 2, 203, 368.44; thence North 9 degrees 25 minutes West, a distance of Eight Hundred Twenty and 37/100 (820.37) feet to a point, said point being N 238, 601.02, E 2, 203, 233.93; thence South 89 degrees 31 minutes East, a distance of Eighteen and 50/100 (18.50) feet to a point, said point being N 238, 600.86, E 2, 203, 252.43; thence North 86 degrees 05 minutes East, a distance of Two Hundred Seventy and 18/100 (270.18) feet to the point of beginning, and containing 258,409 square feet, more or less, as shown by survey of Hensley- Schmidt, Inc., and Marked Drawing No. 335D-41.1. The positions of corners and directions of lines refer to the Tennessee Coordinate System.

BEING the same property conveyed to The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee, by Special Warranty Deed from Overlook Apts LP, a Delaware limited partnership, by deed of record in Book ____, Page ____, in the Register's Office for Hamilton County, Tennessee.

EXHIBIT B

Insurance Requirements

Lessee shall, at its sole expense, obtain and maintain in full force and effect at least the following types and amounts of insurance for claims which may arise from or in connection with the Leased Property. All insurance must be underwritten by insurers with an A.M. Best rating of A-VIII or better.

1. ***Commercial General and Umbrella Liability Insurance.*** Lessee shall maintain occurrence version commercial general liability insurance and, if necessary, umbrella liability insurance with a limit of not less than \$1,000,000 each occurrence for bodily injury, personal injury, property damage, and products and completed operations. If such insurance contains a general aggregate limit, it shall apply separately to the work/location in this Lease or be no less than \$2,000,000.

Such insurance shall:

- a. Contain or be endorsed to contain a provision that includes Lessor, its officials, officers, employees, and agents as additional insureds with respect to liability arising out of work or operations performed by or on behalf of Lessee including materials, parts, or equipment furnished in connection with such work or operations. The coverage shall contain no special limitations on the scope of its protection afforded to the above-listed insureds. Proof of additional insured status including copies of endorsements and/or policy wording will be required.
 - b. For any claims related to the Leased Property, Lessee's insurance coverage shall be primary insurance as it respects Lessor, its directors, officers, employees, and agents. Any insurance or self-insurance programs covering Lessor and its directors, officers, employees, or agents shall be in excess of Lessee's insurance and shall not contribute with it.
2. ***Automobile Liability Insurance.*** Lessee shall maintain automobile liability insurance covering vehicles owned, hired, and non-owned, with a combined single limit of not less than \$2,000,000 each accident. Such insurance shall include coverage for loading and unloading hazards. Insurance shall contain or be endorsed to contain a provision that includes Lessor, its directors, officers, employees and agents as additional insureds.
 3. ***Workers' Compensation Insurance.*** If Lessee has any employees, Lessee shall maintain workers' compensation insurance with statutory limits as required by the State of Tennessee or other applicable laws and employers' liability insurance with limits complying with applicable laws.
 4. ***Builder's Risk Insurance.*** Lessee shall, during the course of any construction, renovation, or repair of the Project or any other improvements on the Leased Property, maintain or cause to be maintained builder's risk insurance against loss or damage by such hazards as are presently included in so-called "all risk" coverage and such other hazards as, under good insurance practices, from time to time are insured against for properties of similar character and location.

Other Insurance Requirements. Lessee shall:

- a. Prior to commencement of any work on the Leased Property, furnish Lessor with certificates evidencing the coverage required hereunder and provide that such insurance shall not be cancelled, allowed to expire, or be materially reduced in coverage except on 30 days' prior written notice to Lessor.

- b. Upon Lessor's request, provide certified copies of endorsements and policies in lieu of or in addition to certificates of insurance. Should the certificate of insurance refer to specific coverage wording or endorsement(s), proof of such policy wording or endorsement(s) will be required.
- c. Replace certificates, policies, and endorsements for any such insurance expiring prior to completion of services.
- d. Maintain such insurance during the entire Term of this Lease (other than builder's risk insurance).
- e. Require all contractors and subcontractors to maintain during the term of this Lease commercial general liability insurance, business automobile liability insurance, and workers' compensation insurance to the extent any such subcontractor has any employees (unless subcontractor's employees are covered by Lessee's insurance) in the same manner as specified for Lessee. Lessee shall furnish subcontractors' certificates of insurance to Lessor without expense upon request.

Large Deductibles; Self-Insured Retentions. Any deductibles and/or self-insured retentions greater than \$50,000 must be disclosed to and approved by Lessor. Use of any such large deductibles and/or self-insured retentions will require proof of financial ability of Lessee to pay such deductibles.

Waiver of Subrogation Required. The insurer shall agree to waive all rights of subrogation against Lessor, its directors, officers, employees and agents for losses arising under this Lease or with respect to the Leased Property. Proof of waiver of subrogation up to and including copies of endorsements and/or policy wording will be required.

Occurrence Basis Requirement. All general liability policies must be written on an occurrence basis unless otherwise approved by Lessor.

EXHIBIT C

FORM OF QUITCLAIM DEED

This Instrument Prepared By:

QUITCLAIM DEED

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

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE a public nonprofit corporation organized under the laws of the State of Tennessee.

First Party, and

OVERLOOP APTS, LP, a limited partnership organized under the laws of the State of Delaware.

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.

THE HEALTH, EDUCATIONAL AND HOUSING
FACILITY BOARD OF THE CITY OF
CHATTANOOGA, TENNESSEE

By: _____

Chairman

STATE OF TENNESSEE)
)
COUNTY OF HAMILTON)

Personally appeared before me the undersigned authority, a Notary Public in and for said County and in said state, _____, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be the Chairman of The Health, Educational and Housing Facility Board of the City of Chattanooga, Tennessee, the within named bargainor, a corporation, and that he as such Chairman, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Chairman.

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 of this transfer is greater is \$1.00.

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

Affiant

My Commission Expires:

Notary Public

EXHIBIT A TO QUITCLAIM DEED
Legal Description of Leased Land

Land in Hamilton County, Tennessee, being Parcel B-3, as shown on the map entitled Amendment No. 10 of the Golden Gateway Urban Renewal Area, of record in Plat Book 32, page 13, Register's Office for Hamilton County, Tennessee, and being more particularly described as follows: Beginning at a point in the West line of Boynton Drive, said point being Thirty and 00/100 (30.00) feet South 81 degrees 07 minutes West from the point of intersection of the centerlines of Boynton Drive and Gateway Avenue, said point of intersection being N 238, 624.00, E 2, 203, 551.77, said point of BEGINNING being N 238, 619.37, E 2, 203, 522.13; thence South 8 degrees 53 minutes East with the West line of Boynton Drive, a distance of Five Hundred Seven and 97/100 (507.97) feet to a point in the West line of Boynton Drive, said point being N 238, 117.63, E 2, 203, 600.54; thence Southeastwardly with the West line of Boynton Drive along a Five Hundred Fifty and 87/100 (550.87) foot radius curve to the left, a distance of Two Hundred eighty-nine and 22/100 (289.22) feet to a point in the West line of Boynton Drive, said point being N 237, 856.23, E 2, 203, 716.60; thence South 52 degrees 55 minutes West, a distance of Three Hundred and 84/100 (300.84) feet to a point in the East line of Riverfront Parkway, said point being N 237, 674.86, E 2, 203, 476.60; thence Northwestwardly with the East line of Riverfront Parkway along a One Thousand Three Hundred Ninety-two and 40/100 (1,392.40) foot radius curve to the right, a distance of One Hundred Fifty-nine and 37/100 (159.37) feet to a point in the East line of Riverfront Parkway, said point being N 237, 791.76, E 2, 203, 368.44; thence North 9 degrees 25 minutes West, a distance of Eight Hundred Twenty and 37/100 (820.37) feet to a point, said point being N 238, 601.02, E 2, 203, 233.93; thence South 89 degrees 31 minutes East, a distance of Eighteen and 50/100 (18.50) feet to a point, said point being N 238, 600.86, E 2, 203, 252.43; thence North 86 degrees 05 minutes East, a distance of Two Hundred Seventy and 18/100 (270.18) feet to the point of beginning, and containing 258,409 square feet, more or less, as shown by survey of Hensley- Schmidt, Inc., and Marked Drawing No. 335D-41.1. The positions of corners and directions of lines refer to the Tennessee Coordinate System.

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