

RESOLUTION NO. \_\_\_\_\_

PRELIMINARY BOND RESOLUTION  
OF THE BOARD OF COMMISSIONERS OF  
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION  
REGARDING DGA CHOTO LP

WHEREAS, DGA Choto LP, a Tennessee limited partnership (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and/or moderate-income citizens to be located at 12320 Northshore Drive in Knoxville, Tennessee, and wishes to have Knoxville's Community Development Corporation ("KCDC") indicate its willingness to issue revenue bonds to provide financing for such purposes; and

WHEREAS, the acquisition, construction and equipping of such facilities will constitute a "project" within the meaning of T.C.A. § 13-20-101; and

WHEREAS, a letter of intent has been presented to KCDC under the terms of which KCDC agrees, subject to the provisions of such letter, to issue its revenue bonds in an amount not exceeding \$18,000,000 to provide financing for such project.

NOW, THEREFORE, BE IT RESOLVED BY KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION as follows:


1. KCDC hereby finds that the financing of such above-described project will improve the quality and availability of housing in the City of Knoxville and Knox County, Tennessee, and will contribute to the general welfare of the citizens thereof.

2. The Chair or the Executive Director of KCDC is hereby authorized to execute a letter of intent with the Applicant in substantially the form thereof as presented at this meeting or with such changes therein as shall be approved by the Chair or the Executive Director. The officers of KCDC are hereby authorized to take such further action as is necessary to carry out the intent and purposes of the letter of intent as executed.

3. The Chair or the Executive Director of KCDC is hereby authorized to conduct such public hearings on behalf of KCDC as the Applicant may request with respect to the project.

Approved this 23<sup>rd</sup> day of February, 2023.

KNOXVILLE'S COMMUNITY  
DEVELOPMENT CORPORATION

By:  \_\_\_\_\_  
Secretary

February 23, 2023

DGA Choto LP  
3834 Sutherland Avenue  
Knoxville, TN 37919

Ladies and Gentlemen:

Knoxville's Community Development Corporation ("KCDC") has been informed that DGA Choto LP, a Tennessee limited partnership (the "Applicant"), is considering the acquisition, construction and equipping of a multifamily housing facility for low and/or moderate-income citizens to be located at 12320 Northshore Drive in Knoxville, Tennessee. The above-described acquisition, construction and equipping with regard to such facility constitutes a "project" within the meaning of T.C.A. § 13-20-101.

After investigation of the nature of the proposed project, KCDC has determined that the financing of the project will improve the quality and availability of housing in the City of Knoxville and Knox County, Tennessee, and will contribute to the general welfare of the citizens thereof. Therefore, it is the belief of KCDC that in assisting the financing of the project, KCDC will be acting in furtherance of the public purposes for which it was created.

Accordingly, in order to assist the Applicant in the financing of the project and in order to carry out the purposes for which KCDC was created, KCDC hereby makes the following proposals:

1. KCDC will issue, and sell to a purchaser to be designated by the Applicant prior to issuance, revenue bonds (the "Bonds") in the principal amount not to exceed \$18,000,000 to provide financing for the project. The Bonds shall be limited obligations of KCDC payable solely out of the revenues and receipts derived from the project including loan payments from the Applicant obtained in connection with the financing of the project. In no event shall the Bonds be general obligations of KCDC, its directors, or the City of Knoxville, Tennessee.

2. The terms of the Bonds (maturity schedule, interest rate, denominations, redemption provisions, etc.) will be determined by agreement among KCDC and the Applicant, subject to compliance with all applicable state and federal requirements, and all bylaws and policies of KCDC.

3. Prior to delivery of the Bonds, KCDC and the Applicant will enter into a loan agreement pursuant to which the proceeds from the sale of the Bonds will be used for the purposes hereinabove indicated and the Applicant will be obligated to make payments sufficient to cover all debt service requirements on the Bonds.

4. KCDC will enter into a trust indenture with a trustee to be nominated by the Applicant and subject to the approval of KCDC and/or a purchase contract with the purchaser of the Bonds. Such indenture and/or purchase contract will assign the loan agreement and all collateral therefor and all revenues received thereunder for the benefit of the bondholders. The terms and provisions of such indenture and/or purchase contract shall be agreed upon by KCDC, the Applicant and the purchaser of the Bonds.

5. KCDC hereby authorizes the Applicant to commence the acquisition, construction and equipping of the project as soon as practicable so that the inhabitants of the State of Tennessee might benefit from the project without delay. The Applicant may advance any interim funds required and be reimbursed from the proceeds of the Bonds, to the extent allowed by applicable law.

6. Upon the issuance, sale and delivery of the Bonds, the provisions of this proposal and the agreement resulting from its acceptance by the Applicant shall have no further effect and, in the event of any inconsistencies between the terms of this proposal and the terms of any loan agreement and/or indenture or purchase contract the provisions of such latter documents shall control.

7. KCDC agrees to cooperate with the Applicant in executing, along with the Applicant, a Multi-Family Tax-Exempt Bond Authority Application (the "Application") to be prepared by the Applicant and submitted to the Tennessee Housing Development Agency ("THDA") with respect to the Project. The Applicant acknowledges that all information provided in the Application, other than the name and address of KCDC, is to be provided by the Applicant and not by KCDC and that KCDC has no responsibility as to the accuracy of such information other than as to the name and address of KCDC.

The Applicant shall be responsible for any claims, liabilities, costs or expenses of KCDC that may arise as a result of the inaccuracy of any information contained in the Application (other than the name and address of KCDC) or the submission of the Application.

If the foregoing proposal is satisfactory to you, you may indicate by signing the following acceptance and returning a copy to KCDC. This proposal and your acceptance will then constitute an agreement in principal with respect to the matters herein contained.

Yours very truly,

KNOXVILLE'S COMMUNITY DEVELOPMENT  
CORPORATION

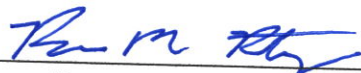
By: *B. M. Kelly*  
Title: Secretary

ACCEPTANCE OF PROPOSAL  
OF  
KNOXVILLE'S COMMUNITY DEVELOPMENT CORPORATION  
BY  
DGA CHOTO LP

The terms and conditions contained in the foregoing proposal by Knoxville's Community Development Corporation are hereby accepted by DGA Choto LP as of the date first written above.

DGA CHOTO LP

By: Choto GP Corporation,  
its general partner

By:   
Title: President