



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

TENNESSEE STATE SCHOOL BOND AUTHORITY
June 25, 2020
AGENDA

1. Call meeting to order
2. Approval of minutes from the TSSBA meeting held on May 21, 2020.
3. Approval of the Resolution to Approve the Borrowing of Money by Another Method by Austin Peay State University
4. Approval of the Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee (UTHSC to UHS)
5. Approval of the Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee (Volshop)
6. Approval of the Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee (Acquisition Subeasement – 400 Summit Hill Dr.)
7. Approval of the Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee (303 Flats)
8. Approval of the Resolution to Approve the Borrowing of Money by Another Method by the University of Tennessee (UTC – 901 E 8th Street)
9. Consideration and adoption of the Post Issuance Compliance Procedures
10. Adjourn

TENNESSEE STATE SCHOOL BOND AUTHORITY
May 21, 2020

The Tennessee State School Bond Authority (“TSSBA”, or the “Authority”) met on Thursday, May 21, 2020, at 12:00 p.m. via WebEx. The Honorable Justin Wilson, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present via WebEx:

The Honorable Tre Hargett, Secretary of State
Mr. Kevin Bradley, proxy for the Honorable David Lillard, State Treasurer
Ms. Angela Scott, proxy for Commissioner Butch Eley, Department of Finance and Administration
Mr. Mark Paganelli, proxy for Mr. Randy Boyd, President, University of Tennessee
Mr. Danny Gibbs, proxy for Dr. Flora Tydings, Chancellor, Tennessee Board of Regents (Mr. Gibbs was present during the meeting but unable to speak or vote due to technical difficulties)

The following member was absent:

The Honorable Bill Lee, Governor

Mr. Wilson began the meeting and asked Ms. Sandi Thompson, Director of the Office of State Government Finance (SGF) and Assistant Secretary of the TSSBA, to verify that she had distributed to the members copies of the documents to be discussed at the meeting in substantially the same form as to be considered. Ms. Thompson confirmed that her office had distributed the documents to the members. Mr. Wilson then asked for Ms. Thompson to call the roll and for members to identify themselves and announce if another member was present with them. Ms. Thompson called the roll:

Mr. Wilson – Present
Mr. Bradley – Present
Ms. Scott – Present
Mr. Hargett – Present
Mr. Paganelli – Present

Recognizing a quorum present, Mr. Wilson called the meeting to order and stated that Mr. Lee, a member of the Authority, had previously declared a state of emergency to facilitate Tennessee’s response to the coronavirus disease. He stated that Mr. Lee’s Executive Order No. 16, as amended by Executive Order No. 34, allows governing bodies to meet electronically regarding essential business in light of COVID-19, so long as they provided electronic access to the public and meet certain safeguards established in that Order to ensure the openness and transparency of the proceedings. Mr. Wilson stated that the Notice for this meeting indicated the meeting would be conducted through WebEx Events and provided information for the public to participate electronically. Mr. Wilson stated that the Authority needed a motion pursuant to the provisions of Executive Order 16, as amended, that meeting electronically without a physical location was necessary to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak, that the matters listed on the agenda of the meeting related to the essential business of the Authority, and that the necessary safeguards had been taken. Hearing no discussion, Mr. Hargett made such a motion, Mr. Bradley seconded the motion, and Ms. Thompson called the roll:

Mr. Wilson – Aye
Mr. Bradley – Aye
Ms. Scott – Aye
Mr. Hargett – Aye
Mr. Paganelli – Aye

The motion was approved unanimously.

Mr. Wilson then stated that all the actions taken during the meeting would require a roll call vote, that the use of the video function was optional, and asked members to mute their audio until they wished to speak. Mr. Wilson asked members and presenters who wished to speak to use the raised hand icon in the WebEx Events platform. Mr. Wilson stated that members of the public were in observation mode only. Mr. Wilson stated that anyone who had difficulty during the meeting could contact Mr. Michael Mercer by phone at 615.736.6056 or by email at Michael.Mercer@cot.tn.gov .

Mr. Wilson stated that the first item on the agenda was the approval of the minutes of the meeting held on March 6, 2020. Mr. Wilson stated that he had read the minutes, and everything appeared to be in order. Mr. Wilson asked if there were any comments or corrections to the minutes. Hearing none, Mr. Wilson moved approval of the minutes and Ms. Scott seconded the motion. Ms. Thompson called the roll:

Mr. Wilson – Aye
Mr. Bradley – Aye
Ms. Scott – Aye
Mr. Hargett – Aye
Mr. Paganelli – Aye

The motion was approved unanimously.

Mr. Wilson then stated that the next item on the agenda was consideration of a resolution to approve the borrowing of money by another method by the University of Tennessee (the “University”). Mr. Wilson stated the reason for consideration of this item was that it is a lease, which auditors and rating agencies view as debt. Mr. Wilson recognized Mr. Mark Paganelli, Treasurer of the University of Tennessee, to present the request. Mr. Paganelli stated that the lease is for a facility built in Parsons Tennessee as a satellite campus for the University of Tennessee at Martin. Mr. Paganelli stated that the facility is very important to the University of Tennessee at Martin. He stated that the agreement was originally set up as an operating lease to allow the facility to grow. As a result of the success of the campus, the University of Tennessee was proposing to convert the lease to a more normal lease where the University would have fixed lease payments and would share some of the utilities and janitorial expenses.

Mr. Wilson stated that Mr. David Burn, Senior Assistant Attorney General, was present from the Attorney General’s Office if any of the members had questions. Mr. Wilson stated that members had received a copy of a resolution approving the borrowing of money by the University of Tennessee at Martin by entering into a 5-year lease. Mr. Wilson read the resolution and then asked if there were any questions or discussion of the lease. Hearing none, Mr. Wilson made a motion to approve the resolution and Mr. Hargett seconded the motion. Ms. Thompson called the roll:

Mr. Wilson – Aye
Mr. Bradley – Aye
Ms. Scott – Aye
Mr. Hargett – Aye
Mr. Paganelli – Aye

The motion was approved unanimously.

Mr. Wilson asked if there were any other matters to come before the Authority. Hearing none, Mr. Wilson made a motion to adjourn. Ms. Scott seconded the motion. Ms. Thompson called the roll:

Mr. Wilson – Aye
Mr. Bradley – Aye
Ms. Scott – Aye
Mr. Hargett – Aye
Mr. Paganelli – Aye

The motion was adjourned.

Approved on this ____ day of _____, 2020.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

**RESOLUTION TO APPROVE THE BORROWING OF
MONEY BY ANOTHER METHOD BY AUSTIN PEAY
STATE UNIVERSITY**

Recitals

Whereas Austin Peay State University (“APSU”) desires to enter into a thirty (30) year lease (the “Lease”) for the rental of space in a yet-to-be-built Multi-purpose Event Center (the “MPEC”), located in the City of Clarksville, Tennessee; and

Whereas APSU’s current facilities do not provide adequate space for its basketball and volleyball programs as well as certain educational programs to use the facilities simultaneously and APSU has considered the costs of building additional space and renovating existing space on campus and has determined that it is more cost effective to rent space in the MPEC to provide for APSU’s additional needs; and

Whereas APSU’s annual rental costs (the “Rental Costs”) for the MPEC will be one million dollars (\$1,000,000) for years one (1) through five (5) of the Lease and eight hundred thousand dollars (\$800,000) for the remaining twenty-five (25) year term of the Lease; and

Whereas APSU intends to re-allocate a portion of existing student athletic fees in addition to using projected increased game revenues and projected naming rights fees in order to pay the Rental Costs; and

Whereas the Lease provides that the first Rental Cost payment will be due upon the signing of the Lease (projected to be in the third quarter of 2024) which will be before any proceeds from game revenues or naming rights fees are available; and

Whereas APSU has committed that it will, on an annual basis, set aside in a separate account (and further commits that such funds will not be used for any other purpose) at least two hundred and fifty thousand dollars (\$250,000) from its existing student athletic fees beginning in fiscal year 2021-22 and ending in fiscal year 2024-25. Such set-asides will result in APSU having sufficient funds to pay the first Rental Cost payment that will be due upon the signing of the Lease.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

1. In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Authority gives its approval to APSU to enter into the Lease contingent upon APSU’s setting aside in a separate account (and further committing that such funds will not be used for any other purpose) at least two hundred and fifty thousand dollars (\$250,000) from APSU’s existing student athletic fees beginning in fiscal year 2021-22 and ending in fiscal year 2024-25.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of June 25, 2020.

Adopted by the Authority at its meeting on May 25, 2020.

JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY



Proposed Lease Agreement
between
Austin Peay State University
and
Montgomery County
for space in the
Clarksville Multi-Purpose Event Center

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Lead Sheet

Existing student athletic fees will be reallocated to cover the remaining portion of the annual base rental. There is no minimum game attendance requirement. Montgomery County will be responsible for all insurance, taxes, custodial, maintenance and utility costs of the facility and will provide APSU with a \$500,000 allowance for fixtures, furniture and equipment, as well as, provide the initial buildout of the leased premises at APSU's direction at no additional cost to APSU.

Under the lease agreement, APSU would guarantee an annual minimum of 26-ticketed games for men's and women's basketball. APSU would not have the right to terminate the lease agreement for convenience.

Advertising is not required because the Lessor is a government entity.

SSC Report:



Executive Summary

EXECUTIVE SUMMARY

In 2013, Austin Peay State University (APSU) identified space issues in the Dunn Center, which houses several athletics teams along with Health and Human Performance (HHP). The men and women's basketball season coincides not only with the volleyball season but also with HHP classes scheduled on the arena floor. There is insufficient space for all three sports to practice and play and for academic use of the courts, a problem exacerbated further since the NCAA extended the amount of time players can practice.

APSU has explored two options to address the space issues in the Dunn Center. The first option is to build an additional facility for practice courts and make renovations to the Dunn Center to provide luxury suites, catering services, club seating, and enhanced concessions. The second option explored the annual costs of a thirty-year lease with Montgomery County for a shared-use sports venue in downtown Clarksville. The leased Multi-purpose Event Center (MPEC) would provide the same amenities as building an additional facility and renovating the Dunn Center. Both options would provide adequate schedule times and meet other desired University scheduling requirements.

In conjunction with the two options, we have prepared a pro-forma analysis to determine the cost of each. We utilized Turner and Associates to develop an estimate to add additional square footage for a practice facility and renovate the current Dunn Center to provide amenities comparable to the Multi-purpose Event Center. Turner and Associate's evaluation determined that the total cost necessary to add a practice court to the Dunn Center and create a suite level and concourse area to the existing arena would be \$15.7 million. Amortizing this capital investment over a thirty-year period, using a 7.50% borrowing rate would result in an annual debt service payment of \$1,355,925. In addition to this cost, the construction of the 11,859 square foot basketball practice facility would incur a maintenance, utility and custodial cost of approximately \$70,000 annually. Conversely, the maintenance, utility and custodial cost is included in the gross lease payment for the Multi-purpose Event Center.

The annual savings that would be realized by entering into this lease agreement with Montgomery County would be approximately \$425,000 during the initial five-years of the lease term. This annual savings would increase to approximately \$625,000 beginning with the sixth year of the lease and continuing through to the end of the lease.

Based on the above analysis and independent, third-party confirmation, it is in the State's best interest for the University to enter into a long-term lease agreement with Montgomery County rather than building a practice basketball facility and renovating the Dunn Center. APSU is seeking to enter into a thirty-year lease with Montgomery County, which will build and operate the MPEC. APSU will have dedicated space for the men and women's basketball offices, men and women's locker rooms, a practice basketball court, luxury suites and premium seating.

The MPEC would provide space for the men and women's basketball programs, therefore, freeing up the Dunn Center for other athletic and academic functions, programs and events. In addition, the MPEC will enhance both fan and student-athlete experience. APSU's reach would extend further into downtown Clarksville and the community, creating an extension to the University with continuous activity. This extension will increase the opportunity for generating revenue from ticket sales, concessions, premium seating, naming rights and expansion of the athletic donor base.



Justification Letter

March 6, 2020

To: Mitch Robinson, Vice President for Finance and Administration

From: Marc Brunner, Director of University Design and Construction

Justification for Unique Space—Montgomery County Multi-purpose Event Center

The Austin Peay State University (APSU) 2013 Master Plan identifies insufficient space in the Dunn Center for men and women's basketball, volleyball, and Health and Human Performance (HHP) classes, all of which seek to schedule use of the arena floor at the same time.

In order to provide adequate schedule times and to meet other desired University scheduling requirements, APSU has considered building an additional facility for practice courts and making renovations to the Dunn Center to provide luxury suites, catering services, club seating, and enhanced concessions, totaling \$1,355,925 in an annual debt service payment among other associated costs.

The second option that APSU considered includes the annual costs of a thirty-year lease with Montgomery County for a shared-use sports venue in downtown Clarksville. The leased Multi-purpose Event Center (MPEC) would provide the same amenities as building an additional facility and renovating the Dunn Center and would save the University approximately \$425,000 during the initial five-years of the lease term. This annual savings would increase to approximately \$625,000 beginning with the sixth year of the lease and continuing through to the end of the lease.

It is in the State's best interest for the University to enter into a long-term lease agreement with Montgomery County rather than building a practice basketball facility and renovating the Dunn Center. APSU is seeking to enter into a thirty-year lease with Montgomery County for the MPEC, which will provide dedicated space for the men and women's basketball offices, men and women's locker rooms, a practice basketball court, luxury suites and premium seating.

The MPEC lease would allow the Dunn Center to be free for other athletic and academic functions, programs and events. The MPEC will enhance both fan and student-athlete experience and will extend APSU's reach into downtown Clarksville, creating an extension to the University with continuous activity available to the entire community.

I have reviewed and approve this request

Mitch Robinson

Mitch Robinson
Vice President
Finance and Administration



Certification of Funds

CERTIFICATION OF FUNDS

Please be advised that Austin Peay State University has plans to provide adequate resources that are not encumbered or otherwise obligated from which to make related payments in accordance with the real property lease with Montgomery County in the amount of **one million dollars (\$1,000,000) per year for years one through five (1-5) and eight hundred thousand dollars (\$800,000) per year for years six through thirty (6-30).** Austin Peay State University will accumulate recurring funds to service the annual lease payment by fiscal year 2024.

Mitch Robinson

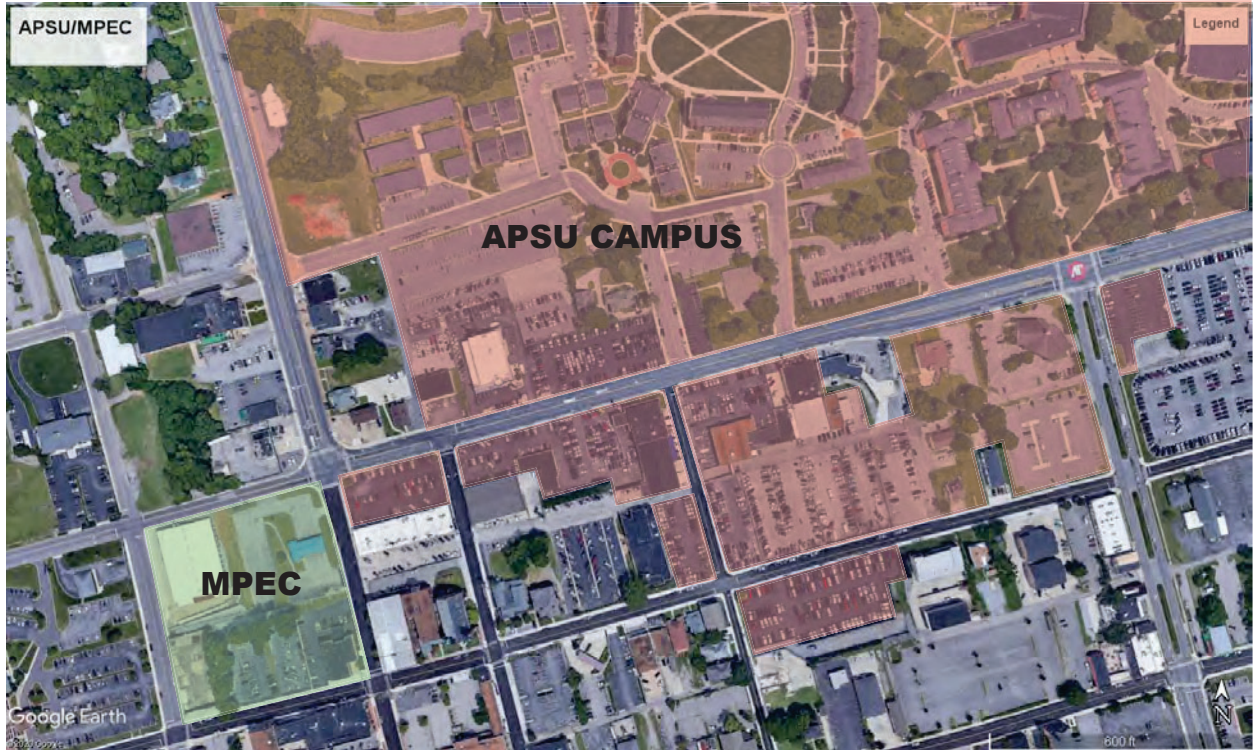
Mitch Robinson
Vice President
Finance and Administration

March 6, 2020

Date



MPEC-APSU Area Map





Compliance with SBC Policy 7.01.H

Compliance with SBC Policy 7.01.H

Austin Peay State University has insufficient space in the Dunn Center arena floor to accommodate men and women's basketball, volleyball and the Health & Human Performance academic programs within the same timeframe. The Multi-purpose Event Center in Clarksville will provide a dedicate arena, practice, training, office and support space for the basketball teams. Due to current demands on the Dunn Center and the lack of other viable alternatives to accommodate the needs of the basketball teams, APSU does not anticipate the need to terminate the Multi-Purpose Event Center lease during the term.



Proposed Lease Agreement

LEASE AGREEMENT
BETWEEN
MONTGOMERY COUNTY
AND
AUSTIN PEAY STATE UNIVERSITY

DATE: _____, 2020

LEASE AGREEMENT

THIS LEASE made as of this ____ day of _____, 2020 by and between **Montgomery County**, (hereinafter referred to as "Lessor"), and **Austin Peay State University**, (hereinafter referred to as "Lessee").

W I T N E S S E T H:

WHEREAS, Lessor is constructing the Montgomery County Multi-Purpose Event Center ("MPEC," "Premises" or the "Building"), which shall serve as a sports and entertainment multi-purpose event center. The MPEC will be located on land in downtown Clarksville at the block surrounded by Main Street, First Street, Second Street and College and will have a structure that is approximately 265,000 square feet as shown on Exhibit A. The Licensed Premises will include an arena with seating, suites and concession areas for sports and entertainment events ("Arena"). The Leased Premises will include a home team locker room, dressing area, showers, equipment space, offices, practice court and access to these areas for a basketball team, approximately 27,876 square feet on the Premises, as shown on Exhibit A ("Basketball Reserved Area"), and a locker room, dressing area, showers, equipment space, and offices in the Premises, as shown on Exhibit A ("Secondary Lessee Reserved Area").

WHEREAS, Lessor desires (i) to license the use of the Arena to Lessee for Basketball Games (the "Licensed Premises"), and (ii) to lease the Basketball Reserved Area to Lessee for the Base Term (the "Leased Premises"). Lessee desires to lease the Arena for Basketball Games and the Basketball Reserved Area for the Base Term. For avoidance of doubt, the Secondary Lessee Reserved Area is not being leased or licensed to Lessee.

WHEREAS, Lessee through Austin Peay State University operates a public institution of higher education in the vicinity of the Premises;

WHEREAS, Lessee desires to lease the Leased Premises and Licensed Premises for the design, construction, operation, and management of the Building, as more particularly depicted on Site Plan attached hereto as Exhibit A and incorporated herein by reference (the "Site Plan") in documents titled MPEC Design Development Drawing Set and MPEC Project Manual both dated April 17, 2020, all upon the terms and conditions set forth herein.

NOW THEREFORE, Subject to all the terms, provisions and conditions herein contained, Lessor hereby (i) licenses Licensed Premises for Basketball Games, and (ii) leases the Leased Premises to Lessee for the Base Term.

The following are hereby declared to be conditions of this Lease, and shall, unless otherwise expressly stated, be applicable at all times throughout the term of this Lease and any extensions thereof, and are mutually agreed upon:

1. Definitions: Capitalized terms not otherwise defined in this Agreement shall have the meaning set forth on Exhibit B.

2. Lease and License Use Term.

(a) The original term of this Agreement to License a Use and Lease (herein called the "Base Term") shall be for a term of thirty (30) years beginning on the date on which Lessee is issued a temporary or final certificate of occupancy (herein called the "Commencement Date") and ending on thirty (30) years thereafter or on such earlier date upon which the Base Term shall expire or be canceled or terminated pursuant to any of the conditions or covenants of this Lease or pursuant to law.

(b) For the purposes of this Lease, the term "Lease Year" means any twelve-month period of the Lease Term that commences on the first day of the month in which the Commencement Date occurs and every proceeding anniversary.

3. Use of Leased Premises and Licensed Premises. Subject to the terms and conditions set forth herein, Lessor grants to Lessee, for the period of the Term, the right, authority, license and privilege to use and occupy Leased Premises and certain areas of the Licensed Premises for the permitted use, and the Lessee hereby accepts such grant from Lessor, subject to, and conditioned upon the rights, duties, conditions and limitations set forth herein. The areas of the Licensed Premises shall include, as applicable, the Arena, concourses, restrooms, the Lessor-provided Suite, media room, and other public areas of the Premises that are made available for use.

(a) The Leased Premises shall be used by Lessee solely for the men's and women's basketball programs and other uses incidental thereto. Lessee shall not use the Leased Premises for any other purpose and Lessor shall not make the Leased Premises available to Lessee for any other purpose. The Licensed Premises shall be used only for Lessee's Basketball Games. In the Lessee's use of either the Leased Premises or the Licensed Premises, the Lessee shall (i) comply with all laws, ordinances and regulations of any governmental agency or entity, (ii) comply with all reasonable rules and regulations of Lessor with respect to the use of the Arena that do not conflict with any provision of this Lease, and (iii) secure any and all needed permits and licenses as may be required to comply with the same. Specifically, Lessee agrees that (i) all copyright, trademark and service mark material to be used by Lessee will be duly licensed or authorized by the copyright, Tennessee or service mark owners or their representatives, (ii) it will abide by applicable local and Tennessee laws, ordinances and regulations dealing with the control of alcoholic beverages, and (iii) if Lessee uses laser light equipment or pyrotechnics, or like features, it will be manufactured and operated in compliance with applicable federal laws and regulations, and all relevant information requested by Lessor regarding the same will be supplied to Lessor.

(b) For Basketball Games, Lessee will have priority to use the Licensed Premises for practices of Lessor's men's and women's basketball teams and visiting teams. Lessee's access shall be six (6) hours before the Basketball Game start time and ending 90 minutes after the last Basketball Game. For avoidance of doubt, Lessee will be entitled to Basketball Game revenue only ninety (90) minutes before, during, and ninety (90) minutes after the last Basketball Game and

not six (6) hours before the Basketball Game start time. This does not include any basketball-related event hosted by the Lessee outside of the ninety (90) minute window for which revenue may be derived from premium catering.

(c) Lessee will use commercially reasonable efforts to submit the final approved conference schedules for the basketball teams to Lessor on or before September 15th of each year. Lessee will submit its non-conference schedules (including any exhibition games), home and away, for the basketball teams as soon as those schedules are finalized by Lessee. Upon the finalization of both the conference and non-conference schedules, Lessor may contract for the use of the MPEC and Arena for other events provided the Licensed Premises are made available in accordance with this Section 3. Lessor will not permit any other MPEC event to preempt or materially interfere with Lessee's use of the Licensed Premises for Basketball Games.

(d) Notwithstanding the provisions in Section 3, Lessor will use commercially reasonable efforts to accommodate Lessee and the television networks, if the television networks request scheduling changes which will result in a change in the date of any Basketball Game. Lessor will use commercially reasonable efforts to accommodate Lessee if acts of God, catastrophic events, or other unforeseeable circumstances result in a change in the date of any Basketball game.

(e) Lessee agrees that the MPEC will be its exclusive collegiate basketball arena for all of its preseason and regular season men's and women's college basketball home games, which will be a minimum of twenty-six (26) ticketed Basketball Games per Lease Year for Lessee's conference, non-conference and exhibition games. For purposes of the preceding sentence, a "home game" is any regular season or exhibition game in which one of the basketball teams is designated as the "home team" for NCAA recordkeeping and/or compliance purposes, excluding any game played outside Montgomery County, Tennessee in a facility which is a neutral site for both playing teams but where one of the two playing teams nevertheless must be designated as a "home team" for such purposes. Further, Lessee agrees that the MPEC will be its exclusive collegiate basketball arena for any of its post-season men's and women's college basketball games at the Arena, if the Arena is available. By way of example, if the Arena was unable to accommodate the scheduling of a National Invitational Tournament ("NIT") game, Lessee would be permitted to play such game at the Dunn Center or other agreeable location.

(f) Lessor and Lessee may negotiate and enter into one or more separate agreements for the use of the MPEC by the Lessee for events in addition to basketball games. In any such case, the event will in all respects be subject to and governed by the provisions of a separate agreement and terms.

(g) This Lease and its terms will be subject to conditions, rules or regulation by the Ohio Valley Conference, NCAA and/or any other governing authority restricting, prohibiting or substantially altering Lessee's rights herein. Nothing in the Agreement shall prohibit Lessor or its agent to lease or license space that is not a Basketball Reserved Area to one or more tenants, lessees or licensees. Lessee represents and warrants that Lessor or its concessionaire will be permitted to sell beer, wine and other alcoholic beverages at Basketball Games.

4. Uses and Limitations.

(a) Permitted Uses. Subject to the terms and conditions otherwise set forth in this Lease Agreement, Lessee may use the Premises for the permitted use and for no other purposes.

(b) Lessee (i) shall use and occupy the Premises in accordance with all applicable Codes, the requirements of any insurance policies maintained by Lessor with respect to the Premises, and the Lessee's Insurance Requirements; and (ii) shall comply with the applicable terms and provisions of the Lease, the Arena Use, Ticketing and Revenue Sharing Agreement, MPEC's branding guidelines, and rules and regulations promulgated from time to time by Lessor in connection with operations, maintenance, security, and other matters relating to the use of the Premises.

5. Rent. During the Lease Term, Lessee agrees to pay to Lessor an annual rental for each Lease Year in the dollar amount set forth below (the amount of said annual rental being hereinafter called "Annual Base Rental":

| Year | Annual Base Rental |
|----------------------------|---------------------------------|
| Base Term, Years 1-5 | Years 1-5, \$1,000,000 per year |
| Base Term B, years 6-30 | \$800,000 per year |

The Annual Base Rental shall be payable in advance, without demand, deduction or offset (except as otherwise set forth in this Lease,) and due on the first day of October during the Lease Term. Such payments shall be made to Lessor at its principal offices as set forth in the Notice section hereof, or to such other place or places as Lessor may from time to time designate in writing to Lessee. If the Lease Term shall begin on any day except the first day of October or end on any day except the last day of September 30, a pro-rated rental, based upon a three hundred and sixty-five day year, shall be paid for that portion of the year that falls within the Lease Term. The Annual Base Rental shall also include use of the Licensed Premises for the duration specified in Section 3.

6. Annual Operating Cost. The Annual Base Rental shall cover all costs set forth below:

(a) "Annual Operating Cost," which shall mean any and all costs and expenses paid, incurred or charged by Lessor in connection with the operating, servicing and maintenance of the Building, its equipment and the adjacent walks, landscaped areas and the land upon which the same are located, during a calendar year commencing October 1 and ending September 30 (or if the Building is in operation less than a full calendar year, then annualized to a full calendar year) and shall include:

i. The amount of real estate taxes, personal property taxes, assessments, state and local taxes or any other governmental tax assessed against the Building and all improvements now or hereafter located against the Building and all improvements now or hereafter located thereon, including the adjacent walks and landscaped areas and the land upon which the Building and walks and landscaped areas are located.

ii. The reasonable expenses incurred by Lessor in contesting the validity or the amount of the assessed valuation or of any taxes for any year with respect to the Building.

iii. Insurance premiums paid by Lessor with respect to the Building, including fire or other casualty insurance, rent loss insurance, plate glass insurance and public liability insurance on the Building.

iv. Wages paid to all personnel of Lessor and amounts paid to its independent contractors for personnel whose duties are connected with the day to day or periodic operation, maintenance, repair or security of the Building, which shall include related employment taxes and fringe benefits or related expenses imposed on Lessor or its independent contractors pursuant to law.

v. The cost of electricity consumed in the operation of the Building equipment, services and facilities.

vi. The cost of heating consumed in the operation of the Building.

vii. The cost of cooling consumed in the operation of the Building.

viii. The water and sewer costs incurred in the operation of the Building.

ix. The amount expended for maintenance and operation of all elevators and heating and air conditioning equipment in the Building.

x. The amount expended for maintenance and operation of all security systems of the Building except for the Basketball Games as set forth below and on Exhibit D.

xi. The cost of purchasing or renting all materials including supplies, tools and equipment used in the maintenance, operation or repair of the Building, including all sales and excise taxes applicable thereto, and the cost of periodic maintenance and restoration of Building common areas, elevators, heating, air conditioning, electrical, plumbing and other utility and equipment systems and Building surfaces, including paint, floor and wall coverings, and nonstructural costs incurred by reason of changes in any regulations, rules, requirements, laws, codes, directives or similar pronouncements of any governmental authority with respect to the Building.

xii. The cost of cleaning and janitorial services necessary to maintain the Building in an APPA level of cleanliness at least at a level 2.

(b) Notwithstanding the foregoing or anything in this Agreement to the contrary, the revenue and expenses for Basketball Games at the Arena shall be allocated as listed in Exhibit D. In addition, Lessor or its agent shall furnish trained event staff and personnel sufficient for the first-class operation and management of the Arena for each Basketball Game (in such number and with such qualifications as reasonably required by the Lessor) including, but, not limited to, an event coordinator, security personnel, ticket takers, ushers, first aid attendants, cleaning personnel, maintenance crew and supervisors qualified to operate the Arena. Trained event staff will be provided in a reasonable manner as estimated in the gameday expenses, as set forth in Exhibit F. Ultimately, these gameday expenses will be the responsibility of Lessor, but to the extent that Lessee's Basketball Game related revenue, as set forth in Exhibit D, is collected by Lessor, Lessee's gameday expenses will be offset against such revenues.

6. Termination for Cause. The Parties may terminate this Lease at any time upon thirty (90) days' prior written notice to the other party for a material breach of the agreement or for any of the following material causes: (a) either Parties' failure to disclose any conflict or potential conflict of interest existing at the date of this Lease or hereafter created (as provided under the By-Laws, Policy and Procedure of the State Building Commission of Tennessee); (b) termination of men's and/or women's basketball programs housed in the Leased Premises; (c) loss of funding; (d) lack of funding by the appropriate Legislative Body of either Lessor or Lessee for obligations required of either under this Lease; (e) any default by either party which is not adequately remedied in accordance with Section 18 hereof; or (f) force majeure, including, but not limited to, abnormal weather, acts of God, riots, civil commotion, acts of War, unavoidable casualties, epidemics/pandemics, quarantine restrictions, or labor disputes which limit Lessor or Lessee's contract performance ability. Either Party shall provide with the notice of breach demanding termination written documentation supporting the grounds for termination.

7. Acceptance of the Premises., Lessor has agreed to provide the fixtures, some furnishings and equipment enumerated in Exhibit C prior to completion of construction. With the exception of the specifications provided in Exhibit C and Exhibit E, Lessor shall have no obligation to alter, remodel, improve, repair, decorate, or paint the Premises once construction is completed. Lessor shall, however, allocate \$500,000 within the Furniture, Fixtures, and Equipment budget (the "Allowance") to be used for furniture, fixtures and equipment selected by Lessee and installed by Lessor or its contractors prior to the Date on which Lessee receives temporary or permanent certificate of occupancy. Lessee shall provide written notice to Lessor of the items that Lessee desires be provided by the Lessor during construction of the Building. When Lessee receives temporary or permanent certificate of occupancy, by taking possession of the Leased Premises, Lessee acknowledges and agrees that it has inspected the Leased Premises and accepts it "AS IS" and "WITH ALL FAULTS." It is hereby understood and agreed that no representations respecting the condition of the Leased Premises or Building have been made by Lessor to Lessee, unless specifically set forth in this Lease.

8. Quiet Enjoyment. Lessee, upon paying rent and observing and performing all the terms, covenants and conditions on Lessee's part to be observed and performed, shall peaceably and quietly have, hold and enjoy the Leased Premises for the Lease Term and any extensions or renewals thereof.

9. Lessor Responsibilities.

a. Utilities.

i. Provided Lessee is not in default hereunder, Lessor agrees to furnish to the Premises, subject to the conditions and in accordance with the standards set forth in the Rules and Regulations attached hereto, as may be amended in writing by Lessor from time to time during the term of this Lease and delivered to Lessee, reasonable quantities, as typically provided at other similar spaces of the same quality, of electric current for normal lighting and typical machines, water for lavatory and drinking purposes, heat and air-conditioning required for the comfortable use and occupation of the Premises, and elevator service by non-attended automatic elevators. Lessee shall cooperate with any present or future government, and with any conservation practices established by Lessor. If there is any failure, stoppage or interruption thereof, Lessor shall use reasonable diligence to resume services promptly.

ii. Lessor shall at all times have free access to all mechanical installations of the Building, including but not limited to air conditioning equipment and vents, fans, ventilating and machine rooms and electrical closets.

iii. Lessor reserves the right to interrupt or suspend any such services when necessary, either because of accident or emergency or because of the necessity for repairs, alterations, replacements or improvements. Lessor shall not be liable for any damages or injuries to Lessee or others nor shall there be an abatement of rent arising from the failure by Lessor to furnish such services or from the interruption or suspension of such services and no such failure to furnish such services shall be deemed an actual or constructive eviction of Lessee, unless such interruption continues for more than seven (7) consecutive days or more than three (3) Game Days in a Lease Year. In non-emergency situations, Lessor shall give Lessee reasonable notice of any interruption or suspension of such services and Lessor shall use reasonable diligence to restore such services as soon as possible in the event of such failure, interruption or suspension. Furthermore, Lessor shall make good faith efforts to provide services for all Game Days.

10. Use of Leased and Licensed Premises. Lessee may only use the Leased and Licensed Premises in connection with Lessee's business and its primary use shall be as a basketball arena, basketball practice facility and team spaces and offices for the Lessee's basketball teams. Lessee shall not create nor allow any nuisance to exist, nor shall Lessee permit any unreasonable noise or odor to emanate from the Premises. Lessee shall not use the Premises in any manner which causes or is likely to cause injury to the Building or any equipment, facilities or systems therein or which impairs the character, reputation or appearance of the Building as a multipurpose event center or which impairs the maintenance, operation and repair of the Building or its equipment, facilities or systems.

11. Concessions. Lessor's designated exclusive food and beverage vendor will control and manage all aspects of food and beverage in the Premises, including (without limitation) all food and beverages available in the University Suite. Lessor shall retain the right to determine the service of alcohol throughout the Premises. Lessor shall use commercially reasonable efforts to negotiate preferred pricing arrangements for food and beverage service to the University Suite for all

Basketball Games. Lessee shall not re-sale any food or beverage to anyone or for any purpose. Lessee will not sell any concessions or cause outside food or drink to be brought to the Arena for Basketball Games.

12. Compliance With Laws. In the use and occupancy of the Leased Premises and Licensed Premises, Lessee shall comply with all laws and ordinances and all valid rules and regulations of the United States, the State of Tennessee, the County of Montgomery, the City of Clarksville, and any other applicable government or agency having authority.

(a) Lessor represents and warrants to Lessee that during the Lease term, the Building will comply with the provisions of the Americans with Disabilities Act (ADA) in all material respects. Lessor shall provide all life safety equipment, including but not limited to, fire extinguishers and smoke alarms, in compliance with applicable municipal building codes.

(b) Lessee shall not install, use or operate or permit to be installed, used or operated within the Premises or use or operate elsewhere in or about the building, any hazardous substance or material or any substance or material which fails to comply with any and all applicable federal, state or local laws and regulations as now or hereafter in effect. The terms "hazardous substance" or "hazardous material" include without limitation asbestos, fluids containing polychlorinated biphenyls, pesticides or other toxic substances or materials. Lessee shall permit Lessor and Lessor's agents and environmental consultants and engineers' access to the Premises for the purpose of environmental inspections during regular business hours or during other hours either by agreement of the parties or in the event of an environmental emergency. Lessee promptly will furnish Lessor with any notice that Lessee receives from any governmental authority that Lessee or the Premises are or may be in violation of applicable federal, state or local laws or regulations. This Section 11 shall survive the expiration or earlier termination of this Lease.

13. Repairs and Alterations by Lessee.

(a) Subject to the provisions herein, Lessee shall, at its expense and under Lessor's supervision, keep the improvements, fixtures, and machinery and any equipment installed by Lessee, in good order and repair. In the event that damage or disrepair to the Premises is observed by Lessee, Lessee shall give immediate notice thereof to Lessor, and Lessor shall, at its own expense, promptly repair or have repaired any damage or injury to the Premises, including without limitation the improvements, fixtures, machinery and any equipment installed therein by Lessor. Lessee shall be responsible for damage and repairs occurring in the Arena on Game Days outside of ordinary wear and tear. If, because of the nature of Lessee's use or occupancy of the Premises, or because of any governmental regulation now in effect or hereafter in effect, any addition, alteration, change repair or other work of any nature to the Premises shall be required or ordered or become necessary at any time during the Lease Term, Lessor shall promptly perform such work at Lessor's sole expense.

(b) Lessee shall make no material or structural alterations, installations, additions, or improvements in or to the Premises or the equipment therein, without Lessor's prior written consent. In the event that Lessor does give its consent to any such alterations proposed to be made by Lessee, such alterations and the materials and furnishings used therein must be in

compliance with all applicable laws, ordinances, regulations and building codes. All such work shall be done at such times and in such manner as Lessor may from time to time approve, such approval shall not be unreasonably withheld, and shall be done in full compliance with all laws, rules, regulations, and requirements of all governmental bureaus and bodies having jurisdiction thereover. All alterations (expressly excluding decorations, communications equipment, trade fixtures, furniture, equipment, or other personal property) shall, at the election of the Lessor, become the property of Lessor and shall remain upon and be surrendered with the Premises as a part thereof at the end of the Lease Term, or the prior expiration of this Lease, as the case may be. Lessor shall not be liable for any damages caused by any failure of any Building facilities or services, including but not limited to the air conditioning and ventilating equipment installed by Lessor, which failure is caused by alterations, installations, and/or additions by Lessee. Lessee shall be obligated to promptly correct any such faulty installation within a reasonable period of time after receipt of written notice, and upon Lessee's failure to correct same, Lessor may make such correction and charge Lessee for the cost thereof. Such sum due Lessor shall be deemed additional rent and shall be paid by Lessee promptly upon being billed therefor. Lessee shall keep full and accurate records of the cost of any alterations in and to the Premises made by Lessee and shall, if requested by Lessor, make the same available to Lessor for use in connection with any proceedings to review the assessed valuation of the Building. Notwithstanding the foregoing to the contrary, no Lessor consent shall be required for any Lessee alterations in the Leased Premises that do not affect the structure of the Building or any Building systems.

(c) Lessee shall have the right, on or before the termination of this Lease, to remove any personal property or trade fixtures that were purchased by Lessee and are susceptible to being removed, provided:

i. Lessee is not in default beyond applicable cure periods under any provisions of this Lease; and

ii. Lessee satisfies Lessor in advance that the Building and Premises will be repaired at Lessee's expense immediately after such removal, said repairs to be completed no later than the last day of the Lease Term.

This right of removal shall not include the right to remove any plumbing, wiring, floor covering fastened to the floor, wall covering, paneling, "built-in" or similar items and shall not include any furnishings or fixtures that were supplied or paid for by Lessor.

(d) No later than the last day of the Lease Term, Lessee shall remove all of Lessee's personal property and repair all injury done by or in connection with the installation or removal of Lessee's personal property and/or trade fixtures in accordance with the provisions of Section 12(c) above. All personal property of Lessee remaining on the Premises after the expiration of the Lease Term shall be deemed conclusively abandoned and may be removed by Lessor.

(e) In conducting any work of any nature in, on, to or about the Premises, Lessee shall use only contractors or workmen approved by Lessor (which approval shall not be unreasonably withheld), and Lessee shall promptly bond over or pay and discharge any and all

liens or other charges arising out of or in connection with the performance of any act required of or permitted Lessee hereunder, and Lessee shall keep the Premises free and clear from any and all such liens or charges and any liens and charges shall exist only against the leasehold estate of Lessee and not against the fee.

(f) In the performance of any acts required of or permitted Lessee hereunder, Lessee shall obey and comply with all lawful requirements, rules, regulations and ordinances of all legally constituted authorities existing at any time during the continuance of such performance which in any way affects the Premises by Lessee. Such compliance shall include compliance by Lessee with the requirements of the Occupational Safety and Health Act and all amendments thereto, as the same applies to Lessee's use of the Premises.

14. Maintenance and Repairs by Lessor. Lessor agrees to use commercially reasonable efforts to maintain a first-class facility. In order to keep the Building in a first-class condition, Lessor shall maintain and repair the Building and Leased and Licensed Premises and shall make necessary repairs to the foundation, exterior walls, interior load bearing and/or sheer walls, columns, roof, structural parts, common areas, elevators, heating, air conditioning, electrical, plumbing and other utility systems of the Building (exclusive of any such systems installed for the sole and exclusive benefit of Lessee), and with the Premises to fixtures appertaining to utility systems, provided such interior repairs are not caused by Lessee's negligence. Lessor shall have the right, but not the duty, to enter the Leased Premises during any reasonable hours, in order to examine the Leased Premises, or to make such repairs, at its expense, as Lessor may deem necessary for the safety of, comfortable habitation in, or preservation of, the Premises or of the Building. Lessor will maintain and repair the Building in a good and workmanlike manner and in compliance with all replacement and maintenance schedules for furniture, fixtures, and equipment within the Building, including basketball courts, as outlined in Exhibit E.

15. Liability for Alterations.

a. Except as provided in this Lease to the contrary, there shall be no liability of Lessor to Lessee by reason of inconvenience, annoyance or injury to business arising from Lessor, Lessee or others making any repairs, alterations, additions or improvements in or to any portion of the Premises or of the Building or in or to fixtures or other appurtenances thereof, or machines or equipment located therein unless such diminution or liability is caused by Lessor's gross negligence.

16. Liability and Insurance.

a. Lessor shall, at Lessor's expense, maintain fire and extended coverage insurance on Leased Premises, in an amount not less than the full replacement cost of the Building, and or comprehensive general liability insurance coverage in the sum of One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) per annual aggregate against any and all liability, loss or damage arising from any injury or damage to any person or property occurring in or about the Leased Premises or the Building resulting from Lessor's negligence or matters arising for reasons beyond Lessee's control.

b. Lessee shall insure all of its property in the Premises against damage by fire, including extended coverage, in such amount as shall be determined by Lessee, and Lessee shall maintain such insurance throughout the Lease Term.

c. Claims. Neither party shall be responsible for personal injury or property damage or loss, except that resulting from its own negligence of its employees or others for whom it is legally responsible. Any act of negligence cause by the Lessee resulting in claims, suits, actions, liabilities, costs and expenses to all persons including by not limited to guests, patrons, invitee, contractors, officers, agents and employees of Lessor, as well as damage to the property of the Premises shall be the legal liability of Lessee. In that regard, any and all claims against the State of Tennessee, including the University or its employees, for injury, damages, expenses or attorney fees shall be heard and determined by the Tennessee Claims Commission in the manner prescribed by law. Damages recoverable against the University shall be limited expressly to claims paid by the Tennessee Claims Commission pursuant to Tennessee Code Annotated Section 9-8-301, et. seq.

d. Until completion of construction of the Premises, and during any period in which material reconstruction, alteration or other material construction activity is occurring, Lessor, at is sole expense, shall maintain builder's risk insurance in an amount not less than the full insurable value of that party of the Premises that is under construction, and materials supplied in connection with the Development.

17. Plans and Improvement

a. Site Plan Approvals. Lessor represents and warrants to Lessee that Lessor will use diligent efforts to obtain, during the Approvals Period, approval of the Site Plan and conceptual design for the Premises attached hereto as Exhibit A by Lessee and any other required regulatory body. For purposes of this Lease, approval by Lessee shall mean written approval by the President of the University. Lessor warrants to Lessee that the Site Plan attached hereto as Exhibit A is a true, correct and complete copy of the Site Plan for which approval will be sought from Lessor, Lessee and any other required regulatory body and has not been amended or modified. Lessor agrees not to modify or amend the Site Plan in any material respect (including but not limited to the square footage in the Premises) without the Lessee's prior written approval, such approval not be unreasonably withheld, conditioned or delayed.

b. Plans and Specifications. Lessor, at its sole cost and expense, shall cause the preparation of plans and specifications (collectively, the "Plans") described in Exhibit A and incorporated herein by reference in documents titled MPEC Design Development Drawing Set and MPEC Project Manual both dated April 17, 2020 and covering the construction of the Premises, The Plans shall be full and complete in all material respects to the extend reasonably necessary for the construction and determination of the specific scope of the Premises and shall be stamped by Lessor's architect. Without limiting the generality of the foregoing, the Plans shall identify the basic materials for the exterior of the Premises and shall include preliminary grading and drainage plans, utilities, swear and utility services connections and locations, locations of ingress and egress to and from public thoroughfares or dedicated rights of way, curbs, gutters, parkways, street lighting, design and location for all outdoor signs, storage areas, landscaping, and parking areas, all sufficient

to enable potential contractors and subcontractors to make reasonably accurate bids and estimates and to enable Lessee to make an informed judgment about the design and quality of construction of the Premises in accordance with the Plans. Lessor shall submit the Plans for the Leased Premises (collectively, the "Leased Plans") to Lessee for Lessee's approval no later than thirty (30) days after the Signature Date, such approval not be unreasonably withheld, conditioned or delayed. After Lessor submits the Leased Plans to Lessee, Lessee will have thirty (30) days to approve or disapprove the Leased Plans, and in the event Lessee does not approve the Leased Plans, Lessee will advise Lessor in writing and in reasonable detail of Lessee's objections to the Leased Plans. Failure by Lessee to approve or disapprove the Leased Plans within such thirty (30) day period will constitute an approval by the Lessee. In the event Lessee disapproves the Leased Plans, Lessor will use diligent efforts to incorporate Lessee's reasonable objections into the Leased Plans Plans within a reasonable period after receipt of such objections and comments (except to the extent such objections and comments do not comport with Applicable Laws, good engineering practices or would in Lessor's reasonable judgement not be economically feasible), and in no event longer than thirty (30) days after receipt of such objections and comments, and resubmit the same to Lessee, who will then have thirty (30) days to approve or disapprove the revised Leased Plans (noting any objections in writing and in reasonable detail), such approval not be unreasonably withheld, conditioned or delayed. In the event Lessee does not approve the revised Leased Plans, the procedures set forth herein will be followed until such time as Lessee has approved the revised Leased Plans. Notwithstanding the foregoing, if, after good faith efforts, the Parties cannot resolve such objections and comments to the Leased Plans within one hundred and twenty (120) days after the Signature Date, then either Party may, by written notice to the other, terminate the Lease. The Leased Plans will be approved by Lessor and Lessee by affixing thereon the signature of an authorized officer of each of such respective parties and after approval shall be incorporated by reference herein as Exhibit E. In the event Lessor desires to modify or change the Leased Plans in any material respect after the same have been approved in the manner provided above, Lessor shall submit such material modifications or changes to the Lessee for review and consideration and the procedures governing approval of the Leased Plans will apply to any such modifications or changes. Any approval by Lessor or Lessee of the Leased Plans will not in any way be construed or deemed to constitute a representation or warranty of the Lessor or Lessee as to the adequacy or sufficiency of the Leased Plans or the improvements to which they relate, for any reason, purpose or condition, but such approval will merely be the consent of Lessor or Lessee as may be required hereunder.

c. Construction of Premises.

i. In the event Lessor fails to commence construction of the Premises within eighteen (18) months of the Signature Date, then Lessee may, by written notice to Lessor, terminate this Lease. For purposes of this Lease only, construction of the Premises shall be deemed commenced when physical demolition of any existing structures thereon begins or the footings and foundations for the Premises have been poured. The date on which constructions is to be commenced shall be extended on a day-for-day basis by any delay due to unforeseeable causes beyond Lessor's control and without Lessor's fault or negligence, including, but not limited to, acts of God, fires, floods, strikes, war, terrorist activity, changes in the Plans after initial approval ordered by Lessee or any governmental authority, unreasonable delays caused by Lessee or any governmental authority, and abnormal weather conditions not reasonable anticipatable, but

excluding delays caused by act or omissions of Lessor's contractors, subcontractors, materials or equipment supplier, architects or engineers, or the failure or inability of Lessor to provide sufficient capital or borrow sufficient loan proceeds to fund costs of construction.

ii. Lessor covenants and warrants to Lessee that (i) the Premises will be constructed substantially in accordance with the Plans, with such material changes to the Leased Plans as shall be approved by Lessee, which approval shall not be unreasonably withheld, conditioned or delayed, (ii) all materials and equipment furnished will be new, unless otherwise specified, (iii) the Premises will be of good quality, free from material faults and defects at completion, and (iv) the Premises will be in full compliance with all applicable laws. Without limiting the generality of the foregoing, if, within twelve (12) months after the date of the completion of the Premises, any of the Premises or any part of element thereof is found to be defective or not in accordance with the Plans in any material respect, Lessor shall correct (or cause to be corrected) the same promptly after receipt of written notice from the Lessee to do so.

18. Rules and Regulations.

a. Lessee, Lessee's agents, employees, invitees and visitors shall observe and comply with any reasonable rules and regulations as Lessor may prescribe on written notice to Lessee, for the safety, care and cleanliness of the Building, and the comfort, quietness and convenience of other occupants of the Building. Such rules and regulations may be changed or amended by Lessor in its sole judgment at any time and from time to time. Such rules and regulations shall not amend or modify the terms and conditions of this Lease, and any conflict between such rules and regulations and the provisions of this Lease shall be controlled by the provisions of this Lease.

b. Lessor shall incur no liability, and Lessee shall not be relieved of any obligation under this Lease because of any interference or disturbance of Lessee's use and occupancy of the Premises, or breach of or non-compliance with any rule or regulation, or amendment or addition thereto, by third persons, including other lessees of the Building. Lessor, however, will make reasonable efforts to protect Lessee from said interference, disturbance, breach, or non-compliance.

19. Destruction of Premises.

a. If during the Lease Term, the Building is damaged by fire or any other cause, the following provisions shall apply:

i. If restoration cannot, in Lessor's opinion, be made within sixty (60) days and Lessor nonetheless chooses to repair, then Lessee may, at its option, continue as Lessee under the Lease until such repairs are completed, during which time all rent shall abate, or Lessee may terminate the Lease.

ii. If restoration cannot, in Lessor's opinion, be made within one (1) year, Lessee shall have the right to terminate the lease.

b. If Lessee's improvements are damaged by fire or any other cause, Lessor shall pay for the cost of restoring Lessee's improvements. Such restoration shall be with reasonable promptness, subject to delays beyond Lessor's control and delays in the making of insurance adjustments by Lessor, and Lessee shall not have the right to terminate this Lease. Lessee shall restore its trade fixtures, improvements or other property of Lessee.

c. In any case in which Lessee's use of the Premises is affected by any damage to the Building or the Premises and irrespective of whether Lessor elects to terminate this Lease or restore the Building, there shall be a pro rata adjustment or abatement in rent during the period for which and to the extent the Premises are not accessible and not reasonably usable for the purposes for which they are leased based upon the square footage of the Premises which is not accessible and not reasonably usable. The words "restoration" and "restore" as used in this section shall include repairs.

d. To the extent permitted by law, Lessor and Lessee, on behalf of themselves and all parties claiming under them, hereby release and discharge each other from all loss, damage, claim or liability arising from damage to property of the other party caused by fire or other hazard ordinarily covered by fire and extended coverage insurance policies; and, notwithstanding the provisions of Sections 12, 13, and 15 hereof, in the event of such loss or damage to the Building, the Premises and/or any contents of either, each party shall obtain for each policy of such party's insurance, provisions permitting waiver of any claim against the other party for loss or damage within the scope of the insurance.

20. Defaults and Remedies.

a. Events of Default. The occurrence of any of the events described in subsections (i) through (iii), inclusive, of this Section 18(a), shall be and constitute an Event of Default under this agreement.

i. Failure by Lessee to pay in full any rental or other sum payable hereunder within thirty (30) days of the date such payment is due.

ii. Default by Lessee in the observance or performance of any of the terms, covenants, agreements or conditions contained in this Lease, other than as specified in subsection (i) of this Section 18(a), for a period of thirty (30) days, or such other reasonable period of time if cure cannot be completed within thirty (30) days, after receipt of written notice thereof from Lessor.

iii. Default by Lessor in the observance or performance of any of the terms, covenants, agreements or conditions contained in this Lease for a period of thirty (30) days, or such other reasonable period of time if cure cannot be completed within thirty (30) days, after receipt of written notice thereof from Lessee.

b. Remedies. Whenever any Event of Default shall have occurred and Lessee fails to cure the same within said cure periods, Lessor may, to the extent permitted by law, take whatever action at law may appear necessary or desirable to collect the rent and other amounts then due and thereafter to become due or to enforce performance and observance of any obligation, agreement, or covenant of Lessee under this agreement, and in connection with such actions, to recover any or all damages accruing to Lessor for Lessee's violation or breach of this Lease.

Whenever any Event of Default shall have occurred and Lessor fails to cure the same within said cure periods, Lessor may, to the extent permitted by law, take whatever action at law may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant of Lessor under this agreement, and in connection with such actions, to recover any or all damages accruing to Lessee for Lessor's violation or breach of this Lease.

Any and all claims against the State of Tennessee, including the University or its employees based upon this Agreement, shall be heard and determined by the Tennessee Claims Commission in the manner prescribed by law. Damages recoverable against the University shall be limited expressly to claims paid by the Claims Commission pursuant to T.C.A. § 9-8-301 et seq.

c. Application of Funds. If any statute or rule of law shall validly limit the amount of any final damages described in Section 18(b) to less than the amount agreed upon, Lessor shall be entitled to the maximum amount allowable under such statute or rule of law. All rents and other income derived from operation of the improvements by Lessor, to the extent such are not paid and applied by any sublessee or new lessee of the Premises, shall be applied first, to the payment and accrual of taxes; second, to the cost of operating the Premises; third, to the cost of administration and collection of rents by Lessor; and fourth, to the payment of rent due and owing Lessor hereunder. Lessee shall be liable to Lessor for the deficiency, if any, between Lessee's rent hereunder, and the amounts applied by Lessor to said rents in the manner hereby authorized.

d. No Remedy Exclusive. No remedy herein conferred upon or reserved to Lessor 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 by Lessor to exercise any right or power accruing upon any default of Lessee shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be deemed expedient. In order to entitle Lessor to exercise any remedy reserved to it in this Section 18, Lessor shall not be required to give any notice other than such notice as expressly required by this agreement.

21. Assignment and Subletting. Lessor is a Governmental Entity and the parties agree Lessor may assign, as it deems necessary, all or any part of this lease to another entity created by Lessor as allowed by any Tennessee Statutes for the management hereof. Lessee shall not assign or transfer this Lease or any part thereof, or any interest therein, or sublet the Leased Premises or

its right to use the Licensed Premises or any part thereof, without first obtaining Lessor's prior written consent.

22. Surrender and Holding Over.

a. Surrender. Lessee shall surrender the Leased Premises to Lessor at the expiration of the term hereof or any extension thereof, or upon other termination of this Lease, in as good condition as received, ordinary wear and tear and damage by fire or other insurance casualty excepted. At the termination of this Lease, Lessee agrees to return the Leased premises to the original or subsequently improved condition, ordinary wear and tear expected, and to return to Lessor all equipment and personal property of Lessor in good working condition, ordinary wear and tear expected, in each case after inspection, which inspection shall be made jointly by Lessor and Lessee. Promptly after such inspection at the termination of any occupancy, Lessee shall have the option to either (i) make any necessary repairs; or (ii) pay Lessor for any damages to the premises or to personal property, ordinary wear and tear excepted, except to the extent said damage was caused by the assigns, agents, employees, or officers of Lessor. Lessee shall have the right upon termination of this Lease to remove from the Leased Premises all moveable property which is not permanently affixed to the structure and which is owned by the Lessee, whether or not such items are deemed movable and whether or not they are permanently affixed to the structure; provided, however Lessee will give Lessor thirty (30) days' notice prior to such proposed removal of items permanently affixed to the structure, and provided further that Lessee's removal of such items shall not adversely affect the structural integrity of the Premises, in the opinion of a neutral third-party state-licensed engineer who will review such proposed removal at Lessee's expense, if the parties disagree. Lessee agrees to repair any damage caused by such removal to Lessor's reasonable satisfaction.

b. Holdover. If Lessee shall default in so surrendering the Premises, Lessee's occupancy subsequent to such expiration or termination shall be deemed to be that of a lessee at will, and in no event from month to month or from year to year, but Lessee also shall be subject to all of other terms, covenants and conditions of this Lease, and no extension or renewal of this Lease shall be deemed to have occurred by such holding over. Lessor and Lessee agree that the damage to Lessor resulting from any failure by Lessee to timely surrender possession of the Leased Premises will be substantial, will exceed the amount of the monthly installments of the Rent payable hereunder, and will be impossible to measure accurately. Lessee therefore agrees that if possession of the Leased Premises is not surrendered to Lessor upon the Expiration Date or sooner termination of the Lease, in addition to any other rights or remedies Lessor may have hereunder or at law, Lessee shall pay to Lessor, for each month and for each portion of any month during which Lessee holds over in the Premises after the Expiration Date or sooner termination of this Lease, a sum equal to one and one-half (1.5) times the aggregate of that portion of the Base Annual Rent that was payable under this Lease during the last month of the Lease Term. Nothing herein contained shall be deemed to permit Lessee to retain possession of the Leased Premises after the Expiration Date or sooner termination of the Lease. The provisions of this Section shall survive the Expiration Date or sooner termination of this Lease.

23. Broker. Lessor and Lessee agree that no broker has been involved in the negotiation or consummation of this Lease. Lessor will hold Lessee harmless against any and all claims for a brokerage commission or other compensation arising out of any discussions or negotiations with respect to this Lease.

24. Access to Premises. Lessor and its agents shall have the right to enter the Leased Premises and Licensed Premises at all reasonable times (i) to examine the Leased and Licensed Premises, (ii) to perform any obligation for which Lessor is responsible hereunder, (iii) to exhibit the Leased Premises to others, with advance notice, or (iv) for any other reasonable purpose.

25. Sale by Lessor. In the event of a sale or conveyance by Lessor of the Building, the same shall operate to release Lessor from any future liability upon any of the covenants or conditions, expressed or implied, contained in this Lease in favor of Lessee, and in such event, Lessee agrees to look solely to the responsibility of the successor in interest of Lessor in and to this Lease so long as the successor or assignee assumes all of the terms and conditions of the Lease including but not limited to the outstanding obligations of the Lessor under the Lease. This Lease shall not be affected by any such sale and Lessee agrees to transfer to the purchaser or assignee and the purchaser or assignee must agree not to disturb the Lessee's possession. If any security has been given by Lessee, Lessor shall transfer or deliver said security to Lessor's successor in interest and thereupon Lessor shall be discharged from any further liability with regard to said security.

26. Estoppel Certificates. Within ten (10) days following any written request which Lessor may make from time to time, Lessee shall execute and deliver to Lessor a sworn statement certifying (a) the date of the commencement of this Lease; (b) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications to this Lease, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (c) the date to which the rent and other sums payable under this Lease have been paid; (d) the fact that there are no current defaults under this Lease by either Lessor or Lessee except as specified in Lessee's statement. Lessor and Lessee intend that any statement delivered may be relied upon.

27. Exhibits. The exhibits referred to in this Lease and any exhibit not referred to herein but initialed by both parties hereto and attached to this Lease, shall be a part hereof as fully as if set forth in their entirety herein.

28. Other Charges. All charges (other than the improvements pursuant to Section 12) against Lessee by Lessor for work done on the Premises by order of Lessee or otherwise accruing under this Lease shall be treated as rent due hereunder for the purposes of determining whether Lessee has committed an event of default and shall be payable as such unless a specific date for payment is otherwise stated.

29. Other.

a. Additional Duties and Obligations of Lessee. In addition to its other duties and obligations hereunder, Lessee shall provide qualified team doctors, trainers and other medical staff as required by the NCAA or otherwise to attend to the medical needs of the University Team and the visiting team at all Basketball Games.

b. Lessor and Lessee represent each to the other that each has obtained all necessary approvals and authorizations from their respective Boards/governing entity for the execution of this Lease; provided further, Lessee shall not be bound by this Lease until all appropriate State officials have approved, as shown by the signatures below.

30. Notices. All notices herein provided shall be in writing and shall be deemed given when sent either by Registered or Certified Mail, Postage Prepaid, Return Receipt Requested, and deposited in the mail, or when sent by Federal Express, in either case addressed to Lessor and Lessee as follows:

LESSOR: Montgomery County

Montgomery County Mayor Jim Durrett
One Millennium Plaza
Clarksville, TN 37040

LESSEE: Alisa White
APSU President
Austin Peay State University
601 College St
Clarksville, TN 37044

Either party may change its address for purposes of notice, by written notice given in like manner at least seven (7) days before the effective date of such change of address.

31. No Waiver. No failure of Lessor to exercise any power given Lessor hereunder or to insist upon strict compliance by Lessee with its obligations hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Lessor's right to demand exact compliance with the terms of this Lease.

32. Waiver of Notice. Lessee waives any and all notices required by law, other than such notice as may be specifically required in this Lease.

33. Entire Agreement. This Lease and any addendum or exhibit now or hereafter attached hereto contain the entire agreement between parties, and all prior written verbal understandings and agreements are merged herein. This Lease may not be altered, changed or amended, except by an instrument in writing signed by both parties hereto.

34. Partial Invalidity. If any term or condition of this Lease or the application thereof to any person or event shall to any extent be invalid and unenforceable, the remainder of this Lease and the application of such term, covenant or condition to persons or events other than those to

which it is held invalid or unenforceable shall not be affected and each term, covenant and condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

35. Captions, Construction of Words. The captions in this Lease are for convenience only and are not intended to limit or amplify the terms and provisions of this Lease. Whenever the context permits or requires, words in the singular may be regarded as in the plural and vice-versa and personal pronouns may be read as masculine, feminine or neuter.

36. Lessor's Exculpatory Clause. The term "Lessor" as used in this Lease means only the fee simple owner, for the time being, of the land or property leased so that in the event of any sale or sales of such land or property, or assignment, transfer, or other conveyance of Lessor's rights under this Lease, the Lessor shall be and hereby is entirely freed from and relieved of all covenants and obligations of Lessor hereunder, and it shall be deemed and construed, without further agreement between the parties or their successors in interest, or between the parties and the purchaser at any such sale, or the successor to the Lessor by reason under this Lease, that such purchaser or successor has assumed and agreed to carry out any and all covenants and obligations of the Lessor hereunder.

If the Lessor or any successor in interest or assignee shall be an individual, joint venture, tenancy in common, firm or partnership, general or limited, or corporation, it is specifically understood and agreed that there shall be no personal liability on such individual or the members of the joint venture, tenancy in common, firm, limited or general partnership or corporation, with respect to any of the covenants or conditions of this Lease, and the Lessee shall look solely to the Lessor's equity in the fee simple estate on which the Building has been constructed for the satisfaction of the remedies of the Lessee in the event of a breach by the Lessor of any of the terms, covenants and conditions of this Lease to be performed by the Lessor, it being the intent hereof that the Lessor shall have no personal liability of any nature whatsoever.

37. Joint and Several Liability. If this Lease is executed by more than one party constituting the Lessee, all such parties shall be jointly and severally liable for the payment and performance on all obligations of the Lessee hereunder.

38. Governing Law. The Lease shall be governed by, and construed in accordance with, the laws of the State of Tennessee, which are applicable to contracts executed wholly within that state.

39. Successors and Assigns. Except as otherwise expressly provided in this Lease, the obligations of this Lease shall bind and benefit the successors and assigns of the parties hereto.

40. Records Retention. Lessor shall maintain documentation for all charges against Lessee under the Lease. The books, records and documentation of Lessor, insofar as they relate to reimbursement by Lessee for costs incurred, whether in whole or in part, shall be maintained in conformity with generally accepted accounting principles for a period of five (5) full years from the date of what amounts to the final payment under this Lease, and shall be subject to audit, at any reasonable time and upon reasonable notice by the Comptroller of the Treasury or his duly appointed representative or a licensed independent public accountant.

41. Common Areas. During the Term of the Lease, Lessor agrees that Lessee and its employees, agents, invitees and visitors shall have the exclusive right to use the Leased Premises and the non-exclusive right to use the Licensed Premises for the Basketball Games. Except for repairs, maintenance and replacements required under this Lease, Lessor shall not materially alter (or permit the material alteration of) any entrances, exits, corridors, sidewalks or hallways providing access to or from the Leased Premises. Lessor represents and warrants to Lessee that the Common Areas include all areas which are necessary for the use of the Leased Premises and Licensed Premises. As used herein, "Common Areas" means all portions of the Arena intended for the general use or benefit of Lessee, and their employees, agents, and visitors, including, without limitation, all entrances, common corridors, parking areas, loading and unloading areas, trash areas, roadways, walkways, sidewalks and driveways.

42. Other Provisions.

Game Day Revenue and Expenses. The revenue and expenses for Game Days at the Arena shall be allocated as listed in Exhibit D.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed the day and date first above written.

LESSOR:

Montgomery County

Witness: _____

By: _____

Title: _____

LESSEE:

Austin Peay State University

Witness: _____

By: _____

Title: _____

STATE OF TENNESSEE:

Approved for Form and Legality

Herbert H. Slatery III, Attorney General and Reporter

STATE OF TENNESSEE
COUNTY OF MONTGOMERY

Personally appeared before me, the undersigned Notary Public for _____ County,
_____ (Name) of _____ (Company), with whom I am
personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath,
acknowledged that he/she is the _____ (Title) of _____
(Company) and that he/she as _____ (Title), being authorized to do so, executed
the foregoing instrument for the purpose therein contained by signing the name of
_____ (Company), by himself/herself as _____ (Title).

Witness my hand and seal, at office in, this _ day of _____, 20__.

Notary Public.

My Commission Expires:

**STATE OF TENNESSEE
COUNTY OF MONTGOMERY**

Personally appeared before me, the undersigned Notary Public for _____
County, _____ (Name) of _____ (Company), with
whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who,
upon oath, acknowledged that he/she is the _____ (Title) of
_____ (Company) and that he/she as _____ (Title), being
authorized to do so, executed the foregoing instrument for the purpose therein contained by signing
the name of _____ (Company), by himself/herself as _____
(Title).

Witness my hand and seal, at office in, this _ day of _____, 20__.

Notary Public.

My Commission Expires:

EXHIBIT A
PLANS AND SPECIFICATIONS

MULTI-PURPOSE EVENT CENTER

MONTGOMERY COUNTY, TENNESSEE

1 MILLENIUM PLAZA

CLARKSVILLE, TN 37040

Design Development

APRIL 17, 2020



Food Service Consultant

S2O Consultants, Inc.
530 N. Wood, #C
Chicago, IL 60622
224.717.1999
www.s2oconsultants.net

Civil Engineer

DBS & Associates Engineering
330 N 2nd St.
Clarksville, TN 37040
931.647.6999
www.dbsengr.com

MEP, FP Engineers

Smith Seckman Reid
2955 Sidco Dr.
Nashville, TN 37204
615.383.1113
www.ssr-inc.com



Convergence Design, LLC
1600 Genessee Street, Suite 620
Kansas City, MO 64102
816.265.2123
www.convergencedesignllc.com



Associate Architect
Rufus Johnson Associates
1740 Memorial Drive, Suite #2
Clarksville, TN 37043
931.647.8301
rufusjohnsonassociates.com

Structural Engineer

Walter P. Moore and Associates, Inc.
1100 Walnut, Suite 1825
Kansas City, MO 64106
816.201.2100
www.waltermoore.com

Landscape Architect

Hawkins Partners
1900 Church Street, Suite 402
Nashville, TN 37203
615.255.5216
www.hawkinspartners.com

Operations Consultant

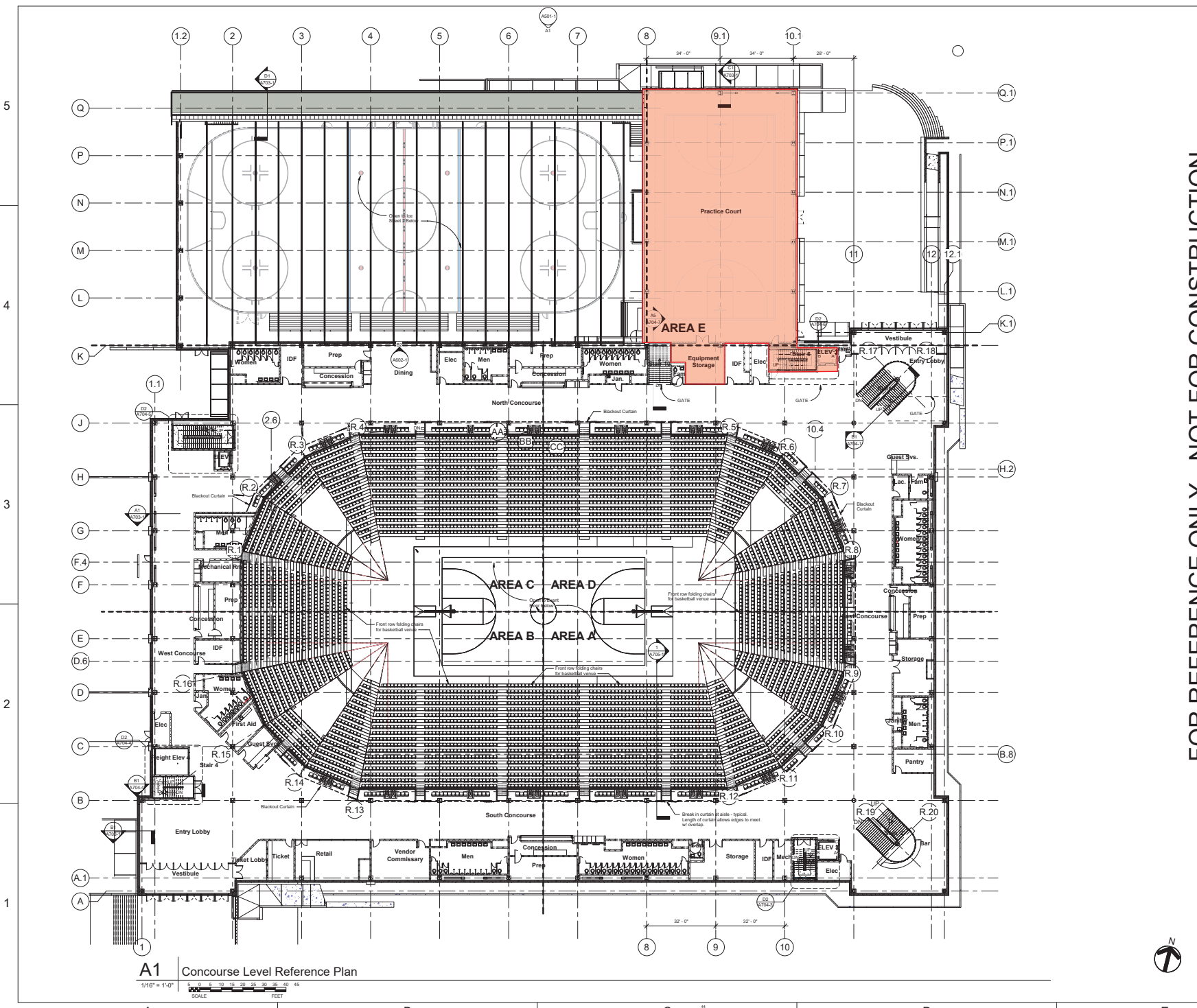
Venue Solutions Group
7105 Peach Court, Suite 108
Brentwood, TN 37027
615.418.6974
www.venuesolutionsgroup.com

MULTI-PURPOSE EVENT CENTER

Design Development

April 17, 2020

| NO. | DESCRIPTION | NO. | DESCRIPTION | NO. | DESCRIPTION | NO. | DESCRIPTION | NO. | DESCRIPTION | NO. | DESCRIPTION | NO. | DESCRIPTION | NO. | DESCRIPTION |
|-------------------|--|----------|---|--------|--|---------|--|--------|--|---------|--|----------|---|-----|-------------|
| X0-0 | Cover Sheet | | | | | | | | | | | | | | |
| X0-1 | Drawing Index | | | | | | | | | | | | | | |
| CIVIL | | | | | | | | | | | | | | | |
| C1.00 | General Site Notes | SS13 | Framing Details | A704-6 | Vertical Circulation Enlarged Plans and Sections | E000 | Electrical Legends, Index and Details | P000 | Plumbing Legends, Index & Notes | AV000 | General Notes and Legends | FS101 | Event Level Overall Reference Plan | | |
| C2.00 | Demolition Plan | SS20 | Braced Frame Typical Details | A704-7 | Vertical Circulation Enlarged Plans and Sections | E001 | Luminaire Schedule and Notes | P001 | Plumbing Schedules | AV041 | Site Plan | FS102 | Concourse Level Overall Reference Plan | | |
| C3.00 | Site Layout & Surface Materials Plan | SS21 | Brace Frame Elevations | A704-8 | Mechanical Equipment Connection Schedules | E002 | Mechanical Equipment Connection Schedules | P002 | Plumbing - Site Plan | AV090 | Audio-Video Equipment Rack Details | FS103 | Suite Level Overall Reference Plan | | |
| C4.00 | Grading & Drainage Plan | SS22 | Brace Frame Elevations | A705-1 | Bowl, Sub, Tub, Taps, and Bleacher Sections | E003 | Mechanical Equipment Connection Schedules | P100 | Plumbing Overall Plan - Lower Level | AV100 | Event Level Reference Plan | FS301 | Event Level Concession 1D11.02 & Concession 1F7.02 - Mechanical Connection Plan & Schedule | | |
| C5.00 | Erosion Control Plan - Phase I | SB01 | NE Star Tower Framing | A801-1 | Exterior Wall Details | E101 | Door Schedule | E100 | Electrical Overall Plan - Basement Level | AV102 | Concourse Level Reference Plan | FS301-1E | Equipment Plan & Schedule | | |
| C5.01 | Erosion Control Plan - Phase II | SB10 | SE Star Tower Framing | A801-2 | Room Finish Schedule | E102 | Electrical Overall Plan - Event Level | E102 | Electrical Overall Plan - Concourse Level | AV103 | Suite Level Reference Plan | FS301-1M | Event Level Concession 1D11.02 & Concession 1F7.02 - Mechanical Connection Plan & Schedule | | |
| C5.02 | Erosion Control Plan - Phase III | SB20 | Catwalk Details | A805-1 | Event Mezzanine Level Furniture Plan | E103 | Electrical Overall Plan - Suite Level | E103 | Electrical Overall Plan - Suite Level | AV104 | Catwalk Level Reference Plan | FS301-1S | Event Level Concession 1D11.02 & Concession 1F7.02 - Special Conditions Plan | | |
| C5.03 | Utility Plan | SB30 | Truss Elevations | A805-2 | Event Mezzanine Level Furniture Plan | E104 | Electrical Overall Plan - Roof | E104 | Electrical Overall Plan - Roof | AV105 | RCP - Suite Level | FS301-2 | Event Level Concession 1A02.02 & Pantry 1B4.04 - RCP - Lower Level, Mezzanine and Upper Level Entry | | |
| C7.00 | General Site Details | SB31 | Truss Elevations | D302-1 | Concourse Level Furniture Plan | EL200-F | Electrical Lighting - Lower Level - Area F | P201-A | Plumbing Plan - Event Level - Area A | AV152 | RCP - Concourse Level | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| C7.01 | General Site Details | SB32 | Truss Elevations | D303-1 | Suite Level Furniture Plan | EL201-A | Electrical Lighting - Event Level - Area A | P201-B | Plumbing Plan - Event Level - Area B | AV153 | RCP - Suite Level | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Elec Con Plan & Schedule | | |
| C7.02 | General Site Details | SB33 | Truss and High Roof Details | X3-1 | Bowl Configuration Diagrams | EL201-B | Electrical Lighting - Event Level - Area B | P201-C | Plumbing Plan - Event Level - Area C | AV201-A | Event Level Plan Area A | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| C7.03 | General Site Details | SB60 | Long Span Joist Elevations and Loading | X3-2 | Bowl Configuration Diagrams | EL201-C | Electrical Lighting - Event Level - Area C | P201-D | Plumbing Plan - Event Level - Area D | AV201-B | Event Level Plan Area B | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| C7.04 | General Site Details | ST01 | Masonry Typical Details | | | EL201-D | Electrical Lighting - Event Level - Area D | P201-E | Plumbing Plan - Event Level - Area E | AV201-C | Event Level Plan Area C | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| C7.05 | General Site Details | ST02 | Masonry Typical Details | | | EL201-E | Electrical Lighting - Event Level - Area E | P201-F | Plumbing Plan - Event Level - Area F | AV201-D | Event Level Plan Area D | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| C7.06 | General Site Details | | | | | EL201-F | Electrical Lighting - Event Level - Area F | P201-G | Plumbing Plan - Event Level - Area G | AV201-E | Event Level Plan Area E | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| LANDSCAPE | | | | | | EL202-A | Electrical Lighting - Suite Mezzanine Level - Area B,C,E | P202-A | Plumbing Plan - Concourse Level - Area A | AV202-A | Concourse Level Plan Area A | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| L1.00 | Material Plan | | | | | EL202-B | Electrical Lighting - Concourse Level - Area A | P202-B | Plumbing Plan - Concourse Level - Area B | AV202-B | Concourse Level Plan Area B | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| L4.00 | Hardscape Details | | | | | EL202-C | Electrical Lighting - Concourse Level - Area B | P202-C | Plumbing Plan - Concourse Level - Area C | AV202-C | Concourse Level Plan Area C | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| L4.01 | Hardscape Details | A100 | Lower Level and Grid Geometry | | | EL202-D | Electrical Lighting - Concourse Level - Area C | P202-D | Plumbing Plan - Concourse Level - Area D | AV202-D | Concourse Level Plan Area D | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| L4.02 | Hardscape Details | A101.5 | Event Mezzanine Level Reference Plan | M100 | Mechanical Overall Plan - Lower Level | EL202-E | Electrical Lighting - Concourse Level - Area E | P202-E | Plumbing Plan - Concourse Level - Area E | AV202-E | Concourse Level Plan Area E | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| L4.03 | Hardscape Details | A102 | Concourse Level Reference Plan | M101.5 | Mechanical Overall Plan - Event Mezzanine Level | EL202-F | Electrical Lighting - Concourse Level - Area F | P202-F | Plumbing Plan - Concourse Level - Area F | AV202-F | Concourse Level Plan Area F | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| L4.04 | Hardscape Details | A103 | Suite Level Reference Plan | M102 | Mechanical Overall Plan - Concourse Level | EL203-A | Electrical Lighting - Suite Level - Area A | P203-A | Plumbing Plan - Suite Level - Area A | AV203-A | Suite Level Plan Area A | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| L5.01 | Landscaping Details | A103.5 | Suite Mezzanine Level Reference Plan | M103 | Mechanical Overall Plan - Suite Level | EL203-B | Electrical Lighting - Suite Level - Area B | P203-B | Plumbing Plan - Suite Level - Area B | AV203-B | Suite Level Plan Area B | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| L6.00 | Irrigation Details | A104 | Roof Plan | M103.5 | Mechanical Overall Plan - Suite Mezzanine and Catwalk Level | EL203-C | Electrical Lighting - Suite Level - Area C | P203-C | Plumbing Plan - Suite Level - Area C | AV203-C | Suite Level Plan Area C | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| L6.02 | Irrigation Details | A203-F | Lower Level Plan Area F, Partition types, UL Listings | | | EL203-D | Electrical Lighting - Suite Level - Area D | P203-D | Plumbing Plan - Suite Level - Area D | AV203-D | Suite Level Plan Area D | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| STRUCTURAL | | | | | | EL203-E | Electrical Lighting - Suite Mezzanine and Catwalk Level - Area A | P203-E | Plumbing Plan - Suite Level - Area E | AV203-E | Suite Level Plan Area E | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| S001 | General Notes | A201-A | Event Level Plan Area A | M104 | Mechanical Overall Plan - Roof | EL203-F | Electrical Lighting - Suite Mezzanine and Catwalk Level - Area A | P203-F | Plumbing Plan - Suite Level - Area F | AV203-F | Suite Level Plan Area F | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| S002 | General Notes and Classes of Concrete Matrix | A201-B | Event Level Plan Area B | M200-F | Mechanical Overall Plan - Lower Level - Area F | | | | | | | | | | |
| S003 | Symbols and Notations | A201-C | Event Level Plan Area C | M201-A | Mechanical Plan - Event Level - Area A | EL203-G | Electrical Lighting - Suite Mezzanine and Catwalk Level - Area D | P203-G | Plumbing Plan - Roof - Area F | AV204-A | Catwalk Level Plan Area D | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| S004 | Concrete Cover Requirements | A201-D | Event Level Plan Area D | M201-B | Mechanical Plan - Event Level - Area B | | | | | | | | | | |
| S005 | Development Length Tables | A201-E | Event Level Plan Area E | M201-C | Mechanical Plan - Event Level - Area C | | | | | | | | | | |
| S006 | Site Load Key Plans | A201-F | Event Level Plan Area F | M201-D | Mechanical Plan - Event Level - Area D | EL204-A | Electrical Lighting - Roof - Area A | P204-A | Plumbing Plan - Roof - Area A | AV204-A | Roof Plan Area A | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| S007 | Roof and Event Mezzanine Level Key Plans | A202-A | Concourse Level Plan Area A | M201-E | Mechanical Plan - Event Level - Area E | EL204-B | Electrical Lighting - Roof - Area B | P204-B | Plumbing Plan - Roof - Area B | AV204-B | Roof Plan Area B | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| S008 | Concourse and Event Mezzanine Level Key Plans | A202-B | Concourse Level Plan Area B | M201-F | Mechanical Plan - Event Level - Area F | EL204-C | Electrical Lighting - Roof - Area C | P204-C | Plumbing Plan - Roof - Area C | AV204-C | Roof Plan Area C | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| S009 | Roof and Event Mezzanine Level Key Plans | A202-C | Concourse Level Plan Area C | M202-A | Mechanical Plan - Concourse Level - Area A | EL204-D | Electrical Lighting - Roof - Area D | P204-D | Plumbing Plan - Roof - Area D | AV204-D | Roof Plan Area D | FS301-2E | Event Level Concession 1A02.02 & Pantry 1B4.04 - Mech Con Plan & Schedule | | |
| S010 | Suite Mezzanine and Catwalk Load Key Plan | A202-D | Concourse Level Plan Area D | M202-B | Mechanical Plan - Concourse Level - Area B | EP200-F | Electrical Power - Lower Level - Area F | P200-F | Plumbing - Underground Level - Area F | AV205-A | Lower Level, Mezzanine and Upper Level Entry | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S011 | Roof Load Key Plan | A203-A | Suite Level Plan Area A | M202-C | Mechanical Plan - Concourse Level - Area C | EP201-B | Electrical Power - Event Level - Area B | P201-B | Plumbing - Underground Level - Area B | AV205-B | Roof Plan Area B | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S012 | Roof Snow Drift Plan | A203-B | Suite Level Plan Area B | M202-D | Mechanical Plan - Concourse Level - Area D | EP201-C | Electrical Power - Event Level - Area C | P201-C | Plumbing - Underground Level - Area C | AV205-C | Roof Plan Area C | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S013 | Rising Load Key Plans | A203-C | Suite Level Plan Area C | M202-E | Mechanical Plan - Concourse Level - Area E | EP201-D | Electrical Power - Event Level - Area D | P201-D | Plumbing - Underground Level - Area D | AV205-D | Roof Plan Area D | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S100 | Lower Level Reference Plan | A203-B-5 | Suite Mezzanine and Catwalk Level Plan Area B | M202-F | Mechanical Plan - Concourse Level - Area F | EP201-E | Electrical Power - Event Level - Area E | P201-E | Plumbing - Underground Level - Area E | AV205-E | Roof Plan Area E | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S101 | Event Level Reference Plan | A203-C-5 | Suite Mezzanine and Catwalk Level Plan Area C | M204-A | Mechanical Plan - Roof - Area A | EP201-F | Electrical Power - Event Level - Area F | P201-F | Plumbing - Underground Level - Area F | AV205-F | Roof Plan Area F | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S102 | Concourse Level Reference Plan | A203-D | Suite Mezzanine and Catwalk Level Plan Area D | M204-B | Mechanical Plan - Roof - Area B | EP202-A | Electrical Power - Concourse Level - Area A | P202-A | Plumbing Plan - Concourse Level - Area A | AV206-A | Concourse Level RCP Area A | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S103 | Suite Level Reference Plan | A203-D-5 | Suite Mezzanine and Catwalk Level Plan Area D | M204-C | Mechanical Plan - Roof - Area C | EP202-B | Electrical Power - Concourse Level - Area B | P202-B | Plumbing Plan - Concourse Level - Area B | AV206-B | Concourse Level RCP Area B | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S103.5 | Suite Mezzanine and Catwalk Level Reference Plan | A301-1 | Event Level Enlarged Plans | M204-D | Mechanical Plan - Roof - Area D | EP202-C | Electrical Power - Concourse Level - Area C | P202-C | Plumbing Plan - Concourse Level - Area C | AV206-C | Concourse Level RCP Area C | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S110 | Reference Plan | A301-2 | Event Level Enlarged Plans | M302 | Mechanical Enlarged Plans - Event Mezzanine and Suite Mezzanine Levels | EP202-D | Electrical Power - Concourse Level - Area D | P202-D | Plumbing Plan - Concourse Level - Area D | AV206-D | Concourse Level RCP Area D | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S114 | Acronyms Views | A301-3 | Concourse Level Enlarged Plans | M303 | Mechanical Enlarged Plans - Event Mezzanine and Suite Mezzanine Levels | EP202-E | Electrical Power - Concourse Level - Area E | P202-E | Plumbing Plan - Concourse Level - Area E | AV206-E | Concourse Level RCP Area E | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S115 | Acronyms Views | A301-4 | Suite Level Enlarged Plans | M401 | Mechanical Building Sections - Main Area | EP202-F | Electrical Power - Concourse Level - Area F | P202-F | Plumbing Plan - Concourse Level - Area F | AV206-F | Concourse Level RCP Area F | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S116 | Foundation and Retention System | A400-F | Lower Level RCP Area F, RCP Symbols, Acronyms, Notes, Ceiling Details | M402 | Mechanical Building Sections - Practice Ice | EP203-A | Electrical Power - Suite Mezzanine and Catwalk Level - Area A | P203-A | Plumbing Plan - Suite Mezzanine and Catwalk Level - Area A | AV207 | Event Level RCP Area A | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S120 | Acronyms | | | M403 | Mechanical Building Sections - Practice Ice | EP203-B | Electrical Power - Suite Mezzanine and Catwalk Level - Area B | P203-B | Plumbing Plan - Suite Mezzanine and Catwalk Level - Area B | AV208 | Event Level RCP Area B | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S121 | Retention System Overall Plan and Notes | A401-A | Event Level RCP Area A | M501 | Mechanical Details | EP203-C | Electrical Power - Suite Mezzanine and Catwalk Level - Area C | P203-C | Plumbing Plan - Suite Mezzanine and Catwalk Level - Area C | AV209 | Event Level RCP Area C | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S122 | Pile Plan and Estimated Pile Lengths | A401-C | Event Level RCP Area C | M502 | Mechanical Details | EP203-D | Electrical Power - Suite Mezzanine and Catwalk Level - Area D | P203-D | Plumbing Plan - Suite Mezzanine and Catwalk Level - Area D | AV210 | Event Level RCP Area D | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S131 | Retention System Elevations | A401-D | Event Level RCP Area D | M503 | Mechanical Details | EP203-E | Electrical Power - Suite Mezzanine and Catwalk Level - Area E | P203-E | Plumbing Plan - Suite Mezzanine and Catwalk Level - Area E | AV211 | Event Level RCP Area E | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S200-F | Lower Level Plan - Area F | A401-F | Event Level RCP Area F | M504 | Mechanical Details | EP203-F | Electrical Power - Suite Mezzanine and Catwalk Level - Area F | P203-F | Plumbing Plan - Suite Mezzanine and Catwalk Level - Area F | AV212 | Event Level RCP Area F | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S201-A | Event Level Plan - Area A | A401-G | Event Level RCP Area G | M602 | Mechanical Schematic - Chilled Water and Condenser | EP204-A | Electrical Power - Roof - Area A | P204-A | Plumbing Plan - Roof - Area A | AV213 | Event Level RCP Area G | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S201-B | Event Level Plan - Area B | A401-H | Event Level RCP Area H | M603 | Mechanical Schematic - Chilled Water Flow - Building Side | EP204-B | Electrical Power - Roof - Area B | P204-B | Plumbing Plan - Roof - Area B | AV214 | Event Level RCP Area H | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S201-C | Event Level Plan - Area C | A402-A | Concourse Level Reflected Ceiling Plan Area A | M604 | Mechanical Schematic - Chilled Water Flow - Building Side | EP204-C | Electrical Power - Roof - Area C | P204-C | Plumbing Plan - Roof - Area C | AV215 | Event Level RCP Area I | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S201-D | Event Level Plan - Area D | A402-B | Concourse Level Reflected Ceiling Plan Area B | M605 | Mechanical Schematic - Chilled Water Flow - Building Side | EP204-D | Electrical Power - Roof - Area D | P204-D | Plumbing Plan - Roof - Area D | AV216 | Event Level RCP Area J | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S201-E | Event Level Plan - Area E | A402-C | Concourse Level Reflected Ceiling Plan Area C | M606 | Mechanical Schematic - Chilled Water Flow - Building Side | EP204-E | Electrical Power - Roof - Area E | P204-E | Plumbing Plan - Roof - Area E | AV217 | Event Level RCP Area K | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S201-F | Event Level Plan - Area F | A402-D | Concourse Level Reflected Ceiling Plan Area D | M607 | Mechanical Schematic - Chilled Water Flow - Building Side | EP204-F | Electrical Power - Roof - Area F | P204-F | Plumbing Plan - Roof - Area F | AV218 | Event Level RCP Area L | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |
| S201-5-C | Event Mezzanine Plan - Area C | A402-E | Concourse Level Reflected Ceiling Plan Area E | M700 | Mechanical Controls - Network Cabling Plan | EP205-A | Auxiliary Systems - Event Level - Area A | P205-A | Auxiliary Systems - Event Level - Area A | AV219 | Event Level RCP Area M | FS302-2E | Event Level Concession 2B1.07 & Concession 2C6.02 - Mechanical Connection Plan | | |



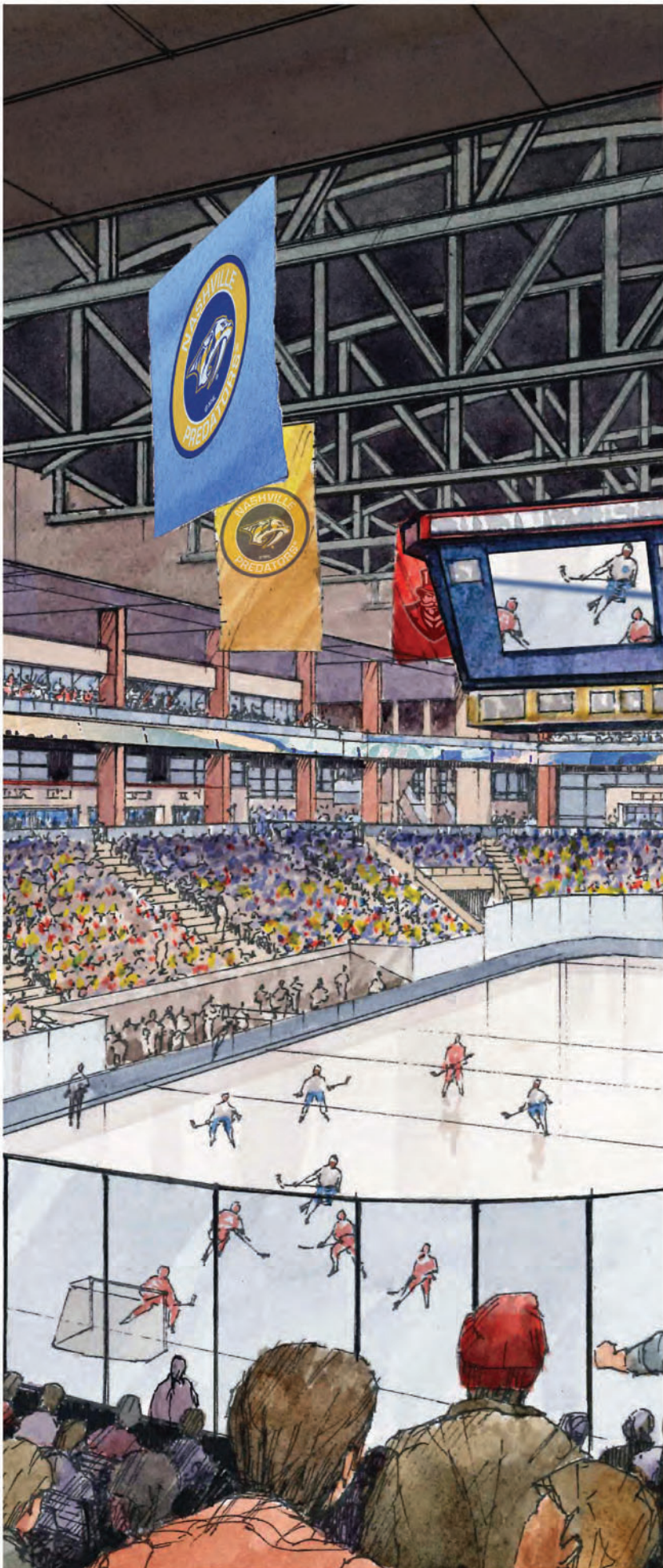
FOR REFERENCE ONLY - NOT FOR CONSTRUCTION

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 - 3.18 1/16455041428880016022755555555555555555555" REINFORCED CONCRETE
 - 3.19 1/32910082977760032045511111111111111111111" REINFORCED CONCRETE
 - 3.20 1/65820165955520064091111111111111111111111" REINFORCED CONCRETE
 - 3.21 1/131640331911040128182222222222222222222222" REINFORCED CONCRETE
 - 3.22 1/26328066382208025636444444444444444444444" REINFORCED CONCRETE
 - 3.23 1/52656132764416051271111111111111111111111" REINFORCED CONCRETE
 - 3.24 1/10531226552883210242222222222222222222222" REINFORCED CONCRETE
 - 3.25 1/21062453105766420484444444444444444444444" REINFORCED CONCRETE
 - 3.26 1/42124906211553280968888888888888888888888" REINFORCED CONCRETE
 - 3.27 1/84249812423106561937777777777777777777777" REINFORCED CONCRETE
 - 3.28 1/16849962446213273875555555555555555555555" REINFORCED CONCRETE
 - 3.29 1/33699924892426547751111111111111111111111" REINFORCED CONCRETE
 - 3.30 1/67399849784853095502222222222222222222222" REINFORCED CONCRETE
 - 3.31 1/13479969956970619004444444444444444444444" REINFORCED CONCRETE
 - 3.32 1/26959939913941238008888888888888888888888" REINFORCED CONCRETE
 - 3.33 1/53919879827882476017777777777777777777777" REINFORCED CONCRETE
 - 3.34 1/10783975965576495203555555555555555555555" REINFORCED CONCRETE
 - 3.35 1/21567951931152990407111111111111111111111" REINFORCED CONCRETE
 - 3.36 1/43135903862305980814222222222222222222222" REINFORCED CONCRETE
 - 3.37 1/86271807724611961628444444444444444444444" REINFORCED CONCRETE
 - 3.38 1/17254361544923923256888888888888888888888" REINFORCED CONCRETE
 - 3.39 1/34508723089847846513777777777777777777777" REINFORCED CONCRETE
 - 3.40 1/69017446179695693027555555555555555555555" REINFORCED CONCRETE
 - 3.41 1/13803489239391338055111111111111111111111" REINFORCED CONCRETE
 - 3.42 1/27606978478782676011111111111111111111111" REINFORCED CONCRETE
 - 3.43 1/5521395695756535202222222222222222222222" REINFORCED CONCRETE</

| Room Finish Schedule | | | | | | | | | |
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| Room # | Room Name | Ceiling | Wall Finish | N | E | W | Base Floor | Comments | |
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| Room Finish Schedule | | | | | | | | | |
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| Room # | Room Name | Ceiling | Wall Finish | N | E | W | Base Floor | Comments | |
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| Room Finish Schedule | | | | | | | | | |
|----------------------|-----------|---------|-------------|---|---|---|------------|----------|--|
| Room # | Room Name | Ceiling | Wall Finish | N | E | W | Base Floor | Comments | |
| 301 | 301 | | | | | | | | |
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| 324 | 324 | | | | | | | | |
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| 326 | | | | | | | | | |



PROJECT MANUAL

VOLUME ONE: SPECIFICATIONS



MONTGOMERY COUNTY

TENNESSEE

MULTIPURPOSE EVENT CENTER

DESIGN DEVELOPMENT

17 APRIL 2020

architect

CONVERGENCE

DESIGN

in association with



RUFUS JOHNSON ASSOCIATES
architecture + planning + interiors + sustainability

construction manager

SKANSKA

project manager

COMMONWEALTH
DEVELOPMENT GROUP, INC.



PROJECT MANUAL VOLUME ONE

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NO SCOPE

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SECTION 032000 – CONCRETE REINFORCING

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SECTION 033518 – POLISHED CONCRETE FLOOR FINISHING

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SECTION 055000 – METAL FABRICATIONS

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SECTION 232113 – HVAC PIPING

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SECTION 260583 – WIRING CONNECTIONS
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SECTION 262100 – LOW-VOLTAGE ELECTRICAL SERVICE ENTRANCE
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SECTION 262726 – WIRING DEVICES
SECTION 262813 – FUSES

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SECTION 262816.16 – ENCLOSED SWITCHES

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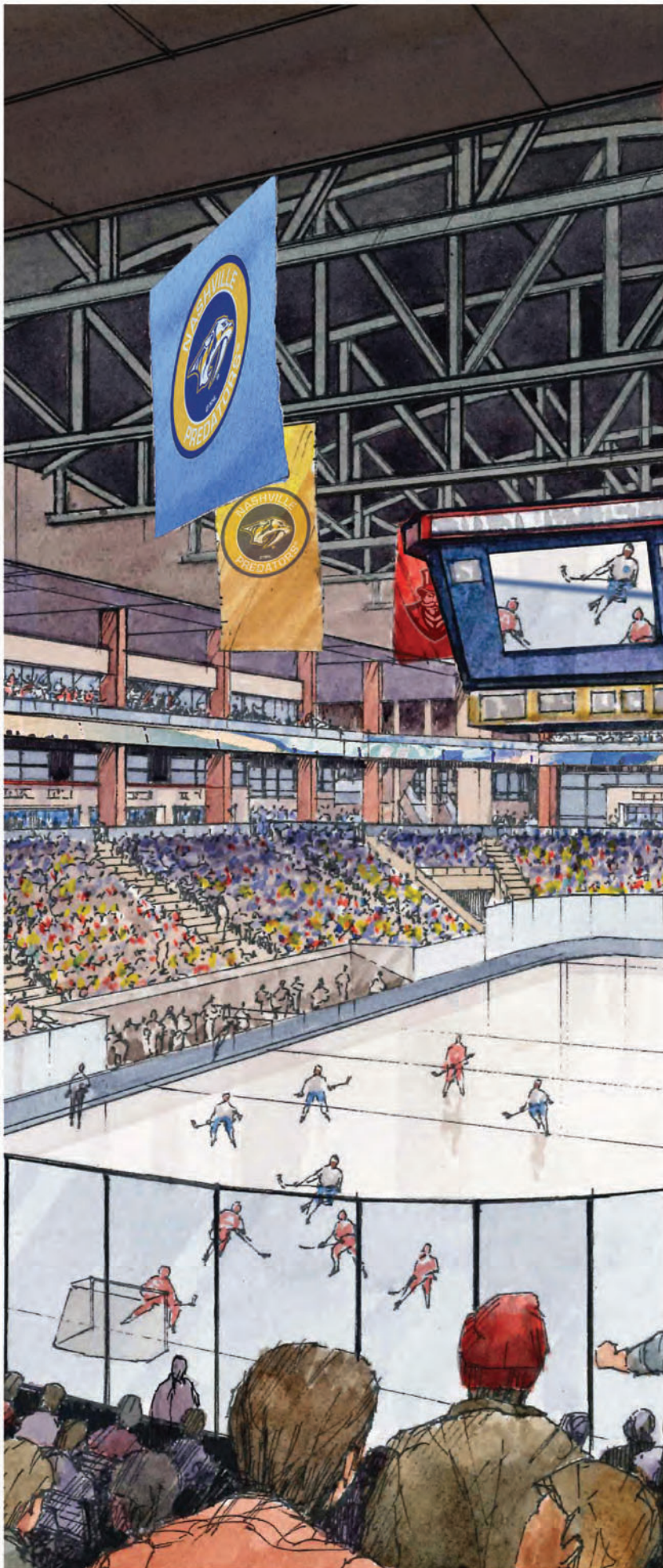
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PROJECT MANUAL

VOLUME TWO: GRAPHICS & FOOD SERVICE DATA SHEETS



MONTGOMERY COUNTY

T E N N E S S E E

MULTIPURPOSE EVENT CENTER

DESIGN DEVELOPMENT

17 APRIL 2020

architect

CONVERGENCE

DESIGN

in association with



RUFUS JOHNSON ASSOCIATES
architecture + planning + interiors + sustainability

construction manager

SKANSKA

project manager

COMMONWEALTH
DEVELOPMENT GROUP, INC.



PROJECT MANUAL VOLUME TWO

GRAPHICS AND FOOD SERVICE DATA SHEETS

GRAPHICS

FOOD SERVICE DATA SHEETS

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EXHIBIT B DEFINITIONS

“Annual Base Rental” means the annual rent that Lessee agrees to pay Lessor each Lease Year of the Base Term which shall be \$1,000,000 US Dollars per year for Lease Years 1 through 5 and \$800,000 US Dollars for Lease Years 6 through 30.

“Arena” means any and all areas of the Premises excluding the Basketball Reserved Area and the Secondary Lessee Reserved Area, but including the outdoor plaza area, the Arena Bowl and Arena Seating.

“Arena Bowl” means all parts of the interior of the Arena from which the basketball playing surface of the Arena is visible.

“Arena Seating” means the Non-Premium Seating and the Premium Seating.

“Arena Signage” means any space, board or other object located inside, outside, on or about the Arena that is or can be inscribed with words, characters or other information, whether such space, board or object is fixed or mobile, permanent or temporary, or electronic or otherwise. Without limitation of the foregoing, Signage shall include external LED marquees and/or videoboards, LED displays on the internal videoboards, any other interior signs or displays, exterior signs, fixed panels on the main scoreboard, auxiliary scoreboard signage, LED ring signage and electronic ribbon-board fascia, DLP signage, and any other signage in, on or about the Arena facade, tunnels, concourse, restaurant and concession areas, lobby, facility entries/exits, restrooms, portal entry/exits into seating, and concourse displays (including, but not limited to, displays of products such as automobile and truck displays). Signage will also include any enhancements, replacements and/or new technology related to the foregoing, whether currently existing or hereinafter created. For avoidance of doubt, Arena Signage is all signage on the Premises except Basketball Specific Signage.

“Arena Sponsorship” means any agreement or arrangement between Lessor and a sponsor to provide recognition to the Sponsor during any event on the Premises, except Basketball Specific Sponsorship. Arena Sponsorship includes, but is not limited to, Naming Rights and Branding Rights.

“Basketball Game” means 90 minutes before, during, and 90 minutes after any pre-season, regular, or post season basketball game (including exhibition games) played in the Arena by either the Lessee’s men’s or women’s basketball. Basketball Game does not include a NCAA Event.

“Basketball Games” shall mean collectively every Basketball Game played at the Arena during the Base Term.

“Basketball Reserved Area” means the home team locker room, dressing area, showers, equipment space, offices, practice court and access to these areas for a basketball team, approximately 27,000 square feet on the Premises, as shown on Exhibit A.

“Basketball Specific Signage” shall mean space, board or other object located inside, outside, on or about the Arena that is or can be inscribed with words, characters or other information, that is sold, leased or licensed by Lessee or its agent to one or more sponsors for use only during a Basketball Game or in a Basketball Reserved Area. Basketball Specific Signage shall include, but shall not be limited to, any and all courtside signage (including, but not limited to, scorer's table, press row side, and baseline signage), basketball goal post padding, shot clock advertising panels, playing surface logos), basketball court and end lines, team entry cover signage, LED ring signage and electronic ribbon board fascia signage, seats on the bench(es), concourse product activations and any other signage agreed upon by Lessor and Lessee. Basketball Specific Signage does not include, and shall not cover, any Permanent Signage or concession point of sale or kiosks. For avoidance of doubt, Lessee is entitled to receive revenue related to Basketball Specific Signage for only the period of time it is displayed during a Basketball Game or in a Basketball Reserved Area. All Basketball Specific Signage rights are subject and subordinate to the Naming Rights and Pouring Rights agreements.

“Basketball Specific Sponsorship” means any agreement or arrangement between Lessee and a sponsor to provide recognition to the Sponsor during a Basketball Game, such as the use or acknowledgement or display of the sponsor's name or logo or products in a half-time Basketball Game show or product giveaway, or any other form or manner of use or acknowledgement or display that does not constitute Basketball Specific Signage. All Basketball Specific Sponsorship rights are subject to and subordinate to the Naming Rights agreement.

“Branding Rights” means the Lessor’s or its agent’s exclusive right to designate the brands and products sold at the Arena, except as otherwise herein provided.

“Capital Improvements Fee” or “CIF Fee” means a capital improvement fee which Lessor shall be entitled to receive and charge for admissions to all events at the Arena, including Basketball Games, unless otherwise expressly provided herein.

“Commencement Date” means the date on which Lessee is issued either a temporary or permanent certificate of occupancy which shall be the beginning date of the Base Term.

“Concession and Catering Sales” means the sales from food, drink and alcohol sales at all concession stands throughout the Arena, catering provided to the Private Suites and the Party Suite, catering to donor rooms, teams or participants, and all payments received by Lessor from any restaurant(s) located within the Arena and operated by Lessor or its agent at Basketball Games.

“Lease Year” means the twelve-month period beginning on July 1 and ending on June 30 and each successive twelve-month period thereafter during the Base Term; provided however, the first Lease Year shall begin on the Commencement Date and end on June 30.

“Lessee” means Austin Peay State University acting by or through its duly authorized agent.

“Lessor” means Montgomery County, Tennessee or its duly authorized agent.

“Naming Rights” shall mean any rights sold, leased or licensed by Lessor or its agent to one or

more sponsors relating to the name of the Arena or the name of any part of the Arena. For the avoidance of doubt, Lessor's right to this area shall extend to the adjacent areas. The Naming Rights sponsor shall have priority over any Basketball Specific Signage or Basketball Specific Sponsorship.

“NCAA” means National Collegiate Athletic Association.

“NCAA Event” means any athletic event in the Arena that is part of a postseason competition controlled, directed and supervised by the NCAA for the purpose of determining an NCAA national champion or an NCAA division champion for any sport.

“Non-Premium Seating” means seating within the Arena Bowl when configured for a Basketball Game (without press or standing room only filled) in seats that are not Premium Seating. Non-Premium Seating does not include Side-Court VIP Seating or seats within or for the Private Suites or within or for the Party Suite.

“Party” or “Parties” means Lessor and Lessee may be referred to individually as a “Party,” and collectively as the “Parties.”

“Party Suite” means the large endzone suite within the Arena. The Party Suite is not included within the Private Suites.

“Permanent Signage” means any signage that is constructed of durable materials, is affixed to any part of the Arena, and is expected to remain in place continuously for an indefinite period of time. Permanent Signage does not include the motion graphics on the LED ring signage, the electronic ribbon boards a jumbotron or the like.

“Premises” means the Lessor's arena, outdoor plaza, buildings, structures, appurtenances and other improvements now or hereafter located on the land that is located in downtown Clarksville at the block surrounded by Main Street, First Street, Second Street and College which shall serve as a sports and entertainment multi-purpose event center.

“Premium Seating” means the Party Suite, Private Suites and Side-Court VIP Seating. Lessor has the right to the to market, sell and promote the Party Suite and Private Suites for all events at the Arena, including Basketball Games. Lessor has the right to market, sell and promote the Side-Court VIP Seating for Basketball Games.

“Private Suite” means each of the private suites within the Arena, the areas and locations of which are indicated on Exhibit A. The Private Suites do not include the Party Suite.

“Secondary Lessee Reserved Area” means the locker room, dressing area, showers, equipment space, and offices on the Premises, as shown on Exhibit A. For avoidance of doubt, the Secondary Reserved Area is not being leased or licensed to Lessee.

“Side-Court VIP Seating” Lessee may place temporary VIP seating on the sides of the basketball court (“Side-Court VIP Seating”) during Basketball Games.

“Seat Use Charge Fee” or “SUC Fee” means a ticket surcharge fee which Lessor shall be entitled to receive and charge for admissions to all events at the Arena, including Basketball Games, unless otherwise expressly provided herein.

**EXHIBIT C
FURNITURE, FIXTURES, AND EQUIPMENT**

Lessor agrees to provide the following one-time furniture, fixtures and equipment, as listed below, and shall allocate a one-time \$500,000.00 allowance for any additional furniture, fixtures and equipment.

| MPEC Check List of Proposed FF&E Items | DRAFT |
|--|--------------|
| As of: 1.24.2020 | |
| Main APSU basketball court – Skanska | \$447,500 |
| APSU practice court – Skanska | \$125,970 |
| Hockey dasher boards – Skanska | \$1,279,013 |
| Related hockey equipment – MPEC | |
| Permeant arena seating – Skanska | \$370,000 |
| Retractable seating – Skanska | \$374,000 |
| Basketball equipment (backboards/goals) main court – Skanska | \$44,000 |
| Basketball equipment (backboards/goals) practice – Skanska | \$210,000 |
| Food service/kitchen equipment/coolers and freezers – MPEC | |
| Score boards (B-ball main arena, practice court and second ice) – MPEC | |
| Divider curtain, arena – Skanska | \$240,000 |
| Blackout curtains at concourse level – Skanska | \$87,500 |
| Signage (exterior and building) – MPEC | |
| Signage (interior, life safety) – Skanska | \$150,000 |
| Sports & Theatrical lighting – Skanska | \$1,700,000 |
| Low voltage systems (raceways – Skanska) – MPEC | |
| Tele Comm - (raceways – Skanska) – MPEC | |
| Furniture (chairs and tables) for restaurants, bars, suites, concert floor – MPEC | |
| TV's and CCTV (for restaurants, bars and suites) - MPEC | |
| Teams / concourse graphics (painted) – MPEC | |
| X-ray equipment – MPEC | |
| Hydrotherapy pools – Skanska | \$130,000 |
| Illuminated ribbon boards at Suite level fascia – MPEC | |
| Zamboni(s)- MPEC | |
| Consumable toilet accessories (toilet paper, paper towels, soap dispensers) – MPEC | |
| Office furniture / cubicles – MPEC | |
| Soda and beverage equipment – MPEC | |
| Window Shades (interior office areas) – Skanska | \$45,000 |
| POS (point of sale) – MPEC | |
| Audio and visual equipment – Skanska | \$971,136 |
| Arena Broadcast, Audio & Video cabling – MPEC | \$800,000 |
| Secondary Ice Audio & Video Allowance – Skanska | \$50,000 |
| Practice Basketball Court Audio & Video Allowance – Skanska | \$50,000 |
| Performance Stage – Skanska | \$75,000 |

MPEC FF&E Base Building Items**DRAFT**

As of: 1.24.2020

APSU Items

| | |
|--|-----------|
| Main APSU basketball court – Skanska | \$447,500 |
| APSU practice court – Skanska | \$125,970 |
| Practice Basketball Court Audio & Video Allowance – Skanska | \$50,000 |
| Arena Broadcast, Audio & Video cabling – Skanska | \$800,000 |
| Hydrotherapy pools – Skanska | \$130,000 |
| Basketball equipment (backboards/goals) main court – Skanska | \$44,000 |
| Basketball equipment (backboards/goals) practice – Skanska | \$210,000 |
| X-Ray Equipment (not yet priced) | - |

APSU TOTAL**\$1,807,470****Joint Use Items**

| | |
|---|-------------|
| Permeant arena seating – Skanska | \$370,000 |
| Retractable seating – Skanska | \$374,000 |
| Divider curtain, arena – Skanska | \$240,000 |
| Blackout curtains at concourse level – Skanska | \$87,500 |
| Signage (interior, life safety) – Skanska | \$150,000 |
| Sport & Theatrical lighting – Skanska | \$1,700,000 |
| Window Shades (interior office areas) – Skanska | \$45,000 |
| Audio and visual equipment – Skanska | \$971,136 |
| Secondary Ice Audio & Video Allowance – Skanska | \$50,000 |
| Performance Stage – Skanska | \$75,000 |

Joint Use Total**\$4,062,636**

Those line items assigned to “MPEC” are included within the overall MPEC budget. Those line items assigned to “Skanska” are included within the construction budget.

MPEC FF&E Checklist for Mechanical, Electrical, Plumbing & Technology rough-in only

DRAFT

| Room | Room # | Equipment | Quantity | Model # | Power Requirement | Plumbing Requirement | Technology Requirement | Mechanical Requirement | Notes |
|------------------------------|--------|---------------------------|----------|---|-------------------|-----------------------------------|------------------------|------------------------|---|
| Practice Court | 2010 | Scoreboard | 2 | TBD | 120V recep | | A/V Connection | | |
| | | | 2 | TBD | 120V recep | | A/V Connection | | |
| Laundry | 1020 | Washer | 1 | TBD | 120V GFI | 2" Drain W/ H&C Water Supply | | | residential style |
| | | Dryer | 1 | TBD | 30A Recep | | | | residential style |
| Toilet | 1041 | Blow Dryers | Multiple | Various | 120V GFI | | | | Need extra stations for blow dryers |
| | | Hydro-bath | 2 | | 120V GFI | | | | Need spec. |
| | | Ice Machine | 1 | https://www.manitowocice.com/Product/fam_fwsdee/RNF0320A-Nugget-Ice-Machine---Chewable-Ice | | (2) Cold Water supplies, w/ drain | | | Need cold water cooled unit. |
| | | Manitowoc - small ice bin | | See link above, scroll to bottom, select accessories. I cannot access the actual bin in the link, however, I believe this is the accurate bin. | | | | | |
| | | Hydrocollator | 1 | https://www.djoglobal.com/products/chattanooga/hydrocollator-m-2-mobile-heating-unit | 120V GFI | Cold Water supply w/ drain | | | Need spec. |
| | | Electric Split Leg | 1 | https://www.proteamtables.com/a9718.html | 120V Duplex | | | | |
| Training | 1043 | Taping table - 2 seat | 1 | https://www.proteamtables.com/modular-taping-stations.html | 120V Duplex | | | | power needed along wall |
| | | Taping table - 3 seat | 1 | same link as above, click arrows to go thru examples | 120V Duplex | | | | power needed along wall |
| | | Refrigerator | 1 | | 120V Duplex | | | | |
| | | ColdTub - Icebox | 1 | https://www.coldtub.com/models/the-icebox/ | | | | | Checking to see if both are needed |
| | | Icepod plus | 1 | https://www.coldtub.com/models/icepod-plus/ | | | | | |
| | | Dishwasher | 1 | | 120V Duplex | Drain & Water supply | | | residential style |
| | | Ultrasound | 1 | | 120V Duplex | | | | |
| Skate Rental | 1015 | Skate Sharpener | | | 120V Duplex | N/A | | | |
| Zamboni | 1003 | Zamboni | 2 | | TBD | Ceiling Hung Water hose | | | If Electric and not Propane |
| Ice Sheet #2 | 1001 | Scoreboard | 2 | | TBD | | A/V Connection | | |
| Women's Basketball Locker Rm | 1004 | Game Clock | 1 | | 120V Duplex | N/A | | | |
| Men's Basketball Locker Rm | 1060 | Game Clock | 1 | | 120V Duplex | N/A | | | |
| Lounge | 1040 | Refrigerator | 1 | | 120V Duplex | N/A | | | |
| | | Microwave | 1 | | 120V Duplex | N/A | | | |
| Lounge | 1027 | Refrigerator | 1 | | 120V Duplex | N/A | | | |
| | | Microwave | 1 | | 120V Duplex | N/A | | | |
| Video Conference Rm | 1034 | Projector/Monitor | 1 | | 120V Duplex | N/A | | | |
| Video Conference Rm | 1027 | Projector/Monitor | 1 | | 120V Duplex | N/A | | | |
| Maintenance & Operations | 1004 | Tools | | Various | 120V Duplex | N/A | | | Need multiple recepts for operations hand toolschargers |
| DAS | 1075 | Cell DAS | | | TBD | N/A | | | Coordinating with Operator |

* Food services/Concessions to be coordinated with operator/concessionaire & S20.

** Equipment list will continue to be refined throughout the design process

EXHIBIT D
TICKETING AND REVENUE SHARING AGREEMENT

1. Lessor shall be entitled to charge and to receive the revenue from a capital improvements fee (the “Capital Improvements Fee” or “CIF Fee”) and a ticket surcharge (the “Seat Use Charge Fee” or “SUC Fee”) for admissions to all events at the Arena, including Basketball Games.

2. Lessor or its agent shall have the right to promote, market, sell and distribute tickets to Basketball Games. Lessee will receive all ticket revenue from Basketball Games at the Arena for Non-Premium Seating and Side-Court VIP Seating which shall be calculated as ticket sales from Basketball Games less the CIF Fee and SUC Fee and applicable taxes. Lessor shall be responsible for paying all costs and expenses related to the above-mentioned ticket sales, including, but not limited to staffing of the Arena, services at the box office, cost and expense of promoting and selling tickets, costs of marketing and promoting, costs of credit and debit card fees and expenses arising and in connection with the sale of Basketball Games, including those of the ticketing service provider. For avoidance of doubt, Lessor is responsible for paying all costs and expenses related to staffing of the Arena for Basketball Games whether or not they are incurred during Lessee’s access to the Arena, *i.e.* ninety (90) minutes before and ninety (90) minutes after a Basketball Game. Notwithstanding the foregoing, to the extent that Lessee’s Basketball Game related revenue as set forth on this Exhibit D is collected by Lessor, Lessee’s reasonable gameday expenses will be offset against such revenues generated from the Basketball Games. Lessee shall be required to use the ticketing service provider selected by Lessor or its agent.

3. Lessee shall be permitted to utilize seven-hundred and fifty (750) complimentary tickets for each Basketball Game at the Arena to be used exclusively for tickets for faculty, students and players’ guests (“Lessee Comp Tickets”) for which Lessor will not charge or collect the CIF Fee and the SUC Fee, subject to the applicable legislation or governance establishing such fees permitting waiver. These Lessee Comp Tickets shall include Lessee’s non-player students participating in Basketball Games including, but not limited to cheerleaders, the dance team, the band, and the mascot. In the event that Lessee needs faculty, student tickets and players’ guests’ tickets in excess of the seven hundred and fifty (750) tickets, Lessee will pay any CIF Fee and SUC Fee to Lessor for any additional complimentary tickets, if applicable.

4. Suite. Lessor or its agent will have the sole and absolute control and right to market, promote and sell Party Suite and Private Suites, including for Basketball Games. Lessor will provide Lessee complimentary use of one (1) Private Suite (“University Suite”), to be selected by Lessor, for the Basketball Games at Arena. All costs associated with the use of the complimentary Suite (including food and beverage) will be paid by the Lessee. To the extent a license agreement for the use of a Party Suite or Private Suite includes Basketball Games (*i.e.* sold as part of a package with non-Basketball Game Event inventory), Lessee will receive a pro-rated amount of the overall suite package net revenue, corresponding to the applicable Basketball Game included in the package.

a. Suite Tickets. Lessee will receive the full allotment (number based on the suite capacity) of tickets to the University Suite for each Basketball Game in the Arena at no cost to the Lessee.

b. Alterations. Lessor acknowledges that all furniture, fixtures, equipment and personal property in the Suite as of the date of the Lessor's first entry into the Suite are the property of Lessor and shall not be removed from the Suite at any time. Lessee shall not make any improvements or alterations to the interior or exterior of the Suite without prior written consent of Lessor, which consent may be conditioned or withheld in Lessor's sole and absolute discretion. Any such improvements or alterations permitted by Lessor shall be made at Lessee's sole cost and expense and must comply with the laws, ordinances, rules and regulations of all applicable governmental authorities. Any alterations or improvements shall become the property of Lessor and shall remain in the Suite after termination of this Lease unless Lessor indicates otherwise in its written consent. If Lessor requires in such written consent that such alterations or improvements be removed upon termination of this Lease, Lessee shall reimburse Lessor for the costs and expenses of removal and repair of any damage to the Suite as a result of such removal. The obligations of Lessee set forth in the previous sentence shall survive any expiration or termination of this Lease. Lessor shall have the right to periodically redecorate or renovate the Suite and Lessee shall not be entitled to any reduction or abatement of the Base Rental Fee or other amounts payable hereunder as a result thereof.

c. Décor. Lessor intends to maintain certain basic color and design schemes in the suites to ensure uniform aesthetics. With Lessor's prior written approval, not to be unreasonably withheld, Lessor may supply articles of appointment for the Suite such as pictures, a University logo or insignia reasonable in size and in good taste, as determined by Lessor and Lessee shall be responsible for removing all such property prior to the expiration of the Term or earlier termination of this Lease.

d. Return of Premises. Upon the expiration of the Term or any earlier termination of this Lease, Lessee shall vacate the Suite and deliver possession of the Suite to Lessor in the same condition as on the date of Lessee first entry (subject to the terms and conditions of Lessor's written consent as described in Section 4(b) above), excluding normal wear and tear, as reasonably determined by Lessor.

e. Access by Lessor and Others. Lessor, for itself and its officers, agents, employees and representatives reserve the right to access the Suite to such extent as Lessor deems necessary or appropriate for the proper performance of the duties and obligations required or contemplated to be performed by Lessor under this lease, and for ensuring compliance with this Lease and any Arena rules and regulations. The caterer and its officers, agents, employees and representatives shall be entitled to have access to the Suite on such occasions and to such extent as Lessor, in its discretion, shall deem necessary or appropriate for the proper performance of the duties and obligations required or contemplated to be performed by the caterer hereunder.

f. Assignment. The use of the Suite and the Suite tickets shall be solely and exclusively for the use, enjoyment, and entertainment of Lessee. Lessee shall not assign, sell, sublet, mortgage, transfer, or otherwise alienate or encumber the use of the Suite and Suite tickets.

5. Lessor or its designated agent shall have the exclusive right and control to provide or to hire catering and concession service for the Arena (including, without limitation, the Private Suites and the Party Suite) at all times during the Term. Lessee shall buy all food and beverage items used in the Basketball Reserved Area from Lessor's then approved caterers, if any, or the concessionaire. Lessor will pay to Lessee the greater of fifty percent (50%) of anything paid to Lessor, less applicable taxes, from Concession and Catering Sales (defined below) at all Basketball Games or twenty-five percent (25%) of gross sales, less applicable taxes, from Concession and Catering Sales (defined below) at all Basketball Games. Lessee will not sell any concessions or cause outside food or drink to be brought to the Arena for Basketball Games.

6. Notwithstanding any existing exclusivity contracts that Lessee is currently obligated to abide by, Lessee shall abide by food and beverage exclusivity contracts entered into by the Lessor.

7. Lessee shall have the right to sell Lessor-branded items at Basketball Games. Lessee shall retain all of the revenue from the sales of such merchandise. Lessee shall be solely responsible for all costs, expenses and taxes related to such merchandise sales.

8. Lessee or its agent shall have the right to promote, market, or sell and receive all revenue derived from Basketball Specific Signage displayed for Basketball Games or related to the Basketball Reserved Area. Lessee shall be responsible for all costs and expenses related to Basketball Specific Signage and Basketball Specific Sponsorship, provided that such costs and expenses have not been included in the furniture, fixtures and equipment provided by Lessor, as listed in Exhibit C. For avoidance of doubt, Lessor is responsible for paying the costs and expenses for items on Exhibit C for the initial construction and, in its sole reasonable discretion, for the replacement of those items after normal wear and tear. Lessee is responsible for paying those costs and expenses on Exhibit C when replacement is due to a decision Lessee makes outside of Lessor's lifecycle replacement timing. By way of example, if Lessee, changes its Basketball Specific Signage or Basketball Specific Sponsorship after Lessor meets its obligations in Exhibit C, Lessee is responsible for those costs and expenses. Lessor or its agent shall have the right to promote, market or sell and receive all revenue derived from Permanent Signage, Arena Sponsorship (including, but not limited to, Naming Rights and Branding Rights) and all Arena Signage that is not specifically included in Basketball Specific Signage. Lessee shall abide by any exclusivity agreements or rights of first refusal with any third-parties. Lessee agrees to provide mutually agreeable Basketball Specific Signage, Basketball Specific Sponsorship or other inventory to Lessor or its agent for Lessor to include in sponsorship packages. Lessor shall pay Lessee rate card value for any such signage, sponsorship and inventory sold.

9. Lessee will have the exclusive right to sell programs or circulars and advertisements within those programs or circulars at Basketball Games in the Arena. All revenues from the sale of the programs and program advertisements will be retained by Lessee. Lessee shall be responsible for all costs and expenses related to the programs and program advertisements.

10. Lessee shall be entitled to produce, broadcast, televise, record, telegraph, disseminate, reproduce or transmitted by television, radio or telephone, or other method of

transmission all Basketball Games, subject to rules and regulations established by Lessor from time to time. Lessee shall retain the rights and revenues related to such transmission. Lessee shall not, not shall its telecommunications provider, install any telecommunicating lines or equipment in or at the Premises without the consent of Lessor, which Lessor may grant or withhold in its sole discretion.

11. Ticket sales and food service commissions in excess of game day expenses will be transferred by lessor to lessee within thirty (30) business days.

12. For the avoidance of doubt, Lessor shall be entitled to the entire amount of all other proceeds which in any way arise from the use of the Arena. Notwithstanding the foregoing, the parties agree to work together so that Lessee can maximize its revenue opportunities as set forth in this Exhibit D of this agreement.

EXHIBIT E
MAINTENANCE SCHEDULE

Maintenance of the designated Austin Peay State University spaces, fixtures and equipment shall conform to the specifications outlined in the construction contract documents, incorporated by reference, and shall be maintained according the manufacturer's recommendations. All items shall be reviewed no less than every ten (10) years for replacement or renewal. In the event that the spaces or purchased items are defective or fail prior to the end of the warranty, not including negligent misuse by Lessee, maintenance and/or replacement will be the responsibility of Lessor.

**EXHIBIT F
GAME DAY EXPENSES**

| Expenses | Avg Expense | # Games | | |
|--------------------------|------------------|--------------------|-----------------------|-------------------|
| | | 9 Doubleheaders | 6 Mens | 5 Womens |
| <u>Staffing Expenses</u> | | | | |
| Crowd Management | \$ 7,500 | \$ 67,500 | \$ 45,000 | \$ 37,500 |
| Housekeeping | \$ 5,000 | \$ 45,000 | \$ 30,000 | \$ 25,000 |
| Medical | \$ 1,000 | \$ 9,000 | \$ 6,000 | \$ 5,000 |
| Armed Security | \$ 600 | \$ 5,400 | \$ 3,600 | \$ 3,000 |
| In House Security | \$ 400 | \$ 3,600 | \$ 2,400 | \$ 2,000 |
| Event Services | \$ 250 | \$ 2,250 | \$ 1,500 | \$ 1,250 |
| Box Office | \$ 300 | \$ 2,700 | \$ 1,800 | \$ 1,500 |
| Operations | \$ 750 | \$ 6,750 | \$ 4,500 | \$ 3,750 |
| Game Ops | \$ 3,000 | \$ 27,000 | \$ 18,000 | \$ 15,000 |
| | \$ 18,800 | \$ 169,200 | \$ 112,800 | \$ 94,000 |
| | | | | |
| | | | Total Expenses | \$ 376,000 |



Lease Obligation-Revenue Projection

APSU
 Summary - Sources of Funds for Lease Repayment
 MPEC (1st Five-Years)

| | <u>Initial Year</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Year 5</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Estimated Gross Game Day Revenue | \$ 792,219 | \$ 831,830 | \$ 873,421 | \$ 917,092 | \$ 962,947 |
| Naming Rights - Annual Amortization | \$ 175,000 | \$ 175,000 | \$ 175,000 | \$ 175,000 | \$ 175,000 |
| Estimated Annual Revenue | \$ 967,219 | \$ 1,006,830 | \$ 1,048,421 | \$ 1,092,092 | \$ 1,137,947 |
| Existing Ticket and Concession Sales | \$ (97,500) | \$ (97,500) | \$ (97,500) | \$ (97,500) | \$ (97,500) |
| Total Estimated Annual Revenue | \$ 869,719 | \$ 909,330 | \$ 950,921 | \$ 994,592 | \$ 1,040,447 |
| Estimated Annual Expenses | \$ (376,000) | \$ (387,280) | \$ (398,898) | \$ (410,865) | \$ (423,191) |
| Estimated Net Annual Revenue Available for Base Rental | \$ 493,719 | \$ 522,050 | \$ 552,023 | \$ 583,727 | \$ 617,256 |
| Student Athletic Fee Allocated for Base Rental | \$ 506,600 | \$ 506,600 | \$ 506,600 | \$ 506,600 | \$ 506,600 |
| Estimated Total Funds Available for Base Rental | \$ 1,000,319 | \$ 1,028,650 | \$ 1,058,623 | \$ 1,090,327 | \$ 1,123,856 |
| Lease Amount | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| Excess (deficiency) | \$ 319 | \$ 28,650 | \$ 58,623 | \$ 90,327 | \$ 123,856 |

| | | |
|---------------|------------|--------------|
| Lease Payment | Years 1-5 | \$ 1,000,000 |
| | Years 6-30 | \$ 800,000 |

APSU Basketball
Montgomery County Arena

| | Events | Average Paid Attendance | Total Paid Attendance |
|---------------|-----------|-------------------------|-----------------------|
| Doubleheaders | 9 | 1,500 | 13,500 |
| Mens | 6 | 1,500 | 9,000 |
| Womens | 5 | 750 | 3,750 |
| | 20 | | 26,250 |

| Home Games | | | | |
|------------|-------|-------|-------|-------|
| Year | 15-16 | 16-17 | 17-18 | 18-19 |
| Mens | 16 | 15 | 19 | 12 |
| Womens | 13 | 16 | 15 | 16 |

Revenues

Ticket Revenue

| | Total Paid Attendance | Ticket Revenue Price | Revenue |
|---------------|-----------------------|----------------------|-------------------|
| Doubleheaders | 13,500 | \$ 20.00 | \$ 270,000 |
| Mens | 9,000 | \$ 15.00 | \$ 135,000 |
| Womens | 3,750 | \$ 10.00 | \$ 37,500 |
| | 26,250 | | \$ 442,500 |

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--|------------|------------|------------|------------|------------|
| | \$ 442,500 | \$ 464,625 | \$ 487,856 | \$ 512,249 | \$ 537,862 |

Food & Beverage

| | Per cap | Total Paid Attendance | Gross F&B | 25% Revenue |
|---------------|---------|-----------------------|-------------------|------------------|
| Doubleheaders | \$ 7.50 | 13,500 | \$ 101,250 | \$ 25,313 |
| Mens | \$ 7.50 | 9,000 | \$ 67,500 | \$ 16,875 |
| Womens | \$ 7.50 | 3,750 | \$ 28,125 | \$ 7,031 |
| | | 26,250 | \$ 196,875 | \$ 49,219 |

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| | \$ 49,219 | \$ 51,680 | \$ 54,264 | \$ 56,977 | \$ 59,826 |
|--|-----------|-----------|-----------|-----------|-----------|

Sponsorship

Additional Game Day/Event Sponsorship and Advertising Sales

| | |
|---------|----------------|
| Revenue | 200,000 |
|---------|----------------|

| | | | | | |
|--|---------|---------|---------|---------|---------|
| | 200,000 | 210,000 | 220,500 | 231,525 | 243,101 |
|--|---------|---------|---------|---------|---------|

Premium/Suites

| Type | Quantity | Unit Price | Revenue |
|-------------------------|----------|------------|-------------------|
| Leases | 4 | \$ 15,000 | \$ 60,000 |
| Rentals (2/Mens game) | 30 | \$ 750 | \$ 22,500 |
| Courtside (24*15 Games) | 360 | \$ 50 | \$ 18,000 |
| | | | \$ 100,500 |

| | | | | | |
|--|---------|---------|---------|---------|---------|
| | 100,500 | 105,525 | 110,801 | 116,341 | 122,158 |
|--|---------|---------|---------|---------|---------|

| | |
|----------------------|-------------------|
| Gross Revenue | \$ 792,219 |
|----------------------|-------------------|

| | | | | | |
|--|------------|------------|------------|------------|------------|
| | \$ 792,219 | \$ 831,830 | \$ 873,421 | \$ 917,092 | \$ 962,947 |
|--|------------|------------|------------|------------|------------|

Less: 2019/20 Men's and Women's Basketball Ticket Revenue (reduced this amount to show the actual net increase expected) \$ (90,000)

\$ (90,000) \$ (90,000) \$ (90,000) \$ (90,000) \$ (90,000)

Less: Basketball Concessions from 2019/20 (reduced this amount to show the actual net increase expected) \$ (7,500)

\$ (7,500) \$ (7,500) \$ (7,500) \$ (7,500) \$ (7,500)

Net "New" Event Revenue **\$ 694,719**

\$ 694,719 \$ 734,330 \$ 775,921 \$ 819,592 \$ 865,447

Expenses

Staffing Expenses

| | # Games | | |
|-------------|-----------------|--------|----------|
| Avg Expense | 9 Doubleheaders | 6 Mens | 5 Womens |
| | | | |

| | | | | |
|-------------------|------------------|-------------------|-------------------|------------------|
| Crowd Management | \$ 7,500 | \$ 67,500 | \$ 45,000 | \$ 37,500 |
| Housekeeping | \$ 5,000 | \$ 45,000 | \$ 30,000 | \$ 25,000 |
| Medical | \$ 1,000 | \$ 9,000 | \$ 6,000 | \$ 5,000 |
| Armed Security | \$ 600 | \$ 5,400 | \$ 3,600 | \$ 3,000 |
| In House Security | \$ 400 | \$ 3,600 | \$ 2,400 | \$ 2,000 |
| Event Services | \$ 250 | \$ 2,250 | \$ 1,500 | \$ 1,250 |
| Box Office | \$ 300 | \$ 2,700 | \$ 1,800 | \$ 1,500 |
| Operations | \$ 750 | \$ 6,750 | \$ 4,500 | \$ 3,750 |
| Game Ops | \$ 3,000 | \$ 27,000 | \$ 18,000 | \$ 15,000 |
| | \$ 18,800 | \$ 169,200 | \$ 112,800 | \$ 94,000 |

Total Expenses \$ 376,000

\$ 376,000 \$ 387,280 \$ 398,898 \$ 410,865 \$ 423,191

Net Profit/(Loss) \$ 318,719

\$ 318,719 \$ 347,050 \$ 377,023 \$ 408,727 \$ 442,256

Increase in Net Revenue to Allocate Toward Lease Payment

\$ 318,719 \$ 318,719 \$ 347,050 \$ 377,023 \$ 408,727 \$ 442,256

APSU
Practice Facility/Basketball Operations
Naming Rights/Sponsorships/Amortization

| | <u>Corporate</u> <u>Sponsorship</u> | | <u>Annual</u> <u>Income Recognition</u> | |
|-------------------|--|-------------|--|----------------------------------|
| | <u>Amount</u> | <u>Term</u> | | |
| Event Floor/Court | \$ 1,000,000 | 10 years | \$ 100,000 | renewable in ten-year increments |
| Practice Gym | \$ 500,000 | 10 years | \$ 50,000 | renewable in ten-year increments |
| Practice Court | \$ 250,000 | 10 years | \$ 25,000 | renewable in ten-year increments |
| Subtotal | | | \$ 175,000 | |

The total annual income recognition from these corporate sponsorships/naming rights will be applied toward APSU's annual lease cost.

| Additional Naming Rights/Sponsorships | <u>Amount</u> |
|--|-------------------|
| Men's Locker Room | \$ 100,000 |
| Women's Locker Room | \$ 100,000 |
| Operation Suites | \$ 100,000 |
| Head Coach Office - Men's | \$ 50,000 |
| Head Coach Office - Women's | \$ 50,000 |
| Assistant Coach Offices - Men's (3 @ \$25K each) | \$ 75,000 |
| Assistant Coach Offices - Women's (3 @ \$25K each) | \$ 75,000 |
| Basketball Conference Room (2 @ \$50K each) | \$ 100,000 |
| Training Room | \$ 50,000 |
| Player Lounge - Men's | \$ 50,000 |
| Player Lounge - Women's | \$ 50,000 |
| Subtotal | \$ 800,000 |

These will be amortized and the annual income recognized will support general basketball operations. These amount are excluded from the lease repayment pro-forma

APSU
 Student Athletic Fee
 Fee per Student Credit Hour
 allocated for MPEC Lease Payment

| | |
|---|--------------------------|
| Avg. Student FTE/semester | 7,450 |
| Student Athletic Fee per FTE | \$ <u>34</u> |
| Student Athletic Fee allocated per semester | \$ 253,300 |
| | <u>2 semesters</u> |
| Estimated Annual Allocation of Student Athletic Fee | <u><u>\$ 506,600</u></u> |

Student FTE per Semester FY 2019/20
- per enrollment reports

8,225 Using 7,450 SCH for conservative estimate

APSU
MPEC - Initial Lease Payment - Funding Source
Annual savings allocated to debt service/lease payment reserve

Current Student Athletic Fees projected for annual lease payment: \$ 506,600

| | | | |
|---------|------|----|-------------------------|
| FY20/21 | 25% | \$ | 126,650 |
| FY21/22 | 50% | \$ | 253,300 |
| FY22/23 | 75% | \$ | 379,950 |
| FY23/24 | 100% | \$ | <u>506,600</u> |
| Total | | \$ | <u><u>1,266,500</u></u> |

Beginning in Fiscal Year 20/21, we will begin reallocating a portion of the student athletic fee into a lease payment reserve fund. The percentage of allocation will increase each fiscal year as reflected in the above schedule. Over the four years preceding our occupancy of the MPEC, we expect to accumulate approximately \$1.27 million to apply toward the initial and subsequent lease payments.

MPEC NAMING OPPORTUNITIES

| | |
|---------------------------------------|---------------------------------------|
| Main Floor - \$1,000,000 | Head Coach Office - \$50,000 x2 |
| Practice Gym - \$500,000 | Assistant Coach Offices - \$25,000 x6 |
| Practice Floor - \$250,000 | Conference Rooms - \$50,000 x2 |
| Men's/Women's Locker Room - \$100,000 | Training Room - \$50,000 |
| Office/Operations Suites - \$100,000 | Student-Athlete Lounge - \$50,000 x2 |



APSU Enrollment Profile Trends
Fall 2010-2019

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Average 5 Year |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------------------|
| Head Count | 10,723 | 10,873 | 10,597 | 10,399 | 10,111 | 10,099 | 10,344 | 10,463 | 10,954 | 11,048 | 10,582 |
| Full-time Equivalent | 8,483 | 8,507 | 8,292 | 8,156 | 7,992 | 7,910 | 8,108 | 8,225 | 8,432 | 8,225 | 8,180 |
| Undergraduate Head Count | 9,835 | 10,020 | 9,735 | 9,550 | 9,246 | 9,184 | 9,513 | 9,591 | 9,871 | 9,971 | 9,626 |
| Graduate Head Count | 888 | 853 | 862 | 849 | 865 | 915 | 831 | 872 | 1,083 | 1,077 | 956 |
| Full-time Head Count* | 7,619 | 7,464 | 7,296 | 7,150 | 7,097 | 7,006 | 7,204 | 7,340 | 7,325 | 7,088 | 7,193 |
| <i>Undergraduate Full-Time</i> | 7,317 | 7,164 | 6,994 | 6,866 | 6,798 | 6,751 | 6,956 | 7,065 | 6,993 | 6,773 | 6,908 |
| <i>Graduate Full-Time</i> | 302 | 300 | 302 | 284 | 299 | 255 | 248 | 275 | 332 | 315 | 285 |
| Part-time Head Count* | 3,104 | 3,409 | 3,301 | 3,249 | 3,014 | 3,093 | 3,140 | 3,123 | 3,629 | 3,960 | 3,389 |
| <i>Undergraduate Part-Time</i> | 2,518 | 2,856 | 2,741 | 2,684 | 2,448 | 2,433 | 2,557 | 2,526 | 2,878 | 3,198 | 2,718 |
| <i>Graduate Part-Time</i> | 586 | 553 | 560 | 565 | 566 | 660 | 583 | 597 | 751 | 762 | 671 |
| Female | 6,649 | 6,700 | 6,467 | 6,326 | 6,110 | 6,043 | 6,102 | 6,208 | 6,519 | 6,545 | 6,283 |
| Male | 4,074 | 4,173 | 4,130 | 4,073 | 4,001 | 4,056 | 4,242 | 4,255 | 4,435 | 4,503 | 4,298 |
| Non-Resident Alien | 57 | 51 | 45 | 47 | 43 | 44 | 46 | 60 | 106 | 138 | 79 |
| Hispanic (any race) | 599 | 587 | 550 | 557 | 575 | 610 | 645 | 717 | 796 | 855 | 725 |
| Non-Hispanic | | | | | | | | | | | |
| <i>American Indian or Alaska Native</i> | 61 | 64 | 53 | 40 | 40 | 37 | 34 | 33 | 31 | 29 | 33 |
| <i>Asian</i> | 173 | 172 | 176 | 151 | 157 | 164 | 156 | 166 | 160 | 176 | 164 |
| <i>Black or African American</i> | 1,997 | 2,021 | 1,977 | 1,894 | 1,902 | 1,926 | 2,103 | 2,182 | 2,312 | 2,261 | 2,157 |
| <i>Native Hawaiian or other Pacific Islander</i> | 51 | 40 | 31 | 24 | 19 | 22 | 27 | 24 | 28 | 23 | 25 |
| <i>White</i> | 7,075 | 7,215 | 7,069 | 6,964 | 6,637 | 6,473 | 6,467 | 6,416 | 6,570 | 6,569 | 6,499 |
| <i>Two or more races</i> | 464 | 427 | 449 | 471 | 514 | 559 | 597 | 604 | 686 | 705 | 630 |
| Race / Ethnicity Unknown | 246 | 296 | 247 | 251 | 224 | 264 | 269 | 261 | 265 | 292 | 270 |

Note:
* Full-time and part-time enrollment is calculated using the following IPEDS definitions. Full-time enrollment is based on 12 or more credit hours per semester for undergraduate and 9 or more credit hours per semester for graduates. Part-time enrollment is based on less than 12 credit hours per semester for undergraduates and less than 9 credit hours per semester for graduates. APSU defines a full-time graduate student as being enrolled in 6 or more credit hours per semester.

APSU Enrollment Profile Trends
Fall 2010-2019

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Average 5 Year |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------------------|
| Traditional Undergraduate† | 5,921 | 6,206 | 6,174 | 6,207 | 6,127 | 6,202 | 6,668 | 7,028 | 7,435 | 7,591 | 6,985 |
| Adult Learner Undergraduate† | 3,914 | 3,814 | 3,561 | 3,343 | 3,119 | 2,982 | 2,845 | 2,563 | 2,436 | 2,380 | 2,641 |
| First-Time Freshmen | 1,718 | 1,551 | 1,522 | 1,582 | 1,494 | 1,554 | 1,963 | 1,983 | 2,009 | 1,716 | 1,845 |
| <i>Under 21 First-Time Freshmen</i> | 1,430 | 1,369 | 1,368 | 1,419 | 1,353 | 1,401 | 1,817 | 1,861 | 1,859 | 1,573 | 1,702 |
| <i>21 and Over First-Time Freshmen</i> | 288 | 182 | 154 | 163 | 141 | 153 | 146 | 122 | 150 | 143 | 143 |
| Other Freshmen | 1,639 | 1,584 | 1,291 | 1,119 | 1,104 | 958 | 935 | 1,053 | 991 | 898 | 967 |
| Sophomore | 1,922 | 2,090 | 1,997 | 1,854 | 1,762 | 1,847 | 1,648 | 1,748 | 1,782 | 1,850 | 1,775 |
| Junior | 1,788 | 1,876 | 1,909 | 1,870 | 1,883 | 1,794 | 1,896 | 1,681 | 1,804 | 1,871 | 1,809 |
| Senior | 2,586 | 2,735 | 2,756 | 2,846 | 2,760 | 2,762 | 2,674 | 2,625 | 2,478 | 2,600 | 2,628 |
| Undergraduate Special | 182 | 184 | 260 | 279 | 243 | 269 | 397 | 501 | 807 | 1,036 | 602 |
| Graduate Special | 18 | 12 | 16 | 11 | 17 | 22 | 15 | 23 | 25 | 34 | 24 |
| Master's | 841 | 819 | 814 | 803 | 817 | 854 | 786 | 832 | 1047 | 983 | 900 |
| Education Specialist | 29 | 22 | 32 | 35 | 31 | 39 | 30 | 17 | 11 | 60 | 31 |
| Undergraduate Head Count by Type | | | | | | | | | | | |
| <i>First-Time College Student</i> | 1,718 | 1,551 | 1,522 | 1,582 | 1,494 | 1,554 | 1,963 | 1,983 | 2,009 | 1,716 | 1,845 |
| <i>Transfer Student</i> | 895 | 964 | 878 | 900 | 823 | 879 | 918 | 916 | 892 | 953 | 912 |
| <i>Special Student - Non-Degree Seeking</i> | 56 | 41 | 69 | 45 | 42 | 47 | 51 | 48 | 67 | 74 | 57 |
| <i>Continuing Student</i> | 6,284 | 6,585 | 6,342 | 6,137 | 6,222 | 6,110 | 5,897 | 5,865 | 5,805 | 5,909 | 5,917 |
| <i>Readmitted Student</i> | 753 | 737 | 733 | 654 | 465 | 373 | 352 | 328 | 358 | 357 | 354 |
| <i>Dual Enrolled Student</i> | 129 | 142 | 191 | 232 | 200 | 222 | 332 | 451 | 740 | 962 | 541 |
| Graduate Head Count by Type | | | | | | | | | | | |
| <i>First-Time Graduate Student</i> | 256 | 253 | 267 | 249 | 261 | 294 | 268 | 326 | 442 | 341 | 334 |
| <i>Continuing Student</i> | 577 | 550 | 538 | 542 | 566 | 564 | 529 | 509 | 622 | 707 | 586 |
| <i>Readmitted Student</i> | 55 | 50 | 57 | 58 | 38 | 57 | 34 | 37 | 19 | 29 | 35 |

Note:

† Traditional undergraduates are students who are younger than 25 years old. Adult Learner undergraduates are students 25 years and older.



Build-out vs. Lease Analysis

Project Request

SBC1

1 Department: **Austin Peay State University** Working
 Project Title: **Dunn Center Addition and Renovations** 11/14/2019
 Institution: **APSU**
 City/County: **Clarksville / Montgomery** SBC No: **373/003-2019X**

| 3 | | | <u>New</u> | <u>Renovation</u> |
|-------------------------------------|---------------------|---------------|------------|-------------------|
| <input type="checkbox"/> | Capital Outlay | | | |
| <input type="checkbox"/> | Capital Maintenance | Gross Sq. Ft. | 0 | 50,513 |
| <input checked="" type="checkbox"/> | Disclosed | Net Sq. Ft. | 0 | 0 |
| <input checked="" type="checkbox"/> | Designer Required | Cost/Sq. Ft. | \$0.00 | \$268.16 |

4 Project Description

| 5 | <u>Total Project</u> | <u>Allocation</u> | | | |
|----------|------------------------|------------------------|--------------------------------|-----------|----------------------|
| | \$11,333,432.00 | \$11,333,432.00 | Building Construction | | |
| | \$400,000.00 | \$400,000.00 | Site & Utilities | | |
| | \$580,000.00 | \$580,000.00 | Built-in Equipment | | |
| | \$12,313,432.00 | \$12,313,432.00 | Bid Target | | |
| | \$1,232,286.00 | \$1,232,286.00 | Contingency | 10.00% | 10.00% |
| | \$13,545,718.00 | \$13,545,718.00 | M.A.C.C. | | |
| | \$990,713.00 | \$990,713.00 | Fee | 0.0000000 | 0.0000000 Renovation |
| | \$192,917.00 | \$192,917.00 | Movable Equipment | | |
| | \$75,000.00 | \$75,000.00 | IT | | |
| | \$406,654.00 | \$406,654.00 | CM Fee | | |
| | \$488,998.00 | \$488,998.00 | Administration & Miscellaneous | | |
| | \$15,700,000.00 | \$15,700,000.00 | Total Cost | | |

6 Funding

| | | |
|------------------------|------------------------|----------------------|
| \$0.00 | \$0.00 | STATE Funds |
| \$0.00 | \$0.00 | FEDERAL Funds |
| \$15,700,000.00 | \$15,700,000.00 | University Resources |
| \$15,700,000.00 | \$15,700,000.00 | |

7 Available Funding Sources

\$0.00
 \$0.00
 \$0.00
 \$0.00
 \$0.00
 \$0.00

8 SBC Action Date Action

9 Designer TBD

AUSTIN PEAY STATE UNIVERSITY
MPEC - Dunn Renovation/Addition
Includes Basketball Office Renovation
Updated for change in area of practice court
FUNDING REQUIREMENT AND SOURCE (5.00% Interest)

| | | |
|---|-----------|------------------|
| Revenue Source: Annual Rental Revenue | \$ | - |
| Total Estimated Revenue: | \$ | - |
| | | |
| Assumptions: Project Cost | \$ | 15,700,000 |
| Interest Rate | | 5.00% |
| No. of Years | | 30 |
| Cost of Issuance | | 2.00% |
| Administrative Costs (included in project cost) | | 0.00% |
| Annual Debt Service Pmt. | \$ | 1,041,733.68 |
| | | |
| Issue Size | | |
| Project Cost | \$ | 15,700,000 |
| Cost of Issuance | \$ | 314,000 |
| Administrative Costs (included in project cost) | \$ | - |
| | | |
| Size of Bond Issue | \$ | 16,014,000 |
| Annual Debt Service Pmt. | \$ | 1,041,734 |
| Net Debt Service Payment | \$ | 1,041,734 |

AUSTIN PEAY STATE UNIVERSITY
MPEC - Dunn Renovation/Addition
Includes Basketball Office Renovation
Updated for change in area of practice court
FUNDING REQUIREMENT AND SOURCE (7.5% Interest)

| | | |
|---|-----------|------------------|
| Revenue Source: Annual Rental Revenue | \$ | - |
| Total Estimated Revenue: | \$ | - |
| | | |
| Assumptions: Project Cost | \$ | 15,700,000 |
| Interest Rate | | 7.50% |
| No. of Years | | 30 |
| Cost of Issuance | | 2.00% |
| Administrative Costs (included in project cost) | | 0.00% |
| Annual Debt Service Pmt. | \$ | 1,355,925.17 |
| | | |
| Issue Size | | |
| Project Cost | \$ | 15,700,000 |
| Cost of Issuance | \$ | 314,000 |
| Administrative Costs (included in project cost) | \$ | - |
| | | |
| Size of Bond Issue | \$ | 16,014,000 |
| Annual Debt Service Pmt. | \$ | 1,355,925 |
| Net Debt Service Payment | \$ | 1,355,925 |



**APSU Arena
EXECUTIVE SUMMARY**

10/21/2019

50,513 GSF

| Divisional Breakdown | | Cost per GSF | Estimate |
|-------------------------------------|--|---------------------|---------------------|
| <i>Division 1</i> | <i>General Requirements</i> | \$11.64 | \$587,733 |
| <i>Division 2</i> | <i>Existing Conditions</i> | \$6.44 | \$325,227 |
| <i>Division 3</i> | <i>Concrete</i> | \$3.11 | \$157,130 |
| <i>Division 4</i> | <i>Masonry</i> | \$6.79 | \$342,835 |
| <i>Division 5</i> | <i>Metals</i> | \$7.52 | \$380,056 |
| <i>Division 6</i> | <i>Woods, Plastics, Composites</i> | \$4.59 | \$231,621 |
| <i>Division 7</i> | <i>Thermal and Moisture Protection</i> | \$4.23 | \$213,462 |
| <i>Division 8</i> | <i>Openings</i> | \$17.10 | \$863,636 |
| <i>Division 9</i> | <i>Finishes</i> | \$32.72 | \$1,652,914 |
| <i>Division 10</i> | <i>Building Specialties</i> | \$1.56 | \$78,606 |
| <i>Division 11</i> | <i>Equipment</i> | \$6.12 | \$309,250 |
| <i>Division 12</i> | <i>Furnishings</i> | \$5.29 | \$267,008 |
| <i>Division 13</i> | <i>Special Conditions</i> | \$0.00 | \$0 |
| <i>Division 14</i> | <i>Conveying Equipment</i> | \$3.96 | \$200,000 |
| <i>Division 21</i> | <i>Fire Suppression</i> | \$3.01 | \$152,136 |
| <i>Division 23</i> | <i>Mechanical</i> | \$15.14 | \$764,605 |
| <i>Division 26</i> | <i>Electrical and Communications</i> | \$11.84 | \$597,852 |
| <i>Division 31</i> | <i>Earthwork</i> | \$7.92 | \$400,000 |
| Subtotal Direct Cost of Work | | \$148.95 | \$7,524,070 |
| | <i>Building Permit</i> | | \$15,154 |
| | <i>General Conditions</i> | | \$698,090 |
| | <i>Subcontractor Default Insurance</i> | | \$90,256 |
| | <i>Insurances</i> | | \$349,045 |
| | <i>Estimating Contingency</i> | | \$1,595,160 |
| | <i>Escalation (20% - 3 years)</i> | | \$2,053,811 |
| | <i>Construction Contingency</i> | | \$1,232,286 |
| | <i>Fee (3%)</i> | | \$406,654 |
| Total Construction Costs | | \$276.45 | \$13,964,528 |



APSU Arena
SCOPE SUMMARY

10/21/2019



NEW PRACTICE COURT:

This new construction / addition to the existing facility will require heavy site work to level the site. The site stairs to the west will need to be demolished and a retaining wall constructed due to the grade change. The practice court will have a 94'x50' main court in the N-S direction, and two smaller courts in the E-W direction. Includes 6 goals, 1 scoreboard and clock. We have included a steel structure with masonry exterior walls and a clerestory to match the existing facility. This will be a 2-story tall addition that connects to the existing building's north side; this includes the structure for the new Club Level. We have included wood flooring, and a small set of bleachers.

OFFICES RENOVATION:

This budget includes demolition of existing partitions, ceilings, and flooring to accommodate a new layout for the offices. New hollow metal door frames with solid core wood doors and standard commercial grade hardware is included. The budget includes new drywall partitions, lay-in ACT ceilings, standard resilient flooring and rubber wall base, and painted walls. New toilet accessories and fixtures in the toilet rooms. Fire sprinkler and HVAC will be reconfigured to accommodate new floor plan. New lighting.

NEW CLUB:

The new club level area include the build-out of the 2nd floor area constructed with the new practice court structure. Also included is the added club level area built over the existing bleacher area on the north side of arena. Included in this budget is the addition of a 2-stop elevator (\$200,000 allowance). Club Level finishes were priced to include higher end material products. Includes fire protection, plumbing, new HVAC, electrical and lighting.

SUITES:

The new suites will be built-out within the upper east section of the existing arena. This area will require moderate demolition and prep work (new topping slab) to prepare this area for the new suites and support space. This budget includes the construction of ten (10) new suites, four (4) suite support rooms, a catering kitchen. Suites will be built-out utilizing higher-end material products. Suites include new seating and casework. Kitchen appliances included for the catering kitchen. Fire protection will be extended off the existing system to provide coverage. Includes plumbing, new HVAC, electrical and lighting.

LOCKER & TRAINING ROOMS RENOVATIONS:

This scope combined is about 5,300 SF of major renovation (complete gut and rebuild) that will be for locker and training room renovation (hatched boundaries). The laundry facility in the non-hatched (dots) area is

about 450 SF, which will remain a laundry room; scope includes new finishes and equipment replacement. Laundry equipment covered in the budget includes two (2) top-load residential-type washing machines, one (1) commercial-type front-load washing machine, one (1) commercial-type front-load dryer, and one (1) industrial sized 200 pound capacity extractor. Total laundry equipment allowance included is \$109,000.

CONCOURSE RENOVATIONS:

Concourse West includes about 3,000 SF complete demo and replacement to create a new concourse level, and about 2,300 SF as finish (ceiling, lights, flooring, walls, painting, etc.) renovations. A furnishings allowance of \$50,000 is included for this concourse. New finishes include LVT flooring, drywall, upgraded recessed lighting and 2x2 ceiling grid.

Concourse East includes about 3,000 SF complete demo and replacement to create a new concourse level, and about 1,700 SF as finish (ceiling, lights, flooring, walls, painting, etc.) renovations. A furnishings allowance of \$50,000 is included for this concourse. New finishes include LVT flooring, drywall, upgraded recessed lighting and 2x2 ceiling grid.





**APSU Arena
PRACTICE COURT**

10/21/2019

11,859 GSF



Divisional Breakdown

| | | Cost per GSF | Estimate |
|-------------------------------------|--|---------------------|--------------------|
| <i>Division 1</i> | <i>General Requirements</i> | \$18.26 | \$216,525 |
| <i>Division 2</i> | <i>Existing Conditions</i> | \$8.00 | \$94,872 |
| <i>Division 3</i> | <i>Concrete</i> | \$10.00 | \$118,590 |
| <i>Division 4</i> | <i>Masonry</i> | \$15.00 | \$177,885 |
| <i>Division 5</i> | <i>Metals</i> | \$22.00 | \$260,898 |
| <i>Division 6</i> | <i>Woods, Plastics, Composites</i> | \$1.50 | \$17,789 |
| <i>Division 7</i> | <i>Thermal and Moisture Protection</i> | \$18.00 | \$213,462 |
| <i>Division 8</i> | <i>Openings</i> | \$4.00 | \$47,436 |
| <i>Division 9</i> | <i>Finishes</i> | \$23.00 | \$272,757 |
| <i>Division 10</i> | <i>Building Specialties</i> | \$0.20 | \$2,372 |
| <i>Division 11</i> | <i>Equipment (bball goals)</i> | \$12.65 | \$150,000 |
| <i>Division 12</i> | <i>Furnishings (bleachers)</i> | \$9.11 | \$108,000 |
| <i>Division 13</i> | <i>Special Conditions</i> | \$0.00 | \$0 |
| <i>Division 14</i> | <i>Conveying Equipment</i> | \$0.00 | \$0 |
| <i>Division 21</i> | <i>Fire Suppression</i> | \$3.50 | \$41,507 |
| <i>Division 23</i> | <i>Mechanical</i> | \$25.00 | \$296,475 |
| <i>Division 26</i> | <i>Electrical and Communications</i> | \$15.00 | \$177,885 |
| <i>Division 31</i> | <i>Earthwork</i> | \$33.50 | \$397,277 |
| Subtotal Direct Cost of Work | | \$218.71 | \$2,593,728 |
| | <i>Building Permit</i> | \$0.30 | \$3,558 |
| | <i>General Conditions</i> | \$20.29 | \$240,583 |
| | <i>Subcontractor Default Insurance</i> | \$2.62 | \$31,125 |
| | <i>Insurances</i> | \$10.14 | \$120,291 |
| | <i>Estimating Contingency (20%)</i> | \$46.36 | \$549,740.37 |
| | <i>Escalation (20% - 3 years)</i> | \$59.69 | \$707,805 |
| | <i>Construction Contingency (10%)</i> | \$35.81 | \$424,683 |
| | <i>Fee (3%)</i> | \$11.82 | \$140,145 |
| Total Construction Costs | | \$405.74 | \$4,811,659 |



APSU Arena

RENOVATE BASKETBALL OFFICES

10/21/2019

5,600 GSF

| Divisional Breakdown | | | |
|-------------------------------------|--|---------------------|------------------|
| | | Cost per GSF | Estimate |
| <i>Division 1</i> | <i>General Requirements</i> | \$7.42 | \$41,544 |
| <i>Division 2</i> | <i>Existing Conditions</i> | \$5.00 | \$28,000 |
| <i>Division 3</i> | <i>Concrete</i> | \$0.00 | \$0 |
| <i>Division 4</i> | <i>Masonry</i> | \$0.00 | \$0 |
| <i>Division 5</i> | <i>Metals</i> | \$0.00 | \$0 |
| <i>Division 6</i> | <i>Woods, Plastics, Composites</i> | \$2.00 | \$11,200 |
| <i>Division 7</i> | <i>Thermal and Moisture Protection</i> | \$0.00 | \$0 |
| <i>Division 8</i> | <i>Openings</i> | \$14.50 | \$81,200 |
| <i>Division 9</i> | <i>Finishes</i> | \$34.57 | \$193,600 |
| <i>Division 10</i> | <i>Building Specialties</i> | \$0.20 | \$1,120 |
| <i>Division 11</i> | <i>Equipment</i> | \$0.00 | \$0 |
| <i>Division 12</i> | <i>Furnishings</i> | \$0.00 | \$0 |
| <i>Division 13</i> | <i>Special Conditions</i> | \$0.00 | \$0 |
| <i>Division 14</i> | <i>Conveying Equipment</i> | \$0.00 | \$0 |
| <i>Division 21</i> | <i>Fire Suppression</i> | \$3.00 | \$16,800 |
| <i>Division 23</i> | <i>Mechanical</i> | \$10.00 | \$56,000 |
| <i>Division 26</i> | <i>Electrical and Communications</i> | \$12.00 | \$67,200 |
| <i>Division 31</i> | <i>Earthwork</i> | \$0.00 | \$0 |
| Subtotal Direct Cost of Work | | \$88.69 | \$496,664 |
| | <i>Building Permit</i> | \$0.30 | \$1,680 |
| | <i>General Conditions</i> | \$8.24 | \$46,160 |
| | <i>Subcontractor Default Insurance</i> | \$1.06 | \$5,960 |
| | <i>Insurances</i> | \$4.12 | \$23,080 |
| | <i>Estimating Contingency (20%)</i> | \$18.84 | \$105,476.74 |
| | <i>Escalation (20% - 3 years)</i> | \$24.25 | \$135,804 |
| | <i>Construction Contingency (10%)</i> | \$14.55 | \$81,482 |
| | <i>Fee (3%)</i> | \$4.80 | \$26,889 |
| Total Construction Costs | | \$164.86 | \$923,196 |



APSU Arena

CLUB LEVEL (RENOVATION & FINISHES ONLY)

10/21/2019

7,376 GSF

| Divisional Breakdown | | | |
|-------------------------------------|--|---------------------|--------------------|
| | | Cost per GSF | Estimate |
| <i>Division 1</i> | <i>General Requirements</i> | \$12.99 | \$95,825 |
| <i>Division 2</i> | <i>Existing Conditions</i> | \$12.00 | \$33,600 |
| <i>Division 3</i> | <i>Concrete</i> | \$2.50 | \$18,440 |
| <i>Division 4</i> | <i>Masonry</i> | \$0.00 | \$0 |
| <i>Division 5</i> | <i>Metals</i> | \$8.00 | \$59,008 |
| <i>Division 6</i> | <i>Woods, Plastics, Composites</i> | \$2.00 | \$14,752 |
| <i>Division 7</i> | <i>Thermal and Moisture Protection</i> | \$0.00 | \$0 |
| <i>Division 8</i> | <i>Openings</i> | \$21.69 | \$160,000 |
| <i>Division 9</i> | <i>Finishes</i> | \$38.48 | \$283,864 |
| <i>Division 10</i> | <i>Building Specialties</i> | \$0.20 | \$1,475 |
| <i>Division 11</i> | <i>Equipment</i> | \$0.00 | \$0 |
| <i>Division 12</i> | <i>Furnishings</i> | \$8.00 | \$59,008 |
| <i>Division 13</i> | <i>Special Conditions</i> | \$0.00 | \$0 |
| <i>Division 14</i> | <i>Conveying Equipment</i> | \$27.11 | \$200,000 |
| <i>Division 21</i> | <i>Fire Suppression</i> | \$3.00 | \$22,128 |
| <i>Division 23</i> | <i>Mechanical</i> | \$15.00 | \$110,640 |
| <i>Division 26</i> | <i>Electrical and Communications</i> | \$12.00 | \$88,512 |
| <i>Division 31</i> | <i>Earthwork</i> | \$0.00 | \$0 |
| Subtotal Direct Cost of Work | | \$155.54 | \$1,147,253 |
| | <i>Building Permit</i> | \$0.30 | \$2,213 |
| | <i>General Conditions</i> | \$14.44 | \$106,473 |
| | <i>Subcontractor Default Insurance</i> | \$1.87 | \$13,767 |
| | <i>Insurances</i> | \$7.22 | \$53,236 |
| | <i>Estimating Contingency (20%)</i> | \$32.98 | \$243,293.75 |
| | <i>Escalation (20% - 3 years)</i> | \$42.47 | \$313,247 |
| | <i>Construction Contingency (10%)</i> | \$25.48 | \$187,948 |
| | <i>Fee (3%)</i> | \$8.41 | \$62,023 |
| Total Construction Costs | | \$288.70 | \$2,129,453 |



**APSU Arena
SUITES & SUPPORT**

10/21/2019

10,050 GSF

| Divisional Breakdown | | | |
|-------------------------------------|--|---------------------|--------------------|
| | | Cost per GSF | Estimate |
| <i>Division 1</i> | <i>General Requirements</i> | \$9.02 | \$90,661 |
| <i>Division 2</i> | <i>Existing Conditions</i> | \$5.00 | \$50,250 |
| <i>Division 3</i> | <i>Concrete</i> | \$2.00 | \$20,100 |
| <i>Division 4</i> | <i>Masonry</i> | \$0.00 | \$0 |
| <i>Division 5</i> | <i>Metals</i> | \$3.00 | \$30,150 |
| <i>Division 6</i> | <i>Woods, Plastics, Composites</i> | \$2.00 | \$20,100 |
| <i>Division 7</i> | <i>Thermal and Moisture Protection</i> | \$0.00 | \$0 |
| <i>Division 8</i> | <i>Openings</i> | \$19.90 | \$200,000 |
| <i>Division 9</i> | <i>Finishes</i> | \$30.99 | \$311,450 |
| <i>Division 10</i> | <i>Building Specialties</i> | \$1.00 | \$10,050 |
| <i>Division 11</i> | <i>Equipment (Kitchen Appliances)</i> | \$5.00 | \$50,250 |
| <i>Division 12</i> | <i>Furnishings</i> | \$0.00 | \$0 |
| <i>Division 13</i> | <i>Special Conditions</i> | \$0.00 | \$0 |
| <i>Division 14</i> | <i>Conveying Equipment</i> | \$0.00 | \$0 |
| <i>Division 21</i> | <i>Fire Suppression</i> | \$3.00 | \$30,150 |
| <i>Division 23</i> | <i>Mechanical</i> | \$15.00 | \$150,750 |
| <i>Division 26</i> | <i>Electrical and Communications</i> | \$12.00 | \$120,600 |
| <i>Division 31</i> | <i>Earthwork</i> | \$0.00 | \$0 |
| Subtotal Direct Cost of Work | | \$107.91 | \$1,084,511 |
| | <i>Building Permit</i> | \$0.30 | \$3,015 |
| | <i>General Conditions</i> | \$10.02 | \$100,734 |
| | <i>Subcontractor Default Insurance</i> | \$1.29 | \$13,014 |
| | <i>Insurances</i> | \$5.01 | \$50,367 |
| | <i>Estimating Contingency (20%)</i> | \$22.90 | \$230,181.44 |
| | <i>Escalation (20% - 3 years)</i> | \$29.49 | \$296,365 |
| | <i>Construction Contingency (10%)</i> | \$17.69 | \$177,819 |
| | <i>Fee (3%)</i> | \$5.84 | \$58,680 |
| Total Construction Costs | | \$200.47 | \$2,014,686 |



APSU Arena

RENOVATE LOCKER, TRAINING, & LAUNDRY ROOMS

10/21/2019

Major Renovation: 5,300 GSF

Minor Renovation: 450 GSF

| Divisional Breakdown | | | |
|-------------------------------------|--|-----------------|--------------------|
| | Cost per GSF | Estimate | |
| <i>Division 1</i> | <i>General Requirements</i> | \$4.35 | \$25,000 |
| <i>Division 2</i> | <i>Existing Conditions</i> | \$4.84 | \$27,850 |
| <i>Division 3</i> | <i>Concrete</i> | \$0.00 | \$0 |
| <i>Division 4</i> | <i>Masonry</i> | \$18.43 | \$106,000 |
| <i>Division 5</i> | <i>Metals</i> | \$0.00 | \$0 |
| <i>Division 6</i> | <i>Woods, Plastics, Composites</i> | \$12.00 | \$69,000 |
| <i>Division 7</i> | <i>Thermal and Moisture Protection</i> | \$0.00 | \$0 |
| <i>Division 8</i> | <i>Openings</i> | \$11.30 | \$65,000 |
| <i>Division 9</i> | <i>Finishes</i> | \$37.00 | \$212,750 |
| <i>Division 10</i> | <i>Building Specialties</i> | \$10.20 | \$58,650 |
| <i>Division 11</i> | <i>Equipment</i> | \$18.96 | \$109,000 |
| <i>Division 12</i> | <i>Furnishings</i> | \$0.00 | \$0 |
| <i>Division 13</i> | <i>Special Conditions</i> | \$0.00 | \$0 |
| <i>Division 14</i> | <i>Conveying Equipment</i> | \$0.00 | \$0 |
| <i>Division 21</i> | <i>Fire Suppression</i> | \$2.77 | \$15,900 |
| <i>Division 23</i> | <i>Mechanical</i> | \$7.37 | \$42,400 |
| <i>Division 26</i> | <i>Electrical and Communications</i> | \$9.22 | \$53,000 |
| <i>Division 31</i> | <i>Earthwork</i> | \$0.00 | \$0 |
| Subtotal Direct Cost of Work | | \$136.44 | \$784,550 |
| | <i>Building Permit</i> | \$0.30 | \$1,725 |
| | <i>General Conditions</i> | \$12.67 | \$72,831 |
| | <i>Subcontractor Default Insurance</i> | \$1.64 | \$9,415 |
| | <i>Insurances</i> | \$6.33 | \$36,415 |
| | <i>Estimating Contingency (20%)</i> | \$28.94 | \$166,421.00 |
| | <i>Escalation (20% - 3 years)</i> | \$37.26 | \$214,271 |
| | <i>Construction Contingency (10%)</i> | \$22.36 | \$128,563 |
| | <i>Fee (3%)</i> | \$7.38 | \$42,426 |
| Total Construction Costs | | \$253.32 | \$1,456,617 |



APSU Arena

CONCOURSE WEST (RENOVATION & FINISH UPGRADES)

10/21/2019

Major Renovation: 3,002 GSF

Minor Renovation: 2,275 GSF

| Divisional Breakdown | | | |
|-------------------------------------|--|---------------------|--------------------|
| | | Cost per GSF | Estimate |
| <i>Division 1</i> | <i>General Requirements</i> | \$11.73 | \$61,901 |
| <i>Division 2</i> | <i>Existing Conditions</i> | \$8.98 | \$47,399 |
| <i>Division 3</i> | <i>Concrete</i> | \$0.00 | \$0 |
| <i>Division 4</i> | <i>Masonry</i> | \$5.69 | \$30,020 |
| <i>Division 5</i> | <i>Metals</i> | \$3.79 | \$20,000 |
| <i>Division 6</i> | <i>Woods, Plastics, Composites</i> | \$10.00 | \$52,770 |
| <i>Division 7</i> | <i>Thermal and Moisture Protection</i> | \$0.00 | \$0 |
| <i>Division 8</i> | <i>Openings</i> | \$30.32 | \$160,000 |
| <i>Division 9</i> | <i>Finishes</i> | \$37.68 | \$198,863 |
| <i>Division 10</i> | <i>Building Specialties</i> | \$0.50 | \$2,639 |
| <i>Division 11</i> | <i>Equipment</i> | \$0.00 | \$0 |
| <i>Division 12</i> | <i>Furnishings (ALLOWANCE)</i> | \$9.48 | \$50,000 |
| <i>Division 13</i> | <i>Special Conditions</i> | \$0.00 | \$0 |
| <i>Division 14</i> | <i>Conveying Equipment</i> | \$0.00 | \$0 |
| <i>Division 21</i> | <i>Fire Suppression</i> | \$2.57 | \$13,556 |
| <i>Division 23</i> | <i>Mechanical</i> | \$10.69 | \$56,405 |
| <i>Division 26</i> | <i>Electrical and Communications</i> | \$8.98 | \$47,399 |
| <i>Division 31</i> | <i>Earthwork</i> | \$0.00 | \$0 |
| Subtotal Direct Cost of Work | | \$140.41 | \$740,952 |
| | <i>Building Permit</i> | \$0.30 | \$1,583 |
| | <i>General Conditions</i> | \$13.03 | \$68,779 |
| | <i>Subcontractor Default Insurance</i> | \$1.68 | \$8,891 |
| | <i>Insurances</i> | \$6.52 | \$34,390 |
| | <i>Estimating Contingency (20%)</i> | \$29.78 | \$157,163 |
| | <i>Escalation (20% - 3 years)</i> | \$38.35 | \$202,352 |
| | <i>Construction Contingency (10%)</i> | \$23.01 | \$121,411 |
| | <i>Fee (3%)</i> | \$7.59 | \$40,066 |
| Total Construction Costs | | \$260.68 | \$1,375,587 |



APSU Arena

CONCOURSE EAST (RENOVATION & FINISH UPGRADES)

10/21/2019

Major Renovation: 2,893 GSF

Minor Renovation: 1,708 GSF

| Divisional Breakdown | | | |
|-------------------------------------|--|---------------------|--------------------|
| | | Cost per GSF | Estimate |
| <i>Division 1</i> | <i>General Requirements</i> | \$12.23 | \$56,277 |
| <i>Division 2</i> | <i>Existing Conditions</i> | \$9.40 | \$43,256 |
| <i>Division 3</i> | <i>Concrete</i> | \$0.00 | \$0 |
| <i>Division 4</i> | <i>Masonry</i> | \$6.29 | \$28,930 |
| <i>Division 5</i> | <i>Metals</i> | \$2.17 | \$10,000 |
| <i>Division 6</i> | <i>Woods, Plastics, Composites</i> | \$10.00 | \$46,010 |
| <i>Division 7</i> | <i>Thermal and Moisture Protection</i> | \$0.00 | \$0 |
| <i>Division 8</i> | <i>Openings</i> | \$32.60 | \$150,000 |
| <i>Division 9</i> | <i>Finishes</i> | \$39.04 | \$179,630 |
| <i>Division 10</i> | <i>Building Specialties</i> | \$0.50 | \$2,301 |
| <i>Division 11</i> | <i>Equipment</i> | \$0.00 | \$0 |
| <i>Division 12</i> | <i>Furnishings (ALLOWANCE)</i> | \$10.87 | \$50,000 |
| <i>Division 13</i> | <i>Special Conditions</i> | \$0.00 | \$0 |
| <i>Division 14</i> | <i>Conveying Equipment</i> | \$0.00 | \$0 |
| <i>Division 21</i> | <i>Fire Suppression</i> | \$2.63 | \$12,095 |
| <i>Division 23</i> | <i>Mechanical</i> | \$11.29 | \$51,935 |
| <i>Division 26</i> | <i>Electrical and Communications</i> | \$9.40 | \$43,256 |
| <i>Division 31</i> | <i>Earthwork</i> | \$0.00 | \$0 |
| Subtotal Direct Cost of Work | | \$146.42 | \$673,690 |
| | <i>Building Permit</i> | \$0.30 | \$1,380 |
| | <i>General Conditions</i> | \$13.59 | \$62,530 |
| | <i>Subcontractor Default Insurance</i> | \$1.76 | \$8,084 |
| | <i>Insurances</i> | \$6.80 | \$31,265 |
| | <i>Estimating Contingency (20%)</i> | \$31.05 | \$142,884 |
| | <i>Escalation (20% - 3 years)</i> | \$39.98 | \$183,967 |
| | <i>Construction Contingency (10%)</i> | \$23.99 | \$110,380 |
| | <i>Fee (3%)</i> | \$7.92 | \$36,425 |
| Total Construction Costs | | \$271.81 | \$1,250,606 |

**RESOLUTION TO APPROVE THE BORROWING OF
MONEY BY ANOTHER METHOD BY THE UNIVERSITY
OF TENNESSEE**

Recitals

Whereas the University of Tennessee Health Science Center College of Pharmacy (COP), based in Memphis, Tennessee, has been in existence for the past 107 years; and

Whereas in 2007, the COP expanded the pharmacy program to Knoxville, Tennessee and all COP students come to Memphis for their first professional year; and

Whereas the campus in Knoxville has approximately 225 pharmacy students in their second through fourth years; and

Whereas to accommodate this expansion, approximately 11,215 square feet of space for classrooms, faculty offices, conference rooms, and computer facilities was built on the University Health Systems (UHS) campus (formerly referred to as the UT Medical Center) for the COP; and

Whereas UHS is affiliated with The University of Tennessee (“UT”) and operates the UT Medical Center, which includes the University of Tennessee Memorial Hospital and the University of Tennessee Graduate School of Medicine; and

Whereas it is essential that the pharmacy space be located adjacent to the UT Graduate School of Medicine, as well as the medical library; and

Whereas a sublease between UT and UHS for the College of Medicine space was amended to include the additional space for the COP; and

Whereas in amendment No. 1 to such sublease (the “Amendment”), UT and UHS entered into an agreement for construction of additional space and the UT Graduate School of Medicine Building was expanded from one to three stories to house the COP; and

Whereas UT reimbursed UHS for the construction cost as prepaid rent through June 30, 2020 and in addition, UT pays actual operating costs of \$174,000 per year associated with the COP space; and

Whereas UT proposes to extend the term of the Amendment for one year (the “Extension”) to allow additional time to develop a new agreement with all other terms and conditions of the Amendment to remain the same; and

Whereas funding for the Extension come from existing state appropriations to the COP.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

1. In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Authority gives its approval to the University of Tennessee to enter into the Extension.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of June 25, 2020.

Adopted by the Authority at its meeting on June 25, 2020.

JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY

UNIVERSITY OF TENNESSEE

Acquisition - Sublease Amendment

Requested Action: Approval of a sublease amendment with waiver of advertisement

Transaction Description: Transaction No. 06-02-010

- **Proposed Amendment**

- **Term:** May 1, 2007 – June 30, 2021

- **Current Lease**

- **Location:** University of Tennessee – Health Science Center
Knox County – 1924 Alcoa Highway, Knoxville, TN

- **Landlord:** University Health System, Inc. (UHS)

- **Term:** May 1, 2007 – June 30, 2020

- **Area / Costs:** 11,215 square feet/see comment below

- **Source of Funding:** Existing state appropriations

- **FRF Rate:** \$18.00/sf (for reference only)

Comment:

In 2007, UT entered into an agreement with UHS for the construction of space for the UTHSC College of Pharmacy on the UHS Campus (formerly the UT Medical Center). UT reimbursed UHS for the cost of construction as prepaid rent through June 30, 2020. In addition, UT pays operating costs of \$174,000 per year.

UT requests a one year extension to allow additional time to develop a new agreement.

Previous Action: 03/20/2006 Subcommittee approved the transaction as presented (approval to amend lease with waiver of advertisement).

SSC Report: 05/18/2020 [Action taken at Staff Sub meeting]

EXECUTIVE SUMMARY

BACKGROUND

The University of Tennessee Health Science Center College of Pharmacy (COP), based in Memphis, Tennessee, has been in existence for the past 107 years. In 2007, the COP expanded the pharmacy program to Knoxville, Tennessee. All students would come to Memphis for their first professional year and the campus in Knoxville has approximately 225 pharmacy students in their second through fourth years.

To accommodate this expansion, approximately 11,215 square feet of space for classrooms, faculty offices, conference rooms and computer facilities was built on the University Health Systems (UHS) campus (formerly referred to as the UT Medical Center) for COP. Affiliated with The University of Tennessee, UHS operates the UT Medical Center, which includes The University of Tennessee Memorial Hospital and The University of Tennessee Graduate School of Medicine. It was essential that the pharmacy space be located adjacent to the UT Graduate School of Medicine, as well as the medical library. This location is perfect in terms of the educational programs in Knoxville and the partnership with UHS.

A sublease between UT and UHS for the College of Medicine space was amended to include the additional space for the COP. Through Amendment No. 1, UT and UHS entered into an agreement for the construction of the additional space. The UT Graduate School of Medicine Building was expanded from one to three stories to house the COP. UT reimbursed UHS for the construction cost as prepaid rent through June 30, 2020. In addition, UT pays actual operating costs of \$174,000 per year associated with the COP space.

SUBLEASE AMENDMENT TERMS

UT proposes to extend the term for one year to allow additional time to develop a new agreement. All other terms and conditions remain the same.

FUNDING

Funding comes from existing state appropriations to the Health Science Center.

REQUEST

Request for approval of a Sublease Amendment for the rental of real property and waiver of advertisement as required by TCA 12-2-115.

**AMENDMENT NO. 2 TO SUBLEASE AGREEMENT
BY AND BETWEEN UNIVERSITY HEALTH SYSTEM, INC. AND
THE UNIVERSITY OF TENNESSEE THROUGH ITS HEALTH SCIENCE CENTER**

This **AMENDMENT** is made and entered into as of the _____ day of _____, 2020, by and between THE STATE OF TENNESSEE, by and through its instrumentality, THE UNIVERSITY OF TENNESSEE (hereinafter call "Sublessee" or "UT") and UNIVERSITY HEALTH SYSTEM, INC., a Tennessee nonprofit corporation (hereinafter called "Sublessor" or "UHS"). Unless otherwise specified herein, capitalized terms used herein shall have the same meaning as such term is given in the Sublease between the parties dated July 8, 1999 and Amendment No. 1 dated September 15, 2006.

WHEREAS, UT on behalf of Its Health Science Center College of Pharmacy (UTCOP) has developed a curriculum to serve students in an expanded pharmacy program in Knoxville, Tennessee and located this expanded program on the campus of The University of Tennessee Medical Center (UTMC), located in Knoxville, Tennessee;

WHEREAS, the operations and facilities of UTMC are controlled by the University Health System, Inc. (UHS) by a Lease and Transfer Agreement (LTA) between UT and UHS dated July 8, 1999;

WHEREAS, the Sublease was executed in furtherance of the LTA and a related affiliation agreement between the parties executed concurrently therewith with respect to UT's Graduate School of Medicine;

WHEREAS, up to 225 pharmacy students in their second through fourth years of pharmacy education are located at UTMC, beginning in August, 2007;

WHEREAS, Amendment No. 1 and the Term Sheet attached as Exhibit 1 to Amendment No. 1, was executed for expansion and improvement of facilities for UTCOP and sets forth the general structure of the relationship between UT and UHS, which was required to develop the UTMC facility as well as coordinate the continuing relationship between UT, UTCOP, and UHS with respect to an expanded pharmacy program in Knoxville, Tennessee;

WHEREAS, this Amendment No. 2 is executed to allow UHS and UT additional time to negotiate a long-term agreement; and

WHEREAS, both the Commissioner of the Department of Finance and Administration for the State of Tennessee and the University of Tennessee signed the Sublease and Amendment No. 1 to Sublease, the Commissioner's signature is no longer required and this Amendment No. 2 to Sublease will be executed by the University.

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto agree as follows:

1. The term of the Amendment No. 1 is extended for a one-year period effective July 1, 2020 through June 30, 2021.
2. All other terms of Amendment No. 1 remained unchanged.

IN WITNESS WHEREOF, the University and University Health System, Inc. have executed this Amendment No. 1 the day and year first written above.

SUBLESSEE
THE UNIVERSITY OF TENNESSEE:

SUBLESSOR
UNIVERSITY HEALTH SYSTEM, INC.

Austin Oakes

Joseph Landsman

Chief Executive Officer

Date

Date

STATE OF TENNESSEE

Approved for Form and Legality

Herbert H. Slatery III, Attorney General and Reporter

SUBLESSOR NOTARY

STATE OF TENNESSEE

COUNTY OF _____

Before me, _____, Notary Public in and for the County and State aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself/herself to be, the within named Landlord, and that he/she, executed the foregoing instrument for the purposes therein contained

Witness my hand and seal, at office in _____, Tennessee, this the ____ day of _____, 20____.

Notary Public

My Commission
Expires: _____

SUBLESEE NOTARY

STATE OF TENNESSEE

COUNTY OF KNOX

Before me, _____, Notary Public in and for the County and State aforesaid, personally appeared **Austin Oakes**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself to be **Executive Director of the University of Tennessee**, the within named Tenant, and that he as such representative, executed the foregoing instrument for the purposes therein contained and signed the name of the University of Tennessee, by himself as Interim Executive Director of the University of Tennessee.

Witness my hand and seal, at office in Knoxville, Tennessee, this the ____ day of _____, 20____.

Notary Public

My Commission
Expires: _____

96859

This instrument prepared by:
The University of Tennessee
Office of Real Estate Administration
5723 Middlebrook Pike, Suite 120
Knoxville, TN 37996

**AMENDMENT NO. 1
TO
SUBLEASE**

This AMENDMENT, made and entered into as of the 15 day of SEPTEMBER, 2006, by and between THE STATE OF TENNESSEE, by and through its COMMISSIONER OF DEPARTMENT OF FINANCE AND ADMINISTRATION (the "Commissioner") and by and through its instrumentality, THE UNIVERSITY OF TENNESSEE (hereinafter called "Sublessee" or "UT") and UNIVERSITY HEALTH SYSTEM, INC., a Tennessee nonprofit corporation (hereinafter called "Sublessor" or "UHS"). Unless otherwise specified herein, capitalized terms used herein shall have the same meaning as such term is given in the Sublease between the parties dated July 8, 1999 ("Sublease").

WITNESSETH

WHEREAS, UT on behalf of its Health Science Center College of Pharmacy (UTCOP) has proposed the development of a curriculum to serve students in an expanded pharmacy program in Knoxville, Tennessee (Knoxville Program). The proposal is to locate this expanded program on the campus of The University of Tennessee Medical Center (UTMC), located in Knoxville, Tennessee; and

WHEREAS, the operations and facilities of UTMC are controlled by the University Health System, Inc. (UHS) by a Lease and Transfer Agreement (LTA) between UT and UHS dated July 8, 1999; and

WHEREAS, the Sublease was executed in furtherance of the LTA and a related affiliation agreement between the parties executed concurrently therewith with respect to UT's Graduate School of Medicine; and

WHEREAS, it is anticipated that up to 225 pharmacy students in their second through fourth years of pharmacy education will be located at the UTMC, beginning in August, 2007;

WHEREAS, the Term Sheet, attached as Exhibit 1 to this Amendment, sets forth the general structure of the relationship between UT and UHS, which will be required to develop the UTMC facility as well as coordinate the continuing relationship between UT,

UTCOP, and UHS with respect to an expanded pharmacy program in Knoxville, Tennessee; and

WHEREAS, this Amendment and a separate affiliation agreement concerning the pharmacy program in Knoxville are intended to promote, and will be executed with respect to, this relationship.

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto agree as follows:

1. UHS shall expand and improve facilities presently located on the UTMC campus sufficient to meet the requirements of UTCOP for occupancy on or before May 1, 2007. Once such improvements are completed, these facilities, a description of which shall be subsequently attached hereto as Exhibit 2, shall be included as part of the Premises subject to the Sublease.
 - a. The construction cost will be paid in full by UT, as provided below, for the entire project as "Prepaid Rent." The construction cost will equal an amount of \$2,740,378 representing the current estimated construction costs for renovation and expansion; provided, however, that the actual construction cost may vary based upon the final construction costs and the final plans and specifications as required and approved by UT.
 - b. Reimbursement of the construction costs incurred by UHS shall be by annual payments from UT up to \$1,500,000 per year on **September 15, 2006** and **March 31, 2007**. If at the issuance of a Certificate of Occupancy, the construction costs as described above have not been reimbursed in full, UT will make a final payment of the unpaid amount within 30 days of the issuance of said Certificate of Occupancy or as may otherwise be certified by UHS as remaining unreimbursed thereafter.
2. In addition to the Prepaid Rent, UT shall pay mutually agreed upon actual operating costs on a monthly basis for the UTCOP space provided under this Amendment. These operating costs will not include ancillary services, such as computer networks, telephone, teleconferencing infrastructure, and computer desktop support, unless mutually agreed upon by both parties under a separate agreement. Costs will be based upon the then current rates for comparable office space and services on the UHS campus. In determination of these rates, UHS will annually submit supporting cost data for the services provided and agreed upon. Costs may include charges for parking as may be agreed by UT and UHS.
3. Prepaid Rent, as well as the operating costs paid pursuant to Section 2 above, shall be the only consideration owing for the rental of the UTCOP space provided under this Amendment for the period ending on June 30, 2020 ("Renewal Date"); rental costs thereafter shall be as mutually agreed by the parties. Anything in the Sublease notwithstanding, UT's sublease of the UTCOP space provided under this


IN WITNESS WHEREOF, the University and University Health System have executed this Amendment No. 1 the day and year first written above.

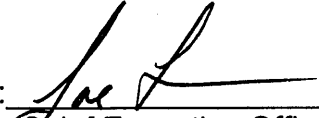
SUBLESSEE

SUBLESSOR

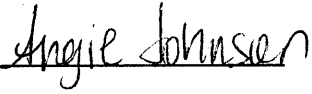
THE UNIVERSITY OF TENNESSEE

UNIVERSITY HEALTH SYSTEM, INC

By: 
Its: Vice President


By: 
Its: Chief Executive Officer

Attest: 


Attest: 

STATE OF TENNESSEE

THE STATE OF TENNESSEE, BY AND THROUGH ITS COMMISSIONER OF FINANCE AND ADMINISTRATION

By: 
Its: Senior Vice President and Chief Administrative Officer

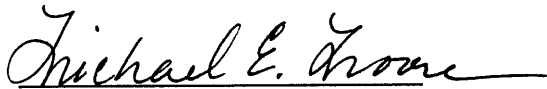
By: 
Title: Commissioner

Attest: 

Attest: _____

Approved as to form and legality

THE ATTORNEY GENERAL OF THE STATE OF TENNESSEE



Michael E. Moore
Acting Attorney General

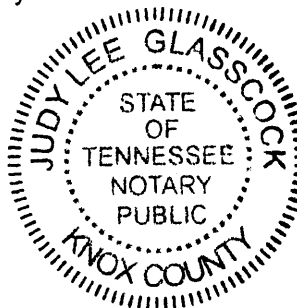
STATE OF Tennessee
COUNTY OF KNOX

Personally appeared before me, the undersigned Notary Public for Knox County, Joseph Landrum (Name) Chief Executive Officer of University Health System, Inc., with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that he/she is the President + CEO (Title) of University Health System, Inc., and that he/she as President + CEO (Title), being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of University Health System, Inc., by himself/herself as President + CEO (Title).

Witness my hand and seal, at office in, this 23 day of August, 2006

Judy Lee Glasscock
Notary Public.

My Commission Expires:
My commission expires July 13, 2009



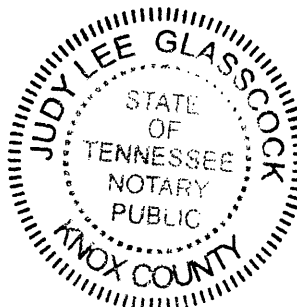
STATE OF Tennessee
COUNTY OF KNOX

Personally appeared before me, the undersigned Notary Public for Knox County, Abner Majors (Name) Senior Vice President and Chief Administrative Officer of University Health System, Inc., with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that he/she is the SR VP + CAO (Title) of University Health System, Inc., and that he/she as SR VP + CAO (Title), being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of University Health System, Inc., by himself/herself as SR VP + CAO (Title).

Witness my hand and seal, at office in, this 23 day of August, 2006

Judy Lee Glasscock
Notary Public.

My Commission Expires:
My commission expires July 13, 2009



STATE OF TENNESSEE
COUNTY OF KNOX

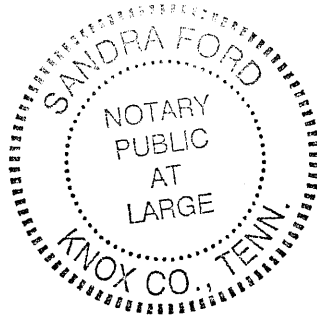
Personally appeared before me, the undersigned Notary Public for Knox County, Charles M. Puccio Vice President of The University of Tennessee, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that he/she is the Vice President of The University of Tennessee and that he/she as Vice President, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of The University of Tennessee by himself/herself as Vice President.

Witness my hand and seal, at office in, this 24th day of August, 2006

Sandra Ford
Notary Public.

My Commission Expires:

9/4/2006



STATE OF TENNESSEE
COUNTY OF DAVIDSON

Personally appeared before me, the undersigned, Notary Public for Davidson County, A. D. Coetz, Jr., Commissioner of Finance and Administration with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged that he/she is the Commissioner of Finance and Administration and that he/she as Commissioner of Finance and Administration, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the State of Tennessee by himself/herself as Commissioner of Finance and Administration.

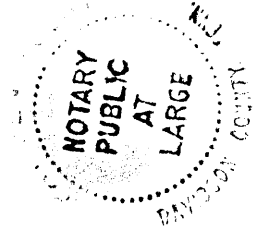
Witness my hand and seal, at office in, this 23 day of Oct, 2006

Pat Pentecost

Notary Public.

My Commission Expires:

3.31.07



**TERMS OF RELATIONSHIP BETWEEN
THE UNIVERSITY OF TENNESSEE ON BEHALF OF
THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER COLLEGE OF
PHARMACY
AND
UNIVERSITY HEALTH SYSTEM, INC.**

The University of Tennessee ("UT") on behalf of its Health Science Center College of Pharmacy (the "UTCOP") has proposed the development of a curriculum to serve students in an expanded pharmacy program in Knoxville, Tennessee (referred to as the "Knoxville Program"). The proposal is to locate this expanded program on the campus of The University of Tennessee Medical Center (UTMC), located in Knoxville, Tennessee ("UHS"). The operations and facilities of UHS are controlled by the University Health System, Inc. (UHS) by the Lease and Transfer Agreement between UT and UHS dated July 8, 1999 (the "LTA"). It is anticipated that up to 225 pharmacy students in their second through fourth years of pharmacy education would be located at the UTMC; beginning in August, 2007. This document (the "Term Sheet") sets forth the general structure of the relationship between UT and University Health System, Inc. ("UHS"), which will be required to develop the UTMC facility as well as coordinate the continuing relationship between UT, UTCOP and UHS.

The general terms of the relationship are set forth below and will be formalized through an academic affiliation agreement and a lease agreement as are generally outlined herein:

ACADEMIC AFFILIATION AGREEMENT TERMS:

1. A separate affiliation agreement between UHS and UT, on behalf of the UTCOP, will set forth the specifics of the relationship and will supersede any existing affiliation agreement(s) with respect to the UTCOP.
2. The UHS Director of Pharmacy and the Associate Dean of the UTCOP Knoxville Program will work collaboratively on all matters related to UHS and the UTCOP.
3. The Chief Executive Officer of UHS and the Dean of the UTCOP, or their designee(s) will appoint the Chair and members of the selection committee for the Associate Dean of the Knoxville Program. Any candidate proposed to be selected as Associate Dean of the Knoxville Program must have the prior approval of the CEO of UHS and the Dean of the UTCOP.
4. The UHS Director of Pharmacy will serve as a member of the selection committee for the Associate Dean of the Knoxville Program.
5. In the event that the Associate Dean of the Knoxville Program wishes to participate in an active practice of pharmacy, it will be located at UHS, if that service is offered at UHS. He or she will be required to meet any and all credentialing requirements established by UHS. Such practice will be subject to approval by the Director of Pharmacy at UHS in addition to all required approvals by UT.

6. All UTCOP faculty who practice clinically at UHS will do so under the direction of the UHS Director of Pharmacy. The practice models will be approved by the UHS Director of Pharmacy in advance of any recruitment of faculty and will meet the needs of the UHS pharmacy program and the UTCOP academic program.
7. The Associate Dean of the Knoxville Program and the UHS Director of Pharmacy will act together to recruit UTCOP faculty who will practice clinically at UHS. Any such individual(s) recruited will be required to meet any and all credentialing requirements established by UHS, as well as the prior approval of the UHS Director of Pharmacy, and all required prior approvals by UT.
8. The UHS Director of Pharmacy will annually perform written evaluations of all UTCOP faculty practicing clinically at UHS as it relates to their clinical practice activities and submit such evaluations on or before May 1st to the Associate Dean of the Knoxville Program for consideration in their annual performance, salary, and planning review for UT. Such evaluation of clinical practice by the UHS Director of Pharmacy will determine the faculty member's continued opportunity to practice clinically at UHS.
9. Any pharmacy residency positions assigned to UHS will be integrated into the established or newly developed residency program(s). The particular type (post graduate year 1 or post graduate year 2) and number of pharmacy residency positions will be determined by the UHS director of Pharmacy in coordination with the Associate Dean of the Knoxville Program and will be designed to support UTCOP faculty positions, the extent of which will be mutually agreed upon, and the UHS pharmacy program in accordance with prevailing accreditation standards.
10. A minimum of 4 new UTCOP funded pharmacy residency positions and 8 new UTCOP funded pharmacy faculty positions will be assigned to UHS with their distribution of work effort mutually agreed upon by the Associate Dean of the Knoxville Program, and the UHS Director of Pharmacy. These positions will be in addition to any positions or financial support currently provided to UHS by UTCOP
11. UHS agrees that UHS will exclusively accept UTCOP Pharmacy students for experiential training and education unless prior written approval is received from the Dean of the UTCOP, or his or her designee, for the experiential education of pharmacy students from other colleges or schools of Pharmacy.

LEASE AGREEMENT TERMS

1. The UTMC will require renovation and addition to facilities presently located on the UHS campus. Once renovated and expanded, the facilities will be leased by UT from UHS for a lease term of 15 years ending on June 30, 2020. The lease payment will be paid in full by UT, in advance, for the entire lease term (the "Prepaid Lease"). The Prepaid Lease amount will equal an amount of \$2,740,378 representing the current estimated construction costs for renovation and expansion. UT and UHS acknowledge that this estimated Prepaid Lease amount may vary based upon the final construction costs and the final plans and specifications as required and approved by UT. In the event that the

lease is not renewed at any time by the Parties, the facilities constructed and leased, as outlined in this Agreement, shall become a part of the Property as that term is defined under the LTA.

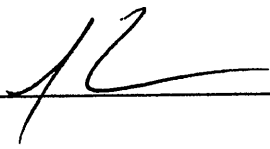
2. In addition, UTCOP shall pay mutually agreed upon actual operating costs on a monthly basis for the UTCOP leased space. These operating costs will not include ancillary services, such as computer networks, telephone, teleconferencing infrastructure, and computer desktop support, unless mutually agreed upon by both parties under a separate agreement. Costs will be based upon the then current rates for comparable office space and services on the UHS campus. In determination of these rates, UHS will annually provide supporting cost data for the services provided and agreed upon. Costs may include costs for parking as may be agreed by UT and UHS.
3. The reimbursement mechanism for payment of the Prepaid Lease will be accomplished through annual payments from UT up to \$1,500,000 per year on March 31, 2006 and March 31, 2007. If at the issuance of a *Certificate of Occupancy*, the construction costs as identified in paragraph 1 are not paid in full, UT will make a final payment for the unpaid amount within 30 days of the issuance of said *Certificate*.
4. In order to meet the 2007 academic year goal for the initial year of the UTCOP program expansion, UHS agrees to move forward with the renovation, construction, and expansion of the facilities on the UHS campus with the approval of this Term Sheet with projected occupancy on or before May 1, 2007.

GENERAL TERMS

1. This Agreement may be amended from time to time upon written mutual consent of both UHS and UT.
2. UT and UHS agree that their respective commitments as set forth in this term sheet must meet all legal, regulatory and other approvals as may be required by both UT and UHS. This Term Sheet Agreement is made, entered into under, and shall be construed in accordance with the laws of the State of Tennessee.
3. UT and UHS agree that these terms as set forth in this Term Sheet set forth, in principal, the terms of the agreement between the parties.
4. UT and UHS further agree that definitive agreements setting forth the agreement of the Parties in full will be developed within One Hundred Twenty (120) days of the later of the date of approval of this Term Sheet by UT and the UHS Board of Directors.
5. Good faith is the essence of this Agreement. Both UT and UHS each agree to exercise good faith and commercial reasonableness in the interpretation, performance, and enforcement of the Agreement.

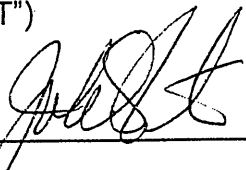
Agreed to and accepted this 26 day of January, 2006.

UNIVERSITY HEALTH SYSTEM, INC.
("UHS")

By: 

Title: CEO

THE UNIVERSITY OF TENNESSEE
("UT")

By: 

Title: President

Exhibit 2

to be provided

This Instrument Prepared By:
Baker, Donelson, Bearman & Caldwell
1700 Nashville City Center
511 Union Street
Nashville, TN 37219

SUBLEASE

This Sublease (the "Sublease"), made and entered into as of the 8th day of July, 1999, by and between THE STATE OF TENNESSEE, by and through its COMMISSIONER OF FINANCE AND ADMINISTRATION (the "Commissioner") and by and through its instrumentality, THE UNIVERSITY OF TENNESSEE (hereinafter called Sublessee" or "UT") and UNIVERSITY HEALTH SYSTEM, INC., a Tennessee nonprofit corporation (hereinafter called "Sublessor"). Unless otherwise specified herein, capitalized terms used herein shall have the same meaning as such term is given in the Affiliation Agreement. #1

WITNESSETH:

The parties hereto, upon the terms and conditions and for the consideration hereinafter specified, agree as follows:

1. DESCRIPTION. Sublessor hereby subleases unto Sublessee and Sublessee hereby subleases from Sublessor those premises with the appurtenances thereto situated in the State of Tennessee and County of Knox, City of Knoxville, located in the buildings known as The University of Tennessee Memorial Research Center and Hospital, its affiliated clinics and the physician office buildings, more particularly described on Exhibit "A" hereto (hereinafter referred to as the "Premises"). All of the above described property being a portion of the same property conveyed to the State of Tennessee as Trustee for the use and benefit of The University of Tennessee by deeds from Knox County, Tennessee dated January 26, 1916 and July 22, 1942 recorded at Deed Book 285, page 397 and Deed Book 645, page 180, respectively, Register's Office for Knox County, Tennessee and leased to Lessor pursuant to the Lease and Transfer Agreement of even date herewith.

2. TERM. The term of this Sublease shall commence on the Closing (as such term is defined in the Affiliation Agreement) and shall end on termination of the Affiliation Agreement, with such rights of termination as may be hereinafter expressly set forth. Should the Sublessee occupy the Premises beyond the term of this Sublease, or the end of any renewal period which may be expressly provided for hereinafter, such occupancy shall in no event be month-to-month but at the will of the Sublessor.

3. RENT. The Sublessee shall pay rent as described in Exhibit B attached hereto.

4. PURPOSE The Premises hereby subleased shall be used by the Graduate School of Medicine for such uses as existed as of the date of Closing and such other uses as are reasonably necessary and appropriate for the Graduate School of Medicine and consistent with the purposes of Hospital, including tax-exempt educational and research programs; provided however that Sublessee shall use the Premises solely for purposes which are exclusively tax-exempt under applicable federal income tax law and regulations, except as consented to in writing by Sublessor in advance. In the event Sublessee's use of the Premises changes following the Closing, Sublessor may terminate this Sublease upon ninety (90) days written notice to Sublessor.

5. ASSIGNMENT AND SUBLETTING. The Sublessee may not assign or sublet the Premises in whole or in part without the written consent of the Sublessor.

6. REPAIR/MAINTENANCE. The Sublessee accepts the Premises in their present physical condition and without obligation on the part of the Sublessor to make repairs or improvements. Sublessee agrees to make all repairs to the cosmetic interior of the Premises at its own expense. Sublessor agrees to maintain the structure of the Building, any common areas, and the building's mechanical systems in at least as good a condition as they existed at the commencement of this Sublease. The Sublessee shall take good care of the Premises hereby subleased, and the appurtenances thereof, and neither commit or permit any waste thereon.

7. ALTERATIONS. The Sublessee shall not make any alterations, additions or improvements on the Premises without first obtaining written consent from the Sublessor, which shall not be unreasonably withheld. All alterations, additions or improvements made by the Sublessee shall inure to the benefit of and be the property of, the Sublessor upon the termination and end of this Sublease (unless renewed) unless hereinafter specified to the contrary or otherwise agreed to in writing and signed by both parties. Upon the expiration of the Term of the Lease and Transfer Agreement (as defined in the Lease and Transfer Agreement), Section 8.3 of that Agreement shall control.

8. UTILITIES. The Sublessor shall pay, as they become due, for all utilities including, but not limited to, water, sewerage, electrical, gas, fuel, and custodial services but excluding telephone services and television services.

9. INSPECTION. The Sublessor shall have the right to enter the Premises, at reasonable times in order to inspect, render services or make necessary repairs to the Premises. Further, Sublessor shall have similar entry rights if necessary to inspect, repair or improve Sublessor's adjoining property, if any.

10. FIRE AND CASUALTY. If the Premises be destroyed by fire or other casualty, this Sublease shall immediately terminate. In the case of partial destruction or damage so as to render the Premises untenable, either party may terminate this Sublease by giving written notice to them other within fourteen (14) days thereafter.

11. LIABILITY. Sublessor shall not be liable for any property or valuables destroyed, damaged, lost, stolen, taken or missing from the Premises, the Sublessee agreeing to sufficiently protect, secure, insure and safeguard any and all property maintained or stored upon the Premises. Any property placed on or within the Premises is maintained strictly at Sublessee's own risk. The Sublessor agrees to provide fire and casualty insurance or self insurance in accordance with Article 9 of the Lease and Transfer Agreement.

12. TERMINATION. This Sublease may be terminated by Sublessee upon the giving of written notice to Sublessor not less than sixty (60) days prior to the date of such termination and shall quit and vacate the Premises as of the date of such termination.

Notwithstanding any other provision to the contrary, in the event that the Sublessee becomes insolvent, or bankruptcy proceedings are filed against or by the Sublessee, his heirs or assigns in any court whatsoever, it shall give the right to Sublessor or its assigns, at their option, to immediately declare this contract null and void and at once resume possession of the property. No receiver, trustee, or other judicial officer shall have any right, title or interest in or to the above described property by virtue of this contract.

13. NOTICES. All notices herein provided to be given, shall be given in the method prescribed in Section 13.4 of the Affiliation Agreement.

14. AMENDMENT. This Sublease may not be amended, modified or in any way changed, except by written agreement signed by both parties.

IN WITNESS WHEREOF, this Sublease has been executed by the parties hereto on the day and year first above written.

SUBLESSEE:

THE UNIVERSITY OF TENNESSEE

By: [Signature]
Its: Vice President

Attest: Karen M. Moore

SUBLESSOR:

UNIVERSITY HEALTH SYSTEM, INC.

By: [Signature]
Its: President & CEO

Attest: Karen M. Moore

STATE:

THE STATE OF TENNESSEE, BY AND THROUGH ITS COMMISSIONER OF FINANCE AND ADMINISTRATION

Attest:

By: Karen M. Moore
Title: Notary Public

By: [Signature]
Title: Commissioner

Approved as to form and legality:

THE ATTORNEY GENERAL OF THE STATE OF TENNESSEE

IN WITNESS WHEREOF, this Sublease has been executed by the parties hereto on the day and year first above written.

SUBLESSEE:

SUBLESSOR:

THE UNIVERSITY OF TENNESSEE

UNIVERSITY HEALTH SYSTEM, INC.

By: _____
Its: Vice President

By: _____
Its: _____

Attest: _____

Attest: _____

STATE:

**THE STATE OF TENNESSEE, BY AND
THROUGH ITS COMMISSIONER OF
FINANCE AND ADMINISTRATION**

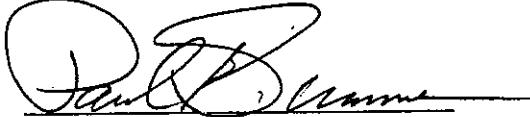
Attest:

By: _____
Title: _____

By: _____
Title: _____

Approved as to form and legality:

**THE ATTORNEY GENERAL OF
THE STATE OF TENNESSEE**



STATE OF TENNESSEE)
 DAVIDSON) ss
COUNTY OF KNOX)

Before me, a Notary Public of the State and County aforesaid, personally appeared Joseph E. Johnson, with whom I am personally acquainted, and who under oath acknowledged himself to be a ~~Vice~~ President of The University of Tennessee, the within named bargainer, and that he as such ~~Vice~~ President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the University by him/herself as ~~Vice~~ President.

Witness my hand and official seal at office in Nashville ~~Knoxville~~, Tennessee, this the 8th day of July, 1999.

Karen M. Moore
Notary Public

My Commission expires:
May 28, 2000

STATE OF TENNESSEE)
 DAVIDSON) ss
COUNTY OF ~~KNOX~~)

Before me, a Notary Public of the State and County aforesaid, personally appeared C.E. Bilbrey, with whom I am personally acquainted, and who under oath acknowledged himself/herself to be President & CEO of University Health System, Inc., the within named bargainor, a corporation, and that he/she as such President & CEO, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as President & CEO.

Witness my hand and official seal at office in Nashville ~~Knoxville~~, Tennessee, this the 7th day of July, 1999.

Karen M. Moore
Notary Public

My Commission expires:
May 28, 2000

EXHIBIT "A"

[Floor Plan of Leased Space]

**Graduate School of Medicine
Projected Building Rental**

| | <u>FY 99</u> | | <u>FY 00</u> | | <u>FY 01</u> | | <u>FY 02</u> | | <u>FY 03</u> | | <u>FY 04</u> | |
|--|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|--------------|----------------|
| | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual |
| POB Spaces 12,429 sq. ft. | \$15.00 | \$ 186,435.00 | \$15.50 | \$ 192,649.50 | \$16.00 | \$ 198,864.00 | \$16.50 | \$ 205,078.50 | \$17.00 | \$ 211,293.00 | \$17.50 | \$ 217,507.50 |
| Hospital Spaces 20,985 sq. ft. | \$11.00 | \$ 230,835.00 | \$11.50 | \$ 241,327.50 | \$12.00 | \$ 251,820.00 | \$12.50 | \$ 262,312.50 | \$13.00 | \$ 272,805.00 | \$13.50 | \$ 283,297.50 |
| Research – All Other 24,968 sq. ft. | \$9.25 | \$ 230,954.00 | \$9.50 | \$ 237,196.00 | \$9.75 | \$ 243,438.00 | \$10.00 | \$ 249,680.00 | \$10.25 | \$ 255,922.00 | \$10.50 | \$ 262,164.00 |
| Research – Ground 6,068 sq. ft. | \$5.00 | \$ 30,340.00 | \$5.25 | \$ 31,857.00 | \$5.50 | \$ 33,374.00 | \$5.75 | \$ 34,891.00 | \$6.00 | \$ 36,408.00 | \$6.25 | \$ 37,925.00 |
| CEC – Ground 3,476 sq. ft. | \$5.00 | \$ 17,380.00 | \$5.25 | \$ 18,249.00 | \$5.50 | \$ 19,118.00 | \$5.75 | \$ 19,987.00 | \$6.00 | \$ 20,856.00 | \$6.25 | \$ 21,725.00 |
| CEC – All Other 34,915 sq. ft. | \$9.25 | \$ 322,963.75 | \$9.50 | \$ 331,692.50 | \$9.75 | \$ 340,421.25 | \$10.00 | \$ 349,150.00 | \$10.25 | \$ 357,878.75 | \$10.50 | \$ 366,607.50 |
| Trailer #1 1,422 sq. ft. | \$9.25 | \$ 13,153.50 | \$9.50 | \$ 13,509.00 | \$9.75 | \$ 13,864.50 | \$10.00 | \$ 14,220.00 | \$10.25 | \$ 14,575.50 | \$10.50 | \$ 14,931.00 |
| Total: | | \$1,032,061.25 | | \$1,066,480.50 | | \$1,100,899.75 | | \$1,135,319.00 | | \$1,169,738.25 | | \$1,204,157.50 |

Total Square Footage: 104,263 sq. ft.

Effective: 04/22/99

**Graduate School of Medicine
Projected Building Rental**

| | <u>Total Square Footage</u> | <u>FY 99</u> | <u>FY 00</u> | <u>FY 01</u> | <u>FY 02</u> | <u>FY 03</u> | <u>FY 04</u> |
|-------------------------|-----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Anesthesia | 5,534 sq. ft. | \$60,874.00 | \$63,641.00 | \$66,408.00 | \$69,175.00 | \$71,942.00 | \$74,709.00 |
| Family Medicine | 15,276 sq. ft. | \$141,303.00 | \$145,122.00 | \$148,941.00 | \$152,760.00 | \$156,579.00 | \$160,398.00 |
| Medicine | 18,268 sq. ft. | \$188,057.50 | \$193,454.00 | \$198,850.50 | \$204,247.00 | \$209,643.50 | \$215,040.00 |
| OB/GYN | 11,270 sq. ft. | \$116,191.25 | \$120,715.00 | \$125,238.75 | \$129,762.50 | \$134,286.25 | \$138,810.00 |
| Medical Biology | 2,162 sq. ft. | \$19,998.50 | \$20,539.00 | \$21,079.50 | \$21,620.00 | \$22,160.50 | \$22,701.00 |
| Pediatrics | 11,427 sq. ft. | \$119,257.75 | \$122,764.50 | \$126,271.25 | \$129,778.00 | \$133,284.75 | \$136,791.50 |
| Radiology | 946 sq. ft. | \$10,406.00 | \$10,879.00 | \$11,352.00 | \$11,825.00 | \$12,298.00 | \$12,771.00 |
| Surgery | 16,392 sq. ft. | \$186,859.00 | \$193,764.00 | \$200,669.00 | \$207,574.00 | \$214,479.00 | \$221,384.00 |
| Oral & Maxillofacial | 1,715.5 sq. ft. | \$25,732.50 | \$26,590.25 | \$27,448.00 | \$28,305.75 | \$29,163.50 | \$30,021.25 |
| General Dentistry | 1,247.5 sq. ft. | \$18,712.50 | \$19,336.25 | \$19,960.00 | \$20,583.75 | \$21,207.50 | \$21,831.25 |
| Dean's Office | 3,994 sq. ft. | \$36,944.50 | \$37,943.00 | \$38,941.50 | \$39,940.00 | \$40,938.50 | \$41,937.00 |
| CME / CDE | 1,422 sq. ft. | \$13,153.50 | \$13,509.00 | \$13,864.50 | \$14,220.00 | \$14,575.50 | \$14,931.00 |
| Medical Photography | 380 sq. ft. | \$3,515.00 | \$3,610.00 | \$3,705.00 | \$3,800.00 | \$3,895.00 | \$3,990.00 |
| Preston Medical Library | 8,161 sq. ft. | \$60,716.25 | \$62,756.50 | \$64,796.75 | \$66,837.00 | \$68,877.25 | \$70,917.50 |
| Animal Facility | <u>6,068 sq. ft.</u> | <u>\$30,340.00</u> | <u>\$31,857.00</u> | <u>\$33,374.00</u> | <u>\$34,891.00</u> | <u>\$36,408.00</u> | <u>\$37,925.00</u> |
| Total: | 104,263 sq. ft. | \$1,032,061.25 | \$1,066,480.50 | \$1,100,899.75 | \$1,135,319.00 | \$1,169,738.25 | \$1,204,157.50 |

Graduate School of Medicine
 Projected Building Rental
 Department of Anesthesia Expenses

| | <u>FY 99</u> | | <u>FY 00</u> | | <u>FY 01</u> | | <u>FY 02</u> | | <u>FY 03</u> | | <u>FY 04</u> | |
|--|---------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual |
| North Pavilion 2 nd Floor 2,661 sq. ft. | \$11.00 | \$29,271.00 | \$11.50 | \$30,601.50 | \$12.00 | \$31,932.00 | \$12.50 | \$33,262.50 | \$13.00 | \$34,593.00 | \$13.50 | \$35,923.50 |
| North Pavilion 3 rd Floor 2,873 sq. ft. | \$11.00 | \$31,603.00 | \$11.50 | \$33,039.50 | \$12.00 | \$34,476.00 | \$12.50 | \$35,912.50 | \$13.00 | \$37,349.00 | \$13.50 | \$38,785.50 |
| Total: | | \$60,874.00 | | \$63,641.00 | | \$66,408.00 | | \$69,175.00 | | \$71,942.00 | | \$74,709.00 |
| Total Square Footage: | 5,534 sq. ft. | | | | | | | | | | | |

**Graduate School of Medicine
 Projected Building Rental
 Department of Family Medicine Expenses**

| | <u>FY 99</u> | | <u>FY 00</u> | | <u>FY 01</u> | | <u>FY 02</u> | | <u>FY 03</u> | | <u>FY 04</u> | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual |
| CEC Bldg. 1 st Floor 15,276 sq.ft. | \$9.25 | \$141,303.00 | \$9.50 | \$145,122.00 | \$9.75 | \$148,941.00 | \$10.00 | \$152,760.00 | \$10.25 | \$156,579.00 | \$10.50 | \$160,398.00 |

Total Square Footage: 15,276 sq. ft.

**Graduate School of Medicine
Projected Building Rental
Department of Medicine Expenses**

| | <u>FY 99</u> | | <u>FY 00</u> | | <u>FY 01</u> | | <u>FY 02</u> | | <u>FY 03</u> | | <u>FY 04</u> | |
|---|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|
| | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual |
| 1 st Floor – POB I Suite 118 303 sq. ft. | \$15.00 | \$4,545.00 | \$15.50 | \$4,696.50 | \$16.00 | \$4,848.00 | \$16.50 | \$4,999.50 | \$17.00 | \$5,151.00 | \$17.50 | \$5,302.50 |
| 1 st Floor – POB I Suite 119 528 sq. ft. | \$15.00 | \$7,920.00 | \$15.50 | \$8,184.00 | \$16.00 | \$8,448.00 | \$16.50 | \$8,712.00 | \$17.00 | \$8,976.00 | \$17.50 | \$9,240.00 |
| 1 st Floor – POB I Suite 126 100 sq. ft. | \$15.00 | \$1,500.00 | \$15.50 | \$1,550.00 | \$16.00 | \$1,600.00 | \$16.50 | \$1,650.00 | \$17.00 | \$1,700.00 | \$17.50 | \$1,750.00 |
| 2 nd Floor – POB I Suite 222 2,387 sq. ft. | \$15.00 | \$35,805.00 | \$15.50 | \$36,998.50 | \$16.00 | \$38,192.00 | \$16.50 | \$39,385.50 | \$17.00 | \$40,579.00 | \$17.50 | \$41,772.50 |
| 2 nd Floor – CEC 4,162 sq. ft. | \$9.25 | \$38,498.50 | \$9.50 | \$39,539.00 | \$9.75 | \$40,579.50 | \$10.00 | \$41,620.00 | \$10.25 | \$42,660.50 | \$10.50 | \$43,701.00 |
| 2 nd Floor Research 8,684 sq. ft. | \$9.25 | \$80,327.00 | \$9.50 | \$82,498.00 | \$9.75 | \$84,669.00 | \$10.00 | \$86,840.00 | \$10.25 | \$89,011.00 | \$10.50 | \$91,182.00 |
| 4 th Floor Research 2,104 sq. ft. | \$9.25 | <u>\$19,462.00</u> | \$9.50 | <u>\$19,988.00</u> | \$9.75 | <u>\$20,514.00</u> | \$10.00 | <u>\$21,040.00</u> | \$10.25 | <u>\$21,566.00</u> | \$10.50 | <u>\$22,092.00</u> |
| Total: | | \$188,057.50 | | \$193,454.00 | | \$198,850.50 | | \$204,247.00 | | \$209,643.50 | | \$215,040.00 |

Total Square Footage: 18,268 sq. ft.

Graduate School of Medicine
 Projected Building Rental
 Department of OB/GYN Expenses

| | <u>FY 99</u> | | <u>FY 00</u> | | <u>FY 01</u> | | <u>FY 02</u> | | <u>FY 03</u> | | <u>FY 04</u> | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual |
| North Pavilion 5 th Floor 6,825 sq. ft. | \$11.00 | \$75,075.00 | \$11.50 | \$78,487.50 | \$12.00 | \$81,900.00 | \$12.50 | \$85,312.50 | \$13.00 | \$88,725.00 | \$13.50 | \$92,137.50 |
| Research 5 th Floor 4,445 sq. ft. | \$9.25 | \$41,116.25 | \$9.50 | \$42,227.50 | \$9.75 | \$43,338.75 | \$10.00 | \$44,450.00 | \$10.25 | \$45,561.25 | \$10.50 | \$46,672.50 |
| Total: | | \$116,191.25 | | \$120,715.00 | | \$125,238.75 | | \$129,762.50 | | \$134,286.25 | | \$138,810.00 |

Total Square Footage: 11,270 sq. ft.

Graduate School of Medicine
 Projected Building Rental
 Department of Medical Biology (Research) Expenses

| | <u>FY 99</u> | | <u>FY 00</u> | | <u>FY 01</u> | | <u>FY 02</u> | | <u>FY 03</u> | | <u>FY 04</u> | |
|--|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|
| | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual |
| Research 3 rd Floor 1,968 sq. ft. | \$9.25 | \$18,204.00 | \$9.50 | \$18,696.00 | \$9.75 | \$19,188.00 | \$10.00 | \$19,680.00 | \$10.25 | \$20,172.00 | \$10.50 | \$20,664.00 |
| Research 5 th Floor 194 sq. ft. | \$9.25 | <u>\$1,794.50</u> | \$9.50 | <u>\$1,843.00</u> | \$9.75 | <u>\$1,891.50</u> | \$10.00 | <u>\$1,940.00</u> | \$10.25 | <u>\$1,988.50</u> | \$10.50 | <u>\$2,037.00</u> |
| Total: | | \$19,998.50 | | \$20,539.00 | | \$21,079.50 | | \$21,620.00 | | \$22,160.50 | | \$22,701.00 |

Total Square Footage: 2,162 sq. ft.

**Graduate School of Medicine
Projected Building Rental
Department of Pediatric Expenses**

| | <u>FY 99</u> | | <u>FY 00</u> | | <u>FY 01</u> | | <u>FY 02</u> | | <u>FY 03</u> | | <u>FY 04</u> | |
|--|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|
| | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual |
| 4 th Floor North Pavilion 348 sq. ft. | \$11.00 | \$3,828.00 | \$11.50 | \$4,002.00 | \$12.00 | \$4,176.00 | \$12.50 | \$4,350.00 | \$13.00 | \$4,524.00 | \$13.50 | \$4,698.00 |
| 1 st Floor –POB III * Suite 145 2,252 sq. ft. | \$15.00 | \$33,780.00 | \$15.50 | \$34,906.00 | \$16.00 | \$36,032.00 | \$16.50 | \$37,158.00 | \$17.00 | \$38,284.00 | \$17.50 | \$39,410.00 |
| 2 nd Floor – CEC 3,264 sq. ft. | \$9.25 | \$30,192.00 | \$9.50 | \$31,008.00 | \$9.75 | \$31,824.00 | \$10.00 | \$32,640.00 | \$10.25 | \$33,456.00 | \$10.50 | \$34,272.00 |
| 3 rd Floor – CEC 3,534 sq. ft. | \$9.25 | \$32,689.50 | \$9.50 | \$33,573.00 | \$9.75 | \$34,456.50 | \$10.00 | \$35,340.00 | \$10.25 | \$36,223.50 | \$10.50 | \$37,107.00 |
| 4 th Floor Research 2,029 sq. ft. | \$9.25 | <u>\$18,768.25</u> | \$9.50 | <u>\$19,275.50</u> | \$9.75 | <u>\$19,782.75</u> | \$10.00 | <u>\$20,290.00</u> | \$10.25 | <u>\$20,797.25</u> | \$10.50 | <u>\$21,304.50</u> |
| Total: | | \$119,257.75 | | \$122,764.50 | | \$126,271.25 | | \$129,778.00 | | \$133,284.75 | | \$136,791.50 |

Total Square Footage: 11,427 sq. ft.

*POB III space will be moving into the hospital upon project completion. Date of move TBD.

04/22/99

**Graduate School of Medicine
 Projected Building Rental
 Department of Radiology Expenses**

| | <u>FY 99</u> | | <u>FY 00</u> | | <u>FY 01</u> | | <u>FY 02</u> | | <u>FY 03</u> | | <u>FY 04</u> | |
|---|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual |
| East Pavilion 1 st Floor 946 sq. ft. | \$11.00 | \$10,406.00 | \$11.50 | \$10,879.00 | \$12.00 | \$11,352.00 | \$12.50 | \$11,825.00 | \$13.00 | \$12,298.00 | \$13.50 | \$12,771.00 |

Total Square Footage: 946 sq. ft.

**Graduate School of Medicine
 Projected Building Rental
 Department of General Dentistry Expenses**

| | <u>FY 99</u> | | <u>FY 00</u> | | <u>FY 01</u> | | <u>FY 02</u> | | <u>FY 03</u> | | <u>FY 04</u> | |
|---|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual |
| 3 rd Floor – POB III Suite 340 1,247.5 sq. ft. | \$15.00 | \$18,712.50 | \$15.50 | \$19,336.25 | \$16.00 | \$19,960.00 | \$16.50 | \$20,583.75 | \$17.00 | \$21,207.50 | \$17.50 | \$21,831.25 |

Total Square Footage; 1,247.5 sq. ft.

**Graduate School of Medicine
Projected Building Rental
Dean's Office Expenses**

| | <u>FY 99</u> | | <u>FY 00</u> | | <u>FY 01</u> | | <u>FY 02</u> | | <u>FY 03</u> | | <u>FY 04</u> | |
|--|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual | Rate | Annual |
| 2 nd Floor – CEC 3,994 sq. ft. | \$9.25 | \$36,944.50 | \$9.50 | \$37,943.00 | \$9.75 | \$38,941.50 | \$10.00 | \$39,940.00 | \$10.25 | \$40,938.50 | \$10.50 | \$41,937.00 |

Total Square Footage: 3,994 sq. ft.

EXHIBIT "B"

For the period from the commencement of this Sublease until June 30, 2000, the Sublessor and the Sublessee agree on the following fair market value rental fees:

| Location | Size (square feet) | Annual Rate | Annual Rent |
|-----------------------|-----------------------|-------------|----------------|
| POB Spaces | 12,429 | \$15.50 | \$192,649.50 |
| Hospital Spaces | 20,985 | \$11.50 | \$241,327.50 |
| Research -- All Other | 24,968 | \$ 9.50 | \$237,196.00 |
| Research -- Ground | 6,068 | \$ 5.25 | \$ 31,857.00 |
| CEC -- Ground | 3,476 | \$ 5.25 | \$ 18,249.00 |
| CEC -- All Other | 34,915 | \$ 9.50 | \$331,692.50 |
| Trailer # 1 | 1,422 | \$ 9.50 | \$ 13,509.00 |
| Total: | 104,263 | | \$1,066,480.50 |

Until June 30, 2000, Sublessor will waive the first year's annual rent relating to certain space in the CEC building included in the table above, in an amount equal to \$145,122, yielding a total annual rent for the first year of \$921,358.50. Periods of less than one full year will be pro-rated on a daily basis.

**RESOLUTION TO APPROVE THE BORROWING OF
MONEY BY ANOTHER METHOD BY THE UNIVERSITY
OF TENNESSEE AT KNOXVILLE**

Recitals

Whereas the University of Tennessee at Knoxville (“UTK”) operates the VolShop to serve the UTK community and the general public; and

Whereas the VolShop offers apparel, textbooks, school supplies, technology items, and gifts in addition to also providing services including student kiosks for ordering course materials, technology products, and graduation items; campus outreach with campus information and emergency alerts; educational opportunities and special order services; and

Whereas in 2014, UTK leased 6,000 square feet of retail space (the “Lease”) located in a shopping center on the western side of UTK’s campus; and

Whereas since the 2014 opening of this location, the VolShop’s annual sales have averaged \$1,500,000 and the location is considered a beneficial and successful venture; and

Whereas recent sales have slowed due to a number of factors and UTK has interest in reducing the base rental rate of the Lease while extending its term with termination rights during such extension; and

Whereas the Lease’s annual base rent increased from \$138,000 to \$162,000 in August 2019 and continues at that amount through the end of its current term, August 2024; and

Whereas UTK may terminate the Lease due to lack of funding but there are currently no termination for convenience rights through the end of the Lease’s existing term; and

Whereas in addition to base rent, UTK pays costs associated with common area maintenance, janitorial, utilities, maintenance and insurance, and expenses over the last year are \$30,600 or \$5.10 per square foot; and

Whereas UTK proposes to amend the Lease (the “Amendment”) under the following terms:

- Reduce the base rental rate from \$162,000 per year to \$138,000 per year in Years 6-10, August 30, 2019 – August 29, 2024.
- Extend the Lease for five years, August 30, 2024 through August 29, 2029 with a base rental rate of \$162,000 per year.
- Have the right terminate for convenience with a termination fee of \$60,000 if terminated anytime between August 30, 2024 and August 29, 2028. There would be no termination fee if terminated after August 29, 2028; and

Whereas all other terms and conditions of the Lease would remain unchanged; and

Whereas, the cost of the Amendment will be funded by Plant Funds – Auxiliary Sources (A) and no state appropriations will be used to fund this lease.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

1. In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Authority gives its approval to UTK to enter into the Amendment.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of June 25, 2020.

Adopted by the Authority at its meeting on June 25, 2020.

JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY

EXECUTIVE SUMMARY

BACKGROUND:

The University of Tennessee at Knoxville (UTK) operates the VolShop to serve the University community and the general public. The VolShop offers apparel, textbooks, school supplies, technology items, and gifts. The shop also provides services including student kiosks for ordering course materials, technology products, and graduation items; campus outreach with campus information and emergency alerts; educational opportunities; and special order services.

On July 10, 2014, the SBC ESC approved a lease between UT and UC Retail, LLC for 6,000 square of retail space located at 2509-2517 University Commons Way. This lease provided space for a VolShop on the western side of the campus and is co-located in a shopping center that includes a Publix and several other retail/restaurant tenants.

Since opening this location, annual sales have averaged \$1,500,000 and the location is considered a beneficial and successful venture. However, recent sales have slowed due to a number of factors and the University has interest in reducing the base rental rate while for extending the term with termination rights during this extension. The annual base rent increased from \$138,000 to \$162,000 in August 2019 and continues at that amount through the end of the current term, August 2024. The University may terminate due to lack of funding but there are currently no termination for convenience rights through the end of this term.

In addition to base rent, the University pays costs associated with common area maintenance, janitorial, utilities, maintenance and insurance. The expenses over the last year are \$30,600 or \$5.10 per square foot.

TERMS:

The University proposes to amend the lease under the following terms –

- Reduce the base rental rate from \$162,000 per year to \$138,000 per year in Years 6-10, August 30, 2019 – August 29, 2024.
- Extend the agreement for five years, August 30, 2024 through August 29, 2029 with a base rental rate of \$162,000 per year.
- Have the right terminate for convenience with a termination fee of \$60,000 in terminated anytime between August 30, 2024 and August 29, 2028. There would be no termination fee if terminated after August 29, 2028.

All other lease terms and conditions remain unchanged.

FUNDING:

The lease cost shall be funded by Plant Funds – Auxiliary Sources (A). No state appropriations are used to fund this lease.

REQUEST:

Request for approval of a Lease Amendment with waiver of advertisement for the rental of real property as required by TCA 12-2-115.

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (“Amendment”) is made as of the ___ day of _____, 2020 (the “Effective Date”) by and between **UC RETAIL, LLC**, a Tennessee limited liability company (“Landlord”) and **THE UNIVERSITY OF TENNESSEE**, an instrumentality of the State of Tennessee (“Tenant”).

RECITALS:

- A. Landlord and Tenant entered into that certain Shopping Center Lease Agreement dated July 28, 2014 (the “Lease”) for certain premises being Suite C, Condominium Unit 5, in the University Commons Condominiums (the “Premises”).
- B. While both the Commissioner of the Department of General Services for the State of Tennessee and the University of Tennessee signed the Lease, the Commissioner’s signature is no longer required and this Amendment will be executed by the University;
- C. The parties desire to amend the Lease as provided herein.
 1. **Extension of Term:** The initial Base Term of the Lease was ten (10) years, August 30, 2014 through August 29, 2024. The parties agree that the Base Term shall be extended for an additional five (5) years and shall terminate on August 29, 2029.
 2. **Minimum Rent.**
 - a. Minimum Rent shall remain at \$138,000.00 per year (\$23.00 psf) or \$11,500.00 per month for Lease Years 6-10, i.e. August 30, 2019 through August 29, 2024. Landlord will provide a credit to Tenant for Minimum Rent payments exceeding \$11,500 per month from August 30, 2019 through the Effective Date of this Amendment.
 - b. Beginning August 30, 2024, Minimum Rent shall increase to \$162,000.00 (\$27.00 psf) or \$13,500.00 per month through the end of the extended Base Term, August 29, 2029.
 3. **Early Termination.** The Early Termination Right described in the Lease has expired; however, Tenant shall have the right to terminate the Lease effective as of the end of the 10th Lease Year (August 29, 2024). Any such termination shall be accomplished by written notice from Tenant to Landlord to be given not less than one hundred fifty (150) days prior. Tenant shall pay a termination fee of \$60,000 if terminated between August 30, 2024 and August 29, 2028 and no termination fee if terminated between August 30, 2028 and August 29, 2029. In the event of such termination, the Lease shall expire as of the last day of the applicable Lease Year.

4. Application and Ratification. The capitalized terms as defined in the Lease are applicable herein. Except as expressly set forth herein, all the terms and provisions of the Lease are hereby ratified and affirmed.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the date first above written.

LANDLORD:

UC RETAIL, LLC,
a Tennessee limited liability company

By: _____

Its: _____

TENANT:

THE UNIVERSITY OF TENNESSEE,
an instrumentality of the State of Tennessee

By: _____

Name: _____
Executive Director, Capital Projects

Date: _____

Approved for Form and Legality:

By: _____

Name: _____
Herbert H. Slatery III, Attorney General & Reporter

Date: _____

LANDLORD NOTARY

STATE OF TENNESSEE
COUNTY OF KNOX

Before me, the undersigned notary of the State and County aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be _____ of UC Retail, LLC, the within-named bargainer, a limited liability company, and that he as such officer, executed the foregoing instrument for the purpose therein contained, by signing the name of the company by himself as such officer.

WITNESS my hand and seal at office in _____, this ___ day of _____, 2020.

Notary Public

My Commission Expires: _____

TENANT NOTARY

STATE OF TENNESSEE
COUNTY OF KNOX

Personally appeared before me, the undersigned Notary Public for Knox County, _____, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she is the _____ of the University of Tennessee and that he/she as officer, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the University of Tennessee by himself as officer.

Witness my hand and seal, at office in, this _____ day of _____, 2020.

Notary Public.

My Commission Expires:

SHOPPING CENTER LEASE AGREEMENT

THIS LEASE AGREEMENT made and entered into as of the ____ day of _____, 2014, by and between **UC RETAIL, LLC**, a Tennessee limited liability company, or assigns (referred to as "Landlord"), and **The University of Tennessee**, an instrumentality of the State of Tennessee (referred to as "Tenant");

SUMMARY SECTION

Landlord's **UC RETAIL, LLC**

Address: 6312 Kingston Pike
Suite C
Knoxville, TN37919

Tenant's

Address: **The University of Tennessee**
Attn: Senior Associate Vice Chancellor of Finance and Administration
405B AndyHoltTower
Knoxville, TN37996-3536

Shopping Center: University Commons

Premises: Suite: Suite C (Condominium Unit #5)
Size: 6,000 square feet (100' x 60')

Street Address: 2509 – 2517 University Commons Way
Knoxville, TN37916

Term of Lease (Base Term): Ten (10) years after the Rent Commencement Date

Early Termination Rights: Tenant shall have the right to terminate the Lease effective as of the end of the 3rd, 4th or 5th Lease Year. Such termination shall be accomplished by written notice from Tenant to Landlord to be given not less than one hundred eighty (180) days prior to the end of the applicable Lease Year, together with a termination payment in the amount of (a) \$240,000 for a termination at the end of the 3rd Lease Year; (b) \$180,000 for a termination at the end of the 4th Lease Year; or (c) \$120,000 for a termination at the end of the 5th Lease Year. In the event of such termination, the term of the Lease shall expire as of the last day of the applicable Lease Year.

Landlord's Work: **See Exhibit "C"**

Commencement Date: The date Landlord delivers possession of the Premises to Tenant with Landlord's Work complete (also called the "Delivery Date"); estimated to be July 15, 2014; the "Rent Commencement Date" shall be the earlier of (i) ninety (90) days following the Delivery Date or (ii) the date Tenant opens for

business to the general public. The parties will confirm the Rent Commencement Date in writing, along with the first day of the first Lease Year, as defined in Section 2(a).

Minimum Rent: \$138,000.00 per year (\$23.00 psf) years 1 through 5

Minimum Rental Monthly Installment (years 1-5): \$11,500.00

Rent Increase Schedule: \$162,000.00 per year (\$27.00 psf) years 6 through 10

Minimum Rental Monthly Installment (years 6-10): \$13,500.00

Pro-rated Expenses: Tenant shall be responsible for its Pro-Rata Share of real estate taxes, insurance premiums and Common Area maintenance expenses. Tenant's share of the total leasable square footage in the Unit is 100%. Initially, Tenant's Estimated Share shall be: \$1.50 per square foot for Common Area maintenance expenses and Condominium Assessments; \$0.30 per square foot for insurance premiums; and \$3.50 per square foot for taxes. "Pro-Rata Share" and "Estimated Share" are defined in Section 4. Annual increases for Common Area maintenance expenses and Condominium Assessments, other than "Non-Controllable Expenses," will not exceed 5% per year on a non-cumulative basis. Non-controllable Expenses are snow and ice removal, security (if necessary), trash removal/dumpster expenses, and Common Area pavement repair and restriping, which shall not be subject to the aforementioned cap. Insurance premiums and real property taxes are not subject to the cap.

Use of Premises: Sale of licensed collegiate apparel and other items sold in college book stores, subject to the use restrictions described in **Exhibit D**. See **Exhibit D** relating to use restrictions and other special use provisions.

Tenant's Trade Name: Vol Shop

Pylon Sign Panel: Tenant shall have the right to place a panel (two-sided) on the Shopping Center Pylon Sign in the space as indicated on **Exhibit E** attached hereto, if any. The panel shall identify Tenant's business operated in the Premises. The design, materials and artwork on the panel(s) shall be subject to Landlord's prior written approval, not to be unreasonably withheld. Tenant shall be responsible for installing and maintaining its panel in good order and condition. Tenant shall pay, as additional rent, its pro-rata share of the costs and expenses of maintaining, insuring, repairing, replacing, and providing utilities for the Pylon Sign. For the purpose of this provision, Tenant's pro-rata share shall be the ratio of the size of Tenant's panel to the total panel sizes for all other sign occupants and the Shopping Center identification signage, which percentage is 7.8%.

The foregoing Summary Section provisions are subject to the full terms and provisions as set forth below.

WITNESSETH:

1. **Premises:** Landlord hereby leases to Tenant, and Tenant leases and accepts from the Landlord the "Premises" located in the "Shopping Center" as said terms are defined and described in the Summary Section.

Landlord will perform the construction work and deliver the Premises in the condition as described on **Exhibit C** attached hereto.

Notwithstanding the foregoing, Landlord will take commercially reasonable steps to enforce any warranties which it has received from third parties with regard to the Premises in the event of construction defect.

The term "Center" or "Shopping Center," for the purposes of this Lease, shall mean the development, including parking facilities, common facilities, and the like, described in the Summary Section and shown on the site plan attached hereto as **Exhibit A** and incorporated herein by reference, known as the University Commons Condominium project (the "Condominium Project" or the "Project") as described in **Exhibit L** and in the Declaration of Condominium of record in the Knox County Register's Office as Instrument Number 201212210040992, as amended by the Corrective Amendment to Declaration of Condominium of record as Instrument Number 201305080073488, and as it may be further amended from time to time (the "Declaration"). The Premises are a portion of the Center and consists of Unit 5 (the "Unit") of the Condominium Project.

The term "Common Areas" means parking areas, driveways, entrances and exits thereto, service roads, loading facilities, sidewalks, ramps and landscaped areas that are Common Elements under the Condominium Project. Common Areas shall also include (without limiting the same) underground utilities, sewers, drains, and any other facilities provided for the general beneficial use of the tenants or other occupants of the Center or the Unit. All Common Areas shall at all times be subject to the exclusive control and management of (a) the University Commons Condominium Owners Association (the "Association") to the extent the Common Areas are Common Elements of the Project; (b) Landlord to the extent the Common Areas are part of the Unit or are Limited Common Elements of the Project; or (c) such other third party as may be applicable if the Common Areas are off-site. Landlord and the Association, as applicable, shall have the right from time to time to establish, modify and enforce reasonable rules and regulations with respect to the use of the Common Areas. The Tenant shall have the right, in common with the other tenants and occupants in the Center, to the non-exclusive use of the Common Areas, subject to the terms of the Declaration, which Tenant acknowledges and agrees to comply with at all times. The Premises do not include any portion of the Common Areas of the Center including, without limitation, the sidewalk in front of the Premises and the service area to the rear of the Premises. Tenant shall not use the Common Areas adjacent to the Premises for sale or display of merchandise without the prior written consent of Landlord. No merchandise, equipment or services, including vending machines, promotional devices and similar items, may be displayed, offered for sale or lease, or stored within the Common Area. Landlord and the Association, as applicable, shall have the exclusive right at any and all times to close any portion of the Common Areas to make repairs, changes or additions thereto, and to change the size, area or arrangement of the parking areas or the lighting thereof, and to enter into agreements with adjacent owners for cross-easements for parking, ingress, egress, delivery, and the installation of utility lines. Tenant and its employees shall park their motor vehicles in such areas as Landlord shall from time to time designate as employee parking areas. Should Tenant fail to cause its employees to park as provided, Landlord shall have the right to tow such violating vehicles at Tenant's expense at any time after the second written notice of violation. Non-operative vehicles are not permitted at the Center. Any such non-operative vehicle may be removed by Landlord at the expense of Tenant, for storage, or for public or private sale, at Landlord's option, and Tenant shall have no right or recourse against Landlord thereafter. Tenant agrees that all loading and unloading shall be conducted so as not to interfere with businesses of the other tenants in the Center, nor will Tenant unreasonably block or obstruct any portion of the Common Areas, or use any portion of the Common Areas for permanent or temporary storage, without the prior written consent of Landlord.

2. **Term:**

(a) **Base Term and Commencement Date:** The initial term of this Lease shall be for the "Base Term" as stated in the Summary Section, from the Commencement Date hereinafter provided unless sooner terminated hereby. Said term, and Tenant's obligation to pay Minimum Rent and Additional Rent, shall commence on the "Rent Commencement Date" as set out in the Summary Section. Notwithstanding, in the event the Rent Commencement Date does not occur on the first day of the month or Tenant shall have opened the Demised Premises for business on a day other than the first day of the month, then rent shall commence on the first day of the month next succeeding. However, the Tenant shall pay rent for the fractional month on a per diem basis (calculated on the basis of a thirty (30) day month) until the first (1st) day of the month when the term commences, and thereafter the rent shall be paid in equal monthly installments in advance on the first day of each month during the term of this Lease. Tenant shall pay any rental payment for a fractional month on the first (1st) day of the month succeeding such fractional month. The term "Lease Year" means the twelve (12) month period beginning on the Rent Commencement Date, and each twelve (12) month period thereafter. Notwithstanding any other provision contained herein, if the Rent Commencement Date has not occurred within eighteen (18) months after the date of this Lease, either party may terminate this Lease and, in such event, neither party shall have any further liability to the other party.

(b) **Early Entry:** In the event that Tenant is given access to the Premises prior to the Commencement Date for the purpose of installing fixtures or for any other purpose permitted by Landlord, such early entry will be at Tenant's sole risk and subject to all the terms and provisions of this Lease as though the Commencement Date had occurred, except for the payment of Rent which shall commence on the Commencement Date. Notwithstanding the preceding sentence, it is specifically agreed and understood that Tenant shall pay all charges for water, electricity and all other utilities serving the Premises from the date upon which Tenant is notified that the Premises are available for Tenant's work (or from the date when Tenant commences to perform its work, if earlier) until the Commencement Date.

(c) **Renewal Terms:** If Tenant has complied with all of the terms and provisions of this Lease, is not in default in any respect hereunder, and has not been in default at any time during the term beyond the applicable cure period, the Tenant shall have the option to lease the Premises after the termination of the Base Term for the number and length of the renewal Terms described in the Summary Section, upon the same terms and conditions set forth herein, except as may be otherwise expressly provided herein, and subject to Minimum Rent increases as set out in the Summary Section. Tenant shall exercise any such option by giving notice to Landlord in writing by certified mail, return receipt requested, not less than one hundred eighty (180) days before the expiration of the Base Term or prior renewal term, as applicable. The term "term" as used herein shall include the Base Term and any renewals or extensions in accordance herewith.

3. **Minimum Rent:** Tenant shall pay to the Landlord as Minimum Rent the amounts specified in the Summary Section, without deduction, set-off or demand.

4. **Real Estate Taxes, Insurance Premiums and Common Area Maintenance Expenses:** Tenant shall remit to Landlord as Additional Rent the Condominium Project assessments for Common Expenses ("Condominium Assessments"), real estate taxes, insurance premiums, and other Common Area maintenance expenses incurred by the Landlord in connection with the ownership and operation of the Unit ("Tenant's Pro-Rata Share"). Tenant shall pay the above expenses within thirty (30) calendar days after receipt of a bill therefor.

The term "real estate taxes" shall mean all taxes and assessments (special or otherwise) levied, accrued or assessed during Tenant's occupancy against the Unit (land, buildings, improvements and Condominium Common Elements), assessment and taxes based on gross rentals, and other taxes arising out of the use and/or occupancy of the Premises imposed by federal, state or local governmental authority or any other taxing authority having jurisdiction over the Unit or Shopping Center (including expenses directly incurred

by Landlord in contesting the validity of, in seeking a reduction in, or seeking to prevent an increase in any such tax(es) or assessment(s)), but shall exclude franchise, capital stock, estate or inheritance taxes personal in nature to Landlord.

Tenant shall also pay any and all sales, excise, gross receipts and other taxes (not including, however, Landlord's income taxes) levied, imposed, accrued or assessed during Tenant's occupancy by the state in which the Shopping Center is situated or any political subdivision thereof or other taxing authority (be it federal, state, local or otherwise) upon any amounts payable hereunder, if any.

The term "insurance premiums" shall mean the premiums charged for fire and extended coverage insurance on the improvements constructed and/or installed by the Landlord relating to the Unit and Common Areas (which shall include Condominium Common Elements) and for rent insurance thereon, together with premiums charged for liability insurance on the Unit and Common Areas, and any other reasonable insurance costs incurred in the normal course of business. Landlord will carry fire and extended casualty insurance coverage and liability insurance relating to the Unit. The Condominium Association is required to carry fire and extended property coverage and liability insurance relating to the Common Areas, and premiums are included in Condominium Assessments assessed against the Unit and other Units in the Condominium Project.

The term "Common Area maintenance expenses" shall mean the total cost and expense incurred in operating, maintaining, cleaning and repairing the Common Areas and any Limited Common Elements of the Condominium Project relating to the Unit including, without limitation, landscaping and gardening, maintenance, repair and replacement of the parking lot, line painting, lighting, traffic control, if any, sanitary control, removal of snow, trash, rubbish and garbage, the cost of personnel to implement such services and to direct parking and to police the Common Areas, music or other communication systems for the Unit and a reasonable sum (not to exceed five percent of rents collected) to cover the management costs relative to the operation of the Common Areas and the Unit. Costs of capital expenditures or replacements shall be amortized over the life of the repair or replacement in accordance with generally accepted accounting principles and these annual amortization costs shall be included within Common Area maintenance expenses. Tenant shall be solely responsible for expenses directly related to its particular use of the Premises (such as extra garbage disposal for a restaurant) and any Common Area maintenance expenses incurred due to its particular use which are over and above the ordinary course of business for the Center. Notwithstanding anything herein to the contrary, management costs shall be assessed based upon the Minimum Rent payable by Tenant, not Tenant's Pro Rata Share as defined above. Additionally, Common Area maintenance expenses shall include any similar costs or expenses assessed against the Unit for off-site facilities (such as landscaping in the medians of public streets) to the extent Landlord is required to pay such assessments or expenses based on its ownership of the Unit.

Notwithstanding anything to the contrary herein, no portion of the Additional Rent paid by Tenant shall be used for any Lobbying of governmental authorities, any political purposes or any other uses in conflict with the declared interests of the University of Tennessee or State of Tennessee.

5. **Estimation of Taxes, Insurance and Common Area Maintenance Charges:** Landlord may, at its option, estimate for each succeeding calendar year Tenant's expenses enumerated in Section 4 hereof ("Tenant's Estimated Share".) Landlord may require the Tenant to pay, with each monthly installment of rent for such succeeding calendar year, one-twelfth (1/12) of the Tenant's Estimated Share. Landlord may, at any time and from time to time, but not more than once per year, revise the amount due as Tenant's Estimated Share to cover any increase not previously factored into the annual estimate of Tenant's Pro-Rata Share or Tenant's management fee. Upon Tenant's receipt of a revision to Tenant's Estimated Share, Tenant shall pay Landlord, as Additional Rent, the revised amount. Within ninety (90) days after the expiration of such calendar year, the Landlord shall forward to the Tenant an itemized statement showing the Tenant's actual share of such expenses ("Tenant's Actual Share"). Landlord's failure to provide an itemized statement within

such ninety (90) day period shall in no way excuse Tenant from its obligation to pay the expenses enumerated in Section 4 hereof or constitute a waiver of Landlord's right to bill and collect such expenses from Tenant in accordance with this Section. Should the Tenant's Actual Share differ from the Tenant's Estimated Share, then, within thirty (30) days after the date of Landlord's itemized statement, either Landlord shall refund to Tenant any amount paid in excess of the Tenant's Actual Share (or apply it as a credit for such expenses for the next succeeding Lease Year, if applicable), or Tenant shall remit to Landlord any amounts by which the Tenant's Estimated Share was deficient. Initially, Tenant's Estimated Share shall be the amount stated in the Summary Section. Landlord will invoice Tenant for Tenant's Estimated Share on a monthly basis, itemizing Minimum Rent, Common Area maintenance expenses, Condominium Association assessments, insurance charges and property taxes. Tenant's Estimated Share shall include the expenses enumerated in Section 4 that directly relate to the Unit. Common Area expenses that relate to the Common Areas in general shall be prorated among the Unit and other Units in the Center, based upon floor area square footage. Tenant's liability for such expenses shall be capped as set out in the Summary Section.

6. **Tenant's Use and Operation:** The Premises shall be used and occupied by Tenant solely for the use described in the Summary Section ("Tenant's Use" or the "Use"), and for no other use without Landlord's prior written consent. Tenant shall comply with all rules, regulations and laws of any governmental authority with respect to use and occupancy of the Premises, and shall not violate the exclusive or restrictive use rights of record affecting the Center or granted by Landlord or the Association to any other occupants in the Shopping Center. Notwithstanding, Tenant's right to use the Premises for Tenant's Use shall not be restricted or impaired. Tenant agrees that it will occupy and utilize the Premises in the conduct of its business for the permitted Use and will keep its place of business in the Center open continuously during the term of this Lease. Tenant shall not conduct or permit any fire, bankruptcy, auction or "going out of business sale" (whether real or fictitious) in the Premises, or utilize any unethical method of business operation. Tenant shall not be required to open or operate during University of Tennessee school closings, or other University of Tennessee holidays. Landlord acknowledges that Tenant is operating a business but also operates to serve the needs of its students, faculty and staff. Landlord agrees to negotiate in good faith with Tenant in the event Tenant desires to alter or change its Use for some or all of the Premises, and will not unreasonably withhold its consent to changes in the Use. Landlord shall not be required to agree to any change of Use prohibited by other tenant leases, restrictions of record or the Condominium Declaration.

Special Use Provisions and restrictions are set out on **Exhibit D** attached hereto.

Tenant shall keep and maintain the Premises in a neat and clean condition and shall operate its business on the Premises in a professional, first class manner.

Tenant shall not suffer, allow or permit any vibration, noise, light, odor or other effect to emanate from the Premises, or from any machine or other installation therein, or otherwise suffer, allow or permit the same to constitute a nuisance or otherwise interfere with the safety, comfort or convenience of Landlord or any of the other occupants of the Shopping Center or their customers, agents or invitees or any others lawfully in or upon the Shopping Center. Upon notice by Landlord to Tenant that any of the aforesaid is occurring, Tenant shall immediately remove or control the same. Tenant shall not use or occupy the Premises or do or permit anything to be done which shall prevent Landlord from obtaining at standard rates any insurance required or desired.

7. **Utilities:** Tenant shall pay promptly, as and when the same shall become due and payable, all water rents, rates and charges, all sewer rents and all charges for electricity, gas, heat, air conditioning, ventilating, lighting systems, sprinkling systems and other utilities supplying the Premises. Tenant shall transfer all separately metered services into Tenant's name upon the request of Landlord. Landlord shall in no way be liable for any loss, expense, or damage (whether direct or indirect) that Tenant may sustain or incur by reason of any change, failure, interference, disruption, interruption, or defect in the supply or character of any utilities furnished to the Premises, regardless of its duration, or if the quantity or character of the utilities supplied by

the local utility service provider(s) is no longer available or suitable for Tenant's requirements, unless caused by Landlord's act or negligence.

Any such change, failure, interference, disruption, interruption, defect, unavailability, or unsuitability shall not: (i) constitute an actual or constructive eviction of Tenant, in whole or in part; (ii) entitle Tenant to any abatement or diminution of Minimum Rent, Additional Rent, or any other costs due from Tenant pursuant to this Lease; (iii) relieve or release Tenant from any of its obligations under this Lease; or (iv) entitle Tenant to terminate this Lease.

8. **Signs:** Tenant shall not place on any exterior door, wall or window of the Premises any sign or advertising matter without first obtaining Landlord's written approval and consent. Further, all signs of Tenant designed to be visible from the Common Areas of the Shopping Center (wherever inside or outside the Premises) shall be subject to Landlord's prior written approval and consent. Tenant agrees to maintain such signs or advertising matter as approved by Landlord in good condition and repair. All signs shall comply with any sign criteria provided by Landlord to Tenant and with applicable ordinances or other governmental restrictions and the determination of such requirements and the prompt compliance therewith shall be the responsibility of the Tenant. Tenant shall have the right to signage on the common pylon or monument sign, as described in the Summary Section.
9. **Tenant's Duty to Repair; Alterations:** Except for the repairs to be performed by Landlord, Tenant shall keep and maintain in good order, condition and repair (including any such replacement and restoration as is required for that purpose) the Premises and every part thereof and any and all appurtenances thereto wherever located, including, without limitation, the exterior and interior portion of all doors, plate glass, store front, all plumbing and sewage facilities within the Premises including free flow up to the main sewer line, fixtures, heating and air conditioning, and electrical systems exclusively serving the Premises (whether or not located in the Premises), sprinkler systems, walls, floors and ceilings, meters applicable to Tenant's Premises, and all installations made by Tenant under the terms of this Lease and any Exhibits thereto, as herein provided. Tenant shall replace all filters on the heating and air conditioning equipment on a timely basis and shall perform regular maintenance as recommended by the manufacturer's specifications. Notwithstanding, Landlord shall repair or replace the HVAC system and plumbing located inside the walls or floor slab if and to the extent necessary during the term; provided, however, Landlord shall be entitled to charge Tenant for the reasonable cost thereof if such work is necessary due to Tenant's failure to keep and maintain the HVAC and/or plumbing lines as provided herein.

Tenant shall place all trash, rubbish and garbage in a proper closed receptacle to be provided by Landlord. Tenant will, at Tenant's own expense, take such steps as shall be necessary to keep the Premises free of termites, roaches, rodents, insects, and other pests and will hold Landlord harmless from any damage caused thereby.

Tenant shall not make any alteration of, or addition or improvement to, structural or exterior portions of the Premises without securing the Landlord's prior written consent, which may be withheld in Landlord's sole discretion. Tenant shall be permitted to make interior, non-structural changes without Landlord's prior written consent so long as such changes do not exceed \$25,000 in each such instance. Otherwise, Landlord will not unreasonably withhold its consent to interior, non-structural changes. Tenant, at Tenant's sole expense, shall be responsible to secure all permits and approvals required in connection with any alterations desired to the Premises and shall submit plans to Landlord prior to making any such alterations or repairs, whether or not Landlord's approval is required. With regard to any initial build-out, including fixtures, Tenant shall provide Landlord with a set of plans and specifications for any such work. Tenant will not commence any such work until Landlord has approved said plans and specifications in writing. Tenant shall use the roofing contractor designated and/or approved by Landlord to make any and all roof penetrations, if any. Tenant shall be responsible for any and all work required to reinstate Landlord's roof warranty and/or repair any and all leaks or other damage associated with Tenant's roof penetrations. Tenant shall keep and

maintain the Premises in accordance with all directions, rules and regulations (including but not limited to Title I and Title III of the Americans with Disabilities Act of 1990 (ADA), Fair Housing Act of 1988 (FHA), if applicable, or other similar statute) of the proper officials of the government agencies having jurisdiction, at the sole cost and expense of Tenant, and Tenant shall comply with all requirements of law, by statute, ordinance or otherwise, affecting the Premises and all appurtenances thereto.

10. **Surrender of Premises and Holding Over:** At the termination of the Base Term, or any renewal term thereof, the Tenant does agree to deliver the Premises in the same condition as received by it on the Commencement Date (subject to approved alterations and the removals hereinafter required), reasonable wear and tear excepted, Tenant, prior to the end of the term, shall remove all its trade fixtures before surrendering the Premises as aforesaid and shall repair any damage to the Premises caused by removal of such items. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the lease term. Any items remaining in the Premises on the termination date of this Lease shall be deemed abandoned for all purposes and shall become the property of Landlord.

In addition to the foregoing, within fifteen (15) calendar days after the expiration or sooner termination of the term of this Lease, Tenant shall remove all of its interior and exterior signage, and all installations appurtenant thereto, including electrical hook-ups, and the Premises and Center shall be restored to its condition before the installation of such signage. Tenant shall also have its sign application (e.g., vinyl lettering) removed from any pylon or monument signs serving the Unit or the Center. In the event Tenant fails to remove any such signage and to restore the Premises, Center and pylon/monument signage as required herein, Landlord may remove and restore at Tenant's sole cost and expense. Tenant shall pay such removal and restoration costs within ten (10) calendar days after receipt of Landlord's invoice therefore. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the lease term.

If Tenant shall default in surrendering the Premises, Tenant's occupancy subsequent to such expiration, whether or not with the consent or acquiescence of Landlord, shall be deemed to be that of a tenancy at will and in no event from month to month or from year to year, and it shall be subject to all the terms, covenants, and conditions of this Lease applicable thereto, including Minimum Rent applicable as of the expiration of the term, and no extension or renewal of this lease shall be deemed to have occurred by such holding over.

11. **Landlord's Duty to Repair:** Landlord shall keep and maintain in good repair the foundation, exterior walls and roof of the Unit in which the Premises are located and the structural portions of the Premises which were installed by Landlord, exclusive of doors, door frames, door checks, windows, and window frames located in exterior building walls. Landlord shall also repair and maintain the Common Areas in good condition in a manner consistent with first class shopping centers in the area; provided, however, such work may be performed by the Association with regard to Common Elements or Limited Common Elements of the Condominium Project. Landlord shall not be called upon to make any other improvements or repairs of any kind upon the Premises and appurtenance, except as expressly provided in Section 9 above. Any of the foregoing repairs required to be made by reason of the negligence of Tenant, its agents, etc., as above described, shall be the responsibility of the Tenant notwithstanding the provisions above contained in this Section.
12. **Liability of Tenant; Self Insurance:** Tenant is self-insured under the Tennessee Commission Act, Tenn. Code Ann. §§9-8-301 et seq. ("TCCA"), which covers certain tort liability for actual damages of up to \$300,000 per claimant and \$1,000,000.00 per occurrence. Any liability of Tenant to Landlord and third parties for any claims, damages, losses or costs arising out of or related to acts performed by Tenant under this Lease shall be governed by the TCCA. It is the intention of Tenant and Landlord that each shall be responsible for injury or loss as provided by applicable Tennessee law.

Tenant agrees not to keep upon the Premises any articles or goods which may be prohibited by the standard form of fire insurance policy carried on the Unit. It is agreed between the parties that in the event the

insurance rates applicable to fire and extended coverage insurance covering the Premises shall be increased by reason of any use of the Premises made by the Tenant, then Tenant shall pay to Landlord such increase in insurance as shall be occasioned by said use.

Tenant agrees that if any improvements or property owned by it and located in, on or about the Premises shall be damaged or destroyed by any peril, including, but not limited to, fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow, or leaks from any part of the Premises or from the pipes, appliances, or plumbing works or from the roof, street, or subsurface or from any other place or by dampness, Landlord and the other tenants, Unit owners or occupants in the Center shall not have any liability to Tenant, nor to any insurer of Tenant, for or in respect of such damage or destruction.

13. Damage or Destruction by Fire or Other Casualty: If at any time, the Premises become totally untenable by reason of damage or loss by fire or other casualty, the Minimum Rent shall abate until the Premises shall have been restored to tenantable condition, but nothing herein is to be construed as requiring Landlord to restore or rebuild the Premises. If the Premises are so damaged, but not to the extent that they are totally untenable, Tenant shall continue to occupy same or the tenantable portion thereof, and the Minimum Rent shall abate proportionately in the ratio that the unusable portion bears to the entire Premises. In the event of a loss from fire or other casualty, Landlord shall have the right to elect not to rebuild or recondition the Premises, which election shall be exercised by written notice thereof to Tenant, given within ninety (90) calendar days from date of said loss. If Landlord exercises such election, this Lease shall cease and terminate, effective on the date of such loss, and Tenant shall pay the accrued rent up to the date of such loss, or Landlord, if the rent has been paid beyond such date, will refund to Tenant the proportionate part of any such rent prepaid, and thereupon this lease shall become null and void, with no further obligation on the part of either party hereto, even though the building may at a later date be rebuilt, restored or reconditioned. No damage or destruction shall allow Tenant to surrender possession of the Premises, nor affect Tenant's liability for the payment of rent, except as specifically provided in this Lease. Tenant covenants and agrees to reopen for business in the Premises within thirty (30) calendar days after notice from Landlord that the Premises are ready for re-occupancy.

14. Tenant Assignment and Subletting: Tenant hereby acknowledges that Landlord has entered into this Lease in order to obtain the attraction of Tenant's identity and status, specific trade name, the specific services and/or merchandising mix and product lines associated with Tenant's business and specific combination of Tenant's apparent operating expertise and financial integrity. Neither Tenant nor any court or officer thereof nor any receiver or trustee in bankruptcy shall assign, sublease, license, sell, transfer or in any way mortgage, pledge or hypothecate (collectively "Assign") all or any of (i) its interest in this Lease or (ii) its interest in and to the Premises or any part thereof (an "Assignment"), without Landlord's prior written consent in accordance with this Section. Landlord shall not reasonably withhold its consent to an Assignment by Tenant, provided that Tenant shall cause Landlord to be provided with reasonable information regarding any proposed assignee, including financial statements, operating history, credit-worthiness, intended use and other reasonable and relevant information requested by Landlord. Further, Tenant acknowledges that any assignee may be required to execute a new lease or an amendment to this Lease, incorporating provisions from Landlord's standard form which have been deleted from this Lease based upon Tenant's credit-worthiness and status as an instrumentality of the State of Tennessee.

If Landlord consents to an Assignment (or if the Lease is assigned without Landlord's consent), the terms and conditions of this Lease will in no way be waived or modified, including, without limitation, the Use which Tenant or its assignee may make of the Premises as set forth in Section 6 above, and Tenant will remain fully liable for all obligations under the Lease, including without limitation, those obligations arising before and after the Assignment. Further, any assignee shall expressly assume (and shall be deemed to have assumed) all of the Tenant's obligations under the Lease. Landlord's consent to an Assignment will not be deemed to consent to any further Assignment by either Tenant or an assignee.

If Landlord or a court of competent jurisdiction should ever permit Tenant to assign its interest in this Lease, sell this Lease or sublet or license the Premises, or a portion thereof, for rentals in excess of the rent reserved hereunder, Tenant shall pay the sales price or all of such excess rent (which amount shall equal the difference between the rent provided for herein and the excess rent) to Landlord as Additional Rent.

15. Default and Remedies:

a. Events of Default: At Landlord's option, Tenant will be in breach of this Lease and Landlord may declare a default upon the occurrence of any of the following events during the term of the Lease (subject to Tenant's right to early termination as set out in the Summary Section):

i. Failure by Tenant to pay in full any rent payment or other sum payable hereunder (including Minimum Rent or Additional Rent installments) within twenty (20) calendar days of the date such payment is due;

ii. Failure by Tenant to perform any of the terms or conditions of this Lease, other than the payment of money, for a period of thirty (30) calendar days after notice thereof to Tenant by Landlord;

iii. The abandonment of the Premises as a going business by Tenant for any period exceeding thirty (30) calendar consecutive days, regardless of whether Tenant continues to pay all rent.

iv. Tenant or any assignee or sublessee makes any use of the Premises other than that set forth in Section 6 hereof.

v. Tenant does or causes to be done any unauthorized construction in the Center or the Premises, or Tenant materially deviates from the plans and specifications for Tenant's work without the prior written approval of Landlord, or there exists any materially defective workmanship or materials in Tenant's work, which deviations or defects are not corrected within twenty (20) calendar days after written notice thereof.

(b) Remedies: Whenever any Event of Default shall have occurred, Landlord may, to the extent permitted by law, take any one or more of the following remedial steps.

i. Re-enter the Premises with or without terminating this Lease and remove all persons and all or any property therefrom, by any suitable action or proceeding at law, or by force or otherwise, without being liable for any prosecution therefor or damages resulting therefrom, and repossess and enjoy the Premises, together with all additions, alterations and improvements.

ii. Repair, alter, remodel and/or change the character of the Premises as it may reasonably deem fit.

iii. Relet the Premises or any part or parts thereof.

iv. Terminate this Lease (but such termination will not release Tenant from any of its obligations contained in this Lease, including those for the balance of the term then in effect at the time of such default).

v. Cure Tenant's default and assess against Tenant the cost of curing the default, as Additional Rent, which will be paid to Landlord within thirty (30) days after Tenant's receipt of a bill therefore.

vi. Landlord may take whatever action is available to Landlord, and in connection with such actions, recover any and all damages to Landlord for Tenant's violation or breach of this Lease.

No remedy herein conferred upon or reserved to Landlord 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. Any other provisions of this Lease notwithstanding, any reentry and repossession of the Premises by Landlord will be deemed a termination of Tenant's right to possession of the Premises *only* and not a termination of the Lease, unless the Lease is expressly terminated by the Landlord in writing by notice to Tenant. No delay or omission by Landlord to exercise any right or power accruing upon any default of Tenant 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 by Landlord at any time, from time to time and as often as may be deemed expedient. In order to entitle Landlord to exercise any remedy reserved to it hereunder, it shall not be necessary to give any notice, other than such notice as is expressly required by this Agreement. No payment by Tenant or receipt by Landlord of a lesser amount than the Minimum Rent herein stipulated will be deemed to be other than on account of the earliest stipulated rent, nor will any endorsement or statement on any check or letter be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedies provided in this Lease.

(c) Damages: The exercise by Landlord of any right granted in this Section 15 shall not relieve Tenant from the obligation to make all rental payments, and to fulfill all other covenants required by this Lease, at the time and in the manner provided herein. If a default occurs, Landlord may recover from Tenant damages as set forth below, which damages are cumulative with and in addition to any other right or remedy allowed under any law or provisions of this Lease:

i. Upon termination of Tenant's right of possession or upon termination of the Lease, Tenant throughout the remaining term will pay Landlord, no later than the last day of each month during the term, the then-current excess, if any, of the sum of the unpaid rentals and costs to Landlord resulting from such default by Tenant, over the proceeds received by Landlord from reletting, if any. Any excess rent or sums received from renting the Premises by Landlord as a result of Tenant's default will remain the sole property of Landlord. Landlord shall have the right to recover from Tenant as damages an amount equal to all expenses, if any, not including attorney's fees, incurred by Landlord in recovering possession of the Premises and all reasonable expenses incurred for the care of the Premises while vacated by Tenant.

ii. In the alternative and at Landlord's option in the event of termination of Tenant's right of possession or termination of the Lease, Landlord may recover from Tenant:

A. All unpaid rents and other charges as of the date possession is terminated. For purposes of this Subsection, "rents and charges" include without limitation Minimum Rent, Additional Rent, and any other amount due to Landlord by Tenant under this Lease; *and*

B. Landlord's cost of reletting as defined in Subsection (c) (i) above; *and*

C. All other damages proximately caused by Tenant's failure to perform its obligations under this Lease.

(d) Mitigation of Damages: Landlord will be the sole judge as to whether or not a proposed replacement tenant is suitable and acceptable, for the purposes of mitigating damages.

(e) Intentionally Deleted.

(f) Late Payments: If Tenant fails to pay any sum payable hereunder, more than ten (10) days after the due date, a late charge of five cents (\$0.05) per each dollar so overdue shall be due and payable to cover the extra expense involved in handling such delinquency (not as a penalty). A late charge shall not be due for monthly payments of Minimum Rent for the first six (6) months of the term.

(g) Termination by Tenant for Cause: Tenant may terminate this Lease for any of the following causes: a) Landlord's failure to disclose any conflict of potential conflict of interest existing at the

date of this Lease or hereafter created; b) lack of funding by the appropriate Legislative Body for obligations required of Tenant under this Lease or c) any material default by Landlord that is not adequately remedied.

16. **Condemnation:** If a portion of the Demised Premises shall be taken, as herein provided, for public improvements or otherwise, under the exercise of the right of eminent domain and the Premises shall continue to be reasonably suitable for the use which is herein authorized, then the rental herein provided shall be reduced from the date of such taking in direct proportion to the reduction in usefulness of the Premises.

If the real estate hereby leased, or a part thereof sufficient to render the Premises substantially unfit for the use herein authorized, shall be condemned or acquired by grant or otherwise, for public improvements, or shall otherwise be taken in the exercise of the right of eminent domain, Tenant shall have the right, at Tenant's option, to terminate and cancel this Lease on thirty (30) days prior written notice to Landlord, such notice to be given within sixty (60) days of the date of the taking, and Tenant shall be liable only for rents and other charges accrued and earned to the date of surrender of possession of the Premises to Landlord and for the performance of other obligations maturing prior to said date. Tenant shall not be entitled to terminate this Lease if Landlord promptly repairs or replaces any facilities taken or damaged by the condemnation, which may include replacement of parking spaces, alternate access, etc.

Tenant shall not be entitled to participate in or receive any part of the damages or award which may be paid to or awarded Landlord by reason of a taking except where said award shall provide for moving or other reimbursable expenses for the Tenant under applicable statute.

17. **Landlord's Right of Entry:** Landlord reserves the right at all reasonable times and upon reasonable advance notice during the term of this Lease for Landlord or Landlord's agents, to enter the Premises for the purpose of inspecting and examining the same, and to show the same to prospective lenders, purchasers or tenants, and to make such repairs, alterations or improvements as reasonable or necessary. During the ninety (90) days prior to the expiration of the term of this Lease or any renewal term, Landlord may exhibit the Premises to prospective tenants or purchasers, and place upon the Premises notices advertising the Premises for sale or lease, as the case may be, which notices Tenant shall permit to remain thereon without molestation. Tenant will provide Landlord with the name(s) and contact information for persons who should be contacted in the event entry is requested or in the event of an emergency.
18. **Quiet Enjoyment:** Landlord agrees that, if the rent is being paid in the manner and at the time prescribed and the covenants and obligations of the Tenant are being all and singularly kept, fulfilled and performed, Tenant shall lawfully and peaceably have, hold, possess, use and occupy and enjoy the Premises so long as this Lease remains in force, without hindrance, disturbance or molestation by or through Landlord, subject to the specific provisions of this Lease.
19. **Subordination and Attornment:** Tenant hereby subordinates all of its right, title and interest in and under this Lease to the lien of any mortgage or mortgages, or the lien resulting from any other method of financing or refinancing, now or hereafter in force against the Unit. In the event of a foreclosure under any mortgage or deed of trust affecting the Premises or the Unit, or in the event of the termination of Landlord's interest in the Premises, the holder of the Note secured by any mortgage or deed of trust encumbering the Premises, or the purchaser at any foreclosure sale, as applicable, shall have the option to recognize this Lease, in which event this Lease shall continue in full force and effect. Notwithstanding, in the event of any sale pursuant to any power of sale granted under any mortgage or deed of trust encumbering the Premises, or conveyance of title to the Premises by deed in lieu of foreclosure, Tenant's rights under this Lease shall not be disturbed, so long as Tenant is not in default hereunder, and Tenant will attorn to the purchaser of the Premises and its successors and assigns.
20. **Notices:** All notices required or permitted by the terms of this Lease shall be in writing and shall be

personally delivered, or sent by nationally recognized overnight commercial delivery service (provided a receipt is available with respect to such delivery), or mailed by first-class registered or certified mail, return receipt requested, postage prepaid. Any such notice, request, consent or other communications shall be effective on the date when it is received, if personally delivered, or on the date when it is deposited in the United States Mail or with such overnight delivery service, in accordance with the provisions of this Section. All notices shall be addressed to Tenant to Landlord at the addresses noted in the Summary Section. Any address herein specified may be changed from time to time by either party by written notice given to the other party as above provided.

21. **Successors:** The provisions, covenants and conditions of this Lease shall bind and inure to the benefit of the legal representatives, successors and assigns of each of the parties, except that no assignment or subletting by Tenant without the written consent of Landlord shall vest any right in the assignee or sublessee of Tenant.
22. **Governing Law:** The Lease shall be governed by, and construed in accordance with, the laws of the State where the Premises are located.
23. **Landlord's Exculpatory Clause:** It is specifically understood and agreed that there shall be no personal liability of Landlord in respect to any of the covenants, conditions, or provisions of this Lease. In the event of a breach or default by Landlord of any of its obligations under this Lease, Tenant shall look solely to the equity of the Landlord in the Unit or the Project for the satisfaction of Tenant's remedies.
24. **Relationship of the Parties:** Nothing contained in this Lease shall be deemed or construed as creating the relationship of principal and agent or of partnership or joint venture between the parties hereto, it being understood and agreed that neither the method of computing rent nor any other provision contained herein nor any acts of the parties hereto shall be deemed to create any relationship between the parties other than that of Landlord and Tenant.
25. **Entire and Binding Agreement:** This Lease contains all of the agreements between the parties hereto, and it may not be modified in any manner other than by agreement signed by all parties hereto or their successors in interest.
26. **Documentation:** Tenant does covenant and agree to execute and deliver to Landlord within twenty (20) days from date of request such supplemental documents, including estoppel certificates in reasonable form, as may be requested by Landlord, provided that the form of any estoppel certificate is approved by the State of Tennessee. Any such documents may be relied upon by any prospective purchaser or prospective tenant of the Premises, or any lender or prospective lender of the Landlord, or any assignee or prospective assignee of any lender thereof.
27. **Addendum and Exhibits:** The Exhibits and Addenda affixed to this Lease are a part hereof for all purposes.
28. **Provisions Severable:** If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.
29. **Hazardous Substances:** Tenant shall not use, generate, store, treat, dispose of, install or otherwise permit any Hazardous Substances on, in, or under or in any way related to the Premises, or any other portion of the Shopping Center or cause or permit any such generation, storage, treatment, disposal, installation or other use with respect thereto, except as reasonable and ordinary in the conduct of its business and in compliance with Environmental Law (as defined below). "Hazardous Substances" means and includes any of the substances, materials, elements or compounds that are contained in the list of hazardous substances adopted by the United

States Congress or the Environmental Protection Agency or any substances, materials, elements or compounds affected by any other federal, state, or local statute, law, ordinance, code, rule, regulation, order or decree now or at any time hereafter in effect, regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic, dangerous, restricted or otherwise regulated waste, substance or material, and shall include petroleum products and fractions thereof, asbestos, asbestos containing materials, urea formaldehyde, polychlorinated biphenyls, radioactive materials and all other dangerous, toxic or hazardous pollutants, contaminants, chemicals, materials, substances and wastes listed or identified in, or regulated by, any Environmental Law. "Environmental Laws" shall mean all federal, state, county, municipal, local and other statutes, laws, ordinances and regulations which relate to or deal with human health or the environment, all as may be amended from time to time.


Tenant acknowledges and agrees to abide by all of the Land Use Restrictions of record in the Knox County Register's Office as Instrument Number 201105190067184, a copy of which has been made available to Tenant.

30. Landlord has provided tenant a list of names and addresses of persons, associations, or corporations who hold any financial interest in the Leased Premises; such list shall be immediately revised in the event of a transfer of any such interest.
31. **Approvals:** Neither this Lease nor any amendment or modification hereto shall be effective or legally binding upon Tenant, unless and until a fully executed, original Lease has been returned to Tenant and the review and approval by all appropriate State officials and the State Building Commission, if applicable has been obtained.
32. **Records Retention:** Landlord shall maintain documentation for all charges against Tenant under the Lease. The books, records, and documentation of Landlord, insofar as they relate to reimbursement by Tenant for costs incurred, whether in whole or in part, shall be maintained in conformity with generally accepted accounting principles for a period of three (3) full years from the date of what amounts to the final payment under this Lease, and shall be subject to audit, at any reasonable time and upon reasonable notice by the Comptroller of the Treasury or his duly appointed representative or a licensed independent public accountant.
33. **No Recordation of Lease.** This instrument shall not be recorded in any public records; provided that the parties acknowledge that the Lease will be a public record and subject to the public records act. Each party agrees to enter into and execute a memorandum of this Lease for the purposes of recording the same in the county in which the Premises are located at the request of the other party. The party requesting the memorandum shall prepare the same and pay any and all costs of recording. The memorandum shall set forth the term of the Lease, but shall not set forth economic provisions, unless both parties agree to the contrary. Each party agrees to execute an appropriate notice of termination of this Lease for the purposes of recording upon termination of the Lease.

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

LANDLORD:

UC RETAIL, LLC,
a Tennessee limited liability company


By: 
Its: President

TENANT:


THE UNIVERSITY OF TENNESSEE,
an instrumentality of the State of Tennessee

By: 
Charles M. Peccolo David E. Millhorn
Treasurer and Chief Financial Officer Executive Vice President

Date: _____

By: 
Robert E. Oglesby
Commissioner of Department of General Services

Date: 19 July 2011

By: 
Robert E. Cooper, Jr., Attorney General & Reporter
(For Form and Legality)

Date: 7-28-14

TENANT NOTARY

STATE OF TENNESSEE

COUNTY OF KNOX

Personally appeared before me the undersigned, Notary Public for the State and County aforesaid, David E. Millhorn, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence and who, upon oath, acknowledged that he is the Executive Vice President of the University of Tennessee, and that he, as Executive Vice President, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the University of Tennessee, by himself as Executive Vice President.

Witness my hand and seal at office, this 15th day of July, 2014.



Notary Public



My commission expires: My commission expires May 1, 2016

LANDLORD NOTARY

STATE OF TENNESSEE
COUNTY OF Knox

Before me, Jennifer L. McCague Notary Public in and for the County and State aforesaid, personally appeared James H. Hamison, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself/herself to be, the within named Landlord, and that he/she, executed the foregoing instrument for the purposes therein contained

Witness my hand and seal, at office in Knoxville, Tennessee, this the 10 day of July, 2014.

Jennifer L. McCague
Notary Public
My Commission Expires:



TENANT NOTARY

STATE OF TENNESSEE
COUNTY OF KNOX

Personally appeared before me, the undersigned Notary Public for Knox County, Charles M. Peccolo, Treasurer and CFO of the University of Tennessee, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged that he is the Treasurer and CFO of the University of Tennessee and that he as Treasurer and CFO, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the University of Tennessee by himself as Treasurer and CFO.

Witness my hand and seal, at office in, this ___ day of _____, 20__.

Notary Public.

My Commission Expires:

STATE OF TENNESSEE
COUNTY OF DAVIDSON

Before me, Loretta Marie Baltz, Notary Public in and for the County and State aforesaid, personally appeared **Robert E. Oglesby**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself to be **Commissioner of the Department of General Services** for the State of Tennessee, the within named Tenant, and that he as such representative, executed the foregoing instrument for the purposes therein contained and signed the name of the State of Tennessee, by himself as Commissioner, Department of General Services for the State of Tennessee.

Witness my hand and seal, at office in Nashville, Tennessee, this the 18 day of July, 2014.

Loretta Marie Baltz

Notary Public

My Commission

Expires:

June 21, 2016



EXHIBIT LIST

Exhibit A – Site Plan Showing Unit and Premises Location

Exhibit B–Description of Shopping Center and Permitted Encumbrances

Exhibit C - Landlord's Work

Exhibit D – Special Use Provisions

Exhibit E - Depiction of Pylon Sign and Tenant's Panel Location

EXHIBIT A
Site Plan Showing Unit and Premises Location

Exhibit A

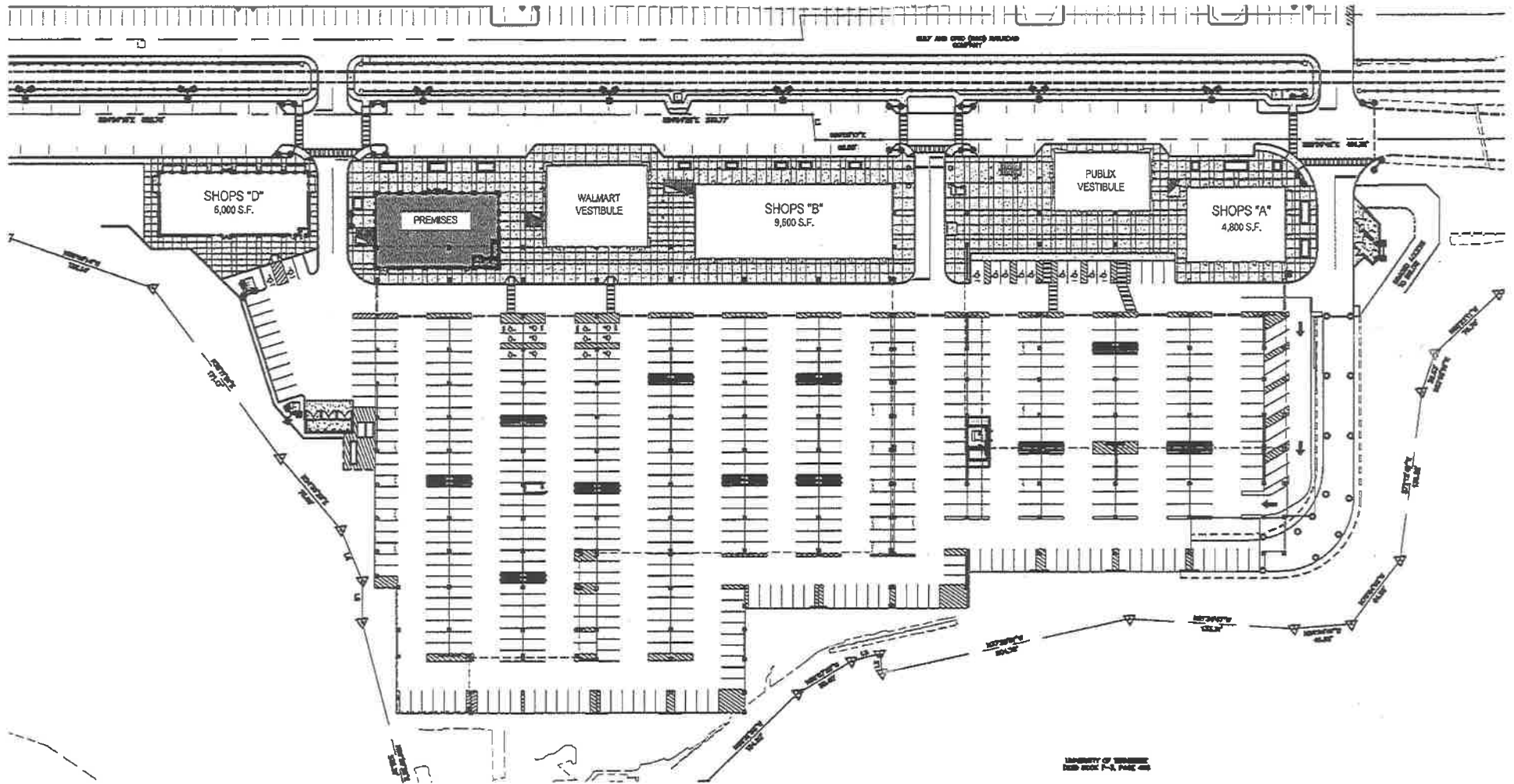


Exhibit A-1

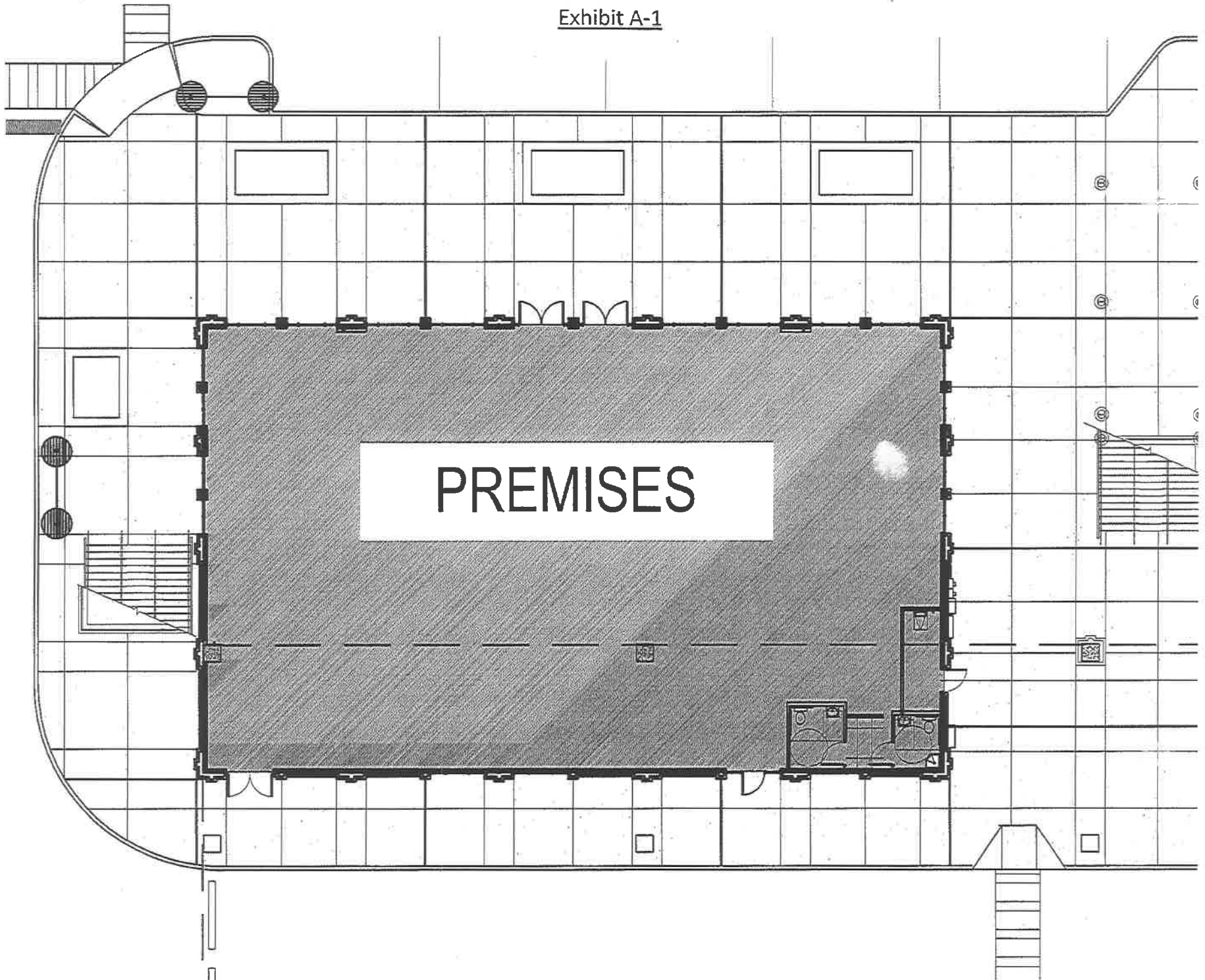


EXHIBIT B

Description of the Shopping Center and Encumbrances

DESCRIPTION:

Those certain premises comprising a portion of the project known as UNIVERSITY COMMONS CONDOMINIUM situated in Knox County, Tennessee, and within the corporate limits of the City of Knoxville, Tennessee, such project having been established as a horizontal property regime by Declaration of Condominium for University Commons dated December 21, 2012, and recorded in the office of the Register of Deeds for Knox County, Tennessee as Instrument No. 201212210040992, as amended by the Corrective Amendment to Declaration of Condominium of record as Instrument Number 201305080073488, (the "Declaration"), pursuant to the provisions of the Tennessee Condominium Act of 2008 of Tennessee (Tennessee Code Annotated Sections 66-27-201, *et seq.*), as amended, the premises being more particularly described as follows:

1. Unit Nos. 3, 4, 5, 6, and 7 as shown on the condominium plat that is attached as Exhibit B to the aforesaid Declaration with the following street addresses:

| | | |
|--------|---|-------|
| Unit 3 | 2421-2415 University Commons Way, Knoxville, TN | 37919 |
| Unit 4 | 2441-2471 University Commons Way, Knoxville, TN | 37919 |
| Unit 5 | 2509-2517 University Commons Way, Knoxville, TN | 37919 |
| Unit 6 | 2525-2539 University Commons Way, Knoxville, TN | 37919 |
| Unit 7 | 2437 University Commons Way, Knoxville, TN | 37919 |

2. Together with the Limited Common Elements appurtenant to the Units and an undivided interest in the General Common Elements of the project as described in the Declaration.

BEING a part of the same property conveyed to UC Retail, LLC, a Tennessee limited liability company, by Condominium Unit Deed dated December 21, 2012, of record in Instrument No. 201212210040995 in the Office of the Register of Deeds for Knox County, Tennessee.

ENCUMBRANCES:

1. Notice of Land Use Restrictions of record as Instrument Number 201105190067184 in the Knox County Register's Office.
2. The Declaration, as amended.

EXHIBIT C
LANDLORD WHITE BOX
CONSTRUCTION CRITERIA

A. PREMISES:

Spaces C100-C500. A one-story room without basement, approximately 100' feet wide and 60' feet deep, said dimensions extending to the exterior faces of all walls, or to the center line of those walls separating the Premises from other premises in the Shopping Center.

B. STRUCTURE:

1. Structural Frame: The building structure shall, at Landlord's option, be of steel frame, reinforced concrete or bearing wall construction. Governing building codes shall apply.
2. Exterior Walls: Shall be of masonry and/or metal studs with sheathing or such other material or materials selected by Landlord.
3. Roof: Shall be an EPDM/PVC membrane or built-up roof or such other materials selected by Landlord.
4. Demising Walls: 1 hour rated metal stud firewall with gypsum wall board taped, sanded and ready for paint. Walls shall be constructed in compliance with applicable codes.
5. Exits: Entry and exit points shall be provided by Landlord as required to meet applicable building code exiting requirements.

C. STORE FRONT:

1. Landlord shall provide the storefront in accordance with Landlord's master plan. Landlord shall provide a minimum of one (1) EA 3'0"x7'-0" glass storefront door. Storefront shall be designed with ¼" thick or 1" insulated glass (at Landlord's option based on energy code calculations) and aluminum storefront framing.

D. INTERIOR:

1. Wall partitions, fitting rooms and cornices, where required, shall be entirely furnished and installed by Tenant.
2. Landlord shall provide a concrete floor only, suitable for covering. Floor covering shall be furnished and installed by Tenant, which floor covering shall attach to the freehold and become and remain the property of Landlord.
3. Landlord shall provide drywall, taped, spackled and ready for painting on all stud framed perimeter walls. Concrete masonry (CMU) walls shall include no drywall or finishes.
4. Landlord shall provide a suspended acoustical ceiling in an exposed grid system for the interior area @ 10'-0" AFF.
5. All painting and decorating shall be furnished and installed by Tenant. Should Tenant elect to request that the acoustical ceiling not be installed by Landlord, Tenant shall be responsible for any

required painting of roof deck and joists.

E. TOILET ROOM:

1. Landlord shall provide ADA compliant toilet room(s), containing 1 toilet and 1 wash basin each (as the case may be), completely installed and connected to the necessary plumbing, located in the rear of the Premises per Landlord's master plans, together with the room partitions enclosing the same per code requirement of a "Dry Goods" store. Landlord shall provide an instantaneous water heater connected to the toilet room wash basin and tenant's electric panel.
2. Landlord shall provide a concrete floor only, suitable for covering. Floor covering shall be furnished and installed by Tenant, which floor covering shall attach to the freehold and become and remain the property of Landlord.
3. Landlord shall provide drywall, taped, spackled and ready for painting on all stud framed toilet room walls. Concrete masonry unit (CMU) toilet room walls will include no drywall or finishes. Landlord will provide a suspended acoustical ceiling in an exposed grid system in toilet rooms including the ceiling tiles panels.
4. Toilet partitions, if required, mirrors, shelves, towel dispensers or racks, and soap dishes shall be furnished and installed by Tenant.
5. Additional toilet rooms required as a result of a special use or Tenant requirement shall be constructed at Tenant's expense.

F. PLUMBING:

1. Landlord shall stub one 1.5 inch domestic water line served from a 1" water meter to the interior of the Premises and one 4 inch sanitary line to the interior of the Premises. Landlord, at Landlord's option, may elect to provide private sub-metering for Tenant's Premises.

G. FIRE SPRINKLER SYSTEM / FIRE EXTINGUISHERS:

1. Landlord shall furnish and install a fire sprinkler system riser in a common mechanical room and shall extend a fire sprinkler main and sprinkler system distribution to the Premises to code minimum requirements. A code required minimum number and spacing of sprinkler heads will be provided by the Landlord and installed flush with the Landlord provided ceiling tile. Any modifications to the sprinkler heads required as a result of Tenant's construction (e.g. the removal or modification of the ceiling, interior demising walls, etc.) shall be completed by Tenant at Tenant's expense.
2. Tenant shall furnish, install and maintain fire extinguishers and smoke alarms in strict accordance with Landlord's insurance underwriter's requirements; local, state and national codes; and N.F.P.A. requirements and in strict accordance with any future such requirements. Any additional fire protection required by Tenant's business shall also be at Tenant's expense.

H. HEATING, VENTILATING & AIR CONDITIONING:

1. Landlord shall furnish and install heating and cooling unit(s) sized to heat and cool a "Dry Goods" storeroom in accordance with the A.S.H.R.A.E guide recommendations for dry goods use in the geographical area of the Premises, but shall provide a minimum of one ton of HVAC per 350 square feet of building area. Landlord shall furnish and install the roof mounted HVAC units or

suspended split systems, one thermostat and ductwork distribution to diffusers in the Landlord provided ceiling, in accordance with Landlord's design. Should Tenant elect for Landlord not to install a ceiling, Landlord shall provide trunk line duct drops from the roof mounted ceiling HVAC units into the space, without duct distribution.

2. Exhaust system, if required for Tenant's equipment, shall be furnished and installed by Tenant.
3. Landlord shall furnish and install a standard toilet room exhaust fan in the toilet room ceiling. In the event that Tenant requests that Landlord not install a toilet room, Tenant shall be responsible for said ventilation at such time that Tenant installs the toilet room partitions.

I. ELECTRICAL:

1. Landlord shall provide electrical service consisting of a single 120/208 volt, 200-amp electrical panel.
2. Landlord shall provide electrical duplex wall outlets, at a minimum spacing of one outlet per each perimeter wall of the Premises.
3. Landlord shall furnish and install one 2' x 4' recessed fluorescent lighting fixture and initial lamp for approximately every one hundred (96) square feet of leased area.
4. Landlord shall provide a conduit for the Tenant's sign(s) from the electrical panel in the ceiling to the front sign location of the Premises. All Tenant Signs and sign wiring shall be furnished, installed and connected by Tenant. At Landlord's option, sign wiring will be circuited to the Common Area electric panel.
5. Final electrical connections to Tenant's equipment or trade fixtures shall be furnished and installed by Tenant.
6. Electrical service characteristics are to be determined by local utility company.
7. Landlord to install raceways for Data/Telephone for cash registers. Door contacts are to be used and will need to be prepped and wired with the installation of all doors to be monitored. An additional 120 volt duplex outlet will be required at the Building Security System location along with a data line for communication to Central Alarm.

J. FIRE ALARM:

1. If required by applicable code, the Landlord shall furnish and install a non-proprietary fire alarm control panel (located in a common mechanical room outside the Premises) for monitoring of all fire/smoke alarm devices required within the Premises. With regard to fire alarm devices within the Premises, Landlord shall provide only the code required monitoring of the flow and tamper switches associated with the Landlord installed fire sprinkler system. All additional fire/smoke alarm devices required within the Premises shall be furnished and connected to the Landlord's fire alarm control panel by Tenant at Tenant's expense in conjunction with Tenant's construction operations. Tenant shall prepare fire alarm shop drawings for submission to and approval of the permitting authority for any such fire alarm devices. The Building Security system will need to be tied into the Fire Alarm if there are magnetic locks or magnetic door strikes used.

K. TENANT'S WORK:

1. Tenant's Plans and Specifications - In the event Tenant performs work in the Premises above the scope of Landlord's work as outlined in this Exhibit "C", Tenant shall be obligated to submit a set of drawings (at Tenant's expense), prior to the commencement of any of this additional work. Tenant shall be obligated to submit its plans to Landlord pursuant to this Exhibit "C" within fourteen (14) days from the date Landlord provides Tenant with a set of architectural drawings for Tenant's Premises.

The plans submitted to the Landlord for approval must include the following minimum information:

- (a) A floor plan, drawn to scale, showing the proposed location and type of all interior partitions, shelving, fixtures and special fixtures.
- (b) Interior elevations, drawn to scale, showing any special construction, wall treatments and finishes proposed for the Premises.
- (c) An elevation of the storefront, including shop drawings indicating the size, location, type and mounting instructions for all proposed signs (see Sign Criteria section).
- (d) Complete information indicating the location and size of any and all roof openings required as part of Tenant's proposed leasehold improvements.
NOTE: All permitted roof penetrations shall be performed by a Landlord approved roofing Contractor contracted by Tenant at Tenant's expense.
- (e) Complete information regarding the location and type of any light fixtures or other electrical equipment to be provided by Tenant.
- (f) Complete information describing any proposed alterations to the basic building systems furnished by the Landlord.

Tenant's Plans and Specifications shall be approved in the following manner. Within fourteen (14) days thereafter, Landlord will "approve", "approve with notations" or "disapprove" the proposed changes or new plans for leasehold improvements. If Landlord approves with notations or disapproves such plans, Tenant will re-submit corrected plans and specifications within ten (10) days. Thereafter, Landlord and Tenant shall each respond to the other within ten (10) days after receipt of the other's response until such plans are approved. The same procedure shall apply for any changes to the approved Plans and Specifications or for any future work Tenant desires to perform in the Premises. Failure of Tenant to obtain approval of its changes or new plans from the Landlord does not relieve the Tenant from any of its obligations under the lease or the Exhibits.

Tenant shall not commence any work in the Premises until Landlord has approved the plans and specifications therefore in writing, which approval shall not be unreasonably withheld or delayed.

2. Execution of Tenant's Work - Tenant shall be obligated to use contractors and suppliers that are licensed to do business in the municipality wherein the Premises are located. Tenant shall submit all reasonable information (Licenses, Certificate of Insurance, list of sub-contractors, etc.) to Landlord for its review and approval prior to the commencement of any modification or construction.
3. Approvals and Documentation of Tenant's Work - Tenant shall furnish to the Landlord at the completion of the modification or construction one of the following as provided by the Local Building Department: A Certificate of Occupancy; the Building Permit with final inspections signed off; or a letter from the Building Department stating that all work has been inspected and approved. Tenant shall also furnish to the Landlord a Final Lien Waiver or Waivers as applicable, from Tenant's contractor and major subcontractors (including contractors and vendors who have contracts that exceed \$2500.00).

EXHIBIT D
Special Use Provisions

The use restrictions and use provisions set out in the Declaration, particularly Exhibits J and K, shall apply to the Premises. Further, restrictions set out in the encumbrances of record noted in **Exhibit B** to this Lease shall also apply. Tenant acknowledges receipt of a copy of the Declaration and the Exhibits.

Prohibited Uses. Notwithstanding anything herein to the contrary, no part of the business activities of Tenant or any subtenant of the Premises will include (i) the rental to others of residential rental property where 80% or more of the gross rental income from the Premises in any taxable year is rental income from such residential rental property pursuant to Section 168(e)(2) of the Internal Revenue Code of 1986 (as amended from time to time, the "Code"); (ii) developing or holding intangibles for sale or license; (iii) the operation of (A) a private or commercial golf course, (B) a country club, (C) a massage parlor, (D) a hot tub facility, (E) a suntan facility, (F) a racetrack or other facility used for gambling, or (G) any store the principal activity of which is the sale of alcoholic beverages for consumption off premises; (iii) farming (within the meaning of Section 2032A(e)(5)(A) or (B) of the Code and the related Treasury Regulations); or (iv) any other trade, business or activity as may be an excluded business by any amendment to Section 45D of the Code, any Treasury Regulations, or any guidance, rule, or procedure published by the Community Development Financial Institutions Fund of the United States Department of Treasury (or any successor agency thereto) or the United States Treasury Department.

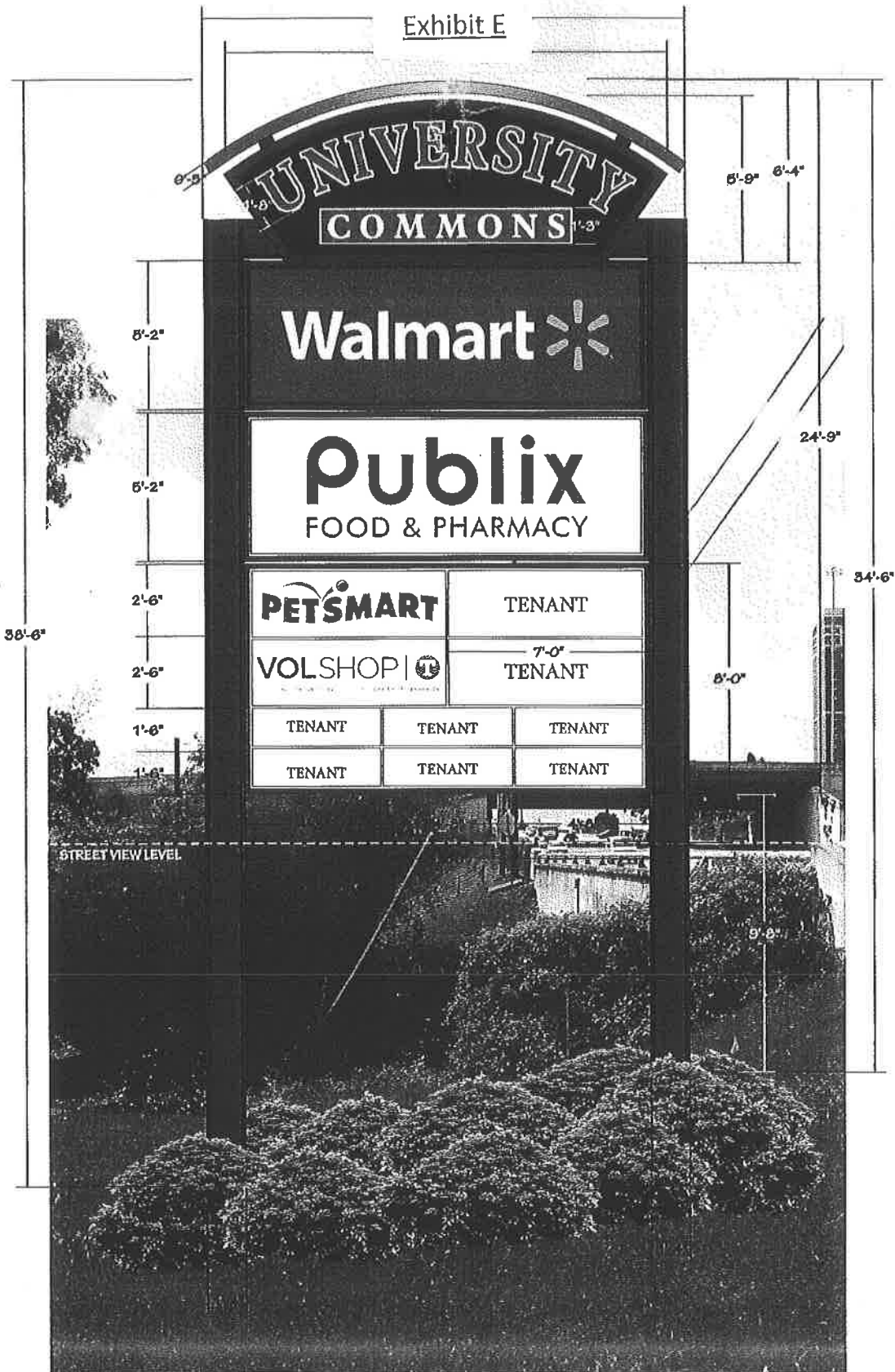
Additionally, the following uses are prohibited on the Premises:

- (i) the operation of a barber shop, beauty salon or hair salon;
- (ii) sales of alcoholic beverage for on or off Premises consumption;
- (iii) operation of a restaurant or any sales of prepared foods;
- (iv) sale of pets or animals;
- (v) sales of food, supplies, equipment or accessories for pets or animals;
- (vi) Provision of veterinary, grooming or other services relating to pets or animals.

The forgoing restrictions do not imply that Tenant has the right to use the Premises for any use not expressly allowed.

EXHIBIT E
Depiction of Pylon Sign and Tenant's Panel Location
And
Depiction of Tenant's Exterior Signage Package (if available)

Exhibit E



| | | | |
|--|--|------------------------------------|---|
| | SIGN & FAX BACK SO THAT WE MAY APPROVE YOUR ORDER. FAX: 865.947.2089 | | <input type="checkbox"/> Approved |
| | | | <input type="checkbox"/> Approved w/changes <input type="checkbox"/> Revise & Resubmit |
| CUSTOMER: Customer | | SALES REPRESENTATIVE: Keith Pankey | |
| LOCATION: Location | | DATE: 08/27/13 | |
| FILE: University Commons Tenant 1 | | SCALE: 1/4" = 1' | |
| DRAWN BY: Tiffany Poling | | APPROVAL SIGNATURE _____ | |
| PMS COLORS: <input checked="" type="checkbox"/> 285 <input checked="" type="checkbox"/> 1235 <input type="checkbox"/> 0000 <input type="checkbox"/> 0000 <input type="checkbox"/> 0000 <input type="checkbox"/> 0000 | | | |
| VALUE OF THIS DRAWING: \$500.00 | | | |

**RESOLUTION TO APPROVE THE BORROWING OF
MONEY BY ANOTHER METHOD BY THE UNIVERSITY
OF TENNESSEE**

Recitals

Whereas the University of Tennessee (“UT”) desires to enter into a subeasement (the “Subeasement”) for use of office space located at 400 W. Summit Hill Drive, Knoxville, Tennessee which is owned by the Tennessee Valley Authority (“TVA”) and would be referred to as the “UT Tower”; and

Whereas TVA will grant an easement, which will operate like a lease, to Knox County for use of the entire twelve story UT Tower, and Knox County will then grant a subeasement to UT for a portion of the first floor and floors 7 through 12 of the UT Tower; and

Whereas UT personnel currently occupy workspace in several different office locations throughout Knoxville, both on-campus and off; and

Whereas consolidating Knoxville-based UT system-wide functions into a single location will promote efficiencies and increase communication and collaboration in addition to providing additional space for Knoxville campus needs; and

Whereas the proposed terms of the Subeasement are:

An initial term of fifteen (15) years with five (5), five (5) year renewal options for a total of forty (40) years and base rate of \$1.00 per square foot; and

Whereas Knox County will acquire the Summer Place Complex from TVA by permanent Easement and this Complex includes a parking garage, and Knox County will license the use of approximately one-half of the spaces, estimated to be 330, to UT for the term of the Subeasement and

Whereas funding for the Subeasement will come from plant funds.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

1. In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Authority gives its approval to UT to enter into the Subeasement.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of June 25, 2020.

Adopted by the Authority at its meeting on June 25, 2020.

JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY

UNIVERSITY OF TENNESSEE

Acquisition – Subeasement (Space)

Requested Action: **Approval of acquisition by subeasement with waiver of appraisals**

Transaction Description: Transaction No. TBD

- **Location:** University of Tennessee - System
Knox County – 114,693 sf +/-, 400 W Summit Hill Drive, Knoxville, TN
- **Grantor:** Knox County (via easement from United States of America - Tennessee Valley Authority)
- **Term:** Fifteen (15) years with five (5) five (5) year renewal options
- **Estimated Price:** \$1.00/sf plus (escalated 1% per year), \$4.00/sf annual security, operation and maintenance and utilities expenses (estimated); \$1.10/sf janitorial expenses (estimated); plus \$198,000 (est.) for 330 licensed parking spaces

- **Source of Funding:** Plant Funds (Non-Auxiliary) (A)

Comment: The UT System proposes to consolidate System functions from several buildings throughout Knoxville into the East Tower, located in downtown Knoxville. The current dispersion of employees is inefficient and hinders communication and collaboration. The consolidation will also free up space on campus for UTK surge space/surplus office needs and will provide space for UT Conference Center occupants who are planned for relocation under a FY21-22 university funded and disclosed project. TVA will grant an easement to Knox County for use of the entire building, and Knox County will grant a subeasement to the University for use of a portion of the building.

TVA is responsible for utilities and maintenance and operation of the building pursuant to an Operating Agreement with Knox County and for security to the building pursuant to a Security Services Agreement with Knox County. UT will reimburse Knox County its pro rata share of these costs, estimated to be \$4.00 a square foot. In addition, Knox County, through the Public Building Authority, will provide janitorial and mail services as well as access to handicapped parking. UT will reimburse Knox County its pro rata share of these costs as well as its pro rata cost of certain insurance policies required by TVA.

Knox County will have a right of first offer to purchase the building for the first fifteen (15) years of the easement. If Knox County declines to exercise its right of first offer, UT will have the right to purchase, at fair market value, the building subject to approvals at that time.

Knox County will also acquire the Summer Place Complex from TVA by permanent easement. This complex includes a parking garage and Knox County will license the use of approximately 330 spaces in the garage to UT at \$50 per space per month. UT will have the right of first offer to purchase, at fair market value, the complex if Knox County decides to sell it in the future, subject to approvals at that time.

The sublease provides for design and construction services for the build-out of the space through Knox County's design and construction contracts. UT will reimburse Knox County for the costs related to the work.

The University of Tennessee Foundation, Inc. and UT Research Foundation will further sublease one floor in total from UT and will pay their pro rata share of costs associated with this space.

Because the grantors are governmental entities, no advertisement is required. Waiver of appraisals is requested because of the below market rate offered for the space.

SSC Report:

06/22/2020

EXECUTIVE SUMMARY
Office Space Subeasement from Knox County

BACKGROUND:

The University Administration seeks approval for a subeasement for use of approximately 114,693 +/- rentable square feet of office space located at 400 W. Summit Hill Drive, Knoxville, Tennessee. The downtown Knoxville space is owned by the Tennessee Valley Authority (United States of America) and would be referred to as the UT Tower. TVA will grant an easement, which will operate like a lease, to Knox County for use of the entire twelve story building, and Knox County will then grant a subeasement to UT for a portion of the first floor and floors 7 through 12.

UT System personnel currently occupy work space in several different office locations throughout Knoxville, both on-campus and off, including Andy Holt Tower (AHT), the UT Conference Center, Kingston Pike Building, and the Middlebrook Pike Building. Consolidating System personnel will accomplish the following:

- Consolidate Knoxville-based System functions into a single location. The current dispersion of employees is inefficient and hinders communication and collaboration.
- Provide additional space in AHT for UTK surge space/surplus office needs.
- Provide space for Conference Center occupants who are being relocated.

PROPOSED TERMS:

The proposed term is fifteen (15) years with five (5), five (5) year renewal options for a total of forty (40) years. The base rate is \$1.00 per square foot.

TVA is responsible for utilities and maintenance and operation of the building pursuant to an Operating Agreement with Knox County, and for building security pursuant to a Security Services Agreement with Knox County. UT will reimburse Knox County its pro rata share of these costs, estimated to be \$4.00 per square foot. In addition, Knox County, through the Public Building Authority, will provide janitorial and mail services and access to handicapped parking. UT will reimburse Knox County its pro rata share of these costs, as well as its pro rata cost of certain insurance policies required by TVA.

The University of Tennessee Foundation, Inc. (UTFI) will sublease the majority of one floor, with the UT Research Foundation (UTRF) taking most of the remainder of that floor. Both UTFI and UTRF will pay UT their pro rata rate for use of that floor.

Knox County will have a right of first offer to purchase the Tower for the first fifteen (15) years of the easement. If Knox County declines to exercise its right of first offer, UT will have the right to purchase the Tower subject to TVA and UT/State approvals at that time.

Knox County will acquire the Summer Place Complex from TVA by permanent easement. This Complex includes a parking garage, and Knox County will license the use of approximately one-half of the spaces, estimated to be 330, to UT for the term of the subeasement. Knox County will charge \$50 per space, and UT will charge employees based on a sliding scale. Knox County and UT will execute a right of first offer for UT to purchase the Complex if Knox County decides to sell it in the future.

Knox County will also acquire an additional parking lot known as the Fritts Lot by permanent easement for use as handicapped parking and access to the Tower. Knox County will license handicapped parking spaces to UT for the term of the easement. UT will assume the Fritts Lot easement if it assumes the Tower easement or if UT exercises the right of first offer to purchase the Tower.

The subeasement provides for design and construction services for the build-out of the UT space in the Tower through Knox County's design and construction contracts. UT will reimburse Knox County for the costs related to the work.

This property is owned or otherwise controlled by the county and the federal government.

FUNDING:

Plant Funds (Non-Auxiliary) (A)



STATE OF TENNESSEE
Department of General Services
State of Tennessee Real Estate Asset Management
WRS Tennessee Tower, 24th Floor
312 Rosa L. Parks Ave.,
Nashville, TN 37243
Telephone: (615) 741-2315

| STREAM USE ONLY | |
|-----------------|--|
| Date Received: | |
| Received by: | |
| Transaction # | |

Real Estate Transaction Request Form RPM-1A (2/2018)

Acquisition

Section I - Agency Information

| | | | |
|----------------|-------------------------|-------------------------|------|
| Agency | University of Tennessee | | |
| Contact | Tony Hopson | | |
| Phone # | 865-974-2441 | | |
| E-mail Address | ahopson4@tennessee.edu | Requested Closing Date* | ASAP |

*Not less than 180 days from date of received

Section II - Property Information

| | | | | |
|--------------------------|---|--|-----------------|-------------------|
| Current Owner | United States of America (Tennessee Valley Authority) | Description of Building(s), if applicable | | |
| Property Address | 400 W. Summit Hill Drive | Type of Building(s) | 12-story office | |
| | | Number of Buildings | \$ 1 | |
| City / County | Knoxville/Knox | Description of Bldgs. - Attach list if more than two buildings | Size | Year Built |
| Assessor Map and Parcel | 094 LD 018 | | \$ 260,000 | 1970 |
| Owner's Deed Book & Page | 2093 533 | | | |
| Size of Land (Acres) | | Current Use of Property | office | |

Section III - Action Requested

| | |
|--|--|
| <input checked="" type="checkbox"/> - Acquisition <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input checked="" type="checkbox"/> Easement / ROW <input type="checkbox"/> Gift | <input type="checkbox"/> - Special Service <input type="checkbox"/> Appraisal <input type="checkbox"/> Survey <input type="checkbox"/> Title Service <input type="checkbox"/> Other - Specify: <input type="checkbox"/> Inter-Agency Agreement <input type="checkbox"/> Transfer of Jurisdiction <input type="checkbox"/> Boundary Lines |
|--|--|

Comment for Lead Sheet - Please explain, in detail, how the acquisition will benefit the State (include specific comment about any buildings on the property that may be demolished or used and the building(s) condition):

See attached Executive Summary. TVA will grant an easement to Knox County for the entire building. Knox County will grant a subeasement to UT for a portion of the building.

Section IV - Funding

| | | | | |
|---|--|--|---|---|
| A | Total Estimated Cost | | | |
| B | Source of Funds | <input type="checkbox"/> - Gift | <input checked="" type="checkbox"/> - Agency Budget | <input type="checkbox"/> - Federal <input type="checkbox"/> - Other |
| | Sources | Amount | Fiscal Year | Type of Funds |
| 1 | Plant Funds (Non-Auxiliary)(A) | \$ 640,000.00 | 2020 | Reserves |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| C | If the source of funding is a line item in the budget, please specify the line item. | | | |
| D | Who is paying the Real Estate Management ("REM") fee and other costs? | <input checked="" type="checkbox"/> - Funding Source | <input type="checkbox"/> - Other | |
| | If Agency is paying REM fee, please complete the following information: | | If other, please specify | |
| | Allotment Code: | 332.10 | | |
| | Fund: | | | |
| | Cost Center: | | | |

| Section V - Seller Party Information | | | |
|--------------------------------------|----------------------|----------------|--------------|
| Name | Knox County | Phone Number | 865-215-2005 |
| Mailing Address | City County Building | E-Mail Address | |
| | 400 Main Street | | |
| City / State / Zip | Knoxville, TN | | |

| Section V.a. - Third Party Intermediator | | | |
|--|--|----------------|--|
| Name | | Phone Number | |
| Mailing Address | | E-Mail Address | |
| | | | |
| City / State / Zip | | | |

| Section VI - Required Information | | | |
|-----------------------------------|---|---|--|
| A | Does your agency have a master plan for its department? | <input type="checkbox"/> - YES | <input checked="" type="checkbox"/> - NO |
| B | If yes, is this property part of this master plan? | <input type="checkbox"/> - YES | <input checked="" type="checkbox"/> - NO |
| C | What is the last date the master plan was updated? Date: | | |
| D | Are there any other costs (i.e., Immediate repairs) in addition to the acquisition? | <input type="checkbox"/> - YES | <input checked="" type="checkbox"/> - NO |
| E | Is the purchase contiguous to other State owned property? | <input type="checkbox"/> - YES | <input checked="" type="checkbox"/> - NO |
| F | Are there any agreements (i.e., Leases) that need to be cancelled? | <input type="checkbox"/> - YES | <input checked="" type="checkbox"/> - NO |
| G | Are there any required governmental approvals (i.e., SLAF, Wetlands, TVA, etc.,) | <input checked="" type="checkbox"/> - YES | <input type="checkbox"/> - NO |
| H | Are there any special requirements or issues that need to be addressed with STREAM? | <input checked="" type="checkbox"/> - YES | <input type="checkbox"/> - NO |
| I | Are there additional Operating Expenses associated with this acquisitions | <input checked="" type="checkbox"/> - YES | <input type="checkbox"/> - NO |

| Back-up Documents | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | - Photo of Building, if applicable |
| <input type="checkbox"/> | - Map showing other State properties in relation to subject |
| <input type="checkbox"/> | - Aerial Photo |
| <input type="checkbox"/> | - Site Plan, if available |
| <input type="checkbox"/> | - Master Plan, if applicable |
| <input type="checkbox"/> | - Has a Phase I Environmental Site Assessment been done? Date report prepared: |
| <input type="checkbox"/> | - Facility Assessment, if building(s) are to be retained |
| <input type="checkbox"/> | - Third Party Cost Worksheet, if applicable |
| <input checked="" type="checkbox"/> | - Transaction Screen Questionnaire |
| <input type="checkbox"/> | - Copies of Governmental approvals, if required |

GENERAL - Information Agency feels is important to report/communicate

See Executive Summary, Knox County-TVA Subeasement, UT-TVA Agreement, Parking License Agreement, Right of First Offer Summer Place Complex

| Must be signed and dated by the requesting Agency Fiscal Officer | | | |
|--|---------------------|-------|------------------------|
| Signed: | <i>David Miller</i> | | |
| Printed: | 6BFFC85430B140D... | Date: | 6/1/2020 10:50:58 PM |

| Must be signed and dated by the requesting Agency Head | | | |
|--|--|-------|------------------------|
| Signed: | <i>Austin Oakes</i> | | |
| Printed: | Austin Oakes, Executive Director, Office of Capital Projects | Date: | 6/1/2020 13:33:26 PM |



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Google e

This instrument prepared by:
The University of Tennessee
301 Andy Holt Tower
Knoxville, TN 37996

GRANT OF TERM SUBEASEMENT

THIS GRANT OF TERM SUBEASEMENT (this “**ET Subeasement**”), made and entered into this ___ day of _____, 2020 (the “**Effective Date**”), by and between Knox County, Tennessee, a Tennessee political subdivision (“**County**” or “**Grantor**”), and the University of Tennessee, an instrumentality of the State of Tennessee (sometimes hereinafter referred to as “**UT**” or “**Grantee**”).

WITNESSETH

WHEREAS, the United States of America, acting by and through the Tennessee Valley Authority (sometimes hereinafter referred to as “**TVA**”), an executive branch corporate agency and instrumentality of the United States of America and organized and existing pursuant to an Act of Congress known as the Tennessee Valley Authority Act of 1933, *as amended*, has granted Grantor a term easement in the plaza level through the 12th floor of the Building (as defined below) pursuant to a Grant of Term Easement by and between TVA and Grantor dated as of _____, 2020 (the “**ET Easement**”); and

WHEREAS, Grantee has requested Grantor to grant a term subeasement, subject to the consent of TVA, with respect to a portion of the Building; and

WHEREAS, TVA and Grantee have entered into the Agreement dated as of the date hereof pursuant to which TVA and Grantee undertake certain agreements related to this ET Subeasement (the “**TVA/UT Agreement**”);

NOW, THEREFORE, Grantor, does convey unto Grantee this ET Subeasement subject to the conditions, reservations, restrictions, exceptions and/or limitations hereinafter set forth, for only the purposes set forth herein, in the portion of the East Tower identified below (the entire East Tower floors Plaza through 12th floor hereinafter referred to as the “**Building**”), which Building is a portion of the building complex known as the Knoxville Office Complex (“**KOC**”), including the plaza and grounds, located at 400 West Summit Hill Drive in the City of Knoxville, Knox County, Tennessee.

TERMS AND CONDITIONS

The grant of this ET Subeasement is expressly made upon and subject to the following terms and conditions and the recitals above are specifically incorporated herein:

1. **Execution.** This ET Subeasement shall constitute a legally binding agreement between the parties as of the Effective Date upon execution hereof by both parties.
2. **Premises; Intended Use; Indemnification by Assignees.**
 - (a) **Premises.** Grantor hereby grants a subeasement pursuant to this ET Subeasement in 114,693 rentable square feet (“**RSF**”) of interior space, comprised of (i) the seventh (7th) floor through the twelfth (12th) floor of the Building (each floor 7 through 12 comprised of 17,687 RSF each for a total of 106,122 RSF) and (ii) 8,571 RSF on the plaza level of the Building described below (collectively, the “**Premises**”). The Premises are a portion of the property in which Grantor holds a term easement pursuant to the ET Easement and which is a portion of the entire KOC which comprises of a total of 660,849 RSF. The RSF for the Premises may be adjusted as provided in Article 7 hereof. The use of the Premises includes any right the public has to use the common and public areas on the center exterior plaza and grounds for Grantee Parties (as defined below), but specifically including ingress and egress, but includes no other rights not specifically set forth herein. The Grantee’s permitted use of the Premises as described in this Article 2(a) shall expressly include Grantee Parties’ rights

to access the Building (subject to emergency events and TVA Security Standards (as defined below)) via a plaza-level entrance by such route as TVA may direct or change from time to time, whether such right is available in the future to the public or not.

The Premises are located in the Building, which is located on the parcel designated in the TVA land records as Tract No. XKOC-15E, which parcel is shown on the first page of **Exhibit A** attached hereto, and the Premises are generally depicted on the floor plans attached hereto as pages 2 and 3 of **Exhibit A**. While not specifically part of the definition of “Premises”, Grantee shall have the right, subject to TVA Security Standards (as defined in Article 13 below) and the alterations specified in Article 7 below, to utilize appropriate Building pathways for fiber or telecom connectivity.

- (i) Grantee acknowledges that this ET Subeasement is a subeasement and pursuant to the ET Easement, Grantor is the holder of an easement relating to the Premises under the ET Easement. This ET Subeasement is subject and subordinate in all respects to the ET Easement. This ET Subeasement is subject to any future amendments and supplements to the ET Easement pertaining to the Premises; provided, however, that Grantor shall consult with Grantee before entering into any agreement or contract with TVA or any amendment to any such agreement or contract that would materially conflict with Grantor’s obligations under this ET Subeasement or which would cause this ET Subeasement or the ET Easement to be cancelled, terminated or forfeited or have any material, adverse impact on Grantee’s rights, obligations or liabilities hereunder and shall act in good faith to ensure that future amendments or supplements shall not adversely affect Grantee’s interest hereunder. Grantor represents to Grantee that (a) Grantor has delivered to Grantee full and complete copies of the ET Easement and the Operating Agreement (as defined herein), and (b) the ET Easement is, as of the date hereof, in full force and effect. The ET Easement is attached hereto as **Exhibit B**.
- (ii) Grantee agrees not to do or suffer or permit any act or thing to be done or suffered which is not permitted under the ET Easement or that would cause the ET Easement or the rights of Grantor as tenant thereunder to be terminated or forfeited.
- (iii) Grantor hereby grants to Grantee the right to receive all of the services and benefits with respect to the Building that are to be provided by TVA under the ET Easement and the Operating Agreement by and between TVA and Grantor dated as of _____, 2020, a copy of which is attached as **Exhibit C** (the “Operating Agreement”). Grantor shall have no responsibility for or be liable to Grantee for any default, failure or delay on the part of TVA in the performance or observance by TVA of any of its obligations under the ET Easement or the Operating Agreement, nor shall such default by TVA affect this ET Subeasement or waive or defer the performance of any of TVA’s obligations under the ET Easement except to the extent that such default by TVA excuses performance by Grantor under the ET Subeasement. Notwithstanding the foregoing, the parties contemplate that TVA shall perform its obligations under the ET Easement and Operating Agreement, and in the event of any default or failure of such performance by TVA, Grantor agrees that it will, upon notice from Grantee, make demand upon TVA to perform its obligations under the ET Easement and Operating Agreement.
- (iv) Grantor and Grantee acknowledge that they are simultaneously entering into that certain Parking License Agreement dated as of the date hereof (the “Parking License Agreement”) and attached as **Exhibit D**, pursuant to which Grantor has granted Grantee a license for parking as described therein.
- (v) Grantor and Grantee acknowledge that Grantor has also entered into a Grant of Term Easement dated as of _____, 2020 (the “Fritts Easement”) between TVA and Grantor pursuant to which TVA has granted to Grantor a term easement for an area presently being used as surface parking known as the Fritts Lot. A copy of the Fritts Easement is attached as **Exhibit E**. Pursuant to Article 2(d) herein,

Grantor grants Grantee certain rights to use portions of the Fritts Lot and certain common areas and improvements located thereon.

(vi) Grantee agrees that Grantor will screen (or will retain the Building Manager, as defined below, to screen) all mail and packages to be delivered to the Premises, including mail and packages to be delivered to Grantee (the "Mailing Services"), in compliance with TVA Security Standards contained in the Tenant Handbook, a copy of which is attached as **Exhibit F** hereto (the "Tenant Handbook").

(b) Intended Use. Grantee shall use and occupy the Premises solely for those activities that are in the ordinary course of the business of Grantee subject to the requirements below. Any lack of use or abandonment of the Premises, for a period of sixty (60) days or more, or any use inconsistent with the intended use specified in this Article 2, is prohibited and will be an "Event of Default" as provided in Articles 23(b) and (c) below; provided, however, TVA's Security Standards (as defined in Article 13 below) shall be maintained at all times. For all purposes of this ET Sublease, Grantee shall not be deemed to have abandoned the Premises if Grantee is occupying any portion thereof, and any period during which Grantee is not occupying the Premises due to repairs, improvements, or other temporary reasons, shall not be deemed an abandonment by Grantee of the Premises. Grantee also agrees to abide by the following with regard to its use of the Premises:

i. Grantee shall not:

- a. Do or permit anything to be done in, on or about the Premises which will in any way obstruct or interfere with the rights of other tenant or occupants of the KOC or the Building, or injure or disturb them;
- b. Allow any use for any other purpose than for related business use and business invitees; no external groups or business use shall be permitted;
- c. Allow the Premises to be used 1) for any immoral or unlawful purposes, or 2) for any private or commercial sales; provided, however, that occasional/incidental employee-to-employee transactions between Grantee's employees/staff that are not part of an ongoing commercial business activity (e.g. cookie sales) are not prohibited, or 3) for any business, use or purpose deemed to be inconsistent with the operation of an office space typical for a public entity in Knox County, Tennessee ;
- d. Cause or maintain or permit any nuisance in, on, or about the KOC, Building or Premises;
- e. Permit or suffer any unlawful use of the Premises and not permit or suffer the commission of waste in, on, or about the Premises;
- f. Permit or suffer any offensive use of the Premises deemed to be inconsistent with the operation of an office space typical for a public entity in Knox County, Tennessee;
- g. Allow the disbursement, sale, or use of alcoholic beverages or illicit or illegal drugs, or the dispensing of prescription drugs (other than as provided in Article 2(b)(i)(h) below), on the KOC, the Building, and/or the Premises;
- h. Allow the use of the Premises for the routine provision of health care services, including the treatment of patients, treatment or inspection of persons with communicable diseases, or storage and disbursing of medicines and drugs onsite or any other health care use, other than for routine prevention measures (e.g., flu shots) for its employees;
- i. Allow the use of the Premises for (A) judicial proceedings, (B) to intake, incarcerate or release persons suspected or convicted of crimes, or (C) to administer parole or probation for persons that have been previously convicted of a crime, or (D) pre-trial services, or (E) the interview of victims, witnesses or suspects in criminal investigations, or (F) alternatives to prison programs, or (G) for

any program to be conducted on-site and in-person for any person subject to an order of protection or comparable judicial or administrative proceeding for any act of violence or the threat of violence;

- j. Allow the use of the Premises for housing/storage/live intake and processing of animals; or
- k. Allow the use of the Premises for storage, carrying, and use of firearms, weapons or munitions, unless by/for duly authorized law enforcement officers in the routine course and performance of their duties.

Notwithstanding the foregoing or anything else herein to the contrary, Grantor hereby acknowledges and agrees that meetings or events held by Grantee (so long as the Grantee is the University of Tennessee and authorized subtenants), or protests relating to Grantee matters, news conferences and related public activities shall not be considered prohibited by the terms of this ET Sublease, so long as Grantee's (and authorized subtenant(s)') conduct of the foregoing activities occur solely within the Premises. The orderly ingress/egress of protestors or business invitees shall be permitted, so long as no loitering outside the Building occurs and all activities are subject to TVA's Security Standards.

ii. Grantee shall:

- a. Use all in its power to prevent and reasonably suppress fires upon the Premises and its access (ingress/egress) in and to any portion of the Building or KOC;
- b. At all times, keep the Premises and all improvements thereon in a safe and sanitary condition and in good order and appearance, reasonably satisfactory to Grantor and/or TVA; provided, however, this Article shall not be construed to require Grantee to maintain any portion of the Premises that Grantor and/or TVA is required to maintain hereunder;
- c. Collect and dispose of all trash, garbage, surplus materials, and other solid wastes accumulated as a direct result of activities by Grantee, its agents, employees, or contractors and in accordance with applicable laws, regulations, and this ET Sublease; and
- d. Comply with all Legal Requirements (as hereinafter defined) concerning the use and occupancy of the Premises and the common areas of the Building, and all machinery, equipment and furnishings therein, including, but not limited to applicable hazardous waste requirements (as defined in Article 30), the Americans with Disabilities Act and regulations promulgated from time to time thereunder, and the Randolph-Sheppard Act with respect to vending and food services.

iii. If any Legal Requirements (as defined in Article 7(d)) require an occupancy or use permit, license or other authorization for the Premises or the operation of the business conducted therein, then Grantee shall obtain and keep current such permit, license or authorization at Grantee's sole expense and shall promptly deliver a copy thereof to Grantor. It is expressly understood that if any change in the use of the Premises by Grantee, or any alterations to the Premises by Grantee, or any future Legal Requirements require a new or additional permit from, or approval by, any governmental agency having jurisdiction over the Building, such permit or approval shall be obtained by Grantee on its behalf and at its sole expense. Further, Grantee shall comply with all Legal Requirements which shall impose a duty on Grantor or Grantee relating to or as a result of the use or occupancy of the Premises. Grantee shall pay all fines, penalties and damages that may arise out of or be imposed on Grantor or Grantee because of Grantee's or any of its agents, employees, subtenants, contractors, customers, clients, licensees, family members, guests or other invitees failure to comply with Legal Requirements or the provisions of this ET Sublease.

iv. Grantee agrees to maintain a uniform and attractive appearance in all areas of the Premises that are visible from common or public areas of the KOC or Building and agrees to comply with all Building rules and policies established in the Tenant Handbook promulgated by TVA which is subject to change from time to

time in TVA's discretion; provided, however, Grantor shall keep Grantee advised of changes to the Tenant Handbook and provide as much advance notice of changes as practicable to Grantee.

- (c) Indemnification. While the parties agree that this ET Sublease is not assignable and is subject to certain transfer restrictions pursuant to Article 18 below, in the event this ET Sublease is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee or an instrumentality of the State of Tennessee, such successor Grantee further agrees to indemnify Grantor and TVA against and save them harmless from all claims, damages, demands, actions, costs, and charges to which they or either of them may be subject or which they or either of them may have to pay by reason of any injury to any person or property, or loss of life or property suffered or sustained by any person whomsoever, resulting from or in any way connected with the condition or use of the Premises, including any means of ingress thereto or egress therefrom, except liability for personal injuries, property damage, or loss of life or property caused by the sole negligence of Grantor or TVA. For the avoidance of doubt, while the parties agree that this ET Sublease is not assignable and is subject to certain transfer restrictions pursuant to Article 18 below, in the event this ET Sublease is assigned by Grantee to a party that is not prohibited by law to indemnify TVA, such assignee shall be obligated to indemnify Grantor and TVA to the extent provided in this ET Sublease. Notwithstanding the foregoing, in no event shall UT or the State of Tennessee or any of its agencies or instrumentalities be required to indemnify, defend, or hold Grantor or TVA harmless under this ET Sublease.
- (d) Building Manager; Use of Joint Use Space and Fritts Lot. Grantor and Grantee agree that Grantor shall retain an entity to provide certain management services with respect to the Building and the Premises, which entity shall be referred to herein as the "Building Manager." The Building Manager shall initially be The Public Building Authority of the County of Knox and City of Knoxville, Tennessee (the "PBA"). Grantor may at any time appoint a different entity to serve as the Building Manager hereunder, including Grantor, provided, however, such appointment shall be subject to the prior written approval of Grantee, which approval shall not be unreasonably withheld or delayed.

The plaza level of the Building shall contain certain conference and meeting space that will initially be either part of the Premises or part of the ET Easement area under the control of Grantor. Grantor and Grantee may, by written notice, jointly designate any portion of such conference and meeting space as being available for use by both Grantor and Grantee and shall be referred to herein as the "Joint Use Space." If Joint Use Space is created, the Building Manager shall provide a reservation system that is available to Grantor and Grantee pursuant to which Grantor and Grantee can check the availability of all or any portion of the Joint Use Space and reserve the use of the Joint Use Space. Grantor and Grantee shall be responsible for obtaining any services, such as catering services and audio/visual services, that Grantor or Grantee require for the use of the Joint Use Space, and neither the Building Manager nor Grantor shall be required to provide such services. Following the use of Joint Use Space by Grantor or Grantee, Grantor or Grantee, as applicable, shall remove all materials and excess trash (beyond what can be normally contained in the trash containers located in the Joint Use Space) resulting from the use of the Joint Use Space so that the Joint Use Space can be immediately used thereafter.

A certain number of parking spaces to be determined by the Building Manager in consultation with Grantor and Grantee located in the Fritts Lot will be designated by Grantor as accessible spaces (the "Fritts Lot Accessible Spaces") for persons with physical limitations and/or disabilities, and Grantor and Grantee agree that the Fritts Lot Accessible Spaces shall be jointly available to Grantor and Grantee and their employees and invitees in order to provide convenient access to the Building. Grantee also acknowledges that Grantor intends to construct, pursuant to the Fritts Lot Easement, an elevator access to the Building from the Fritts Lot. Grantee and its employees and invitees shall have the same right to use such access to the Building, subject to the TVA Security Standards, as does Grantor and its employees and invitees. In the event that the ET Easement is assigned to Grantee as specified herein, Grantor will also assign the Fritts Lot Easement to Grantee, subject to required approvals by TVA and approvals required for Grantee.

Grantor and Grantee shall each designate a representative to confer with designated representatives of the Building Manager in order to develop policies and procedures with respect to the use of the Joint Use Space and the Fritts Lot Accessible Spaces by Grantor and Grantee and access to the Building from the Fritts Lot. Such policies and procedures shall be subject to the approval of the Grantor and Grantee, which approval shall not be unreasonably withheld or delayed. Grantor and Grantee shall comply with such policies and procedures in connection with their respective use of the Joint Use Space, the Fritts Lot Accessible Spaces and ingress and egress to the Building.

- (e) TVA/UT Agreement. Pursuant to the TVA/UT Agreement, TVA has consented to the execution and delivery of this ET Sublease by Grantor.

3. Term and Commencement.

- (a) Term. The term of this ET Sublease (the “**Term**”) shall begin on the “**Commencement Date**”, as defined below, and shall end, unless sooner terminated as otherwise provided herein, at 11:59 pm Eastern Time (ET) on the last day of the term of the ET Easement (the “**Expiration Date**”). For purposes of this Sublease, “**Commencement Date**” shall mean the later of (i) the Effective Date or (ii) the “**Commencement Date**” within the meaning of the ET Easement, or (iii) the date Grantor delivers possession of the Premises to Grantee in accordance with Article 5. The reference to “**Term**” shall include any and all Renewal Options (as defined in Article 4(a)) for the term of this ET Sublease.

Grantee shall be entitled to possess and begin Grantee Alterations, subject to Article 7(o), in the entire Premises as of the Commencement Date; provided, however, Grantee shall be entitled to move in personnel for occupancy only after receipt of a certificate of occupancy is obtained for the floor(s) to be occupied initially (the “**Initial CO**”), and Grantee shall have no obligation to pay the Fee (as defined in Article 6(a) below) or the Additional Costs (as defined in Article 6(c) below) until the Fee Commencement Date (defined herein below).

- (b) Grantee or TVA Delay. Except as set forth in this ET Sublease, if for any reason (including any Grantee delay, Grantor delay or TVA delay), Grantor is unable to deliver possession of the Premises to Grantee on the anticipated Commencement Date, this ET Sublease shall not be void or voidable, nor shall Grantor be liable to Grantee for any damage resulting from Grantor’s inability to deliver such possession. Grantee shall not be obligated to pay the Fee that Grantee is required to pay pursuant to Article 6 until the Fee Commencement Date. Except for any such delay in the Fee Commencement Date and except as otherwise expressly set forth in this ET Sublease, Grantor’s failure to give possession on the anticipated Commencement Date shall in no way affect Grantee’s obligations hereunder.
- (c) Fee Commencement Date. The “**Fee Commencement Date**” shall be the date that is eight (8) months after the Commencement Date.
- (d) Consistent with ET Easement Term. The Term shall not exceed the term of the ET Easement, including any renewals thereunder. Not later than one year before the end of the initial term of the ET Easement and not later than one year before the end of any renewal term of the ET Easement during which this ET Sublease is also in effect (other than the last renewal term), Grantor shall give notice to Grantee whether Grantor intends to exercise its right in the ET Easement to extend the term of the ET Easement for the next renewal term. If Grantor notifies Grantee that Grantor intends to so extend the term of the ET Easement, Grantee may elect to extend the term of this ET Sublease by exercising its Renewal Option provided below. If, however, Grantor notifies Grantee that Grantor does not intend to so extend the term of the ET Easement, Grantor agrees to work with TVA to amend the ET Easement to allow for assignment of the ET Easement and all associated agreements to Grantee, and in accordance with TVA’s consent pursuant to the TVA/UT Agreement. Any assignment of the ET Easement by Grantor to Grantee pursuant to this provision shall require the three parties to enter into an assignment and assumption agreement to document that Grantee is

assuming all obligations under the ET Easement and all associated agreements from and after the date of the assignment except for obligations accrued at the time of such assignment, and Grantee shall attorn to the ET Easement as of the date of such assignment and shall assume all liability accrued from such date forward.

- (e) Assignment upon Default. If Grantor commits an Event of Default pursuant to Article 23 of the ET Easement and is not able to or elects not to cure such Event of Default, Grantor agrees to inform Grantee as soon as practicable to permit Grantee time to cure. If Grantee elects to cure such ET Easement Event of Default, Grantor agrees to work with TVA to amend the ET Easement to allow for assignment of the ET Easement and all associated agreements to Grantee and Grantee shall have the right to cure. Any such assignment shall require the three parties to enter into an assignment and assumption agreement to document that Grantee is assuming all obligations under the ET Easement and all associated agreements from and after the date of the assignment except for obligations accrued at the time of the assignment subject to any cure required by UT on behalf of Knox County, and Grantee shall attorn to the ET Easement as of the date of the assignment and shall assume all liability accrued from such date forward.

4. **Renewal Options.**

- (a) Renewal Option. Provided that no Event of Default has occurred and remains uncured (as provided in Article 23 below) and Grantor has notified Grantee that it intends to exercise its renewal option under the ET Easement for the renewal period as to which Grantee intends to exercise its option to extend this ET Subeasement, Grantee shall have up to five (5) renewal options, each having a term of five (5) years, exercisable by Grantee upon provision of prior written notice provided to Grantor by Grantee at least nine (9) months prior to the end of the then-current Term (each, a “**Renewal Option**”). All terms and conditions of the ET Subeasement will remain in effect upon the exercise of each Renewal Option.
- (b) Renewal Fee. If Grantee exercises a Renewal Option, the Fee (as defined in Article 6(a) below) for each such exercised Renewal Option (each when exercised, a “**Renewal Term**”) shall increase by one percent (1%) annually, net of all expenses, over the last year of any of the initial Term or any such Renewal Term.

5. **Delivery of Possession.**

- (a) Delivery. Grantor will deliver possession of the Premises to Grantee in an “as is,” “where-is,” “with all faults” but in broom-clean condition on the Commencement Date. It is understood and agreed that Grantor will not make, and is under no obligation to make, any structural or other alterations, decorations, additions or improvements in or to the Premises. Grantor and Grantee shall walk through the Premises prior to the Commencement Date at a time that is mutually convenient, and shall execute a letter of acceptance upon delivery.
- (b) TVA Building Modifications. Grantee acknowledges that the following building modifications are expected to be undertaken and completed by and at the sole expense of TVA for the purposes of security and safety, and TVA will complete such building modifications as it deems necessary and appropriate; further provided, TVA will coordinate such building modifications with Grantor and Grantee, as may be necessary or appropriate:
 - i. System Upgrades. It is understood and agreed that TVA is commencing an estimated three (3)-year project to upgrade major building systems (“**System Upgrades**”) such as elevators and heating, ventilation and cooling equipment, which shall benefit TVA, Grantor and Grantee, and which System Upgrades are listed in Exhibit G, attached hereto and made part hereof, which may change from time-to-time at TVA’s sole discretion. TVA hereby agrees to provide adequate notice to Grantee in advance of such System Upgrades and any short-term, minor inconveniences that may affect Grantee as a result. TVA will make every effort to minimize disruptions to Grantee but any such disruptions that occur as a result of System Upgrades shall not entitle Grantee to terminate this ET Subeasement or to any abatement of any Fee under this ET Subeasement (or O&M Expense Fee payable under the Operating Agreement).

6. Payments

- (a) Fee. The annual fee for the Premises shall be a rate of one dollar and no cents (\$1.00) per year per square foot with an increase of one percent (1%) for each year of the ET Subeasement. The annual fee shall be calculated by multiplying the rate by the RSF for each year of this ET Subeasement and shall be paid by Grantee to Grantor, net of all expenses (“**Fee**”).

The Fee shall be paid via Electronic Fund Transfer (“**EFT**”), which shall be arranged by Grantee through its banking institution. The Fee for the Premises shall begin to accrue on the Fee Commencement Date and shall be paid in lawful money of the United States of America in equal monthly installments on the first (1st) day of the month and on the first (1st) day of each successive month thereafter during the Term, or any Renewal Term, without deduction or offset whatsoever. The Fee for any period of less than one (1) month shall be apportioned based upon the calendar days in the applicable month, and the Fee for any period that is less than a full calendar year shall be pro-rated appropriately.

- (b) Payments for Other Services. Other services performed by Grantor, its subcontractors, or other independent contractors on behalf of Grantor for Grantee and that are not otherwise required to be performed pursuant to the ET Subeasement, shall be paid by Grantee to Grantor at the actual cost to Grantor of such items (“**Other Services**”). Such actual costs shall include all direct costs specifically identified by Grantor, its subcontractors, or other independent contractors, and the cost of Grantor’s personnel, at the then-current hourly rates, and other costs and expenses incurred in coordinating and supervising any additions, improvements, or modifications, plus applicable overhead calculated according to Grantor’s standard practices, and shall be invoiced, and be due and payable to Grantor thirty (30) days after receipt of invoice. Payments for Other Services shall be made by EFT.

- (c) Payments for Insurance Costs and Operating Agreement. Grantee shall also pay to Grantor the following: (i) Grantee’s pro rata share of the insurance costs referred to in Article 17(f) of the ET Easement (“**Insurance Costs**”), (ii) Grantee’s pro rata share of the costs payable by Grantor under the Operating Agreement (“**Operating Costs**”), (iii) Grantee’s pro rata share of the costs payable by Grantor under the Security Services Agreement (as described in Article 13 below) (“**Security Costs**”) and (iv) Grantee’s pro rata share of costs to Grantor for the Mail Services and (v) Grantee’s pro rata share of costs payable to TVA by Grantor under the Fritts Lot Easement (collectively, the “**Additional Costs**”). Grantee’s pro rata share of the Additional Costs shall be calculated by dividing the RSF of the Premises by the RSF of the Building annually.

With regard to the Operating Costs payable monthly, the costs for Mail Services and the costs payable with respect to the Fritts Lot and Security Services Agreement, Grantee shall pay its pro rata share by the seventh (7th) day of each month of the Term. Grantor will invoice Grantee annually for the Insurance Costs and for any adjustments to the Operating Costs under the Operating Agreement, and Grantee shall pay such invoice within thirty (30) days of receipt. Grantee shall pay any other cost not specified previously in this paragraph within thirty (30) days of an invoice therefor.

7. **Grantee Alteration(s)**. During the Term, or any Renewal Term, Grantee shall have the right, at Grantee’s sole cost and expense (even if Grantee contracts for services with or through Grantor), and subject to Article 7(o) below relating to the initial improvements to the Premises, to make alterations, attach fixtures, and erect additions, structures, and signs (“**Grantee Alteration(s)**”), in or upon the Premises, and all such alterations, additions, structures, and signs shall not be detrimental to, or inconsistent with, the provisions of the ET Subeasement, including any Legal Requirements, and shall be subject to the following:

- (a) System or Structural Alterations. All System or Structural Alterations (as defined below) shall be submitted by Grantee to Grantor then to TVA for TVA’s review and TVA’s written consent shall be received prior to the making of any such alterations, which consent shall not be unreasonably withheld or conditioned. TVA may condition such consent on the System or Structural Alterations being performed by TVA’s designated

contractor or subcontractor at Grantee's expense. "**System or Structural Alterations**" shall be any Grantee Alteration(s) that (i) will or may necessitate any changes, replacements or additions to columns or floors or other structural elements of the Building; (ii) affect TVA's mechanical, electric, plumbing, life safety or other systems; (iii) are readily visible to the exterior of the Building, or the common and public areas thereof (including blinds, shades, or other window coverings); (iv) affect the base building systems of the Building or the roof of the Building; or (v) would have a negative impact on any building warranty. All drawings submitted to TVA for review and approval shall be stamped construction drawings in .pdf format. Commissioning may be required, at TVA's sole option, for any Grantee Alterations requiring connection to KOC systems. Further, new plumbing fixtures and operators (flush valves and faucets) to be installed in restrooms, break rooms, or kitchen areas shall match KOC building standards. Grantee and TVA have agreed in the TVA/UT Agreement that Grantee may add interior stairwells as described therein and subject to Article 7 of this ET Sublease and the conditions specified in the TVA/UT Agreement, and Grantor acknowledges that Grantee does not need any further approval to construct such interior stairwells.

- (b) Cosmetic Alterations. Notwithstanding the foregoing, Grantee shall have the right, after providing at least (10) business days prior written notice to Grantor, but without the necessity of obtaining Grantor's or TVA's consent, to re-carpet, repaint, or to make solely "cosmetic" or "decorative" nonstructural alteration(s) ("**Cosmetic Alterations**") in and to the Premises that are not System or Structural Alterations and for which the costs, in each case, do not exceed \$100,000.00. No Cosmetic Alterations shall be made to any Joint Use Space except with prior written approval of Grantor and Grantee.
- (c) Workmanship and Safety. All Grantee Alteration(s) and Cosmetic Alterations shall be made: (i) in a good, workmanlike, first-class and prompt manner and otherwise in accordance with TVA's rules, including any rules for contractors, that may be established by TVA from time to time; (ii) using new or like-new materials only; (iii) by Grantee or its contractors, on days, at times and under the supervision of an architect approved in writing by TVA; (iv) after coordinating the work schedule and scope with the Grantor and the Building's designated TVA Facilities Management property manager to avoid undue interference with the normal operations and use of the Building; (v) in accordance with plans and specifications prepared by an engineer or architect reasonably acceptable to TVA and Grantor, which plans and specifications shall be approved in writing by TVA and Grantor; (vi) in accordance with all applicable Insurance Requirements (as described in Article 17) and applicable Legal Requirements, including, without limitation, all applicable standards and regulations of the Federal Occupational Safety and Health Administration ("**OSHA Requirements**"), which obligation shall include ensuring that Grantee and its contractors (including any subcontractors) that Grantee utilizes to perform work in the Premises comply with OSHA Requirements and that all required training is provided for such work; provided, however, that TVA and/or Grantor reserves the right to require Grantee to participate in any safety briefings that may be requested or required by TVA in connection with Grantee's performance of work, and to comply with any applicable TVA safety procedures that may apply as directed prior to the commencement of work on the Premises in TVA's discretion; (vii) in accordance with TVA's requirement that all work on the fire system be completed by TVA's designated contractor and no such work shall be performed until after 5:45pm ET or on weekends; (viii) using only direct access to/from the Premises including construction, contractor access, material/equipment deliveries, waste removal, etc., without use of the TVA loading dock and without impeding access to the Building or KOC; and (ix) after obtaining public liability and worker's compensation insurance policies in accordance with Article 17 below.
- (d) Project Codes and Standards Requirements. All Grantee Alteration(s) shall comply with the following codes and standards requirements, and it is the responsibility of Grantee to ensure compliance with the following, collectively the "**Legal Requirements**":
- i. ICC Codes: the latest edition when design contract is issued.

- ii. NFPA Codes and Standards: the latest edition when design contract is issued; TVA enforces Annex A of the NFPA Codes and Standards.
 - iii. City of Knoxville-adopted ordinances: TVA serves as the Authority Having Jurisdiction (“AHJ”); provided, however, plans and specifications shall meet City of Knoxville-adopted ordinances and permit requirements, as applicable.
 - iv. Knox County-adopted ordinances: TVA serves as the AHJ; provided, however, Knox County-adopted ordinances, permits, reviews, and inspections by Knox County are required for the Premises, as applicable. TVA shall be responsible for fire and life-safety code reviews and inspections.
 - v. State of Tennessee requirements: TVA serves as the AHJ; provided, however, State of Tennessee permits, reviews, and inspections are required, as applicable.
 - vi. The KOC is a historic property and has been determined eligible for listing In the National Register of Historic Places. Grantee is therefore required, for the preservation of the Building and Premises, to preserve the historic value and architectural integrity of the Building exterior facades, and first floor interior Plaza area. Renovations to the facades or interior Plaza have the potential to affect the historic value and architectural integrity of the KOC. Prior to implementing any such renovations, the Grantee must seek approval from Grantor and TVA. Upon receiving such request for approval, TVA will enter in consultation with the Tennessee State Historic Preservation Officer (“TN SHPO”) in accordance with Section 106 of the National Historic Preservation Act. If such renovations are determined to adversely affect the historic character of the KOC, TVA and the TN SHPO will enter into consultation to develop a Memorandum of Agreement (“MOA”) to avoid, minimize or mitigate the adverse effect. Consultation with the TN SHPO in assessing the effect of renovations on KOC as well as in developing an MOA to address any adverse effects of that renovation shall be conducted in accordance with the procedures set forth in 36 CFR part 800.
- (e) Load-Bearing Factors. Grantee hereby acknowledges that the Building’s floor loading standard is fifty pounds per square foot (50lbs/sf) for floors 2 through 12, and one-hundred pounds per square foot (100lbs/sf) for the plaza lobby. Maximum occupancy per floor is prescribed by the International Building Code. Grantee hereby agrees to abide by and comply with these standards. TVA shall have the right to prescribe the weight and position of safes and other heavy equipment and fixtures in order to distribute their weight adequately and Grantee shall install in such heavy equipment and fixtures in such manner as TVA directs. Any additional structural support or upgrading of the floor supports that may be needed to accommodate any of Grantee’s equipment that exceeds the floor loading specifications for the Building shall be installed at Grantee’s sole cost and expense and shall be subject to the prior written approval of Grantor and TVA, which approval shall not be unreasonably withheld.
- (f) Electric. It is understood and agreed that “normal electrical usage” includes the use for normal general office purposes, for copying machines, personal or desk-top computers and for other standard office equipment, but excludes the use of any machine that uses electrical capacity in excess of that provided to the Premises. In no event shall electric usage exceed five (5) watts per square foot per floor based on TVA’s current capacity. Any upgrades to current capacity shall be in accordance with the Grantee Alteration(s) process.
- (g) Review and Approval of Grantee Alterations. TVA, Grantor and Grantee shall each appoint a primary contact for coordinating reviews and approvals of Grantee Alterations, which may be updated from time to time as necessary or appropriate between the parties. When granting its consent, TVA or Grantor may impose any conditions each deems reasonably appropriate for the safety and security of the Building, including the approval of plans and specifications, approval of the contractor or other persons who will perform the work, and the obtaining of required permits and specified insurance for such contractor(s). TVA’s or Grantor’s review and approval of any such plans and specifications and its consent to perform work described therein

shall not be deemed an agreement by Grantor or TVA that such plans, specifications and work conform with all applicable Legal Requirements and applicable Insurance Requirements (as defined in [Article 17](#)) nor deemed a waiver of Grantee's obligations under this ET Sublease with respect to all applicable Legal Requirements and applicable Insurance Requirements nor impose any liability or obligation upon Grantor or TVA with respect to the completeness, design sufficiency or compliance with all applicable Legal Requirements or applicable Insurance Requirements of such plans, specifications and work. Upon completion of any approved Grantee Alterations, other than Cosmetic Alterations, Grantee shall notify Grantor and TVA, and TVA shall inspect such Grantee Alterations. As the AHJ for fire and life-safety code changes that may be included in Grantee Alterations, in addition to such reviews as described hereinabove, TVA shall conduct all inspections and acceptance testing. Upon satisfactory completion of inspections and acceptance testing for fire and life safety, TVA will provide documentation to Grantee to certify acceptance. Prior to occupancy of each floor(s) which are part of the Grantee Alterations, Grantee or Grantor shall provide to TVA a certificate of occupancy ("CO") from Knox County, Tennessee, and deliver such CO attached to a letter, in accordance with [Article 29](#) hereinbelow; TVA shall provide written acknowledgement of receipt of the CO. Grantee may use any contractor or other person to perform Cosmetic Alterations so long as such contractor or other person is appropriately licensed to undertake such work.

- (h) **Moving.** Any and all material damage or injury to the Premises or the Building caused by moving the property of Grantee into or out of the Premises or Building, or due to the same being in or upon the Premises or Building, shall be repaired at the sole cost of Grantee. Grantee agrees to remove promptly from the sidewalks adjacent to the Building any of Grantee's furniture, equipment or other material there delivered or deposited.
- (i) **Drawings.** Promptly after the completion of a Grantee Alteration(s) affecting any System or Structural Alterations, Grantee, at its expense, shall deliver to Grantor and TVA two (2) sets of accurate as-constructed drawings and one (1) AutoCAD computer disc, or via a compatible file share site, in TVA's then-current identified accepted version (currently 2017) showing such Grantee Alteration(s) in place.
- (j) **Restoration.** Duties and obligations as to restoration are addressed in [Article 21](#) below.
- (k) **Labor Rules.** If Grantee contracts directly for its own Grantee Alteration(s) work, subject to Grantor and TVA oversight, then no specific labor provisions are required; provided, however, that if TVA contracts work for or on behalf of Grantee, then all TVA labor provisions shall apply, including prevailing wage for work less than \$250,000 and in accordance with TVA's requirements for work greater than \$250,000.
- (l) **Labor Rates.** All services provided by TVA are subject to TVA's then-current applicable hourly rate plus applicable overhead. Labor rates shall vary by task, skill level with a minimum billing period of thirty (30) minute increments. Overtime rates are additional. Grantee will be billed in accordance with Other Services as provided in [Article 6\(b\)](#).
- (m) **Administrative Fee.** Other than for review of Initial Grantee Alteration(s), TVA shall charge a reasonable administrative fee based on TVA then-current hourly rates plus applicable overhead for any coordination of Grantee Alteration(s) within the then-current Premises, and Grantee will be billed in accordance with Other Services as provided in [Article 6\(b\)](#).
- (n) **Grantee's Initial Buildout.** In order to expedite Grantee's initial occupancy of the Premises and to coordinate the construction of Grantee's initial improvements to the Premises with the construction of Grantor's improvements to the Building, including that portion of the Building to be used by Grantor, Grantee hereby requests Grantor, and Grantor agrees, to undertake, in cooperation with the Building Manager, the initial improvements necessary for Grantee to occupy the Premises in the manner described in [Exhibit H](#) attached hereto. Grantee shall pay all invoices submitted to Grantee by Grantor or Building Manager pursuant to [Exhibit H](#) within thirty (30) days of receipt. After completion of Grantee's initial improvements, Grantor and

Grantee agree that the RSF of the plaza level of the Building actually used by Grantor and Grantee will be measured by the Building Manager and that the final RSF allocated on the plaza level to Grantor and Grantee and the final RSF subject to this ET Subeasement shall be based upon such measurements.

8. **West Tower Loading Dock.** Grantor shall permit Grantee to assign such authorized employees of Grantee as the parties agree to serve as authorized employees with access to scheduled use of the loading dock located in the West Tower of the KOC for move-in of furniture/system, fixtures and large equipment and other intermittent use, and subject to TVA Security Standards (as defined in Article 13 below) and TVA safety standards, with further details and charges as specified in the Operating Agreement, and in accordance with Article 9 below as to Grantee's authorized employees pursuant to Grantor's allocation in Article 9 of the ET Easement. All use of the West Tower Loading Dock shall be subject to the requirements and specifications set forth in the ET Easement.
9. **Elevator Use.** Elevators will be limited to use from the plaza level to the 12th Floor, and other areas of the Building used by Grantor shall not be generally accessible by means of the elevators. At the request of either Grantor or Grantee, Grantor and Grantee shall cooperate in installing and implementing the use of security controls that will prevent unauthorized access to the floors in the Building that are respectively being used by Grantor and Grantee. Grantee shall designate such authorized employees that may be agreed to in Grantor's sole discretion, to use the freight elevator within the Premises and in other areas of the Building for access to the West Tower loading dock, subject to TVA's Security Standards (as defined in Article 13 below). Use of passenger elevators for freight or equipment requires walls of the elevators to be protected.
10. **Signage.** No sign, advertisement or notice referring to Grantee or any subtenant in the Building shall be inscribed, painted, affixed or otherwise displayed on any part of the exterior or the interior (which is visible from the exterior of the Building) of the Building (including the roof) except as approved by Grantor in advance and in accordance with the ET Easement and any applicable state or local building code or zoning regulations. Grantee shall be permitted to install such signage on the exterior of the Building as Grantor may approve and shall be able to install rooftop signage with the UT logo, subject to review and approval under Article 7. Grantor and Grantee hereby agree to collaborate in good faith on signage on the exterior of the Building. Design and installation of signage shall be conducted in accordance with Article 7 of this ET Subeasement. Grantor agrees that the Building may be referred to as the UT Tower, and TVA has agreed that the Building may be referred to as the UT Tower in the TVA/UT Agreement.

All of Grantee's signs or any subtenant's signs that are required to be approved under this ET Subeasement shall, at TVA's election be installed by TVA at Grantee's sole cost and expense, provided Grantee approves such expense in writing prior to installation, and shall be removed by Grantee at Grantee's sole cost and expense at the end of the Term or any final Renewal Option (if any), and Grantee shall repair any damage to the Building or the Premises caused by such removal. If any sign, advertisement or notice that has not been approved by Grantor is exhibited or installed by Grantee, Grantor shall have the right to remove the same at Grantee's expense. Grantor shall have the right to prohibit any advertisement of or by Grantee which in its opinion tends to impair the reputation of the Building or its desirability as a first class office building, and upon notice from Grantor, Grantee shall immediately refrain from and discontinue any such advertisement. Grantor and TVA reserve the right to affix, install and display signs, and notices on any part of the exterior or interior of the Building, including the Premises, where required for maintenance or emergency situations, or as otherwise needed for temporary use on the exterior Plaza between the buildings.

11. **Rooftop Communications Equipment.** Grantee shall have the right at its option and sole expense to install communications receiving and sending equipment on the rooftop of the Building, subject to TVA's and Grantor's review and approval, as indicated in Article 7 above. Rooftop equipment shall be subject to a radio frequency/electromagnetic energy survey, and be installed in such a manner so as not to damage the roof area or

void any warranty, at TVA's sole discretion, all at Grantee's sole cost and expense. Grantee agrees that all such rooftop equipment will be used for Grantee's sole business use and shall not interfere with TVA's, Grantor's or any other person's communications systems or equipment installed on the roof. All access to the rooftop shall be subject to TVA Security Standards as defined in Article 14 below.

12. **Telecommunications/IT.** Grantee shall be responsible, at its sole cost and expense and subject to approval by TVA and Grantor, for installation and maintenance of any telecommunication, data and/or IT systems serving the Premises at its sole cost and expense,. Grantor and TVA shall cooperate as to reasonable access to TVA's KOC service level space and electric and telecom closets on each floor and in a manner consistent with TVA Security Standards, and Grantor shall bill Grantee for these costs ; provided, however, Grantee shall not be obligated to pay any such expense unless Grantee has previously approved such expense in writing.
13. **Security and Safety.** TVA is a Federal entity and therefore subject to Federal security standards and regulations attached hereto as Exhibit I, and as may be amended from time-to-time as required or permitted by TVA ("**TVA Security Standards**"). Further, TVA employs its own Federal law enforcement agents ("**TVA Police**") and security officers ("**TVA Security Officer(s)**"). Grantee, its officers, agents, contractors, subcontractors, business invitees, visitors, authorized lessees, licensees, sublessees, subgrantees, sublicensees, and employees (collectively, the "**Grantee Parties**") hereby acknowledge and agree to comply with all applicable TVA Security Standards and each of the following:
 - (a) Security. Grantee shall be the beneficiary of, and shall comply with, Grantor's contract with TVA to provide Security Services dated as of the date hereof (the "Security Services Agreement") for entry into the Premises' first (1st) floor plaza level main entry lobby. A copy of the Security Services Agreement is attached as Exhibit J and incorporated by reference.
 - (b) Safety. Subject to Article 2(b) of this ET Subeasement, Grantee shall not create or allow to be created in or about the Premises, the Building, or the KOC any condition or circumstance constituting a hazard to people or property, a nuisance, or a trespass, whether or not such condition or circumstance rises to the level of a civil or criminal law violation or action. Further, subject to Article 7(c), Grantee shall be required to meet OSHA Requirements.
 - (c) Grantee Handbook/Building Rules and Regulations. Grantee agrees to abide by and comply with the Tenant Handbook, including all building rules and regulations.
14. **Creditworthiness for Renewal.** Grantee acknowledges that, before any Renewal Options can be exercised by Grantor under the ET Easement, Grantor must be deemed to meet then-existing creditworthiness standards as determined by TVA. If Grantor cannot meet such standards and cannot exercise its Renewal Option, Grantee shall be permitted to exercise any rights that it has under the TVA/UT Agreement to enter into an easement with TVA if the ET Easement is not extended by Grantor. As of the Effective Date of this ET Subeasement, Grantee is deemed to meet the creditworthiness standards as determined by TVA, so that no creditworthiness and performance assurance protection shall be required by TVA as of the Effective Date and for so long as Grantee meets the creditworthiness standards set forth below. Before any Renewal Options can be exercised as provided in Article 4 above, Grantee must be deemed to meet then-existing creditworthiness standards as determined by TVA. Grantee, by virtue of its status as an instrumentality of the State of Tennessee, will be deemed to meet TVA's creditworthiness standards for all purposes of this ET Subeasement as long as the State of Tennessee maintains public investment grade ratings with Moody's and/or Standard & Poor's and Grantee remains an instrumentality of the State of Tennessee. An investment grade rating shall mean a long-term senior unsecured credit rating, or issuer credit rating if a long term senior unsecured credit rate is unavailable, of (a)(1) "Baa1" or higher with Moody's or (2) "BBB+" or higher by Standard & Poor's, or (b) if rated by both Moody's and Standard and Poor's, both (a)(1) and (a)(2). In the event that Grantee does not meet the creditworthiness standards as mentioned above, Grantee will be required to provide performance assurance in an amount and form acceptable to TVA.

15. Building Sale.

- (a) Assignment and Attornment. Upon any conveyance of title to the KOC or the Building by TVA to a new owner, all of TVA's obligations to be performed under the ET Easement shall be deemed covenants that run with the land and shall be binding on the new owner from and after the date of such conveyance and shall, as appropriate, be documented via a suitable assignment and assumption agreement with respect to the ET Easement and its rights and duties thereunder. In the event of any sale or conveyance by TVA of the KOC or the Building, and provided that the purchaser or transferee assumes all obligations hereunder, the same shall operate to release TVA from any future liability upon any of the covenants or conditions, express or implied, contained in the ET Easement favor of Grantee, and in such event Grantee agrees to look solely to the responsibility of the successor in interest of TVA in and to the ET Easement. By its execution of this ET Subeasement, Grantee hereby covenants and agrees that it shall attorn to the purchaser or assignee in connection with any such sale or conveyance.
- (b) Right of First Offer. If TVA decides to pursue the granting of a permanent easement of the KOC at its sole discretion, pursuant to the terms of the ET Easement and subject to the terms thereof, Grantor has a right of first offer, during the initial Term of this ET Subeasement only (the "**ROFO Period**"), to pursue a purchase of such permanent easement in the KOC. If Grantor receives the right to exercise a ROFO, Grantor shall notify Grantee in writing and shall disclose to Grantee the proposed purchase price (the "**ROFO Price**") and all other material terms and conditions. Grantee may be required to sign a non-disclosure agreement, to the extent permitted by law, and agrees to keep all such information strictly confidential. Within five (5) days of receipt of the ROFO Offer, Grantor agrees to notify Grantee in writing of such receipt, and as soon as practicable after receipt of the ROFO offer but in no event longer than 60 days, Grantor agrees to notify Grantee and TVA of its decision whether to accept such offer. Grantor acknowledges that pursuant to the TVA/UT Agreement, and provided that no Event of Default has occurred and remains uncured (as provided in Article 23 below), Grantee has the right to exercise the ROFO pursuant to the terms of the ET Easement and the TVA/UT Agreement if Grantor does not accept the ROFO.

16. Taxes. TVA and Grantor are governmental entities, and no direct property taxes are assessed on the Premises, the Building or the KOC as of the date of the Effective Date provided, however, that if any property taxes, fees or other assessments should be levied by an outside taxing authority in the future, Grantee shall have the sole responsibility for their payment and satisfaction apportioned for the Premises, and further provided, that it is recognized by Grantor that Grantee is an instrumentality of the State of Tennessee and is also exempt from taxation.

17. Insurance Requirements. The parties shall comply with the following requirements (collectively, the "**Insurance Requirements**") relating to the maintenance of insurance:

- (a) Commercial General Liability Insurance. Grantee is self-insured under the Tennessee Claims Commission Act, Tenn. Code Ann. §§9-8-301 et seq., which covers certain tort liability for actual damages of up to \$300,000 per claimant and \$1,000,000 per occurrence. Grantee has agreed to reimburse Grantor for certain expenses related to insurance policies under Article 12 of the ET Easement in Section 6(c) of this ET Subeasement.
- (b) Property Insurance. Grantee shall maintain, for the Term (and any Renewal Term) of this ET Subeasement and extending for the entirety of the thirty (30) day period after termination described in Article 24(f) of this ET Subeasement, property insurance with respect to the full replacement cost of any and all Grantee Alterations on and in the Premises, consistent with Grantee's property insurance for other properties of Grantee. In addition, (i) Grantee shall maintain business interruption insurance on the Premises in an amount of One Million Dollars (\$1,000,000); provided, however, that Grantee may self-insure this business interruption requirement; and (ii) during such time as Grantee is performing work in, on, or to the Premises, Grantee, at Grantee's expense, shall also maintain, or shall cause its contractor(s) to maintain, builder's risk insurance for the full insurable value of such work. TVA and Grantor, and such additional persons or entities as TVA or Grantor may reasonably request, shall be named as loss payees, as their interests may appear, on any builder's

risk policies required by this Article 17(b). All insurance policies under this Article 17(b) must meet the additional requirements described in Article 17(e) below.

- (c) Personal Property Insurance. Grantee shall maintain, for the Term (and any Renewal Term) of this ET Subeasement and extending for the entirety of the thirty (30) day period after termination described in Article 24(f) of this ET Subeasement, personal property insurance on all personal property, furniture, fixtures, and equipment (including, but not limited to, all technological and computing equipment) owned by Grantee in the Premises and in an amount determined by Grantee based on Grantee's inventory control systems. The personal property insurance policy under this Article 17(c) must meet the additional requirements described in Article 17(e) below.
- (d) Excess Liability Insurance. Grantee is self-insured under the Tennessee Claims Commission Act, Tenn. Code Ann. §§9-8-301 et seq., which covers certain tort liability for actual damages of up to \$300,000 per claimant and \$1,000,000 per occurrence. Grantee has agreed to reimburse Grantor for certain expenses related to insurance policies under Article 12 of the ET Easement in Section 6(c) of this ET Subeasement.
- (e) Requirements for Insurance. With respect to any insurance Grantee is required to maintain hereunder, each of the following requirements in this Article 17(e) shall apply. All insurance required to be maintained by Grantee pursuant to this ET Subeasement shall be maintained with responsible companies that are admitted to do business in the State of Tennessee, and are in good standing in the jurisdiction in which the Premises is located and that have an A.M. Best rating of at least "A-". All insurance policies required hereunder shall contain an endorsement prohibiting cancellation, failure to renew, reduction of amount of insurance, or change in coverage without the insurer and/or Grantee endeavoring to first give Grantor thirty (30) calendar days' prior written notice (by certified or registered mail, return receipt requested, or by fax or email) of such proposed action; provided, however, that prior notice of policy cancellation for non-payment shall be ten (10) calendar days. In the event that Grantee uses its best efforts to procure the foregoing endorsement from its insurer but is unsuccessful due to the endorsement not being legally available at the time the policy is issued or renewed, Grantee shall (i) immediately notify Grantor of its failure to receive this endorsement; and (ii) notify Grantor of any possible cancellation, failure to renew, reduction of amount of insurance, or change in coverage immediately once Grantee has knowledge of such. All insurance policies or letters of self-insurance described in this Article 17 (except for the workers' compensation insurance or workers' compensation self-insurance described in Article 17(h) below) shall (i) include TVA, Grantor, Grantee and their officers, agents, employees, and volunteers as additional insureds; (ii) include a waiver of subrogation endorsement in favor of Grantor and TVA; and (iii) not include any "pollution" exclusion or any similar exclusion for any environmental liabilities. No property insurance policy shall contain any self-insured retention greater than \$100,000.
- (f) Failure to Maintain Insurance. Additionally, in the event Grantee (a) fails to obtain or maintain any insurance it is required to maintain under this Article 17; (b) fails to provide such insurance meeting all requirements of this Article 17; or (c) fails to deliver such policies or certificates as required by this Article 17, Grantor may, at its option, on five (5) calendar days' notice to Grantee, procure such policies for the account of Grantee, and all premiums and damages incurred by TVA or Grantor as a result of Grantee's breach of this ET Subeasement due to Grantee's failure to maintain its insurance obligations described in this Article 17 shall be paid by Grantee to Grantor within five (5) calendar days after delivery to Grantee of invoices therefor; provided, however, Grantor shall not procure any personal property insurance policies on account of Grantee.
- (g) Certificates of Insurance. On or before the Effective Date, Grantee shall furnish Grantor and TVA with certificates (or a letter of self-insurance if self-insurance is expressly permitted for the specific insurance requirement under this Article 17) evidencing the insurance coverage required by this ET Subeasement, and renewal certificates shall be furnished to Grantor at least annually thereafter, and at least thirty (30) days prior to the expiration date of each policy for which a certificate was furnished. Upon request by TVA or Grantor, a

true and complete copy of any insurance policy required by this ET Subeasement shall be delivered to TVA or Grantor, as the case may be, within ten (10) business days following TVA's or Grantor's request.

- (h) Workers' Compensation Insurance. Grantee has certified self-insurance status for workers' compensation by the State of Tennessee Department of Commerce and Insurance. In the event Grantee, for any reason, does not maintain or loses its self-insurance certification status for workers' compensation from the State of Tennessee Department of Commerce and Insurance, Grantee must maintain and provide to Grantor a policy of Workers' Compensation insurance complying with the requirements of state law and employer's liability of at least \$1,000,000. While the parties agree that this ET Subeasement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 below, in the event this ET Subeasement is assigned to a party that is not an instrumentality of the State of Tennessee, such approved assignee, unless self-insured in accordance with applicable law, must maintain and provide to Grantor a policy of Workers' Compensation insurance complying with the requirements of state law and employer's liability of at least \$1,000,000.
- (i) Relationship to Indemnification Provisions. As is provided in Article 2(c) herein, Grantee is not required to indemnify Grantor or TVA in any manner under this ET Subeasement. Because no such indemnity is being provided by Grantee, Grantee has agreed to procure (or reimburse Grantor for, where applicable) the insurance described above in this Article 17. While the parties agree that this ET Subeasement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 below, in the event this ET Subeasement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such approved assignee must provide both (i) all of the insurance described in this Article 17; and (ii) all of the indemnification, defense, and hold harmless obligations described in this ET Subeasement. All provisions in this Article 17 allowing Grantee to self-insure certain insurance requirements (as more particularly described herein) shall only apply to UT, as Grantee, and while the parties agree that this ET Subeasement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 below, in the event this ET Subeasement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee or UT, the approved assignee will not be permitted to self-insure any insurance requirement unless approved in writing and in advance by TVA.
- (j) Interpretation. Notwithstanding anything to the contrary in this ET Subeasement, as the insurance policies TVA is procuring under Articles 17(a) (as to commercial general liability) and 17(d) (as to excess liability) are solely for TVA's benefit, the parties understand and agree that: (i) claims against and recovery under such insurance policies shall be at TVA's sole discretion; (ii) Grantee shall be responsible for any claims, suits, damages, demands, actions, costs, charges, and penalties resulting from any of Grantee's actions or omissions on the Premises; and (iii) with respect to claims, suits, damages, demands, actions, costs, charges, and/or penalties sought by individuals or entities against Grantee, Grantee shall not direct those individuals and entities to such insurance policies as an option for recovery.

18. **Subletting/Assignment.**

- (a) Subleasing. During the Term, or any Renewal Term, Grantee may sublet its interest in all or any portion of the Premises, in accordance with Article 2(b) above, and, subject to Grantor's prior written approval in compliance with the ET Easement and all approvals required therein, Grantor's approval not being unreasonably withheld, and shall be void without such approval. Without limiting the other instances in which it may not be unreasonable Grantor to withhold its consent to a sublease, it shall not be unreasonable for Grantor to withhold its consent in any one of the following instances: (i) an Event of Default has occurred and remains uncured (as provided in Article 23 below); (ii) in the case of subletting of less than the entire Premises, if the subletting would result in the division of the Premises, or would require access be provided through the Premises, or improvements be made outside of the Premises; (iii) Grantor determines, in its reasonable discretion, that the character, reputation or business of the proposed subtenant would adversely affect the other occupants of the Building or KOC, or would impair the reputation of the Building or KOC, or increase the

safety or security risk to Grantor's operations or staff; (iv) the use of the Premises by the proposed subtenant will violate any provisions or restrictions contained in this ET Sublease, including but not limited to, any relating to the use or occupancy of the Premises; or (v) the business to be conducted or the proposed use of the Premises by the proposed subtenant is likely to increase operating expenses beyond that which Grantor incurs prior to such proposed subletting, or is likely to increase the burden on elevators or other Building systems or equipment over the burden prior to such proposed subletting. Any attempted subletting by Grantee of any portion of the Premises without TVA's and Grantor's prior written consent shall, at the option of Grantor, be considered an Event of Default, and Grantor shall have all the rights and remedies available under this ET Sublease and the law. Notwithstanding anything to the contrary in this Article 18(a), if Grantee desires to enter into a contractual relationship with a third party that is comparable to a sublease of a portion (as opposed to the whole) of the Premises (such as a sub-lease or a license for use), Grantee shall not be prohibited from entering into such a contractual relationship so long as Grantee meets all requirements outlined in this Article 18, specifically including but not limited to Grantor's prior written approval of such contractual relationship as further described above. For the absence of doubt, all references to the terms "sublease", "subgrant" or "sublet" in this Article 18 or elsewhere in this ET Sublease shall be deemed to refer to the contractual relationships described in the foregoing sentence.

Grantor acknowledges and agrees (i) that the use of the Premises by any department of the Grantee shall not be considered a sublease of any portion of the Premises and (ii) that Grantee may sublease, without Grantor's prior approval, any portion of the Premises, expressly subject to the limitations of Article 2(b)(i) and adhere to the obligations of the ET Sublease and the ET Easement hereof, to the University of Tennessee Foundation, Inc., the University of Tennessee Research Foundation, Inc. or UT-Battelle, LLC. TVA has provided its approval as to the matters in the foregoing subsection (ii) pursuant to the TVA/UT Agreement.

- (b) Grantee's Obligations. In the event of any sublease, Grantee shall remain fully liable as a primary obligor and principal for Grantee's obligations under this ET Sublease, including, without limitation, the payment of the Fee and other sums required hereunder.
- (c) Grantee Sublease Notice. Grantee shall give Grantor written notice, as described in Article 29 herein, of its desire to sublease all or a portion of the Premises ("**Grantee's Sublease Notice**"). Grantee's Sublease Notice shall specify the portion of the Premises proposed to be sublet ("**Proposed Sublease Premises**") and the date on which the Proposed Sublease Premises will be made available for subleasing. Within thirty (30) calendar days of receiving Grantee's Sublease Notice, Grantor shall communicate with TVA and respond with either approval or denial; provided, however, Grantor's failure to respond does not constitute approval by Grantor. If the Proposed Sublease Premises constitutes less than the entire Premises, Grantee shall ensure that all modifications are made in accordance with provisions of Article 7.
- (d) Assignment. Notwithstanding anything to the contrary in this ET Sublease, neither Grantor nor Grantee shall have a right to assign this ET Sublease or any interest in this ET Sublease, and any purported assignment in violation of this Article 18(d) shall be void *ab initio*. Grantee acknowledges that TVA reserves the right under the ET Easement to assign and transfer the ET Easement as may be necessary or desirable in TVA's sole discretion in accordance with the terms thereof.
- (e) Additional Restrictions. Notwithstanding anything to the contrary in this ET Sublease, under no circumstance shall Grantee or any subsequent assignee, sublessee, grantee, subgrantee, lessee, or licensee of Grantee (i) grant any easements or sub-easements (whether recorded or unrecorded) in, on, or to the KOC, Building, or Premises (except for the sub-easements described in Article 18(a) above, which shall be subject to the prior written approval requirements described in that provision); or (ii) record any document (not to include the documents authorized under the specific conditions mentioned in Article 31(o) of this ET Sublease) in the Knox County Register of Deeds Office (or applicable successor entity) that encumbers the KOC, Building, or Premises, without first obtaining the prior written consent of Grantor and TVA, such

consent to be in Grantor's and TVA's sole and absolute discretion. Any purported easements, sub-easements, recorded documents, or other encumbrances or real property interests granted or recorded in violation of this Article 18(e) shall be void *ab initio*, and there shall be no deemed approvals by Grantor or TVA under this Article 18(e). No easement, sub-easement, recorded document, or other encumbrance or real property interest granted by Grantee or any subsequent approved assignee, sublessee, grantee, subgrantee, lessee, or licensee of Grantee shall grant rights in the KOC, Building, or Premises greater than those granted by Grantor and TVA to Grantee under this ET Subeasement. Grantee hereby represents, warrants, and covenants that it will abide by the terms of this Article 18(e) and promptly put all of its assignees, sublessees, grantees, subgrantees, lessees, and licensees on notice of this provision.

19. **Liens.** Grantee shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Grantee. In the event that Grantee shall not, within thirty (30) days following the recordation of any such lien, cause the same to be released of record by payment or posting of a proper bond, Grantor or TVA shall have, in addition to all other remedies provided herein and by law, the right but not the obligation to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Grantor or TVA and all expenses incurred by either of them in connection therewith shall be payable to Grantor or TVA, as the case may be, by Grantee on demand. Grantor shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or which Grantor shall deem proper, for the protection of Grantor, the Premises, the Building, and any other party having an interest therein, from mechanics' and materialmen's liens, and Grantee shall give Grantor at least five (5) business days' prior written notice of commencement of any construction on the Premises.

20. **Destruction of Premises.** If the Premises should be destroyed by fire or other casualty or rendered totally untenable by fire, other casualty, or any other reason so as to cause a material alteration in the character of the Premises and to prevent Grantee from using the Premises in substantially the manner theretofore used, and such that the same cannot reasonably be repaired as required by the ET Easement within one-hundred eighty (180) days after the occurrence of such casualty, this ET Subeasement may be terminated by either Grantor or Grantee after the parties mutually determine such repair cannot occur and as documented in writing by the parties, giving written notice to the other within thirty (30) days after such fire, casualty, or any other reason. Should such termination date occur on any day other than the last day of the monthly installment Fee period, any unearned prepaid Fee shall be refunded to Grantee.

If the Premises are materially damaged by fire or other casualty and neither party elects to terminate this ET Subeasement, or if the Premises should be damaged by fire or other casualty and still be fit for Grantee's continued use in substantially the same manner as theretofore used or if the same can reasonably be repaired within the aforesaid one-hundred eighty (180) day period, then this ET Subeasement shall continue in effect and the Premises shall be restored by TVA as required by the ET Easement to its condition immediately prior to the casualty, at TVA's sole cost and expense if the fire or other casualty was not the result of any action or inaction by Grantor or Grantee. While such restoration is in progress and continuing until the sixtieth (60th) day after such restoration is complete, Grantee shall be entitled to a fair and appropriate abatement of the Fee to be paid, said abatement to be based on the amount and value of the Premises that is unusable by Grantee during the restoration period; provided, however, Grantee shall be entitled to no abatement of the Fee if such restoration is required due to acts or omissions of Grantee that were a result of Grantee's gross negligence or willful misconduct. Should the damage necessitating such restoration occur on any day other than the last day of the monthly installment Fee period, then the amount of prepaid Fee to be refunded to Grantee shall be based on the amount and value of undamaged space used by Grantee during the remainder of said Fee period.

21. **Surrender and Restoration of Premises.** Upon termination of the ET Subeasement for any grounds or reason provided herein, or upon expiration of any Term or any Renewal Option, Grantee agrees to peaceably deliver up

to Grantor or TVA, as the case may be, possession of the Premises, in the same condition as received at the time of entering into this ET Subeasement, ordinary wear and tear, damage by fire, wind, storm, earthquake, and any other acts of God excepted, with the exception of approved Grantee Alterations. Unless otherwise agreed to in writing by Grantor or TVA, as the case may be, Grantee shall remove, at Grantee's sole cost and expense, all furniture, and equipment, and fiber optic, computer and telephone cables belonging to Grantee (whenever installed), and repair any damage resulting from such installation and/or removal. Any property not so removed shall be deemed abandoned by Grantee, and title to the same shall thereupon pass to Grantor or TVA (if the ET Easement has also terminated).. Grantor or TVA shall have the right to remove and dispose of such abandoned property, and the costs associated therewith shall be promptly reimbursed by Grantee. Grantee shall otherwise leave the Premises in broom-clean condition. Grantee and Grantor (or TVA if the ET Easement has terminated) shall execute a letter affirming the acceptance by Grantor of the Premises' return to Grantor. Grantor's or TVA's failure to respond to a proposed letter of acceptance within twenty-one (21) calendar days of delivery shall constitute an acknowledgement that Grantor or TVA has accepted the Premises.

22. **Holding Over.** Upon the expiration of the Term, unless otherwise extended as specified by this ET Subeasement, Grantee will yield up immediate possession to Grantor. If Grantee retains possession of the Premises or any part thereof after such termination, then Grantor or TVA (if the ET Easement has terminated) may, at its sole option, serve written notice upon Grantee that such holding over constitutes: (i) creation of a month-to-month tenancy, upon the terms and conditions set forth in this ET Subeasement; or (ii) creation of a tenancy-at-sufferance, in any case, upon the terms and conditions set forth in this ET Subeasement; provided, however, that the Fee (or daily rental under (ii)) shall be equal to double the Fee being paid monthly to Grantor under this ET Subeasement immediately prior to such expiration (prorated in the case of (ii) on the basis of a three hundred sixty-five (365)-day year for each day Grantee remains in possession), which is in addition to all other sums which are to be paid by Grantee hereunder. If no such notice is served, then a tenancy-at-sufferance shall be deemed to be created at the Fee as described in the preceding sentence.

The provisions of this Article 22 shall not constitute a waiver by Grantor of any right of reentry as herein set forth or any other rights or remedies available hereunder or at law; nor shall receipt of any Fee or any other act in apparent affirmation of the tenancy operate as a waiver of the right to terminate this ET Subeasement for a breach of any of the terms, covenants, or obligations herein on Grantee's part to be performed. Nothing contained herein or in the failure of Grantee to give such notice shall be construed as an extension of the Term (or any Renewal Term) hereof or as consent of TVA to any holding over by Grantee.

23. **Default.** An occurrence of any of the following events shall constitute an “**Event of Default**” by Grantee under this ET Subeasement, if:
- (a) Grantee fails to pay when or before due any sum of money becoming due to be paid to Grantor hereunder, whether such sum be any installment of the Fee herein reserved or any other payment or reimbursement to Grantor required herein, and such failure continues for a period of fifteen (15) calendar days from the date on which Grantor notifies Grantee that such sum is unpaid, unless otherwise agreed in advance in writing by Grantor; or
 - (b) Grantee fails to comply with Article 13 hereof or if the failure involves a condition hazardous or dangerous to life or property (“**Material Event**”) and Grantee fails to cure the same within twenty-four (24) hours of said failure; Grantor reserves the right (which right is reserved to TVA per the ET Easement), but not the obligation, to immediately enter the Premises upon such failure and to complete and/or supervise and direct actions to ensure compliance with the aforesaid Article 13 or to take temporary or permanent measures (including Grantor's or TVA's own or contract staff) to correct the condition hazardous or dangerous to life or property; provided, however, should Grantee recognize such Material Event and be unable to cure within the aforesaid cure period, Grantee shall immediately request assistance from Grantor and Grantor may provide assistance

(all at Grantee's cost and expense) and Grantee shall work with Grantor to diligently cure such Material Event. Grantee shall not be in default of this ET Subeasement so long as Grantee diligently pursues a cure to a Material Event unless an additional period of fourteen (14) calendar days from the date of such Material Event has passed and said cure has not occurred; whereupon, Grantee shall at such time be in default and no further notice or demand shall be required unless otherwise agreed in advance in writing by Grantor.

- (c) Grantee fails to comply with any other term, provision or covenant hereof, including lack of use for the purpose for which this ET Subeasement is granted or abandonment for a period of sixty (60) consecutive days or more (other than by failing to pay when or before due any sum of money becoming due to be paid to Grantor hereunder), or thirty (30) days after written notice of the Event of Default to Grantee in the case of any other failure; provided, however, that if a cure thereof cannot be reasonably accomplished within such time period, Grantee shall not be in default of this ET Subeasement so long as Grantee diligently pursues a cure to any such failure unless an additional period of sixty (60) days has passed and said cure has not occurred; whereupon, Grantee shall at such time be in default and no further notice or demand shall be required unless otherwise agreed in advance in writing by Grantor.
- (d) If Grantee cures an Event of Default, as reasonably determined by Grantor, and if substantially the same act or omission which constituted such Event of Default recurs more than two (2) additional times within six (6) months of the act or omissions which constituted such original Event of Default, Grantor may provide an additional written notice to Grantee and/or terminate this ET Subeasement upon at least ninety (90) days' written notice specifying the subsequent Event of Default and the date of termination of this ET Subeasement. This remedy shall not in any way limit Grantor's right to terminate pursuant to (a) or (b) above.
- (e) Grantee acknowledges that pursuant to Article 23(e) of the ET Easement, a default by Grantor under the Operating Agreement may be an Event of Default under the ET Easement as specified therein.

24. **Remedies.** Upon the occurrence of any Event of Default specified in Article 23 above (to include the passage of any notice and cure period provided therein), Grantor shall have the option to pursue any one or more of the following remedies without any further notice or demand whatsoever:

- (a) Grantor may, in its sole option and absolute discretion, terminate this ET Subeasement.
- (b) Upon any termination, whether by lapse of time or otherwise, or upon any termination of Grantee's right to possession without termination of the ET Subeasement, Grantee shall surrender full possession of and vacate the Premises immediately, and deliver possession thereof to Grantor, and Grantee hereby grants to Grantor full and free right and permission to enter into and upon the Premises in such event with or without process of law and to repossess the Premises and to expel or remove Grantee and any others who may be occupying or within the Premises and to remove any and all property therefrom, without being deemed in any manner guilty of trespass, eviction, or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, with Grantee hereby waiving any right to claim damage for such reentry and expulsion, and without relinquishing Grantor's right to the Fee or to collect the same, or any other right given to Grantor hereunder or by operation of law.
- (c) If Grantor elects to terminate the ET Subeasement or Grantee's right to possession of the Premises by reason of an Event of Default, regardless of whether such termination occurs as a result of a dispossessory proceeding, distraint proceeding, exercise of right of termination, or re-entry, ET Subeasement expiration or otherwise, Grantee shall remain liable for payment of all Fee thereafter accruing and for performance of all obligations thereafter performable under this ET Subeasement. Grantor may, in its sole option and absolute discretion, enter the Premises, remove Grantee's signs and other evidences of tenancy, and take and hold possession thereof as provided in Article 24(b) above, without such entry and possession releasing Grantee from any obligation, including Grantee's obligation to pay Fee hereunder for the full Term (and any Renewal Term) of the ET Subeasement.

- (d) Upon termination of this ET Sublease, whether by lapse of time, by or in connection with a dispossessory proceeding or otherwise, Grantor shall be entitled to recover as Grantor's actual accrued damages, all of the Fee and other sums due and payable by Grantee on the date of termination, plus, as Grantor's liquidated damages, and not as a forfeiture or penalty, the sum of: (i) the expenses hereinafter described in Articles 24(e) and (f) below; (ii) the cost relating to recovery of the Premises, preparation for reletting and for reletting itself, in accordance with Articles 24(e), (f) and (g) below; and (iii) the cost of performing any other covenants which would have otherwise been performed by Grantee if this ET Sublease had not been terminated.
- (e) Grantor may undertake reasonable efforts to relet the Premises or any part thereof for the Fee paid by Grantee hereunder and upon such terms as Grantor in its reasonable discretion shall determine (including the right to relet the Premises for a greater or lesser term than that remaining under this ET Sublease, the right to relet the Premises as a part of a larger area, and the right to change the character and use made of the Premises) and Grantor shall not be required to accept any subtenant offered by Grantee or to observe any instructions given by Grantee about such reletting. In any such case, Grantor may make repairs to the Premises, to the extent Grantor reasonably deems necessary or desirable, and Grantee shall, upon demand, pay the reasonable cost thereof, together with Grantor's reasonable expenses for reletting, excluding any broker's commission incurred.
- (f) Any and all personal property which may be removed from the Premises by Grantor pursuant to the authority of this ET Sublease or by the authority of law, to which Grantee is or may be entitled, may be handled, removed and stored, as the case may be, by or at the direction of Grantor at the risk, cost, and expense of Grantee, and Grantor shall in no event be responsible for the value, preservation, or safekeeping thereof. Grantee shall pay to Grantor, upon demand, any and all reasonable expenses incurred in such removal and all reasonable storage charges against such property so long as the same shall be in Grantor's possession or under Grantor's control. Any such property of Grantee not retaken by Grantee from storage within thirty (30) days after removal from the Premises, or as otherwise stored by Grantor, shall, at Grantor's option, be deemed conveyed by Grantee to Grantor under this ET Sublease as by a bill of sale without further payment or credit by Grantor to Grantee.
- (g) Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law or available in equity (all such remedies being cumulative), nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any Fee due to Grantor hereunder or of any damages accruing to Grantor by reason of the violation of any of the terms, provisions, and covenants herein contained. No act or thing done by Grantor or its agents during the Term (and any Renewal Term) hereby granted shall be deemed a termination of this ET Sublease or an acceptance of the surrender of the Premises, and no agreement to terminate this ET Sublease or accept a surrender of said Premises shall be valid unless in writing signed by Grantor. No waiver by Grantor of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. Grantor's acceptance of the payment of the Fee or other payments hereunder after the occurrence of an Event of Default shall not be construed as a waiver of such default, unless Grantor so notifies Grantee in writing. Forbearance by Grantor in enforcing one or more of the remedies herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of such default or of Grantor's right to enforce any such remedies with respect to such Event of Default or any subsequent Event of Default.

25. **Estoppel Certificates.** Not later than twenty (20) days after receiving any written request by Grantor, Grantee shall deliver to Grantor or any person, firm, or corporation specified by Grantor, a letter, certificate or other written document, duly executed and acknowledged, certifying as to certain reasonable facts requested in connection with the ET Sublease.

26. **Brokerage Commission.** No real estate brokerage companies were involved in this transaction.

27. **Certain Rights Reserved to TVA.** Grantee acknowledges that TVA may exercise any or all of the following rights expressly reserved under the ET Easement without being deemed guilty of an eviction or disturbance of Grantee's use or possession and without being liable in any manner to Grantor or Grantee and without abatement of the Fee or affecting any of Grantee's obligations hereunder. Accordingly, Grantor expressly reserves, on behalf of TVA, and may exercise the right, without affecting Grantee's rights, duties and obligations hereunder, as to each and every one of following actions:

- (a) Change the name of the Building; however, TVA has agreed in the TVA/UT Agreement to designate the Building as the UT Tower;
- (b) Designate all sources furnishing lamps and bulbs used in the building standard lighting in the Premises;
- (c) Retain at all times pass keys or access cards to the Premises;
- (d) Grant to anyone the exclusive right to conduct any particular business or undertaking in that portion of the Building or KOC outside the Premises;
- (e) Close common areas or portions thereof (including, but not limited to outdoor areas) for purposes of repair, cleaning, maintenance and/or renovations at reasonable times and upon reasonable notice to Grantee;
- (f) Exercise any of the rights presented in Article 13, and take any and all measures, including inspections, repairs, alterations, additions, and improvements to the Premises or the Building;
- (g) Enter (whether Grantor, its agents or representatives) the Premises with an assigned key or access device, without charge therefor to Grantor and without diminution of the Fee payable by Grantee, to examine, inspect and protect the Premises and the Building (including in the case of threat to life or property) and to make such alterations or repairs as in the sole judgment of Grantor may be deemed necessary at any time during the Term, and at Grantor's sole cost and expense, and, during the last nine (9) months of the Term, to exhibit the same to prospective grantees. In connection with any such entry, Grantor shall endeavor to (i) minimize the disruption to Grantee's use of the Premises and (ii) provide twenty-four (24) hours' prior email notice to Grantee (except in cases of emergency) or except as otherwise provided in the Operating Agreement with respect to TVA's access to the Premises.

28. **Authorized Agents.** The "**Administering Agent**" for each party is the official responsible for administering the performance of the ET Subeasement on a day-to-day basis, but does not have authority to amend or terminate the ET Subeasement. The Administering Agent, or his or her authorized designee, shall be authorized to address operational issues relating to the performance of this ET Subeasement; provided, however, any agreed upon minor operational changes made pursuant to the provisions of this ET Subeasement must be agreed upon by both parties' Administering Agents and documented in writing in formal memorandum form.

The Administrative Agent for Grantor:

The Administrative Agent for Grantee:

Either party may change any of its authorized agents by sending a signed written notice thereof to the other at the address listed in this Article 28 hereof.

29. **Notices.** All invoices, notices, requests, demands, or other correspondence given pursuant to the terms of this ET Sublease shall (a) be in writing, and (b) be sent by overnight courier service or first class registered or certified mail, postage prepaid, return receipt requested, to the agents specified in Article 28 hereinabove.

30. **Hazardous Materials/Emissions.** Grantee shall not cause or permit any Hazardous Materials (as defined below) to be generated, used, released, stored, disposed, transported or abandoned in, on, under or about the Premises, Building, or the KOC provided that Grantee may use and store in the Premises such quantities of standard cleaning and office materials as may be reasonably necessary for Grantee to conduct normal general office use operations in the Premises, but only to the extent that such materials are used, stored, and disposed by Grantee in compliance with Environmental Law (as defined below). At the expiration or earlier termination of this ET Sublease, Grantee shall surrender the Premises to Grantor free of Hazardous Materials and in compliance with all Environmental Laws. **“Hazardous Materials”** means any of the following and any substance or material that contains any of the following: (a) asbestos, asbestos containing materials, and presumed asbestos containing materials; (b) oils, petroleum, petroleum products and by-products, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources; (c) polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive materials (including any source, special nuclear, or byproduct material), medical waste, chlorofluorocarbons, lead or lead-based products, and any other substance whose presence could be detrimental to the Premises, Building, or the KOC or to health or the environment and (d) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Law or any other applicable Legal Requirements as a “hazardous substance,” “hazardous material,” “hazardous waste,” “infectious waste,” “toxic substance,” “toxic pollutant,” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, and reproductive toxicity. **“Environmental Law”** means any present and future law and any amendments thereto (whether common law, statute, rule, order, regulation or otherwise), permits, directives, and other requirements of governmental authorities applicable to the Premises, the Building or the KOC and relating to the environment, environmental conditions, health, safety, or to any Hazardous Material, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. § 1100 et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., any so-called “Super Fund” or “Super Lien” law, any Legal Requirements requiring the filing of reports or notices relating to Hazardous Materials, and any similar state and local laws, all amendments thereto, and all regulations, orders, decisions, and decrees now or hereafter promulgated thereunder concerning the environment, industrial hygiene or public health or safety.

Notwithstanding the expiration or early termination of this ET Sublease, and except to the extent caused by the acts of Grantor, its agents, employees or contractors or anyone acting through or on behalf of Grantor, Grantee shall release Grantor, its agents, employees, and contractors from and shall bear full responsibility for and shall not seek any contribution or indemnification from Grantor or any of its agents, employees or contractors for any damage, injury, loss, liability, violation, charge, demand or claim (including reasonable attorneys’ fees, consultants’ fees, and any costs of litigation) incurred by Grantee and Grantor based on, arising out of, or related to: (a) the actual or alleged release, presence, removal, or failure to remove, of Hazardous Materials generated, used, released, stored, disposed, or abandoned by Grantee Parties in, on, under or about the Premises, the Building, or KOC if after the Commencement Date, (b) any violation of Environmental Law by Grantee Parties with respect to the Premises, Building, or KOC, or (c) any investigation, assessment, removal, cleanup, abatement, or other corrective action taken with respect to the use or occupancy of the Premises by Grantee Parties. In addition, Grantee shall give Grantor immediate verbal and follow-up written notice of any actual or threatened Environmental Default, which Environmental Default Grantee shall cure in compliance with all Environmental Law and to the satisfaction of Grantor. In addition, Grantee shall notify federal, state, and local authorities as required

by and in accordance with applicable laws and regulations of any Environmental Default, and Grantee shall provide to Grantor copies of all correspondence and reports submitted to regulatory authorities in connection with any Environmental Default. An “**Environmental Default**” means any of the following by Grantee Parties relating to the Premises, the Building or the KOC: (x) a violation of Environmental Law; (y) a release, spill or discharge of Hazardous Materials whether or not required to be reported under Environmental Law; or (z) an environmental condition requiring responsive action, whether or not the condition presents an emergency. Upon any Environmental Default, in addition to all other rights available to Grantor under this ET Subeasement, at law or in equity, Grantor and TVA shall have the right but not the obligation to immediately enter the Premises, to supervise and direct actions taken by Grantee to address the Environmental Default, and, if Grantee fails to promptly address same to Grantor’s or TVA’s satisfaction, to perform, at Grantee’s sole cost and expense, any action Grantor or TVA deems necessary to address same. Promptly upon request, Grantee shall execute commercially reasonable forms, affidavits, representations and similar documents concerning Grantee’s best knowledge and belief regarding compliance with Environmental Law and the presence, use, storage, and disposal of Hazardous Materials in, on, under or from the Premises, the Building or the KOC by Grantee.

While the parties agree that this ET Subeasement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 above, in the event this ET Subeasement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such successor Grantee shall indemnify, defend, and hold harmless Grantor and TVA from any and all claims, costs, or losses that may arise as a result of such Grantee’s Environmental Default, Grantee’s failure to comply with any Environmental Law, and/or any other breach of this Article 30 by Grantee. Notwithstanding the foregoing, in no event shall the University of Tennessee (as Grantee) or any of its agencies or instrumentalities be required to indemnify, defend, or hold Grantor or TVA harmless under this ET Subeasement. For the avoidance of doubt, while the parties agree that this ET Subeasement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 above, in the event this ET Subeasement is assigned to a party that is not prohibited by law to indemnify Grantor and TVA, such assignee shall be obligated to indemnify Grantor and TVA to the extent provided in this ET Subeasement.

Grantee acknowledges that TVA has covenanted and agreed in the ET Easement that, provided Grantor has complied with all of its obligations under the ET Easement relating to environmental contamination, TVA will, at its own expense, use reasonable efforts to perform or cause to be performed any environmental response determined by TVA (or by any state or federal agency with authority to require environmental cleanup of the Premises) to be necessary to protect human health and the environment as a result of contamination in or on the Premises arising solely out of activities that occurred prior to the Effective Date, including, without limitation, any recognized environmental conditions identified in any environmental assessment provided by Grantor to TVA. Grantor’s obligations with respect to any environmental contamination in or on the Premises shall be limited to those obligations specifically set forth in the ET Easement and neither Grantor nor TVA shall be liable for (1) the cost of any environmental response not performed by Grantor or TVA or caused to be performed by Grantor or TVA or (2) any consequential, special, incidental, indirect, or other damages related to the presence of such contamination and/or any response thereto, including, without limitation, any damages for construction or other delays.

31. General.

- (a) Legal Compliance. During the Term, Grantee shall comply with all applicable federal, state and local laws, regulations, codes, and ordinances, including, without limitation, those relating to access and security, health, safety, and the environment and all rules and regulations prescribed by TVA with respect thereto.
- (b) Counterparts. This ET Subeasement may be executed in several counterparts, each of which when taken together shall constitute one and the same instrument.

- (c) Standard Clauses. The following conditions and certifications published in Title 18, Code of Federal Regulations, Part 1316 (Federal Register, April 29, 1993, with any subsequent revisions) are hereby incorporated by reference to the extent applicable:
- i. Officials Not to Benefit.
 - ii. Affirmative Action and Equal Opportunity.
- (d) Entire Agreement. This ET Subeasement (including any and all exhibits and attachments hereto) is the entire agreement of the parties and supersedes any prior representations, promises, agreements, or understanding with respect to the subject matter hereof.
- (e) Grantee Binding Agreement and Authority. Grantee hereby represents it has full right and authority to enter into this ET Subeasement, and each of the persons signing on behalf of Grantee is authorized to do so. Grantee warrants that it is not necessary for any other person, firm, corporation, agency, or entity to join or to take any other action in the execution of this ET Subeasement to make the execution by Grantee complete, appropriate and binding.
- (f) Grantor Binding Agreement and Authority. Grantor hereby represents it has full right and authority to enter into this ET Subeasement, and each of the persons signing on behalf of Grantor is authorized to do so. Grantor warrants that it is not necessary for any other person, firm, corporation, agency, or entity to join or to take any other action in the execution of this ET Subeasement to make the execution by Grantor complete, appropriate and binding. .
- (g) Waiver and Modification. No waiver or modification of any provision of this ET Subeasement shall be effective unless it is in writing and signed by both parties. Any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be continuing or future waiver. This ET Subeasement may not be amended or supplemented except by a written instrument executed by both parties.
- (h) Miscellaneous. This ET Subeasement shall be binding on and inure to the benefit of the parties and their respective (in the case of Grantee) permitted successors and/or assigns.
- (i) Governing Law; Jurisdiction and Venue. This ET Subeasement is governed by and is to be construed under the laws of the State of Tennessee (but not its conflicts-of-laws rules of decision or laws). Each party hereto irrevocably submits to the sole and exclusive jurisdiction of the United States District Court for the Eastern District of Tennessee or the State courts situated in Knox County, Tennessee or the Claims Commission of the State of Tennessee, for the purposes of any action arising out of or based upon this ET Subeasement or relating to the subject matter hereof. It is further agreed that service of any process, summons, notice, or document on Grantor or Grantee shall be obtained by personally delivering a copy of the summons and complaint or other process, notice, or document to the County Mayor of Grantor or the General Counsel of the University of Tennessee, as the case may be. Said personal delivery shall be effective service of process for any action, suit or proceeding with respect to any matters to which Grantee has submitted to jurisdiction in this Article 31(i). Each party hereto irrevocably and unconditionally waives any objection to the laying of jurisdiction and venue of any action, suit or proceeding in the United States District Court for the Eastern District of Tennessee or State courts situated in Knox County, Tennessee or the Claims Commission of the State of Tennessee, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS ET SUBEASEMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.
- (j) Severability. Except where the manifest purposes of this ET Subeasement may thereby be materially impaired, if any of the provisions of the ET Subeasement, or the application thereof to any person or circumstances, shall

be invalid or unenforceable whether by a court of competent jurisdiction or by a binding change in substantive law, the remainder of this ET Subeasement, or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and every provision of this ET Subeasement shall be valid and enforceable to the fullest extent permitted by law.

- (k) No Third-Party Beneficiary Agreement. It is understood that this ET Subeasement is in no way a third-party beneficiary agreement except as provided in this subsection. It is entered solely to regulate the relationship between Grantor and Grantee with respect to the Premises. The parties do not intend it to create any obligations to any third parties, which are enforceable by such parties, provided, however, TVA shall be a third-party beneficiary of this ET Subeasement and Grantee's obligations hereunder.
- (l) Nondisclosure. Each party agrees not to divulge to third parties, without the prior written consent of the party who is having to make a disclosure (the "**Disclosing Party**"), any information that a prudent business person would consider sensitive or which is designated by the Disclosing Party as proprietary or confidential, obtained from or through the Disclosing Party or developed or obtained by the party receiving such information (the "**Receiving Party**") in connection with this ET Subeasement or the performance of this ET Subeasement ("**Sensitive Information**"). Access to Sensitive Information must be approved in advance by the Disclosing Party's authorized representative under this ET Subeasement. If so requested by the Disclosing Party, the Receiving Party further agrees to require its employees to execute a nondisclosure agreement prior to performing any services under this ET Subeasement. Notwithstanding the above, the preceding shall not apply if the Sensitive Information was public knowledge, already known by the Receiving Party, was obtained by the Receiving Party from a third party who did not receive the Sensitive Information from the Disclosing Party, or was independently developed by the Receiving Party's employees who did not have access to such information. Under 18 U.S.C. § 1905, officers and employees of TVA are subject to criminal liability in the event that Sensitive Information is disclosed unless such disclosure is authorized by law. Notwithstanding the foregoing, Grantor and Grantee and such subtenants and sublessees that are subject to the Tennessee Public Records Act, Tennessee Code Annotated §§ 10-7-501, et seq., as may be amended from time to time, are authorized in all respects to comply fully with the provisions of the said Tennessee Public Records Act.
- (m) No Offer of Easement. Grantor has provided this ET Subeasement to Grantee for review. It is not an offer of contract, agreement or easement and shall not be binding unless and until it is fully executed and delivered by Grantor.
- (n) Cumulative Rights and Remedies. The rights and remedies of the parties under this ET Subeasement or under any article, subarticle, or clause hereof, shall be cumulative and in addition to any and all other rights or remedies which the parties have or may have elsewhere under this ET Subeasement or at law or equity, whether or not so expressly stated.
- (o) Memorandum of Easement. The parties agree that this ET Subeasement shall not be recorded in the public records in order to save on recording costs, but instead a Memorandum of Easement shall be recorded in the public records to evidence the existence of this ET Subeasement. Either Grantor or Grantee may record a Memorandum of Easement after execution of this ET Subeasement.
- (p) Survival. The respective obligations and duties of Grantor, TVA and Grantee under this ET Subeasement that are not, by the express terms of this ET Subeasement, to be performed fully during the Term, shall survive the termination of this ET Subeasement.
- (q) List of Defined Terms. **Exhibit K** hereto provides a cross-reference by which all defined terms used herein may be found in this ET Subeasement.
- (r) Title Exception. The grant of term easement described in Article 2 of this ET Subeasement is made expressly subject to that Easement Agreement dated February 28, 1986, and recorded in the Knox County Register's

Office in Book 1874, Page 494 (Instrument No. 17477), as corrected by that Correction Easement Agreement dated June 16, 1986, and recorded in the Knox County Register's Office in Book 1890, Page 570 (Instrument No. 41505).

TO HAVE AND TO HOLD said ET Subeasement unto Grantee for the Term stated herein; subject, however to the conditions set forth herein.

It is mutually understood and agreed by the delivery and acceptance of this ET Subeasement that the Premises is conveyed to Grantee on an "AS IS," "WHERE IS," "WITH ALL FAULTS" basis, and Grantor makes no warranty, representation, or assurances that it has complied with any state or local statutes, ordinances, codes, or regulations.

And Grantor does hereby covenant that Grantor is seized and possessed of the ET Easement; that Grantee shall have quiet enjoyment of the Premises during the Term hereof subject only to Grantor's and TVA's specific rights reserved in this ET Subeasement, the ET Easement, the Operating Agreement, the Tenant Handbook and the Security Services Agreement, along with any exceptions contained in the pre-existing easements described in Article 31(r), above; and that, subject to the conditions, reservations, restrictions, exceptions and/or limitations contained herein and in the ET Easement, it will warrant and defend its easement interest therein against the lawful demands of all persons claiming by, through or under Grantor, but not further or otherwise.

- SIGNATURE PAGE TO FOLLOW -

IN WITNESS WHEREOF, KNOX COUNTY, TENNESSEE, has caused this instrument to be executed by its authorized officer this the ____ day of _____, 2020.

KNOX COUNTY, TENNESSEE

By _____
GLENN JACOBS

Title: County Mayor

STATE OF TENNESSEE)
) SS
COUNTY OF KNOX)

I, _____, a Notary Public in and for said county in said state, hereby certify that Glenn Jacobs, whose name as Mayor of KNOX COUNTY, TENNESSEE, a Tennessee political subdivision, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that he, as such officer and with full authority, executed the same voluntarily for and as the act of said Knox County, Tennessee.

Given under my hand this the ____ day of _____, 2020.

NOTARY PUBLIC

My Commission Expires: _____

The name and address of the owner of the aforescribed ET Subeasement are:

GRANTOR: Knox County, Tennessee
 400 Main Street, Suite 615
 Knoxville, Tennessee 37902
 Attention: Mayor

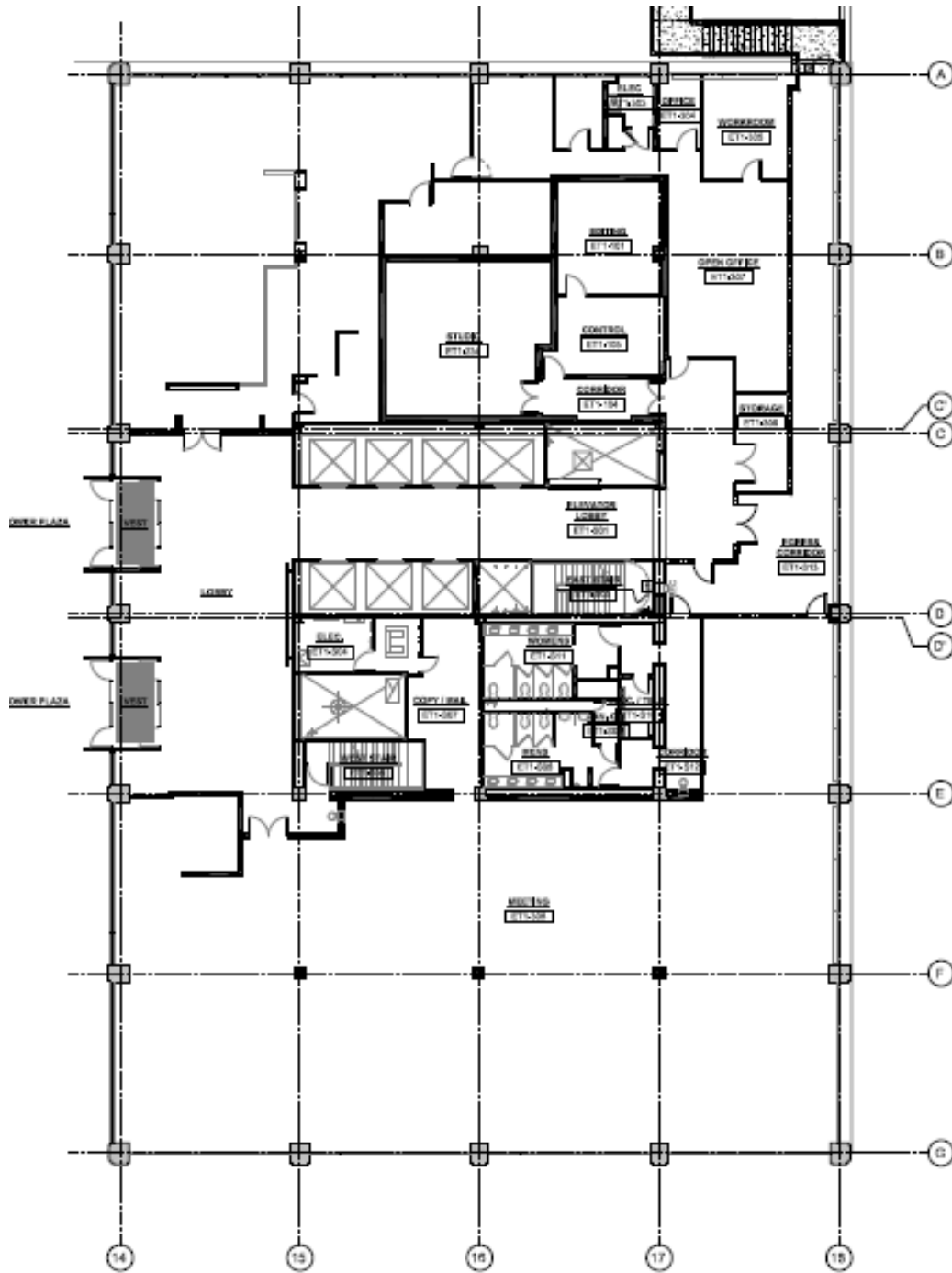
The name and address of the legal owner are:

GRANTEE: The University of Tennessee

 Knoxville, Tennessee 379__
 Attention: _____

Exhibit A (page 2 of 3)

ET Plaza



TVA EAST TOWER - PLAZA LEVEL

Exhibit A (page 3 of 3)

ET floors 2-11 (general layout)



ET floor 12

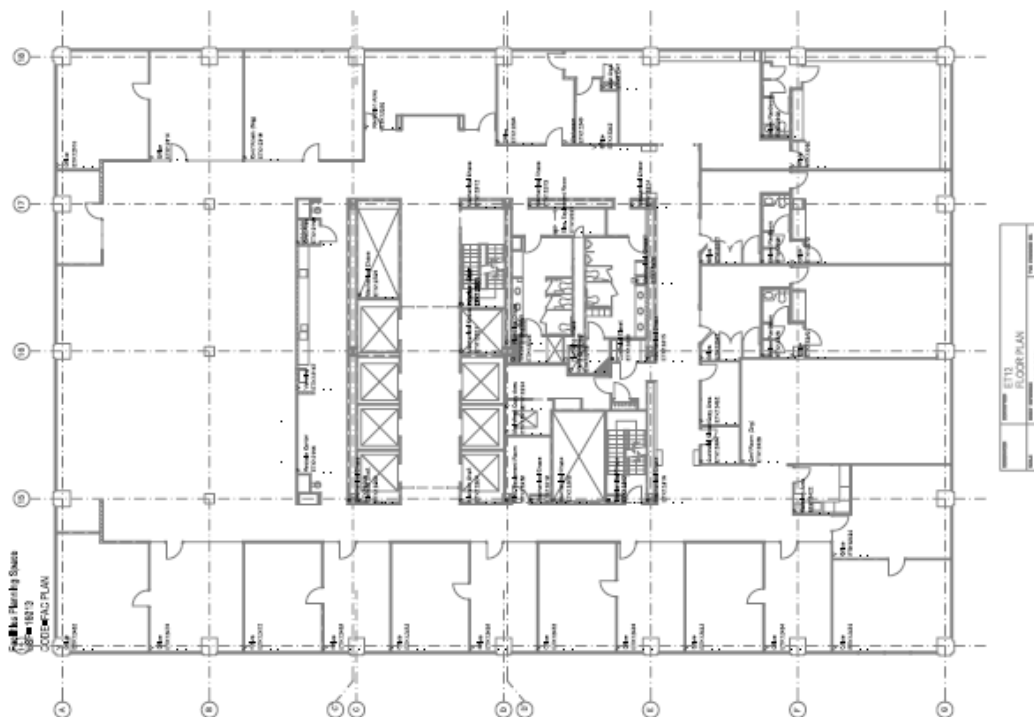


EXHIBIT B

COPY OF ET EASEMENT

(See attached)

EXHIBIT C

COPY OF OPERATING AGREEMENT

(See attached)

EXHIBIT D

COPY OF PARKING LICENSE AGREEMENT

(See attached)

EXHIBIT E

COPY OF FRITTS LOT EASEMENT

(See attached)

EXHIBIT F

Copy of TVA Tenant Handbook

(See attached)

EXHIBIT G

System Upgrades

KOC improvements with potential impacts to Grantee:

- HVAC
 - Chiller replacement - there may be some chilled water outages during the transition to the new system from the old, when cut-overs are made in piping. TVA will attempt to schedule these during non-critical load periods and during off-hours.
 - Replacing Air Handling units - replace the perimeter unit that provides heating and cooling at the perimeter of the building. This will affect heating or cooling of the areas along the windows. TVA will try to replace these in the spring or fall to limit impact.
 - Replacing fans, coils and filter banks for core AHU's - this will impact air flow in the central parts of the buildings. TVA will develop a plan to execute work quickly and to minimize impact, but it will have an impact on the occupants.
 - Repair/replace pneumatic controls for air supply to floors. Some work will be required at each floor, but should be scheduled to minimize impacts to occupants.

- Other
 - Replace stairwell pressurization air fan - TVA attempt to schedule work for nights & weekends to minimize impacts.
 - New fire standpipe in stairwell - TVA attempt to schedule work for nights and weekends to minimize impact.
 - Renovations to elevators - TVA will maintain code-required service throughout the work.
 - Electrical work - Possible that when the new chiller switchgear service is installed in the KUB switchgear, that there will be an outage. A detailed outage plan will be developed to minimize down-time and address concerns.

- Exterior
 - Replace roof drain lines and install work platforms in shafts.
 - ET exterior caulking and sealing.
 - ET roof replacement - will occur at the end of the project.
 - Exterior plaza renovations and site work- not yet designed. Safe access and exit from buildings will be maintained at all times.

Crane lifts – during crane lifts, TVA will schedule work for maximum safety, likely on weekends.

EXHIBIT H

INITIAL GRANTEE ALTERATIONS - BUILD OUT TERMS

1. In consultation with Building Manager, Grantee shall select a design firm (the “Architect”) that is under a term contract with the Building Manager to prepare contract documents which include drawings and specifications for architectural, structural, mechanical, plumbing, fire protection and electrical systems where necessary for the for Grantor’s renovation of the Premises (collectively, the “Plans”), which Plans shall be subject to Grantee’s approval. Any subsequent modifications to the Plans may be requested by Grantee and shall also be subject to Grantee’s approval. The Architect shall conduct all work to prepare the Plans and otherwise pursuant to this Exhibit pursuant to its term contract with the Building Manager.
2. In consultation with the Building Manager, the Grantee shall select a Construction Manager (the “Contractor”) that is under a term contract with the Building Manager to provide preconstruction services and construct the improvements detailed in the Plans (the “Grantee Improvements”). Contractor shall promptly undertake the Grantee Improvements under the oversight of the Building Manager and Grantee. The Contractor shall conduct all work relating to the Grantee Improvements pursuant to its term contract with the Building Manager. The Building Manager and Grantee shall each designate a project representative to coordinate the oversight of the construction of the Grantee Improvements.
3. The Building Manager will arrange for Grantee to be an express third-party beneficiary of its term contracts with the Architect and the Contractor with respect to the Plans and the Grantee Improvements, including, as a third-party beneficiary, the right to enforce all rights, including warranties, thereunder as well as an additional insured under Contractors insurance policies. While the Building Manager and Grantor shall cooperate with Grantee in exercising such rights by Grantee, neither Grantor nor the Building Manager will be liable for any breach by the Architect or the Contractor of its obligations with respect to the Plans or the Grantee Improvements.
4. Grantee shall be responsible for the cost of the Grantee Improvements, including all fees, costs and expenses of the Architect and Contractor, and Grantee hereby represents to Grantor, that Grantee has obtained all approvals necessary to contract and pay for the cost of the Grantee Improvements.
 - a. During the undertaking of the preparation of the Plans and the Grantee Improvements, the Building Manager will provide to Grantee an invoice for design services at each design phase (programming, schematic, design development, and construction document phase) after each phase submission has been completed and approved. After construction has commenced the Building Manager will provide an invoice on a monthly basis, along with providing to the Grantee copies of invoices indicating the work that was completed, the percent completion of the work and any remaining balance in the Architect’s contract.
 - b. During the undertaking of the construction services (preconstruction and construction), the Building Manager will provide the Grantee an invoice on a monthly basis, along with providing to the Grantee copies of invoices and pay applications representing the percentage of the completion of work and any remaining balances and retainage.
5. All invoices shall be accompanied with sufficient evidence to Grantee that the necessary expenditures have taken place (e.g., contractor’s invoices). Grantee shall pay the invoice within thirty (30) days of the receipt thereof. To the extent there are any material defects in workmanship or materials associated with the

construction of the Grantee Improvements, the Building Manager shall cooperate with Grantee to cause the correction of same with due diligence.

6. The parties anticipate construction of the Grantee Improvements to be completed by the Fee Commencement Date, but completion of the Grantee Improvements by such date shall not affect whether the Fee Commencement Date shall occur.

7. Grantor will allow Grantee's contractor to install telecommunications, fiber optic, and other cabling to support Grantee's audio and video needs while construction of the Grantee Improvements is occurring.

EXHIBIT I

COPY OF FEDERAL SECURITY STANDARDS AND REGULATIONS

(See attached)

EXHIBIT J

COPY OF SECURITY SERVICES AGREEMENT

(See attached)

EXHIBIT B

(TVA - Knox County Easement)

GRANT OF TERM EASEMENT

THIS GRANT OF TERM EASEMENT (this “**ET Easement**”), made and entered into this ___ day of _____, 2020 (the “**Effective Date**”), by and between the UNITED STATES OF AMERICA (sometimes hereinafter referred to as “**Grantor**”), acting by and through the TENNESSEE VALLEY AUTHORITY (sometimes hereinafter referred to as “**TVA**”), an executive branch corporate agency and instrumentality of the United States of America acting on behalf of the United States of America and organized and existing pursuant to an Act of Congress known as the Tennessee Valley Authority Act of 1933, *as amended*, and the Knox County, Tennessee, a Tennessee political subdivision (“**Tenant**” or “**Grantee**”).

WITNESSETH

WHEREAS, TVA is authorized by 40 U.S.C. § 1314 to grant to an applicant, on behalf of Grantor, such easements affecting federal property in its custody and control as TVA’s Board of Directors determines will not be adverse to the interests of Grantor; and

WHEREAS, in considering Grantee’s application, TVA’s Board of Directors has determined that the granting of the following described easement, subject to the conditions provided herein, will not be adverse to the interests of Grantor; and

WHEREAS, due to the interconnectedness of the mechanical and other systems of the KOC (defined below), TVA will need to provide certain services to Tenant, which services are documented separately in the “**Operating Agreement**” of even date herewith and which may be revised from time to time as necessary and as agreed between the parties;

NOW, THEREFORE, Grantor, acting by and through TVA, its legal agent as to real property, does convey unto Grantee the ET Easement subject to the conditions, reservations, restrictions, exceptions and/or limitations hereinafter set forth, for only the purposes set forth herein, in the East Tower (the “**Building**”), which is a portion of the building complex known as the Knoxville Office Complex (“**KOC**”) including the plaza and grounds, located at 400 West Summit Hill Drive in the City of Knoxville, Knox County, Tennessee.

TERMS AND CONDITIONS

The grant of this ET Easement is expressly made upon and subject to the following terms and conditions and the recitals above are specifically incorporated herein:

1. **Execution.** This ET Easement shall constitute a legally binding agreement between the parties as of the Effective Date upon execution hereof by both parties.
2. **Premises; Intended Use; Indemnification by Assignees.**
 - (a) **Premises.** TVA hereby grants the ET Easement in 211,667 rentable square feet (“**RSF**”) of interior space, comprised of the first (1st) floor plaza level through the twelfth (12th) floor of the Building (each floor 2 through 12 comprised of 17,687 RSF and plaza level comprised of 17,110 RSF), to Tenant for the uses permitted herein (the “**Premises**”) which is a portion of the entire KOC which comprises of a total of 660,849 RSF. The use of the Premises includes any right the public has to use the common and public areas on the

center exterior plaza and grounds for Tenant Parties (as defined below), but specifically including ingress and egress, but includes no other rights not specifically set forth herein. The Tenant's permitted use of the Premises as described in this Article 2(a) shall expressly include Tenant Parties' rights to access the Building (subject to emergency events and TVA Security Standards (as defined below)) via a Plaza-level entrance by such route as TVA may direct or change from time to time, whether such right is available in the future to the public or not.

The Premises are located on the parcel designated in the TVA land records as Tract No. XKOC-15E, which parcel is shown on the first page of Exhibit A attached hereto, and the Premises are generally depicted on the floor plans attached hereto as pages 2 and 3 of Exhibit A. While not specifically part of the definition of "Premises", Tenant shall have the right, subject to TVA Security Standards (as defined in Article 13 below) and the alterations specified in Article 7 below, to utilize appropriate Building pathways for fiber or telecom connectivity.

(b) Intended Use. Tenant shall use and occupy the Premises solely for those activities that are in the ordinary course of business in compliance with the Knox County Charter and/or state law subject to the requirements below. Any lack of use or abandonment of the Premises, for a period of sixty (60) days or more, or any use inconsistent with the intended use specified in this Article 2, is prohibited and will be an "Event of Default" as provided in Articles 23(b) and (c) below; provided, however, TVA's Security Standards (as defined in Article 13 below) shall be maintained at all times. For all purposes of this ET Easement, Tenant shall not be deemed to have abandoned the Premises if Tenant is occupying any portion thereof, and any period during which Tenant is not occupying the Premises due to repairs, improvements, or other temporary reasons, shall not be deemed an abandonment by Tenant of the Premises. Tenant also agrees to abide by the following with regard to its use of the Premises:

i. Tenant shall not:

- a. Do or permit anything to be done in, on or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the KOC or the Building, or injure or disturb them;
- b. Allow any use for any other purpose than for related business use and business invitees; no external groups or business use shall be permitted;
- c. Allow the Premises to be used 1) for any immoral or unlawful purposes, or 2) for any private or commercial sales; provided, however, that occasional/incidental employee-to-employee transactions between Tenant's employees/staff that are not part of an ongoing commercial business activity (e.g. cookie sales) are not prohibited, or 3) for any business, use or purpose deemed to be inconsistent with the operation of an office space typical for a public entity in Knox County, Tennessee;
- d. Cause or maintain or permit any nuisance in, on, or about the KOC, Building or Premises;
- e. Permit or suffer any unlawful use of the Premises and not permit or suffer the commission of waste in, on, or about the Premises;
- f. Permit or suffer any offensive use of the Premises deemed to be inconsistent with the operation of an office space typical for a public entity in Knox County, Tennessee;
- g. Allow the disbursement, sale, or use of alcoholic beverages or illicit or illegal drugs, or the dispensing of prescription drugs (other than as provided in Article 2(b)(i)(h) below), on the KOC, the Building, and/or the Premises;

- h. Allow the use of the Premises for the routine provision of health care services, including the treatment of patients, treatment or inspection of persons with communicable diseases, or storage and disbursing of medicines and drugs onsite or any other health care use, other than for routine prevention measures (e.g., flu shots) for its employees;
- i. Allow the use of the Premises for (A) judicial proceedings, (B) to intake, incarcerate or release persons suspected or convicted of crimes, or (C) to administer parole or probation for persons that have been previously convicted of a crime, or (D) pre-trial services, or (E) the interview of victims, witnesses or suspects in criminal investigations, or (F) alternatives to prison programs, or (G) for any program to be conducted on-site and in-person for any person subject to an order of protection or comparable judicial or administrative proceeding for any act of violence or the threat of violence;
- j. Allow the use of the Premises for housing/storage/live intake and processing of animals; or
- k. Allow the use of the Premises for storage, carrying, and use of firearms, weapons or munitions, unless by/for duly authorized law enforcement officers in the routine course and performance of their duties.

Notwithstanding the foregoing or anything else herein to the contrary, Grantor and TVA hereby acknowledge and agree that meetings or events held by Tenant (so long as the Tenant is Knox County, Tennessee, and authorized subtenants), or protests relating to Tenant matters, news conferences and related public activities shall not be considered prohibited by the terms of this ET Easement, so long as Tenant's (and authorized subtenant(s)') conduct of the foregoing activities occur solely within the Premises. The orderly ingress/egress of protestors or business invitees shall be permitted, so long as no loitering outside the Premises occurs and all activities are subject to TVA's Security Standards.

ii. Tenant shall:

- a. Use all in its power to prevent and reasonably suppress fires upon the Premises and its access (ingress/egress) in and to any portion of the Building or KOC;
 - b. At all times, keep the Premises and all improvements thereon in a safe and sanitary condition and in good order and appearance, reasonably satisfactory to TVA; provided, however, this Article shall not be construed to require Tenant to maintain any portion of the Premises that TVA is required to maintain hereunder;
 - c. Collect and dispose of all trash, garbage, surplus materials, and other solid wastes accumulated as a direct result of activities by Tenant, its agents, employees, or contractors and in accordance with applicable laws, regulations, and this ET Easement; and
 - d. Comply with all Legal Requirements (as hereinafter defined) concerning the use and occupancy of the Premises and the common areas of the Building, and all machinery, equipment and furnishings therein, including, but not limited to applicable hazardous waste requirements (as defined in Article 30), the Americans with Disabilities Act and regulations promulgated from time to time thereunder, and the Randolph-Sheppard Act with respect to vending and food services.
- iii. If any Legal Requirements (as defined in Article 7(d)) require an occupancy or use permit, license or other authorization for the Premises or the operation of the business conducted therein, then Tenant shall obtain and keep current such permit, license or authorization at Tenant's sole expense and shall promptly deliver a copy thereof to TVA. It is expressly understood that if any change in the use of the Premises by Tenant, or any alterations to the Premises by Tenant, or any future Legal Requirements require a new or additional permit from, or approval by, any governmental agency having jurisdiction over the Building, such permit or approval shall be obtained by Tenant on its behalf and at its sole expense. Further, Tenant shall comply

with all Legal Requirements which shall impose a duty on TVA or Tenant relating to or as a result of the use or occupancy of the Premises. Tenant shall pay all fines, penalties and damages that may arise out of or be imposed on TVA or Tenant because of Tenant's or any of its agents, employees, subtenants, contractors, customers, clients, licensees, family members, guests or other invitees failure to comply with Legal Requirements or the provisions of this ET Easement.

iv. Tenant agrees to maintain a uniform and attractive appearance in all areas of the Premises that are visible from: (i) common or public areas of the KOC or Building, (ii) the lobby areas serving the Building, and (iii) the exterior of the Building, and agrees to comply with all Building rules and policies established in the "**Tenant Handbook**", attached hereto as **Exhibit B** and incorporated herein, and which is subject to change from time to time in TVA's discretion; provided, however, TVA shall afford Tenant the right to review, in advance, any such modifications or amendments to the Tenant Handbook in connection therewith and no such modifications or amendments may materially affect the Tenant's rights hereunder.

(c) Indemnification. While the parties agree that this ET Easement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 below, in the event this ET Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such successor Tenant further agrees to indemnify Grantor and TVA against and save them harmless from all claims, damages, demands, actions, costs, and charges to which they or either of them may be subject or which they or either of them may have to pay by reason of any injury to any person or property, or loss of life or property suffered or sustained by any person whomsoever, resulting from or in any way connected with the condition or use of the Premises, including any means of ingress thereto or egress therefrom, except liability for personal injuries, property damage, or loss of life or property caused by the sole negligence of Grantor or TVA. For the avoidance of doubt, while the parties agree that this ET Easement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 below, in the event this ET Easement is assigned to a party that is not prohibited by law to indemnify TVA, such assignee shall be obligated to indemnify TVA to the extent provided in this ET Easement. Notwithstanding the foregoing, in no event shall Knox County, Tennessee (as Tenant) or any of its agencies or instrumentalities be required to indemnify, defend, or hold Grantor or TVA harmless under this ET Easement.

3. Term and Commencement.

(a) Term. The term of this ET Easement (the "**Term**") shall begin on the "**Commencement Date**" which shall begin on such date as is mutually determined by TVA and Tenant in their reasonable discretion, and TVA delivers possession of the Premises to Tenant in accordance with Article 5, and shall end, unless sooner terminated as otherwise provided herein, at 11:59 pm Eastern Time (ET) on the last day of the calendar month that is one-hundred eighty-eight (188) months after the Commencement Date (the "**Expiration Date**"). The reference to "**Term**" shall include any and all Renewal Options (as defined in Article 4(a)) for the term of this ET Easement.

Tenant shall be entitled to possess and begin Tenant Alterations in the entire Premises as of the Commencement Date; provided, however, Tenant shall be entitled to move in personnel for occupancy only after receipt of a certificate of occupancy is obtained for the floor(s) to be occupied initially (the "**Initial CO**"), and Tenant shall have no obligation to pay the Fee (as defined in Article 6(a) below) until the Fee Commencement Date (defined herein below).

(b) Tenant or TVA Delay. Except as set forth in this ET Easement, if for any reason (including any Tenant delay or TVA delay), TVA is unable to deliver possession of the Premises to Tenant on the anticipated Commencement Date, this ET Easement shall not be void or voidable, nor shall TVA be liable to Tenant for any damage resulting from TVA's inability to deliver such possession. Tenant shall not be obligated to pay the Fee that Tenant is required to pay pursuant to Article 6 until the Fee Commencement Date. Except for any such delay in the Fee Commencement Date and except as otherwise expressly set forth in this ET Easement, TVA's failure to give possession on the anticipated Commencement Date shall in no way affect Tenant's obligations hereunder.

(c) Fee Commencement Date. The “**Fee Commencement Date**” shall be the date that is eight (8) months after the Commencement Date.

4. Renewal Options.

(a) Renewal Option. Provided that no Event of Default has occurred and remains uncured (as provided in Article 23 below) and Tenant is deemed to meet creditworthiness standards as determined by TVA (as provided in Article 14 below), Tenant shall have up to five (5) renewal options, each having a term of five (5) years, exercisable by Tenant upon provision of prior written notice provided to TVA by Tenant at least nine (9) months prior to the end of the then-current Term (each, a “**Renewal Option**”). All terms and conditions of the ET Easement will remain in effect upon the exercise of each Renewal Option.

(b) Renewal Fee. If Tenant exercises a Renewal Option, the Fee (as defined in Article 6(a) below) for each such exercised Renewal Option (each when exercised, a “**Renewal Term**”) shall increase by one percent (1%) annually, net of all expenses, over the last year of any of the initial Term or any such Renewal Term.

5. Delivery of Possession.

(a) Delivery. TVA will deliver possession of the Premises to Tenant in an “as is,” “where-is,” “with all faults” but in broom-clean condition on the Commencement Date. It is understood and agreed that TVA will not make, and is under no obligation to make, any structural or other alterations, decorations, additions or improvements in or to the Premises, except as provided in this Article 5 and as may be provided in the Operating Agreement. TVA and Tenant shall walk through the Premises prior to the Commencement Date at a time that is mutually convenient, and shall execute a letter of acceptance upon delivery.

(b) TVA Building Modifications. The following building modifications shall be completed at the sole expense of TVA for the purposes of security and safety, and TVA will complete such building modifications as it deems necessary and appropriate; further provided, TVA will coordinate such building modifications with Tenant, as may be necessary or appropriate:

i. System Upgrades. It is understood and agreed that TVA is commencing an estimated three (3)-year project to upgrade major building systems (“**System Upgrades**”) such as elevators and heating, ventilation and cooling equipment, which shall benefit both TVA and Tenant, and which System Upgrades are listed in Exhibit C, attached hereto and made part hereof, which may change from time-to-time at TVA’s sole discretion. TVA hereby agrees to provide adequate notice to Tenant in advance of such System Upgrades and any short-term, minor inconveniences that may affect Tenant as a result. TVA will make every effort to minimize disruptions to Tenant but any such disruptions that occur as a result of System Upgrades shall not entitle Tenant to terminate this ET Easement or to any abatement of any Fee under this ET Easement (or O&M Expense Fee payable under the Operating Agreement); provided, however, should the elevator project currently utilizing a portion of the twelfth (12th) floor of the Premises be incomplete by receipt of the Initial CO, TVA shall abate the Fee for such portion of the floor that is not accessible to Tenant until the elevator project vacates the twelfth (12th) floor.

6. Payments

(a) Fee. The annual fee for the Premises shall be paid by Tenant to TVA in accordance with the table below, net of all expenses (“**Fee**”):

| <u>Rate/RSF</u> | <u>Annual Fee</u> | <u>Rate/RSF</u> | <u>Annual Fee</u> | <u>Rate/RSF</u> | <u>Annual Fee</u> |
|-----------------|-------------------|-----------------|-------------------|------------------|-------------------|
| Year 1: \$0.375 | \$79,375 | Year 6: \$0.640 | \$135,420 | Year 11: \$0.672 | \$142,327 |
| Year 2: \$0.379 | \$80,169 | Year 7: \$0.646 | \$136,774 | Year 12: \$0.679 | \$143,751 |

| | | | | | |
|-----------------|----------|------------------|-----------|------------------|-----------|
| Year 3: \$0.383 | \$80,971 | Year 8: \$0.653 | \$138,142 | Year 13: \$0.686 | \$145,188 |
| Year 4: \$0.386 | \$81,780 | Year 9: \$0.659 | \$139,523 | Year 14: \$0.693 | \$146,640 |
| Year 5: \$0.390 | \$82,598 | Year 10: \$0.666 | \$140,918 | Year 15: \$0.700 | \$148,106 |

The Fee shall be paid via Electronic Fund Transfer (“EFT”), which shall be arranged by Tenant through its banking institution. The Fee for the Premises shall begin to accrue on the Fee Commencement Date and shall be paid in lawful money of the United States of America in equal monthly installments on the first (1st) day of the month and on the first (1st) day of each successive month thereafter during the Term, or any Renewal Term, without deduction or offset whatsoever. The Fee for any period of less than one (1) month shall be apportioned based upon the calendar days in the applicable month.

(b) Payments for Other Services. Other services performed by TVA, its subcontractors, or other independent contractors on behalf of Tenant and that are not otherwise required to be performed by TVA, shall be paid by Tenant at the actual cost to TVA of such items (“Other Services”). Such actual costs shall include all direct costs specifically identified by TVA, its subcontractors, or other independent contractors, and the cost of TVA personnel, at the then-current hourly rates, and other costs and expenses incurred in coordinating and supervising any additions, improvements, or modifications, plus applicable overhead calculated according to TVA standard practices, and shall be invoiced, and be due and payable to TVA thirty (30) days after receipt of invoice. Payments for Other Services shall be made by EFT.

7. **Tenant Alteration(s)**. During the Term, or any Renewal Term, Tenant shall have the right, at Tenant’s sole cost and expense (even if Tenant contracts for services with or through TVA), to make alterations, attach fixtures, and erect additions, structures, and signs (“**Tenant Alteration(s)**”), in or upon the Premises, and all such alterations, additions, structures, and signs shall not be detrimental to, or inconsistent with, the provisions of the ET Easement, including any Legal Requirements, and shall be subject to the following:

(a) System or Structural Alterations. All System or Structural Alterations (as defined below) shall be submitted by Tenant for TVA’s review and TVA’s written consent shall be received prior to the making of any such alterations, which consent shall not be unreasonably withheld or conditioned. TVA may condition such consent on the System or Structural Alterations being performed by TVA’s designated contractor or subcontractor at Tenant’s expense. “**System or Structural Alterations**” shall be any Tenant Alteration(s) that (i) will or may necessitate any changes, replacements or additions to columns or floors or other structural elements of the Building; (ii) affect TVA’s mechanical, electric, plumbing, life safety or other systems; (iii) are readily visible to the exterior of the Building, or the common and public areas thereof (including blinds, shades, or other window coverings); (iv) affect the base building systems of the Building or the roof of the Building; or (v) would have a negative impact on any building warranty. All drawings submitted to TVA for review and approval shall be stamped construction drawings in .pdf format. Commissioning may be required, at TVA’s sole option, for any Tenant Alterations requiring connection to KOC systems. Further, new plumbing fixtures and operators (flush valves and faucets) to be installed in restrooms, break rooms, or kitchen areas shall match KOC building standards.

(b) Cosmetic Alterations. Notwithstanding the foregoing, Tenant shall have the right, after providing at least (10) business days prior written notice to TVA, but without the necessity of obtaining TVA’s consent, to re-carpet, repaint, or to make solely “cosmetic” or “decorative” nonstructural alteration(s) (“**Cosmetic Alterations**”) in and to the Premises that are not System or Structural Alterations and for which the costs, in each case, do not exceed \$100,000.00.

(c) Workmanship and Safety. All Tenant Alteration(s) and Cosmetic Alterations shall be made: (i) in a good, workmanlike, first-class and prompt manner and otherwise in accordance with TVA’s rules, including any rules for contractors, that may be established by TVA from time to time; (ii) using new or like-new materials only; (iii) by Tenant or its contractors, on days, at times and under the supervision of an architect approved in writing

by TVA; (iv) after coordinating the work schedule and scope with the Building's designated TVA Facilities Management property manager to avoid undue interference with the normal operations and use of the Building; (v) in accordance with plans and specifications prepared by an engineer or architect reasonably acceptable to TVA, which plans and specifications shall be approved in writing by TVA; (vi) in accordance with all applicable Insurance Requirements (as described in Article 17) and applicable Legal Requirements, including, without limitation, all applicable standards and regulations of the Federal Occupational Safety and Health Administration ("**OSHA Requirements**"), which obligation shall include ensuring that Tenant and its contractors (including any subcontractors) that Tenant utilizes to perform work in the Premises comply with OSHA Requirements and that all required training is provided for such work; provided, however, that TVA reserves the right to require Tenant to participate in any safety briefings that may be requested or required by TVA in connection with Tenant's performance of work, and to comply with any applicable TVA safety procedures that may apply as directed prior to the commencement of work on the Premises in TVA's discretion; (vii) in accordance with TVA's requirement that all work on the fire system be completed by TVA's designated contractor and no such work shall be performed until after 5:45pm ET or on weekends; (viii) using only direct access to/from the Premises including construction, contractor access, material/equipment deliveries, waste removal, etc., without use of the TVA loading dock and without impeding access to the Building or KOC; and (ix) after obtaining public liability and worker's compensation insurance policies in accordance with Article 17 below.

- (d) Project Codes and Standards Requirements. All Tenant Alteration(s) shall comply with the following codes and standards requirements, and it is the responsibility of Tenant to ensure compliance with the following, collectively the "**Legal Requirements**":
- i. ICC Codes: the latest edition when design contract is issued.
 - ii. NFPA Codes and Standards: the latest edition when design contract is issued; TVA enforces Annex A of the NFPA Codes and Standards.
 - iii. City of Knoxville-adopted ordinances: TVA serves as the Authority Having Jurisdiction ("**AHJ**"); provided, however, plans and specifications shall meet City of Knoxville-adopted ordinances and permit requirements, as applicable.
 - iv. Knox County-adopted ordinances: TVA serves as the AHJ; provided, however, Knox County-adopted ordinances, permits, reviews, and inspections by Knox County are required for the Premises, as applicable. TVA shall be responsible for fire and life-safety code reviews and inspections.
 - v. State of Tennessee requirements: TVA serves as the AHJ; provided, however, State of Tennessee permits, reviews, and inspections are required, as applicable.
 - vi. The KOC is a historic property and has been determined eligible for listing In the National Register of Historic Places. Tenant is therefore required, for the preservation of the Building and Premises, to preserve the historic value and architectural integrity of the Building exterior facades, and first floor interior Plaza area. Renovations to the facades or interior Plaza have the potential to affect the historic value and architectural integrity of the KOC. Prior to implementing any such renovations, the Tenant must seek approval from TVA. Upon receiving such request for approval, TVA will enter in consultation with the Tennessee State Historic Preservation Officer ("**TN SHPO**") in accordance with Section 106 of the National Historic Preservation Act. If such renovations are determined to adversely affect the historic character of the KOC, TVA and the TN SHPO will enter into consultation to develop a Memorandum of Agreement ("**MOA**") to avoid, minimize or mitigate the adverse effect. Consultation with the TN SHPO in assessing the effect of renovations on KOC as well as in developing an MOA to address any adverse effects of that renovation shall be conducted in accordance with the procedures set forth in 36 CFR part 800.

- (e) Load-Bearing Factors. Tenant hereby acknowledges that the Building's floor loading standard is fifty pounds per square foot (50lbs/sf) for floors 2 through 12, and one-hundred pounds per square foot (100lbs/sf) for the Plaza lobby. Maximum occupancy per floor is prescribed by the International Building Code. Tenant hereby agrees to abide by and comply with these standards. TVA shall have the right to prescribe the weight and position of safes and other heavy equipment and fixtures in order to distribute their weight adequately and Tenant shall install in such heavy equipment and fixtures in such manner as TVA directs. Any additional structural support or upgrading of the floor supports that may be needed to accommodate any of Tenant's equipment that exceeds the floor loading specifications for the Building shall be installed at Tenant's sole cost and expense and shall be subject to the prior written approval of TVA, which approval shall not be unreasonably withheld.
- (f) Electric. It is understood and agreed that "normal electrical usage" includes the use for normal general office purposes, for copying machines, personal or desk-top computers and for other standard office equipment, but excludes the use of any machine that uses electrical capacity in excess of that provided to the Premises. In no event shall electric usage exceed five (5) watts per square foot per floor based on TVA's current capacity. Any upgrades to current capacity shall be in accordance with the Tenant Alteration(s) process.
- (g) Review and Approval of Tenant Alterations. TVA and Tenant shall each appoint a primary contact for coordinating reviews and approvals of Tenant Alterations, which may be updated from time to time as necessary or appropriate between the parties. When granting its consent, TVA may impose any conditions it deems reasonably appropriate for the safety and security of the Building, including the approval of plans and specifications, approval of the contractor or other persons who will perform the work, and the obtaining of required permits and specified insurance for such contractor(s). TVA's review and approval of any such plans and specifications and its consent to perform work described therein shall not be deemed an agreement by TVA that such plans, specifications and work conform with all applicable Legal Requirements and applicable Insurance Requirements (as defined in Article 17) nor deemed a waiver of Tenant's obligations under this ET Easement with respect to all applicable Legal Requirements and applicable Insurance Requirements nor impose any liability or obligation upon TVA with respect to the completeness, design sufficiency or compliance with all applicable Legal Requirements or applicable Insurance Requirements of such plans, specifications and work. Upon completion of any approved Tenant Alterations, other than Cosmetic Alterations, Tenant shall notify TVA, and TVA shall inspect such Tenant Alterations. As the AHJ for fire and life-safety code changes that may be included in Tenant Alterations, in addition to such reviews as described hereinabove, TVA shall conduct all inspections and acceptance testing. Upon satisfactory completion of inspections and acceptance testing for fire and life safety, TVA will provide documentation to Tenant to certify acceptance. Prior to occupancy of each floor(s) which are part of the Tenant Alterations, Tenant shall provide to TVA a certificate of occupancy ("CO") from Knox County, Tennessee, and deliver such CO attached to a letter, in accordance with Article 29 hereinbelow; TVA shall provide written acknowledgement of receipt of the CO. Tenant may use any contractor or other person to perform Cosmetic Alterations so long as such contractor or other person is engaged in compliance with the Knox County Procurement Code.
- (h) Moving. Any and all material damage or injury to the Premises or the Building caused by moving the property of Tenant into or out of the Premises, or due to the same being in or upon the Premises, shall be repaired at the sole cost of Tenant. Tenant agrees to remove promptly from the sidewalks adjacent to the Building any of Tenant's furniture, equipment or other material there delivered or deposited.
- (i) Initial Tenant Alteration(s) and Initial Occupancy/Move-In. All TVA costs incurred by Tenant occurring between the Commencement Date and the date of issuance of an Initial CO (e.g., TVA review of drawings, coordination with TVA Facilities Management and Facilities Project Management, and any TVA Security Officer(s)', as defined in Article 13 hereinbelow, costs) shall be exempted from charge back to Tenant. Further, for up to fourteen (14) business days after TVA's written acknowledgement as to receipt of the Initial CO, as prescribed

in Article 7(g) hereinabove, all TVA costs incurred by Tenant (e.g., TVA Security Officer(s)) for TVA loading dock use as a result of Tenant initial move-in for the portion of the Premises approved for occupancy under the Initial CO shall also be exempt from charges to Tenant.

- (j) Drawings. Promptly after the completion of a Tenant Alteration(s) affecting any System or Structural Alterations, Tenant, at its expense, shall deliver to TVA two (2) sets of accurate as-constructed drawings and one (1) AutoCAD computer disc, or via a compatible file share site, in TVA's then-current identified accepted version (currently 2017) showing such Tenant Alteration(s) in place.
- (k) Restoration. Duties and obligations as to restoration are addressed in Article 21 below.
- (l) Labor Rules. If Tenant contracts directly for its own tenant improvements and Tenant Alteration(s) work, subject to TVA oversight, then no specific labor provisions are required; provided, however, that if TVA contracts work for or on behalf of Tenant, then all TVA labor provisions shall apply, including prevailing wage for work less than \$250,000 and in accordance with TVA's requirements for work greater than \$250,000.
- (m) Labor Rates. All services provided by TVA are subject to TVA's then-current applicable hourly rate plus applicable overhead. Labor rates shall vary by task, skill level with a minimum billing period of thirty (30) minute increments. Overtime rates are additional. Tenant will be billed in accordance with Other Services as provided in Article 6(b).
- (n) Administrative Fee. Other than for review of Initial Tenant Alteration(s), TVA shall charge a reasonable administrative fee based on TVA then-current hourly rates plus applicable overhead for any coordination of Tenant Alteration(s) within the then-current Premises, and Tenant will be billed in accordance with Other Services as provided in Article 6(b).

- 8. **West Tower Loading Dock**. Tenant shall be permitted scheduled use of the loading dock located in the West Tower of the KOC for move-in of furniture/system, fixtures and large equipment and other intermittent use, and subject to TVA Security Standards (as defined in Article 13 below) and TVA safety standards, with further details and charges as specified in the Operating Agreement, and in accordance with Article 9 below as to Tenant's authorized employees.
- 9. **Elevator Use**. Elevators will be limited to use within the Premises, and other areas of the Building shall not be accessible. Tenant shall designate no more than six (6) authorized employees, or such additional number that may be agreed to in TVA's sole discretion, to use the freight elevator within the Premises and in other areas of the Building for access to the West Tower loading dock, subject to TVA's Security Standards (as defined in Article 13 below). Use of passenger elevators for freight or equipment requires walls of the elevators to be protected.
- 10. **Signage**. No sign, advertisement or notice referring to Tenant or any subtenant in the Building shall be inscribed, painted, affixed or otherwise displayed on any part of the exterior or the interior (which is visible from the exterior of the Premises) of the Building (including the roof) except as approved by TVA in advance and in accordance with any applicable state or local building code or zoning regulations.

All of Tenant's signs or any subtenant's signs that are required to be approved by TVA shall, at TVA's election, be installed by TVA at Tenant's sole cost and expense, provided Tenant approves such expense in writing prior to installation, and shall be removed by Tenant at Tenant's sole cost and expense at the end of the Term or any final Renewal Option (if any), and Tenant shall repair any damage to the Building or the Premises caused by such removal. If any sign, advertisement or notice that has not been approved by TVA is exhibited or installed by Tenant, TVA shall have the right to remove the same at Tenant's expense. TVA shall have the right to prohibit any advertisement of or by Tenant which in its opinion tends to impair the reputation of the Building or its desirability as a first class office building, and upon notice from TVA, Tenant shall immediately refrain from and discontinue

any such advertisement. TVA reserves the right to affix, install and display signs, and notices on any part of the exterior or interior of the Building, including the Premises, where required for maintenance or emergency situations, or as otherwise needed for temporary use on the exterior Plaza between the buildings.

11. **Rooftop Communications Equipment.** Tenant shall have the right at its option and sole expense to install communications receiving and sending equipment on the rooftop of the Building, subject to TVA's review and approval, as indicated in Article 7 above. Rooftop equipment shall be subject to a radio frequency/electromagnetic energy survey, and be installed in such a manner so as not to damage the roof area or void any warranty, at TVA's sole discretion, all at Tenant's sole cost and expense. Tenant agrees that all such rooftop equipment will be used for Tenant's sole business use and shall not interfere with TVA's or any other tenant's communications systems or equipment installed on the roof. All access to the rooftop shall be subject to TVA Security Standards as defined in Article 13 below.
12. **Telecommunications/IT.** Tenant shall be responsible, at its sole cost and expense and subject to approval by TVA, for installation of any telecommunication and/or IT systems and shall also be responsible, at its sole cost and expense, for installation and maintenance of any telecommunication/data system. TVA shall cooperate as to reasonable access to TVA's KOC service level space and electric and telecom closets on each floor and in a manner consistent with TVA Security Standards, and Tenant shall be billed for these costs under Other Services incurred, per Article 6(b); provided, however, Tenant shall not be obligated to pay any such expense unless Tenant has previously approved such expense in writing.
13. **Security and Safety.** TVA is a Federal entity and therefore subject to Federal security standards and regulations attached hereto as Exhibit D, and incorporated herein, and as may be amended from time-to-time ("**TVA Security Standards**"). Further, TVA employs its own Federal law enforcement agents ("**TVA Police**") and security officers ("**TVA Security Officer(s)**"). Tenant, its officers, agents, contractors, subcontractors, business invitees, visitors, authorized lessees, licensees, sublessees, subgrantees, sublicensees, and employees (collectively, the "**Tenant Parties**") hereby acknowledge and agree to comply with all applicable TVA Security Standards and each of the following:
 - (a) Security. Tenant shall be required to contract with TVA to provide Security Services (defined in the Security Services Agreement) for entry into the Premises' first (1st) floor plaza level main entry lobby. The foregoing shall be documented in the separate Security Services Agreement dated on even date herewith.
 - (b) Safety. Subject to Article 2(b) of this ET Easement, Tenant shall not create or allow to be created in or about the Premises, the Building, or the KOC any condition or circumstance constituting a hazard to people or property, a nuisance, or a trespass, whether or not such condition or circumstance rises to the level of a civil or criminal law violation or action. Further, subject to Article 7(c), Tenant shall be required to meet OSHA Requirements.
 - (c) Tenant Handbook/Building Rules and Regulations. Tenant agrees to abide by and comply with the Tenant Handbook, including all building rules and regulations.
14. **Creditworthiness and Performance Assurance.** As of the Effective Date of this ET Easement, Tenant is hereby deemed to meet the creditworthiness standards as determined by TVA, so that no creditworthiness and performance assurance protection shall be required by TVA during the initial Term of this ET Easement. Before any Renewal Options can be exercised as provided in Article 4 above, Tenant must be deemed to meet then-existing creditworthiness standards as determined by TVA. Notwithstanding the foregoing, Tenant will be deemed to meet TVA's creditworthiness standards for all purposes of this ET Easement as long as Tenant maintains public investment grade ratings with Moody's and/or Standard & Poor's. An investment grade rating shall mean a long-term senior rating of (a) (1) "Baa1" or higher with Moody's or (2) "BBB+" or higher by Standard & Poor's, or (b) if rated by both Moody's and Standard and Poor's, both (a)(1) and (a)(2).
15. **Building Sale.**

(a) Assignment and Attornment. Upon any conveyance of title to the KOC or the Building by TVA to a new owner, all of TVA's obligations to be performed under the ET Easement shall be deemed covenants that run with the land and shall be binding on the new owner from and after the date of such conveyance and shall, as appropriate, be documented via a suitable assignment and assumption agreement with respect to this ET Easement and its rights and duties thereunder. In the event of any sale or conveyance by TVA of the KOC or the Building, and provided that the purchaser or transferee assumes all obligations hereunder, the same shall operate to release TVA from any future liability upon any of the covenants or conditions, express or implied, herein contained in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of TVA in and to this ET Easement. By its execution of this ET Easement, Tenant hereby covenants and agrees that it shall attorn to the purchaser or assignee in connection with any such sale or conveyance.

(b) Right of First Offer. If TVA decides to pursue the granting of a permanent easement of the KOC at its sole discretion, and provided that no Event of Default has occurred and remains uncured (as provided in Article 23 below), the Tenant shall have a right of first offer, during the initial Term of this ET Easement only (the "**ROFO Period**"), to pursue a purchase of such permanent easement grant interest in the KOC, subject to TVA's Board of Directors, or its designee, approval, and the completion of appropriate legal, environmental and programmatic reviews, prior to the conveyance, and at a value determined by a mutually agreeable appraisal of the permanent easement's fair market value plus TVA review and transaction costs; provided, however, if at any time during any of the ROFO Period, TVA pursues and/or receives and is willing to accept a bona fide offer from a third party to purchase such permanent easement grant of the KOC, TVA shall promptly transmit to Tenant its offer to grant the permanent easement in the KOC upon terms and conditions substantially similar to those offered by or to the third party, together with a true copy of such original offer. TVA shall notify Tenant in writing and shall disclose to Tenant the proposed purchase price (the "**ROFO Price**") and all other material, terms and conditions, except that TVA shall not be required to disclose the identity or address of the proposed third-party purchaser. Tenant may be required to sign a non-disclosure agreement, to the extent permitted by law, and agrees to keep all such information strictly confidential, except as it may become necessary to disclose the ROFO Price and other information to Tenants' potential sources of financing as who or which in each case shall have been instructed to keep such information strictly confidential and may also be required to sign a non-disclosure agreement. If Tenant does not accept or respond to such offer within sixty (60) days after the notice (the "**ROFO Notice Period**") from TVA is made about the third-party offer, TVA may convey the permanent easement interest to a third party upon terms and conditions substantially similar to those offered to Tenant, subject to TVA board or its designee approval. If Tenant accepts such offer by providing written notice to TVA within the ROFO Notice Period, TVA and Tenant shall work together in good faith to accomplish the grant of permanent easement of the KOC, and TVA agrees to recommend to TVA's Board of Directors, or its designee, the conveyance of the permanent grant of the KOC to Tenant under the agreed upon terms and conditions, subject to TVA's Board of Directors, or its designee, approval.

16. **Taxes**. TVA is a Federal corporation and agency, and no direct property taxes are assessed on the Premises, the Building or the KOC as of the date of this ET Easement first written above; provided, however, that if any property taxes, fees or other assessments should be levied by an outside taxing authority in the future, Tenant shall have the sole responsibility for their payment and satisfaction apportioned for the Premises, and further provided, that it is recognized by TVA that Tenant is a public instrumentality and is also exempt from taxation.

17. **Insurance Requirements**. The parties shall comply with the following requirements (collectively, the "**Insurance Requirements**") relating to the maintenance of insurance:

(a) Commercial General Liability Insurance. TVA, at its reasonable discretion, shall maintain, for the Term (and any Renewal Term) of this ET Easement and extending for the entirety of the thirty (30) day period after termination described in Article 24(f) of this ET Easement, commercial general liability insurance with respect to the Premises (and not other properties of Tenant) with the limits and meeting the additional requirements

described in Article 17(e) below (to the extent applicable, in TVA's discretion); provided, however, (a) that such commercial general liability policy may also cover the Summer Place Complex and Fritts Parking Lot that are subject to easements being granted by Grantor and TVA to Tenant; (b) that such commercial general liability policy may be subject to modification as provided in Article 17(j); and (c) Tenant shall be responsible for payment of all premiums and an annual Claim Administration Fee (as defined and further described in Article 17(k) below) in connection with such commercial general liability policy. The commercial general liability insurance policy shall have a minimum coverage limit of \$1,000,000 per occurrence / \$2,000,000 annual general aggregate. Tenant shall have no benefit or loss payee or additional insured status under such commercial general liability policy. TVA may also reduce coverage limits and requirements if it desires in its sole discretion.

- (b) Property Insurance. Tenant shall maintain, for the Term (and any Renewal Term) of this ET Easement and extending for the entirety of the thirty (30) day period after termination described in Article 24(f) of this ET Easement, property insurance with respect to the full replacement cost of any and all Tenant Alterations on and in the Premises, consistent with Tenant's property insurance for other properties of Tenant. In addition, (i) Tenant shall maintain business interruption insurance on the Premises in an amount of One Million Dollars (\$1,000,000); provided, however, that Tenant may self-insure this business interruption requirement and such total insurable amount may also cover the Summer Place Complex and Fritts Parking Lot that are subject to easements being granted by Grantor and TVA to Tenant; and (ii) during such time as Tenant is performing work in, on, or to the Premises, Tenant, at Tenant's expense, shall also maintain, or shall cause its contractor(s) to maintain, builder's risk insurance for the full insurable value of such work. TVA, and such additional persons or entities as TVA may reasonably request, shall be named as loss payees, as their interests may appear, on any builder's risk policies required by this Article 17(b). All insurance policies under this Article 17(b) must meet the additional requirements described in Article 17(e) below.
- (c) Personal Property Insurance. Tenant shall maintain, for the Term (and any Renewal Term) of this ET Easement and extending for the entirety of the thirty (30) day period after termination described in Article 24(f) of this ET Easement, personal property insurance on all personal property, furniture, fixtures, and equipment (including, but not limited to, all technological and computing equipment) owned by Tenant in the Premises and in an amount determined by Tenant based on Tenant's inventory control systems. The personal property insurance policy under this Article 17(c) must meet the additional requirements described in Article 17(e) below.
- (d) Excess Liability Insurance. TVA, at its reasonable discretion, shall maintain, for the Term (and any Renewal Term) of this ET Easement and extending for the entirety of the thirty (30) day period after termination described in Article 24(f) of this ET Easement, an excess liability insurance ("umbrella") policy with respect to the Premises (and not other properties of Tenant) in the amount of Ten Million Dollars (\$10,000,000) and meeting the additional requirements described in Article 17(e) below (to the extent applicable, in TVA's sole discretion); provided, however, (a) that such excess liability policy may also cover the Summer Place Complex and Fritts Parking Lot that are subject to easements being granted by Grantor and TVA to Tenant; (b) that such excess liability policy may be subject to modification as provided in Article 17(j); and (c) Tenant shall be responsible for payment of all premiums and an annual Claim Administration Fee in connection with such excess liability policy. Tenant shall have no benefit or loss payee or additional insured status under such excess liability policy. TVA may also reduce coverage limits and requirements if it desires in its sole discretion.
- (e) Requirements for Insurance. With respect to any insurance Tenant is required to maintain hereunder, each of the following requirements in this Article 17(e) shall apply. All insurance required to be maintained by Tenant pursuant to this ET Easement shall be maintained with responsible companies that are admitted to do business in the State of Tennessee, and are in good standing in the jurisdiction in which the Premises is located and that have an A.M. Best rating of at least "A-". All insurance policies required hereunder shall contain an endorsement prohibiting cancellation, failure to renew, reduction of amount of insurance, or change in

coverage without the insurer and/or Tenant endeavoring to first give TVA thirty (30) calendar days' prior written notice (by certified or registered mail, return receipt requested, or by fax or email) of such proposed action; provided, however, that prior notice of policy cancellation for non-payment shall be ten (10) calendar days. In the event that Tenant uses its best efforts to procure the foregoing endorsement from its insurer but is unsuccessful due to the endorsement not being legally available at the time the policy is issued or renewed, Tenant shall (i) immediately notify TVA of its failure to receive this endorsement; and (ii) notify TVA of any possible cancellation, failure to renew, reduction of amount of insurance, or change in coverage immediately once Tenant has knowledge of such. All insurance policies or letters of self-insurance described in this Article 17 (except for the workers' compensation insurance or workers' compensation self-insurance described in Article 17(h) below) shall (i) include TVA, Grantor, and their officers, agents, employees, and volunteers as additional insureds; (ii) include a waiver of subrogation endorsement in favor of Grantor/TVA; and (iii) not include any "pollution" exclusion or any similar exclusion for any environmental liabilities. No property insurance policy shall contain any self-insured retention greater than \$100,000.

- (f) Reimbursement. For the commercial general liability policy described in Article 17(a) and the excess liability policy described in Article 17(d), Tenant shall be responsible for payment of all premiums (typically billed annually, or as billed by the insurance provider) and an annual Claim Administration Fee in connection with such policies, all of which shall be invoiced using TVA's standard invoice format, and TVA shall attach reasonable supporting detail describing any premiums and the annual Claim Administration Fee. Tenant shall pay TVA's invoice within thirty (30) calendar days of its receipt of TVA's invoice. Tenant's requirement to reimburse TVA under this Article 17 is absolute, and any financial, reimbursement, and payment obligations and responsibilities of Tenant under this Article 17 shall be considered separate from any other financial, reimbursement, or payment obligations or responsibilities of Tenant under this ET Easement and shall not be subject to offsets or credits based on any other payments or reimbursements paid by Tenant to TVA under this ET Easement. All payments to TVA shall be made by EFT. TVA shall procure the insurance policies required by Articles 17(a) and 17(d) pursuant to TVA's normal procurement procedures so as to ensure that such insurance policies are being procured at reasonable cost.

Additionally, in the event Tenant (a) fails to obtain or maintain any insurance it is required to maintain under this Article 17; (b) fails to provide such insurance meeting all requirements of this Article 17; or (c) fails to deliver such policies or certificates as required by this Article 17, TVA may, at its option, on five (5) calendar days' notice to Tenant, procure such policies for the account of Tenant, and all premiums and damages incurred by TVA as a result of Tenant's breach of this ET Easement due to Tenant's failure to maintain its insurance obligations described in this Article 17 shall be paid by Tenant to TVA within five (5) calendar days after delivery to Tenant of invoices therefor; provided, however, TVA shall not procure any personal property insurance policies on account of Tenant.

- (g) Certificates of Insurance. On or before the Effective Date, Tenant shall furnish TVA with certificates (or a letter of self-insurance if self-insurance is expressly permitted for the specific insurance requirement under this Article 17) evidencing the insurance coverage required by this ET Easement, and renewal certificates shall be furnished to TVA at least annually thereafter, and at least thirty (30) days prior to the expiration date of each policy for which a certificate was furnished. Upon request by TVA, a true and complete copy of any insurance policy required by this ET Easement shall be delivered to TVA within ten (10) business days following TVA's request.
- (h) Workers' Compensation Insurance. Tenant has certified self-insurance status for workers' compensation by the State of Tennessee Department of Commerce and Insurance. In the event Tenant, for any reason, does not maintain or loses its self-insurance certification status for workers' compensation from the State of Tennessee Department of Commerce and Insurance, Tenant must maintain and provide to TVA a policy of Workers' Compensation insurance complying with the requirements of state law and employer's liability of at least \$1,000,000. While the parties agree that this ET Easement is not assignable and is subject to certain transfer

restrictions pursuant to Article 18 below, in the event this ET Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such approved assignee, unless self-insured in accordance with applicable law, must maintain and provide to TVA a policy of Workers' Compensation insurance complying with the requirements of state law and employer's liability of at least \$1,000,000.

- (i) Relationship to Indemnification Provisions. As is provided in Article 2(c) herein, Tenant is not required to indemnify Grantor or TVA in any manner under this ET Easement. Because no such indemnity is being provided by Tenant, Tenant has agreed to procure (or reimburse TVA for, where applicable) the insurance described above in this Article 17. While the parties agree that this ET Easement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 below, in the event this ET Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such approved assignee must provide both (i) all of the insurance described in this Article 17; and (ii) all of the indemnification, defense, and hold harmless obligations described in this ET Easement. Additionally, while the parties agree that this ET Easement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 below, in the event this ET Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, TVA shall not be required to maintain the insurance policies described above in Articles 17(a) and 17(e), and the approved assignee shall be required to maintain these policies including all requirements described in this Article 17. All provisions in this Article 17 allowing Tenant to self-insure certain insurance requirements (as more particularly described herein) shall only apply to Knox County, Tennessee, as Tenant, and while the parties agree that this ET Easement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 below, in the event this ET Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, the approved assignee will not be permitted to self-insure any insurance requirement unless approved in writing and in advance by TVA.
- (j) Future Proposals. In the event that Tenant desires to obtain its own insurance coverage for either or both of the policies described above in Articles 17(a) (as to commercial general liability insurance) and 17(e) (as to excess liability insurance), Tenant shall provide a proposal to TVA as to Tenant's potential assumption of such coverage, to be reviewed and approved by TVA in its sole discretion, and provided that such proposal is satisfactory to TVA and the proposed insurance policies meet all the requirements of this Article 17, the parties shall mutually work together in good faith to amend the applicable subarticles of this Article 17 as necessary and appropriate to reflect the terms and conditions of such satisfactory proposal.
- (k) Claim Administration Fee. The "Claim Administration Fee", as used in this Article 17, shall mean an annual fee paid by Tenant to TVA to cover TVA's expenses related to the cost of procuring, maintaining and administering claims under the commercial general liability and excess liability policies described in Articles 17(a) and 17(e) above. TVA shall invoice Tenant (and Tenant shall pay such invoice) for the Claim Administration Fee of Ten Thousand Dollars (\$10,000) per calendar year, all pursuant to the provisions of Article 17(f) above. TVA may apply and use the proceeds of such Claim Administration Fee in its discretion.

In the event that the expenses related to administering claims under the commercial general liability and excess liability policies described in Articles 17(a) and 17(e) above are projected by TVA to be higher than Ten Thousand Dollars (\$10,000) in any given calendar year during the Term (and any Renewal Term) of this ET Easement, the parties agree to mutually work together in good faith to amend the applicable subarticles of this Article 17 as necessary and appropriate to reflect such updated Claim Administration Fee amount.

- (l) Interpretation. Notwithstanding anything to the contrary in this ET Easement, as the insurance policies TVA is procuring under Articles 17(a) (as to commercial general liability) and 17(e) (as to excess liability) are solely for TVA's benefit, the parties understand and agree that: (i) claims against and recovery under such insurance policies shall be at TVA's sole discretion; (ii) Tenant shall be responsible for any claims, suits, damages, demands, actions, costs, charges, and penalties resulting from any of Tenant's actions or omissions on the Premises; and (iii) with respect to claims, suits, damages, demands, actions, costs, charges, and/or penalties

sought by individuals or entities against Tenant, Tenant shall not direct those individuals and entities to such insurance policies as an option for recovery.

18. Subletting/Assignment.

(a) Subleasing. During the Term, or any Renewal Term, Tenant may sublet its interest in all or any portion of the Premises, in accordance with Article 2(b) above, and, subject to TVA's prior written approval, such approval not being unreasonably withheld, and shall be void without such approval. Without limiting the other instances in which it may not be unreasonable for TVA to withhold its consent to a sublease, it shall not be unreasonable for TVA to withhold its consent in any one of the following instances: (i) an Event of Default has occurred and remains uncured (as provided in Article 23 below); (ii) in the case of subletting of less than the entire Premises, if the subletting would result in the division of the Premises, or would require access be provided through the Premises, or improvements be made outside of the Premises; (iii) TVA determines, in its reasonable discretion, that the character, reputation or business of the proposed subtenant would adversely affect the other occupants of the Building or KOC, or would impair the reputation of the Building or KOC, or increase the safety or security risk to TVA operations or staff; (iv) the use of the Premises by the proposed subtenant will violate any provisions or restrictions contained in this ET Easement, including but not limited to, any relating to the use or occupancy of the Premises; or (v) the business to be conducted or the proposed use of the Premises by the proposed subtenant is likely to increase operating expenses beyond that which TVA incurs prior to such proposed subletting, or is likely to increase the burden on elevators or other Building systems or equipment over the burden prior to such proposed subletting. Any attempted subletting by Tenant of any portion of the Premises without TVA's prior written consent shall, at the option of TVA, be considered an Event of Default, and TVA shall have all the rights and remedies available under this ET Easement and the law. Notwithstanding anything to the contrary in this Article 18(a), if Tenant desires to enter into a contractual relationship with a third party that is comparable to a sublease of a portion (as opposed to the whole) of the Premises (such as a sub-lease or a license for use), Tenant shall not be prohibited from entering into such a contractual relationship so long as Tenant meets all requirements outlined in this Article 18, specifically including but not limited to TVA's prior written approval of such contractual relationship as further described above. For the absence of doubt, all references to the terms "sublease" or "sublet" in this Article 18 shall be deemed to refer to the contractual relationships described in the foregoing sentence.

TVA acknowledges and agrees (i) that the use of the Premises by any department of the Tenant shall not be considered a sublease of any portion of the Premises and (ii) that Tenant may sublease, without TVA's prior approval, any portion of the Premises, expressly subject to the limitations of Article 2(b)(i) hereof, to (A) any public instrumentality of the Tenant (so long as the Tenant is Knox County, Tennessee), the governing body or chief executive officer of which is appointed by either the Knox County Board of Commissioners or the Knox County Mayor; (B) to any entity which is established in or created by the Knox County Charter; (C) to any elected officials of Knox County and their offices; (D) to any boards, offices, and/or commissions of Knox County created by state or federal law; (E) to the Knox County Board of Commissioners, the Knox County Board of Education, the Knox County Ethics Committee, the Knox County Board of Zoning Appeals, the Knox County Sheriff's Office Merit System Council, the County Beer Board, the Knoxville-Knox County-Knoxville Utilities Board Geographic Information System (KGIS), the Knoxville-Knox County Metropolitan Planning Commission (MPC), and the Knoxville-Knox County Community Action Committee (CAC) for the meetings of and hearings before said bodies or any committees or subcommittees of said bodies; and (F) to any entities funded in whole or in part by Knox County. Any potential sublease of the Premises that does not meet the foregoing provisions of this Article 18(a) shall otherwise remain subject to the other provisions of this Article 18.

- (b) Tenant's Obligations. In the event of any sublease, Tenant shall remain fully liable as a primary obligor and principal for Tenant's obligations under this ET Easement, including, without limitation, the payment of the Fee and other sums required hereunder.
- (c) Tenant Sublease Notice. Tenant shall give TVA written notice, as described in Article 29 herein, of its desire to sublease all or a portion of the Premises ("**Tenant's Sublease Notice**"). Tenant's Sublease Notice shall specify the portion of the Premises proposed to be sublet ("**Proposed Sublease Premises**") and the date on which the Proposed Sublease Premises will be made available for subleasing. Within thirty (30) calendar days of receiving Tenant's Sublease Notice, TVA shall respond with either approval or denial; provided, however, TVA's failure to respond does not constitute approval by TVA. If the Proposed Sublease Premises constitutes less than the entire Premises, Tenant shall ensure that all modifications are made in accordance with provisions of Article 7.
- (d) Assignment. Notwithstanding anything to the contrary in this ET Easement, Tenant shall have no right to assign this ET Easement or any of Tenant's interest in this ET Easement, and any purported assignment in violation of this Article 18(d) shall be void *ab initio*. TVA reserves the right to assign or transfer this ET Easement as may be necessary or desirable in TVA's sole discretion in accordance with and subject to Article 15.
- (e) Additional Restrictions. Notwithstanding anything to the contrary in this ET Easement, under no circumstance shall Tenant or any subsequent assignee, sublessee, grantee, subgrantee, lessee, or licensee of Tenant (i) grant any easements or sub-easements (whether recorded or unrecorded) in, on, or to the KOC, Building, or Premises (except for the sub-easements described in Article 18(a) above, which shall be subject to the prior written approval requirements described in that provision); or (ii) record any document (not to include the documents authorized under the specific conditions mentioned in Article 31(o) of this ET Easement) in the Knox County Register of Deeds Office (or applicable successor entity) that encumbers the KOC, Building, or Premises, without first obtaining the prior written consent of Grantor or TVA, such consent to be in Grantor and TVA's sole and absolute discretion. Any purported easements, sub-easements, recorded documents, or other encumbrances or real property interests granted or recorded in violation of this Article 18(e) shall be void *ab initio*, and there shall be no deemed approvals by Grantor or TVA under this Article 18(e). No easement, sub-easement, recorded document, or other encumbrance or real property interest granted by Tenant or any subsequent approved assignee, sublessee, grantee, subgrantee, lessee, or licensee of Tenant shall grant rights in the KOC, Building, or Premises greater than those granted by Grantor and TVA to Tenant under this ET Easement. Tenant hereby represents, warrants, and covenants that it will abide by the terms of this Article 18(e) and promptly put all of its assignees, sublessees, grantees, subgrantees, lessees, and licensees on notice of this provision.
19. **Liens**. Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. In the event that Tenant shall not, within thirty (30) days following the recordation of any such lien, cause the same to be released of record by payment or posting of a proper bond, TVA shall have, in addition to all other remedies provided herein and by law, the right but not the obligation to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by TVA and all expenses incurred by it in connection therewith shall be payable to TVA by Tenant on demand. TVA shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or which TVA shall deem proper, for the protection of TVA, the Premises, the Building, and any other party having an interest therein, from mechanics' and materialmen's liens, and Tenant shall give TVA at least five (5) business days' prior written notice of commencement of any construction on the Premises.
20. **Destruction of Premises**. If the Premises should be destroyed by fire or other casualty or rendered totally untenable by fire, other casualty, or any other reason so as to cause a material alteration in the character of

the Premises and to prevent Tenant from using the Premises in substantially the manner theretofore used, and such that the same cannot reasonably be repaired by TVA at its sole cost and expense within one-hundred eighty (180) days after the occurrence of such casualty, this ET Easement may be terminated by either TVA or Tenant after the parties mutually determine such repair cannot occur and as documented in writing by the parties, giving written notice to the other within thirty (30) days after such fire, casualty, or any other reason. Should such termination date occur on any day other than the last day of the monthly installment Fee period, any unearned prepaid Fee shall be refunded to Tenant.

If the Premises are materially damaged by fire or other casualty and neither party elects to terminate this ET Easement, or if the Premises should be damaged by fire or other casualty and still be fit for Tenant's continued use in substantially the same manner as theretofore used or if the same can reasonably be repaired within the aforesaid one-hundred eighty (180) day period, then this ET Easement shall continue in effect and the Premises shall be restored by TVA to its condition immediately prior to the casualty, at TVA's sole cost and expense if the fire or other casualty was not the result of any action or inaction by Tenant. While such restoration is in progress and continuing until the sixtieth (60th) day after such restoration is complete, Tenant shall be entitled to a fair and appropriate abatement of the Fee to be paid, said abatement to be based on the amount and value of the Premises that is unusable by Tenant during the restoration period; provided, however, Tenant shall be entitled to no abatement of the Fee if such restoration is required due to acts or omissions of Tenant that were a result of Tenant's gross negligence or willful misconduct. Should the damage necessitating such restoration occur on any day other than the last day of the monthly installment Fee period, then the amount of prepaid Fee to be refunded to Tenant shall be based on the amount and value of undamaged space used by Tenant during the remainder of said annual Fee period.

21. **Surrender and Restoration of Premises.** Upon termination of the ET Easement for any grounds or reason provided herein, or upon expiration of any Term or any Renewal Option, Tenant agrees to peaceably deliver up to TVA possession of the Premises, in the same condition as received at the time of entering into this ET Easement, ordinary wear and tear, damage by fire, wind, storm, earthquake, and any other acts of God excepted, with the exception of approved Tenant Alterations. Unless otherwise agreed to in writing by TVA, Tenant shall remove, at Tenant's sole cost and expense, all furniture, and equipment, and fiber optic, computer and telephone cables belonging to Tenant (whenever installed), and repair any damage resulting from such installation and/or removal. Any property not so removed shall be deemed abandoned by Tenant, and title to the same shall thereupon pass to TVA. TVA shall have the right to remove and dispose of such abandoned property, and the costs associated therewith shall be promptly reimbursed by Tenant. Tenant shall otherwise leave the Premises in broom-clean condition. Tenant and TVA shall execute a letter affirming the acceptance by TVA of the Premises' return to TVA. TVA's failure to respond to a proposed letter of acceptance within twenty-one (21) calendar days of delivery shall constitute an acknowledgement by TVA that it has accepted the Premises.

22. **Holding Over.** Upon the expiration of the Term, unless otherwise extended as specified by this ET Easement, Tenant will yield up immediate possession to TVA. If Tenant retains possession of the Premises or any part thereof after such termination, then TVA may, at its sole option, serve written notice upon Tenant that such holding over constitutes: (i) creation of a month-to-month tenancy, upon the terms and conditions set forth in this ET Easement; or (ii) creation of a tenancy-at-sufferance, in any case, upon the terms and conditions set forth in this ET Easement; provided, however, that the Fee (or daily rental under (ii)) shall be equal to double the Fee being paid monthly to TVA under this ET Easement immediately prior to such expiration (prorated in the case of (ii) on the basis of a three hundred sixty-five (365)-day year for each day Tenant remains in possession), which is in addition to all other sums which are to be paid by Tenant hereunder. If no such notice is served, then a tenancy-at-sufferance shall be deemed to be created at the Fee as described in the preceding sentence.

The provisions of this Article 22 shall not constitute a waiver by TVA of any right of reentry as herein set forth or any other rights or remedies available hereunder or at law; nor shall receipt of any Fee or any other act in apparent

affirmation of the tenancy operate as a waiver of the right to terminate this ET Easement for a breach of any of the terms, covenants, or obligations herein on Tenant's part to be performed. Nothing contained herein or in the failure of Tenant to give such notice shall be construed as an extension of the Term (or any Renewal Term) hereof or as consent of TVA to any holding over by Tenant.

23. **Default.** An occurrence of any of the following events shall constitute an “**Event of Default**” by Tenant under this ET Easement, if:

- (a) Tenant fails to pay when or before due any sum of money becoming due to be paid to TVA hereunder, whether such sum be any installment of the Fee herein reserved or any other payment or reimbursement to TVA required herein, and such failure continues for a period of fifteen (15) calendar days from the date on which TVA notifies Tenant that such sum is unpaid, unless otherwise agreed in advance in writing by TVA; or
- (b) Tenant fails to comply with Article 13 hereof or if the failure involves a condition hazardous or dangerous to life or property (“**Material Event**”) and Tenant fails to cure the same within twenty-four (24) hours of said failure; TVA reserves the right, but not the obligation, to immediately enter the Premises upon such failure and to complete and/or supervise and direct actions to ensure compliance with the aforesaid Article 13 or to take temporary or permanent measures (including TVA's own or contract staff) to correct the condition hazardous or dangerous to life or property; provided, however, should Tenant recognize such Material Event and be unable to cure within the aforesaid cure period, Tenant shall immediately request assistance from TVA and TVA may provide assistance (all at Tenant's cost and expense) and Tenant shall work with TVA to diligently cure such Material Event. Tenant shall not be in default of this ET Easement so long as Tenant diligently pursues a cure to a Material Event unless an additional period of fourteen (14) calendar days from the date of such Material Event has passed and said cure has not occurred; whereupon, Tenant shall at such time be in default and no further notice or demand shall be required unless otherwise agreed in advance in writing by TVA.
- (c) Tenant fails to comply with any other term, provision or covenant hereof, including lack of use for the purpose for which this ET Easement is granted or abandonment for a period of sixty (60) consecutive days or more (other than by failing to pay when or before due any sum of money becoming due to be paid to TVA hereunder), or thirty (30) days after written notice of the Event of Default to Tenant in the case of any other failure; provided, however, that if a cure thereof cannot be reasonably accomplished within such time period, Tenant shall not be in default of this ET Easement so long as Tenant diligently pursues a cure to any such failure unless an additional period of sixty (60) days has passed and said cure has not occurred; whereupon, Tenant shall at such time be in default and no further notice or demand shall be required unless otherwise agreed in advance in writing by TVA.
- (d) If Tenant cures an Event of Default, as reasonably determined by TVA, and if substantially the same act or omission which constituted such Event of Default recurs more than two (2) additional times within six (6) months of the act or omissions which constituted such original Event of Default, TVA may provide an additional written notice to Tenant and/or terminate this ET Easement upon at least ninety (90) days' written notice specifying the subsequent Event of Default and the date of termination of this ET Easement. This remedy shall not in any way limit TVA's right to terminate pursuant to (a) or (b) above.
- (e) Notwithstanding anything to the contrary contained in this ET Easement, Event of Default of any covenant or other term or condition contained in the Operating Agreement, after the passage of all applicable notice and cure or grace periods, shall, at TVA's reasonable discretion, be considered an Event of Default under this ET Easement, in which event TVA shall be entitled, but in no event required, to apply all rights and remedies available to TVA under the terms of this ET Easement, and the Operating Agreement, by reason of an Event of Default under the Operating Agreement or hereunder.

24. **Remedies.** Upon the occurrence of any Event of Default specified in Article 23 above (to include the passage of

any notice and cure period provided herein), TVA shall have the option to pursue any one or more of the following remedies without any further notice or demand whatsoever:

- (a) TVA may, in its sole option and absolute discretion, terminate this ET Easement and the Operating Agreement in their entirety.
- (b) Upon any termination, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of the ET Easement, Tenant shall surrender full possession of and vacate the Premises immediately, to include possession and use of that certain TVA property known as the "Fritts Lot" pursuant to that separate Grant of Term Easement known as the Fritts Easement entered into between the parties, and deliver possession thereof to TVA, and Tenant hereby grants to TVA full and free right and permission to enter into and upon the Premises in such event with or without process of law and to repossess the Premises and to expel or remove Tenant and any others who may be occupying or within the Premises and to remove any and all property therefrom, without being deemed in any manner guilty of trespass, eviction, or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, with Tenant hereby waiving any right to claim damage for such reentry and expulsion, and without relinquishing TVA's right to the Fee or to collect the same, or any other right given to TVA hereunder or by operation of law.
- (c) If TVA elects to terminate the ET Easement or Tenant's right to possession of the Premises by reason of an Event of Default, regardless of whether such termination occurs as a result of a dispossessory proceeding, distraint proceeding, exercise of right of termination, or re-entry, ET Easement expiration or otherwise, Tenant shall remain liable for payment of all Fee thereafter accruing and for performance of all obligations thereafter performable under this ET Easement. TVA may, in its sole option and absolute discretion, enter the Premises, remove Tenant's signs and other evidences of tenancy, and take and hold possession thereof as provided in Article 24(b) above, without such entry and possession releasing Tenant from any obligation, including Tenant's obligation to pay Fee hereunder for the full Term (and any Renewal Term) of the ET Easement.
- (d) Upon termination of this ET Easement, whether by lapse of time, by or in connection with a dispossessory proceeding or otherwise, TVA shall be entitled to recover as TVA's actual accrued damages, all of the Fee and other sums due and payable by Tenant on the date of termination, plus, as TVA's liquidated damages, and not as a forfeiture or penalty, the sum of: (i) the expenses hereinafter described in Articles 24(e) and (f) below; (ii) the cost relating to recovery of the Premises, preparation for reletting and for reletting itself, in accordance with Articles 24(e), (f) and (g) below; and (iii) the cost of performing any other covenants which would have otherwise been performed by Tenant if this ET Easement had not been terminated.
- (e) TVA may undertake reasonable efforts to relet the Premises or any part thereof for the Fee paid by Tenant hereunder and upon such terms as TVA in its reasonable discretion shall determine (including the right to relet the Premises for a greater or lesser term than that remaining under this ET Easement, the right to relet the Premises as a part of a larger area, and the right to change the character and use made of the Premises) and TVA shall not be required to accept any tenant offered by Tenant or to observe any instructions given by Tenant about such reletting. In any such case, TVA may make repairs to the Premises, to the extent TVA reasonably deems necessary or desirable, and Tenant shall, upon demand, pay the reasonable cost thereof, together with TVA's reasonable expenses for reletting, excluding any broker's commission incurred by TVA.
- (f) Any and all personal property which may be removed from the Premises by TVA pursuant to the authority of this ET Easement or by the authority of law, to which Tenant is or may be entitled, may be handled, removed and stored, as the case may be, by or at the direction of TVA at the risk, cost, and expense of Tenant, and TVA shall in no event be responsible for the value, preservation, or safekeeping thereof. Tenant shall pay to TVA, upon demand, any and all reasonable expenses incurred in such removal and all reasonable storage charges against such property so long as the same shall be in TVA's possession or under TVA's control. Any such property of Tenant not retaken by Tenant from storage within thirty (30) days after removal from the Premises,

or as otherwise stored by TVA, shall, at TVA's option, be deemed conveyed by Tenant to TVA under this ET Easement as by a bill of sale without further payment or credit by TVA to Tenant.

(g) Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law or available in equity (all such remedies being cumulative), nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any Fee due to TVA hereunder or of any damages accruing to TVA by reason of the violation of any of the terms, provisions, and covenants herein contained. No act or thing done by TVA or its agents during the Term (and any Renewal Term) hereby granted shall be deemed a termination of this ET Easement or an acceptance of the surrender of the Premises, and no agreement to terminate this ET Easement or accept a surrender of said Premises shall be valid unless in writing signed by TVA. No waiver by TVA of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained. TVA's acceptance of the payment of the Fee or other payments hereunder after the occurrence of an Event of Default shall not be construed as a waiver of such default, unless TVA so notifies Tenant in writing. Forbearance by TVA in enforcing one or more of the remedies herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of such default or of TVA's right to enforce any such remedies with respect to such Event of Default or any subsequent Event of Default.

25. **Estoppel Certificates.** Not later than twenty (20) days after receiving any written request by TVA, Tenant shall deliver to TVA or any person, firm, or corporation specified by TVA, a letter, certificate or other written document, duly executed and acknowledged, certifying as to certain reasonable facts requested in connection with the ET Easement.

26. **Brokerage Commission.** It is mutually understood and acknowledged between the parties hereto that CBRE, Inc., a real estate company licensed in the State of Tennessee, is the agent for TVA and no other real estate brokerage companies were involved in this transaction. TVA shall be liable to any commissions, fees, or expenses due to such broker in connection herewith.

27. **Certain Rights Reserved to TVA.** TVA may exercise any or all of the following rights hereby expressly reserved without being deemed guilty of an eviction or disturbance of Tenant's use or possession and without being liable in any manner to Tenant and without abatement of the Fee or affecting any of Tenant's obligations hereunder. Accordingly, TVA expressly reserves and may exercise the right, without affecting Tenant's rights, duties and obligations hereunder, as to each and every one of following actions:

- (a) Change the name of the Building;
- (b) Designate all sources furnishing lamps and bulbs used in the building standard lighting in the Premises;
- (c) Retain at all times pass keys or access cards to the Premises;
- (d) Grant to anyone the exclusive right to conduct any particular business or undertaking in that portion of the Building or KOC outside the Premises;
- (e) Close common areas or portions thereof (including, but not limited to outdoor areas) for purposes of repair, cleaning, maintenance and/or renovations at reasonable times and upon reasonable notice to Tenant;
- (f) Exercise any of the rights presented in Article 13, and take any and all measures, including inspections, repairs, alterations, additions, and improvements to the Premises or the Building;
- (g) Enter (whether TVA, its agents or representatives) the Premises with an assigned key or access device, without charge therefor to TVA and without diminution of the Fee payable by Tenant, to examine, inspect and protect the Premises and the Building (including in the case of threat to life or property) and to make such alterations or repairs as in the sole judgment of TVA may be deemed necessary at any time during the Term, and at TVA's sole cost and expense, and, during the last nine (9) months of the Term, to exhibit the same to prospective

tenants. In connection with any such entry, TVA shall endeavor to (i) minimize the disruption to Tenant's use of the Premises and (ii) provide twenty-four (24) hours' prior email notice to Tenant (except in cases of emergency) except as otherwise provided in the Operating Agreement.

28. **Authorized Agents.** The "**Administering Agent**" for each party is the official responsible for administering the performance of the ET Easement on a day-to-day basis, but does not have authority to amend or terminate the ET Easement. The Administering Agent, or its authorized designee, shall be authorized to address operational issues relating to the performance of this ET Easement; provided, however, any agreed upon minor operational changes made pursuant to the provisions of this ET Easement must be agreed upon by both parties' Administering Agents and documented in writing in formal memorandum form. The "**Amending Agent**" for TVA is the official with authority to amend and/or terminate the ET Easement on behalf of TVA. This ET Easement shall be amended and/or terminated on behalf of the Tenant pursuant to the provisions of the Charter and the Code of Knox County, Tennessee.

For TVA/Grantor:

The Amending Agent:

The Administering Agent:

For Tenant/Grantee:

The Administering Agent:

Either party may change any of its authorized agents by sending a signed written notice thereof to the other at the address or email address listed in this Article 28 hereof. For the avoidance of doubt, for all references in this ET Easement that require Tenant to contact TVA Facilities Management or Facilities Project Management, Tenant shall first contact the Administering Agent to ensure the correct points of contact are assigned.

29. **Notices.** All invoices, notices, requests, demands, or other correspondence given pursuant to the terms of this ET Easement shall (a) be in writing, and (b) be sent by overnight courier service or first class registered or certified mail, postage prepaid, return receipt requested, to the agents specified in Article 28 hereinabove.

30. **Hazardous Materials/Emissions.** Tenant shall not cause or permit any Hazardous Materials (as defined below) to be generated, used, released, stored, disposed, transported or abandoned in, on, under or about the Premises, Building, or the KOC provided that Tenant may use and store in the Premises such quantities of standard cleaning and office materials as may be reasonably necessary for Tenant to conduct normal general office use operations in the Premises, but only to the extent that such materials are used, stored, and disposed by Tenant in compliance with Environmental Law (as defined below). At the expiration or earlier termination of this ET Easement, Tenant shall surrender the Premises to TVA free of Hazardous Materials and in compliance with all Environmental Laws. "**Hazardous Materials**" means any of the following and any substance or material that contains any of the following: (a) asbestos, asbestos containing materials, and presumed asbestos containing materials; (b) oils, petroleum, petroleum products and by-products, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources; (c) polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive materials (including any source, special nuclear, or byproduct material), medical waste, chlorofluorocarbons, lead or lead-based products, and any other substance whose presence could be detrimental to the Premises, Building, or the KOC or to health or the environment and (d) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Law or any other applicable Legal Requirements as a "hazardous substance," "hazardous material," "hazardous waste," "infectious

waste,” “toxic substance,” “toxic pollutant,” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, and reproductive toxicity. “**Environmental Law**” means any present and future law and any amendments thereto (whether common law, statute, rule, order, regulation or otherwise), permits, directives, and other requirements of governmental authorities applicable to the Premises, the Building or the KOC and relating to the environment, environmental conditions, health, safety, or to any Hazardous Material, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. § 1100 et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., any so-called “Super Fund” or “Super Lien” law, any Legal Requirements requiring the filing of reports or notices relating to Hazardous Materials, and any similar state and local laws, all amendments thereto, and all regulations, orders, decisions, and decrees now or hereafter promulgated thereunder concerning the environment, industrial hygiene or public health or safety.

Notwithstanding the expiration or early termination of this ET Easement, and except to the extent caused by the acts of TVA, its agents, employees or contractors or anyone acting through or on behalf of TVA, Tenant shall release TVA, its affiliates, employees, agents and contractors from and shall bear full responsibility for and shall not seek any contribution or indemnification from TVA for any damage, injury, loss, liability, violation, charge, demand or claim (including reasonable attorneys’ fees, consultants’ fees, and any costs of litigation) incurred by Tenant and TVA based on, arising out of, or related to: (a) the actual or alleged release, presence, removal, or failure to remove, of Hazardous Materials generated, used, released, stored, disposed, or abandoned by Tenant Parties in, on, under or about the Premises, the Building, or KOC if after the Commencement Date, (b) any violation of Environmental Law by Tenant Parties with respect to the Premises, Building, or KOC, or (c) any investigation, assessment, removal, cleanup, abatement, or other corrective action taken with respect to the use or occupancy of the Premises by Tenant Parties. In addition, Tenant shall give TVA immediate verbal and follow-up written notice of any actual or threatened Environmental Default, which Environmental Default Tenant shall cure in compliance with all Environmental Law and to the satisfaction of TVA. In addition, Tenant shall notify federal, state, and local authorities as required by and in accordance with applicable laws and regulations of any Environmental Default, and Tenant shall provide to TVA copies of all correspondence and reports submitted to regulatory authorities in connection with any Environmental Default. An “**Environmental Default**” means any of the following by Tenant Parties relating to the Premises, the Building or the KOC: (x) a violation of Environmental Law; (y) a release, spill or discharge of Hazardous Materials whether or not required to be reported under Environmental Law; or (z) an environmental condition requiring responsive action, whether or not the condition presents an emergency. Upon any Environmental Default, in addition to all other rights available to TVA under this ET Easement, at law or in equity, TVA shall have the right but not the obligation to immediately enter the Premises, to supervise and direct actions taken by Tenant to address the Environmental Default, and, if Tenant fails to promptly address same to TVA’s satisfaction, to perform, at Tenant’s sole cost and expense, any action TVA deems necessary to address same. Promptly upon request, Tenant shall execute commercially reasonable forms, affidavits, representations and similar documents concerning Tenant’s best knowledge and belief regarding compliance with Environmental Law and the presence, use, storage, and disposal of Hazardous Materials in, on, under or from the Premises, the Building or the KOC by Tenant.

While the parties agree that this ET Easement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 above, in the event this ET Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such successor Tenant shall indemnify, defend, and hold harmless Grantor and TVA from any and all claims, costs, or losses that may arise as a result of such Tenant’s Environmental Default, Tenant’s failure to comply with any Environmental Law, and/or any other breach of this Article 30 by

Tenant. Notwithstanding the foregoing, in no event shall Knox County, Tennessee (as Tenant) or any of its agencies or instrumentalities be required to indemnify, defend, or hold Grantor or TVA harmless under this ET Easement. For the avoidance of doubt, while the parties agree that this ET Easement is not assignable and is subject to certain transfer restrictions pursuant to Article 18 above, in the event this ET Easement is assigned to a party that is not prohibited by law to indemnify TVA, such assignee shall be obligated to indemnify TVA to the extent provided in this ET Easement.

Grantor covenants and agrees that, provided Tenant has complied with all of its obligations under this Article 30, Grantor will, at its own expense, use reasonable efforts to perform or cause to be performed any environmental response determined by TVA (or by any state or federal agency with authority to require environmental cleanup of the Premises) to be necessary to protect human health and the environment as a result of contamination in or on the Premises arising solely out of activities that occurred prior to the Effective Date, including, without limitation, any recognized environmental conditions identified in any environmental assessment provided by Tenant to TVA. Grantor's obligations to Tenant with respect to any environmental contamination in or on the Premises shall be limited to those obligations specifically set forth in this ET Easement and neither Grantor nor TVA shall be liable for (1) the cost of any environmental response not performed by TVA or caused to be performed by TVA or (2) any consequential, special, incidental, indirect, or other damages related to the presence of such contamination and/or any response thereto, including, without limitation, any damages for construction or other delays. For the avoidance of doubt, Grantor's obligations under this paragraph shall continue to the extent provided herein for the Term (and any Renewal Term) of this ET Easement and shall not be limited by the "'AS IS,' 'WHERE IS,' 'WITH ALL FAULTS' basis" clause located in this ET Easement after Article 31 hereof.

31. General.

- (a) Legal Compliance. During the Term, Tenant shall comply with all applicable federal, state and local laws, regulations, codes, and ordinances, including, without limitation, those relating to access and security, health, safety, and the environment and all rules and regulations prescribed by TVA with respect thereto.
- (b) Counterparts. This ET Easement may be executed in several counterparts, each of which when taken together shall constitute one and the same instrument.
- (c) Standard Clauses. The following conditions and certifications published in Title 18, Code of Federal Regulations, Part 1316 (Federal Register, April 29, 1993, with any subsequent revisions) are hereby incorporated by reference to the extent applicable:
 - i. Officials Not to Benefit.
 - ii. Affirmative Action and Equal Opportunity.
- (d) Entire Agreement. This ET Easement (including any and all exhibits and attachments hereto) is the entire agreement of the parties and supersedes any prior representations, promises, agreements, or understanding with respect to the subject matter hereof.
- (e) Tenant Binding Agreement and Authority. Tenant hereby represents it has full right and authority to enter into this ET Easement, and each of the persons signing on behalf of Tenant is authorized to do so. Tenant warrants that it is not necessary for any other person, firm, corporation, agency, or entity to join or to take any other action in the execution of this ET Easement to make the execution by Tenant complete, appropriate and binding.
- (f) TVA Binding Agreement and Authority. TVA hereby represents it has full right and authority to enter into this ET Easement, and each of the persons signing on behalf of TVA is authorized to do so. TVA warrants that it is not necessary for any other person, firm, corporation, agency, or entity to join or to take any other action in the execution of this ET Easement to make the execution by TVA complete, appropriate and binding. Further,

TVA represents and warrants that this ET Easement and the Operating Agreement is exempt from any and all TVA procurement policies and requirements and that TVA is authorized by law to enter into this ET Easement and the Operating Agreement.

- (g) Waiver and Modification. No waiver or modification of any provision of this ET Easement shall be effective unless it is in writing and signed by both parties. Any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be continuing or future waiver. This ET Easement may not be amended or supplemented except by a written instrument executed by both parties.
- (h) Miscellaneous. This ET Easement shall be binding on and inure to the benefit of the parties and their respective (in the case of Tenant) permitted successors and/or assigns.
- (i) Governing Law; Jurisdiction and Venue. This ET Easement is governed by and is to be construed under Federal law and, to the extent not inconsistent with Federal law, the laws of the State of Tennessee (but not its conflicts-of-laws rules of decision or laws). Each party hereto irrevocably submits to the sole and exclusive jurisdiction of the United States District Court for the Eastern District of Tennessee for the purposes of any action arising out of or based upon this ET Easement or relating to the subject matter hereof. It is further agreed that service of any process, summons, notice or document by U.S. registered or certified mail to TVA's address set forth in Article 28 above shall be effective service of process for any action, suit or proceeding with respect to any matters to which TVA has submitted to jurisdiction in this Article 31(i). It is further agreed that service of any process, summons, notice, or document on Tenant shall be obtained by personally delivering a copy of the summons and complaint or other process, notice, or document to the Mayor of Knox County, Tennessee. Said personal delivery shall be effective service of process for any action, suit or proceeding with respect to any matters to which Tenant has submitted to jurisdiction in this Article 31(i). Each party hereto irrevocably and unconditionally waives any objection to the laying of jurisdiction and venue of any action, suit or proceeding in the United States District Court for the Eastern District of Tennessee, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS ET EASEMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.
- (j) Severability. Except where the manifest purposes of this ET Easement may thereby be materially impaired, if any of the provisions of the ET Easement, or the application thereof to any person or circumstances, shall be invalid or unenforceable whether by a court of competent jurisdiction or by a binding change in substantive law, the remainder of this ET Easement, or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and every provision of this ET Easement shall be valid and enforceable to the fullest extent permitted by law.
- (k) No Third-Party Beneficiary Agreement. It is understood that this ET Easement is in no way a third-party beneficiary agreement. It is entered solely to regulate the relationship between TVA, Grantor and Tenant with respect to the Premises. The parties do not intend it to create any obligations to any third parties, which are enforceable by such parties.
- (l) Nondisclosure. Each party agrees not to divulge to third parties, without the prior written consent of the party who is having to make a disclosure (the "**Disclosing Party**"), any information that a prudent business person would consider sensitive or which is designated by the Disclosing Party as proprietary or confidential, obtained from or through the Disclosing Party or developed or obtained by the party receiving such information (the "**Receiving Party**") in connection with this ET Easement or the performance of this ET Easement ("**Sensitive Information**"). Access to Sensitive Information must be approved in advance by the Disclosing Party's

authorized representative under this ET Easement. If so requested by the Disclosing Party, the Receiving Party further agrees to require its employees to execute a nondisclosure agreement prior to performing any services under this ET Easement. Notwithstanding the above, the preceding shall not apply if the Sensitive Information was public knowledge, already known by the Receiving Party, was obtained by the Receiving Party from a third party who did not receive the Sensitive Information from the Disclosing Party, or was independently developed by the Receiving Party's employees who did not have access to such information. Under 18 U.S.C. § 1905, officers and employees of TVA are subject to criminal liability in the event that Sensitive Information is disclosed unless such disclosure is authorized by law. Notwithstanding the foregoing, Tenant and such subtenants and sublessees that are subject to the Tennessee Public Records Act, Tennessee Code Annotated §§ 10-7-501, et seq., as may be amended from time to time, are authorized in all respects to comply fully with the provisions of the said Tennessee Public Records Act.

- (m) No Offer of Easement. TVA has provided this ET Easement to Tenant for review. It is not an offer of contract, agreement or easement and shall not be binding unless and until it is fully executed and delivered by TVA.
- (n) Cumulative Rights and Remedies. The rights and remedies of the parties under this ET Easement or under any article, subarticle, or clause hereof, shall be cumulative and in addition to any and all other rights or remedies which the parties have or may have elsewhere under this ET Easement or at law or equity, whether or not so expressly stated.
- (o) Memorandum of Easement. The parties agree that this ET Easement shall not be recorded in the public records in order to save on recording costs, but instead a Memorandum of Easement shall be recorded in the public records to evidence the existence of this ET Easement. Either TVA or Tenant may record a Memorandum of Easement after execution of this ET Easement.
- (p) Survival. The respective obligations and duties of Grantor/TVA and Tenant under this ET Easement that are not, by the express terms of this ET Easement, to be performed fully during the Term, shall survive the termination of this ET Easement.
- (q) List of Defined Terms. **Exhibit E** hereto provides a cross-reference by which all defined terms used herein may be found in this ET Easement.
- (r) Title Exception. The grant of term easement described in Article 2 of this ET Easement is made expressly subject to that Easement Agreement dated February 28, 1986, and recorded in the Knox County Register's Office at Instrument No. 17477, as corrected by that Correction Easement Agreement dated June 16, 1986, and recorded in the Knox County Register's Office at Instrument No. 41505.

TO HAVE AND TO HOLD said ET Easement unto Tenant for the Term stated herein; subject, however to the conditions set forth herein.

It is mutually understood and agreed by the delivery and acceptance of this ET Easement that the Premises is conveyed to Tenant on an "AS IS," "WHERE IS," "WITH ALL FAULTS" basis, and Grantor and TVA make no warranty, representation, or assurances that it has complied with any state or local statutes, ordinances, codes, or regulations.

And TVA does hereby covenant that the UNITED STATES OF AMERICA is seized and possessed of the Premises; that TVA as legal agent of the UNITED STATES OF AMERICA is duly authorized to convey the ET Easement in, on, over, across, upon, or through the same; that Tenant shall have quiet enjoyment of the Premises during the Term hereof subject only to Grantor's and TVA's specific rights reserved in this ET Easement, the Operating Agreement affecting the Premises, the Tenant Handbook affecting the Premises, and the Security Services Agreement affecting the Premises, along with any exceptions contained in the pre-existing easements described in Article 31(r), above; and that, subject to the conditions, reservations, restrictions, exceptions and/or limitations contained herein, it will

warrant and defend the title thereto against the lawful demands of all persons claiming by, through, or under the UNITED STATES OF AMERICA, but not further or otherwise.

- SIGNATURE PAGE TO FOLLOW -

IN WITNESS WHEREOF, the TENNESSEE VALLEY AUTHORITY, acting herein as legal agent of the UNITED STATES OF AMERICA, and being duly authorized to do so, has caused this instrument to be signed and delivered, in the name of the UNITED STATES OF AMERICA, by its authorized officer this the _____ day of _____, 2020.

UNITED STATES OF AMERICA
By TENNESSEE VALLEY AUTHORITY,
its legal agent

By: _____
AARON B. NIX
Senior Manager
Realty Services and GIS

STATE OF TENNESSEE)
) SS
COUNTY OF HAMILTON)

On the ____ day of _____, 2020, before me appeared AARON B. NIX, to me personally known, who, being by me duly sworn, did say that he is the Senior Manager, Realty Services and GIS, of the TENNESSEE VALLEY AUTHORITY, an executive branch corporate agency and instrumentality of the United States of America; and that said instrument was signed and delivered on behalf of said corporation, by authority of its Board of Directors, and as legal agent of the UNITED STATES OF AMERICA; and the said AARON B. NIX acknowledged said instrument to be the free act and deed of the UNITED STATES OF AMERICA, as principal, and the TENNESSEE VALLEY AUTHORITY, as its legal agent.

WITNESS my hand and official seal of office in Chattanooga, Tennessee, the day and year aforesaid.

NOTARY PUBLIC

My Commission Expires: _____

IN WITNESS WHEREOF, KNOX COUNTY, TENNESSEE, has caused this instrument to be executed by its authorized officer this the ____ day of _____, 2020.

KNOX COUNTY, TENNESSEE

By _____
GLENN JACOBS

Title: County Mayor

STATE OF TENNESSEE)
) SS
COUNTY OF KNOX)

I, _____, a Notary Public in and for said county in said state, hereby certify that Glenn Jacobs, whose name as Mayor of KNOX COUNTY, TENNESSEE, a Tennessee political subdivision, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that he, as such officer and with full authority, executed the same voluntarily for and as the act of said Knox County, Tennessee.

Given under my hand this the ____ day of _____, 2020.

NOTARY PUBLIC

My Commission Expires: _____

The name and address of the owner of the aforescribed ET Easement are:

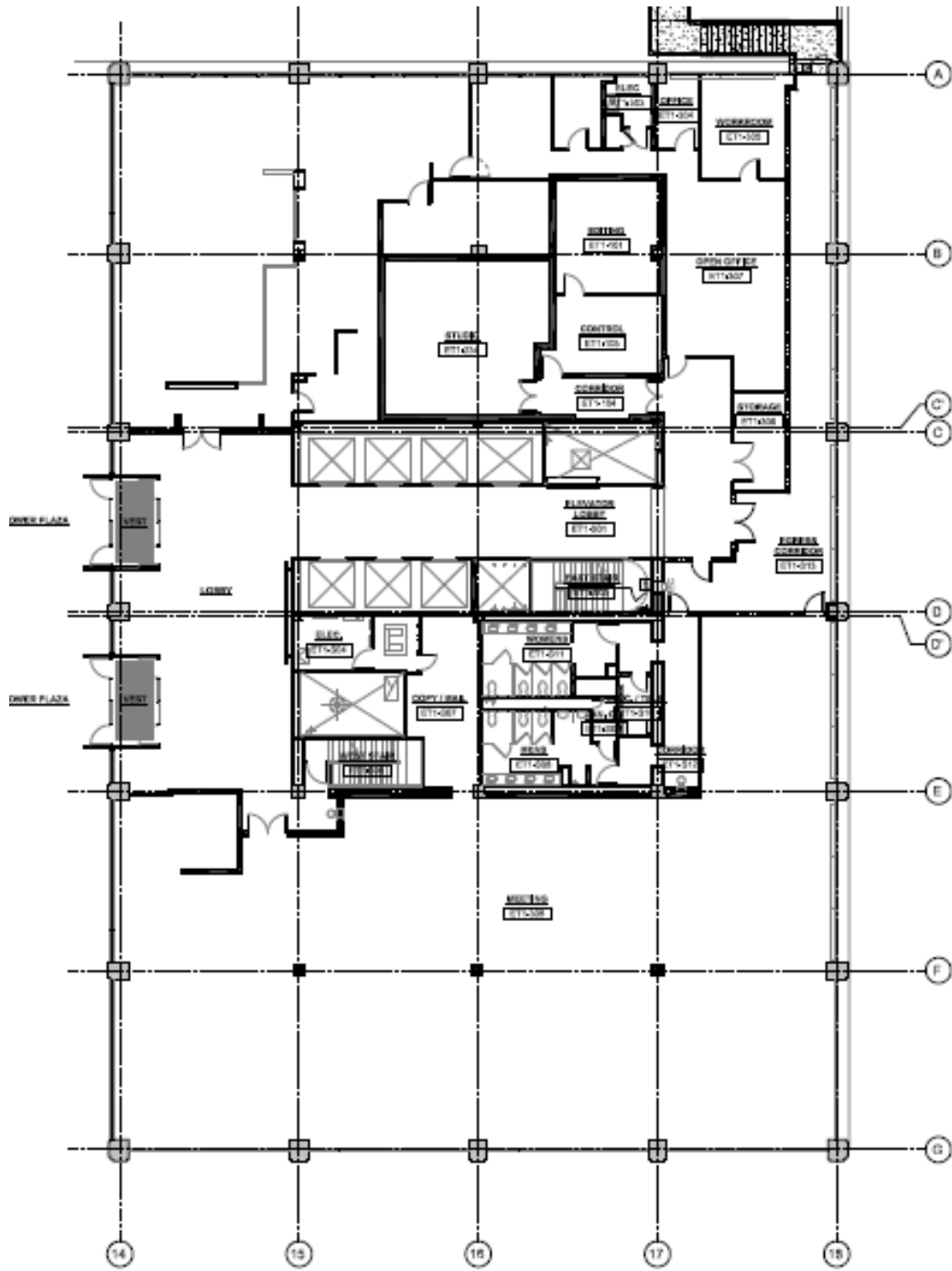
ET EASEMENT OWNER: Knox County, Tennessee
400 Main Street, Suite 615
Knoxville, Tennessee 37902
Attention: Mayor

The name and address of the legal owner are:

OWNER: United States of America
Tennessee Valley Authority
c/o Realty Services and GIS
1101 Market Street, BR 4B
Chattanooga, Tennessee 37402

Exhibit A (page 2 of 3)

ET Plaza



TVA EAST TOWER - PLAZA LEVEL

Exhibit A (page 3 of 3)

ET floors 2-11 (general layout)



ET floor 12

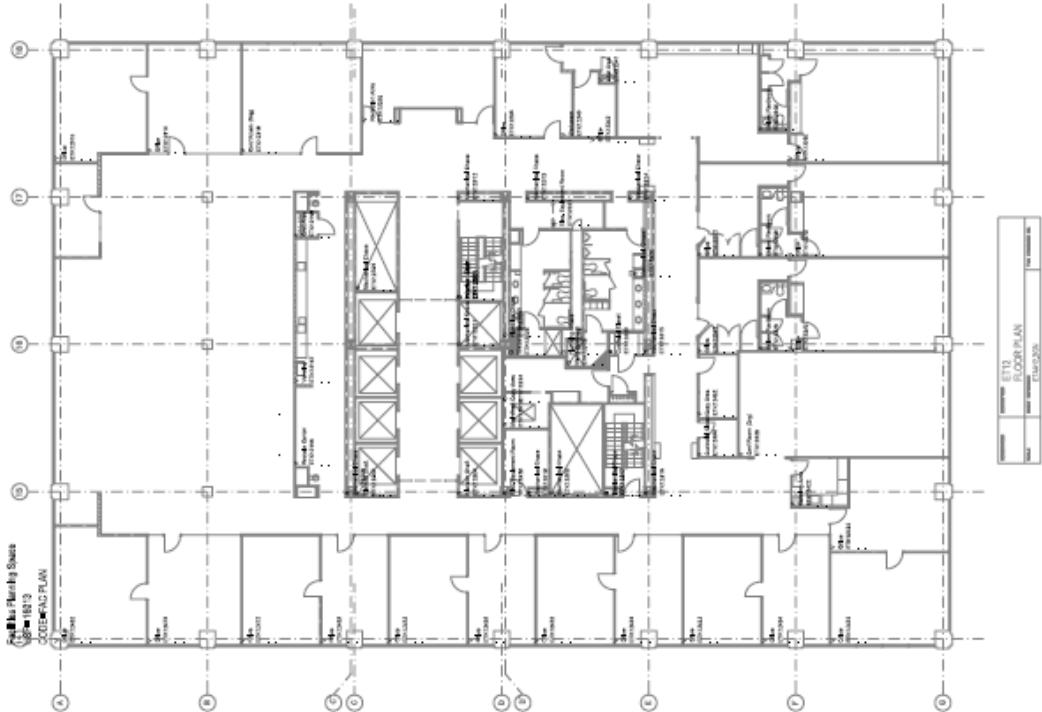


EXHIBIT B

EAST TOWER

400 West Summit Hill Drive

Knoxville, Tennessee 37902



TENANT HANDBOOK

Owned & Operated by the Tennessee Valley Authority

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WELCOME

The purpose of this Tenant Handbook is to provide detailed information about various building services, procedures, and regulations applicable to the TVA Knoxville Office Complex (**KOC**), including the Tenant's portion of the East Tower (**Building**), which includes the first floor through 12th floor of the Building (**Premises**). Tenant's "**Landlord**" for the Building is the Tennessee Valley Authority (**TVA**).

Please note that some of the information may change from time to time at TVA's reasonable discretion. Should any changes with the regulations, services, or procedures occur, the management staff at the KOC will make every effort to keep you informed. We welcome your comments and suggestions and sincerely hope your tenancy here will be productive and successful.

Space Definitions:

- The **Knoxville Office Complex** or **KOC** refers to the entirety of the buildings and grounds at 400 West Summit Hill Drive, Knoxville.
- The **Building** refers to the East Tower portion of the KOC.
- The **Premises** refers to Tenant space - first floor Plaza level through 12th floor - of the Building.

Please remember the KOC is a campus owned and operated by the federal government.

TENANT SERVICE REQUESTS

Tenants shall contact PBA 3000line@ktnpba.org for all service requests.

BUILDING ACCESS

Building and Premises access is restricted to personnel authorized and badged by Tenant and Tenant's official visitors only, subject to applicable TVA and Federal security standards.

Restricted Areas – Except as otherwise may be provided in the ET Easement for specified Tenant employees, KOC and Building Concourse and Service levels, maintenance areas, roof and non-Tenant floors are prohibited, restricted areas, and access to these areas is not permitted.

FIRE / WEATHER/ LIFE SAFETY SITUATIONS

Tenant Emergency Coordinator

Tenant shall appoint a **Tenant Emergency Coordinator**, as well as an alternate, to assume responsibility when the Tenant Emergency Coordinator is absent. Tenant Emergency Coordinator will be the primary point of contact with the TVA Emergency Coordinators for drills and emergency communications. His or her responsibilities include:

1. Attend required training or meetings provided by TVA.
2. Coordinate Tenant response for drills and emergencies.
3. Notify Tenant's employees when a drill or real emergency is concluded and the KOC and/or the Building has been reopened.

Tenant Emergency Floor Team Captains

Tenant shall also appoint **Tenant Emergency Floor Team Captains** on each floor of the Premises, as well as alternates to assume responsibility when the Tenant's regular floor team members are absent. The recommended responsibilities of the floor team members include:

1. Maintaining communications with the Tenant Emergency Coordinator during an emergency including progress reports on evacuation and notification when floor is completely clear.
2. Designating areas to be monitored during an emergency and ensuring appropriate floor emergency team members staff those positions.
3. Making necessary changes in floor emergency team as needed due to personnel changes and moves.
4. Ensuring that evacuation routes are clearly identified and exits are known to occupants.
5. Directing orderly flow of persons along prescribed routes.
6. Verifying that all persons have vacated the floor.
7. Ensuring that people on the floor with special needs are aware of procedures to be followed in the case of an emergency.
8. Being familiar with the emergency operation of elevators and emergency phones in the building and procedures to be followed.
9. Directing responding personnel to the scene of the emergency if evacuation does not occur, as in the case of medical emergencies.

Fire Emergencies

Tenant shall participate in annual fire drills, at TVA's direction, which will be coordinated in advance with the Tenant Emergency Coordinator.

The KOC and Building is equipped with an electronic fire/life safety system that is remotely monitored 24 hours a day, 7 days a week. The fire annunciator panel provides fire department personnel and KOC management with the location of the alarm in the event of a fire.

The main components of the fire/life safety system are smoke detectors, duct smoke detectors, heat detectors, and pull stations. All detectors and pull stations are early warning devices. When a detector or pull station is activated, the alarm will sound on the floor on which the detector or lever is located and the adjacent floors above and below. The entire KOC is equipped with a sprinkler system.

Local fire codes require that the fire/life safety system be tested annually. TVA's staff will use best efforts to notify **Tenant Emergency Coordinator** in advance when this system is being tested.

If fire or smoke is discovered in the Building:

1. Activate the nearest fire alarm. Pull stations are located at the stairwell exits on each floor.
2. Call **TVA Police Monitoring & Notification Center at 1-855-476-2489**. Identify yourself, your location, and give brief details of fire emergency.
3. Remove persons in immediate danger.
4. Assist personnel with disabilities in the evacuation.
5. Confine the fire. Close doors but do not lock doors.
6. If the ordinary route of escape is blocked or involved with the fire, direct personnel to an alternate route to the exit stairwells.
7. Exit the Building via stairwells and move away from the Building. Do not use the elevators.

DO NOT ATTEMPT TO FIGHT THE FIRE ON YOUR OWN.

Recommendation if trapped by fire:

- Close as many doors as possible between you and the fire.
- Stuff clothing or other material under and around doors to keep smoke out.
- Hang something in a window to let firemen know your location.
- If caught in heavy smoke, take short breaths, then crawl to escape. The air is better near the floor.

Weather Emergencies

Tenant shall participate in an annual weather/tornado drill but shall provide its own guidance and its own safety areas for weather emergencies within the Premises.

Elevator Emergencies

A red emergency call button is located below the control panel on one side of each elevator:

1. Press and hold the red emergency call button until the light next to it lights up and then release.
2. The intercom automatically contacts to the TVA Police Monitoring & Notification Center (MNC) which is staffed 24/7/365. You will be able to communicate with the MNC via intercom.
3. The MNC will contact TVA Facilities Management and the TVA Police who will assist elevator function repair and/or in notifying emergency personnel to assist in your removal from the elevator cab, as may be necessary. An elevator technician will typically arrive within a maximum of 30 minutes of receiving the call.
4. **Do not attempt to open the elevator door or climb out of the elevator.** The majority of elevator-related injuries are caused by people climbing out of the elevator cabs.
5. If a medical emergency occurs in an elevator or malfunctioning elevator, press and hold the red emergency call button until the light next to it lights up and then release.
6. The intercom automatically contacts to the TVA Police Monitoring & Notification Center (MNC) which is staffed 24/7/365. You will be able to communicate with the MNC via intercom.

Bomb Threats

Should you receive a call advising that an incendiary or explosive device has been placed in the Building, please **STAY CALM** and note as many of the following details as possible:

- Where has the bomb been placed?
- When is it scheduled to explode?
- What does the bomb look like?
- What kind of bomb is it?
- What will cause it to explode?
- Did the caller place the bomb?
- Is the caller part of a group?

- Why was the bomb placed?

Note details regarding the caller's voice and any background noise you might have heard.

Try to get someone else to call 911 while you are still on the line. Otherwise, once the caller has terminated the conversation:

- Notify TVA Security Officers immediately and call **TVA Police Monitoring & Notification Center at 1-855-476-2489**.
- State, "I have received a bomb threat."
- State your name and your department.
- Give the floor location and any other information

Tenant shall provide its own guidance for all emergency situations described above. The above outline TVA's minimum current practices as to any of the above-described emergency situations.

SMOKING/TOBACCO

Smoking, smokeless tobacco products and electronic-cigarette use is prohibited in the KOC (including the exterior Plaza area), Building and Premises or at any of the entrances or exits or within fifty (50) feet of any doorway, as is currently designated and determined by Federal regulations, which may change from time-to-time. Smoking is only permitted at the designated smoking areas beyond the 50-foot restriction, as is currently designated and determined by Federal regulations, which may change from time-to-time.

HEATING AND COOLING

HVAC. Heating, ventilating, and air conditioning (**HVAC**) shall be provided during normal service hours of 6:00 a.m. until 7:00 p.m., current Knoxville time, Monday through Friday with air generally maintained at a temperature between 72 degrees Fahrenheit in the office space, +/- 4 degrees. The minimum and maximum set-points for office space shall be 68 degrees Fahrenheit for heat and 76 degrees Fahrenheit for cooling, unless during a Curtailment Period (see below).

Curtailment. TVA, as the region's public electricity generator, is required to curtail its energy use from time-to-time due to extreme heat or extreme cold. TVA reserves the right, during periods of curtailment, to reduce use of lighting in the Building or Premises fixtures and to set HVAC to higher, or lower temperatures, as applicable, to reduce high TVA system-wide power demands (**Curtailment Period**). TVA shall provide as much advanced notice as possible to Tenant Emergency Coordinator.

Tenant Guide for HVAC. Tenant's employees shall not adjust or make modifications to thermostats, diffusers, dampers, or any other part of the HVAC systems. Please address any HVAC concerns to the Tenant Coordinator(s). To help keep the space comfortable, please:

- Close window coverings to keep the heat out during the summer months and the cold out during winter months.
- Open window coverings during the winter months to let the sun shine through the window to warm the interior space.
- Make sure heating and cooling vents are not blocked.

FOOD STORAGE/WASTE

- Food waste should not be disposed of in personal areas and should be disposed of only in the appropriate central area trash cans to prevent pest infestation.
- Coffee grounds, tea leaves, food waste, sauces or grease must be disposed of ONLY in trash containers; NEVER in sinks, drinking fountains or toilets. Do not use restroom sinks for washing dishes or food containers.
- Food should be stored in refrigerators or in sealed plastic or metal containers to prevent pest infestation. Perishable foods such as fruits and vegetables should not be stored in individual work areas.

BUILDING RULES AND REGULATIONS

1. The common areas of the KOC and Building, including without limitation, the sidewalks, hall passages, exits, entrances, elevators, and stairways of the Building, shall not be obstructed or used by Tenant for any purpose other than for ingress to and egress from its Premises.
2. No sign, placard, picture, name, advertisement, or notice, visible from the exterior of Tenant's Premises, shall be inscribed, painted, affixed, or otherwise displayed by Tenant on any part of the Building without the prior written consent of TVA as permitted under the ET Easement.
3. No space in the Building shall be used for the manufacture of goods and no commercial sales of any kind are permitted in the ordinary course of business, including a "fire sale", bankruptcy sale or any auction sale; provided, however, that occasional/incidental employee-to-employee transactions between Tenant's employees/staff that are not part of an ongoing commercial business activity (e.g. cookie sales), and food service/vending by Tenant as authorized in the ET Easement, are hereby permitted.
4. Tenant will be responsible for the purchase, maintenance, and replacement of all authorized appliances, including refrigerators, microwaves, coffee machines, water coolers, etc. Tenant will also be responsible for ensuring that any and all appliances meet TVA and local fire codes. All other appliances such as toasters, space heaters, desk and portable lamps, hotplates, dishwashers, except those expressly authorized for use in vending areas of the KOC by Landlord, or otherwise agreed between the parties, are prohibited. Open flames of any kind, electrically heated scent devices, and residential-type extension cords are fire hazards and therefore prohibited. Small personal fans (8" or smaller) are permissible in individual work areas. Power strips with circuit breakers may be provided by Tenant management and are the only type of adapter allowed. Any special appliance needs outside of the foregoing requirements of this subsection that may be required by Tenant for the medical or health needs of its employees must be coordinated in advance by TVA.
5. Tenant shall not allow the Premises to be used for lodging or sleeping nor shall cooking be done or permitted by Tenant, except using reasonably approved equipment for warming food in a microwave. Brewing coffee, tea, hot chocolate, and similar beverages shall also be permitted, provided that all such food preparation is in accordance with all applicable federal, state, and city laws, codes, ordinances, rules, and regulations.
6. Tenant shall not use or keep in the Premises any kerosene, gasoline, or inflammable or combustible fluid or any hazardous materials, nor will Tenant use any method of heating or air conditioning other than that supplied by Landlord.
7. Tenants shall not construct, maintain, use or operate within its Premises any electrical device, wiring or apparatus in connection with a loud speaker system or other sound system, except as reasonably required as part of a communication system approved prior to the installation thereof by Landlord, which approval shall not unreasonably be withheld, conditioned or delayed. No such loud speaker or sound system shall be constructed, maintained, used, or operated outside of the Premises.
8. Tenant shall not unreasonably disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them, whether by the use of any musical instrument, radio, talking machine, whistling, singing, or in any other way. Tenant shall not throw anything out of the doors or windows or down the corridors or stairs of the Building.
9. Tenant shall not create, use, keep or permit any noxious gas substance in its Premises, or permit the Premises to be occupied or used in a manner offensive or objectionable to Landlord or to other occupants of the Building by reason of noise, odors, or vibrations, or interfere in any way with other occupants or those having business in the Building provided that Landlord acknowledges and agrees that Tenant's use of the Premises as contemplated in the ET Easement shall not be a violation of this provision.

10. Landlord reserves the right to prevent access to the Building during the occurrence or continuance of any case of invasion, mob, riot, public excitement, terrorist acts, or other circumstances rendering such action advisable in Landlord's reasonable opinion, by such action as Landlord may deem reasonably appropriate, including closing and locking doors. In such event, Landlord shall not be liable for damages with regard to the admission to or exclusion from the Building of any person or the closing of the Building.
11. No curtains, draperies, blinds, shutters, shades, screens, or other coverings, hangings, or decorations shall be attached to, hung or placed in, or used in any exterior window of the Building without the prior written consent of Landlord.
12. There shall be no smoking, use of tobacco or smokeless tobacco products or electronic cigarettes in the Premises, Building, or KOC except in the smoking areas designated by the Landlord.
13. Tenant shall use reasonable efforts to close and lock all doors of its Premises and turn off all water faucets, water apparatus, and utilities before Tenant or its employees leave the Premises, so as to prevent waste or damage. Tenant shall keep the doors to the Building corridors closed at all times.
14. Any delivery or receipt of merchandise must use hand trucks equipped with rubber tires and side guards.
15. The toilet rooms, toilets, urinals, washbasins, and other apparatus shall not be used for any purpose other than that for which they were constructed. No foreign substance of any kind whatsoever shall be thrown therein.
16. Tenant shall not install any radio or television antenna, loudspeaker, dish or other device, or other equipment on the roof or exterior walls of the Building or elsewhere in the Building, except as permitted under the ET Easement.
17. Canvassing, soliciting, distribution of handbills, or any other written material in/on the KOC and Building, other than in the Premises, are prohibited and Tenant shall cooperate to prevent the same. No political rallies, solicitation, meetings, or other activities are allowed anywhere but within the Premises.
18. Tenant agrees not to allow or keep any animals, birds, or other pets, including fish, of any kind in the Building or Premises, unless their use is specifically permitted or unless the animals are trained to assist any special needs persons and are there to perform such services.
19. Tenant shall not bring bicycles, motorcycles, scooters, mopeds, or other vehicles into the Building. No parking is permitted on the KOC except in designated areas.
20. Live Christmas or holiday trees and wreaths are not permitted. Any lights must be UL approved.
21. Tenant shall not make, suffer, or permit litter except in appropriate receptacles for that purpose. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any materials which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal.
22. Tenant shall comply with all security requirements as provided in the ET Easement.
23. Tenant shall require that all employees, contractors and/or visitors have an issued badge displayed where it can be clearly and easily seen on the front of the outermost garment and positioned between the neck and waist. The badge must be displayed at all times by all individuals while in the Premises.
24. Landlord reserves the right to refuse access to any persons Landlord in good faith judges to be a threat to the safety or property of the Building and/or its occupants. Landlord reserves the right at all times to exclude from the KOC and Building any person who is not known or does not properly identify himself/herself to the TVA Security Officers. Tenant shall be responsible for all persons for whom it authorizes entry into the Premises, and shall be liable to Landlord for all acts or omissions of such persons.
25. Tenant shall comply with all safety, fire protection, and emergency regulations established by Landlord or any applicable governmental agency.

26. Any use, distribution, manufacture, dispensation, possession, or sale of alcoholic beverages, explosives, illicit or illegal drugs or other unauthorized controlled substances in or on the KOC is strictly prohibited.
27. The possession of firearms in or on the KOC is strictly prohibited except for duly authorized law enforcement officers carrying firearms in the performance of their duties, subject to approval and escort by TVA Police at TVA Police's sole discretion except when responding to an emergency situation involving an imminent threat to life or property. All non-emergency law enforcement activities (e.g., service of process, service of warrant) shall be conducted at the Premises' first-floor Plaza level.
28. Energy conservation measures are implemented by Landlord. The majority of overhead lights are on timers with occupancy sensor to turn off if no movement is detected. Tenant is responsible for turning off all office lights where switches are accessible, including desk task lighting, at the end of each workday. Tenant is requested to implement its own recycling program and follow typical office energy conservation recommendations.
29. Landlord reserves the right to waive any one of these rules or regulations, and any such waiver in any one instance or on any one occasion shall not constitute a waiver of any other rule or regulation or any subsequent application or waiver thereof to such Tenant.
30. Tenant assumes all risks from theft or vandalism to the Premises and agrees to keep the Premises secure as may be required.
31. Landlord may modify or amend these rules and regulations and/or make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Building and its occupants provided any such rules or regulations shall not materially interfere with Tenant's permitted use of the Premises. Landlord shall provide Tenant with copies of any new, modified or amended rules or regulations prior to the effective date thereof. Tenant agrees to abide by these and such other rules and regulations.
32. Except as may be permitted by the ET Easement or the Operating Agreement, freight elevators may only be used by authorized Landlord personnel or, with prior approval from Landlord, may be used by authorized Tenant personnel. Passenger elevators should not be used when transporting freight, using carts to carry objects, or moving items between floors that will interfere with normal passenger use.
33. These rules and regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements, and conditions of the ET Easement between the parties. In the event of an inconsistency between the terms of the ET Easement and these rules and regulations, the terms of the ET Easement shall govern and control such dispute.

Exhibit C

System Upgrades

KOC improvements with potential impacts to Tenant:

- HVAC
 - Chiller replacement - there may be some chilled water outages during the transition to the new system from the old, when cut-overs are made in piping. TVA will attempt to schedule these during non-critical load periods and during off-hours.
 - Replacing Air Handling units - replace the perimeter unit that provides heating and cooling at the perimeter of the building. This will affect heating or cooling of the areas along the windows. TVA will try to replace these in the spring or fall to limit impact.
 - Replacing fans, coils and filter banks for core AHU's - this will impact air flow in the central parts of the buildings. TVA will develop a plan to execute work quickly and to minimize impact, but it will have an impact on the occupants.
 - Repair/replace pneumatic controls for air supply to floors. Some work will be required at each floor, but should be scheduled to minimize impacts to occupants.

- Other
 - Replace stairwell pressurization air fan - TVA attempt to schedule work for nights & weekends to minimize impacts.
 - New fire standpipe in stairwell - TVA attempt to schedule work for nights and weekends to minimize impact.
 - Renovations to elevators - TVA will maintain code-required service throughout the work.
 - Electrical work - Possible that when the new chiller switchgear service is installed in the KUB switchgear, that there will be an outage. A detailed outage plan will be developed to minimize down-time and address concerns.

- Exterior
 - Replace roof drain lines and install work platforms in shafts.
 - ET exterior caulking and sealing.
 - ET roof replacement - will occur at the end of the project.
 - Exterior plaza renovations and site work- not yet designed. Safe access and exit from buildings will be maintained at all times.

Crane lifts – during crane lifts, TVA will schedule work for maximum safety, likely on weekends.

Exhibit D

TVA Security Standards – East Tower Premises

Requirements

- a) TVA is a Federal entity and therefore subject to Federal security standards and regulations. Tenant shall comply with all applicable security and emergency regulations established by TVA or any other applicable Federal governmental agency. TVA shall have the right to review Tenant's compliance with these standards.
- b) TVA may make such other reasonable rules and regulations as it may from time-to-time deem necessary for the appropriate security and safety of the KOC and its occupants.
- c) Tenant shall install a building access control system to secure and control access to the Premises on a "24/7/365" basis. Any outage or failure of the building access control system shall be immediately reported to TVA Police Monitoring and Notification Center (MNC) and Tenant shall, at a minimum, post Tenant Security and request additional TVA Security Officers (as both terms are defined in the separate Security Services Agreement), to secure the exterior doors and work with TVA Security Officers and the TVA Police to ensure security requirements are maintained, all at Tenant's sole cost and expense.
- d) Tenant Parties authorized to gain access by means of the access control system shall be provided a unique Tenant-issued badge that, at minimum, bears the name and photograph of that person. Tenant-issued badges shall be displayed at all times when entering and/or within the Premises, where it can be clearly and easily seen on the front of the outermost garment and positioned between the neck and waist.
- e) Tenant shall be required to contract with TVA to provide Security Services (as defined in the separate Security Services Agreement) at the first floor Plaza lobby entry to the Premises.
- f) Tenant shall be required to procure and maintain (to manufacturer's recommendations) all screening equipment as set forth by TVA Police standards and the Interagency Security Committee (ISC) standards for federally owned/leased buildings. Standards may not be publicly available for security reasons; however, TVA will provide relevant standards to Tenant's authorized security personnel. If TVA Police and/or the ISC standards require any changes to the screening equipment requirements, then TVA shall provide a minimum of one County Fiscal Year's notice prior to any equipment changes being implemented. Notwithstanding the foregoing provisions of this subsection (f), TVA, in its sole discretion, may procure and maintain certain Plaza-level screening equipment on behalf of Tenant and as required under this provision for the period of the initial Term, as may be agreed to separately between the parties.
- g) Tenant is required to provide response to security-related matters in/on the Premises on a "24/7/365" basis independent and separate of the Security Services Agreement and to the extent such matters are not covered in the Security Services Agreement. Tenant acknowledges and agrees that although TVA Police retains ultimate law enforcement jurisdiction for the KOC, the Building and the Premises, TVA will not be the primary responding law enforcement agency for the Premises and, as such, will not be called upon to respond to Tenant internal security issues; provided, however, that TVA Security Officers and/or TVA Police will support Tenant Security, if needed and to the extent resources are available.
- h) Tenant shall ensure that all Tenant Parties (as defined in Article 13, hereinabove), and their belongings and/or articles are screened immediately upon entry to the Premises; provided, however, previously authorized Tenant Parties along with their belongings and/or articles, may be exempt from screening if the appropriate Tenant-issued badge is displayed, unless otherwise directed or required by TVA Police based on threat-level assessment.

All visitors to the Premises shall be required to undergo screening and obtain a visitor badge upon each entry into the Premises. All lobby screening shall comply with TVA then-current standards which are subject to change from time-to-time, in TVA's sole discretion.

- i) Un-badged ADA-eligible visitors must contact the TVA Security Officer via phone/intercom to request entry to the service elevator located in the Fritts Lot. The TVA Security Officer must meet the ADA-eligible visitor at the east entry to the plaza level of the Premises and escort such visitor into the Premises, proceeding immediately to the security screening station.
- j) Tenant Parties shall be permitted to have access to the Premises only, and all other areas of the Building and KOC shall be restricted, other than ingress and egress to/from the Premises. Other than where provisions have been made for limited Tenant employee access to the TVA West Tower loading dock and freight elevators, access to the Concourse and Service levels and West Tower locations is and shall be unauthorized and strictly prohibited. Access to Premises' floor electrical/telecommunications closets shall require TVA authorized personnel to escort Tenant Parties.
- k) TVA may permit up to six (6) designated Tenant employees (to include authorized employees of the Public Building Authority of Knox County and Knoxville, Tennessee) or authorized sub-Tenant employees, or such additional number as may be agreed in TVA's sole discretion, to have short term and/or limited access to other areas of the Building or KOC subject to TVA's Security Standards, including positive adjudication of a TVA-approved background investigation.
- l)
 - 1) TVA may restrict access to any individual Tenant Parties who violate TVA Security Standards or other Federal security standards applicable to the Premises. TVA will apply such standards to the individual Tenant Parties in the same manner it would its own invitees and contractors and to any other tenants in the KOC.
 - 2) Unless TVA determines that any individual Tenant Parties poses a threat to personnel, property or the public, TVA will inform the Tenant of a security violation and give the Tenant an opportunity to remedy the situation before restricting the individual Tenant Parties' access. For example, repeated security violations, including badging through other personnel or allowing non-badged individuals into the KOC, are grounds for having access removed. If TVA learns that any individual Tenant Parties are committing such violations, it will notify the Tenant and provide the Tenant a period of time during which the Tenant may counsel the individual Tenant Parties to prevent further violations. Tenant agrees that it will rescind and disable the individual Tenant Parties' access and collect the access badge immediately if an additional violation occurs after the counseling period expires.
 - 3) If TVA determines that any individual Tenant Parties poses a threat to personnel, property or the public, TVA shall immediately notify Tenant of the threat and provide all publicly available information regarding the basis of TVA's decision to restrict such access. Tenant agrees that upon receipt of the notification from TVA, it will immediately rescind and disable the individual Tenant Parties' access and collect the access badge immediately. At Tenant's request, TVA and Tenant will meet to discuss TVA's determination and the restriction.
 - 4) Solely for this Exhibit D, subsection (l), all initial communications and notices from TVA to Tenant regarding security shall be sent via email by the Director of TVAP (or delegate) ("Director") and addressed to the Tenant at: _____. At the request of the Mayor of Tenant (or delegate) ("Mayor"), the Director (or delegate) will meet with the Mayor (or delegate) to discuss any action taken pursuant to this subsection. At that meeting, the Director (or delegate) will present the Mayor (or delegate) with such information as may be lawfully disclosed concerning the action.

- 5) Upon the written request of Tenant, TVA will review whether the restriction on access to any individual Tenant Parties should be continued. Access may only be restored or approved after review by the Director of TVAP (or delegate).
- m) TVA reserves the right to refuse access to any persons TVA, in good faith, judges to be a threat to the safety or property of the KOC and/or its occupants. TVA reserves the right at all times to exclude from the Premises, Building and/or KOC any person who is not displaying a Tenant-issued badge or does not properly identify himself/herself upon request by the TVA Police or TVA Security Officers. Tenant shall be responsible for all persons for whom it authorizes entry into the Premises in accordance with the TVA Security Standards.
- n) Any use, distribution, manufacture, dispensation, possession, or sale of alcoholic beverages, explosives, illicit or illegal drugs or other unauthorized controlled substances in or on the KOC is strictly prohibited.
- o) The possession of firearms in or on the KOC is strictly prohibited except for duly authorized law enforcement officers carrying firearms in the performance of their duties, subject to approval and escort by TVA Police at TVA Police's sole discretion except when responding to an emergency situation involving an imminent threat to life or property. All non-emergency law enforcement activities (e.g., service of process, service of warrant) shall be conducted at the Premises' first-floor Plaza level.
- p) Tenant may receive all external mail to include United States Postal Services (USPS) mail, courier and other parcel/package deliveries at the Premises; provided, however, such USPS mail and parcel/package deliveries shall comply with TVA mail and parcel/package screening standards which are subject to change from time-to-time, in TVA's sole discretion. Tenant shall be required to perform mail and parcel/package screening to comply with all applicable Federal standards issued by the ISC or other Federal agency or department, as adopted by TVA. Standards may not be publicly available for security reasons; however, TVA will provide relevant standards to Tenant's authorized security personnel. Tenant shall screen for chemical, biological, radiological, nuclear and explosive materials which shall require each item of mail or parcel/package to be opened in some manner to ensure appropriate screening. No such screening is permitted on, or immediately adjacent to, the Premises by Tenant. Tenant's interdepartmental or interoffice mail/packages shall not be subject to the screening requirements, provided that these items are controlled and handled solely by Tenant employees and are secured against tampering and/or adulteration at all times while in storage, transport, or delivery.
- q) Tenant Parties shall be required to participate in all TVA-conducted Building and KOC fire safety and weather drills and follow any TVA emergency order, including but not limited to evacuation and/or other necessary or appropriate safety drills.
- r) In addition to other rights of access as provided in this ET Easement and the Security Services Agreement, TVA Facilities Management operations and maintenance personnel, TVA Police, and TVA Security Officers shall be provided with unrestricted access to the Premises on a "24/7/365" basis for emergencies.
- s) TVA reserves the right to install and maintain security devices including, but not limited to, access control restrictions and cameras in/on the Premises first floor Plaza level lobby, so long as such equipment does not interfere with Tenant's rights of access and use of the Premises. Such installation and maintenance of the aforesaid security devices shall be made at TVA's sole cost and expense.
- t) TVA requires immediate notification to MNC of any potential or actual threats, protests, or other incidents that occur or may occur in the KOC, Building, or Premises. TVA Security Officers or TVA Police will notify the Tenant of any pertinent issues that may have an adverse effect on the Tenant.

- u) In the event TVA Police determines that a credible threat or other national emergency exists, TVA will expect Tenant's full compliance and cooperation in managing Tenant access and Tenant receiving of USPS mail, courier, and other parcel/package delivery during the threat emergency. TVA Security Officers and/or TVA Police may restrict all Tenant Parties' access to the Premises and Building and the receiving of any of USPS mail, courier, and other parcel/package delivery during times of a credible threat.

- v) TVA reserves the right to prevent access to the KOC, Building, or Premises during the occurrence or continuance of or in response to any case of invasion, mob, riot, public excitement, terrorist acts, or other circumstances rendering such action advisable in the reasonable opinion of TVA Police by such action as TVA Police may deem reasonably appropriate, including closing and locking doors. In such event, TVA shall not be liable for damages or any abatement of Fee with regard to the admission to or exclusion from the KOC, Building, or Premises of any person or the closing of the KOC, Building, or Premises.

Exhibit E

DEFINED TERMS

| <u>Defined term:</u> | <u>Which article defined:</u> |
|--|-------------------------------|
| “Administering Agent” | 28 |
| “AHJ” | 7(d) |
| “Amending Agent” | 28 |
| “Building” | Recitals |
| “Claim Administration Fee” | 17(k) |
| “CO” | 7(g) |
| “Commencement Date” | 3(a) |
| “Cosmetic Alterations” | 7(b) |
| “Disclosing Party” | 31(l) |
| “Effective Date” | Preamble |
| “EFT” | 6(a) |
| “Environmental Default” | 30 |
| “Environmental Law” | 30 |
| “ET Easement” | Preamble |
| “Event of Default” | 23 |
| “Expiration Date” | 3(a) |
| “Fee” | 6(a) |
| “Fee Commencement Date” | 3(c) |
| “Grantee” | Preamble |
| “Grantor” | Preamble |
| “Hazardous Materials” | 30 |
| “Initial CO” | 3(a) |
| “Insurance Requirements” | 17 |
| “ISC” | Exhibit D(f) |
| “KOC” | Recitals |
| “Legal Requirements” | 7(d) |
| “Material Event” | 23(b) |
| “MOA” | 7(d) |
| “Operating Agreement” | Recitals |
| “OSHA Requirements” | 7(c) |
| “Other Services” | 6(b) |
| “Premises” | 2(a) |
| “Proposed Sublease Premises” | 18(c) |
| “Receiving Party” | 31(l) |
| “Renewal Option” | 4(a) |
| “Renewal Term” | 4(b) |
| “ROFO Notice Period” | 15(b) |
| “ROFO Period” | 15(b) |
| “ROFO Price” | 15(b) |
| “RSF” | 2(a) |
| “Sensitive Information” | 31(l) |
| “System Upgrades” | 5(b) |
| “System or Structural Alterations” | 7(a) |

“Tenant” Preamble
“Term”3(a)
“Tenant Alterations” 7
“Tenant Parties” 13
“Tenant Sublease Notice”18(c)
“TN SHPO” 7(d)
“TVA” Preamble
“TVA Police” 13
“TVA Security Officer(s)” 13
“TVA Security Standards” 13

EXHIBIT C

(OPERATING Agreement TVA – Knox County)

OPERATING AGREEMENT

THIS OPERATING AGREEMENT (this “**Agreement**”) is made and entered into this ___ day of _____, 2019 (the “**Effective Date**”), by and between the TENNESSEE VALLEY AUTHORITY (“**TVA**”), an agency and instrumentality of the United States of America acting on behalf of the United States of America and organized and existing pursuant to an Act of Congress known as the Tennessee Valley Authority Act of 1933, *as amended*, and Knox County, Tennessee, a political subdivision of the State of Tennessee (“**Tenant**”).

WITNESSETH

WHEREAS, TVA on behalf of the United States of America, as Grantor, conveyed a Grant of Term Easement (the “**ET Easement**”) of even date herewith to Tenant, such ET Easement described as the “**Premises**”, which consists of the first (1st) floor plaza level through twelfth (12th) floor of the East Tower (“**Building**”), which is a portion of the Knoxville Office Complex (the “**KOC**”) and all located on a portion of the real property designated in the TVA land records as Tract No. XKOC-15E; and

WHEREAS, due to the interconnectedness of the mechanical, electrical, and other systems of the KOC, TVA will need to provide certain Building services to Tenant; and

WHEREAS, TVA and Tenant wish to document their mutual agreement as to the services to be provided by TVA to Tenant in connection with the KOC and the Premises;

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises set forth herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Recitals.** The Recitals set forth above are hereby incorporated herein by reference.
2. **Capitalized terms.** All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the ET Easement.
3. **Premises.** The Premises consist of 211,667 rentable square feet (“**RSF**”) as conveyed heretofore by TVA to Tenant under the ET Easement.
4. **Term.** All of the provisions of this Agreement shall be in full force and effect from and after the Effective Date. The term of this Agreement (the “**Term**”) shall be for a period equal to the length of the term of the ET Easement, including any Renewal Terms that may be exercised under the ET Easement, and shall continue through and until the expiration of the ET Easement, unless otherwise amended or terminated, as provided for herein; provided, however, that upon any termination or expiration of the ET Easement, this Agreement shall automatically terminate at no additional expense or cost to TVA and without the need for further notice or demand to Tenant.

For purposes of this Agreement, the term “**Fiscal Year**” shall mean a period of twelve (12) consecutive calendar months from October 1 through September 30.

5. **Operations and Maintenance Services.** TVA shall provide the following operations, maintenance, and utilities services (collectively, the “**O&M Services**”) in accordance with standard office space, all in a manner consistent with similarly situated office buildings in the downtown Knoxville, Tennessee area (the “**Market Area**”):

- a) Building Fixtures/Equipment and Exterior/Common Areas/Systems. Notwithstanding anything to the contrary, TVA will keep and maintain all KOC building-related systems, fixtures and equipment located in the Premises, including door hardware for Building envelope doors (excluding security devices, Tenant interior doors and locksets), floor tile (excluding carpet tile or laminate) and fixtures, walls and ceiling tile, in clean, safe and sanitary condition, and will take good care thereof and make all required repairs thereto; provided, however, if any of the aforementioned are altered (except as allowed under Article 7, Tenant Alterations, of the ET Easement) or damaged by Tenant or as a result of Tenant's actions, then TVA shall make required repairs thereto at Tenant's sole cost and expense.

Further, TVA shall keep and maintain the exterior and demising walls, foundations, roof and common areas that form a part of the KOC, and the KOC standard heating, ventilation and air conditioning ("HVAC"), mechanical, electrical and plumbing systems, pipes and conduits that are provided by TVA in the operation of the KOC or, on a non-exclusive basis, to the Premises, in clean, safe, sanitary and operating condition, and will make all required repairs thereto, in accordance with standards customarily maintained in the Market Area.

All common or public areas of the KOC and the land upon which it is situated (including without limitation the exterior plaza area and the exterior landscaping) shall be maintained by TVA in accordance with standards customarily maintained by similarly situated office buildings in the Market Area. TVA shall have no obligation to make any repairs brought about by any act or neglect or omission to act of Tenant Parties (as defined in the ET Easement).

- b) Window Coverings. TVA shall own and maintain, as part of the Premises until failure and replace only if available, at TVA's sole discretion, all existing horizontal window blinds, as applicable, on floors two (2) through eleven (11) and shall not be responsible for the installation, repair, or replacement of any window coverings on the first (1st) floor plaza level or the twelfth (12th) floor. Tenant may replace window coverings in accordance with Article 7, Tenant Alterations, of the ET Easement; and Tenant shall maintain responsibility for cleaning, maintenance, repair, and/or replacement of such Tenant-installed window coverings.
- c) Utilities: TVA shall provide water, electric and sewer utilities including reasonably adequate electricity and water on a "24/7/365" basis to the Premises. It is understood and agreed that "normal electrical usage" includes the use for normal general office purposes, for copying machines, personal or desk-top computers and for other standard office equipment, but excludes the use of any machine that uses electrical capacity in excess of that provided to the Premises.
- d) Lighting/Sound-Masking:
- i. TVA shall provide replacement tubes and bulbs for KOC standard lighting fixtures (two (2) per standard ceiling fixture) and emergency lighting only; provided, however, that any special lighting needs outside of TVA's standards that may be required by Tenant for the medical or health needs of its employees must be coordinated in advance with TVA. Tenant shall not be permitted to add any additional lighting unless approved in advance by TVA.
 - ii. TVA shall provide and maintain building standard sound masking, at Tenant's option.
- e) HVAC:
- i. HVAC hours. Hours of operation for HVAC shall be from 6:00 a.m. until 7:00 p.m. Eastern Time, Monday through Friday ("**HVAC Hours**"), with air generally maintained at a temperature between 72 degrees Fahrenheit (+/- 4 degrees) in the office space; provided, however, that the minimum and maximum set-points for office space shall be 68 degrees Fahrenheit for heat and 76 degrees Fahrenheit for cooling.

- ii. Advance Notice. In the event Tenant requires after-hours HVAC service, except in case of emergency, Tenant shall request such service at least one (1) full Federal business day prior to the requested time of service.
 - iii. Curtailment. TVA, as the Tennessee Valley's public generator of electricity, is required to curtail its own energy use from time-to-time due to extreme heat or extreme cold. TVA reserves the right, during periods of curtailment, to set HVAC to higher, or lower, temperatures, as applicable, to reduce high TVA system-wide power demands ("**Curtailment Period**"). TVA shall provide as much advanced notice as feasible, at TVA's sole discretion. TVA will make every effort to minimize disruptions to Tenant; provided, however, any such Curtailment Period shall not entitle Tenant to terminate this Agreement or to an abatement of any Tenant's Share of O&M Expenses (as defined below) payable hereunder or Fee (as that term is defined pursuant to the ET Easement).
- f) Elevator service. TVA shall provide passenger elevator service on a "24/7/365" basis; provided, however, that TVA shall have the right to remove elevators from service as may be required for moving freight, or for servicing, maintaining or refurbishing the elevators at the KOC. At least one elevator cab shall be available for use by Tenant at all times (except in the event of an emergency).

6. TVA Facilities Support.

- a) Access. TVA Facilities Management support staff ("**TVA Facilities Support**") shall have rights of access to the Premises for the purpose of operating, maintaining, and repairing the same; provided, however, TVA shall use good faith efforts to cause all such work to be done in such a manner as to cause as little interference to Tenant as reasonably possible without incurring additional expense; and TVA shall perform any extraordinary noisy or disruptive work after business hours or on weekends, to the extent possible, as determined by TVA in its reasonable discretion. Appropriate notice will be provided for the need for after-hours access based on activity to be conducted, except in the case of emergencies.
- b) Normal Business Hours. TVA Facilities Support staff will be available via telephone and email for notification and response to Tenant's service calls during the hours of 7:00 a.m. until 3:45 p.m. Eastern Time except on weekends and Federal holidays ("**TVA's Normal Business Hours**"). Tenant shall appoint one single point of contact per floor who is authorized to contact TVA Facilities Support, and shall also appoint one backup contact and/or may utilize authorized employees of the Public Building Authority of Knox County and Knoxville, Tennessee.
- c) After Hours Emergency TVA Facilities Support. After-hours emergency support will be provided for situations deemed to be emergencies, at TVA's sole discretion, by contacting the TVA Police Monitoring and Notification Center at (855) 476-2489, or as otherwise may be designated by TVA from time-to-time.

7. Tenant's Obligations.

- a) Tenant notification to TVA. Tenant shall promptly provide TVA Facilities Support with written notice of any defect or need for repairs in or about the KOC, Building, or Premises of which Tenant is aware.
- b) Custodial, Housekeeping and Pest Control. Tenant shall be required to provide its own custodial and housekeeping services including trash removal and/or recycling, supply of paper products, toilet tissue, cleaning supplies, etc. as well as pest control and to provide TVA proof of such pest control services via contract documentation, invoice copy, or other similar document, on an annual basis.
- c) Mail and Parcel Delivery. Mail and parcel delivery including external mail deliveries (USPS mail, courier and other parcel/package) shall be the sole responsibility of Tenant in accordance with the "**TVA Security Standards**" (as defined and specified in the ET Easement); provided, however, Tenant shall not be permitted to install any USPS or overnight mail courier collection boxes in the KOC or Building

except to install internal mail stops or collection boxes within the Premises in accordance with the TVA Security Standards.

- d) Tenant's Special Equipment/Areas. Notwithstanding any of the foregoing Section 5 to the contrary, the following shall be the sole responsibility of the Tenant: maintenance and repair of facilities, finishes (except Premises rest rooms) and equipment in areas which may be installed by or at the request of Tenant (including, but not limited to, any special fire protection equipment, telecommunications and computer equipment, kitchen/galley equipment, supplemental air-conditioning equipment, and all other furniture, furnishings and equipment of Tenant). All such equipment and other items shall be the sole responsibility of Tenant and shall be deemed not to be a part of the KOC's structure and systems.
- e) Appliance Policy. Tenant will be responsible for the purchase, maintenance, and replacement of all authorized appliances, including refrigerators, microwaves, coffee machines, water coolers, etc. Tenant will also be responsible for ensuring that any and all appliances meet TVA approval and local fire codes. All other appliances such as toasters, space heaters, desk and portable lamps, hotplates, dishwashers, except those expressly authorized for use in vending areas of the KOC by TVA, or otherwise agreed between the parties, are prohibited. Open flames of any kind, electrically heated scent devices, and residential-type extension cords are fire hazards and are prohibited. Small personal fans (8" or smaller) are permissible in individual work areas. Power strips with circuit breakers may be provided by Tenant management and are the only type of adapter allowed. Any special appliance needs outside of the foregoing requirements of this subsection that may be required by Tenant for the medical or health needs of its employees must be coordinated in advance with TVA.
- f) Equipment type. Tenant shall not install any equipment of any type or nature that will or may necessitate any changes, replacements, or additions to, or in the use of, the water system, heating system, plumbing system, air-conditioning system or electrical system of the Premises or the KOC without first obtaining the prior written consent of TVA.
- g) Vibration. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the KOC or to any space therein to such a degree as to be objectionable to TVA or to any occupant in the KOC other than Tenant shall be installed and maintained by Tenant, at Tenant's expense, on vibration eliminators, vibration dampeners or other such devices sufficient to reduce such noise and vibration to a level satisfactory to TVA.
- h) Electrical machinery. Tenant will not install or operate in the Premises any electrically operated equipment or machinery that operates on greater than 110/208 volt power or that exceeds normal electrical usage as reasonably determined by TVA without first obtaining the prior written consent of TVA. TVA may condition such consent upon the payment by Tenant of an additional fee in compensation for the excess consumption of electricity or other utilities and cost of any additional wiring or apparatus that may be occasioned by the operation of such equipment or machinery.
- i) Energy Conservation. Tenant hereby agrees to comply with all energy conservation controls and requirements applicable to office buildings that are imposed or instituted by Federal, state or local governments having jurisdiction over the KOC, including without limitation, controls on the permitted range of temperature settings in office buildings, and requirements necessitating curtailment of the volume of energy consumption or the hours of operation of the KOC; therefore, all appliances shall be Energy Star rated and any new plumbing shall include water-saving fixtures to meet Federal requirements. Further, new plumbing fixtures and operators (flush valves and faucets) being installed in restrooms, breakrooms or kitchen areas shall match KOC building standards. Any terms or conditions of this Agreement that conflict or interfere with compliance with such controls or requirements shall be suspended for the duration of the implementation of such controls or requirements.

- j) Operating Expense Pass-through. Unless otherwise expressly provided in this Agreement, costs for the O&M Services required to be furnished and/or performed by TVA that are described in this Agreement shall be passed through to Tenant as Tenant's Share of O&M Expenses (as such terms are both defined below).

8. Operations and Maintenance Expenses.

- a) Description of O&M Expenses. The term "**O&M Expenses**" shall mean the annual total cost and expense reasonably incurred by TVA in connection with the routine management, operation, maintenance, repair and ownership of the KOC (taking into account the market factors in effect on the date any relevant contracts were negotiated) and shall be determined in accordance with generally accepted accounting principles, including, without limitation, the costs and expenses described in Section 8(a)(i) below, but shall expressly exclude the costs and expenses described in Section 8(a)(ii) below.

- i. Included Costs. Included O&M Expenses (which shall in all cases be net of any credits and/or reimbursements received by TVA), it being expressly understood that any capital improvements are not to be included in the O&M Expenses, shall be comprised of:

- A. Gas, water, sewer, electricity and other utility charges (including surcharges) of every type and nature.
- B. Personnel costs of the KOC, including, but not limited to, salaries, wages, and other direct and indirect costs of engineers, superintendents, and any other personnel related to the management, maintenance, repair and operation of the KOC ("**Personnel**"). To the extent such Personnel are not assigned exclusively to the KOC, then O&M Expenses shall include only the portion of the foregoing costs for Personnel that TVA reasonably allocates to the KOC.
- C. Costs of service and maintenance contracts, including, but not limited to, chillers, boilers, controls, elevators, windows, access control service, landscaping, snow and ice removal, management fees, and air and water quality testing, fire extinguishers and fire system maintenance.
- D. Costs to comply with all applicable present and future laws, ordinances (including zoning ordinances, and fire or life safety requirements, etc.), applicable regulations and orders of the United States of America and any other governmental or quasi-governmental agency having jurisdiction over the Premises (collectively, "**Legal Requirements**"), it being expressly understood that any capital improvements are not to be included in any TVA obligations in connection with such Legal Requirements.
- E. Any other costs and expenses reasonably incurred by TVA in maintaining or operating the KOC and any sidewalks, driveways or landscaping appurtenant to the KOC, if any, (including major repairs for maintenance purposes), except as provided in Section 8(a)(ii), below.
- F. The costs of any additional services not provided to the KOC at the Commencement Date but thereafter provided by TVA in the necessary and/or prudent management of the KOC.

- ii. Excluded Costs. Excluded costs shall comprise:

- A. Electric utility costs to operate TVA's KOC Data Center.
- B. Any material increases in utility costs resulting from actions taken by TVA solely to support TVA's activities at the KOC, e.g., an additional data center.
- C. Capital improvements to the KOC.

- D. Cleaning, trash removal, recycling, security, and pest control services, except for cleaning and trash removal as part of grounds maintenance.
- E. Legal, auditing, consulting, and professional fees and other costs paid or incurred in connection with financings, refinancings, or sales of any interest in TVA or of TVA's interest in the KOC.
- F. All fees, to include space planner's fees, architect's fees, leasing and brokerage commissions, advertising and promotional expenditures and any other marketing expenses incurred in connection with the leasing, or comparable, of space in the KOC.
- G. The cost of any items to the extent to which such cost is reimbursed to TVA by other third parties, or is covered by a warranty to the extent of reimbursement for such coverage.
- H. Expenditures for any improvements which are made in connection with the preparation of any portion of the KOC for occupancy by any tenant or which are not made generally to or for the benefit of the KOC.
- I. The cost of performing work or furnishing service to or for any tenant other than Tenant, at TVA's expense, to the extent such work or service is in excess of any work or service TVA is obligated to provide to Tenant or generally to other tenants in the KOC at TVA's expense.
- J. The cost of repairs or replacements incurred by reason of fire or other casualty, or condemnation (other than costs not in excess of the deductible on any insurance maintained by TVA which provides a recovery for such repair or replacement), to the extent TVA actually receives proceeds of property and casualty insurance policies or condemnation awards or would have received such proceeds had TVA maintained the insurance required to be maintained by TVA pursuant to this Agreement.
- K. The cost of acquiring sculptures, paintings or other objects of fine art in the KOC.
- L. Damage and repairs necessitated by the gross negligence or willful misconduct of any of the Tenant Parties.
- M. Fees, costs and expenses incurred by TVA in connection with or relating to claims against or disputes with tenants of the KOC.
- N. Interest, fines or penalties for late payment or violations of any Legal Requirements by TVA, if any, except to the extent incurring such expense is either (a) a reasonable business expense under the circumstances, or (b) caused by a corresponding late payment or violation of a Legal Requirement by Tenant, in which event Tenant shall be responsible for the full amount of such expense.
- O. The cost of remediation and removal of Hazardous Materials (as defined in the ET Easement) in the KOC required by Environmental Law (as defined in the ET Easement); provided, however, that the provisions of this Section 8(a)(ii)(O) shall not preclude the inclusion of costs with respect to materials (whether existing at the KOC as of the Effective Date or subsequently introduced to the KOC) which are not as of the Commencement Date (or as of the date of introduction) deemed to be Hazardous Materials under applicable Environmental Laws but which are subsequently deemed to be Hazardous Materials under applicable Environmental Laws (it being understood and agreed that Tenant shall nonetheless be responsible under this Section 8(a)(ii)(O) for all costs of remediation and removal of Hazardous Materials to the extent caused by Tenant Parties).
- P. Costs of replacements, alterations or improvements necessary to make the KOC comply with Legal Requirements in effect and applicable to the KOC prior to the Effective Date, except to the extent that any need for such replacements, alterations or improvements is caused by any of

the Tenant Parties (in which case Tenant shall nonetheless be responsible for such costs in accordance with Section 8 of this Agreement), provided, however, that the provisions of this Section 8(a)(ii)(P) shall not preclude the inclusion of costs of compliance with Legal Requirements enacted before the Effective Date if such compliance is required for the first time by reason of any amendment, modification or reinterpretation of a Legal Requirement which is imposed after the Effective Date.

- Q. Costs and expenses incurred for the administration of TVA, as the same are distinguished from the costs of operation, management, maintenance and repair of the KOC, including, without limitation, entity accounting and legal matters.
 - R. The wages and benefits of any employee who does not devote substantially all of his or her employed time to the KOC unless such wages and benefits are reasonably allocated to the KOC.
 - S. Except as may be otherwise expressly provided in this Agreement with respect to specific items, the cost of any services or materials provided by any party related to TVA, to the extent such cost exceeds the reasonable cost for such services or materials in similarly situated office buildings in the Market Area absent such relationship.
 - T. Depreciation for the KOC.
 - U. All costs of applying and reporting for the KOC or any part thereof to seek or maintain certification under the U.S. Environmental Protection Agency's Energy Star® rating system, the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system or a similar system or standard.
- b) Cost Reporting. TVA's financial management system collects KOC O&M Expenses in the following categories ("**Cost Categories**") which will be utilized for the calculation of the O&M Expenses:
- i. Preventative and Corrective Maintenance: Mechanical and electrical interior and exterior maintenance including life safety, elevators, HVAC, water fountains, plumbing, electric system, emergency management and sprinkler systems, etc.
 - ii. Indirect Maintenance: TVA Facilities Support, engineering time, etc.
 - iii. Grounds Maintenance: Grounds maintenance such as grounds keeping, mowing, landscaping, snow/ice removal, etc.
 - iv. Administer Property Assets (Utilities): Electric, water, sewer, and gas; provided, however, that the electric utility costs for TVA's Data Center will be deducted prior to any calculation of Tenant's Share (as defined below) of O&M Expenses.

9. **Tenant's Share of Operations and Maintenance Expenses.**

- a) Tenant's Proportionate Share. Tenant's proportionate share ("**Tenant's Share**") of the O&M Expenses shall be that percentage which is equal to a fraction, the numerator of which is the number of square feet of rentable area of the Premises from time to time and the denominator of which is the total number of square feet of rentable area in the KOC from time to time; therefore, Tenant's Share, for the purposes of calculating the portion of the O&M Expenses payable by Tenant shall be 32.03%. (The foregoing calculation is hereby based on 211,667 RSF of the Premises divided by 660,849 RSF of the KOC, as defined in the ET Easement.)
- b) O&M Expense Fee and Payment. Beginning on the day following issuance of the Initial CO (as defined in the ET Easement) and continuing for each Fiscal Year during the Term, Tenant shall pay to TVA a per RSF per year amount for Tenant's Share of the O&M Expenses, plus applicable overhead (the "**Estimated O&M Expense Fee**"), which shall be divided into equal monthly installments, and such monthly installments shall be due and payable in advance on the first (1st) day of the month and on

the first (1st) day of each successive month thereafter during the Term without deduction or offset whatsoever. For the first Fiscal Year, or portion thereof, the amount of the Estimated O&M Expense Fee shall be FOUR AND 00/100 DOLLARS (\$4.00) per RSF per year (the “**Initial Estimated O&M Expense Fee**”). The Estimated O&M Expense Fee for any period less than one (1) month shall be apportioned based upon the number of days in such month.

c) Annual Reconciliation and Estimated O&M Expense Fee Adjustment.

- i. Annual Reconciliation: Within sixty (60) days after the expiration of each Fiscal Year falling entirely or partly within the Term, TVA shall submit to Tenant an “**Operating Expense Reconciliation Statement**” showing (i) the actual O&M Expenses incurred for the KOC for the Cost Categories, as listed in Section 8(b) above, by TVA during the immediately preceding Fiscal Year, (ii) a computation of Tenant’s Share of the O&M Expenses, plus applicable overhead, due for the immediately preceding Fiscal Year, (iii) the aggregate amount of the Estimated O&M Expense Fee paid by Tenant for the same Fiscal Year, and (iv) the amount by which the Tenant’s Share of O&M Expenses, plus applicable overhead, for the preceding Fiscal Year is greater than or lesser than the aggregate amount of the Estimated O&M Expense Fee actually paid on account thereof.

If the aggregate amount of such Estimated O&M Expense Fee actually paid exceeds Tenant’s actual liability for the Tenant’s Share of the O&M Expenses for such Fiscal Year, then TVA shall refund the overpayment within forty-five (45) days of submission of the Operating Expense Reconciliation Statement. If Tenant’s actual liability for Tenant’s Share of the O&M Expenses exceeds the Estimated O&M Expense Fee actually paid by Tenant on account thereof, then Tenant shall pay to TVA the total amount of such deficiency due hereunder within forty-five (45) days of submission of the Operating Expense Reconciliation Statement in accordance with this Section 9. The parties’ obligations herein for the last Fiscal Year falling entirely or partly within the Term shall survive the expiration of the Term.

- ii. Estimated O&M Expense Fee Adjustment. Included as part of the Operating Expense Reconciliation Statement, TVA shall provide to Tenant the next Fiscal Year’s Estimated O&M Expense Fee which shall include any anticipated increases or decreases for the forthcoming Fiscal Year based on the previous Fiscal Year’s O&M Expenses.

- d) Construction Period O&M Expense Fee. Notwithstanding the foregoing, for the purposes of Tenant Alterations (as defined in the ET Easement), from the period between the Commencement Date and the day following issuance of the Initial CO (as defined in the ET Easement), the payment due shall be equal to one-half (50%) of the aforementioned Initial Estimated O&M Expenses (“**Construction Period O&M Expense Fee**”); provided, however, the Construction Period O&M Expense Fee payable hereunder in accordance with this Section 9 shall be divided into equal monthly installments and be due and payable in advance on the first day of each month commencing on the Commencement Date. The Construction Period O&M Expense Fee shall not be subject to any true-up or adjustment but shall be considered a set or fixed fee for Tenant’s Share of O&M Expenses through and until the day following issuance of the Initial CO.

- e) Elevator Project. Notwithstanding Tenant’s obligations contained herein, should the elevator project currently utilizing a portion of the twelfth (12th) floor of the Premises be incomplete by receipt of the Initial CO, TVA shall abate Tenant’s Share of the O&M Expenses for such portion of the floor that is not accessible to Tenant until the elevator project is completed and vacates the twelfth (12th) floor.

10. **Audit Rights.** Subject to the provisions of this Section 10 and provided that no Event of Default (as defined in Section 16, below, or in Article 23, Default, of the ET Easement) of Tenant exists, Tenant shall have the right to examine the correctness of TVA’s Operating Expense Reconciliation Statement or any item contained therein or any other amount invoiced by TVA hereunder as follows:

- a) Any request for examination with respect to any Fiscal Year may be made by written notice from Tenant to TVA no more than ninety (90) days after the date of Tenant's receipt from TVA of the Operating Expense Reconciliation Statement and only if Tenant shall have fully paid such amount, if a payment is due to TVA from Tenant. Such written notice shall set forth in reasonable detail the matters questioned. Any examination must be completed and the results communicated in writing to TVA no more than one hundred eighty (180) days after receipt of the materials provided by TVA to Tenant pursuant to Section 10(b) below. Notwithstanding anything to the contrary in this Agreement, if Tenant does not provide a timely written notice or complete a timely examination within the time periods outlined in this Section 10(a), Tenant shall be deemed to have waived all rights and remedies at law, in equity, and under this Agreement related to that specific invoice and/or Operating Expense Reconciliation Statement, including any audit rights or claims for underpayment or overpayment, and such invoice and/or Operating Expense Reconciliation Statement shall be conclusive and binding on Tenant.
- b) TVA shall make available to Tenant the relevant portion of the books and records pertaining to the relevant expenses for the specific matters questioned by Tenant for the preceding Fiscal Year. Such books and records shall be made available to Tenant within a reasonable time, but no longer than sixty (60) days after TVA timely receives the written notice from Tenant to make such examination pursuant to this Section 10. The foregoing portion of such books and records shall be made available, either electronically or during normal business hours of TVA's Financial Services department, at the offices where TVA keeps such books and records or at another reasonable location in Knox County, Tennessee, as determined by TVA.
- c) Tenant shall have the right to make such examination no more than once in respect to any Fiscal Year in which TVA has given Tenant an Operating Expense Reconciliation Statement or other invoice.
- d) Such examination may be made only by a qualified employee of Tenant or a qualified independent certified public accounting firm, except such examination shall not be made by TVA's then-current independent auditing firms.
- e) TVA shall only reimburse Tenant for the reasonable costs and expenses of the qualified independent audit (and not any internal costs or expenses of Tenant) described in Section 10 if such audit shows an overpayment of Tenant's Share of O&M Expenses, and/or other invoiced expenses, in an amount exceeding one hundred ten percent (110%) of what Tenant would have actually otherwise owed to TVA; TVA shall not be responsible for any costs or expenses of a Tenant audit in any other situation. Tenant shall not be responsible for TVA's costs and expenses resulting from providing any of the information as may be required by Tenant under this Section 10.
- f) If the agreed or confirmed audit shows an underpayment of Tenant's Share of O&M Expenses, and/or other invoiced expenses, by Tenant, Tenant shall pay to TVA, within forty-five (45) days after the audit is agreed to or confirmed, the amount owed to TVA, and, if the agreed or confirmed audit shows an overpayment of Tenant's Share of O&M Expenses, and/or other invoiced expenses, by Tenant, TVA shall reimburse Tenant for such overpayment within forty-five (45) days after the audit is agreed to or confirmed.
- g) In the event that TVA and Tenant cannot agree or confirm the amount of such audit, the parties will refer any dispute under this Agreement that is not resolved to an officer of Tenant and a corresponding officer or executive of TVA (and any additional agreed-upon designees of the parties). If such individuals do not resolve such dispute within thirty (30) days after reference to them, then TVA and Tenant may agree on non-binding mediation to resolve such dispute pursuant to this Section 10 and the process for such non-binding mediation. If the parties do not agree on non-binding mediation, or if such non-binding mediation is not successful in resolving the dispute, then either party may pursue its rights and remedies at law, in equity, or under this Agreement. The parties agree that all offers, promises, communications,

statements and actions during the course of any informal dispute resolution process, and any non-binding mediation, by either TVA or Tenant or representative of TVA or Tenant (1) are privileged to the fullest extent provided by applicable law and may not be disclosed, including by any mediator; (2) are inadmissible, are not discoverable, and may not be used or referred to for any purpose, including impeachment of any other testimony in a judicial, administrative, or regulatory proceeding; and (3) toll and stay all statutory or contractual limitations that limit either TVA's or Tenant's right to litigate such dispute in connection with any matter arising pursuant to this Section 10.

11. **Other Services.**

- a) Loading Dock Access/Services. Tenant shall designate no more than six (6) authorized employees, or such additional number that may be agreed to in TVA's sole discretion, who will be authorized occasional, intermittent scheduled use of the Building freight elevators and loading dock located in the West Tower of the KOC for move-in and/or move out of furniture/system, fixtures and large equipment and other incidental uses, as provided in the ET Easement, and subject to the following:
- i. Deliveries shall be scheduled at least twenty-four (24) Federal business hours in advance with TVA's Facilities Support or via a regularly established schedule determined in advance and agreed between the parties; provided, however, that TVA agrees to work in good faith to meet Tenant's business needs to the maximum degree practicable.
 - ii. No TVA equipment shall be used in off-loading/loading Tenant's property and no storage shall be provided by TVA.
 - iii. No Tenant equipment that is leaking fluids shall be permitted in the KOC or Building.
 - iv. No storage shall be permitted outside the Premises in the KOC.
 - v. Compliance with TVA Personal Protective Equipment safety standards, which may be revised from time-to-time, but are currently as follows:
 - a. Safety glasses that meet ANSI Z87-1. Prescription safety glasses must meet ANSI Z87-2 or (+) and have permanent attached side shields. Shaded safety glasses are not allowed indoors.
 - b. General work gloves with a cut-level rating of ANSI 2 or above. When using a portable grinder with a cutting wheel, the minimum cut-level glove will be an A7 with an A5 forearm sleeve protector. Cut-level protection above A2 is required when handling sharp material or thin metal.
 - c. Safety shoes meeting Class 75 requirements ASTM F2413-11 EH are required for employees in construction, maintenance, and material-handling work activities.
 - d. General work clothes including full length trousers, shirts with 4 inch sleeves minimum (long sleeves as required), no loose or torn clothing shall be worn.
 - vi. All TVA loading dock access and access via TVA space to the Premises shall be supervised by and coordinated with TVA personnel in advance during TVA's Normal Business Hours, and Tenant shall pay TVA for such supervision and coordination in accordance with TVA's standard labor rates as provided in Section 11(b) herein below.
 - vii. All access through or into TVA space in the Building or KOC shall comply with the TVA Security Standards (as defined in Article 13, Security and Safety, of the ET Easement).
- b) Labor Rates - All labor services are subject to TVA's then-current applicable hourly rate plus applicable overhead. Labor rates shall vary by task, skill level with a minimum billing period of thirty (30)-minute increments. Overtime rates are additional.

c) Payments for Other Services - All additions, improvements, modifications or other services performed by TVA, its subcontractors, or other independent contractors to TVA at Tenant's request, and outside of TVA's maintenance obligations under this Operating Agreement or the ET Easement, shall be paid by Tenant at the actual cost to TVA of such items. Such actual costs shall include all direct costs specifically identified by TVA, its subcontractors, or other independent contractors, and the cost of TVA personnel and others costs and expenses incurred in coordinating and supervising any additions, improvements, or modifications, plus applicable overhead, and shall be invoiced using TVA's standard invoice format and expense type (listing materials, labor, and/or contract labor), and be due and payable to TVA thirty (30) days after receipt of invoice. All payments to TVA under this Agreement shall be made by electronic funds transfer ("EFT").

12. **System Upgrades.** It is understood and agreed that TVA is commencing an estimated three (3)-year project to upgrade major building systems ("**System Upgrades**") such as elevators and HVAC equipment, which shall benefit both TVA and Tenant and are further described in the ET Easement.
13. **Failure to Provide.** It is understood and agreed that TVA shall not have any liability to Tenant whatsoever as a result of TVA's inability or commercially reasonable delay to furnish any of the O&M Services required to be furnished by TVA hereunder, whether resulting from breakdown, removal from service for maintenance or repairs, curtailment, Force Majeure conditions, or any other cause whatsoever. It is further agreed that any such inability or commercially reasonable delay to furnish the O&M Services required hereunder shall not be considered an eviction, actual or constructive, of Tenant from the Premises, and shall not entitle Tenant to terminate this Agreement or to an abatement of any Estimated O&M Expense Fee payable hereunder (or Fee under the ET Easement).

TVA will use its commercially reasonable efforts to cause the restoration of any interrupted O&M Services with reasonable promptness under the circumstances; further, should any base building equipment or machinery break down so as to render the Premises unusable by Tenant, TVA shall promptly repair or replace it (subject to delays which result from unavailability of parts or other materials, Force Majeure conditions, or other matters beyond TVA's reasonable control).

14. **Authorized Agents.** The "**Administering Agent**" for each party is the official responsible for administering the performance of the Agreement on a day-to-day basis, but does not have authority to amend or terminate the Agreement. The Administering Agent, or its authorized designee, shall be authorized to address operational issues relating to the performance of this Agreement; provided, however, any agreed upon minor operational changes made pursuant to the provisions of this Agreement must be agreed upon by both parties' Administering Agents and documented in writing in formal memorandum form. The "**Amending Agent**" for TVA is the official with authority to amend and/or terminate the Agreement on behalf of TVA. This Agreement shall be amended and/or terminated on behalf of the Tenant pursuant to the provisions of the Charter and the Code of Knox County, Tennessee. Such duly authorized agents for administering and amending this Agreement for the parties hereto are as follows:

For TVA:

The Amending Agent:

The Administering Agent:

For Tenant:

The Administering Agent:

Either party may change any of its authorized agents by sending a signed written notice thereof to the other at the address or email address listed in this Section 14 hereof.

15. **Force Majeure.** If either party shall be prevented or delayed from punctually performing any obligation or satisfying any condition under this Agreement because of any strike, boycott, embargo, lockout, labor dispute, inability to obtain labor or materials, Act of God, enemy or hostile governmental action, insurrection, sabotage, fire or other casualty, or any other similar condition beyond the reasonable control of the responsible party ("**Force Majeure**"), the time to perform the obligation or satisfy the condition shall be extended for a period of time equal in length to the event. The non-performing party shall provide the other party with written notice immediately upon the occurrence of an event of Force Majeure, which shall describe the said event in detail. A delay caused by the failure to obtain financing shall not be an event of Force Majeure and therefore, shall not afford the non-performing party the right to extend the time for performance hereunder.
16. **Default.** An occurrence of any of the following events shall constitute an "**Event of Default**" by Tenant under this Agreement if:
 - a) Tenant fails to pay when or before due, the Estimated O&M Expense Fee or other sum due to TVA hereunder and such failure continues for a period of thirty (30) calendar days from the date on which TVA notifies Tenant that such sum is unpaid, unless otherwise agreed in advance in writing by TVA; or
 - b) Tenant fails to comply with any term, provision or covenant hereof (other than by failing to pay when or before due any sum of money becoming due to be paid to TVA hereunder), and fails to cure the same, as determined by TVA in a commercially reasonable manner, within thirty (30) days after written notice of the Event of Default; provided, however, that if a cure thereof cannot be reasonably accomplished within such time period, Tenant shall not be in default of this Agreement so long as Tenant diligently pursues a cure to any such failure unless an additional period of sixty (60) days has passed and said cure has not occurred; whereupon, Tenant shall at such time be in default and no further notice or demand shall be required unless otherwise agreed in advance in writing by TVA; and provided, further that, if Tenant cures an Event of Default, as reasonably determined by TVA, and if substantially the same act or omission which constituted an Event of Default of which notice was given by TVA to Tenant recurs more than two (2) additional times within six (6) months of the act or omissions which constituted the Event of Default, provided it was not a Material Event (as defined in the ET Easement), TVA may, in its commercially reasonable discretion, provide an additional written notice to Tenant and/or terminate this Agreement upon at least ninety (90) days' written notice specifying the subsequent Event of Default and the date of termination of this Agreement.
 - c) Notwithstanding anything to the contrary contained in this Agreement, an Event of Default of any covenant or other term or condition contained in the ET Easement, after the passage of all applicable notice and cure or grace periods, shall, at TVA's reasonable discretion, be considered an Event of Default under this Agreement, in which event TVA shall be entitled, but in no event required, to apply all rights and remedies available to TVA under the terms of this Agreement, and the ET Easement, by reason of an Event of Default under the ET Easement or hereunder.
17. **Remedies.** Upon the occurrence of any Event of Default specified in Section 16 above (to include the passage of any cure period provided herein), TVA shall have the option to, in its sole and absolute election, terminate this Agreement and the ET Easement in their entirety. Upon termination of the Agreement by reason of an Event of Default by Tenant, Tenant shall remain liable to TVA for payment of Tenant's Share of the O&M Expenses and any other incurred expenses provided by this Agreement then due and payable or accrued to date, subject to Article 21, Surrender and Restoration of the Premises, of the ET Easement;

provided, however, TVA shall provide an Operating Expense Reconciliation Statement as of the date of termination of this Agreement within ninety (90) days of the date of termination. If the aggregate amount of such Estimated O&M Expense Fee actually paid to the date of termination exceeds Tenant's actual liability for the Tenant's Share of the O&M Expenses for such period, then TVA shall refund the overpayment within forty-five (45) days after provision of the Operating Expense Reconciliation Statement. If Tenant's actual liability for Tenant's Share of the O&M Expenses exceeds the Estimated O&M Expense Fee actually paid by Tenant on account thereof to the date of termination, then Tenant shall pay to TVA the total amount of such deficiency due hereunder within forty-five (45) days after provision of the Operating Expense Reconciliation Statement. The provisions of Section 10 shall apply as to any refund of an overpayment or payment of a deficiency under this Section 17.

18. General.

- a) Legal Compliance. During the Term, Tenant shall comply with all applicable laws, regulations, codes, and ordinances, including, without limitation, those relating to access and security, health, safety, and the environment including any rules or regulations stipulated in the ET Easement.
- b) Notices. All invoices, notices, requests, demands, or other correspondence given pursuant to the terms of this Agreement shall (a) be in writing, and (b) be sent by overnight courier service or first class registered or certified mail, postage prepaid, return receipt requested, to the agents specified in Section 14 hereinabove.
- c) Counterparts. This Agreement may be executed in several counterparts, which shall constitute one and the same instrument.
- d) TVA Standard Clauses. The following conditions and certifications published in Title 18, Code of Federal Regulations, Part 1316 (Federal Register, April 29, 1993, with any subsequent revisions) are hereby incorporated by reference to the extent applicable:
 - i. Officials Not to Benefit.
 - ii. Affirmative Action and Equal Opportunity.
- e) Entire Agreement. This Agreement (including any and all exhibits and attachments hereto) is the entire agreement of the parties and supersedes any prior representations, promises, agreements, or understanding with respect to the subject matter hereof.
- f) Tenant Binding Agreement and Authority. Tenant hereby represents it has full right and authority to enter into this Agreement, and each of the persons signing on behalf of Tenant is authorized to do so. Tenant warrants that it is not necessary for any other person, firm, corporation, agency, or entity to join or to take any other action in the execution of this Agreement to make the execution by Tenant complete, appropriate, and binding.
- g) TVA Binding Agreement and Authority. TVA hereby represents it has full right and authority to enter into this Agreement, and each of the persons signing on behalf of TVA is authorized to do so. TVA warrants that it is not necessary for any other person, firm, corporation, agency, or entity to join or to take any other action in the execution of this Agreement to make the execution by TVA complete, appropriate, and binding. Further, TVA represents and warrants entering into this Agreement is exempt from any and all TVA procurement policies and requirements, and that TVA is authorized by law to enter into this Agreement.

- h) Waiver and Modification. No waiver or modification of any provision of this Agreement shall be effective unless it is in writing and signed by both parties. Any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver. This Agreement may not be amended or supplemented except by a written instrument executed by both parties.
- i) Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and/or assigns.
- j) Governing Law. This Agreement is governed by and is to be construed under Federal law and to the extent not inconsistent with Federal law, the laws of the State of Tennessee (but not its conflicts-of-laws rules of decision or laws).
- k) Jurisdiction and Venue. Each party hereto irrevocably submits to the sole and exclusive jurisdiction of the United States District Court for the Eastern District of Tennessee for the purposes of any action arising out of or based upon this Agreement or relating to the subject matter hereof. It is further agreed that service of any process, summons, notice or document by U.S. registered or certified mail to TVA's address set forth in Section 14 above shall be effective service of process for any action, suit or proceeding with respect to any matters to which TVA has submitted to jurisdiction in this Section 18(k). It is further agreed that service of any process, summons, notice, or document on Tenant shall be obtained by personally delivering a copy of the summons and complaint or other process, notice, or document to the Mayor of Knox County, Tennessee. Said personal delivery shall be effective service of process for any action, suit or proceeding with respect to any matters to which Tenant has submitted to jurisdiction in this Section 18(k). Each party hereto irrevocably and unconditionally waives any objection to the laying of jurisdiction and venue of any action, suit or proceeding in the United States District Court for the Eastern District of Tennessee, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.
- l) ET Easement. This Agreement is subject to the terms and conditions contained in the ET Easement. If any conflict between the terms of this Agreement and the ET Easement should arise, the terms of the ET Easement shall prevail.
- m) Severability. Except where the manifest purposes of this Agreement may thereby be materially impaired, if any of the provisions of the Agreement, or the application thereof to any person or circumstances, shall be invalid or unenforceable whether by a court of competent jurisdiction or by a binding change in substantive law, the remainder of this Agreement, or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and every provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
- n) No Third-Party Beneficiary Agreement. It is understood that this Agreement is in no way a third-party beneficiary agreement. It is entered solely to regulate the relationship between TVA, the United States of America, and Tenant with respect to the Premises. The parties do not intend it to create any obligations to any third parties, which are enforceable by such parties.

- o) Brokerage Commission. It is mutually understood and acknowledged between the parties hereto that CBRE, Inc., a real estate company licensed in the State of Tennessee, is the agent for TVA and no other real estate brokerage companies were involved in this transaction. TVA shall be liable to any commissions, fees, or expenses due to such broker in connection herewith.
- p) No Offer. TVA has provided this Agreement to Tenant for its review. It is not an offer of agreement or contract and shall not be binding unless and until it is fully executed and delivered by TVA.
- q) Cumulative Rights and Remedies. The rights and remedies of the parties under this Agreement or under any section, subsection, or clause hereof, shall be cumulative and in addition to any and all other rights or remedies which the parties have or may have elsewhere under this Agreement or at law or equity, whether or not so expressly stated.
- r) Survival. The respective obligations and duties of TVA and Tenant under this Agreement that are not, by the express terms of this Agreement, to be performed fully during the Term, or any Renewal Term, shall survive the termination of this Agreement.
- s) List of Defined Terms. Exhibit A hereto provides a cross-reference by which all defined terms used herein may be found in this Agreement.

- SIGNATURE PAGE TO FOLLOW -

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by each of their duly authorized and respective representatives.

KNOX COUNTY, TENNESSEE

TENNESSEE VALLEY AUTHORITY

By _____
GLENN JACOBS
KNOX COUNTY MAYOR

By _____
SCOTT FARMER
MANAGER, CORPORATE FACILITES EAST

Exhibit A

DEFINED TERMS

| <u>Defined term:</u> | <u>Which section defined:</u> |
|--|-------------------------------|
| "Administering Agent" | 14 |
| "Agreement" | Preamble |
| "Amending Agent" | 14 |
| "Building" | Recitals |
| "Construction Period O&M Expense Fee" | 9(d) |
| "Cost Categories" | 8(b) |
| "Curtailment Period" | 5(e) |
| "ET Easement" | Recitals |
| "Effective Date" | Preamble |
| "EFT" | 11(c) |
| "Environmental Law" | Defined in the ET Easement |
| "Estimated O&M Expense Fee" | 9(b) |
| "Event of Default" | 16 |
| "Fiscal Year" | 4 |
| "Force Majeure" | 15 |
| "HVAC" | 5(a) |
| "HVAC Hours" | 5(e) |
| "Initial CO" | Defined in the ET Easement |
| "Initial Estimated O&M Expense Fee" | 9(b) |
| "KOC" | Recitals |
| "Legal Requirements" | 8(a) |
| "Market Area" | 5 |
| "Estimated O&M Expense Fee" | 9(b) |
| "O&M Expenses" | 8(a) |
| "O&M Services" | 5 |
| "Operating Expense Reconciliation Statement" | 9(c) |
| "Personnel" | 8(a) |
| "Premises" | Recitals |
| "RSF" | 3 |
| "System Upgrades" | 12 |
| "Tenant" | Preamble |
| "Tenant's Share" | 9(a) |
| "Tenant Parties" | Defined in the ET Easement |
| "Term" | 4 |
| "TVA" | Preamble |
| "TVA Security Standards" | Defined in the ET Easement |
| "TVA's Normal Business Hours" | 6(b) |

Exhibit D

PARKING LICENSE AGREEMENT

This Parking License Agreement (this “**Agreement**”) is made and entered into as of the _____ day of _____, 2020 (“**Effective Date**”), by and between **Knox County, Tennessee**, a political subdivision of the State of Tennessee (“**Licensor**”), and **The University of Tennessee**, an instrumentality of the State of Tennessee (“**Licensee**”).

WHEREAS, Licensor holds a permanent easement to a building known as the Summer Place Complex (the “**SP Complex**”), which contains offices, warehouse and a parking garage, pursuant to a Grant of Permanent Easement dated as of _____, 2020 (the “**SP Easement**”), between Licensor and the Tennessee Valley Authority, an agency and instrumentality of the United States acting on behalf of the United States of America and organized and existing pursuant to the Tennessee Valley Authority Act of 1933, as amended (“**TVA**”);

WHEREAS, the parking garage in the SP Complex is known as the Summer Place Garage (the “**Parking Facility**”);

WHEREAS, Licensor also holds a term easement in the certain floors of the East Tower (the “**East Tower**”), which is a portion of the building complex, known as the Knoxville Office Complex, owned and operated by TVA, pursuant to a Grant of Term Easement dated as of _____, 2020 (the “**ET Easement**”) between TVA and Licensor, and Licensor and Licensee have entered into a Grant of Term Subeasement dated as of __, 2020 (the “**Subeasement**”) pursuant to which Licensor has granted Licensee a subeasement to occupy certain floors within such East Tower (the “**Subeasement Property**”); and

WHEREAS, Licensee desires to obtain from Licensor, and Licensor is willing to grant to Licensee, a license to use a certain number of parking spaces in the Parking Facility, subject to and in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing Recitals (which are incorporated herein by this reference), the mutual covenants and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound, Licensor and Licensee hereby agree as follows:

Section 1. Definitions. As used in this Agreement, the following terms have the meanings indicated:

Applicable Law means all present and future statutes, ordinances, rules, regulations, judicial decisions, permits, and certificates of any Governmental Authority in any way applicable to the Parking Facility, the License, Licensor, or Licensee, as the case may be.

Governmental Authority means any federal, state, local, or other governmental entity, or any agency thereof having jurisdiction over the Parking Facility, License, Licensor, or Licensee, as the case may be.

License has the meaning set forth in Section 2.

License Fee has the meaning set forth in Section 6.

Licensed Spaces has the meaning set forth in Section 2.

Licensee Users mean Licensee and any permitted subtenants of Licensee of the Subeasement Property, and the employees, visitors, customers, guests and invitees of such persons.

Parking Operator shall mean the person or person, which may be Licensor, designated by Licensor to manage and operate the Parking Facility. The initial Parking Operator shall be The Public Building Authority of the County of Knox and City of Knoxville, Tennessee.

Term has the meaning set forth in Section 3.

Section 2. Grant of License. Licensor hereby grants to Licensee a license during the Term (the “**License**”) for the use of the number of parking spaces set forth in Section 4 below within the Parking Facility for use by the Licensed Users (individually or collectively as the context requires, the “**Licensed Spaces**”), which License shall be subject to, and used in accordance with, the terms and conditions of this Agreement. The License shall be irrevocable by Licensor during the Term, except that Licensor may terminate the License if Licensee fails to pay any installment of the License Fee after written notice of such failure is given by Licensor to Licensee and such failure shall continue for a period of ninety (90) days after receipt of such notice.

Nothing in this Agreement constitutes a grant to Licensee of any estate in real property or a grant of the exclusive right to a particular parking space within the Parking Facility, but rather a license to provide access and use of that the number of Licensed Spaces in the Parking Facility described in Section 4 hereof. Licensor may effectuate access to the Licensed Spaces by providing to Licensee access to the number of Licensed Spaces through the use of access cards to the Parking Facility or other electronic or digital access as determined by Licensor from time to time. To the extent requested by Licensor, Licensee will cooperate with Licensor in distributing access cards or other means of digital or electronic access to the Parking Facility to the Licensee Users and will maintain, at Licensor’s request, a list of persons holding access cards or other access rights to the Parking Facility. Licensee acknowledges that Licensor may provide parking licenses for parking spaces in the Parking Facility to other licensees, including employees of Licensor, consistent with prudent parking practices and that the total number of licenses granted for the Parking Facility may exceed the total number of available spaces in the Parking Facility and may assume a certain number of licenses not being used at any time consistent with prudent parking operation practices.

Section 3. Term. The term of the License shall commence on the Fee Commencement Date as defined in the Subeasement and terminate on the later of (a) the date that the Subeasement terminates, (b) in the case that (i) Licensor assigns to Licensee the ET Easement, (ii) Licensee otherwise assumes Licensor's rights under the ET Easement or (iii) Licensee otherwise directly enters into an arrangement with TVA to lease or have an easement in tall or a portion of the East Tower, the date that Licensee's right to use all or a portion of the East Tower terminates or (c) the date that Licensee acquires Licensor's interest in the SP Complex pursuant that certain Right of Purchase Agreement between Licensor and Licensee dated as of __, 2020 (the "**Right of Purchase Agreement**"), provided in no event shall the term of the License exceed the last date that the ET Easement, including all renewals, could remain in effect if all renewals were exercised. The period that the License is in effect pursuant to this Section is referred to herein as the "**Term.**" Notwithstanding the foregoing, Licensor shall cooperate with Licensee in providing parking access to the Parking Facility as needed by Licensee between the Commencement Date and the Fee Commencement Date, as such terms are defined in the Subeasement, for Licensee Users needing access during the construction of improvements to the building space subject to the Subeasement.

Section 4. Visitor Spaces and Licensed Spaces. Licensor, Licensee and Parking Operator (if not Licensor) shall designate representatives to meet periodically to discuss the operation of the Parking Facility in a manner that will benefit all users of the Parking Facility, including Licensee Users. Initially, such representatives shall meet and decide prior to the Fee Commencement Date (as defined in the Subeasement) on the appropriate number of visitor spaces that Licensee and Licensor agree should be identified as designated visitor spaces for the use of visitors to the East Tower, as well as the location of such designated visitor spaces in the Parking Facility. In consultation with the Parking Operator, Licensor and Licensee shall jointly develop the process to permit visitors to use such spaces, such as a validation procedure or other visitor access method. After the number of dedicated visitor parking spaces are agreed upon, the Parking Operator shall provide the number of total remaining parking spaces in the Parking Facility, and Licensee shall be entitled to a License hereunder to use fifty percent (50%) of such spaces in the manner provided above, which shall be the Licensed Spaces. If the number of visitor spaces is adjusted in the future by agreement of Licensor and Licensee, the number of Licensed Spaces shall accordingly be adjusted. At the request of Licensee, the Parking Operator shall designate not to exceed thirty (30) spaces for fleet vehicles of Licensee, with such spaces counting toward the total Licensed Spaces granted to Licensee hereunder.

Section 5. Hours of Use. Subject to reasonable closures for maintenance and repairs and conditions beyond Licensor's control, Licensee shall have twenty-four hour use of the Licensed Spaces by the Users during the Term, seven days a week.

Section 6. Monthly Parking Fee. Licensee shall pay Licensor a fee of fifty dollars and no cents (\$50.00) per Licensed Space per month for the Term commencing on the Fee Commencement Date, as defined in the Subeasement. The fee shall be due by the tenth day of each month. Licensor may increase the fee not more frequently than 12 months from the most recent increase (or the Effective Date, as the case may be) based upon the average percentage increase during the prior year (or the period since the last increase in the fee or the

commencement of the payment of the fee, as the case may be) for monthly parking permits for public parking facilities in the downtown Knoxville area as determined by a survey of such fees by the Parking Operator. As a condition to the increase of the fee, the Parking Operator shall give Licensee at least sixty (60) days' prior written notice of such increase together with the supporting documentation on which such fee increase is based. The fees referenced in this paragraph shall be the License Fee for purposes of this Agreement.

Section 7. Maintenance and Use. Throughout the Term, subject to matters outside of its reasonable control, Licensor shall insure the Parking Facility consistent with Licensor's normal insurance practices for Licensor's other buildings and shall maintain the Parking Facility in good working order and repair in accordance with Applicable Law. Subject to matters outside of its reasonable control, Licensor shall allow access to the Parking Facility by Licensee Users. Each Licensee User shall be required to use the Parking Facility in accordance with all Applicable Law and in accordance with any rules and regulations adopted by Licensor in accordance with Section 8 hereof.

Section 8. Licensee's Use. Licensee agrees that use of the Parking Facility must be consistent with Applicable Law, and that Licensor and the Parking Operator may enforce Applicable Law and any reasonable rules and regulations adopted by the Parking Operator, in consultation with Licensor and Licensee, for the use of the Parking Facility from time to time.

Section 9. Notices. All notices and other communications under or with respect to this Agreement and/or the License shall be in writing and shall be deemed delivered (i) upon receipted delivery, if sent by messenger, personal courier, electronic mail or overnight courier, or (ii) three (3) business days after being deposited in the U.S. Mail, registered or certified, return receipt requested, in any case with postage/delivery prepaid or billed to sender and addressed as follows:

If to Licensor:

Knox County, Tennessee
400 Main Street, Suite 615
Knoxville, Tennessee 37902
Attention: Mayor

If to Licensee:

The University of Tennessee
709a Andy Holt Tower
Knoxville, TN 37996
Attn: David L. Miller
Senior Vice President and Chief Financial Officer

Either party may change its address for purposes of notice hereunder by delivering written notice thereto to the other in the manner set forth above. Notwithstanding the foregoing, any delivery

which is rejected by the addressee or which is undeliverable because of an address change of which no notice was given shall be deemed delivered upon the attempted delivery thereof.

Section 10. No Waiver. No waiver of any provision of this Agreement shall be considered a waiver of any other provision hereof nor a waiver of subsequent application of such provision. No waiver shall be enforceable unless in writing and signed by the party against whom enforcement is sought. No delay or omission in exercising or enforcing the rights herein granted shall be construed as a waiver of such rights. The acceptance by any party of a partial payment of any amount due and owing to such party hereunder shall not be deemed a waiver of the right to receive the balance of such account.

Section 11. Entire Agreement. Except for the Subeasement and Right of Purchase Agreement, this Agreement constitutes the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified or changed only by a written instrument signed by both parties. If any part of this Agreement is held indefinite, invalid, or otherwise unenforceable, the remaining provisions of this Agreement will continue in full force and effect to the fullest extent permitted by Applicable Law.

Section 12. Headings. The headings of the sections of this Agreement are for convenience of reference only and in no way define, limit or proscribe the scope of this Agreement or the intent of any provision hereof.

Section 13. Counterparts. This Agreement may be executed in one or more counterparts and may be delivered by facsimile or electronic mail, each of which is considered an original and all of which together constitute one and the same instrument.

Section 14. Governing Law. This Agreement shall be interpreted, and the rights and obligations of the parties hereto determined, in accordance with the internal laws of the State of Tennessee.

Section 15. Successors and Assigns; Assignment. The rights, covenants, conditions and provisions contained herein benefit the parties hereto and all successors in title thereto as if such successors are the originally named parties, and the parties hereby bind themselves, their successors and assigns to warrant and forever comply with the obligations granted and agreed to herein unto and by each other, their successors and assigns, and against every person whomsoever lawfully claiming or to claim the same or any part thereof. This Agreement (and the rights and obligations herein) may not be assigned by either party without the written consent of the other party, provided, subject to the Right of Purchase Agreement, Licensor may assign this Agreement to any purchaser or assignee of its interest in the SP Complex.

Signatures follow.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the date first written above.

LICENSOR:

KNOX COUNTY, TENNESSEE

By: _____

Name: _____

Title: _____

LICENSEE:

UNIVERSITY OF TENNESSEE

By: _____

Name: _____

Title: _____

Prepared by:

Michael B. Tindle, Attorney
Tennessee Valley Authority
1101 Market Street, BR 4B
Chattanooga, Tennessee 37402
Telephone: (888) 817-5201

TVA TRACT NO. XKOC-9E

EXHIBIT E
(TVA - Knox County for use of Fritts Lot)

GRANT OF TERM EASEMENT

THIS GRANT OF TERM EASEMENT (the "Fritts Easement"), made and entered into by and between the UNITED STATES OF AMERICA (sometimes hereinafter referred to as "GRANTOR"), acting by and through its legal agent, the TENNESSEE VALLEY AUTHORITY (sometimes hereinafter referred to as "TVA"), an executive branch corporate agency and instrumentality of the United States of America created and existing under and by virtue of an act of Congress known as the Tennessee Valley Authority Act of 1933, as amended, and KNOX COUNTY, TENNESSEE, a political subdivision of the State of Tennessee (sometimes hereinafter referred to as "GRANTEE"), shall be effective as of the date of the latest signature of the parties hereto (the "Effective Date");

WITNESSETH:

WHEREAS TVA is authorized by 40 U.S.C. § 1314 to grant to an applicant, on behalf of the UNITED STATES OF AMERICA, such easements affecting Federal property in its custody and control as TVA's Board of Directors determines will not be adverse to the interests of the GRANTOR; and

WHEREAS GRANTOR and GRANTEE have entered into the Grant of Term Easement in the East Tower ("the ET Easement"), a portion of the building complex known as the Knoxville Office Complex, including the plaza and grounds, located at 400 West Summit Hill Drive in the City of Knoxville, Knox County, Tennessee, the ET Easement being identified as TVA Tract No. XKOC-15E; and

WHEREAS in order to fully utilize the ET Easement, GRANTEE desires use of an adjacent parcel of land owned by GRANTOR for parking and service elevator purposes; and

WHEREAS in considering GRANTEE's application, TVA's Board of Directors has determined that the granting of the following described Fritts Easement, subject to the conditions provided herein, will not be adverse to the interests of GRANTOR;

NOW, THEREFORE, in consideration of the provisions recited herein:

1. GRANTOR, acting by and through TVA, its legal agent as to real property, pursuant to the provisions of 40 U.S.C. § 1314, and subject to all of the terms, conditions, reservations, restrictions, exceptions, and/or limitations contained in this Fritts Easement, does hereby grant, bargain, sell, and convey to GRANTEE a term easement for purposes of parking and for constructing, maintaining, and using a service elevator, or other use as specifically approved in advance by TVA serving the ET Easement, in accordance with plans approved in advance and in writing by TVA, all in, on, over, across, and under certain land located in Knox County, Tennessee, designated as TVA Tract No. XKOC-9E (hereinafter referred to as the "Fritts Easement Area") and more particularly described in Exhibit A and shown on Exhibit B, both of which are attached hereto and made a part hereof.

2. This entire grant is expressly made upon and subject to the following conditions, which shall be binding on GRANTEE:

- (a) The Fritts Easement Area shall be used solely for purposes of parking and for constructing, maintaining, and using a service elevator, or other use as specifically approved in advance by TVA, serving the ET Easement. All improvements or alterations, other than routine maintenance, resurfacing, restriping, and replacing wheel stops, and other Cosmetic Alterations (as such term is defined in the ET Easement) placed upon or within the Fritts Easement Area shall be approved in advance and in writing by TVA in accordance with the same process and requirements described in Article 7 of the ET Easement and which definition shall include any alterations to the parking surface or any new structures on the Fritts Easement Area as part of the System or Structural Alterations (as defined in Article 7(a) of the ET Easement) for the purposes of this section.
- (b) GRANTEE shall assume responsibility for the full management and maintenance of the Fritts Easement Area in a professional manner including, but not limited to, routine maintenance, resurfacing, restriping, replacing wheel stops, provision, installation, and maintenance of signage, sufficient lighting to provide safety and security, connection and payment of utilities, as applicable, surface maintenance, and parking management.
- (c) The term of this Fritts Easement (the "Term") shall begin on the same date as the Commencement Date (as defined in the ET Easement) and be co-extensive with the term of the ET Easement and any Renewal Terms (as defined in the ET Easement). As such, the reference to "Term" shall include any and all Renewal Options (as defined in the ET Easement) for the term of this Fritts Easement.
- (d) The Fee (as defined in the paragraph below) for the Fritts Easement shall begin to accrue on the Commencement Date and shall be paid in lawful money of the United States of America in annual installments beginning on the Commencement Date then annually on each anniversary of the Commencement Date during the Term, or any Renewal Term, without deduction or offset whatsoever. The Fee for any period of less than one (1) year shall be apportioned based upon 365 calendar days in a year. The Fee shall be paid via Electronic Fund Transfer ("EFT"), which shall be arranged by GRANTEE through its banking institution.

The first annual installment payment to TVA by GRANTEE shall be in the amount of TWENTY-THREE THOUSAND ONE-HUNDRED AND NO/100 DOLLARS (\$23,100.00) due upon the Commencement Date and each annual installment thereafter shall increase two-percent (2%) annually over the previous year's annual installment (the "Fee") during the initial Term as follows:

| <u>Year</u> | <u>Annual Fee</u> | <u>Year</u> | <u>Annual Fee</u> | <u>Year</u> | <u>Annual Fee</u> |
|-------------|-------------------|-------------|-------------------|-------------|-------------------|
| Year 1: | \$23,100 | Year 6 | \$25,504 | Year 11: | \$28,159 |
| Year 2: | \$23,562 | Year 7: | \$26,014 | Year 12: | \$28,722 |
| Year 3: | \$24,033 | Year 8: | \$26,535 | Year 13: | \$29,296 |
| Year 4: | \$24,514 | Year 9: | \$27,065 | Year 14: | \$29,882 |
| Year 5: | \$25,004 | Year 10: | \$27,607 | Year 15: | \$30,480 |

At GRANTEE's option, in lieu of annual installments for the initial Term of this Fritts Easement, GRANTEE shall pay to TVA the lump sum of TWO-HUNDRED EIGHT THOUSAND SIXTY-EIGHT AND NO/100 DOLLARS (\$208,068.00), which shall be due upon closing of the transactions contemplated by this Fritts Easement.

The Fee for the annual installment during any Renewal Term shall increase by two percent (2%) annually, net of all expenses, over the previous year of the Term or any Renewal Term. At GRANTEE’S option, for each Renewal Term in lieu of annual installment payments, GRANTEE shall pay to TVA the lump sum on the first day of the Renewal Term as follows:

| | |
|---|-----------|
| 1 st Renewal Term (Year 16-20) | \$125,434 |
| 2 nd Renewal Term (Year 21-25) | \$138,490 |
| 3 rd Renewal Term (Year 26-30) | \$152,904 |
| 4 th Renewal Term (Year 31-35) | \$168,818 |
| 5 th Renewal Term (Year 36-40) | \$186,389 |

- (e) In the event that GRANTEE shall fail, regardless of time period, to conduct all activities associated with the exercise of rights granted hereunder in such a manner as to comply with the provisions of Exhibit C, TVA Security Standards, which is attached hereto and made a part hereof (hereinafter described as “Security Default”), GRANTOR or TVA shall have the right but not the obligation to immediately enter the Fritts Easement Area, and to supervise and direct actions to ensure compliance with the aforesaid provisions of Exhibit C, TVA Security Standards, all at GRANTEE’s cost and expense plus applicable overhead calculated according to TVA standard practices, which shall be invoiced, and be due and payable to TVA thirty (30) days after receipt of invoice. In the event that GRANTEE shall fail or cease to use the Fritts Easement Area for the purpose for which this Fritts Easement is granted for a period of three (3) consecutive months or more, or shall, regardless of time period, initiate use of the Fritts Easement Area for some other purpose, or commit any breach of any of the terms, conditions, or covenants of this Fritts Easement, in whole or in part (hereinafter collectively a “Default”), then GRANTOR or TVA, or their successors or assigns, may send a written notice to GRANTEE describing such Default. GRANTEE shall have ninety (90) days from the receipt of such notice to cure such Default; provided, if the Default is of such a nature that it cannot be cured within ninety (90) days but is capable of being cured, GRANTEE shall commence and diligently pursue such cure within said 90 days. If (i) GRANTEE does not cure such default within said ninety (90)-day period or (ii) the Default is of such a nature that it cannot be cured within ninety (90) days and GRANTEE is not diligently pursuing such cure, then GRANTOR, TVA, or their successors or assigns, may exercise any and all remedies at law or in equity but specifically excluding termination or a permanent injunction of the use of this easement (but GRANTOR and TVA shall not be limited in pursuing injunctive relief to halt an ongoing violation of law or regulation by GRANTEE).
- (f) If GRANTEE fails to pay the Fee when or before due, and such failure continues for a period of forty-five (45) calendar days from the date on which TVA notifies GRANTEE that said sum is unpaid, unless otherwise agreed in advance in writing by TVA, then GRANTOR, TVA, or their successors or assigns may terminate the Fritts Easement by sending a second written notice to GRANTEE and take possession of the Fritts Easement Area as if this Fritts Easement had never been made. Such termination shall be effective as of the date of such second notice; provided, however, that GRANTEE shall have the right during a period of ninety (90) days immediately following the date of such notice of termination to remove any signage or personal property placed by it on the Fritts Easement Area. Any failure of GRANTOR or TVA to exercise such power of termination shall not be construed as a waiver of any of the conditions, covenants, or rights of the GRANTOR or TVA.
- (g) The Fritts Easement Area shall be an appurtenance to the ET Easement and shall not be leased, sold, subdivided, or otherwise alienated.

- (h) This Fritts Easement shall immediately terminate upon any termination of the ET Easement or GRANTEE's right to possession of the Premises (as such term is defined in the ET Easement). In the event the Fritts Easement is terminated due to a termination of the ET Easement pursuant to Article 20 of the ET Easement and such termination occurs on any day other than the last day of an annual Fee period, any unearned prepaid Fee shall be refunded to GRANTEE.
 - (i) Any payment by GRANTEE to TVA under this Section 2 shall be expressly subject to GRANTEE's audit rights described in Section 26 of this Fritts Easement.
3. GRANTEE, by accepting this grant, covenants and agrees on behalf of itself, its successors and assigns, that the following shall constitute real covenants which shall attach to and run with the Fritts Easement hereby granted, and which shall also be binding upon anyone who may hereafter come into ownership thereof, whether by purchase, devise, descent, or succession:
- (a) GRANTEE shall control all emissions of pollutants (other than those caused solely by TVA) that might be discharged or released directly or indirectly into the atmosphere, into any stream, lake, reservoir, watercourse, or surface or subterranean waters, or into or on the ground from any part of the Fritts Easement Area, in full compliance with all applicable standards and requirements relating to pollution control of any kind now in effect or hereafter established by or pursuant to Federal, state, or local statutes, ordinances, codes, or regulations.

If there is a discharge or release of a hazardous substance, material, or waste, or of any pollutant or other substance after the Effective Date, in or from the Fritts Easement Area by any person or entity other than GRANTOR or TVA for which a cleanup, remediation, restoration, removal, or other action (hereinafter, individually and collectively, referred to as "Environmental Response") is ordered or required pursuant to any Federal, state, or local statute, regulation, or ordinance (including, without limitation, discharges or releases which spread or move in whole or in part beyond the Fritts Easement Area to other areas owned by GRANTOR), GRANTEE shall bear full responsibility for the cost (including, without limitation, natural resources damages and costs) of said Environmental Response, and shall not seek any contribution or indemnification from GRANTOR or TVA for all or any portion of said costs; provided, however, that nothing in this covenant is intended to or shall preclude GRANTEE from seeking indemnification or contribution from any other person or entity, and provided further that nothing herein shall create any rights in or be enforceable by any person or entity other than GRANTOR, TVA, or their respective successors and assigns.

GRANTEE agrees to be responsible for all claims, damages, demands, actions, costs, charges, and penalties, and any cleanup, remediation, restoration, and/or removal that may result from an environmental condition in, on, or originating from the Fritts Easement Area or arising in connection with GRANTEE's (or GRANTEE's assignee's, sublessee's, grantee's, subgrantee's, lessee's, or licensee's) use of the Fritts Easement Area (including exacerbating a pre-existing environmental condition); provided, however, that GRANTEE shall have no responsibility for any such condition or exacerbation of any pre-existing condition caused by any activities of any party other than GRANTEE prior to the Effective Date.

In connection with any cleanup, remediation, restoration, removal, or other action by GRANTEE with respect to any environmental condition, GRANTEE shall not agree to any engineered or institutional controls, such as land use and activity restrictions, that would affect GRANTOR's or TVA's fee simple interest in the Fritts Easement Area or would in any way be binding upon GRANTOR or TVA without first obtaining the prior written consent of TVA.

While the parties agree that this Fritts Easement is not assignable or otherwise transferable pursuant to Section 4 below, in the event this Fritts Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such successor GRANTEE shall indemnify, defend, and hold harmless GRANTOR and TVA from any and all claims, costs, or losses that may arise as a result of such GRANTEE's breach of this Section 3. For the avoidance of doubt, while the parties agree that this Fritts Easement is not assignable or otherwise transferable pursuant to Section 4 below, in the event this Fritts Easement is assigned to a party that is not prohibited by law to indemnify TVA, such assignee shall be obligated to indemnify TVA to the extent provided in this Fritts Easement. Notwithstanding the foregoing, in no event shall Knox County, Tennessee (as GRANTEE) or any of its agencies or instrumentalities be required to indemnify, defend, or hold GRANTOR or TVA harmless under this Fritts Easement.

- (b) While the parties agree that this Fritts Easement is not assignable or otherwise transferable pursuant to Section 4 below, in the event this Fritts Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such successor GRANTEE further agrees to indemnify GRANTOR and TVA against and save them harmless from all claims, damages, demands, actions, costs, and charges to which they or either of them may be subject or which they or either of them may have to pay by reason of any injury to any person or property, or loss of life or property suffered or sustained by any person whomsoever, resulting from or in any way connected with the condition or use of the Fritts Easement Area, including any means of ingress thereto or egress therefrom, except liability for personal injuries, property damage, or loss of life or property caused by the sole negligence of GRANTOR or TVA. For the avoidance of doubt, while the parties agree that this Fritts Easement is not assignable or otherwise transferable pursuant to Section 4 below, in the event this Fritts Easement is assigned to a party that is not prohibited by law to indemnify TVA, such assignee shall be obligated to indemnify TVA to the extent provided in this Fritts Easement. Notwithstanding the foregoing, in no event shall Knox County, Tennessee (as GRANTEE) or any of its agencies or instrumentalities be required to indemnify, defend, or hold GRANTOR or TVA harmless under this Fritts Easement.
- (c) Unless specifically authorized by TVA, no substances listed as hazardous under the Resource Conservation Recovery Act of 1976, as amended, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the National Oil and Hazardous Substance Pollution Contingency Plan, or any other federal, state, or local law or regulation except as are usual and customary in the normal course of conducting the activities allowed or authorized to be conducted under the terms of this Fritts Easement shall be brought onto or used on the Fritts Easement Area by GRANTEE or their agents, employees, or contractors. To request authorization from TVA, GRANTEE shall provide to TVA a written statement setting forth (1) the exact name and quantity of the hazardous substances to be brought onto the Fritts Easement Area; (2) the reason for bringing the hazardous substances onto the Fritts Easement Area; (3) the protective practices to be instituted; and (4) the counter-measures and cleanup practices to be used in the event of a discharge or release. TVA shall not provide such authorization unless GRANTEE provides the foregoing written statement, and nothing herein shall be construed to require TVA to provide such authorization. If a discharge or release occurs, GRANTEE shall notify TVA at 1-800-237-2322 within twenty-four (24) hours and shall notify federal, state, and local authorities in accordance with applicable laws and regulations. GRANTEE shall provide TVA copies of all correspondence and reports submitted to regulatory authorities in connection with placement or discharge or release of hazardous substances on the Fritts Easement Area. Except as provided hereinabove, GRANTEE shall provide TVA a complete accounting of the hazardous substances brought onto the Fritts Easement Area by GRANTEE, including the beginning and ending dates that the substances were present on the Fritts Easement Area and the ultimate disposition of the substances.

- (d) GRANTEE shall keep the Fritts Easement Area and its improvements, if any, on the Fritts Easement Area in a safe condition and in good order and appearance and shall collect and dispose of all trash, garbage, and other solid wastes accumulated or left on said Fritts Easement Area by GRANTEE or its agents, employees, or contractors; and GRANTEE shall require any third party allowed to operate, build and maintain improvements on the Fritts Easement Area to do the same.
- (e) GRANTEE will conduct all land-disturbing activities on the Fritts Easement Area in accordance with best management practices to control erosion and sedimentation so as to prevent adverse impacts on water quality and related aquatic interests in order to meet the requirements of Section 208 of the Clean Water Act and implementing regulations. In addition, GRANTEE will conduct all land disturbing activities on the Fritts Easement Area in such a manner so as to avoid the spread of and minimize the cost of removing or remediating soil or water contaminated by petroleum or CERCLA hazardous substances. Upon discovery of any such contaminated soil or water in or on the Fritts Easement Area, GRANTEE shall immediately stop all activity in the area of discovery, make a reasonable effort to prevent the spread of the contamination, and notify TVA at 1-800-237-2322. GRANTEE shall also provide written notice to TVA. GRANTEE will not resume work in the area of discovery until such condition has been remediated in accordance with applicable environmental laws and regulations.
- (f) GRANTEE shall conduct all activities associated with the exercise of rights granted hereunder in such a manner as to: (1) comply with the provisions of Exhibit C; (2) comply with all applicable local, state, and Federal laws and regulations and all applicable standards and regulations of the Federal Occupational Safety and Health Administration ("OSHA"), which obligation shall include requiring that GRANTEE and its contractors (including any subcontractors) that GRANTEE utilizes to perform work on or in the Fritts Easement Area comply with OSHA requirements and that any/all required training is provided for such work; and (3) comply with all applicable local, state, and Federal environmental laws and regulations. Furthermore, GRANTEE shall be responsible for obtaining all necessary licenses, permits, and/or approvals required by local, state, or Federal statutes and regulations prior to the commencement of any activities on the Fritts Easement Area.
- (g) GRANTEE shall not disturb or alter in any way the existing state of any archaeological sites, human remains, funerary objects, sacred objects, objects of cultural patrimony, or any other archaeological resources which may be discovered or identified on or under the Fritts Easement Area. Upon the discovery of any such items, GRANTEE shall immediately stop all activity in the area of the discovery, make a reasonable effort to protect such items, and notify TVA's Cultural Compliance Staff by telephone at (865) 632-2931. GRANTEE shall also provide written notification of such discovery to TVA, Cultural Compliance, 400 West Summit Hill Drive, WT-11D, Knoxville, Tennessee 37902. GRANTEE will not resume work in the area of the discovery until approved by TVA.
- (h) GRANTOR recognizes that Knox County is a public instrumentality and is exempt from taxation. However, to the extent that the State of Tennessee or its political subdivisions purport to impose any taxes, charges, or other assessments on or against Knox County's use of the Fritts Easement Area, including without limitation, any taxes, charges, or other assessments upon Knox County's buildings, structures, facilities, improvements, or other property related to this Fritts Easement or upon Knox County's operations pursuant to this Fritts Easement, Knox County will address the matter with the State of Tennessee or the political subdivision. While the parties agree that this Fritts Easement is not assignable or otherwise transferable pursuant to Section 4 below, in the event this Fritts Easement or any portion of the Fritts Easement Area is assigned, leased, licensed, or otherwise transferred

(all expressly subject to the restrictions on transfer contained in this Fritts Easement) to a person or entity not exempt from taxation, such assignee, lessee, licensee, or transferee of GRANTEE shall promptly pay, or shall promptly reimburse GRANTOR and TVA as approved by TVA, for all ad valorem taxes, charges, governmental assessments, fees or other increases in taxes, charges, or governmental assessments which may be imposed by the State of Tennessee or its political subdivisions related to such assignee's, lessee's, licensee's, or transferee's use of the Fritts Easement Area, including without limitation, any taxes or increases upon such assignee's, lessee's, licensee's, or transferee's buildings, structures, facilities, improvements, or other property related to this Fritts Easement or upon such assignee's, lessee's, licensee's, or transferee's operations pursuant to this Fritts Easement.

- (i) The parties shall comply with the following requirements relating to the maintenance of insurance:
- (1) Commercial General Liability Insurance. TVA, at its reasonable discretion, shall maintain, for the Term (and any Renewal Term) of this Fritts Easement and extending for the entirety of the ninety (90) day period after termination described in Section 2(f) of this Fritts Easement, commercial general liability insurance with respect to the Fritts Easement Area (and not other properties of GRANTEE) with the limits and meeting the additional requirements described in Section 3(i)(5) below (to the extent applicable, in TVA's discretion); provided, however, (a) that such commercial general liability policy may also cover the East Tower and Summer Place Complex that are subject to easements being granted by GRANTOR and TVA to GRANTEE; (b) that such commercial general liability policy may be subject to modification as provided in Section 3(i)(10); and (c) GRANTEE shall be responsible for payment of all premiums and an annual Claim Administration Fee (as defined and further described in Section 3(i)(11) below) in connection with such commercial general liability policy. The commercial general liability insurance policy shall have a minimum coverage limit of \$1,000,000 per occurrence / \$2,000,000 annual general aggregate. GRANTEE shall have no benefit or loss payee or additional insured status under such commercial general liability policy. TVA may also reduce coverage limits and requirements if it desires in its sole discretion.
 - (2) Property Insurance. GRANTEE shall maintain, for the Term (and any Renewal Term) of this Fritts Easement and extending for the entirety of the ninety (90) day period after termination described in Section 2(f) of this Fritts Easement, property insurance with respect to the full replacement cost of any and all buildings, improvements, and alterations, fixtures, additions, structures, and signs (specifically including, but not limited to, the service elevator to be constructed by GRANTEE) on and in the Fritts Easement Area, consistent with GRANTEE's property insurance for other properties of GRANTEE. In addition, (i) GRANTEE shall maintain business interruption insurance on the Fritts Easement Area in an amount of One Million Dollars (\$1,000,000); provided, however, that GRANTEE may self-insure this business interruption requirement and such total insurable amount may also cover the East Tower and Summer Place Complex that are subject to easements being granted by GRANTOR and TVA to GRANTEE; and (ii) during such time as GRANTEE is performing work in, on, or to the Fritts Easement Area, GRANTEE, at GRANTEE's expense, shall also maintain, or shall cause its contractor(s) to maintain, builder's risk insurance for the full insurable value of such work. TVA, and such additional persons or entities as TVA may reasonably request, shall be named as loss payees, as their interests may appear, on any builder's risk policies required by this Section 3(i)(2). All insurance policies under this Section 3(i)(2) must meet the additional requirements described in Section 3(i)(5) below. For the avoidance of doubt, the service elevator to be constructed by GRANTEE on the Fritts Easement Area shall be a part of the Fritts Easement Area, and not the Premises (as such term is defined in the ET Easement).

- (3) Personal Property Insurance. GRANTEE shall maintain, for the Term (and any Renewal Term) of this Fritts Easement and extending for the entirety of the ninety (90) day period after termination described in Section 2(f) of this Fritts Easement, personal property insurance on all personal property, furniture, fixtures, and equipment (including, but not limited to, all technological and computing equipment) owned by GRANTEE in the Fritts Easement Area and in an amount determined by GRANTEE based on GRANTEE's inventory control systems. The personal property insurance policy under this Section 3(i)(3) must meet the additional requirements described in Section 3(i)(5) below.
- (4) Excess Liability Insurance. TVA, at its reasonable discretion, shall maintain, for the Term (and any Renewal Term) of this Fritts Easement and extending for the entirety of the ninety (90) day period after termination described in Section 2(f) of this Fritts Easement, an excess liability insurance ("umbrella") policy with respect to the Fritts Easement Area (and not other properties of GRANTEE) in the amount of Ten Million Dollars (\$10,000,000) and meeting the additional requirements described in Section 3(i)(5) below (to the extent applicable, in TVA's sole discretion); provided, however, (a) that such excess liability policy may also cover the East Tower and Summer Place Complex that are subject to easements being granted by GRANTOR and TVA to GRANTEE; (b) that such excess liability policy may be subject to modification as provided in Section 3(i)(10); and (c) GRANTEE shall be responsible for payment of all premiums and an annual Claim Administration Fee in connection with such excess liability policy. GRANTEE shall have no benefit or loss payee or additional insured status under such excess liability policy. TVA may also reduce coverage limits and requirements if it desires in its sole discretion.
- (5) Requirements for Insurance. With respect to any insurance GRANTEE is required to maintain hereunder, each of the following requirements in this Section 3(i)(5) shall apply. All insurance required to be maintained by GRANTEE pursuant to this Fritts Easement shall be maintained with responsible companies that are admitted to do business in the State of Tennessee, and are in good standing in the jurisdiction in which the Fritts Easement Area is located and that have an A.M. Best rating of at least "A-". All insurance policies required hereunder shall contain an endorsement prohibiting cancellation, failure to renew, reduction of amount of insurance, or change in coverage without the insurer and/or GRANTEE endeavoring to first give TVA thirty (30) calendar days' prior written notice (by certified or registered mail, return receipt requested, or by fax or email) of such proposed action; provided, however, that prior notice of policy cancellation for non-payment shall be ten (10) calendar days. In the event that GRANTEE uses its best efforts to procure the foregoing endorsement from its insurer but is unsuccessful due to the endorsement not being legally available at the time the policy is issued or renewed, GRANTEE shall (i) immediately notify TVA of its failure to receive this endorsement; and (ii) notify TVA of any possible cancellation, failure to renew, reduction of amount of insurance, or change in coverage immediately once GRANTEE has knowledge of such. All insurance policies or letters of self-insurance described in this Section 3(i) (except for the workers' compensation insurance or workers' compensation self-insurance described in Section 3(i)(8) below) shall (i) include TVA, GRANTOR, and their officers, agents, employees, and volunteers as additional insureds; (ii) include a waiver of subrogation endorsement in favor of GRANTOR/TVA; and (iii) not include any "pollution" exclusion or any similar exclusion for any environmental liabilities. No property insurance policy shall contain any self-insured retention greater than \$100,000.
- (6) Reimbursement. For the commercial general liability policy described in Section 3(i)(1) and the excess liability policy described in Section 3(i)(4), GRANTEE shall be responsible for payment of all premiums (typically billed annually, or as billed by the insurance provider) and an annual Claim Administration Fee in connection with such policies, all of which shall be invoiced using TVA's standard invoice format, and TVA shall attach reasonable supporting detail describing any premiums and the annual Claim Administration Fee. GRANTEE shall pay TVA's invoice within thirty (30) calendar days of

its receipt of TVA's invoice. GRANTEE's requirement to reimburse TVA under this Section 3(i) is absolute, and any financial, reimbursement, and payment obligations and responsibilities of GRANTEE under this Section 3(i) shall be considered separate from any other financial, reimbursement, or payment obligations or responsibilities of GRANTEE under this Fritts Easement and shall not be subject to offsets or credits based on any other payments or reimbursements paid by GRANTEE to TVA under this Fritts Easement. All payments to TVA shall be made by EFT. TVA shall procure the insurance policies required by Sections 3(i)(1) and 3(i)(4) pursuant to TVA's normal procurement procedures so as to ensure that such insurance policies are being procured at reasonable cost.

Additionally, in the event GRANTEE (a) fails to obtain or maintain any insurance it is required to maintain under this Section 3(i); (b) fails to provide such insurance meeting all requirements of this Section 3(i); or (c) fails to deliver such policies or certificates as required by this Section 3(i), TVA may, at its option, on five (5) calendar days' notice to GRANTEE, procure such policies for the account of GRANTEE, and all premiums and damages incurred by TVA as a result of GRANTEE's breach of this Fritts Easement due to GRANTEE's failure to maintain its insurance obligations described in this Section 3(i) shall be paid by GRANTEE to TVA within five (5) calendar days after delivery to GRANTEE of invoices therefor; provided, however, TVA shall not procure any personal property insurance policies on account of GRANTEE.

- (7) Certificates of Insurance. On or before the Effective Date, GRANTEE shall furnish TVA with certificates (or a letter of self-insurance if self-insurance is expressly permitted for the specific insurance requirement under this Section 3(i)) evidencing the insurance coverage required by this Fritts Easement, and renewal certificates shall be furnished to TVA at least annually thereafter, and at least thirty (30) days prior to the expiration date of each policy for which a certificate was furnished. Upon request by TVA, a true and complete copy of any insurance policy required by this Fritts Easement shall be delivered to TVA within ten (10) business days following TVA's request.
- (8) Workers' Compensation Insurance. GRANTEE has certified self-insurance status for workers' compensation by the State of Tennessee Department of Commerce and Insurance. In the event GRANTEE, for any reason, does not maintain or loses its self-insurance certification status for workers' compensation from the State of Tennessee Department of Commerce and Insurance, GRANTEE must maintain and provide to TVA a policy of Workers' Compensation insurance complying with the requirements of state law and employer's liability of at least \$1,000,000. While the parties agree that this Fritts Easement is not assignable or otherwise transferable pursuant to Section 4 below, in the event this Fritts Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such approved assignee, unless self-insured in accordance with applicable law, must maintain and provide to TVA a policy of Workers' Compensation insurance complying with the requirements of state law and employer's liability of at least \$1,000,000.
- (9) Relationship to Indemnification Provisions. As is provided in Section 3(b) herein, GRANTEE is not required to indemnify GRANTOR or TVA in any manner under this Fritts Easement. Because no such indemnity is being provided by GRANTEE, GRANTEE has agreed to procure (or reimburse TVA for, where applicable) the insurance described above in this Section 3(i). While the parties agree that this Fritts Easement is not assignable or otherwise transferable pursuant to Section 4 below, in the event this Fritts Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such approved assignee must provide both (i) all of the insurance described in this Section 3(i); and (ii) all of the indemnification, defense, and hold harmless obligations described in this Fritts Easement. Additionally, while the parties agree that this Fritts Easement is not assignable or otherwise transferable pursuant to Section 4 below, in the event this

Fritts Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, TVA shall not be required to maintain the insurance policies described above in Sections 3(i)(1) and 3(i)(4), and the approved assignee shall be required to maintain these policies including all requirements described in this Section 3(i). All provisions in this Section 3(i) allowing GRANTEE to self-insure certain insurance requirements (as more particularly described herein) shall only apply to Knox County, Tennessee, as GRANTEE, and while the parties agree that this Fritts Easement is not assignable or otherwise transferable pursuant to Section 4 below, in the event this Fritts Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, the approved assignee will not be permitted to self-insure any insurance requirement unless approved in writing and in advance by TVA.

- (10) Future Proposals. In the event that GRANTEE desires to obtain its own insurance coverage for either or both of the policies described above in Sections 3(i)(1) (as to commercial general liability insurance) and 3(i)(4) (as to excess liability insurance), GRANTEE shall provide a proposal to TVA as to GRANTEE's potential assumption of such coverage, to be reviewed and approved by TVA in its sole discretion, and provided that such proposal is satisfactory to TVA and the proposed insurance policies meet all the requirements of this Section 3(i), the parties shall mutually work together in good faith to amend the applicable subsections of this Section 3(i) as necessary and appropriate to reflect the terms and conditions of such satisfactory proposal.
- (11) Claim Administration Fee. The "Claim Administration Fee", as used in this Section 3(i), shall mean an annual fee paid by GRANTEE to TVA to cover TVA's expenses related to the cost of procuring, maintaining, and administering claims under the commercial general liability and excess liability policies described in Sections 3(i)(1) and 3(i)(4) above. TVA shall invoice GRANTEE (and GRANTEE shall pay such invoice) for the Claim Administration Fee of Ten Thousand Dollars (\$10,000) per calendar year, all pursuant to the provisions of Section 3(i)(6) above. TVA may apply and use the proceeds of such Claim Administration Fee in its discretion.

In the event that the expenses related to administering claims under the commercial general liability and excess liability policies described in Sections 3(i)(1) and 3(i)(4) above are projected by TVA to be higher than Ten Thousand Dollars (\$10,000) in any given calendar year during the Term (and any Renewal Term) of this Fritts Easement, the parties agree to mutually work together in good faith to amend the applicable subsections of this Section 3(i) as necessary and appropriate to reflect such updated Claim Administration Fee amount.

- (12) Interpretation. Notwithstanding anything to the contrary in this Fritts Easement, as the insurance policies TVA is procuring under Sections 3(i)(1) (as to commercial general liability) and 3(i)(4) (as to excess liability) are solely for TVA's benefit, the parties understand and agree that: (i) claims against and recovery under such insurance policies shall be at TVA's sole discretion; (ii) GRANTEE shall be responsible for any claims, suits, damages, demands, actions, costs, charges, and penalties resulting from any of GRANTEE's actions or omissions on the Fritts Easement Area; and (iii) with respect to claims, suits, damages, demands, actions, costs, charges, and/or penalties sought by individuals or entities against GRANTEE, GRANTEE shall not direct those individuals and entities to such insurance policies as an option for recovery.

4. Neither this Fritts Easement nor any interest herein may be assigned, transferred, or conveyed by GRANTEE, whether by sale, assignment, operation of law, or otherwise and the Fritts Easement Area may not be leased or subleased in whole or in part. Use or control of the Fritts Easement

Area may be granted by license, permit, or concession agreement if GRANTEE has secured written permission from TVA prior to such license, permit, or concession agreement, which permission need not be given and shall be at TVA's sole and absolute discretion. Provided, however, GRANTEE may allow use of the Fritts Easement Area by a subtenant of the ET Easement approved or authorized pursuant to Article 18 of the ET Easement or any department of the GRANTEE.

5. GRANTOR reserves the right to assign or transfer this Fritts Easement as may be necessary or desirable in TVA's sole discretion.
6. If at any time during the Term (or any Renewal Term) of this Fritts Easement GRANTOR shall provide GRANTEE with comparable alternative service elevator arrangements reasonably acceptable to GRANTEE, then GRANTOR or GRANTEE may terminate this Fritts Easement by providing written notice to the other party.
7. Upon termination of the Fritts Easement for any grounds or reason provided herein, or upon expiration of any Term or any Renewal Option (as provided in the ET Easement), GRANTEE agrees to peaceably deliver to GRANTOR possession of the Fritts Easement Area. Other than removal of GRANTEE's signage or personal property as provided in Section 2(f) above, GRANTEE shall have no right or obligation to restore the Fritts Easement Area unless such restoration is the result of GRANTEE's failure to obtain TVA approval under Section 2(a) above; provided, however, any property or structures not so removed shall be deemed abandoned by GRANTEE, and title to the same shall thereupon pass to GRANTOR. GRANTOR shall have the right to use, remove and/or dispose of any such abandoned property or structures.
8. GRANTOR makes no warranties or representations to GRANTEE or any other party, either express or implied, as to the adequacy, condition, safety, reliability, merchantability, suitability, or adaptability of the property for the purposes herein granted, or any means of access to or egress from the property provided or made available by this Fritts Easement.
9. It is expressly understood and agreed that neither GRANTEE nor TVA will be considered the agent of the other for any purpose under this grant. The UNITED STATES OF AMERICA, TVA, and their agents and employees undertake no obligation or duty (in tort, contract, strict liability, or otherwise) to GRANTEE, or any other party for any damages to property (real or personal) or personal injuries (including death) arising out of or in any way connected with the acts or omissions of GRANTEE or any other persons.
10. GRANTOR and TVA, its legal agent, reserve for themselves and for their successors, and assigns, the following with respect to the Fritts Easement Area: (1) a continuing right of physical entry to any and all parts of the Fritts Easement Area (including subsurface and air space) to inspect and monitor the Fritts Easement Area or for doing and performing any and all things that GRANTOR or TVA may consider or determine to be necessary or desirable in connection with any present or future statutory function, activity, or program authorized or provided for by the Tennessee Valley Authority Act of 1933, as heretofore or hereafter amended, to the extent that such activities shall not unreasonably interfere with the rights granted hereunder; and (2) the right to grant additional rights to third parties for compatible uses of the underlying fee, as applicable, (e.g. utilities and road or sidewalk improvements) on the Fritts Easement Area that do not interfere with GRANTEE and with the consent of GRANTEE (such consent not to be unreasonably withheld, conditioned, or delayed).
11. GRANTOR reserves the right for its exclusive use (and is granted a license for ingress and egress for access thereto) of fourteen (14) contiguous parking spaces ("TVA Spaces"), each with unimpeded access, two (2) of which must be accessible in accordance with the Americans with Disabilities Act ("ADA") Standards for Accessible Design, and may be, at TVA's option, non-

contiguous to the remaining TVA Spaces for the purposes of meeting ADA requirements. GRANTEE agrees to maintain and manage such parking spaces in accordance with normal, professional standards of parking lot maintenance and consistent with how GRANTEE maintains and manages its other parking lots.

12. Notwithstanding anything to the contrary in this Fritts Easement, under no circumstance shall GRANTEE or any subsequent assignee, sublessee, grantee, subgrantee, lessee, or licensee of GRANTEE (i) grant any easements or sub-easements (whether recorded or unrecorded) in, on, or to the Fritts Easement Area; or (ii) record any document (not to include the documents authorized under the specific conditions mentioned in Section 25 of this Fritts Easement) in the Knox County Register of Deeds Office (or applicable successor entity) that encumbers the Fritts Easement Area, without first obtaining the prior written consent of GRANTOR or TVA, such consent to be in GRANTOR and TVA's sole and absolute discretion. Any purported easements, sub-easements, recorded documents, or other encumbrances or real property interests granted or recorded in violation of this Section 12 shall be void *ab initio*, and there shall be no deemed approvals by GRANTOR or TVA under this Section 12. No easement, sub-easement, recorded document, or other encumbrance or real property interest granted by GRANTEE or any subsequent approved assignee, sublessee, grantee, subgrantee, lessee, or licensee of GRANTEE shall grant rights in the Fritts Easement Area greater than those granted by GRANTOR and TVA to GRANTEE under this Fritts Easement. GRANTEE hereby represents, warrants, and covenants that it will abide by the terms of this Section 12 and promptly put all of its assignees, sublessees, grantees, subgrantees, lessees, and licensees on notice of this provision.
13. No waiver or modification of any provision of this Fritts Easement shall be effective unless it is in writing and signed by both parties. Any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver. This Fritts Easement may not be amended or supplemented except by a written instrument executed by all the parties. All rights and remedies of the parties under this Fritts Easement, or under any section, subsection or clause hereof, including TVA's right to terminate under Section 2 above, shall be cumulative and in addition to every other right or remedy which the parties have or may have provided herein or at law or equity, whether or not so expressly stated.
14. Each of the parties shall, at the request of the other, execute and deliver all such other further assurances, contracts, instruments, and documents as may be reasonably necessary, desirable, or proper to effectuate the provisions and intents and purposes of this Fritts Easement.
15. All rights and privileges of GRANTOR under or arising under this Fritts Easement shall inure to the benefit of TVA and its successors; TVA may act for itself and for GRANTOR in respect to all matters arising out of or in connection with this Fritts Easement; and all such action may be taken in the name of TVA and shall be sufficient and valid when so taken.
16. The grant of term easement described in Section 1 of this Fritts Easement is made expressly subject to the exceptions listed in Exhibit D, which is attached hereto and made a part hereof.
17. All invoices, notices, requests, demands, or other correspondence given pursuant to the terms of the Fritts Easement shall (a) be in writing, and (b) sent by overnight courier service or first class registered or certified mail, postage prepaid, return receipt requested to the parties at the addresses below:

To GRANTOR or TVA: Tennessee Valley Authority, c/o Realty Services and GIS, 1101 Market Street, BR 4B, Chattanooga, Tennessee 37402.

To GRANTEE: Knox County, Tennessee, 400 Main Street, Suite 615, Knoxville, Tennessee 37902, Attention: Mayor

Either party may change such address by sending a signed written notice thereof to the other.

18. GRANTOR covenants and agrees that, provided GRANTEE has complied with all of its obligations under Section 3, GRANTOR will, at its own expense, use reasonable efforts to perform or cause to be performed any environmental response determined by TVA (or by any state or federal agency with authority to require environmental cleanup of the Fritts Easement Area) to be necessary to protect human health and the environment as a result of contamination in or on the Fritts Easement Area arising solely out of activities that occurred prior to the Effective Date, including, without limitation, any recognized environmental conditions identified in any environmental assessment provided by GRANTEE to TVA. GRANTOR's obligations to GRANTEE with respect to any environmental contamination in or on the Fritts Easement Area shall be limited to those obligations specifically set forth in this Fritts Easement and neither GRANTOR nor TVA shall be liable for (1) the cost of any environmental response not performed by TVA or caused to be performed by TVA or (2) any consequential, special, incidental, indirect, or other damages related to the presence of such contamination and/or any response thereto, including, without limitation, any damages for construction or other delays. For the avoidance of doubt, GRANTOR's obligations under this Section 18 shall continue to the extent provided herein for the Term (and any Renewal Term) of this Fritts Easement and shall not be limited by the "AS IS," "WHERE IS," "WITH ALL FAULTS" basis" clause located in this Fritts Easement after Section 27 hereof.
19. This Fritts Easement (including any and all exhibits and attachments hereto) is the entire agreement of the parties and supersedes any prior representations, promises, agreements, or understanding with respect to the subject matter hereof.
20. GRANTEE hereby represents it has full right and authority to enter into this Fritts Easement, and each of the persons signing on behalf of GRANTEE are authorized to do so. GRANTEE warrants that it is not necessary for any other person, firm, corporation, agency, or entity to join or to take any other action in the execution of this Fritts Easement to make the execution by GRANTEE complete, appropriate and binding.
21. TVA hereby represents it has full right and authority to enter into this Fritts Easement, and each of the persons signing on behalf of TVA are authorized to do so. TVA warrants that it is not necessary for any other person, firm, corporation, agency, or entity to join or to take any other action in the execution of this Fritts Easement to make the execution by TVA complete, appropriate and binding. Further, TVA represents and warrants that this Fritts Easement is exempt from any and all TVA procurement policies and requirements and that TVA is authorized by law to enter into this Fritts Easement.
22. This Fritts Easement is governed by and is to be construed under Federal law and, to the extent not inconsistent with Federal law, the laws of the State of Tennessee (but not its conflicts-of-laws rules of decision or laws) which are applicable to contracts executed wholly within that state. Each party hereto irrevocably submits to the sole and exclusive jurisdiction of the United States District Court for the Eastern District of Tennessee for the purposes of any action arising out of or based upon this Fritts Easement or relating to the subject matter hereof. It is further agreed that service of any process, summons, notice or document by U.S. registered or certified mail to TVA's address set forth in Section 17 shall be effective service of process for any action, suit, or proceeding with respect to any matters to which TVA has submitted to jurisdiction in this Section 22. It is further agreed that service of any process, summons, notice, or document on GRANTEE shall be obtained by personally delivering a copy of the summons and complaint or other process, notice, or document to the Mayor of Knox County, Tennessee. Said personal delivery shall be effective service of process for any action, suit or proceeding with respect to any matters to which GRANTEE has submitted to jurisdiction in this Section 22. Each party hereto irrevocably and unconditionally waives any objection to the laying of jurisdiction and venue of any action, suit or proceeding in the

United States District Court for the Eastern District of Tennessee, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS FRITTS EASEMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.

23. Except where the manifest purposes of this Fritts Easement may be materially impaired, if any of the provisions of this Fritts Easement, or the application thereof to any person or circumstances, shall be invalid or unenforceable whether by a court of competent jurisdiction or by a binding change in substantive law, the remainder of this Fritts Easement, or the application of such provision or provisions to person or circumstances other than those as to whom or to which it is held invalid or unenforceable, shall not be affected thereby and every provision of this Fritts Easement shall be valid and enforceable to the fullest extent permitted by law.
24. It is understood that this Fritts Easement is in no way a third-party beneficiary agreement. It is entered into solely to regulate the relationship between GRANTOR, TVA, and GRANTEE with respect to the Fritts Easement Area. The parties do not intend it to create any obligations to any third parties, which are enforceable by such parties.
25. The parties agree that this Fritts Easement shall not be recorded in the public records in order to save on recording costs, but instead a Memorandum of Easement shall be recorded in the public records to evidence the existence of this Fritts Easement. Either TVA or GRANTEE may record a Memorandum of Easement after execution of this Fritts Easement.
26. Subject to the provisions of this Section 26 and provided that no Default of GRANTEE exists, GRANTEE shall have the right to examine the correctness of TVA's monthly invoices or any other amount invoiced by TVA hereunder as follows:
 - (a) Any request for examination with respect to any amount billed by TVA to GRANTEE may be made by written notice from GRANTEE to TVA during any Examination Notice Period (as such term is defined below) and only if GRANTEE shall have fully paid all amounts due to TVA under this Fritts Easement in the preceding Fiscal Year (as such term is defined in the Operating Agreement), if a payment is due to TVA from GRANTEE. Such written notice shall set forth in reasonable detail the matters questioned. Any examination must be completed and the results communicated in writing to TVA no more than one hundred eighty (180) days after receipt of the materials provided by TVA to GRANTEE pursuant to Section 26(b) below. Notwithstanding anything to the contrary in this Fritts Easement, if GRANTEE does not provide a timely written notice or complete a timely examination within the time periods outlined in this Section 26(a), GRANTEE shall be deemed to have waived all rights and remedies at law, in equity, and under this Fritts Easement related to all invoices under this Fritts Easement for the preceding Fiscal Year, including any audit rights or claims for underpayment or overpayment, and such invoices shall be conclusive and binding on GRANTEE.
 - (b) TVA shall make available to GRANTEE the relevant portion of the books and records pertaining to the relevant expenses for the specific matters questioned by GRANTEE for the preceding Fiscal Year. Such books and records shall be made available to GRANTEE within a reasonable time, but no longer than sixty (60) days after TVA timely receives the written notice from GRANTEE to make such examination pursuant to this Section 26. The foregoing portion of such books and records shall be made available, either electronically or during normal business hours of TVA's Financial Services department, at the offices where

TVA keeps such books and records or at another reasonable location in Knox County, Tennessee, as determined by TVA.

- (c) GRANTEE shall have the right to make such examination no more than once with respect to any Fiscal Year, with the end of each Fiscal Year starting a period of ninety (90) days for GRANTEE to provide written notice to TVA that it is requesting an examination of any invoices from the previous Fiscal Year (such period referred to hereinafter as the "Examination Notice Period").
 - (d) Such examination may be made only by a qualified employee of GRANTEE or a qualified independent certified public accounting firm, except such examination shall not be made by TVA's then-current independent auditing firms.
 - (e) TVA shall only reimburse GRANTEE for the reasonable costs and expenses of the qualified independent audit (and not any internal costs or expenses of GRANTEE) described in this Section 26 if such audit shows an overpayment by GRANTEE in an amount exceeding one hundred ten percent (110%) of what GRANTEE would have actually otherwise owed to TVA; TVA shall not be responsible for any costs or expenses of a GRANTEE audit in any other situation. GRANTEE shall not be responsible for TVA's costs and expenses resulting from providing any of the information as may be required by GRANTEE under this Section 26.
 - (f) If the agreed or confirmed audit shows an aggregate underpayment by GRANTEE, GRANTEE shall pay to TVA, within forty-five (45) days after the audit is agreed to or confirmed, the amount owed to TVA, and, if the agreed or confirmed audit shows an aggregate overpayment by GRANTEE, TVA shall reimburse GRANTEE for such overpayment within forty-five (45) days after the audit is agreed to or confirmed.
 - (g) In the event that TVA and GRANTEE cannot agree or confirm the amount of such audit, the parties will refer any dispute under this Agreement that is not resolved to an officer of GRANTEE and a corresponding officer or executive of TVA (and any additional agreed-upon designees of the parties). If such individuals do not resolve such dispute within thirty (30) days after reference to them, then TVA and GRANTEE may agree on non-binding mediation to resolve such dispute pursuant to this Section 26 and the process for such non-binding mediation. If the parties do not agree on non-binding mediation, or if such non-binding mediation is not successful in resolving the dispute, then either party may pursue its rights and remedies at law, in equity, or under this Agreement. The parties agree that all offers, promises, communications, statements and actions during the course of any informal dispute resolution process, and any non-binding mediation, by either TVA or GRANTEE or representative of TVA or GRANTEE (1) are privileged to the fullest extent provided by applicable law and may not be disclosed, including by any mediator; (2) are inadmissible, are not discoverable, and may not be used or referred to for any purpose, including impeachment of any other testimony in a judicial, administrative, or regulatory proceeding; and (3) toll and stay all statutory or contractual limitations that limit either TVA's or GRANTEE's right to litigate such dispute in connection with any matter arising pursuant to this Section 26.
27. The respective obligations and duties of GRANTOR/TVA and GRANTEE under this Fritts Easement that are not, by the express terms of this Fritts Easement, to be performed fully during the Term, or any Renewal Term, shall survive the termination of this Fritts Easement.

TO HAVE AND TO HOLD said Fritts Easement unto GRANTEE for the Term stated herein; subject, however to the conditions set forth herein.

It is mutually understood and agreed by the delivery and acceptance of this Fritts Easement that the Fritts Easement Area is conveyed to GRANTEE on an "AS IS," "WHERE IS," "WITH ALL FAULTS" basis and GRANTOR and TVA make no warranty, representation, or assurances that it has complied with any state or local statutes, ordinances, codes, or regulations.

And TVA does hereby covenant that the UNITED STATES OF AMERICA is seized and possessed of the Fritts Easement Area; that TVA as legal agent of the UNITED STATES OF AMERICA is duly authorized to convey the Fritts Easement in, on, over, across, upon, through, or under the same; that GRANTEE shall have the quiet enjoyment of the Fritts Easement Area during the Term hereof subject only to GRANTOR's and TVA's specific rights reserved hereunder and the exceptions contained in Exhibit D; and that, subject to the conditions, reservations, restrictions, exceptions and/or limitations contained herein, it will warrant and defend the title thereto against the lawful demands of all persons claiming by, through, or under the UNITED STATES OF AMERICA, but not further or otherwise.

-SIGNATURE PAGE TO FOLLOW-

IN WITNESS WHEREOF, the TENNESSEE VALLEY AUTHORITY, acting herein as legal agent of the UNITED STATES OF AMERICA, and being duly authorized to do so, has caused this instrument to be signed and delivered, in the name of the UNITED STATES OF AMERICA, by its authorized officer this the _____ day of _____, 2020.

UNITED STATES OF AMERICA
By TENNESSEE VALLEY AUTHORITY,
its legal agent

By: _____
AARON B. NIX
Senior Manager
Realty Services and GIS

STATE OF TENNESSEE)
) SS
COUNTY OF HAMILTON)

On the _____ day of _____, 2020, before me appeared AARON B. NIX, to me personally known, who, being by me duly sworn, did say that he is the Senior Manager, Realty Services and GIS, of the TENNESSEE VALLEY AUTHORITY, an executive branch corporate agency and instrumentality of the United States of America; and that said instrument was signed and delivered on behalf of said corporation, by authority of its Board of Directors, and as legal agent of the UNITED STATES OF AMERICA; and the said AARON B. NIX acknowledged said instrument to be the free act and deed of the UNITED STATES OF AMERICA, as principal, and the TENNESSEE VALLEY AUTHORITY, as its legal agent.

WITNESS my hand and official seal of office in Chattanooga, Tennessee, the day and year aforesaid.

NOTARY PUBLIC

My Commission Expires: _____

IN WITNESS WHEREOF, KNOX COUNTY, TENNESSEE, has caused this instrument to be executed by its authorized officer this the ____ day of _____, 2020.

KNOX COUNTY, TENNESSEE

By: _____
GLENN JACOBS

Title: County Mayor

STATE OF TENNESSEE)
) SS
COUNTY OF KNOX)

I, _____, a Notary Public in and for said county in said state, hereby certify that Glenn Jacobs, whose name as County Mayor of KNOX COUNTY, TENNESSEE, a political subdivision of the State of Tennessee, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that he, as such officer and with full authority, executed the same voluntarily for and as the act of said Knox County, Tennessee.

Given under my hand this the _____ day of _____, 2020.

NOTARY PUBLIC

My Commission Expires: _____

The names and addresses of the owner of the aforescribed Fritts Easement are:

EASEMENT OWNER: Knox County, Tennessee
400 Main Street, Suite 615
Knoxville, Tennessee 37902
Attention: Mayor

The name and address of the legal owner are:

OWNER: United States of America
Tennessee Valley Authority
c/o Realty Services and GIS
1101 Market Street, BR 4B
Chattanooga, Tennessee 37402

Tax Parcels: 094L D 028 and 094L D 029

EXHIBIT A

Parcel 28

RGCA #19061

Legal Description

Property Boundary - 307 S. Gay Street

Situated in the Six Civil District of Knox County, Tennessee and being known and designated as Parcel 28, and being more particularly described as follows:

BEGINNING at a point, said point being located in the western right-of-way of S. Gay Street and being 50.73 feet from the southern right-of-way of W. Summit Hill Drive; thence with the said right-of-way of S. Gay Street South 26 degrees 52 minutes East 95.47 feet to a point; thence leaving said right-of-way South 63 degrees 02 minutes West 119.04 feet to a point located in the eastern right-of-way of Strong Alley (closed); thence along the eastern line of Strong Alley (closed) North 27 degrees 07 minutes West 95.22 feet to a point; thence leaving said Alley line North 62 degrees 55 minutes East 119.46 feet to a POINT OF BEGINNING containing 11,369.67 square feet, more or less.

Parcel 29

RGCA #19061

Legal Description

Property Boundary - 0 S. Gay Street

Situated in the Sixth Civil District of Knox County, Tennessee and being known and designated as Parcel 29, and being more particularly described as follows:

BEGINNING at a point, said point being located in the western right-of-way of S. Gay Street and being 146.20 feet from the southern right-of-way of W. Summit Hill Drive; thence with the said right-of-way of S. Gay Street South 26 degrees 52 minutes East 32.34 feet to a point corner common with Knoxville TVA Employee Credit Union; thence leaving said right-of-way and with Knoxville TVA Employee Credit Union South 62 degrees 54 minutes West 118.90 feet to a point located in the eastern right-of-way of Strong Alley (closed); thence along the northern line of Strong Alley (closed) North 27 degrees 07 minutes West 32.61 feet to a point; thence leaving the northern line North 63 degrees 02 minutes East 119.04 feet to a POINT OF BEGINNING containing 3,863.55 square feet, more or less.

Less and except the approximately 0.80-foot strip along the south side of the above described land which lies within the existing building occupied by the Knoxville TVA Employees Credit Union.

The above described land was acquired by the United States of America by virtue of the Warranty Deed from Allright Realty Company, a Texas Corporation, dated May 25, 1993, recorded as Instrument No. 50549 in Warranty Book 2106, page 363, in the office of the Register of Knox County, Tennessee (TVA Tract No. KOC-4).

- SCHEDULE B EXCEPTIONS:**
- 15) Writters depicted and disclosed on the T.V.A. Complex Disposition Plan of Map Book 78, page 47 (How Map Corrected), Slide 1503, in the Knox County Register of Deeds Office, (Tract 2), only affects the adjoining to the West as shown on survey.
 - 16) Terms and conditions contained in Limited Warranty Deed to the United States of America of record in Deed Book 2093, page 133, in the Knox County Register of Deeds Office, (Tract 2), only affects the adjoining to the West as shown on survey.
 - 17) Rights of third parties to the Easement Agreement from the City of Knoxville to CRM, Inc., Successor Trustee for Commercial Realty Management Trust and Commercial Realty Management, a joint venture dated February 28, 1988 and recorded in Deed Book 1874, page 454, as corrected in Deed Book 1890, page 512, both in the Knox County Register of Deeds Office, (Tract 2), only affects the adjoining to the West.
 - 18) Such rights as may have been retained by the relocation of the alley referred to as Curry Avenue by City Council by virtue of Minute Book 21, page 156 as set out in Deed Book 1149, page 314 in the Knox County Register of Deeds Office, (Tract 2). Now a portion of Parcel 29 as shown on survey.
 - 19) Rights reserved in the City of Knoxville ordinances in Deed Book 1812, page 843 and 845 in the Register's Office of Knox County, Tennessee, to certain facilities located in the area formerly being Curry Avenue as closed by City Ordinance 6255-17, (Tract 2), now a portion of Parcel 29 as shown on survey.
 - 20) The encroachment of 8 feet by the building located along the southern line of the property, the electric lines, and the South Central Bell telephone service encroaching on the property, all as shown on the survey of Allright Realty Company dated September 15, 1985, by the Barton and Riles, Engineers, as shown in Warranty Deed to the United States of America of record in Deed Book 2156, page 348 in the Knox County Register of Deeds Office, (Tract 2). The building encroachment and telephone service affects the southern property line of parcel 29 as shown on survey. The electric lines cannot be located.

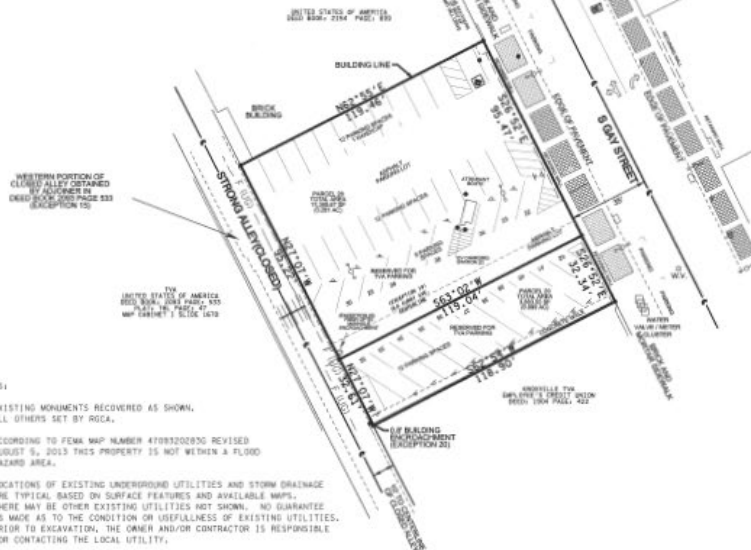


Exhibit B Fritts Lot



LEGEND

- PROPERTY CORNER
- DRAIN
- GAS VALVE
- WATER METER
- MANGRO
- LIGHT POLE
- SIGN
- WATER VALVE
- FIRE HYDRANT
- CATCH BASIN
- POWER/TELEPHONE
- GUY WIRE



NOTES:

- 1) EXISTING MONUMENTS RECOVERED AS SHOWN. ALL OTHERS SET BY R.O.C.A.
- 2) ACCORDING TO FEMA MAP NUMBER 4708202030 REVISED AUGUST 9, 2013 THIS PROPERTY IS NOT WITHIN A FLOOD HAZARD AREA.
- 3) LOCATIONS OF EXISTING UNDERGROUND UTILITIES AND STORM DRAINAGE ARE TYPICAL BASED ON SURFACE FEATURES AND AVAILABLE MAPS. THERE MAY BE OTHER EXISTING UTILITIES NOT SHOWN. NO GUARANTEE IS MADE AS TO THE CONDITION OR USEFULNESS OF EXISTING UTILITIES. PRIOR TO EXCAVATION, THE OWNER AND/OR CONTRACTOR IS RESPONSIBLE FOR CONTACTING THE LOCAL UTILITY.
- 4) HORIZONTAL DATUM NAD83(2011)
- 5) TITLE COMMITMENT FROM FIRST AMERICAN TITLE INSURANCE COMPANY COMMITMENT NUMBER: 290430 DATED APRIL 22, 2019
- 6) NO EVIDENCE OF AETLANDS WAS FOUND ON THE SUBJECT PARCEL AT THE TIME OF THIS SURVEY.
- 7) NO EVIDENCE OF EARTH MOVING WORK, BUILDINGS, OR ADDITIONS WAS FOUND ON THE SUBJECT PARCEL AT THE TIME OF THIS SURVEY.
- 8) NO EVIDENCE OF SOLID WASTE DISPOSAL WAS FOUND ON THE SUBJECT PARCEL AT THE TIME OF THIS SURVEY.
- 9) NO EVIDENCE OF ANY CEMETERY OR BURIAL GROUNDS WAS FOUND ON THE SUBJECT PARCEL AT THE TIME OF THIS SURVEY.



OWNER:
UNITED STATES OF AMERICA
1201 MARKET ST
NASHVILLE, TN 37403

SURVEY FIRM:
KNOX COUNTY PROVISIONS
1000 N. CENTRAL STREET
KNOXVILLE, TN 37917
CONTACT: BEN SHARPE
PHONE: (615) 517-5163

ENGINEER:
ROBERT G. CAMPBELL & ASSOC., L.P.
7023 MAGNAT LANE
KNOXVILLE, TN 37930
PHONE: 605-911-9336

TOTAL PARKING SPACES:
TOTAL 45 SPACES
HANDICAP 1 SPACE

CLT MAP: 094L GROUP 'D'
PARCEL: 28 & 29
CITY BLOCK: 06104
WARD: 6
DEED BOOK: 2108 PAGE: 363
DEED BOOK: 1804 PAGE: 81

NUMBER OF LOTS: 2
TOTAL AREA: 15,233.22 SF (0.35 AC)
PROPERTY ZONE: C-2 & D-1

| | | |
|---|-------------------------|-----------------|
| 307 S. GAY STREET KNOXVILLE, TN 37902 | | |
| DIST NO. 6 KNOX CO., TN. | SCALE 1"=30' | DRAWN BY DLB |
| SURVEYED BY ROBERT G. CAMPBELL & ASSOC., L.P. | | |
| DATE 08-06-19 | PROJECT NUMBER 19061 | |

CERTIFICATION OF CATEGORY AND ACCURACY OF SURVEY

I hereby certify that this is a Category I survey and the ratio of precision of the unadjusted survey is not less than 1:10,000 as shown hereon and that said survey was prepared in compliance with the current edition of the *Manual of Professional Land Surveying* of the Board of Licensure for Land Surveyors, *State of Tennessee*.

Registered Land Surveyor: *McCrain*
Tennessee License No.: 1976
Date: 8-6-19

Exhibit C
TVA Security Standards – Fritts Easement

Requirements

- a) TVA is a Federal entity and therefore subject to Federal security standards and regulations. GRANTEE shall comply with all applicable security and emergency regulations established by TVA or any other applicable Federal governmental agency. TVA shall have the right to review GRANTEE's compliance with these standards.
- b) GRANTEE shall install a building access control system to secure and control access to the service elevator on a "24/7/365" basis. Any outage or failure of the service elevator access control system shall be immediately reported to TVA Police Monitoring and Notification Center ("MNC") and GRANTEE shall, at a minimum, post GRANTEE's own security guards ("GRANTEE Security"), and request additional TVA Security Officers (as such term is defined in the separate Security Services Agreement), to secure the service elevator doors, and work with TVA Security Officers and the TVA Police to ensure security requirements are maintained, all at GRANTEE's sole cost and expense.
- c) As to GRANTEE, the Tenant Parties (as defined in the ET Easement) who are authorized to gain access by means of the access control system shall be issued a unique badge that bears a photograph of that person.
- d) GRANTEE is required to provide security for the Fritts Easement Area as appropriate for downtown market area parking lots and response to security-related matters in/on the Fritts Easement Area on a "24/7/365" basis.
- e) Un-badged ADA-eligible visitors must contact the TVA Security Officer via phone/intercom to request entry to the service elevator located in the Fritts Lot. The TVA Security Officer must meet the ADA-eligible visitor at the east entry to the plaza level of the Premises and escort such visitor into the Premises, proceeding immediately to the security screening station.
- f) Any use, distribution, manufacture, dispensation, possession, or sale of alcoholic beverages, explosives, illicit or illegal drugs or other unauthorized controlled substances in or on the Fritts Easement Area is strictly prohibited.
- g) The possession of firearms in or on the Fritts Easement Area is strictly prohibited except for duly authorized law enforcement officers in the performance of their duties, subject to approval and escort by TVA Police at TVA Police's sole discretion except when responding to an emergency situation involving an imminent threat to life or property.
- h) TVA Security Officers and TVA Police shall be provided with unrestricted access to the Fritts Easement Area along with the right to access and utilize the service elevator on a "24/7/365" basis, for emergencies, and at other times, with appropriate notice based on activity to be conducted.
- i) GRANTEE acknowledges and agrees that although TVA Police will retain ultimate law enforcement jurisdiction for the Fritts Easement Area, TVA will not be the primary law enforcement entity for the Fritts Easement Area and, as such, will not be called upon to respond to GRANTEE issues; provided, however, that TVA Security Officers and/or TVA Police will support GRANTEE Security, if needed and to the extent resources are available.
- j) TVA reserves the right to install and maintain security cameras in/on the Fritts Easement Area, so long as such equipment does not interfere with GRANTEE's rights of access and use of the Fritts Easement Area. Such installation and maintenance of the aforesaid security devices shall be made at TVA's sole cost and expense.
- k) GRANTEE shall notify the MNC of any potential or actual threats, protests, or other incidents that occur or may occur on the Fritts Easement Area. TVA Security Officers or TVA Police will notify the GRANTEE of any pertinent issues that may have an adverse effect on the GRANTEE.

- l) In the event that TVA Police determines that a credible threat or other national emergency exists, TVA will expect GRANTEE's full compliance and cooperation in managing GRANTEE access and GRANTEE receiving of USPS mail, courier, and other parcel/package delivery during the threat emergency. As to GRANTEE, TVA Security Officers or TVA Police may restrict all Tenant Parties' access to the Fritts Easement Area and the receiving of any of USPS mail, courier, and other parcel/package delivery during times of a credible threat.

- m) TVA reserves the right to prevent access to the Fritts Easement Area during the occurrence or continuance of or in response to any case of invasion, mob, riot, public excitement, terrorist acts, or other circumstances rendering such action advisable in the reasonable opinion of TVA Police by such action as TVA Police may deem reasonably appropriate, including closing and locking doors. In such event, TVA shall not be liable for damages or any abatement of Fee with regard to the admission to or exclusion from the Fritts Easement Area of any person or the closing of the Fritts Easement Area.

EXHIBIT D, page 1 of 2

EXCEPTIONS TO FRITTS EASEMENT GRANT

- (1) Such rights as may have been retained by the relocation of the alley referred to as Currey Avenue (now known as Strong Street) by the Knoxville City Council by virtue of Minute Book 27, page 156, as set out in Deed Book 1149, page 374, in the office of the Register of Knox County, Tennessee; and
- (2) Rights reserved by the City of Knoxville in Deed Book 1612, page 843 and 845 to maintain facilities located in the areas formerly being Currey Avenue as closed by City Ordinance 6359-77; and
- (3) Electric lines, poles, and lights as shown on page 2 of Exhibit D; and
- (4) A license agreement between TVA and AT&T dated September 30, 2015 for a telephone manhole, telecommunications line, and fiber optic line (TVA Tract No. XKOC-13LIC), which will be assigned to GRANTEE; and
- (5) A license agreement for parking between TVA and Visit Knoxville dated October 1, 2014, which will be assigned to GRANTEE; and
- (6) Such rights as may be vested in third parties for rights-of-way for roads and utilities; and
- (7) Such rights as would be revealed by a current and accurate title examination and/or physical inspection of the Fritts Easement Area.

EXHIBIT D, page 2 of 2

E. SUMMIT HILL DRIVE

(Electric lines)
TVA Tract No. XKOC-9E

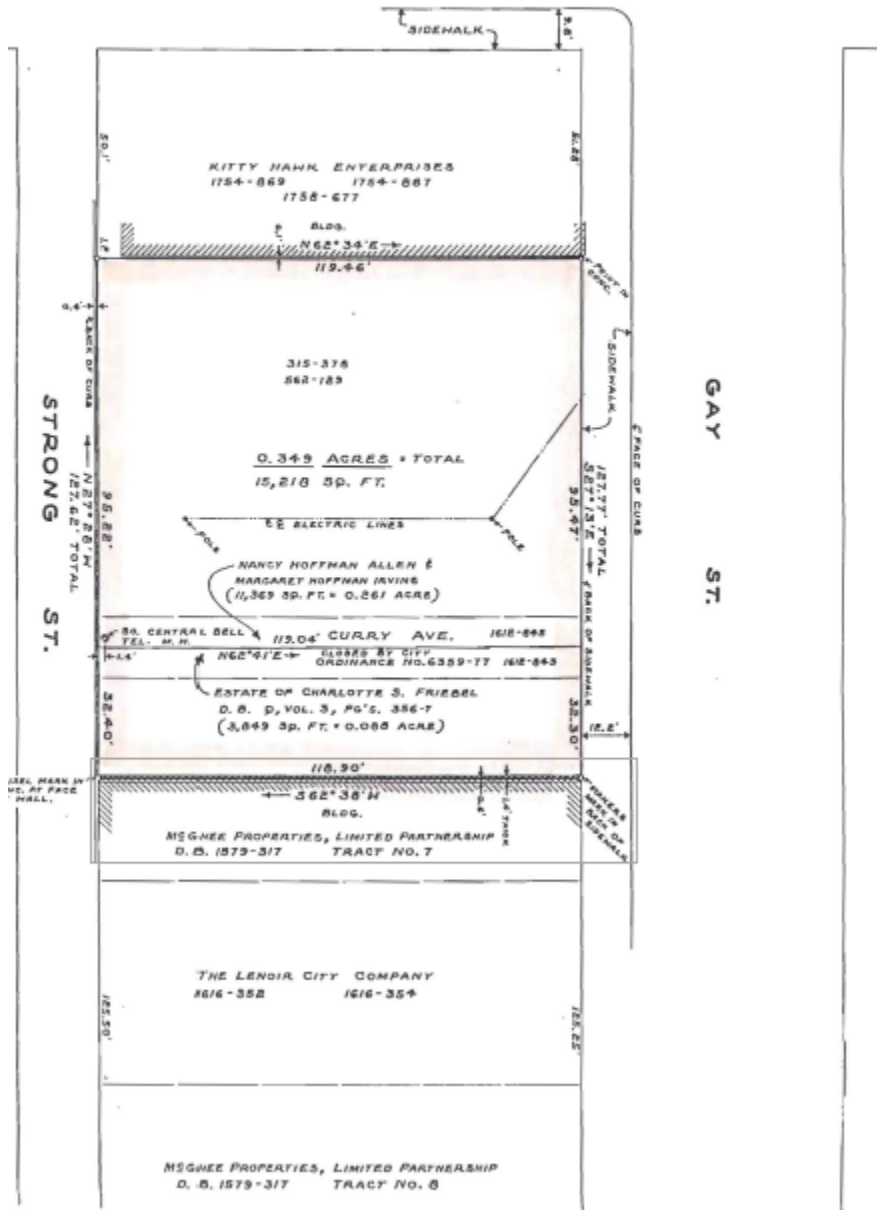


EXHIBIT F

EAST TOWER

400 West Summit Hill Drive

Knoxville, Tennessee 37902



TENANT HANDBOOK

Owned & Operated by the Tennessee Valley Authority

As of January 9, 2020

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WELCOME

The purpose of this Tenant Handbook is to provide detailed information about various building services, procedures, and regulations applicable to the TVA Knoxville Office Complex (**KOC**), including the Tenant's portion of the East Tower (**Building**), which includes the first floor through 12th floor of the Building (**Premises**). Tenant's "**Landlord**" for the Building is the Tennessee Valley Authority (**TVA**).

Please note that some of the information may change from time to time at TVA's reasonable discretion. Should any changes with the regulations, services, or procedures occur, the management staff at the KOC will make every effort to keep you informed. We welcome your comments and suggestions and sincerely hope your tenancy here will be productive and successful.

Space Definitions:

- The **Knoxville Office Complex** or **KOC** refers to the entirety of the buildings and grounds at 400 West Summit Hill Drive, Knoxville.
- The **Building** refers to the East Tower portion of the KOC.
- The **Premises** refers to Tenant space - first floor Plaza level through 12th floor - of the Building.

Please remember the KOC is a campus owned and operated by the federal government.

TENANT SERVICE REQUESTS

Tenants shall contact PBA 3000line@ktnpba.org for all service requests.

BUILDING ACCESS

Building and Premises access is restricted to personnel authorized and badged by Tenant and Tenant's official visitors only, subject to applicable TVA and Federal security standards.

Restricted Areas – Except as otherwise may be provided in the ET Easement for specified Tenant employees, KOC and Building Concourse and Service levels, maintenance areas, roof and non-Tenant floors are prohibited, restricted areas, and access to these areas is not permitted.

FIRE / WEATHER/ LIFE SAFETY SITUATIONS

Tenant Emergency Coordinator

Tenant shall appoint a **Tenant Emergency Coordinator**, as well as an alternate, to assume responsibility when the Tenant Emergency Coordinator is absent. Tenant Emergency Coordinator will be the primary point of contact with the TVA Emergency Coordinators for drills and emergency communications. His or her responsibilities include:

1. Attend required training or meetings provided by TVA.
2. Coordinate Tenant response for drills and emergencies.
3. Notify Tenant's employees when a drill or real emergency is concluded and the KOC and/or the Building has been reopened.

Tenant Emergency Floor Team Captains

Tenant shall also appoint **Tenant Emergency Floor Team Captains** on each floor of the Premises, as well as alternates to assume responsibility when the Tenant's regular floor team members are absent. The recommended responsibilities of the floor team members include:

1. Maintaining communications with the Tenant Emergency Coordinator during an emergency including progress reports on evacuation and notification when floor is completely clear.
2. Designating areas to be monitored during an emergency and ensuring appropriate floor emergency team members staff those positions.
3. Making necessary changes in floor emergency team as needed due to personnel changes and moves.
4. Ensuring that evacuation routes are clearly identified and exits are known to occupants.
5. Directing orderly flow of persons along prescribed routes.
6. Verifying that all persons have vacated the floor.
7. Ensuring that people on the floor with special needs are aware of procedures to be followed in the case of an emergency.
8. Being familiar with the emergency operation of elevators and emergency phones in the building and procedures to be followed.
9. Directing responding personnel to the scene of the emergency if evacuation does not occur, as in the case of medical emergencies.

Fire Emergencies

Tenant shall participate in annual fire drills, at TVA's direction, which will be coordinated in advance with the Tenant Emergency Coordinator.

The KOC and Building is equipped with an electronic fire/life safety system that is remotely monitored 24 hours a day, 7 days a week. The fire annunciator panel provides fire department personnel and KOC management with the location of the alarm in the event of a fire.

The main components of the fire/life safety system are smoke detectors, duct smoke detectors, heat detectors, and pull stations. All detectors and pull stations are early warning devices. When a detector or pull station is activated, the alarm will sound on the floor on which the detector or lever is located and the adjacent floors above and below. The entire KOC is equipped with a sprinkler system.

Local fire codes require that the fire/life safety system be tested annually. TVA's staff will use best efforts to notify **Tenant Emergency Coordinator** in advance when this system is being tested.

If fire or smoke is discovered in the Building:

1. Activate the nearest fire alarm. Pull stations are located at the stairwell exits on each floor.
2. Call **TVA Police Monitoring & Notification Center at 1-855-476-2489**. Identify yourself, your location, and give brief details of fire emergency.
3. Remove persons in immediate danger.
4. Assist personnel with disabilities in the evacuation.
5. Confine the fire. Close doors but do not lock doors.
6. If the ordinary route of escape is blocked or involved with the fire, direct personnel to an alternate route to the exit stairwells.
7. Exit the Building via stairwells and move away from the Building. Do not use the elevators.

DO NOT ATTEMPT TO FIGHT THE FIRE ON YOUR OWN.

Recommendation if trapped by fire:

- Close as many doors as possible between you and the fire.
- Stuff clothing or other material under and around doors to keep smoke out.
- Hang something in a window to let firemen know your location.
- If caught in heavy smoke, take short breaths, then crawl to escape. The air is better near the floor.

Weather Emergencies

Tenant shall participate in an annual weather/tornado drill but shall provide its own guidance and its own safety areas for weather emergencies within the Premises.

Elevator Emergencies

A red emergency call button is located below the control panel on one side of each elevator:

1. Press and hold the red emergency call button until the light next to it lights up and then release.
2. The intercom automatically contacts to the TVA Police Monitoring & Notification Center (MNC) which is staffed 24/7/365. You will be able to communicate with the MNC via intercom.
3. The MNC will contact TVA Facilities Management and the TVA Police who will assist elevator function repair and/or in notifying emergency personnel to assist in your removal from the elevator cab, as may be necessary. An elevator technician will typically arrive within a maximum of 30 minutes of receiving the call.
4. **Do not attempt to open the elevator door or climb out of the elevator.** The majority of elevator-related injuries are caused by people climbing out of the elevator cabs.
5. If a medical emergency occurs in an elevator or malfunctioning elevator, press and hold the red emergency call button until the light next to it lights up and then release.
6. The intercom automatically contacts to the TVA Police Monitoring & Notification Center (MNC) which is staffed 24/7/365. You will be able to communicate with the MNC via intercom.

Bomb Threats

Should you receive a call advising that an incendiary or explosive device has been placed in the Building, please **STAY CALM** and note as many of the following details as possible:

- Where has the bomb been placed?
- When is it scheduled to explode?
- What does the bomb look like?
- What kind of bomb is it?
- What will cause it to explode?
- Did the caller place the bomb?
- Is the caller part of a group?

- Why was the bomb placed?

Note details regarding the caller's voice and any background noise you might have heard.

Try to get someone else to call 911 while you are still on the line. Otherwise, once the caller has terminated the conversation:

- Notify TVA Security Officers immediately and call **TVA Police Monitoring & Notification Center at 1-855-476-2489**.
- State, "I have received a bomb threat."
- State your name and your department.
- Give the floor location and any other information

Tenant shall provide its own guidance for all emergency situations described above. The above outline TVA's minimum current practices as to any of the above-described emergency situations.

SMOKING/TOBACCO

Smoking, smokeless tobacco products and electronic-cigarette use is prohibited in the KOC (including the exterior Plaza area), Building and Premises or at any of the entrances or exits or within fifty (50) feet of any doorway, as is currently designated and determined by Federal regulations, which may change from time-to-time. Smoking is only permitted at the designated smoking areas beyond the 50-foot restriction, as is currently designated and determined by Federal regulations, which may change from time-to-time.

HEATING AND COOLING

HVAC. Heating, ventilating, and air conditioning (**HVAC**) shall be provided during normal service hours of 6:00 a.m. until 7:00 p.m., current Knoxville time, Monday through Friday with air generally maintained at a temperature between 72 degrees Fahrenheit in the office space, +/- 4 degrees. The minimum and maximum set-points for office space shall be 68 degrees Fahrenheit for heat and 76 degrees Fahrenheit for cooling, unless during a Curtailment Period (see below).

Curtailment. TVA, as the region's public electricity generator, is required to curtail its energy use from time-to-time due to extreme heat or extreme cold. TVA reserves the right, during periods of curtailment, to reduce use of lighting in the Building or Premises fixtures and to set HVAC to higher, or lower temperatures, as applicable, to reduce high TVA system-wide power demands (**Curtailment Period**). TVA shall provide as much advanced notice as possible to Tenant Emergency Coordinator.

Tenant Guide for HVAC. Tenant's employees shall not adjust or make modifications to thermostats, diffusers, dampers, or any other part of the HVAC systems. Please address any HVAC concerns to the Tenant Coordinator(s). To help keep the space comfortable, please:

- Close window coverings to keep the heat out during the summer months and the cold out during winter months.
- Open window coverings during the winter months to let the sun shine through the window to warm the interior space.
- Make sure heating and cooling vents are not blocked.

FOOD STORAGE/WASTE

- Food waste should not be disposed of in personal areas and should be disposed of only in the appropriate central area trash cans to prevent pest infestation.
- Coffee grounds, tea leaves, food waste, sauces or grease must be disposed of ONLY in trash containers; NEVER in sinks, drinking fountains or toilets. Do not use restroom sinks for washing dishes or food containers.
- Food should be stored in refrigerators or in sealed plastic or metal containers to prevent pest infestation. Perishable foods such as fruits and vegetables should not be stored in individual work areas.

BUILDING RULES AND REGULATIONS

1. The common areas of the KOC and Building, including without limitation, the sidewalks, hall passages, exits, entrances, elevators, and stairways of the Building, shall not be obstructed or used by Tenant for any purpose other than for ingress to and egress from its Premises.
2. No sign, placard, picture, name, advertisement, or notice, visible from the exterior of Tenant's Premises, shall be inscribed, painted, affixed, or otherwise displayed by Tenant on any part of the Building without the prior written consent of TVA as permitted under the ET Easement.
3. No space in the Building shall be used for the manufacture of goods and no commercial sales of any kind are permitted in the ordinary course of business, including a "fire sale", bankruptcy sale or any auction sale; provided, however, that occasional/incidental employee-to-employee transactions between Tenant's employees/staff that are not part of an ongoing commercial business activity (e.g. cookie sales), and food service/vending by Tenant as authorized in the ET Easement, are hereby permitted.
4. Tenant will be responsible for the purchase, maintenance, and replacement of all authorized appliances, including refrigerators, microwaves, coffee machines, water coolers, etc. Tenant will also be responsible for ensuring that any and all appliances meet TVA and local fire codes. All other appliances such as toasters, space heaters, desk and portable lamps, hotplates, dishwashers, except those expressly authorized for use in vending areas of the KOC by Landlord, or otherwise agreed between the parties, are prohibited. Open flames of any kind, electrically heated scent devices, and residential-type extension cords are fire hazards and therefore prohibited. Small personal fans (8" or smaller) are permissible in individual work areas. Power strips with circuit breakers may be provided by Tenant management and are the only type of adapter allowed. Any special appliance needs outside of the foregoing requirements of this subsection that may be required by Tenant for the medical or health needs of its employees must be coordinated in advance by TVA.
5. Tenant shall not allow the Premises to be used for lodging or sleeping nor shall cooking be done or permitted by Tenant, except using reasonably approved equipment for warming food in a microwave. Brewing coffee, tea, hot chocolate, and similar beverages shall also be permitted, provided that all such food preparation is in accordance with all applicable federal, state, and city laws, codes, ordinances, rules, and regulations.
6. Tenant shall not use or keep in the Premises any kerosene, gasoline, or inflammable or combustible fluid or any hazardous materials, nor will Tenant use any method of heating or air conditioning other than that supplied by Landlord.
7. Tenants shall not construct, maintain, use or operate within its Premises any electrical device, wiring or apparatus in connection with a loud speaker system or other sound system, except as reasonably required as part of a communication system approved prior to the installation thereof by Landlord, which approval shall not unreasonably be withheld, conditioned or delayed. No such loud speaker or sound system shall be constructed, maintained, used, or operated outside of the Premises.
8. Tenant shall not unreasonably disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them, whether by the use of any musical instrument, radio, talking machine, whistling, singing, or in any other way. Tenant shall not throw anything out of the doors or windows or down the corridors or stairs of the Building.
9. Tenant shall not create, use, keep or permit any noxious gas substance in its Premises, or permit the Premises to be occupied or used in a manner offensive or objectionable to Landlord or to other occupants of the Building by reason of noise, odors, or vibrations, or interfere in any way with other occupants or those having business in the Building provided that Landlord acknowledges and agrees that Tenant's use of the Premises as contemplated in the ET Easement shall not be a violation of this provision.

10. Landlord reserves the right to prevent access to the Building during the occurrence or continuance of any case of invasion, mob, riot, public excitement, terrorist acts, or other circumstances rendering such action advisable in Landlord's reasonable opinion, by such action as Landlord may deem reasonably appropriate, including closing and locking doors. In such event, Landlord shall not be liable for damages with regard to the admission to or exclusion from the Building of any person or the closing of the Building.
11. No curtains, draperies, blinds, shutters, shades, screens, or other coverings, hangings, or decorations shall be attached to, hung or placed in, or used in any exterior window of the Building without the prior written consent of Landlord.
12. There shall be no smoking, use of tobacco or smokeless tobacco products or electronic cigarettes in the Premises, Building, or KOC except in the smoking areas designated by the Landlord.
13. Tenant shall use reasonable efforts to close and lock all doors of its Premises and turn off all water faucets, water apparatus, and utilities before Tenant or its employees leave the Premises, so as to prevent waste or damage. Tenant shall keep the doors to the Building corridors closed at all times.
14. Any delivery or receipt of merchandise must use hand trucks equipped with rubber tires and side guards.
15. The toilet rooms, toilets, urinals, washbasins, and other apparatus shall not be used for any purpose other than that for which they were constructed. No foreign substance of any kind whatsoever shall be thrown therein.
16. Tenant shall not install any radio or television antenna, loudspeaker, dish or other device, or other equipment on the roof or exterior walls of the Building or elsewhere in the Building, except as permitted under the ET Easement.
17. Canvassing, soliciting, distribution of handbills, or any other written material in/on the KOC and Building, other than in the Premises, are prohibited and Tenant shall cooperate to prevent the same. No political rallies, solicitation, meetings, or other activities are allowed anywhere but within the Premises.
18. Tenant agrees not to allow or keep any animals, birds, or other pets, including fish, of any kind in the Building or Premises, unless their use is specifically permitted or unless the animals are trained to assist any special needs persons and are there to perform such services.
19. Tenant shall not bring bicycles, motorcycles, scooters, mopeds, or other vehicles into the Building. No parking is permitted on the KOC except in designated areas.
20. Live Christmas or holiday trees and wreaths are not permitted. Any lights must be UL approved. No other live plants of any kind are permitted except in common areas of the Premises as provided and maintained by Tenant's officials and approved, in advance, by Landlord.
21. Tenant shall not make, suffer, or permit litter except in appropriate receptacles for that purpose. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any materials which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal.
22. Tenant shall comply with all security requirements as provided in the ET Easement.
23. Tenant shall require that all employees, contractors and/or visitors have an issued badge displayed where it can be clearly and easily seen on the front of the outermost garment and positioned between the neck and waist. The badge must be displayed at all times by all individuals while in the Premises.
24. Landlord reserves the right to refuse access to any persons Landlord in good faith judges to be a threat to the safety or property of the Building and/or its occupants. Landlord reserves the right at all times to exclude from the KOC and Building any person who is not known or does not properly identify himself/herself to the TVA Security Officers. Tenant shall be responsible for all persons for whom it authorizes entry into the Premises, and shall be liable to Landlord for all acts or omissions of such persons.

25. Tenant shall comply with all safety, fire protection, and emergency regulations established by Landlord or any applicable governmental agency.
26. Any use, distribution, manufacture, dispensation, possession, or sale of alcoholic beverages, explosives, illicit or illegal drugs or other unauthorized controlled substances in or on the KOC is strictly prohibited.
27. The possession of firearms in or on the KOC is strictly prohibited except for duly authorized law enforcement officers carrying firearms in the performance of their duties, subject to approval and escort by TVA Police at TVA Police's sole discretion except when responding to an emergency situation involving an imminent threat to life or property. All non-emergency law enforcement activities (e.g., service of process, service of warrant) shall be conducted at the Premises' first-floor Plaza level.
28. Energy conservation measures are implemented by Landlord. The majority of overhead lights are on timers with occupancy sensor to turn off if no movement is detected. Tenant is responsible for turning off all office lights where switches are accessible, including desk task lighting, at the end of each workday. Tenant is requested to implement its own recycling program and follow typical office energy conservation recommendations.
29. Landlord reserves the right to waive any one of these rules or regulations, and any such waiver in any one instance or on any one occasion shall not constitute a waiver of any other rule or regulation or any subsequent application or waiver thereof to such Tenant.
30. Tenant assumes all risks from theft or vandalism to the Premises and agrees to keep the Premises secure as may be required.
31. Landlord may modify or amend these rules and regulations and/or make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Building and its occupants provided any such rules or regulations shall not materially interfere with Tenant's permitted use of the Premises. Landlord shall provide Tenant with copies of any new, modified or amended rules or regulations prior to the effective date thereof. Tenant agrees to abide by these and such other rules and regulations.
32. Except as may be permitted by the ET Easement or the Operating Agreement, freight elevators may only be used by authorized Landlord personnel or, with prior approval from Landlord, may be used by authorized Tenant personnel. Passenger elevators should not be used when transporting freight, using carts to carry objects, or moving items between floors that will interfere with normal passenger use.
33. These rules and regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements, and conditions of the ET Easement between the parties. In the event of an inconsistency between the terms of the ET Easement and these rules and regulations, the terms of the ET Easement shall govern and control such dispute.

SECURITY SERVICES AGREEMENT

THIS SECURITY SERVICES AGREEMENT (this “**Security Agreement**”) is made and entered into this ____ day of _____, 2020 (the “**Effective Date**”), by and between the TENNESSEE VALLEY AUTHORITY (“**TVA**”), an agency and instrumentality of the United States of America acting on behalf of the United States of America and organized and existing pursuant to an Act of Congress known as the Tennessee Valley Authority Act of 1933, *as amended*, and Knox County, Tennessee, a political subdivision of the State of Tennessee (“**Tenant**”).

WITNESSETH

WHEREAS, TVA on behalf of the United States of America, as Grantor, conveyed a Grant of Term Easement (the “**ET Easement**”) of even date herewith to Tenant; and

WHEREAS, such ET Easement described the “**Premises**” which consists of the first (1st) floor plaza level through the twelfth (12th) floor of the East Tower (“**Building**”) which is a portion of the Knoxville Office Complex (the “**KOC**”) and all located on a portion of the real property designated in the TVA land records as Tract No. XKOC-15E; and

WHEREAS, due to the KOC being a federal facility and the federal security requirements related to such a facility, Tenant shall be required to contract with TVA to provide certain Security Services (as defined below) to Tenant; and

WHEREAS, the TVA Police is the organization with primary law enforcement jurisdiction and responsibility for the protection of TVA personnel and property; and

WHEREAS, in addition to the Security Services provided hereinbelow, Tenant is required to have its own security staff (“**Tenant Security**”), which as of the Effective Date will be provided by the Public Building Authority of Knox County and Knoxville, Tennessee; and

WHEREAS, TVA and Tenant wish to document their mutual agreement as to the Security Services to be provided by TVA to Tenant in connection with the Premises.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises set forth herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Recitals.** The Recitals set forth above are hereby incorporated herein by reference.
2. **Capitalized terms.** All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the ET Easement.
3. **Term.** All of the provisions of this Security Agreement shall be in full force and effect from and after the Effective Date. The term of this Security Agreement (the “**Term**”) shall be for a period equal to the length of the term of the ET Easement, including any Renewal Terms (as defined in the ET Easement) that may be exercised under the ET Easement, and shall continue through and until the expiration of the ET Easement, unless otherwise amended or terminated, as provided for herein; provided, however, that upon any termination or expiration of the ET Easement, this Security Agreement shall automatically terminate at no additional expense or cost to TVA and without the need for further notice or demand to Tenant.

4. **Security Services.** TVA shall provide the following security services (collectively, the “**Security Services**”) for the Premises’ first (1st) floor plaza level main entry lobby only (referred to as the “**Lobby**” hereinafter), as follows:

a) Normal Staffing:

- I. Security officers (“**TVA Security Officers**”) during the normal business hours set forth by Tenant and agreed upon by the parties, beginning at 0700 hours and ending at 1700 hours, Monday through Friday (the “**Normal Business Hours**”) except Tenant holidays (Tenant’s current holidays are listed in Exhibit A, which is attached hereto and incorporated herein). Tenant shall update Exhibit A no later than November 30 of every year that this Security Agreement is in effect with Tenant’s holidays for the following calendar year. If Tenant has a need to update its holidays during a calendar year, Tenant can do so by updating Exhibit A and giving TVA at least thirty (30) calendar days’ written notice (such written notice to include the updated Exhibit A) prior to any updated holidays. Normal Business Hours may be revised or amended from time-to-time as may be agreed in writing between the parties’ Administering Agents (as defined in Article 9 below). Two TVA Security Officers shall be required in the Lobby during Normal Business Hours, for a total of 100 staff-hours per week (as may increase or decrease based on any agreed changes in Normal Business Hours) in order to meet such staffing requirements. This level of normal staffing shall be subject to the Standard Security Fee as set forth in Article 5(a).
- II. The TVA Security Officers shall provide services in the Lobby of the Premises and shall be responsible for fulfillment/implementation of post orders issued by TVA, as coordinated with Tenant Security, including screening. All individuals and their belongings and/or articles are subject to screening upon entering the Premises; provided, however, personnel displaying the appropriate Tenant-issued badge may be exempted from screening, along with their belongings and/or articles, unless otherwise directed or required by TVA Police based on threat-level assessment.
- III. The TVA Security Officers will conduct this screening by the use of standard screening equipment and procedures as set forth by TVA Police Standards and the Interagency Security Committee standards for federally owned/leased buildings.

b) Extraordinary Staffing:

- I. Unscheduled: In the event that Tenant has unscheduled visitors outside of Normal Business Hours, Tenant shall contact Tenant Security as required by Tenant signage, which shall be posted by Tenant and visible on the interior and exterior of Lobby entry. Tenant Security shall contact the TVA Police Monitoring and Notification Center (“**MNC**”) operator to dispatch a TVA Security Officer to respond to the Premises and process the visitors. In no event shall Tenant permit access to the Premises until both Tenant Security and the TVA Security Officer have arrived at the Lobby. Tenant shall not be charged for such visitor support; provided, however, this occurrence shall be limited to no more than three (3) persons and occur no more than two (2) times a month before the Premium Security Fee (as defined below) charge shall be incurred by Tenant. **Except as provided herein above, any unscheduled TVA Security Officer may be billed to Tenant for a minimum of four (4) hours at the Premium Security Fee (as provided herein below).**
- II. Scheduled: If Tenant requires additional TVA Security Officer support for the Premises, a minimum of fourteen (14) days’ advance notice to the TVA Administering Agent’s designated security services email box is required, or the “Premium Security Fee” (as indicated in Article 5(b) below) shall apply. Tenant should not assume that additional staffing has been scheduled until email confirmation is received from TVA’s Administering Agent.

Tenant shall notify TVA's Administering Agent by email of any meetings involving twenty (20) or more members of the public or external parties a minimum of fourteen (14) days in advance prior to its occurrence so that TVA's Administering Agent may determine the additional staffing required, subject to the Standard Security Fee (as provided in Article 5 below) so long as advance notice is given as provided for in this section. Tenant should not assume that additional staffing has been scheduled until email confirmation is received from TVA's Administering Agent. Except as provided herein above, any unscheduled TVA Security Officer may be billed to Tenant for a minimum of four (4) hours at the Premium Security Fee (as provided herein below).

5. **Security Services Fee.**

- a) **Standard Security Fee:** The Security Services provided shall be paid by Tenant to TVA in accordance with the then-current standard hourly contract rate for TVA Security Officers, plus applicable TVA standard overhead ("**Standard Security Fee**"). TVA reserves the right to modify the Standard Security Fee and will make its best effort to notify Tenant in advance, when possible, upon any such change, but not later than within thirty (30) days of such change. (The current standard hourly contract rate as of the Effective Date is TWENTY-SIX AND 72/100 DOLLARS (\$26.72) per TVA Security Officer.)
- b) **Premium Security Fee:** Unless provided elsewhere in this Security Agreement, any additional TVA Security Officer support will be subject to then-current premium hourly contract rate, plus applicable TVA standard overhead ("**Premium Security Fee**"). TVA reserves the right to modify the Premium Security Fee and TVA will make its best effort to notify Tenant in advance, when possible, upon any such change, but not later than within thirty (30) days of such change. (The current premium hourly contract rate as of the Effective Date is TWENTY-EIGHT AND 16/100 DOLLARS (\$28.16) per TVA Security Officer.)
- c) **Payment:** The Standard Security Fee and any applicable Premium Security Fee shall begin to accrue on the "**Security Fee Commencement Date**" which shall be the Commencement Date, as defined in the ET Easement, and shall be paid in lawful money of the United States of America within thirty (30) days of receipt of invoice, subject to the provisions of Article 8 below. TVA will invoice Tenant on a monthly basis for the Standard Security Fee and/or Premium Security Fee based on costs incurred. The Standard Security Fee or Premium Security Fee shall be paid via Electronic Fund Transfer, which shall be arranged by Tenant through its banking institution.

6. **Security Support.** The primary contact for this Security Agreement shall be the TVA Administering Agent listed in Article 9 hereinbelow.

7. **Tenant's Obligations.** Tenant shall be required to comply with all the terms and conditions of Article 13, Security and Safety, and Exhibit D, contained in the ET Easement.

8. **Audit Rights.** Subject to the provisions of this Article 8 and provided that no Event of Default (as defined in the ET Easement) of Tenant exists, Tenant shall have the right to examine the correctness of TVA's monthly invoices or any other amount invoiced by TVA hereunder as follows:

- a) Any request for examination with respect to any amount billed by TVA to Tenant may be made by written notice from Tenant to TVA during any Examination Notice Period (as such term is defined below) and only if Tenant shall have fully paid all amounts due to TVA under this Security Agreement in the preceding Fiscal Year (as such term is defined in the Operating Agreement), if a payment is due to TVA from Tenant. Such written notice shall set forth in reasonable detail the matters questioned. Any examination must be completed and the results communicated in writing to TVA no more than one hundred eighty (180) days after receipt of the materials provided by TVA to Tenant pursuant to Article 8(b) below. Notwithstanding anything to the contrary in this Security Agreement, if Tenant does not provide a timely written notice or complete a timely examination within the time periods outlined in

this Article 8(a), Tenant shall be deemed to have waived all rights and remedies at law, in equity, and under this Security Agreement related to all invoices under this Security Agreement for the preceding Fiscal Year, including any audit rights or claims for underpayment or overpayment, and such invoices shall be conclusive and binding on Tenant.

- b) TVA shall make available to Tenant the relevant portion of the books and records pertaining to the relevant expenses for the specific matters questioned by Tenant for the preceding Fiscal Year. Such books and records shall be made available to Tenant within a reasonable time, but no longer than sixty (60) days after TVA timely receives the written notice from Tenant to make such examination pursuant to this Article 8. The foregoing portion of such books and records shall be made available, either electronically or during normal business hours of TVA's Financial Services department, at the offices where TVA keeps such books and records or at another reasonable location in Knox County, Tennessee, as determined by TVA.
 - c) Tenant shall have the right to make such examination no more than once with respect to any Fiscal Year, with the end of each Fiscal Year starting a period of ninety (90) days for Tenant to provide written notice to TVA that it is requesting an examination of any invoices from the previous Fiscal Year (such period referred to hereinafter as the "**Examination Notice Period**").
 - d) Such examination may be made only by a qualified employee of Tenant or a qualified independent certified public accounting firm, except such examination shall not be made by TVA's then-current independent auditing firms.
 - e) TVA shall only reimburse Tenant for the reasonable costs and expenses of the qualified independent audit (and not any internal costs or expenses of Tenant) described in Article 8 if such audit shows an overpayment by Tenant in an amount exceeding one hundred ten percent (110%) of what Tenant would have actually otherwise owed to TVA; TVA shall not be responsible for any costs or expenses of a Tenant audit in any other situation. Tenant shall not be responsible for TVA's costs and expenses resulting from providing any of the information as may be required by Tenant under this Article 8.
 - f) If the agreed or confirmed audit shows an aggregate underpayment by Tenant, Tenant shall pay to TVA, within forty-five (45) days after the audit is agreed to or confirmed, the amount owed to TVA, and, if the agreed or confirmed audit shows an aggregate overpayment by Tenant, TVA shall reimburse Tenant for such overpayment within forty-five (45) days after the audit is agreed to or confirmed.
 - g) In the event that TVA and Tenant cannot agree or confirm the amount of such audit, the parties will refer any dispute under this Agreement that is not resolved to an officer of Tenant and a corresponding officer or executive of TVA (and any additional agreed-upon designees of the parties). If such individuals do not resolve such dispute within thirty (30) days after reference to them, then TVA and Tenant may agree on non-binding mediation to resolve such dispute pursuant to this Article 8 and the process for such non-binding mediation. If the parties do not agree on non-binding mediation, or if such non-binding mediation is not successful in resolving the dispute, then either party may pursue its rights and remedies at law, in equity, or under this Agreement. The parties agree that all offers, promises, communications, statements and actions during the course of any informal dispute resolution process, and any non-binding mediation, by either TVA or Tenant or representative of TVA or Tenant (1) are privileged to the fullest extent provided by applicable law and may not be disclosed, including by any mediator; (2) are inadmissible, are not discoverable, and may not be used or referred to for any purpose, including impeachment of any other testimony in a judicial, administrative, or regulatory proceeding; and (3) toll and stay all statutory or contractual limitations that limit either TVA's or Tenant's right to litigate such dispute in connection with any matter arising pursuant to this Article 8.
9. **Authorized Agents.** The "**Administering Agent**" for each party is the official responsible for administering the performance of the Security Agreement on a day-to-day basis, but does not have authority to amend or

terminate the Security Agreement. The Administering Agent, or its authorized designee, shall be authorized to address minor operational issues relating to the performance of this Security Agreement (e.g. change of holidays or Tenant business hours); provided, however, any agreed upon minor operational changes made pursuant to the provisions of this Security Agreement must be agreed upon by both parties' Administering Agents and documented in writing in formal memorandum form. The "**Amending Agent**" for TVA is the official with authority to amend and/or terminate the Security Agreement on behalf of TVA. This Security Agreement shall be amended and/or terminated on behalf of the Tenant pursuant to the provisions of the Charter and the Code of Knox County, Tennessee. Such duly authorized agents for administering and amending this Security Agreement for the parties hereto are as follows:

For TVA:

The Amending Agent: David Bowling, or successor
Vice President, River & Resources Stewardship
Tennessee Valley Authority
400 West Summit Hill Drive, WT11A
Knoxville, Tennessee 37902

The Administering Agent: Amber Wissemann, or successor
Program Manager, Contract Security
Tennessee Valley Authority
400 West Summit Hill Drive, WT3C
Knoxville, Tennessee 37902
Email: ajwissemann@tva.gov
Phone: 865-632-3015

Security Services Email box: ContrSecNon-Nuc@tva.gov

For Tenant:

The Administering Agent:

Either party may change any of its authorized agents by sending a signed written notice thereof to the other at the address or email address listed in this [Article 9](#) hereof.

10. **Force Majeure.** If either party shall be prevented or delayed from punctually performing any obligation or satisfying any condition under this Security Agreement because of any strike, boycott, embargo, lockout, labor dispute, inability to obtain labor or materials, Act of God, enemy or hostile governmental action, insurrection, sabotage, fire or other casualty, or any other similar condition beyond the reasonable control of the responsible party ("**Force Majeure**"), the time to perform the obligation or satisfy the condition shall be extended for a period of time equal in length to the event. The non-performing party shall provide the other party with written notice immediately upon the occurrence of an event of Force Majeure, which shall describe the said event in detail. A delay caused by the failure to obtain financing shall not be an event of Force Majeure and therefore, shall not afford the non-performing party the right to extend the time for performance hereunder.
11. **Default and Remedies.** Any breach or event of default and any remedies shall be governed by [Article 23](#), Default, and [Article 24](#), Remedies, of the ET Easement.

12. General.

- a) Legal Compliance. During the Term, Tenant shall comply with all applicable laws, regulations, codes, and ordinances, including, without limitation, those relating to access and security, health, safety, and the environment including any rules or regulations stipulated in the ET Easement.
- b) Notices. All invoices, notices, requests, demands, or other correspondence given pursuant to the terms of this Security Agreement shall (a) be in writing, and (b) be sent by overnight courier service or first class registered or certified mail, postage prepaid, return receipt requested, to the agents specified in Article 9 hereinabove.
- c) Counterparts. This Security Agreement may be executed in several counterparts, which shall constitute one and the same instrument.
- d) TVA Standard Clauses. The following conditions and certifications published in Title 18, Code of Federal Regulations, Part 1316 (Federal Register, April 29, 1993, with any subsequent revisions) are hereby incorporated by reference to the extent applicable:
 - i. Officials Not to Benefit.
 - ii. Affirmative Action and Equal Opportunity.
- e) Entire Agreement. This Security Agreement (including any and all exhibits and attachments hereto) is the entire agreement of the parties and supersedes any prior representations, promises, agreements, or understanding with respect to the subject matter hereof.
- f) Waiver and Modification. No waiver or modification of any provision of this Security Agreement shall be effective unless it is in writing and signed by both parties. Any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver. This Security Agreement may not be amended or supplemented except by a written instrument executed by both parties.
- g) Successors and Assigns. This Security Agreement shall be binding on and inure to the benefit of the parties and their respective successors and/or assigns.
- h) Governing Law. This Security Agreement is governed by and is to be construed under Federal law and to the extent not inconsistent with Federal law, the laws of the State of Tennessee (but not its conflicts-of-laws rules of decision or laws).
- i) Jurisdiction and Venue. Each party hereto irrevocably submits to the sole and exclusive jurisdiction of the United States District Court for the Eastern District of Tennessee for the purposes of any action arising out of or based upon this Security Agreement or relating to the subject matter hereof. It is further agreed that service of any process, summons, notice or document by U.S. registered or certified mail to TVA's address set forth in Article 9 above shall be effective service of process for any action, suit or proceeding with respect to any matters to which TVA has submitted to jurisdiction in this Article 12(i). It is further agreed that service of any process, summons, notice, or document on Tenant shall be obtained by personally delivering a copy of the summons and complaint or other process, notice, or document to the Mayor of Knox County, Tennessee. Said personal delivery shall be effective service of

process for any action, suit or proceeding with respect to any matters to which Tenant has submitted to jurisdiction in this Article 12(i). Each party hereto irrevocably and unconditionally waives any objection to the laying of jurisdiction and venue of any action, suit or proceeding in the United States District Court for the Eastern District of Tennessee, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.)

- j) ET Easement. This Security Agreement is subject to the terms and conditions contained in the ET Easement. If any conflict between the terms of this Security Agreement and the ET Easement should arise, the terms of the ET Easement shall prevail.
- k) Severability. Except where the manifest purposes of this Security Agreement may thereby be materially impaired, if any of the provisions of the Security Agreement, or the application thereof to any person or circumstances, shall be invalid or unenforceable whether by a court of competent jurisdiction or by a binding change in substantive law, the remainder of this Security Agreement, or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and every provision of this Security Agreement shall be valid and enforceable to the fullest extent permitted by law.
- l) No Third-Party Beneficiary Agreement. It is understood that this Security Agreement is in no way a third-party beneficiary agreement. It is entered solely to regulate the relationship between TVA, the United States of America, and Tenant with respect to the Premises. The parties do not intend it to create any obligations to any third parties, which are enforceable by such parties.
- m) Cumulative Rights and Remedies. The rights and remedies of the parties under this Security Agreement or under any section, subsection, or clause hereof, shall be cumulative and in addition to any and all other rights or remedies which the parties have or may have elsewhere under this Security Agreement or at law or equity, whether or not so expressly stated.
- (n) Survival. The respective obligations and duties of TVA and Tenant under this Security Agreement that are not, by the express terms of this Security Agreement, to be performed fully during the Term, or any Renewal Term, shall survive the termination of this Security Agreement.

- SIGNATURE PAGE TO FOLLOW -

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement by each of their duly authorized and respective representatives.

KNOX COUNTY, TENNESSEE

TENNESSEE VALLEY AUTHORITY

By _____
GLENN JACOBS
KNOX COUNTY MAYOR

By _____
DAVID BOWLING
VICE-PRESIDENT, RIVER & RESOURCES
STEWARDSHIP

EXHIBIT A

Tenant Holidays*

* Initial list; subject to change

| | |
|----------------------|------------------------|
| January 1, 2020 | New Year's Day |
| January 20, 2020 | Martin Luther King Day |
| March 19-20, 2020 | Spring Break |
| April 10 & 13, 2020 | Easter Holidays |
| May 25, 2020 | Memorial Day |
| July 3, 2020 | July 4th Holiday |
| September 7, 2020 | Labor Day |
| October 15-16, 2020 | Fall Break |
| November 25-27, 2020 | Thanksgiving Holidays |
| December 23-25, 2020 | Christmas Holidays |

RIGHT OF PURCHASE AGREEMENT

This Right of Purchase Agreement (this Agreement") is made as of the ___ day of _____, 2020 (the "Effective Date") by and between Knox County, Tennessee, a Tennessee political subdivision ("County"), and the University of Tennessee, an instrumentality of the State of Tennessee ("University").

Background

County and University are parties to the Grant of Term Subeasement dated as of _____, 2020 (the "Subeasement") pursuant to which University has acquired a subeasement from County in certain space in the East Tower of the Knoxville Office Complex of the Tennessee Valley Authority at 400 West Summit Hill Drive in the City of Knoxville, Knox County, Tennessee from County. County obtained a term easement in the premises subject to the subeasement and other floors within the East Tower pursuant to a Grant of Term Easement dated as of _____, 2020 (the "ET Easement") between County and the Tennessee Valley Authority, an agency and instrumentality of the United States acting on behalf of the United States of America and organized and existing pursuant to the Tennessee Valley Authority Act of 1933, as amended ("TVA"). Simultaneously with the execution of the ET Easement, County and TVA entered into a Grant of Permanent Easement dated as of _____, 2020 (the "SP Easement") pursuant to which TVA granted County a permanent easement relating to an office, warehouse and parking garage building known as the Summer Place Complex (the "SP Complex"). Pursuant to the SP Easement, under certain conditions, County may acquire fee simple title to the property in the SP Complex, in which case the SP Easement would be terminated. County and University intend to use certain parking spaces in the SP Complex for employees working in and visitors to the East Tower referenced above, and County and University have entered into a Parking License Agreement as of the date hereof (the "Parking License") pursuant to which County has granted University a license to use a certain number of parking spaces in the parking garage that is part of the SP Complex. In the event County desires to convey its permanent easement interest in the SP Complex or, if County acquires a fee simple interest in the property on which the SP Complex is located, County desires to convey its fee simple interest in the SP Complex, University desires to have the right to purchase County's interest in the SP Complex at a fair market value price in order to protect University's right to utilize the parking spaces in the SP Complex. County and University therefore agree as follows:

Agreement,

1. Right of First Offer. In the event that County decides to sell its permanent easement interest in the SP Complex or, if applicable, its fee simple interest in the SP Complex, County shall provide written notice to University of its intent to sell, together with an appraisal of County's interest in the SP Complex prepared by a

certified appraiser with MAI designation. Upon receipt of such notice and appraisal, University shall have thirty (30) days to (a) notify County that University does not desire to exercise its right to purchase County's interest in the SP Complex, (b) notify County that University desires to purchase County's interest in the SP Complex and accepts the appraised value provided by County or (c) notify County that University desires to purchase County's interest in the SP Complex but does not accept the appraised value provided by County. If University desires to purchase County's interest in the SP Complex but does not accept the appraised value provided by County, University shall have forty-five (45) days from giving such notice to County to obtain its own appraisal, at University's cost, from a certified appraiser with MAI designation and provide same to County. Upon receipt of such second appraisal, County shall notify University whether County shall accept a purchase price equal to the average of the two appraisals. If County does not agree to such purchase price, the two appraisers that have appraised the SP Complex for County and University shall select a third certified appraiser with MAI designation to appraise the SP Complex, and such third appraisal shall be delivered within forty-five (45) days of receipt of the second appraisal. Upon receipt of such third appraisal, the purchase price for County's interest in the SP Complex shall be the average of the three appraisals. The cost of the third appraisal shall be borne equally by County and University.

2. Closing. Upon determination of the purchase price of County's interest in the SP Complex as provided in Section 1, the parties shall close the conveyance of such interest on such date as is selected by the parties, provided, that in any event, such closing shall occur within ninety (90) days of when such price is determined. Such conveyance shall be consummated by an assignment of the SP Easement or a special warranty deed if County has acquired a fee simple interest in the SP Complex. Such conveyance shall be on an "as is" basis with County making no representations as to any matters relating to the SP Complex other than any warranties as to title included in the assignment or special warranty deed. Closing costs relating to such conveyance shall be allocated among the parties as is typical for commercial real estate transactions within County.
3. Consideration. The consideration for this Agreement is the parties entering into the Subeasement, as this Agreement is a condition to entering into such ET Subeasement, and for other valuable consideration.
4. Not Applicable to Partial Conveyance. The terms of this Agreement shall only apply if County desires to sell an interest in the SP Complex in its entirety. Conveyances relating to a portion of the SP Complex such as subeasements, subleases, licenses and similar conveyances or transfers relating to rights in a portion of the SP Complex shall not cause the terms of this Agreement to be applicable.

5. Conflicts with SP Easement. This Agreement is subject to all terms and conditions in the SP Easement relating to the transfer by County of its interest thereunder, and in the event of any conflict between this Agreement and SP Easement, the terms of the SP Easement shall control unless TVA agrees in writing otherwise.
6. Notice. All notices and other communications under or with respect to this Agreement shall be in writing and shall be deemed delivered (i) upon receipted delivery, if sent by messenger, personal courier, electronic mail or overnight courier, or (ii) three (3) business days after being deposited in the U.S. Mail, registered or certified, return receipt requested, in any case with postage/delivery prepaid or billed to sender and addressed as follows:

If to County:

Knox County, Tennessee
400 Main Street, Suite 615
Knoxville, Tennessee 37902
Attention: Mayor

If to University:

The University of Tennessee
709a Andy Holt Tower
Knoxville, TN 37996
Attn: David L. Miller, Senior Vice President and Chief Financial Officer

Either party may change its address for purposes of notice hereunder by delivering written notice thereto to the other in the manner set forth above. Notwithstanding the foregoing, any delivery which is rejected by the addressee or which is undeliverable because of an address change of which no notice was given shall be deemed delivered upon the attempted delivery thereof.

7. Exclusivity. County shall not offer the Summer Place Complex to another party until and unless University fails to close on the purchase according to the terms of this Agreement.
8. Commencement/Expiration/Termination. This Agreement takes effect upon the Effective Date, and the Agreement's term shall be coextensive with that of the Parking License. This Agreement may be modified only through written mutual agreement between the parties. This Agreement shall terminate automatically, with no further action required by the parties, upon the termination or expiration

of the Parking License or upon University giving notice to County that it does not desire to purchase County's interest in the SP Complex as provided above.

9. Assignment. Neither this Agreement nor any rights hereunder, in whole or in part, shall be assignable or otherwise transferable without the prior written consent of the other party. Any purported assignment in violation of this Section 5 shall be null and void *ab initio*.
10. Counterparts. This Agreement may be executed by the parties in separate counterparts, each of which, when so executed and delivered, shall be an original (whether delivered by original paper signature or by electronic delivery), but all counterparts shall together constitute one and the same instrument.

[Remainder of page intentionally left blank; signature page to follow.]

In witness whereof, the parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

THE UNIVERSITY OF TENNESSEE

By: _____

Name: _____

Title: _____

KNOX COUNTY, TENNESSEE

By: _____

Name: _____

Title: _____

Prepared by:

Michael B. Tindle, Attorney
Tennessee Valley Authority
1101 Market Street, BR 4B
Chattanooga, Tennessee 37402
Telephone: (888) 817-5201

TVA TRACT NO. XKOC-16B

GRANT OF PERMANENT EASEMENT

THIS GRANT OF PERMANENT EASEMENT (the "SP Easement"), made and entered into by and between the UNITED STATES OF AMERICA (sometimes hereinafter referred to as "GRANTOR"), acting by and through its legal agent, the TENNESSEE VALLEY AUTHORITY (sometimes hereinafter referred to as "TVA"), an executive branch corporate agency and instrumentality of the United States of America created and existing under and by virtue of an act of Congress known as the Tennessee Valley Authority Act of 1933, as amended, and KNOX COUNTY, TENNESSEE, a political subdivision of the State of Tennessee (sometimes hereinafter referred to as "GRANTEE"), shall be effective as of the date of the latest signature of the parties hereto (the "Effective Date");

WITNESSETH:

WHEREAS TVA is authorized by 40 U.S.C. § 1314 to grant to an applicant, on behalf of the UNITED STATES OF AMERICA, such easements affecting Federal property in its custody and control as TVA's Board of Directors determines will not be adverse to the interests of GRANTOR; and

WHEREAS GRANTOR and GRANTEE have entered into the Grant of Term Easement in the East Tower, which is a portion of the building complex, known as the Knoxville Office Complex, including the plaza and grounds, located at 400 West Summit Hill Drive in the City of Knoxville, Knox County, Tennessee ("the ET Easement"), the ET Easement being identified as TVA Tract No. XKOC-15E; and

WHEREAS GRANTEE desires use and control of the Summer Place Complex which consists of the Summer Place Garage, Summer Place Building (the two level structure beneath the Summer Place Garage) and Summer Place Tower (the five-story tower adjacent to the Summer Place Garage) all located within the SP Easement Area (as defined below) for parking and other purposes; and

WHEREAS in considering GRANTEE's application, TVA's Board of Directors has determined that the granting of the following described easement, subject to the conditions provided herein, will not be adverse to the interests of GRANTOR;

NOW, THEREFORE, in consideration of the sum of ONE MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,600,000.00) paid, receipt of which is hereby acknowledged:

1. GRANTOR, acting by and through TVA, its legal agent as to real property, pursuant to the provisions of 40 U.S.C. § 1314, and subject to all of the terms, conditions, reservations, restrictions, exceptions, and/or limitations contained in this SP Easement, does hereby grant, bargain, sell, and convey to GRANTEE, its successors and assigns, a permanent easement for commercial and/or governmental purposes and any and all lawful purposes including, but not limited to, the right of GRANTEE to maintain, improve, operate and/or demolish existing buildings, facilities, structures, and improvements and to develop, construct, maintain, and operate new buildings, facilities, structures, and improvements, in, on, over, across, and under certain land located in Knox County, Tennessee,

designated as TVA Tract No. XKOC-16B (hereinafter referred to as the "SP Easement Area") and more particularly described in Exhibit A and shown on Exhibit B, both of which area attached hereto and made a part hereof.

GRANTEE shall pay to TVA the sum of ONE MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,600,000.00) (the "Fee") at the closing of the transactions contemplated by this SP Easement. The Fee shall be paid via Electronic Fund Transfer ("EFT"), which shall be arranged by GRANTEE through its banking institution.

2. This entire grant is expressly made upon and subject to the following conditions, which shall be binding on GRANTOR, its successors and assigns, and GRANTEE, its successors and assigns:

- (a) The SP Easement Area shall be used solely for commercial and/or governmental purposes and any and all other lawful purposes including, but not limited to, the right of GRANTEE to maintain, improve, operate and/or demolish existing buildings, facilities, structures, and improvements and to develop, construct, maintain, and operate new buildings, facilities, structures and improvements.
- (b) Except in the case of any demolition authorized in accordance with Section 12, and as long as any of GRANTOR's rights under Section 11 remain in effect, in the event that GRANTEE shall fail to keep the Summer Place Building (and not other portions of the SP Easement Area) secure and access-controlled to prevent public and/or unauthorized access to the Fiber and Pathways (as hereinafter defined) generally depicted on Exhibit C (hereinafter described as "Security Default"), GRANTOR or TVA shall have the right but not the obligation to immediately enter the SP Easement Area and to supervise and direct and/or temporarily undertake actions to require compliance with said security and access control requirements, all at GRANTEE's cost and expense plus applicable overhead calculated according to TVA standard practices, which shall be invoiced, and be due and payable to TVA thirty (30) days after receipt of invoice. Notwithstanding the foregoing, GRANTEE shall not be required to provide a higher level of security or controlled access to the Summer Place Building than what was provided by GRANTOR or TVA immediately prior to the Effective Date, and any additional security or access controls required by GRANTOR or TVA beyond what was provided by GRANTOR or TVA immediately prior to the Effective Date shall be implemented and maintained at the expense of TVA. GRANTOR or TVA, or their successors or assigns, shall promptly send a written notice to GRANTEE describing any Security Default asserted by GRANTOR or TVA. GRANTEE shall have thirty (30) days from the receipt of such notice to cure such Security Default; provided, if the Security Default is of such a nature that it cannot be cured within thirty (30) days, but is capable of being cured, GRANTEE shall commence and diligently pursue such cure within said thirty (30) days. If (i) GRANTEE does not cure such Security Default within said thirty (30) day period or (ii) the Security Default is of such a nature that it cannot be cured within thirty (30) days and GRANTEE is not diligently pursuing such cure, then GRANTOR, TVA, or their successors or assigns, may exercise any and all remedies at law or equity but specifically excluding termination or a permanent injunction of the use of this SP Easement (but GRANTOR and TVA shall not be limited in pursuing injunctive relief to halt an ongoing violation of law or regulation by GRANTEE), all at GRANTEE's cost and expense plus applicable overhead calculated according to TVA standard practices, which shall be invoiced, and be due and payable to TVA thirty (30) days after receipt of invoice.
- (c) In the event that GRANTEE shall abandon (as defined below) the SP Easement Area for a period of six (6) consecutive months or more, in whole or in part (an "Abandonment Default,") then GRANTOR or TVA, or their successors or assigns, may send a written notice to GRANTEE describing such Abandonment Default. GRANTEE

shall have ninety (90) days from the receipt of such notice to cure such Abandonment Default; provided, if the Abandonment Default is of such a nature that it cannot be cured within ninety (90) days but is capable of being cured, GRANTEE shall commence and diligently pursue such cure within said ninety (90) days. If (i) GRANTEE does not cure such Abandonment Default within said ninety (90) day period or (ii) the Abandonment Default is of such a nature that it cannot be cured within ninety (90) days and GRANTEE is not diligently pursuing such cure, then GRANTOR, TVA, or their successors or assigns, may terminate the SP Easement by sending a second written notice to GRANTEE, its successors and assigns, and take possession of the SP Easement Area as if this SP Easement had never been made and, notwithstanding anything to the contrary in this SP Easement, GRANTEE shall not be entitled to any refund of the Fee. Such termination shall be effective as of the date of such second notice; provided, however, that GRANTEE, its successors, and assigns, shall have the right during a period of ninety (90) days immediately following the date of such notice of termination to remove any furniture and equipment placed by it on the SP Easement Area. Title to any such furniture and equipment not removed within such ninety (90) day period shall become the property of TVA at TVA's option and may be removed at GRANTEE's expense. Any failure of GRANTOR or TVA to exercise such power of termination shall not be construed as a waiver of any of the conditions, covenants, or rights of GRANTOR or TVA. GRANTEE shall reimburse GRANTOR and TVA the full cost borne by TVA for any of the above-described actions necessitated by GRANTEE'S Abandonment Default within thirty (30) days after notice of payment therefor. For purposes of this Section 2(c), GRANTEE shall only be deemed to abandon the SP Easement Area if (i) GRANTEE does not use any portion of the SP Easement Area (and if GRANTEE is occupying, renovating, leasing and/or maintaining any portion and also securing the SP Easement Area then GRANTEE shall be deemed to be using any portion of the SP Easement Area) and (ii) GRANTEE has breached both Sections 3(d) and 3(f) subject to any notice and cure rights.

- (d) In the event that GRANTEE shall commit any breach of any of the terms, conditions, or covenants of this SP Easement, in whole or in part, other than a Security Default or an Abandonment Default (hereinafter collectively a "Default"), then GRANTOR or TVA, or their successors or assigns, may send a written notice to GRANTEE describing such Default. GRANTOR or TVA shall have the right but not the obligation to immediately enter the SP Easement Area and to supervise and direct and/or temporarily undertake actions to ensure compliance with such terms, conditions or covenants other than Abandonment Default. GRANTEE shall reimburse GRANTOR and TVA the full cost borne by TVA for any of the above-described actions within thirty (30) days after notice of payment therefor. GRANTEE shall have ninety (90) days from the receipt of such notice to cure such Default; provided, if the Default is of such a nature that it cannot be cured within ninety (90) days but is capable of being cured, GRANTEE shall commence and diligently pursue such cure within said ninety (90) days. If (i) GRANTEE does not cure such default within said ninety (90) day period or (ii) the Default is of such a nature that it cannot be cured within ninety (90) days and GRANTEE is not diligently pursuing such cure, then GRANTOR, TVA, or their successors or assigns, may exercise any and all remedies at law or in equity but specifically excluding termination or a permanent injunction of the use of this easement (but GRANTOR and TVA shall not be limited in pursuing injunctive relief to halt an ongoing violation of law or regulation by GRANTEE).
- (e) Any payment by GRANTEE to TVA under this Section 2 shall be expressly subject to GRANTEE's audit rights described in Section 26 of this SP Easement.
3. GRANTEE, by accepting this grant, covenants and agrees on behalf of itself, its successors and assigns, that the following shall constitute real covenants which shall attach to and run with the SP Easement hereby granted, and which shall also be binding upon anyone who

may hereafter come into ownership thereof, whether by purchase, devise, descent, or succession:

- (a) GRANTEE shall control all emissions of pollutants (other than those caused solely by TVA) that might be discharged or released directly or indirectly into the atmosphere, into any stream, lake, reservoir, watercourse, or surface or subterranean waters, or into or on the ground from any part of the SP Easement Area, in full compliance with all applicable standards and requirements relating to pollution control of any kind now in effect or hereafter established by or pursuant to Federal, state, or local statutes, ordinances, codes, or regulations.

If there is a discharge or release of a hazardous substance, material, or waste, or of any pollutant or other substance after the Effective Date, in or from the SP Easement Area by any person or entity other than GRANTOR or TVA for which a cleanup, remediation, restoration, removal, or other action (hereinafter, individually and collectively, referred to as "Environmental Response") is ordered or required pursuant to any Federal, state, or local statute, regulation, or ordinance (including, without limitation, discharges or releases which spread or move in whole or in part beyond the SP Easement Area to other areas owned by GRANTOR), GRANTEE shall bear full responsibility for the cost (including, without limitation, natural resources damages and costs) of said Environmental Response, and shall not seek any contribution or indemnification from GRANTOR or TVA for all or any portion of said costs; provided, however, that nothing in this covenant is intended to or shall preclude GRANTEE from seeking indemnification or contribution from any other person or entity, and provided further that nothing herein shall create any rights in or be enforceable by any person or entity other than GRANTOR, TVA, or their respective successors and assigns.

GRANTEE agrees to be responsible for all claims, damages, demands, actions, costs, charges, and penalties, and any cleanup, remediation, restoration, and/or removal that may result from an environmental condition in, on, or originating from the SP Easement Area or arising in connection with GRANTEE's (or GRANTEE's assignee's, sublessee's, grantee's, subgrantee's, lessee's, or licensee's) use of the SP Easement Area (including exacerbating a pre-existing environmental condition); provided, however, that GRANTEE shall have no responsibility for any such condition or exacerbation of any pre-existing condition caused by any activities of any party other than GRANTEE prior to the Effective Date.

In connection with any cleanup, remediation, restoration, removal, or other action by GRANTEE with respect to any environmental condition, GRANTEE shall not agree to any engineered or institutional controls, such as land use and activity restrictions, that would affect GRANTOR's or TVA's fee simple interest in the SP Easement Area or would in any way be binding upon GRANTOR or TVA without first obtaining the prior written consent of TVA.

In the event this SP Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such successor GRANTEE shall indemnify, defend, and hold harmless GRANTOR and TVA from any and all claims, costs, or losses that may arise as a result of such GRANTEE's breach of this Section 3. For the avoidance of doubt, in the event this SP Easement is assigned to a party that is not prohibited by law to indemnify TVA, such assignee shall be obligated to indemnify TVA to the extent provided in this SP Easement. Notwithstanding the foregoing, in no event shall Knox County, Tennessee (as GRANTEE) or any of its agencies or instrumentalities be required to indemnify, defend, or hold GRANTOR or

TVA harmless under this SP Easement.

- (b) In the event this SP Easement is assigned to a party that is not an agency or instrumentality of Knox County, Tennessee, such successor GRANTEE further agrees to indemnify GRANTOR and TVA against and save them harmless from all claims, damages, demands, actions, costs, and charges to which they or either of them may be subject or which they or either of them may have to pay by reason of any injury to any person or property, or loss of life or property suffered or sustained by any person whomsoever, resulting from or in any way connected with the condition or use of the SP Easement Area, including any means of ingress thereto or egress therefrom, except liability for personal injuries, property damage, or loss of life or property caused by the sole negligence of GRANTOR or TVA. For the avoidance of doubt, in the event this SP Easement is assigned to a party that is not prohibited by law to indemnify TVA, such assignee shall be obligated to indemnify TVA to the extent provided in this SP Easement. Notwithstanding the foregoing, in no event shall Knox County, Tennessee (as GRANTEE) or any of its agencies or instrumentalities be required to indemnify, defend, or hold GRANTOR or TVA harmless under this SP Easement.
- (c) Unless specifically authorized by TVA, no substances listed as hazardous under the Resource Conservation Recovery Act of 1976, as amended, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the National Oil and Hazardous Substance Pollution Contingency Plan, or any other federal, state, or local law or regulation except as are usual and customary in the normal course of conducting the activities allowed or authorized to be conducted under the terms of this SP Easement shall be brought onto or used on the SP Easement Area by GRANTEE or their agents, employees, or contractors. To request authorization from TVA, GRANTEE shall provide to TVA a written statement setting forth (1) the exact name and quantity of the hazardous substances to be brought onto the SP Easement Area; (2) the reason for bringing the hazardous substances onto the SP Easement Area; (3) the protective practices to be instituted; and (4) the counter-measures and cleanup practices to be used in the event of a discharge or release. TVA shall not provide such authorization unless GRANTEE provides the foregoing written statement, and nothing herein shall be construed to require TVA to provide such authorization. If a discharge or release occurs, GRANTEE shall notify TVA at 1-800-237-2322 within twenty-four (24) hours and shall notify federal, state, and local authorities in accordance with applicable laws and regulations. GRANTEE shall provide TVA copies of all correspondence and reports submitted to regulatory authorities in connection with placement or discharge or release of hazardous substances on the SP Easement Area. Except as provided hereinabove, GRANTEE shall provide TVA a complete accounting of the hazardous substances brought onto the SP Easement Area by GRANTEE, including the beginning and ending dates that the substances were present on the SP Easement Area and the ultimate disposition of the substances.
- (d) GRANTEE shall keep the SP Easement Area and its improvements, if any, on the SP Easement Area (except as to those parts of the SP Easement Area and any improvements that may be demolished in accordance with Section 12) in a safe condition and in good order and appearance and shall collect and dispose of all trash, garbage, and other solid wastes accumulated (including any material accumulated by demolition) or left on said SP Easement Area by GRANTEE or its agents, employees, or contractors; and GRANTEE shall require any third party allowed to operate, build and maintain improvements on the SP Easement Area to do the same.
- (e) GRANTEE will conduct all land-disturbing activities on the SP Easement Area in accordance with best management practices to control erosion and sedimentation so

as to prevent adverse impacts on water quality and related aquatic interests in order to meet the requirements of Section 208 of the Clean Water Act and implementing regulations. In addition, GRANTEE will conduct all land disturbing activities on the SP Easement Area in such a manner so as to avoid the spread of and minimize the cost of removing or remediating soil or water contaminated by petroleum or CERCLA hazardous substances. Upon discovery of any such contaminated soil or water in or on the SP Easement Area, GRANTEE shall immediately stop all activity in the area of discovery, make a reasonable effort to prevent the spread of the contamination, and notify TVA at 1-800-237-2322. GRANTEE shall also provide written notice to TVA. GRANTEE will not resume work in the area of discovery until such condition has been remediated in accordance with applicable environmental laws and regulations.

- (f) GRANTEE shall conduct all activities associated with the exercise of rights granted hereunder in such a manner as to: (1) comply with all applicable local, state, and Federal laws and regulations and all applicable standards and regulations of the Federal Occupational Safety and Health Administration (“OSHA”), which obligation shall include requiring that GRANTEE and its contractors (including any subcontractors) that GRANTEE utilizes to perform work on or in the SP Easement Area comply with OSHA requirements and that any/all required training is provided for such work; and (2) comply with all applicable local, state, and Federal environmental laws and regulations. Furthermore, GRANTEE shall be responsible for obtaining all necessary licenses, permits, and/or approvals required by local, state, or Federal statutes and regulations prior to the commencement of any activities on the SP Easement Area.
- (g) GRANTEE shall not disturb or alter in any way the existing state of any archaeological sites, human remains, funerary objects, sacred objects, objects of cultural patrimony, or any other archaeological resources which may be discovered or identified on or under the SP Easement Area. Upon the discovery of any such items, GRANTEE shall immediately stop all activity in the area of the discovery, make a reasonable effort to protect such items, and notify TVA’s Cultural Compliance Staff by telephone at (865) 632-2931. GRANTEE shall also provide written notification of such discovery to TVA, Cultural Compliance, 400 West Summit Hill Drive, WT-11D, Knoxville, Tennessee 37902. GRANTEE will not resume work in the area of the discovery until approved by TVA.
- (h) GRANTOR recognizes that Knox County is a public instrumentality and is exempt from taxation. However, to the extent that the State of Tennessee or its political subdivisions purport to impose any taxes, charges, or other assessments on or against Knox County’s use of the SP Easement Area, including without limitation, any taxes, charges, or other assessments upon Knox County’s buildings, structures, facilities, improvements, or other property related to this SP Easement or upon Knox County’s operations pursuant to this SP Easement, Knox County will address the matter with the State of Tennessee or the political subdivision. In the event this SP Easement (or any portion of the SP Easement Area) is assigned, leased, licensed, or otherwise transferred (all expressly subject to the restrictions on transfer contained in this SP Easement) to a person or entity not exempt from taxation, such assignee, lessee, licensee, or transferee of GRANTEE shall promptly pay, or shall promptly reimburse GRANTOR and TVA as approved by TVA, for all ad valorem taxes, charges, governmental assessments, fees or other increases in taxes, charges, or governmental assessments which may be imposed by the State of Tennessee or its political subdivisions related to such assignee’s, lessee’s, licensee’s, or transferee’s use of the SP Easement Area, including without limitation, any taxes or increases

upon such assignee's, lessee's, licensee's, or transferee's buildings, structures, facilities, improvements, or other property related to this SP Easement or upon such assignee's, lessee's, licensee's, or transferee's operations pursuant to this SP Easement.

- (i) The parties shall comply with the following requirements relating to the maintenance of insurance:
- (1) Commercial General Liability Insurance. TVA, at its reasonable discretion, shall maintain, for as long as this SP Easement is in effect and extending for the entirety of the ninety (90) day period after termination described in Section 2(c) of this SP Easement, commercial general liability insurance with respect to the SP Easement Area (and not other properties of GRANTEE) with the limits and meeting the additional requirements described in Section 3(i)(5) below (to the extent applicable, in TVA's discretion); provided, however, (a) that such commercial general liability policy may also cover the East Tower and Fritts Parking Lot that are subject to term easements being granted by GRANTOR and TVA to GRANTEE; (b) that such commercial general liability policy may be subject to modification as provided in Section 3(i)(10); and (c) GRANTEE shall be responsible for payment of all premiums and an annual Claim Administration Fee (as defined and further described in Section 3(i)(11) below) in connection with such commercial general liability policy. The commercial general liability insurance policy shall have a minimum coverage limit of \$1,000,000 per occurrence / \$2,000,000 annual general aggregate. GRANTEE shall have no benefit or loss payee or additional insured status under such commercial general liability policy. TVA may also reduce coverage limits and requirements if it desires in its sole discretion.
 - (2) Property Insurance. GRANTEE shall maintain, for as long as this SP Easement is in effect and extending for the entirety of the ninety (90) day period after termination described in Section 2(c) of this SP Easement, property insurance with respect to the full replacement cost of any and all buildings, improvements, and alterations, fixtures, additions, structures, and signs on and in the SP Easement Area, consistent with GRANTEE's property insurance for other properties of GRANTEE. In addition, (i) GRANTEE shall maintain business interruption insurance on the SP Easement Area in an amount of One Million Dollars (\$1,000,000); provided, however, that GRANTEE may self-insure this business interruption requirement and such total insurable amount may also cover the East Tower and Fritts Parking Lot that are subject to term easements being granted by GRANTOR and TVA to GRANTEE; and (ii) during such time as GRANTEE is performing work in, on, or to the SP Easement Area, GRANTEE, at GRANTEE's expense, shall also maintain, or shall cause its contractor(s) to maintain, builder's risk insurance for the full insurable value of such work. TVA, and such additional persons or entities as TVA may reasonably request, shall be named as loss payees, as their interests may appear, on any builder's risk policies required by this Section 3(i)(2). All insurance policies under this Section 3(i)(2) must meet the additional requirements described in Section 3(i)(5) below.
 - (3) Personal Property Insurance. GRANTEE shall maintain, for as long as this SP Easement is in effect and extending for the entirety of the ninety (90) day period after termination described in Section 2(c) of this SP Easement, personal property insurance on all personal property, furniture, fixtures, and equipment (including, but not limited to, all technological and computing equipment) owned by GRANTEE in the SP Easement Area and in an amount determined by GRANTEE based on GRANTEE's inventory control systems. The personal property insurance policy under this Section 3(i)(3) must meet the additional requirements described in Section 3(i)(5) below.

- (4) Excess Liability Insurance. TVA, at its reasonable discretion, shall maintain, for as long as this SP Easement is in effect and extending for the entirety of the ninety (90) day period after termination described in Section 2(c) of this SP Easement, an excess liability insurance (“umbrella”) policy with respect to the SP Easement Area (and not other properties of GRANTEE) in the amount of Ten Million Dollars (\$10,000,000) and meeting the additional requirements described in Section 3(i)(5) below (to the extent applicable, in TVA’s sole discretion); provided, however, (a) that such excess liability policy may also cover the East Tower and Fritts Parking Lot that are subject to term easements being granted by GRANTOR and TVA to GRANTEE; (b) that such excess liability policy may be subject to modification as provided in Section 3(i)(10); and (c) GRANTEE shall be responsible for payment of all premiums and an annual Claim Administration Fee in connection with such excess liability policy. GRANTEE shall have no benefit or loss payee or additional insured status under such excess liability policy. TVA may also reduce coverage limits and requirements if it desires in its sole discretion.
- (5) Requirements for Insurance. With respect to any insurance GRANTEE is required to maintain hereunder, each of the following requirements in this Section 3(i)(5) shall apply. All insurance required to be maintained by GRANTEE pursuant to this SP Easement shall be maintained with responsible companies that are admitted to do business in the State of Tennessee, and are in good standing in the jurisdiction in which the SP Easement Area is located and that have an A.M. Best rating of at least “A-”. All insurance policies required hereunder shall contain an endorsement prohibiting cancellation, failure to renew, reduction of amount of insurance, or change in coverage without the insurer and/or GRANTEE endeavoring to first give TVA thirty (30) calendar days’ prior written notice (by certified or registered mail, return receipt requested, or by fax or email) of such proposed action; provided, however, that prior notice of policy cancellation for non-payment shall be ten (10) calendar days. In the event that GRANTEE uses its best efforts to procure the foregoing endorsement from its insurer but is unsuccessful due to the endorsement not being legally available at the time the policy is issued or renewed, GRANTEE shall (i) immediately notify TVA of its failure to receive this endorsement; and (ii) notify TVA of any possible cancellation, failure to renew, reduction of amount of insurance, or change in coverage immediately once GRANTEE has knowledge of such. All insurance policies or letters of self-insurance described in this Section 3(i) (except for the workers’ compensation insurance or workers’ compensation self-insurance described in Section 3(i)(8) below) shall (i) include TVA, GRANTOR, and their officers, agents, employees, and volunteers as additional insureds; (ii) include a waiver of subrogation endorsement in favor of GRANTOR/TVA; and (iii) not include any “pollution” exclusion or any similar exclusion for any environmental liabilities. No property insurance policy shall contain any self-insured retention greater than \$100,000.
- (6) Reimbursement. For the commercial general liability policy described in Section 3(i)(1) and the excess liability policy described in Section 3(i)(4), GRANTEE shall be responsible for payment of all premiums (typically billed annually, or as billed by the insurance provider) and an annual Claim Administration Fee in connection with such policies, all of which shall be invoiced using TVA’s standard invoice format, and TVA shall attach reasonable supporting detail describing any premiums and the Claim Administration Fee. GRANTEE shall pay TVA’s invoice within thirty (30) calendar days of its receipt of TVA’s invoice. GRANTEE’s requirement to reimburse TVA under this Section 3(i) is absolute, and any financial, reimbursement, and payment obligations and responsibilities of GRANTEE under this Section 3(i) shall be considered separate from any other financial, reimbursement, or payment obligations or responsibilities of GRANTEE under this SP Easement and shall not be subject to offsets or credits based on any other

payments or reimbursements paid by GRANTEE to TVA under this SP Easement. All payments to TVA shall be made by EFT. TVA shall procure the insurance policies required by Sections 3(i)(1) and 3(i)(4) pursuant to TVA's normal procurement procedures so as to ensure that such insurance policies are being procured at reasonable cost.

Additionally, in the event GRANTEE (a) fails to obtain or maintain any insurance it is required to maintain under this Section 3(i); (b) fails to provide such insurance meeting all requirements of this Section 3(i); or (c) fails to deliver such policies or certificates as required by this Section 3(i), TVA may, at its option, on five (5) calendar days' notice to GRANTEE, procure such policies for the account of GRANTEE, and all premiums and damages incurred by TVA as a result of GRANTEE's breach of this SP Easement due to GRANTEE's failure to maintain its insurance obligations described in this Section 3(i) shall be paid by GRANTEE to TVA within five (5) calendar days after delivery to GRANTEE of invoices therefor; provided, however, TVA shall not procure any personal property insurance policies on account of GRANTEE.

- (7) Certificates of Insurance. On or before the Effective Date, GRANTEE shall furnish TVA with certificates (or a letter of self-insurance if self-insurance is expressly permitted for the specific insurance requirement under this Section 3(i)) evidencing the insurance coverage required by this SP Easement, and renewal certificates shall be furnished to TVA at least annually thereafter, and at least thirty (30) days prior to the expiration date of each policy for which a certificate was furnished. Upon request by TVA, a true and complete copy of any insurance policy required by this SP Easement shall be delivered to TVA within ten (10) business days following TVA's request.
- (8) Workers' Compensation Insurance. GRANTEE has certified self-insurance status for workers' compensation by the State of Tennessee Department of Commerce and Insurance. In the event GRANTEE, for any reason, does not maintain or loses its self-insurance certification status for workers' compensation from the State of Tennessee Department of Commerce and Insurance, GRANTEE must maintain and provide to TVA a policy of Workers' Compensation insurance complying with the requirements of state law and employer's liability of at least \$1,000,000. In the event this SP Easement is assigned pursuant to the provisions of Section 4 herein to a party that is not an agency or instrumentality of Knox County, Tennessee, the approved assignee, unless self-insured in accordance with applicable law, must maintain and provide to TVA a policy of Workers' Compensation insurance complying with the requirements of state law and employer's liability of at least \$1,000,000.
- (9) Relationship to Indemnification Provisions. As is provided in Section 3(b) herein, GRANTEE is not required to indemnify GRANTOR or TVA in any manner under this SP Easement. Because no such indemnity is being provided by GRANTEE, GRANTEE has agreed to procure (or reimburse TVA for, where applicable) the insurance described above in this Section 3(i). In the event this SP Easement is assigned pursuant to the provisions of Section 4 herein to a party that is not an agency or instrumentality of Knox County, Tennessee, the approved assignee must provide both (i) all of the insurance described in this Section 3(i); and (ii) all of the indemnification, defense, and hold harmless obligations described in this SP Easement. Additionally, in the event of any assignment pursuant to the provisions of Section 4 herein to a party that is not an agency or instrumentality of Knox County, Tennessee, TVA shall not be required to maintain the insurance policies described above in Sections 3(i)(1) and 3(i)(4), and the approved assignee shall be required to

maintain these policies including all requirements described in this Section 3(i). All provisions in this Section 3(i) allowing GRANTEE to self-insure certain insurance requirements (as more particularly described herein) shall only apply to Knox County, Tennessee, as GRANTEE, and in the event of any assignment pursuant to the provisions of Section 4 herein to a party that is not an agency or instrumentality of Knox County, Tennessee, the approved assignee will not be permitted to self-insure any insurance requirement unless approved in writing and in advance by TVA.

- (10) Future Proposals. In the event that GRANTEE desires to obtain its own insurance coverage for either or both of the policies described above in Sections 3(i)(1) (as to commercial general liability insurance) and 3(i)(4) (as to excess liability insurance), GRANTEE shall provide a proposal to TVA as to GRANTEE's potential assumption of such coverage, to be reviewed and approved by TVA in its sole discretion, and provided that such proposal is satisfactory to TVA and the proposed insurance policies meet all the requirements of this Section 3(i), the parties shall mutually work together in good faith to amend the applicable subsections of this Section 3(i) as necessary and appropriate to reflect the terms and conditions of such satisfactory proposal.
- (11) Claim Administration Fee. The "Claim Administration Fee", as used in this Section 3(i), shall mean an annual fee paid by GRANTEE to TVA to cover TVA's expenses related to the cost of procuring, maintaining, and administering claims under the commercial general liability and excess liability policies described in Sections 3(i)(1) and 3(i)(4) above. TVA shall invoice GRANTEE (and GRANTEE shall pay such invoice) for the Claim Administration Fee of Ten Thousand Dollars (\$10,000) per calendar year, all pursuant to the provisions of Section 3(i)(6) above. TVA may apply and use the proceeds of such Claim Administration Fee in its discretion.

In the event that the expenses related to administering claims under the commercial general liability and excess liability policies described in Sections 3(i)(1) and 3(i)(4) above are projected by TVA to be higher than Ten Thousand Dollars (\$10,000) in any given calendar year during the period in which this SP Easement is in effect, the parties agree to mutually work together in good faith to amend the applicable subsections of this Section 3(i) as necessary and appropriate to reflect such updated Claim Administration Fee amount.

- (12) Interpretation. Notwithstanding anything to the contrary in this SP Easement, as the insurance policies TVA is procuring under Sections 3(i)(1) (as to commercial general liability) and 3(i)(4) (as to excess liability) are solely for TVA's benefit, the parties understand and agree that: (i) claims against and recovery under such insurance policies shall be at TVA's sole discretion; (ii) GRANTEE shall be responsible for any claims, suits, damages, demands, actions, costs, charges, and penalties resulting from any of GRANTEE's actions or omissions on the SP Easement Area; and (iii) with respect to claims, suits, damages, demands, actions, costs, charges, and/or penalties sought by individuals or entities against GRANTEE, GRANTEE shall not direct those individuals and entities to such insurance policies as an option for recovery.

4. Assignment of this SP Easement by GRANTEE shall be governed as follows:

- (a) This SP Easement may be assigned by GRANTEE, and by its successors and assigns, in its sole discretion, to the City of Knoxville, Tennessee or any local governmental agency or

instrumentality controlled by Knox County and/or the City of Knoxville, Tennessee with forty-five (45) days' advanced written notice to TVA, and provided that any such assignment shall be subject to all of the terms, conditions, and covenants contained herein. The right of GRANTEE, and its successors and assigns, to assign this SP Easement under the terms of this Section 4(a) shall continue throughout the period while this SP Easement is in effect.

- (b) The following procedure shall only apply when GRANTEE (or its applicable successor or assignee) proposes to assign this SP Easement prior to _____, 2031:

This SP Easement may be assigned by GRANTEE, and by its successors and assigns (for purposes of this Section 4, all further references to GRANTEE under this Section 4 shall be deemed to include GRANTEE's successors and assigns, where applicable in context), to any other entity not described in Section 4(a) above, upon TVA's prior review and prior written consent, such consent not to be unreasonably withheld, conditioned, or delayed, with TVA's primary considerations as to any prospective assignee being the review of the financial and legal ability of the proposed assignee to ensure fulfillment of the obligations of this SP Easement including, but not limited to: (i) the ability of the proposed assignee to obtain and maintain the insurance required by this SP Easement, (ii) the proposed assignee being authorized to do business in the United States and in the State of Tennessee, (iii) the proposed assignee or any principal of such assignee (A) not being present on any Office of Foreign Assets Control Sanctions Lists or any similar list, (B) not being present on any federal lists of debarred or excluded contractors or any similar list, and (C) not being involved in any ongoing litigation with TVA at the time of proposed assignment, and (iv) the ability of the proposed assignee to provide the indemnification required by this SP Easement. Any such assignment shall be subject to all of the terms, conditions, and covenants contained herein.

GRANTEE shall submit a request to assign this SP Easement pursuant to this subsection in writing to TVA together with a request that TVA consider selling at public auction pursuant to Section 31 of the Tennessee Valley Authority Act of 1933, as amended, the fee underlying the SP Easement Area, expressly subject to GRANTEE's rights under this SP Easement.

After receipt of such request and any supporting materials or documentation reasonably requested by TVA with specificity in writing, TVA shall review such request within one-hundred twenty (120) days and elect either of the following two options:

- (1) Decline to proceed with consideration of the sale of the fee underlying the SP Easement Area at public auction and proceed with review of the assignment request.
- (2) Agree to proceed with consideration of the sale of the fee underlying the SP Easement Area at public auction and proceed with a review of the assignment request.

If TVA elects the option in Section 4(b)(2), above, TVA will provide a commitment letter (which commitment letter and subsequent sale at public auction and closing of the same shall be subject to appropriate TVA review and approvals, including any and all environmental reviews (all at GRANTEE's sole cost and expense and in TVA's sole discretion)) to the proposed assignee (after the Fair Market Value (as defined below) of the fee underlying the SP Easement Area is determined as provided below) which the proposed assignee shall execute, pursuant to which the proposed assignee shall agree to attend a public auction of the fee underlying the SP

Easement Area and bid the minimum bid, which minimum bid shall be the Fair Market Value (as defined below) of GRANTOR's and TVA's fee interest in the property underlying the SP Easement Area as determined in the manner provided below, and additionally, pay for any necessary and appropriate costs and expenses incurred by GRANTOR or TVA in order to undertake such public auction. TVA's consent to the assignment pursuant to the option in Section 4(b)(2), above, will be contingent upon receipt of the signed commitment letter from the proposed assignee. The Fair Market Value shall be established by an appraiser (licensed in the State of Tennessee and designated as a Member of the Appraisal Institute) selected by GRANTEE and/or the proposed assignee (but at the reasonable expense of TVA), subject to the provisions below. This first appraisal shall be submitted to TVA and will be reviewed for accuracy as to information relied upon and compliance with appraisal standards (and not the professional judgment of GRANTEE's/proposed assignee's appraiser) by TVA's appraiser and, if needed, shall be revised accordingly by GRANTEE's/proposed assignee's appraiser at the direction of TVA's appraiser. If GRANTEE and/or the proposed assignee does not accept the Fair Market Value established by the first appraisal, GRANTEE and/or the proposed assignee shall state such non-acceptance to TVA in writing and obtain a second appraisal (at GRANTEE's and/or proposed assignee's sole cost and expense) by an appraiser licensed in the State of Tennessee and designated as a Member of the Appraisal Institute. This second appraisal shall be submitted to TVA and will be reviewed for accuracy as to information relied upon and compliance with appraisal standards (and not the professional judgment of GRANTEE's/proposed assignee's appraiser) by TVA's appraiser and, if needed, shall be revised accordingly by GRANTEE's/proposed assignee's appraiser at the direction of TVA's appraiser. Thereupon, the Fair Market Value shall be set using the lower appraised value of the first appraisal and the second appraisal. The foregoing process of determining the Fair Market Value shall be hereinafter referred to as the "Appraisal Process". If, after the Fair Market Value has been determined, the proposed assignee refuses to sign a commitment letter for any reason, TVA shall have no obligation to auction the fee interest underlying the SP Easement Area or to allow GRANTEE to assign this SP Easement; provided, however if this sentence and the language in the option in Section 4(b)(2), above are deemed to conflict, this sentence shall control.

Any sale of the fee underlying the SP Easement Area will be made subject to such terms, conditions, and/or requirements TVA finds necessary to comply with any statutory or regulatory obligations and program requirements applicable to TVA, and to comply with Sections 9-12 of this SP Easement. In the event GRANTOR sells the fee underlying the SP Easement Area at public auction and GRANTEE is the purchaser at such public auction, this SP Easement shall terminate upon the delivery of a deed to GRANTEE conveying the fee underlying the SP Easement Area; however, any duties, obligations, or liabilities of GRANTOR/TVA or GRANTEE under this SP Easement which arose prior to the date of termination shall survive such termination, specifically including those rights reserved by GRANTOR and TVA under Sections 9-12 of this SP Easement, which, to the extent provided therein, shall become deed restrictions. TVA may auction the fee underlying the SP Easement Area at any time, provided, TVA shall notify GRANTEE in advance of any public auction of the fee underlying the SP Easement Area. If the fee underlying the SP Easement Area is auctioned and the sale is completed, and GRANTEE is not the purchaser of the fee at such public auction, GRANTEE may thereafter assign this SP Easement without the consent of any party, including GRANTOR or TVA.

For purposes of this Section 4, the "Fair Market Value" shall be the appraised value of GRANTOR's and TVA's fee interest in the property underlying the SP Easement Area and

no other property or rights of GRANTOR and/or TVA determined by the Appraisal Process. Without limiting the foregoing, the Fair Market Value shall not include the value of any rights reserved by GRANTOR or TVA under this SP Easement, including, without limitation, any rights reserved by GRANTOR and/or TVA pursuant to Sections 9–12 hereof.

- (c) The following procedure shall only apply when GRANTEE (or its applicable successor or assignee) proposes to assign this SP Easement on or after _____, 2031:

For proposed assignments to any entities other than those described in Section 4(a) above, GRANTEE shall submit an assignment request in writing for prior written approval to TVA and, after TVA's review, TVA shall consent to the assignment request if the proposed assignee meets each of the two (2) following criteria:

- 1) a review by GRANTOR or TVA confirms that such proposed assignee is authorized to do business in the State of Tennessee as evidenced by current, appropriate certificates from the relevant Secretaries of State (or comparable state office) demonstrating that the proposed assignee exists and is in good standing in (i) the State of Tennessee, and (ii) if the proposed entity is not formed under the laws of the State of Tennessee, the proposed assignee's state of organization; and
- 2) a review by GRANTOR or TVA confirms that such proposed assignee or any principal of such proposed assignee is (A) not present on any Office of Foreign Assets Control Sanctions Lists or any similar list, (B) not present on any federal lists of debarred or excluded contractors or any similar list, and (C) not involved in any ongoing or threatened litigation with TVA at the time of proposed assignment.

Any such assignment shall be subject to all of the terms, conditions, and covenants contained herein.

GRANTEE shall submit such request to assign this SP Easement pursuant to this subsection in writing to TVA together with a request that TVA consider selling at public auction pursuant to Section 31 of the Tennessee Valley Authority Act of 1933, as amended, the fee underlying the SP Easement Area, expressly subject to GRANTEE's rights under this SP Easement. After receipt of such request and any supporting materials or documentation reasonably requested by TVA with specificity in writing, TVA shall review such request within one-hundred twenty (120) days and elect either of the following two options:

- (1) Decline to proceed with consideration of the sale of the fee underlying the SP Easement Area at public auction and proceed with review of the assignment request limited to the two (2) criteria mentioned in this Section 4(c) above.
- (2) Agree to proceed with consideration of the sale of the fee underlying the SP Easement Area at public auction and proceed with a review of the assignment request limited to the two (2) criteria mentioned in this Section 4(c) above.

If TVA elects the option in Section 4(c)(2), above, TVA will provide a commitment letter (which commitment letter and subsequent sale at public auction and closing of the same shall be subject to appropriate TVA review and approvals, including any and all environmental reviews (all at GRANTEE's sole cost and expense and in TVA's sole discretion)) to the proposed assignee (after the Fair Market Value of the fee underlying the SP Easement Area is determined in accordance with the Appraisal Process described in Section 4(b)(2), above) which the proposed assignee shall

execute, pursuant to which the proposed assignee shall agree to attend a public auction of the fee underlying the SP Easement Area and bid the minimum bid, which minimum bid shall be the Fair Market Value of GRANTOR's and TVA's fee interest in the property underlying the SP Easement Area determined through the Appraisal Process, and additionally, pay for any necessary and appropriate costs and expenses incurred by TVA in order to undertake such public auction. TVA's consent to the assignment pursuant to the option in Section 4(c)(2), above, will be contingent upon receipt of the signed commitment letter from the proposed assignee. If, after the Fair Market Value has been determined, the proposed assignee refuses to sign a commitment letter for any reason, TVA shall have no obligation to auction the fee interest underlying the SP Easement Area or to allow GRANTEE to assign this SP Easement; provided, however, if this sentence and the language in the option in Section 4(c)(2), above, are deemed to conflict, this sentence shall control.

Any sale of the fee underlying the SP Easement Area will be made subject to such terms, conditions, and/or requirements TVA finds necessary to comply with any statutory or regulatory obligations and program requirements applicable to TVA, and to comply with Sections 9–12 of this SP Easement. In the event GRANTOR sells the fee underlying the SP Easement Area at public auction and GRANTEE is the purchaser at such public auction, this SP Easement shall terminate upon the delivery of a deed to GRANTEE conveying the fee underlying the SP Easement Area; however, any duties, obligations, or liabilities of GRANTOR/TVA or GRANTEE under this SP Easement which arose prior to the date of termination shall survive such termination, specifically including those rights reserved by GRANTOR and TVA under Sections 9–12 of this SP Easement, which, to the extent provided therein, shall become deed restrictions. TVA may auction the fee underlying the SP Easement Area at any time, provided, TVA shall notify GRANTEE in advance of any public auction of the fee underlying the SP Easement Area. If the fee underlying the SP Easement Area is auctioned and the sale is completed, and GRANTEE is not the purchaser at such public auction, GRANTEE may thereafter assign this SP Easement without the consent of any party, including GRANTOR or TVA.

- (d) Notwithstanding anything to the contrary in this SP Easement, (i) the assignment and auction request procedures outlined in Sections 4(a)–(c) above shall only apply to the entities and time periods expressly mentioned in those Sections and shall not be deemed to apply to any other entities or time periods than those described herein; (ii) any purported assignments in violation of this Section 4 shall be void *ab initio*; (iii) there shall be no deemed approvals of assignment or auction by TVA or GRANTOR under this Section 4; and (iv) any and all assignments shall be subject to all of the terms, conditions, and covenants contained in this SP Easement.
- (e) The following shall not be considered an assignment of GRANTEE'S rights hereunder (and to which this Section 4 would be applicable): (i) a contractual relationship with a third party that is comparable to a lease of a portion (as opposed to the whole) of the SP Easement Area provided that any such contract shall meet the requirements set forth below in this Section 4(e); or (ii) the granting by GRANTEE of licenses to use the SP Easement Area or any portion thereof, including, without limitation, parking licenses. GRANTEE may undertake any of the activities described in the prior sentence without any approval of GRANTOR or TVA. Any contract described in clause (i) of this Section 4(e) shall meet the following requirements: (A) the contract shall include a provision pursuant to which the third party specifically recognizes that such contract is subordinate to the terms of this SP Easement and that the third party's interest pursuant to such contract shall not extend to TVA's or GRANTOR's underlying fee interest in the SP Easement Area; (B) a copy of such contract shall be provided to TVA within thirty (30) calendar days

of execution of such contract; (C) the term of such a contract shall automatically terminate upon the termination of this SP Easement for any reason; and (D) the contract shall comply with the terms and requirements set forth in Section 4(f) below, except that such contracts will not require the prior written consent of GRANTOR or TVA.

- (f) Notwithstanding anything to the contrary in this SP Easement, under no circumstance shall GRANTEE or any subsequent assignee, sublessee, grantee, subgrantee, lessee, or licensee of GRANTEE (i) grant any easements or sub-easements (whether recorded or unrecorded) in, on, or to the SP Easement Area; provided, however, GRANTEE may grant easements or sub-easements comparable to a lease or license as set forth in Section 4(e)(i) and (ii) so long as such easements or sub-easements (y) do not encumber GRANTOR's underlying fee interest or TVA's or GRANTOR's rights reserved in this SP Easement, and (z) meet the requirements set forth in (A)–(C) of Section 4(e); or (ii) record any document (not to include the documents authorized under the specific conditions mentioned in Section 25 of this SP Easement) in the Knox County Register of Deeds Office (or applicable successor entity) that encumbers the SP Easement Area, without first obtaining the prior written consent of GRANTOR or TVA, such consent not to be unreasonably delayed, conditioned or withheld; provided, however, that any apparent attempt by GRANTEE (as determined in TVA's reasonable discretion) to utilize any easements or sub-easements to avoid the assignment requirements contained in this Section 4 shall be deemed as reasonable grounds for GRANTOR or TVA to delay, condition, or withhold consent. Any purported easements, sub-easements, recorded documents, or other encumbrances or real property interests granted or recorded in violation of this Section 4(f) shall be void *ab initio*, and there shall be no deemed approvals by GRANTOR or TVA under this Section 4(f). No easement, sub-easement, recorded document, or other encumbrance or real property interest granted by GRANTEE or any subsequent approved assignee, sublessee, grantee, subgrantee, lessee, or licensee of GRANTEE shall grant rights in the SP Easement Area greater than those granted by GRANTOR and TVA to GRANTEE under this SP Easement. GRANTEE hereby represents, warrants, and covenants that it will abide by the terms of this Section 4(f) and promptly put all of its assignees, sublessees, grantees, subgrantees, lessees, and licensees on notice of this provision. For the absence of doubt, contracts between GRANTEE and third parties described in clause (i) of Section 4(e) above that meet all additional requirements contained in Section 4(e) above shall not be deemed to require GRANTOR or TVA's prior written consent under this Section 4(f), so long as such contracts with third parties comply with all other terms and requirements of this Section 4(f).
- (g) GRANTEE agrees to pay any and all administrative costs associated with any reviews by GRANTOR and/or TVA under this SP Easement, including but not limited to reviews by TVA to determine whether to consent to GRANTEE's requests for assignment, grants of easements or sub-easements, or recording of documents.
5. GRANTOR and TVA reserve their rights to sell the fee interest in the property underlying the SP Easement Area and to also assign or transfer this SP Easement at any time as may be necessary or desirable in TVA's sole discretion, provided, that if GRANTOR or TVA assigns its rights under this SP Easement to a third party that is not the United States of America or another subdivision, successor, or agency of TVA or GRANTOR, GRANTEE may thereafter assign its rights hereunder without the consent of any other party, including TVA.
6. GRANTOR and TVA make no warranties or representations to GRANTEE or any other party, either express or implied, as to the adequacy, condition, safety, reliability, merchantability, suitability, or adaptability of the property for the purposes herein granted, or

any means of access to or egress from the property provided or made available by this SP Easement.

7. It is expressly understood and agreed that neither GRANTEE nor TVA will be considered the agent of the other for any purpose under this grant. The UNITED STATES OF AMERICA, TVA, and their agents and employees undertake no obligation or duty (in tort, contract, strict liability, or otherwise) to GRANTEE, or any other party for any damages to property (real or personal) or personal injuries (including death) arising out of or in any way connected with the acts or omissions of GRANTEE or any other persons.
8. GRANTOR and TVA, its legal agent, reserve for themselves and for their successors, designees and assigns, the following with respect to the SP Easement Area: (1) a continuing right of physical entry to any and all parts of the SP Easement Area (including subsurface and air space) to inspect and monitor the SP Easement Area or for doing and performing any and all things that GRANTOR or TVA may consider or determine to be necessary or desirable in connection with any present or future statutory function, activity, or program authorized or provided for by the Tennessee Valley Authority Act of 1933, as heretofore or hereafter amended, to the extent that such activities shall not unreasonably interfere with the rights granted hereunder and GRANTOR or TVA shall provide at least one business day advance notice to GRANTEE, except in case of emergency, prior to exercising such rights; and (2) the right to grant additional rights to third parties for compatible uses of the underlying fee, as applicable, (e.g. utilities and road or sidewalk improvements) on the SP Easement Area that do not unreasonably interfere with GRANTEE's use of the SP Easement Area and with the consent of GRANTEE (such consent not to be unreasonably withheld, conditioned, or delayed). In connection with exercising its rights under this Section, neither GRANTOR nor TVA shall damage any improvements on the SP Easement Area without the prior written consent of GRANTEE, which consent shall not be unreasonably withheld if TVA demonstrates such damage is necessary to conduct an investigation; provided, however, (i) GRANTOR or TVA shall repair any such damage at GRANTOR's and TVA's expense; and (ii) any actions taken by GRANTOR or TVA that are in compliance with the terms and requirements of GRANTOR's and TVA's reserved rights under this SP Easement or any contract or agreement entered into by GRANTOR/TVA and GRANTEE (specifically including but not limited to the License for Occupancy and the Chilled Water Services Agreement separately entered into by GRANTOR/TVA and GRANTEE as part of the closing of the transactions contemplated by this SP Easement) shall not be deemed to be "damage" to any improvements on the SP Easement Area, and shall not require the prior written consent of GRANTEE except to the extent such consent is required under the provisions of the relevant reserved right, contract, or agreement. Neither GRANTOR nor TVA shall utilize or grant any mineral rights or other subsurface rights or any air rights without first receiving the prior written consent of GRANTEE; provided, however, GRANTOR and TVA shall not be restricted from utilizing subsurface rights or areas on the SP Easement Area in relation to actions involving additional or alternate Fiber and Pathways (as hereinafter defined) so long as GRANTOR and TVA's utilization complies with the requirements of Section 11 of this SP Easement.
9. The parties agree that the KOC is generally referred to as TVA's primary corporate headquarters, and so long as TVA's primary corporate headquarters are located in the KOC, GRANTOR and TVA reserve a perpetual right (such right to be documented upon any fee sale as a deed restriction) to use a block of twenty (20) assigned, reserved parking spaces 24 hours a day/7 days per week/365 days per year in the Summer Place Garage (the "Spaces"), including the right of ingress and egress for access thereto. Unless otherwise agreed by TVA and GRANTEE, the Spaces shall be located on the first floor before the turn and up ramp of the Summer Place Garage. During the period that GRANTOR and TVA

have such right, GRANTOR and TVA reserve the right (such right to be documented upon any fee sale as a deed restriction) to install a TVA security camera(s) for the purpose of providing security for its vehicles parked in the Spaces at a location(s) to be determined by TVA. As long as the Spaces are located in the Summer Place Garage, and unless TVA and GRANTEE otherwise agree, access to the Spaces shall be by TVA-issued access badges, and TVA shall have the right to install and maintain (and have the right to access and repair) its proximity card reader device at the Summer Place Garage entry gate at TVA's expense. If GRANTEE and TVA agree that access via TVA-access device is no longer viable, then GRANTEE shall provide thirty (30) access cards to TVA to access the Spaces. TVA shall not be required to post any hang tags or similar designations for parking spaces on/in its vehicles to use the Spaces. GRANTEE agrees to maintain the Spaces in accordance with normal, professional standards of parking garage maintenance and consistent with how GRANTEE maintains its other parking garages, provided, that any signage relating to the Spaces shall be provided by TVA for installation and maintenance by GRANTEE. In the event GRANTEE demolishes the Summer Place Garage in accordance with, and expressly subject to the terms and conditions contained in Section 12, GRANTEE shall provide alternative Spaces with the similar characteristics and the same number of access cards and signage rights as indicated herein above, all at no cost or rent to GRANTOR or TVA in the Market Square Garage, Walnut Street (Langley) Garage or such other mutually agreeable covered location within the immediate proximity of the KOC, which shall include a right to install a TVA security camera(s). If TVA's primary corporate headquarters are no longer located in the KOC, the rights reserved pursuant to this Section 9 shall automatically terminate. GRANTOR or TVA shall not pay any fees for the Spaces or any of the rights reserved pursuant to this Section 9.

10. GRANTOR and TVA reserve for themselves, their successors, designees and assigns, the irrevocable right for forty (40) years from the Effective Date of this SP Easement (such irrevocable right to be documented upon any fee sale as a deed restriction), in the event of any expiration or termination of the ET Easement, for the option to use up to four-hundred (400) parking spaces, with the precise number to be specified by TVA or its successor, designee or assignee in writing from time to time, in the Summer Place Garage at a monthly fee for each space equal to the fair market value for the use of monthly parking spaces in downtown Knoxville (collectively, the "ET Spaces"), provided the Summer Place Garage has not been demolished in accordance with, and expressly subject to the terms and conditions contained in Section 12. Provided further, if following such demolition, a new public parking garage owned by GRANTEE is constructed on the SP Easement Area, TVA, or its designee, shall be provided the use of up to fifty-seven percent (57%) of the number of parking spaces in such new parking garage (which is equal to the ratio of 400 parking spaces compared to the parking spaces presently in the Summer Place Garage), but not to exceed 400 ET Spaces. The ET Spaces reserved hereunder may be evidenced and facilitated by GRANTEE, or its designee, by providing monthly parking permits to TVA, or its successor, designee or assignee, that permit the use of parking spaces on the same terms as other holders of monthly parking permits at the Summer Place Garage. The fair market value for the ET Spaces shall be established by GRANTEE from time to time, but at least annually, using an average of the then-current monthly parking rate of the nearest three (3) covered garages in proximity to the KOC with not less than three hundred (300) parking spaces in which a monthly parking permit can be purchased. The rights reserved by GRANTOR and TVA pursuant to this Section 10 shall terminate forty (40) years from the Effective Date.
11. (a) GRANTOR and TVA reserve the irrevocable rights (such irrevocable rights to be documented upon any fee sale as a deed restriction) to access, inspect, maintain, upgrade, repair, remove, and use the existing cable, fiber, and/or telecommunication lines (collectively, "Fiber") and all Fiber runs, conduits, trays, and/or pathways (collectively, "Pathways") within the Summer Place Complex that currently serve

GRANTOR, TVA, the KOC, and/or the Fritts Parking Lot (including any associated power supply facilities that serve such Fiber and Pathways (as defined below)), as generally depicted on Exhibit C (the Fiber and Pathways referred to in the foregoing sentence shall be collectively referred to hereinafter as the "Fiber and Pathways"). The foregoing reserved irrevocable rights also include TVA's irrevocable right to provide escorted access to TVA's contractors or vendors that access, inspect, maintain, upgrade, repair, remove, and use the Fiber and Pathways, at reasonable times and upon reasonable notice (except in the case of an emergency), to the relevant Fiber and Pathways for inspection, maintenance, upgrades, repairs, removal, and use. Notwithstanding the foregoing, (i) the foregoing irrevocable rights reserved in this Section 11 shall not include GRANTOR or TVA's right to expand the physical size or relocate the Pathways without the prior written consent of GRANTEE, which shall not be unreasonably withheld, conditioned, or delayed; (ii) the foregoing reserved irrevocable rights for the Pathways shall only include the non-exclusive use and non-exclusive maintenance rights of such Pathways; and (iii) GRANTOR and TVA shall not be responsible for the maintenance of such Pathways, but shall have the right of supervision described in Section 11(e) below with regard to maintenance of the Pathways.

- (b) As part of the irrevocable rights reserved by GRANTOR and TVA under this Section 11, GRANTEE shall:
- (i) Not take any action to unreasonably interfere with the irrevocable rights reserved by GRANTOR and TVA under this Section 11; and
 - (ii) Not, without the prior written consent of TVA (such consent to be exercised in TVA's sole discretion), terminate, modify, amend, or interfere with any contractual right of TVA in relation to the Fiber and Pathways; and
 - (iii) Not, without the prior written consent of TVA (such consent to be exercised in TVA's sole discretion), relocate, remove, alter, cut, damage, or destroy all or any portion of the Fiber and Pathways that serve GRANTOR, TVA, the KOC, Fritts Parking Lot, or TVA's contractors or vendors; and
 - (iv) Act in good faith and not unreasonably withhold its consent to the addition of new or alternate Pathways in the event GRANTOR, TVA, the KOC, or Fritts Parking Lot require additional or alternate Pathways for their operations for any reason (including the addition or subtraction of fiber contractors currently serving GRANTOR, TVA, the KOC, or Fritts Parking Lot); provided any additional security costs that occur as a result of the addition of such new or alternate Pathways required by GRANTOR or TVA shall be at the expense of GRANTOR and/or TVA; and
 - (v) Within five (5) business days after receipt or sending, provide to TVA all communications and/or notices received or given by GRANTEE to or from its lessee, The Nexus Group, Inc. d/b/a Digital Crossing Networks ("Lessee") (or Lessee's successors, assignees, transferees, or designees) relating to any (i) immediate or potential future assignment or transfer of Lessee's lease; (ii) immediate or potential future expiration or non-renewal of Lessee's lease; (iii) immediate or potential future termination of all or part of Lessee's lease; (iv) any maintenance, upgrades, repair, and/or removal activities to be undertaken by Lessee (or its agents, designees, contractors, contracting parties, or vendors) on or within the Pathways; and/or (v) any immediate or potential

future interruptions, delays, or terminations of any telecommunication, fiber, or other data services offered by Lessee.

- (c) As part of the foregoing irrevocable rights reserved in Section 11(a) above, GRANTOR and/or TVA may grant to third parties a license, indefeasible-right-of-use ("IRU"), or similar real property interest to use the Fiber and Pathways if such third party is providing fiber, telecommunication, or similar services to GRANTOR, TVA, the KOC, or Fritts Parking Lot; provided, however, that (i) any such license, IRU, or similar real property interest shall expire no later than June 1, 2036; (ii) any such third party shall only have access to the SP Easement Area under the direct supervision of TVA; and (iii) TVA shall provide GRANTEE a copy of any such license, IRU, or agreement evidencing such similar real property interest within thirty (30) calendar days of entering into such license, IRU, or agreement evidencing such similar real property interest. Nothing in this Section 11 shall be interpreted as placing any restrictions or limitations on GRANTOR's or TVA's rights to enter into agreements with third parties for fiber, telecommunication, or similar services if such agreements do not grant the third parties real property rights or rights of access in, on, or to the SP Easement Area.
- (d) GRANTOR and TVA shall not unreasonably withhold their consent to any relocation of Fiber and Pathways by GRANTEE so long as (i) such relocation is necessary to GRANTEE's repairs or alterations on, in, or to the SP Easement Area; (ii) ample prior written notice is given to TVA; and (iii) such relocation of Fiber and Pathways can be accomplished without causing any operational failures or delays or a lack of connectivity to the Fiber and Pathways for GRANTOR and/or TVA. Any such relocation shall be subject to TVA's supervision rights described in Section 11(e) below; provided, however, that GRANTEE shall give TVA more than five (5) business days' prior written notice of the relocation and shall also inform TVA in writing immediately once GRANTEE learns of its need for such relocation.
- (e) The foregoing irrevocable rights reserved in Section 11(a) above also include GRANTOR and TVA's irrevocable right to supervise any maintenance, upgrades, repair, and/or removal of the Fiber and Pathways (including, but not limited to, any relocation, removal, alteration, cutting, damage to, or destruction of the Fiber and Pathways). This irrevocable right of supervision shall require GRANTEE to provide reasonable prior written notice to TVA (not to be less than five (5) business days) of any maintenance, upgrades, repair, and/or removal of the Fiber and Pathways (including, but not limited to, any relocation, removal, alteration, cutting, damage to, or destruction of the Fiber and Pathways), so that TVA can, at its sole option, supervise such activities.
- (f) The foregoing irrevocable rights reserved in Section 11(a) above also include GRANTOR's and TVA's irrevocable right to access, inspect, maintain, upgrade, repair, remove, and use the existing security cameras on the roof of the Summer Place Garage presently operated by TVA together with associated cable lines connecting such cameras and associated electrical supply equipment for such cameras.
- (g) The irrevocable rights reserved by GRANTOR and TVA under Sections 11(a)–11(e) above shall terminate on June 1, 2036. The irrevocable rights reserved by GRANTOR and TVA under Section 11(f) above shall remain in effect in perpetuity unless and until commencement of demolition in accordance with the requirements of Section 12.
- (h) All activities undertaken by GRANTOR or TVA pursuant to this Section 11 shall be at GRANTOR's or TVA's expense, but GRANTOR or TVA shall not pay any fees for the rights reserved pursuant to this Section 11.

12. GRANTOR and TVA reserve for themselves, their successors, designees and assigns, the irrevocable right (such irrevocable right to be documented upon any fee sale prior to June 2, 2036 as a deed restriction) to require GRANTEE (and any subsequent approved assignees) to comply with the provisions contained in this Section 12 regarding demolition of the SP Easement Area until such irrevocable reserved right expires, as provided below in this Section 12.

No demolition of or on the SP Easement Area shall be allowed prior to June 2, 2036; however, on or after June 2, 2032, the following demolition procedure shall be permitted:

GRANTEE (and any subsequent approved assignees) shall provide TVA with four (4) years' advance written notice (the "Notice Period") of its interest in potential demolition, in whole or in part, of any building, facility, or structure within the SP Easement Area, together with a request that TVA consider selling at public auction pursuant to Section 31 of the Tennessee Valley Authority Act of 1933, as amended, the fee underlying the SP Easement Area, expressly subject to GRANTEE's rights under this SP Easement. Such four (4) year advance written notice may not be given or be effective, and the Notice Period shall not start, prior to June 2, 2032.

After receipt of such request and any supporting materials or documentation requested by TVA, TVA shall review such request within one-hundred twenty (120) days and notify GRANTEE whether TVA intends to proceed with the sale of the fee underlying the SP Easement Area at public auction. If TVA notifies GRANTEE that it intends to proceed with such public auction, GRANTEE shall not proceed with such demolition until the later of: (i) the expiration of the Notice Period; and (ii) the time when the underlying fee interest is actually sold at public auction. If TVA gives notice that it does not intend to undertake such a public auction, or if such public auction does not result in sale of the underlying fee interest, or if the public auction is not commenced within six (6) months of the completion of all required environmental reviews and satisfaction of all applicable legal, regulatory, and TVA program requirements, then GRANTEE may, after the expiration of the Notice Period, proceed with such demolition subject to the terms of this Section 12. During the Notice Period and prior to any demolition, TVA reserves the right to perform any and all environmental reviews and comply with any legal, regulatory, and TVA program requirements (all at GRANTEE's sole cost and expense and in TVA's sole discretion) relating to such demolition. Based on the results of such reviews, GRANTEE may be required to agree to and undertake any necessary or required environmental and other mitigation measures prior to any demolition and/or as part of any demolition. Any such demolition by GRANTEE shall be undertaken in accordance with all applicable local, state and Federal laws, regulations and safety requirements as then applicable to demolition and construction activities, to include the OSHA/safety requirements specified in Section 3(f), and any debris and materials generated or accumulated by such demolition shall be collected and disposed of in an orderly manner, in accordance with the provisions of Section 3 of this SP Easement.

GRANTOR and TVA shall use their best efforts and reasonable due diligence to complete all required environmental reviews and satisfy all applicable legal, regulatory, and TVA program requirements in a timely fashion; provided, however, and notwithstanding anything to the contrary in this SP Easement, no demolition on the SP Easement Area may occur until the expiration of the Notice Period and the completion of all environmental reviews and satisfaction of all legal, regulatory, and TVA program requirements, as determined by TVA, and TVA provides a notice to proceed. If all conditions and requirements of this Section 12

have been met and the Notice Period has expired, TVA will not unreasonably withhold, condition, or delay the foregoing notice to proceed.

Prior to any demolition, GRANTEE shall cooperate with the facilitation of removal of any Fiber and Pathways. There shall be no deemed approvals of demolition or auction by TVA or GRANTOR under this Section 12, and no demolition may occur until satisfactory completion of all required environmental reviews and satisfaction of all applicable legal, regulatory, and TVA program requirements.

If TVA proceeds with a public auction sale of the fee underlying the SP Easement Area, TVA will provide a commitment letter to GRANTEE (after the Fair Market Value of the fee underlying the SP Easement Area is completed pursuant to the Appraisal Process) which GRANTEE may, subject to (i) appropriate TVA review and approvals, including any and all environmental reviews (all at GRANTEE's sole cost and expense and in TVA's sole discretion); and (ii) approval by the Knox County Board of Commissioners, execute and thereby agree to attend a public auction of the fee underlying the SP Easement Area and bid the minimum bid, which minimum bid shall be the Fair Market Value of GRANTOR's and TVA's fee interest in the property underlying the SP Easement Area determined through the Appraisal Process, and additionally, pay for any necessary and appropriate costs and expenses incurred by TVA in order to undertake such public auction. For the absence of doubt, nothing in this SP Easement shall require GRANTEE to execute such a commitment letter or to submit a minimum bid at public auction as a condition to undertaking the demolition of the improvements on the SP Easement Area.

Any sale of the fee underlying the SP Easement Area will be made subject to such terms, conditions, and/or requirements TVA finds necessary to protect its statutory and regulatory obligations and program requirements applicable to TVA, including, without limitation, the rights reserved under this SP Easement, to expressly include the provisions of Sections 9–12 of this SP Easement. In the event GRANTOR sells the fee underlying the SP Easement Area at public auction and GRANTEE is the purchaser at such public auction, this SP Easement shall terminate upon the delivery of a deed to GRANTEE conveying the fee underlying the SP Easement Area; however, any duties, obligations, or liabilities of GRANTOR/TVA or GRANTEE under this SP Easement which arose prior to the date of termination shall survive such termination, specifically including those rights reserved by GRANTOR and TVA under Sections 9–12 of this SP Easement, which, to the extent provided therein, shall become deed restrictions.

For purposes of this Section 12, any improvements, modifications, and alterations to the improvements on the SP Easement Area shall not be deemed to be demolition under the foregoing provisions. GRANTOR's and TVA's irrevocable reserved rights under this Section 12 shall terminate upon the earlier of: (i) the date that GRANTEE completes all demolition of the improvements on the SP Easement Area and subsequent new construction, after all procedures described in this Section 12 have been followed and all requirements described in this Section 12 have been satisfied; or (ii) in the case that GRANTEE chooses not to undertake demolition of the SP Easement area before this time, the later of (x) June 2, 2036, and (y) the sale of the fee underlying the SP Easement Area by GRANTOR and/or TVA.

Notwithstanding anything to the contrary in this SP Easement (specifically including, but not limited to, Section 18), if GRANTEE proposes or undertakes any new construction on, or new use of, the SP Easement Area (including demolition) that requires the removal or remediation of any pre-existing contamination, GRANTEE shall have sole responsibility for any such removal and remediation as well as any claims, damages, demands, actions, costs, charges, and penalties that may arise from any such removal or remediation.

13. No waiver or modification of any provision of this SP Easement shall be effective unless it is in writing and signed by both parties. Any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver. This SP Easement may not be amended or supplemented except by a written instrument executed by all the parties. All rights and remedies of the parties under this SP Easement, or under any section, subsection or clause hereof, including TVA's right to terminate under Section 2, shall be cumulative and in addition to every other right or remedy which the parties have or may have provided herein or at law or equity, whether or not so expressly stated. Notwithstanding the foregoing, GRANTEE's audit rights under this SP Easement are expressly limited to those described in Section 26 of this SP Easement.
14. Each of the parties shall, at the request of the other, execute and deliver all such other further assurances, contracts, instruments, and documents as may be reasonably necessary, desirable, or proper to effectuate the provisions and intents and purposes of this SP Easement.
15. All rights and privileges of GRANTOR under or arising under this SP Easement shall inure to the benefit of TVA and its successors; TVA may act for itself and for GRANTOR in respect to all matters arising out of or in connection with this SP Easement; and all such action may be taken in the name of TVA and shall be sufficient and valid when so taken.
16. The grant of permanent easement described in Section 1 of this SP Easement is made expressly subject to the exceptions listed in Exhibit D, which is attached hereto and made a part hereof.
17. All invoices, notices, requests, demands, or other correspondence given pursuant to the terms of the SP Easement shall (a) be in writing; and (b) sent by overnight courier service or first class registered or certified mail, postage prepaid, return receipt requested, to the parties at the addresses below:

To GRANTOR or TVA: Tennessee Valley Authority, c/o Realty Services and GIS, 1101 Market Street, BR 4B, Chattanooga, Tennessee 37402.

To GRANTEE: Knox County, Tennessee, 400 Main Street, Suite 615, Knoxville, Tennessee 37902, Attention: Mayor

Either party may change such address by sending a signed written notice thereof to the other.

18. GRANTOR covenants and agrees that, provided GRANTEE has complied with all of its obligations under Section 3, GRANTOR will, at its own expense, use reasonable efforts to perform or cause to be performed any environmental response determined by TVA (or by any state or federal agency with authority to require environmental cleanup of the SP Easement Area) to be necessary to protect human health and the environment as a result of contamination in or on the SP Easement Area arising solely out of activities that occurred prior to the Effective Date, including, without limitation, any recognized environmental conditions identified in any environmental assessment provided by GRANTEE to TVA. GRANTOR's obligations to GRANTEE with respect to any environmental contamination in or on the SP Easement Area shall be limited to those obligations specifically set forth in this SP Easement and neither GRANTOR nor TVA shall be liable for (1) the cost of any environmental response not performed by TVA or caused to be performed by TVA or (2) any consequential, special, incidental, indirect, or other damages related to the presence of such contamination and/or any response thereto, including, without limitation, any damages for construction or other delays. For the avoidance of doubt, GRANTOR's obligations under this Section 18 shall

continue to the extent provided herein for as long as this SP Easement is in effect and shall not be limited by the “AS IS,’ ‘WHERE IS,’ ‘WITH ALL FAULTS’ basis” clause located in this SP Easement after Section 27 hereof.

19. This SP Easement (including any and all exhibits and attachments hereto) is the entire agreement of the parties and supersedes any prior representations, promises, agreements, or understandings with respect to the subject matter hereof.
20. GRANTEE hereby represents it has full right and authority to enter into this SP Easement, and each of the persons signing on behalf of GRANTEE are authorized to do so. GRANTEE warrants that it is not necessary for any other person, firm, corporation, agency, or entity to join or to take any other action in the execution of this SP Easement to make the execution by GRANTEE complete, appropriate, and binding.
21. TVA hereby represents it has full right and authority to enter into this SP Easement, and each of the persons signing on behalf of TVA are authorized to do so. TVA warrants that it is not necessary for any other person, firm, corporation, agency, or entity to join or to take any other action in the execution of this SP Easement to make the execution by TVA complete, appropriate, and binding. Further, TVA represents and warrants that this SP Easement is exempt from any and all TVA procurement policies and requirements and that TVA is authorized by law to enter into this SP Easement.
22. This SP Easement is governed by and is to be construed under Federal law, and, to the extent not inconsistent with Federal law, the laws of the State of Tennessee (but not its conflicts-of-laws rules of decision or laws) which are applicable to contracts executed wholly within that state. Each party hereto irrevocably submits to the sole and exclusive jurisdiction of the United States District Court for the Eastern District of Tennessee for the purposes of any action arising out of or based upon this SP Easement or relating to the subject matter hereof. It is further agreed that service of any process, summons, notice or document by U.S. registered or certified mail to TVA’s address set forth in Section 17 shall be effective service of process for any action, suit, or proceeding with respect to any matters to which TVA has submitted to jurisdiction in this Section 22. It is further agreed that service of any process, summons, notice, or document on GRANTEE shall be obtained by personally delivering a copy of the summons and complaint or other process, notice, or document to the Mayor of Knox County, Tennessee. Said personal delivery shall be effective service of process for any action, suit or proceeding with respect to any matters to which GRANTEE has submitted to jurisdiction in this Section 22. Each party hereto irrevocably and unconditionally waives any objection to the laying of jurisdiction and venue of any action, suit or proceeding in the United States District Court for the Eastern District of Tennessee, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS SP EASEMENT OR ANY MATTER ARISING HEREUNDER OR THEREUNDER.
23. Except where the manifest purposes of this SP Easement may be materially impaired, if any of the provisions of this SP Easement, or the application thereof to any person or circumstances, shall be invalid or unenforceable whether by a court of competent jurisdiction or by a binding change in substantive law, the remainder of this SP Easement, or the application of such provision or provisions to person or circumstances other than those as to whom or to which it is held invalid or unenforceable, shall not be affected thereby and every provision of this SP Easement shall be valid and enforceable to the fullest extent permitted by law.

24. It is understood that this SP Easement is in no way a third-party beneficiary agreement. It is entered into solely to regulate the relationship between GRANTOR, TVA, and GRANTEE with respect to the SP Easement Area. The parties do not intend it to create any obligations to any third parties, which are enforceable by such parties.
25. The parties agree that this SP Easement shall not be recorded in the public records in order to save on recording costs, but instead a Memorandum of Easement shall be recorded in the public records to evidence the existence of this SP Easement. Either TVA or GRANTEE may record a Memorandum of Easement after execution of this SP Easement. This SP Easement shall only be terminated upon (i) the circumstances described in Section 2 hereof, (ii) upon the mutual written agreement of the parties, or (iii) upon the acquisition of the fee interest underlying the SP Easement Area by GRANTEE, in which case the fee interest and this SP Easement shall merge (with the rights reserved by GRANTOR and TVA under Sections 9-12 of this SP Easement, to the extent provided therein, becoming deed restrictions upon the sale of the fee interest). Upon such termination, the parties agree to record a Termination of Memorandum of Easement.
26. Subject to the provisions of this Section 26 and provided that no Default of GRANTEE exists, GRANTEE shall have the right to examine the correctness of any amount invoiced by TVA hereunder as follows:
- a) Any request for examination with respect to any amount billed by TVA to GRANTEE may be made by written notice from GRANTEE to TVA during any Examination Notice Period (as such term is defined in Section 26(c) below) and only if GRANTEE shall have fully paid all amounts due to TVA under this SP Easement in the preceding Fiscal Year (as such term is defined in the Operating Agreement), if a payment is due to TVA from GRANTEE. Such written notice shall set forth in reasonable detail the matters questioned. Any examination must be completed and the results communicated in writing to TVA no more than one hundred eighty (180) days after receipt of the materials provided by TVA to GRANTEE pursuant to Section 26(b) below. Notwithstanding anything to the contrary in this SP Easement, if GRANTEE does not provide a timely written notice or complete a timely examination within the time periods outlined in this Section 26(a), GRANTEE shall be deemed to have waived all rights and remedies at law, in equity, and under this SP Easement related to all invoices under this SP Easement for the preceding Fiscal Year, including any audit rights or claims for underpayment or overpayment, and such invoices shall be conclusive and binding on GRANTEE.
 - b) TVA shall make available to GRANTEE the relevant portion of the books and records pertaining to the relevant expenses for the specific matters questioned by GRANTEE for the preceding Fiscal Year. Such books and records shall be made available to GRANTEE within a reasonable time, but no longer than sixty (60) days after TVA timely receives the written notice from GRANTEE to make such examination pursuant to this Section 26. The foregoing portion of such books and records shall be made available, either electronically or during normal business hours of TVA's Financial Services department, at the offices where TVA keeps such books and records or at another reasonable location in Knox County, Tennessee, as determined by TVA.
 - c) GRANTEE shall have the right to make such examination no more than once with respect to any Fiscal Year, with the end of each Fiscal Year starting a period of ninety (90) days for GRANTEE to provide written notice to TVA that it is requesting an

examination of any invoices from the previous Fiscal Year (such period referred to hereinafter as the "Examination Notice Period").

- d) Such examination may be made only by a qualified employee of GRANTEE or a qualified independent certified public accounting firm, except such examination shall not be made by TVA's then-current independent auditing firms.
- e) TVA shall only reimburse GRANTEE for the reasonable costs and expenses of the qualified independent audit (and not any internal costs or expenses of GRANTEE) described in this Section 26 if such audit shows an overpayment by GRANTEE in an amount exceeding one hundred ten percent (110%) of what GRANTEE would have actually otherwise owed to TVA; TVA shall not be responsible for any costs or expenses of a GRANTEE audit in any other situation. GRANTEE shall not be responsible for TVA's costs and expenses resulting from providing any of the information as may be required by GRANTEE under this Section 26.
- f) If the agreed or confirmed audit shows an aggregate underpayment by GRANTEE, GRANTEE shall pay to TVA, within forty-five (45) days after the audit is agreed to or confirmed, the amount owed to TVA, and, if the agreed or confirmed audit shows an aggregate overpayment by GRANTEE, TVA shall reimburse GRANTEE for such overpayment within forty-five (45) days after the audit is agreed to or confirmed.
- g) In the event that TVA and GRANTEE cannot agree or confirm the amount of such audit, the parties will refer any dispute under this SP Easement that is not resolved to an officer of GRANTEE and a corresponding officer or executive of TVA (and any additional agreed-upon designees of the parties). If such individuals do not resolve such dispute within thirty (30) days after reference to them, then TVA and GRANTEE may agree on non-binding mediation to resolve such dispute pursuant to this Section 26 and the process for such non-binding mediation. If the parties do not agree on non-binding mediation, or if such non-binding mediation is not successful in resolving the dispute, then either party may pursue its rights and remedies at law, in equity, or under this SP Easement. The parties agree that all offers, promises, communications, statements and actions during the course of any informal dispute resolution process, and any non-binding mediation, by either TVA or GRANTEE or representative of TVA or GRANTEE (1) are privileged to the fullest extent provided by applicable law and may not be disclosed, including by any mediator; (2) are inadmissible, are not discoverable, and may not be used or referred to for any purpose, including impeachment of any other testimony in a judicial, administrative, or regulatory proceeding; and (3) toll and stay all statutory or contractual limitations that limit either TVA's or GRANTEE's right to litigate such dispute in connection with any matter arising pursuant to this Section 26.

27. The respective obligations and duties of GRANTOR/TVA and GRANTEE under this SP Easement that are not, by the express terms of this SP Easement, to be fully performed while this SP Easement is in effect, shall survive the termination of this SP Easement. Without limiting the foregoing, Sections 9–12 of this SP Easement shall expressly survive any termination or merger of this SP Easement, to the extent provided therein.

Any reference in this SP Easement to the terms "GRANTEE" will be deemed to include its respective successors and assigns.

TO HAVE AND TO HOLD said SP Easement unto GRANTEE, its successors, and assigns, forever; subject, however to the conditions set forth herein.

It is mutually understood and agreed by the delivery and acceptance of this SP Easement that the SP Easement Area is conveyed to GRANTEE on an "AS IS," "WHERE IS," "WITH ALL FAULTS" basis, and GRANTOR and TVA make no warranty, representation, or assurances that it has complied with any state or local statutes, ordinances, codes, or regulations.

And TVA does hereby covenant that the UNITED STATES OF AMERICA is seized and possessed of the SP Easement Area; that TVA as legal agent of the UNITED STATES OF AMERICA is duly authorized to convey the SP Easement in, on, over, across, upon, through, or under the same; that GRANTEE shall have the quiet enjoyment of the SP Easement Area subject only to GRANTOR's and TVA's specific rights reserved hereunder and the exceptions contained in Exhibit D; and that, subject to the conditions, reservations, restrictions, exceptions and/or limitations contained herein, it will warrant and defend the title thereto against the lawful demands of all persons claiming by, through, or under the UNITED STATES OF AMERICA, but not further or otherwise.

IN WITNESS WHEREOF, the TENNESSEE VALLEY AUTHORITY, acting herein as legal agent of the UNITED STATES OF AMERICA, and being duly authorized to do so, has caused this instrument to be signed and delivered, in the name of the UNITED STATES OF AMERICA, by its authorized officer this the _____ day of _____, 2020.

UNITED STATES OF AMERICA
By TENNESSEE VALLEY AUTHORITY,
its legal agent

By: _____
AARON B. NIX
Senior Manager
Realty Services and GIS

STATE OF TENNESSEE)
) SS
COUNTY OF HAMILTON)

On the _____ day of _____, 2020, before me appeared AARON B. NIX, to me personally known, who, being by me duly sworn, did say that he is the Senior Manager, Realty Services and GIS, of the TENNESSEE VALLEY AUTHORITY, an executive branch corporate agency and instrumentality of the United States of America; and that said instrument was signed and delivered on behalf of said corporation, by authority of its Board of Directors, and as legal agent of the UNITED STATES OF AMERICA; and the said AARON B. NIX acknowledged said instrument to be the free act and deed of the UNITED STATES OF AMERICA, as principal, and the TENNESSEE VALLEY AUTHORITY, as its legal agent.

WITNESS my hand and official seal of office in Chattanooga, Tennessee, the day and year aforesaid.

NOTARY PUBLIC

My Commission Expires: _____

IN WITNESS WHEREOF, KNOX COUNTY, TENNESSEE, has caused this instrument to be executed by its authorized officer this the _____ day of _____, 2020.

KNOX COUNTY, TENNESSEE

By: _____
GLENN JACOBS

Title: County Mayor

STATE OF TENNESSEE)
) SS
COUNTY OF KNOX)

I, _____, a Notary Public in and for said county in said state, hereby certify that Glenn Jacobs, whose name as County Mayor of KNOX COUNTY, TENNESSEE, a political subdivision of the State of Tennessee, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that he, as such officer and with full authority, executed the same voluntarily for and as the act of said Knox County, Tennessee.

Given under my hand this the _____ day of _____, 2020.

NOTARY PUBLIC

My Commission Expires: _____

The names and addresses of the owner of the aforescribed SP Easement are:

EASEMENT OWNER: Knox County, Tennessee
400 Main Street, Suite 615
Knoxville, Tennessee 37902
Attention: Mayor

The name and address of the legal owner are:

OWNER: United States of America
Tennessee Valley Authority
c/o Realty Services and GIS
1101 Market Street, BR 4B
Chattanooga, Tennessee 37402

Tax Parcel: 094L C 019

EXHIBIT A

**Parcel 19
RGCA #19061
Legal Description
Property Boundary – 402 & 500 W. Summit Hill Drive**

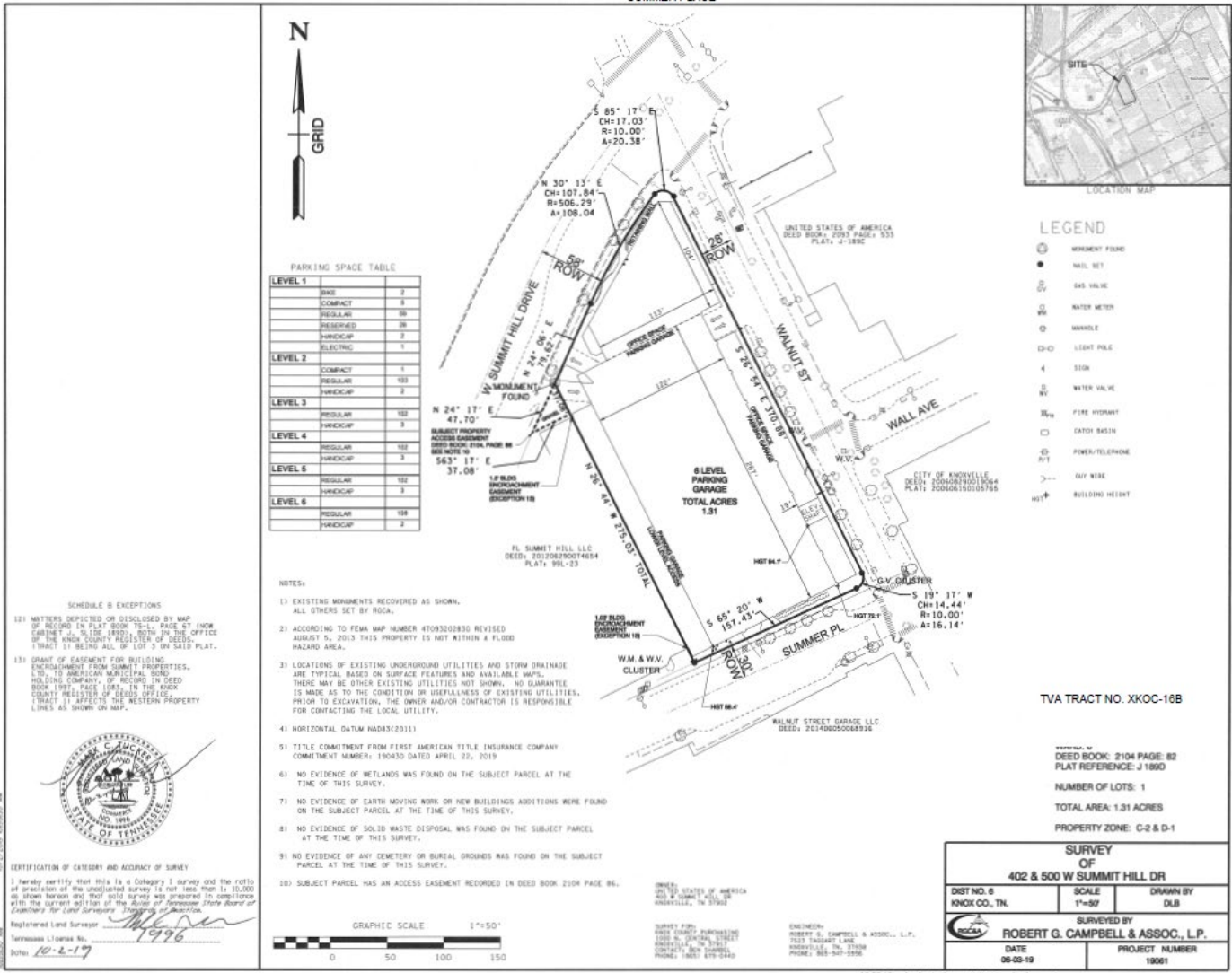
Situated in the Sixth Civil District of Knox County, Tennessee and being known and designated as Parcel 19, and being more particularly described as follows:

BEGINNING at a point, said point being located in the northern right-of-way of Summer PI approximately 64 feet from the intersection of Walnut Street and Summer PI; thence with the said right-of-way of Summer PI South 65 degrees 21 minutes West 156.93 feet to a point corner common with FL Summit Hill LLC; thence leaving said right-of-way and with FL Summit Hill LLC North 26 degrees 44 minutes West 275.03 feet to a monument located in the southern right-of-way of W. Summit Hill Drive; thence leaving with FL Summit Hill LLC and continuing on the said right-of-way North 24 degrees 06 minutes East 79.04 feet to a point; thence continuing on said right-of-way along a curve North 30 degrees 19 minutes East, CH=109.75 feet, R=506.29 feet, L=109.97 feet to a point; thence leaving said right-of-way along a curve South 83 degrees 04 minutes East, CH=17.03 feet, R=10.00 feet, L=20.38 feet to a point located in the western right-of-way of Walnut Street; thence continuing along on said right-of-way of Walnut Street South 26 degrees 41 minutes East 370.88 feet to a point; thence leaving said right-of-way along a curve South 19 degrees 20 minutes West, CH=14.42 feet, R=10.00 feet, L=16.10 feet to a POINT OF BEGINNING containing 1.31 acres, more or less.

The above described land was acquired by the United States of America by virtue of the Special Warranty Deed from Mutual Benefit Life Insurance Company in Rehabilitation Successor to the Mutual Benefit Life Insurance Company, a New Jersey Corporation, dated April 30, 1993 and to be effective May 4, 1993, recorded as Instrument No. 44806 in Warranty Book 2104, page 82, in the office of the Register of Knox County, Tennessee (TVA Tract No. KOC-2).

Together with an access easement as described the above referenced Special Warranty Deed.

EXHIBIT B
SUMMER PLACE



PARKING SPACE TABLE

| LEVEL | SPACE TYPE | QUANTITY |
|---------|------------|----------|
| LEVEL 1 | COMPACT | 2 |
| | REGULAR | 6 |
| | RESERVED | 50 |
| | HANDICAP | 2 |
| LEVEL 2 | REGULAR | 1 |
| | HANDICAP | 1 |
| LEVEL 3 | REGULAR | 102 |
| | HANDICAP | 3 |
| LEVEL 4 | REGULAR | 102 |
| | HANDICAP | 3 |
| LEVEL 5 | REGULAR | 102 |
| | HANDICAP | 3 |
| LEVEL 6 | REGULAR | 102 |
| | HANDICAP | 3 |

SCHEDULE B EXCEPTIONS

521 MATTERS DEPICTED OR DISCLOSED BY MAP OF RECORD IN PLAT BOOK 151-L, PAGE 67 (NOW CANCELED), JULY 1989, BOTH IN THE OFFICE OF THE KNOX COUNTY REGISTER OF DEEDS, TRACT 11 BEING ALL OF LOT 3 ON SAID PLAT.

531 GRANT OF EASEMENT FOR BUILDING ENCROACHMENT FROM SUMMIT PROPERTIES, LTD. TO AMERICAN MUNICIPAL BOND HOLDING COMPANY OF RECORDS IN DEED BOOK 1947, PAGE 1081, IN THE KNOX COUNTY REGISTER OF DEEDS OFFICE, TRACT 11 AFFECTS THE WESTERN PROPERTY LINES AS SHOWN ON MAP.

- NOTES:
- EXISTING MONUMENTS RECOVERED AS SHOWN. ALL OTHERS SET BY ROCA.
 - ACCORDING TO FEMA MAP NUMBER 47093202830 REVISED AUGUST 5, 2013 THIS PROPERTY IS NOT WITHIN A FLOOD HAZARD AREA.
 - LOCATIONS OF EXISTING UNDERGROUND UTILITIES AND STORM DRAINAGE ARE TYPICAL BASED ON SURFACE FEATURES AND AVAILABLE MAPS. THERE MAY BE OTHER EXISTING UTILITIES NOT SHOWN. NO GUARANTEE IS MADE AS TO THE CONDITION OR USEFULNESS OF EXISTING UTILITIES. PRIOR TO EXCAVATION, THE OWNER AND/OR CONTRACTOR IS RESPONSIBLE FOR CONTACTING THE LOCAL UTILITY.
 - HORIZONTAL DATUM NAD83(2011)
 - TITLE COMMITMENT FROM FIRST AMERICAN TITLE INSURANCE COMPANY COMMITMENT NUMBER: 190430 DATED APRIL 22, 2019
 - NO EVIDENCE OF WETLANDS WAS FOUND ON THE SUBJECT PARCEL AT THE TIME OF THIS SURVEY.
 - NO EVIDENCE OF EARTH MOVING WORK OR NEW BUILDINGS ADDITIONS WERE FOUND ON THE SUBJECT PARCEL AT THE TIME OF THIS SURVEY.
 - NO EVIDENCE OF SOLID WASTE DISPOSAL WAS FOUND ON THE SUBJECT PARCEL AT THE TIME OF THIS SURVEY.
 - NO EVIDENCE OF ANY CEMETERY OR BURIAL GROUNDS WAS FOUND ON THE SUBJECT PARCEL AT THE TIME OF THIS SURVEY.
 - SUBJECT PARCEL HAS AN ACCESS EASEMENT RECORDED IN DEED BOOK 2104 PAGE 86.

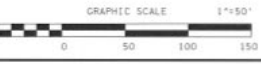
CERTIFICATION OF CATEGORY AND ACCURACY OF SURVEY

I hereby certify that this is a Category 1 survey and the ratio of precision of the unadjusted survey is not less than 1:10,000 as shown herein and that said survey was prepared in compliance with the current edition of the Manual of Professional Practice of the American Land Surveyors' Association.

Registered Land Surveyor: *[Signature]*

Termination License No. 1996

Date: 10-6-17



ENGINEER: ROBERT G. CAMPBELL & ASSOC., L.P.
7622 TRASKARD LANE
KNOXVILLE, TN 37921
PHONE: 865-507-2556

| SURVEY OF | | |
|-----------------------------------|----------------|----------|
| 402 & 500 W SUMMIT HILL DR | | |
| DIST NO. 6 | SCALE | DRAWN BY |
| KNOX CO., TN. | 1"=50' | DLB |
| SURVEYED BY | | |
| ROBERT G. CAMPBELL & ASSOC., L.P. | | |
| DATE | PROJECT NUMBER | |
| 06-03-19 | 19061 | |

10-03-19 revised note 7 & added monument reference 9-26-19 revised property along W. Summit Hill

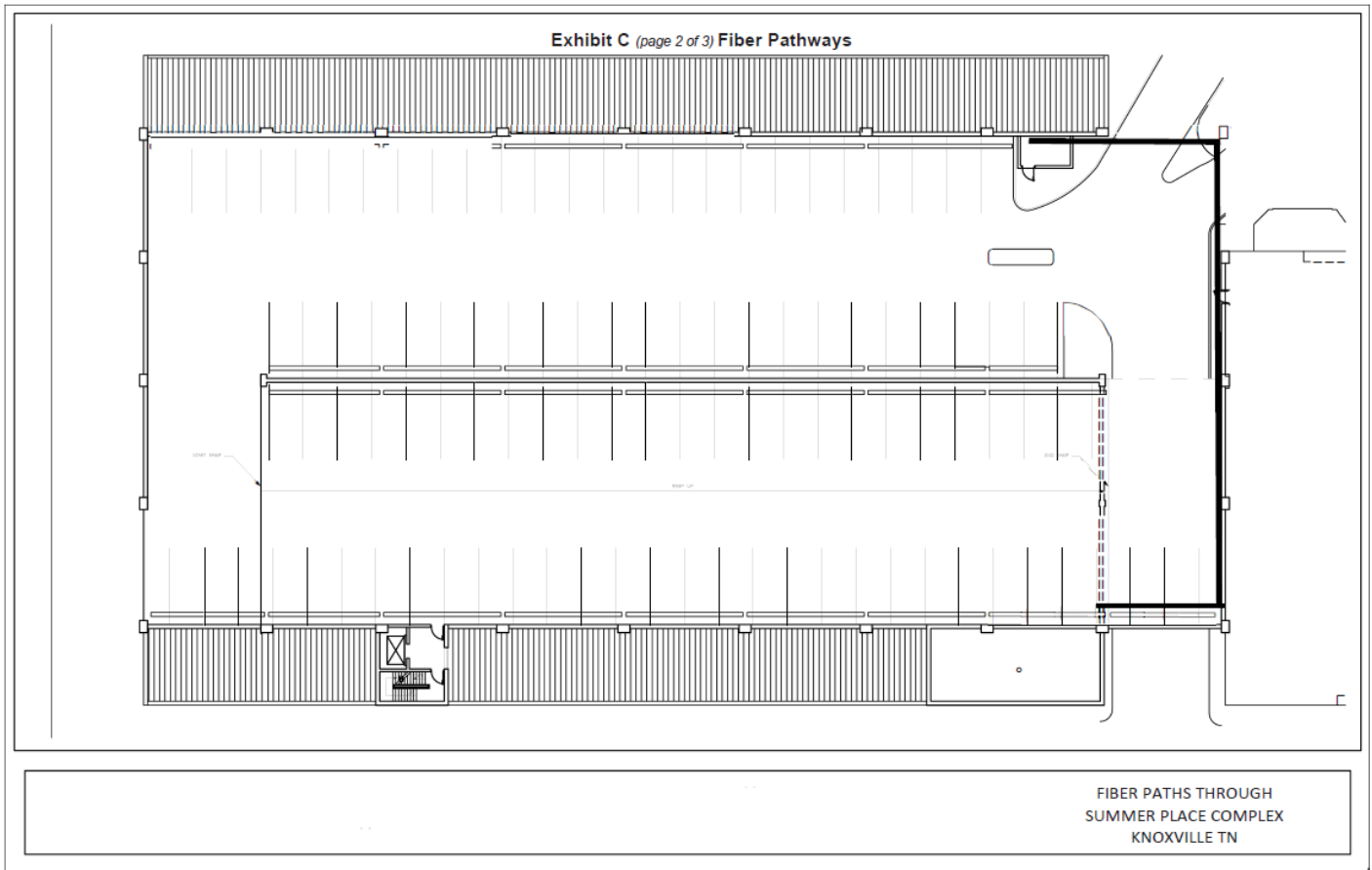
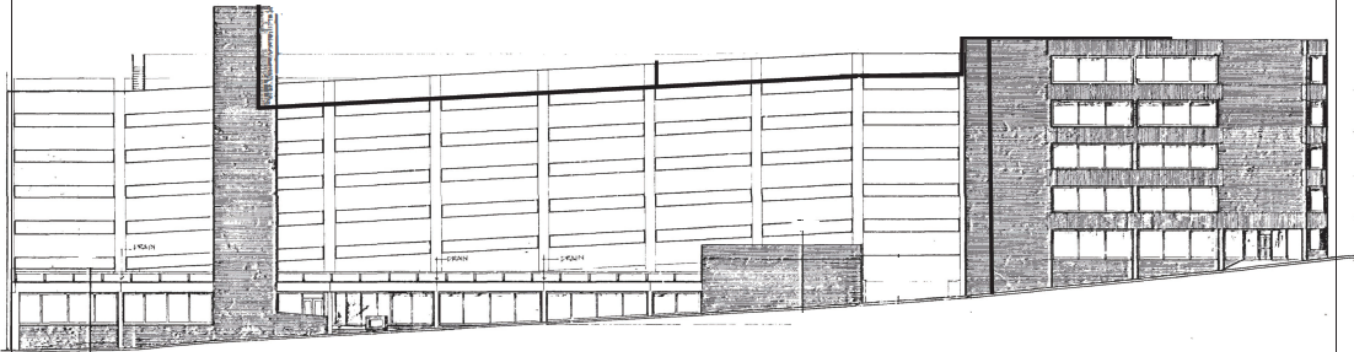


Exhibit C (page 3 of 3)
Fiber Pathways



WALNUT STREET ELEVATION

FIBER PATHS THROUGH
SUMMER PLACE
COMPLEX KNOXVILLE TN

EXHIBIT D

EXCEPTIONS TO SP EASEMENT GRANT

- 1) An easement for building encroachment, dated September 25, 1989, from Summitt Properties, Ltd. to American Municipal Bond Holding Company, recorded in Deed Book 1997, page 1083, in the office of the Register of Knox County, Tennessee; and
- 2) A permanent easement granted to Kimberly-Clark Financial Services, Inc., dated April 14, 1997, recorded in Deed Book 2246, page 438, in said Register's office (TVA Tract No. XKOC-1B); and
- 3) A lease to Technology 2020, entered into February 20, 2006, subsequently assigned to the Nexus Group, Inc. (TVA Tract No. XKOC-7L) which shall be assigned to GRANTEE; and
- 4) License Agreement for parking between TVA and DCN dated April 17, 2017, as amended, which shall be assigned to GRANTEE; and
- 5) License Agreement between TVA and Meta Enterprises d/b/a ScanStore dated February 10, 2006, as amended, which shall be assigned to GRANTEE; and
- 6) License Agreement between TVA and Knology of Knoxville d/b/a WOW dated May 26, 2017, which shall be assigned to GRANTEE; and
- 7) License Agreement between TVA and Zayo Group dated August 30, 2018, which shall be assigned to GRANTEE; and
- 8) Matters depicted or disclosed by map of record in Plat Book 75-L, page 67 (now Map Cabinet I, Slide 97B), and Plat Book 99L, page 23 (now Map Cabinet J, Slide 189D), both in the office of the Knox County Register of Deeds; and
- 9) Such rights as may be vested in third parties for rights-of-way for roads and utilities; and
- 10) Such rights as would be revealed by a current and accurate title examination and/or physical inspection of the SP Easement Area.

AGREEMENT

This AGREEMENT (“Agreement”) is hereby made and entered into as of _____, 2020 (the “Effective Date”) by and between The University of Tennessee, an instrumentality of the State of Tennessee (“UT”), and the Tennessee Valley Authority, an agency and instrumentality of the United States of America acting on behalf of the United States of America and organized and existing pursuant to an Act of Congress known as the Tennessee Valley Authority Act of 1933, as amended (“TVA”), that relates to an Easement between TVA and Knox County, Tennessee, a political subdivision of the State of Tennessee (“Knox County”) dated as of _____, 2020 (the “ET Easement”) and a contractual relationship between UT and Knox County as documented in a subeasement or other similar agreement pursuant to Article 18 of the ET Easement (a “subeasement”).

PURPOSE: UT and TVA (the “Parties”) recognize that UT and Knox County are proposing to enter into a subeasement related to the ET Easement and that UT has requested that Knox County assign the ET Easement to UT under certain conditions and terms to be decided by UT and Knox County in that subeasement of certain date hereof (the “ET Subeasement”), and UT and TVA wish to document certain understandings relating to the ET Subeasement.

1. Incorporation by Reference. The ET Easement, attached as Exhibit 1, is expressly incorporated herein by reference.
2. Acknowledgement of a Subeasement(s).
 - a. TVA acknowledges that Knox County is allowed to enter into a subeasement with UT pursuant to Article 18 of the ET Easement. Upon request by Knox County to TVA stating that Knox County and UT have reached an agreement on the terms and conditions of such a subeasement, and upon TVA's review to its satisfaction that the terms and conditions align with the ET Easement and this Agreement, then TVA shall approve and consent to the ET Subeasement. A draft of the Subeasement is attached as Exhibit 2.
 - b. If UT and Knox County enter into the ET Subeasement, TVA further acknowledges and approves that The University of Tennessee Foundation, Inc., a Tennessee nonprofit corporation, the University of Tennessee Research Foundation, Inc., a Tennessee nonprofit corporation, and UT-Battelle, LLC, a Tennessee limited liability company, may be tenants under the ET Subeasement, without any further approvals required by TVA under the ET Easement or ET Subeasement; provided, however, that the foregoing does not pertain to any approvals required to be provided by Knox County under the ET Subeasement, and provided that the terms and conditions of the foregoing align with the ET Easement, ET Subeasement and this Agreement.
3. Renewal and Assignment.
 - a. Article 4(a) of the ET Easement provides five (5) renewal options of five (5) years each to Knox County. In the event Knox County does not elect to exercise a renewal option, TVA acknowledges that, expressly subject to the requirements of Section 7 below and subject to TVA and Knox County amending the ET Easement to permit assignment of the ET Easement to UT, if the ET Easement is assigned by Knox County and assumed

6.3.20 Confidential, Deliberative, and Pre-Decisional

- by UT, UT may elect to renew the option term under the same terms as provided in the ET Easement.
- b. In the event that TVA or Knox County elect to terminate the ET Easement pursuant to its terms under any circumstances prior to the end of the Term or any Renewal Term (as such terms are defined in the ET Easement), including default by Knox County, then TVA acknowledges that, expressly subject to the requirements of Section 7 below and subject to TVA and Knox County amending the ET Easement to permit assignment of the ET Easement to UT, if the ET Easement is assigned by Knox County and assumed by UT prior to such termination, UT shall assume Knox County's rights of occupancy and possession of the Premises, and/or any other rights and privileges under the ET Easement.
 - c. In the event of (a) or (b) above, TVA agrees to work with Knox County to amend the ET Easement to permit assignment of the ET Easement to UT. If the ET Easement is assigned to UT, TVA agrees that, provided UT has cured any defaults of Knox County under the ET Easement occurring prior to such assignment, the ET Easement shall not be disturbed and shall continue in full force and effect in accordance with and subject to all of the terms, provisions, agreements and covenants of the ET Easement which shall thereafter operate as a direct easement with TVA, as Grantor (as such term is defined in the ET Easement), in which event, UT shall recognize TVA as the Grantor under the ET Easement. Subject to terms of this paragraph and the requirements of Section 7 below, TVA shall recognize UT as Tenant (or Grantee) (as such terms are defined in the ET Easement) under the ET Easement for the balance of the Term (or any Renewal Term) of the ET Easement, and UT shall, in such event, exercise and undertake all of the rights, obligations and duties of Tenant in and under the ET Easement. TVA and UT further agree that they will need to make certain amendments to the ET Easement at such time to conform to the requirements of state or federal law and agree to address such amendments in good faith at such time. In particular, TVA and UT note that the insurance requirements set forth in Article 17 of the ET Easement will need to be modified to reflect the limits set forth under the Tennessee Claims Commission, Tenn. Code Ann. Section 9-8-301, et al., among other required amendments.
4. Right of First Offer. Article 15(b) of the ET Easement provides Knox County a Right of First Offer. If Knox County does not accept the Right of First Offer under the terms set forth in Article 15(b) of the ET Easement and provides written notice of such non-acceptance to TVA and UT, and provided that no Event of Default has occurred and remains uncured (pursuant to Article 23 of the ET Subeasement), UT may exercise the Right of First Offer under the same terms within the time remaining in the 60-day period provided to Knox County in Article 15(b) of the ET Easement. UT and TVA acknowledge that exercise of the Right of First Offer and purchase of the property covered by the Right of First Offer will be expressly subject to all applicable statutory, regulatory, programmatic, board, and higher management approvals at UT and TVA and state approvals for UT.
 5. Fritts Lot Attornment and Assumption. TVA and Knox County have entered into the Term Easement attached as Exhibit 5 for the Premises covered by the Term Easement in a space known as the "Fritts Lot" which has a term that corresponds to the Term of the ET Easement (the "Fritts Easement"). The Fritts Easement provides that it shall be an appurtenance to the ET Easement and shall not be leased, sold, subdivided or otherwise alienated. In the event the ET Easement is proposed to be assigned by Knox County and assumed by UT, TVA

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agrees to work with Knox County to amend the Fritts Easement to permit assignment of the Fritts Easement to UT. If the Fritts Easement is assigned to UT, TVA agrees that, provided UT has cured any defaults of Knox County under the Fritts Easement occurring prior to such assignment the Fritts Easement, UT's rights of occupancy and possession of portions of the Fritts Lot, and/or any other rights and privileges under the Fritts Easement, shall not be disturbed and shall continue in full force and effect in accordance with and subject to all of the terms, provisions, agreements and covenants of the Fritts Easement which shall thereafter operate as a direct easement with TVA, as Grantor (as such term is defined in the Fritts Easement), in which event, UT shall recognize TVA as the Grantor under Fritts Easement. Subject to terms of this paragraph and the requirements of Section 7 below, TVA shall recognize UT as Grantee (as such term is defined in the Fritts Easement) under the Fritts Easement for the balance of the term of the Fritts Easement, and UT shall, in such event, exercise and undertake all of the rights, obligations and duties of Tenant in and under the Fritt Easement. TVA and UT further agree that they will need to make certain amendments to the Fritts Easement at such time to conform to the requirements of state or federal law and agree to address such amendments in good faith at such time. In particular, TVA and UT note that the insurance requirements set forth in Section 3(i) of the Fritts Easement will need to be modified to reflect the limits set forth under the Tennessee Claims Commission, Tenn. Code Ann. Section 9-8-301, et al., among other required amendments.

6. Operating Agreement and Security Services Agreement. In the event that the ET Easement is assigned to UT in accordance with the terms of the ET Easement, TVA agrees to the assignment of and UT agrees to assume the Operating Agreement and Security Services Agreement with such changes as are required by applicable law, program requirements, and/or regulations or any other changes to which they mutually agree.
7. Restrictions and Requirements.
 - a. Notwithstanding anything herein to the contrary, as a result of the assignments and assumptions described in this Agreement, TVA shall not: (a) be liable in any way or to any extent to UT under the ET Easement or Fritts Easement (i) for any past act or default on the part of Knox County, (ii) for any prepayment of rent, security deposits, or any other sums deposited with Knox County under the ET Easement, Fritts Easement, Operating Agreement or Security Services Agreement and not delivered to TVA, (iii) for any financial obligations of Tenant and/or Grantee under the ET Easement, Fritts Easement, Operating Agreement or Security Services Agreement, or (b) be bound by any amendments or modifications of the ET Easement, Fritts Easement, Operating Agreement or Security Services Agreement made without TVA's prior written consent.
 - b. Notwithstanding anything contained herein to the contrary, in the event the ET Easement is not assigned as described in Section 3 and the Fritts Easement is not assigned as described in Section 5, UT shall not: (a) be liable in any way or to any extent for (i) any past act or default on the part of Knox County, or (ii) for any indemnification obligations of Knox County or (b) have any greater or additional duties beyond those set forth in a subeasement.
 - c. TVA's consent to the assignments and assumptions described in Sections 3, 4 and 5 above is expressly contingent upon the following:

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- i. The event that led to the proposed assignment cannot have arisen under Article 20 of the ET Easement, Destruction of Premises, in the event the Premises (as such term is defined in the ET Easement) could not have been reasonably repaired in the applicable time period, as in such case, and notwithstanding anything herein to the contrary, TVA shall have the right to withhold its consent to any assignment and to terminate this Agreement with no liability to either party.
 - ii. UT must be in occupancy under a subeasement at the time of the assignment;
 - iii. UT must be in good standing and not in breach or default under a subeasement as of the date of the assignment;
 - iv. UT must provide certificates of insurance (or letters of self-insurance, when applicable and permitted by TVA) to TVA evidencing the insurance coverages required of Knox County in the ET Easement and Fritts Easement;
 - v. UT must meet certain creditworthiness standards, as determined by TVA. UT, by virtue of being an instrumentality of the State of Tennessee, will be deemed to meet TVA's creditworthiness standards for purposes of the ET Easement and the ET Subeasement as long as the State of Tennessee maintains public investment grade ratings with Moody's and/or Standard & Poor's and UT remains an instrumentality of the State of Tennessee. An investment grade rating shall mean a long-term senior unsecured rating of (a) (1) "Baa1" or higher with Moody's or (2) "BBB+" or higher by Standard & Poor's, or (b) if rated by both Moody's and Standard & Poor's, both (a)(1) and (a)(2). In the event that UT does not meet the creditworthiness standards as mentioned above, UT will be required to provide performance assurance in an amount and form acceptable to TVA; and
 - vi. UT agrees to enter into certain ancillary agreements related to the ET Easement and Fritts Easement, including the Operating Agreement, attached as Exhibit 3, and the Security Services Agreement, attached as Exhibit 4.
8. Roof-Top Signage. Pursuant to Article 10 of the ET Easement, TVA has the right to approve signage on the Premises (as such term is defined in the ET Easement) as well as on the Building (including the roof) (as such term is defined in the ET Easement). Subject to review and approval under Article 7, Tenant Alterations, of the ET Easement, and subject to such rights granted in the ET Subeasement with Knox County, TVA hereby consents that UT may install exterior roof top signage substantially in the form depicted in the rendering attached as Exhibit 6 hereto if such plans are submitted by UT via Knox County and that UT may refer to the Building as the UT Tower; provided, however, that UT must ensure that it has the agreement of Knox County with respect to such naming rights.
9. Interior Stairwell. Pursuant to Article 7(g) of the ET Easement, TVA has the right to approve certain alterations on the Premises. Subject to review and approval under Article 7, Tenant Alterations, of the ET Easement, and subject to such rights granted in the ET Subeasement with Knox County, TVA hereby consents to the alteration of floors to add interior stairwells if such plans are submitted by UT via Knox County.
10. Insurance. Pursuant to Article 17 of the ET Easement, TVA may purchase Commercial General Liability and Excess Liability Insurance policies for Knox County, and Knox County

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must reimburse TVA. The Parties agree that upon any assignment by UT of the ET Easement or Fritts Easement to TVA, they shall mutually renegotiate the terms of Article 17 of the ET Easement and Section 3(i) of the Fritts Easement in good faith; provided, however, UT understands and agrees that TVA may choose, in its sole discretion, to no longer purchase the liability insurance coverages described in the ET Easement and Fritts Easement, and that TVA may require satisfactory insurance in TVA's reasonable discretion, from either Knox County or UT, as appropriate, to insure the work to be performed.

11. Contacts; Notices. The Contacts listed on Exhibit 7 are authorized to act for their Party for matters related to this Agreement. Any formal notices from one Party to another Party shall be given in writing to the attention of the Contact at the street address listed on Exhibit 7 with a copy to the Party's Legal Contact listed on that Exhibit, or to other such contact and street address as may hereafter be designated in writing for notices by a Party to the other Parties. A notice shall be deemed received when delivered, or three days after deposit in the U.S. Mail certified or registered, postage prepaid, whichever is earlier.
12. Commencement/Expiration/Termination. This Agreement takes effect upon the Effective Date and the Agreement's term shall be coextensive with that of a subeasement. This Agreement may be modified only through written mutual agreement between the Parties. This Agreement shall terminate automatically, with no further action required by the Parties, upon the termination or expiration of a subeasement.
13. Assignment. Neither this Agreement nor any rights hereunder, in whole or in part, shall be assignable or otherwise transferable by UT without the prior written consent of TVA; any purported assignment in violation of this Section 13 shall be null and void *ab initio*. TVA may assign or transfer its interests in this Agreement and/or the ET Easement at any time as may be necessary or desirable in TVA's sole discretion. UT acknowledges TVA's right to sell the fee interest in the property underlying the ET Easement at any time subject to the Right of First Offer clause in the ET Easement.
14. Not Agents of Each Other. Nothing contained in this Agreement shall be considered to make one Party or any of its employees the agent or employee of another Party. This Agreement shall not, and shall not be deemed to, create any other form of employment relationship, joint venture, advisory group, partnership, or business organization or entity between the Parties.
15. Publicity Releases. Without mutual written consent, which may be accomplished by email, provided by both Parties, the Parties shall not make any announcement, take any photographs, post related information on any website, or release any information concerning this Agreement, the Parties' mutual relationship, or any related project to any member of the public, press, business entity, or any official body unless such release is required in compliance with any applicable Federal, State, or local laws, ordinances, statutes, rules, and regulations in effect at the time.
16. Severability. In the event that any provision of this Agreement is found to be unenforceable under applicable laws or regulations, the Parties agree to replace such provision with a substitute provision that most nearly reflects the original intentions of the Parties and is enforceable under applicable laws and regulations, and the remainder of this Agreement shall continue in full force and effect.

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17. Entire Agreement. This Agreement, including any attachments hereto, embodies the entire agreement between TVA and UT as to the subject matter covered herein, and supersedes all other communications, either oral or written, with respect to the subject matter hereof. The Parties shall not be bound by, or be liable for any statement, representation, promise, inducement or understanding not set forth herein. No amendments, modifications, or extensions to this Agreement are valid unless incorporated into this Agreement by written amendment executed by both Parties. For the absence of doubt, this Agreement shall not (and shall not be deemed to) modify, extend, alter or amend the ET Easement, the Fritts Easement, a subeasement, the Operating Agreement, the Security Services Agreement, or any other ancillary agreements affected by the transactions between TVA and Knox County or UT and Knox County.
18. Counterparts. This Agreement may be executed by the Parties in separate counterparts, each of which, when so executed and delivered, shall be an original (whether delivered by original paper signature or by electronic delivery), but all counterparts shall together constitute one and the same instrument.

[Remainder of page intentionally left blank; signature page to follow.]

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In witness whereof, the Parties have executed this Agreement as of the Effective Date.

THE UNIVERSITY OF TENNESSEE

By: _____

Name: _____

Title: _____

TENNESSEE VALLEY AUTHORITY

By: _____

Name: _____

Title: _____

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EXHIBIT 1

ET Easement

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EXHIBIT 2

Subeasement

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EXHIBIT 3

Operating Agreement

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EXHIBIT 4

Security Services Agreement

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EXHIBIT 5

Fritts Easement

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EXHIBIT 6

Depiction of UT Signage

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EXHIBIT 7

Contacts for Notice

**RESOLUTION TO APPROVE THE BORROWING OF
MONEY BY ANOTHER METHOD BY THE UNIVERSITY
OF TENNESSEE**

Recitals

Whereas the University of Tennessee on behalf of its Health Science Center (“UTHSC”) desires to enter into a one-year lease (the “Lease”) for the rental of six (6) four (4) bedroom apartments in Knoxville, Tennessee; and

Whereas such apartments will be for use by medical students doing clinical rotations with UTHSC’s College of Medicine–Knoxville; and

Whereas housing for medical students in Knoxville has traditionally been provided by UT Knoxville Campus Housing and

Whereas due to Covid-19, such units are no longer available for use by UTHSC; and

Whereas the ability to provide a limited amount of housing for students is considered a highly significant and a valuable recruiting tool in attracting students to UTHSC with the long-range benefit of students considering Knoxville for their residency; and

Whereas the Dean of the College of Medicine, Knoxville along with the Department Chairs, Program Directors and Faculty consider this essential to the success of the educational program for both Medical Students and future Residents; and

Whereas the terms of the Lease are:

a one (1) year lease term beginning August 15, 2020 and ending August 14, 2021 with a rate of \$780/bed per month or \$224,640 per year which includes utilities and parking and the units are furnished; and

Whereas the Lease payments will be funded by UTHSC through plant funds.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

1. In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Authority gives its approval to the University of Tennessee to enter into the Lease.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of June 25, 2020.

Adopted by the Authority at its meeting on June 25, 2020.

JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY

UNIVERSITY OF TENNESSEE

Acquisition – Lease (Space)

Requested Action: Approval of a lease

Transaction Description: Transaction No. 2020-06-01

• **Proposed Lease**

- **Location:** University of Tennessee – Health Science Center (UTHSC)
Knox County – 303 W Blount Avenue, Knoxville, TN
- **Landlord:** 303 West, LLC
- **Term:** 1 year (August 15, 2020 – August 14, 2021)
- **Area / Costs:** Up to six (6) four (4) bedroom units

| | \$/unit | Estimated Total Cost |
|--------------------------------|------------|-------------------------|
| Cost per unit (incl utilities) | \$3,120/mo | \$224,640/year |

- **Source of Funding:** Plant Funds (Aux-Housing) (A)
- **Procurement Method:** Negotiated
- **FRF Rate:** \$18.00/sf (for reference only)

Comment: This lease accommodates UTHSC medical students doing clinical rotations with UT's College of Medicine – Knoxville. In prior years, housing for these students was provided by UT Knoxville campus housing. Due to Covid-19, these units are no longer available.

The apartments are furnished and the rate includes utilities and parking. If the University only elects to take four (4) four (4) bedroom units, the cost per unit is \$3,168 per month.

This complex was selected because of the location, the units are fully furnished, the configuration of the units, and the rate is competitive. Advertising is not required since the term of this lease is only one year and an unforeseen situation has arisen making it impractical to advertise. Due to the short-term of the lease, there is no termination for convenience.

SSC Report: 07/09/2020

EXECUTIVE SUMMARY

BACKGROUND:

The University of Tennessee, on behalf of its Health Science Center (UTHSC), proposes to lease up to six (6) four (4) bedroom apartments in Knoxville, TN for use by medical students doing clinical rotations with UTHSC's College of Medicine–Knoxville.

Housing for medical students in Knoxville has been provided by UT Knoxville Campus Housing. However, due to Covid-19, these units are no longer available for use by UTHSC.

The ability to provide a limited amount of housing for students is considered a highly significant and a valuable recruiting tool in attracting students to the UTHSC with the long-range benefit of students considering Knoxville for their residency. The Dean of the College of Medicine, Knoxville along with the Department Chairs, Program Directors and Faculty consider this essential to the success of the educational program for both Medical Students and future Residents.

A one year lease is requested to meet immediate needs for the coming academic year.

TERMS:

The University proposes a one (1) year lease term beginning August 15, 2020 and ending August 14, 2021. The rate is \$780/bed per month or \$224,640 per year which includes utilities and parking. The units come furnished.

FUNDING:

Funding for the lease payments will be funded by UTHSC through Plant Funds (Aux-Housing) (A).

REQUEST:

Request for approval to enter into a lease agreement.

Master Lease Agreement

This master lease agreement is dated _____, 20__ and is between 303 West, LLC, a Tennessee limited liability company (“Lessor”), and The University of Tennessee, an instrumentality of the state of Tennessee (“University”).

Background:

- The University has a need for apartment for medical students in Knoxville, Tennessee.
- Lessor has space available in its apartment complex located at 303 W. Blount Ave., Knoxville, TN 37920, commonly known as “303 Flats” (“complex”) and has agreed to lease to the University.
- The nature of the transaction between the University and Lessor is that the University will be responsible for paying rent to Lessor. University’s students (“students”) will occupy the space described in Schedule A.
- Lessor will require the students to sign agreements that bind the Lessor and students with respect to the use and occupancy of the spaces in the complex. Those agreements will relate to Lessor’s rules and regulations. The University will not be a party to those agreements.

Agreement: Lessor and University agree as follows:

1. **Term:** The term of this agreement begins at 12:01 AM Eastern Time on August 15, 2020 and ends at 11:59 PM Eastern Time on August 14, 2021.
2. **Termination:**
 - a. **When Allowed:**
 - i. **By Lessor:** Except as permitted under the Uniform Residential Landlord Tenant act, Lessor may only terminate this agreement for any specific unit if the student materially violates Lessor’s rules and regulations and after providing not less than 5 days written notice to the University.
 - ii. **By University:** University may terminate this agreement for any specific unit immediately if a student occupying a unit dies
 - b. **Notice Requirement:** Either party must provide termination notice to the other in accordance with the Notice section of this agreement.
 - c. **Effect:** In the event that either party terminates this agreement for any particular unit, the University’s obligation to pay for the unit will end on the effective date of the notice.

3. **Lease and Deliverables:** Lessor hereby leases to University and University hereby leases from Lessor the property (“units”) described in Schedule A, together with rights to utilize all common areas associated with the apartment complex in which the units are located. Lessor will provide the deliverables stated in Schedule A for as long as a unit is subject to this agreement. Lessor shall not charge the students for anything stated in Schedule A.
4. **Payment:** University shall pay the amounts listed in Schedule A. University shall pay Lessor the first installment by _____, 20___, and each monthly installment thereafter by the 1st day of each month via ACH transfer. In the event that the University fails to pay by the 6th of each month, Lessor may charge a 1.5% late payment fee. Payment in full of the amounts set forth in Schedule A will constitute payment by University for the units and all services provided by Lessor under this agreement; neither University nor the students will be responsible for any charges for taxes, insurance, utilities, maintenance or any other items, except for costs associated with repairs to damages caused by students which will be the obligation of the student(s) causing such damage.
5. **Condition of Premises:** Lessor shall deliver possession of the units beginning at 10:00 AM Eastern Time on August 15, 2020. Lessor states that the units are in good order and repair.
6. **Damages:**
 - a. **Generally:** ***The University is not responsible for the acts or omissions of its students.*** The University’s sole obligation under this agreement is to pay the rent amounts listed in Schedule A. Accordingly, Lessor acknowledges that the individual residents are responsible for any costs associated with damages. Any liability of the University to Lessor and third parties for any claims, damages, losses, or costs arising out of or related to acts performed by the university under this agreement will be governed by the Tennessee Claims Commission Act, Tenn. Code Ann. §§ 9-8-301, et. seq.
 - b. **Ordinary Wear and Tear:** Students will not be liable for ordinary wear and tear.
7. **Rules and Regulations:** The University is not responsible for the students’ compliance with Lessor’s rules and regulations. Lessor is responsible for ensuring that students are aware of Lessor’s rules and regulations.
8. **Maintenance and Repairs:** Lessor shall maintain the units and the complex in good working order and in the same condition or better as exists on the date of this agreement. Lessor will ensure that the students are aware of how to request maintenance, including repairs.
9. **Fire and Other Casualties:** In the case of damage by fire or other casualty to the building in which the units are located, if the damage is so extensive as to render the units untenable, this agreement will terminate immediately for the affected units, and the rental costs will be apportioned to the time of the fire or casualty.

10. Records; Audit:

- a. Records: Lessor will maintain records for all expenses for which Lessor invoices the University under this agreement. Lessor will maintain its records for at least 5 years, and will maintain its records in accordance with generally accepted accounting principles.
- b. Audit: During the term of this agreement and for 5 years after the last payment from the University to Lessor under this agreement, the State of Tennessee Comptroller or the University's internal audit, or both, may audit Lessor's records that relate to this agreement.

11. Debarment: Lessor hereby states that the following are true statements:

- a. Lessor is not currently debarred by the U.S. federal government.
- b. Lessor is not currently suspended by the U.S. federal government.
- c. Lessor is not currently named as an "excluded" Lessor by the U.S. federal government.

12. Background Checks:

- a. General Obligation: Lessor will not knowingly assign any individual to provide services to University if the individual has a history of criminal conduct. For purposes of this agreement, "criminal conduct" means charges filed by any government agency, excluding non-moving violations and speeding violations or any other non-felonious charge.
- b. Tennessee Abuse Registry; Tennessee Sex Offender: Lessor must inform the University's Office of Procurement Services immediately if any of Lessor's employees or sub-contractors are listed in:
 - i. The Tennessee Abuse Registry.
 - ii. The Tennessee Sex Offender Registry.
- c. Prompt Background Checks: If the University requests, Lessor must perform a comprehensive criminal background check on any Lessor employee or sub-contractor.

13. Reporting: If Lessor has actual knowledge of the items below, Lessor shall notify the University immediately if any of the following items occur in one of the units or elsewhere on Lessor's premises, provided Lessor is permitted to do so by applicable law:

- a. Crimes, including attempted crimes
- b. Emergencies involving personal injury to a student
- c. Alcohol consumption by minor students (provided Lessor has no obligation to monitor for same)

- d. Use of illegal drugs by students (provided Lessor has no obligation to monitor for same)

14. **Insurance:** Lessor shall comply with the insurance requirements stated in Schedule B.
15. **Illegal Immigrants:** In compliance with the requirements of Tenn. Code Ann. § 12-3-309, Lessor hereby attests that it shall not knowingly utilize the services of an illegal immigrant in the United States in the performance of this agreement and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the United States in the performance of this agreement.
16. **Force Majeure:** Neither party's delay or failure to perform any provision of this agreement, as result of circumstances beyond its control (including, without limitation, war, strikes, floods, governmental restrictions, power, telecommunications or Internet failures, or damage to or destruction of any network facilities) will be deemed a breach of this agreement.
17. **Dispute Resolution:** The parties shall make reasonable efforts to resolve any dispute before filing any formal legal action.
18. **Governing Law:** The internal laws of the State of Tennessee, without giving effect to its principles of conflicts of law, govern this agreement. The University's liability is governed by the Tennessee Claims Commission Act.
19. **Notice:**
 - a. For a notice or other communication under this agreement to be valid, it must be in writing and delivered (1) by hand, (2) by a national transportation company, with all fees prepaid, or (3) by registered or certified mail, return receipt requested and postage prepaid;
 - b. Subject to sub-section (d) below, a valid notice or other communication under this agreement will be effective when received by the party to which it is addressed. It will be deemed to have been received as follows:
 - i. if it is delivered by hand, delivered by a national transportation company, with all fees prepaid, or delivered by registered or certified mail, return receipt requested and postage prepaid, upon receipt as indicated by the date on the signed receipt; and
 - ii. if the party to which it is addressed rejects or otherwise refuses to accept it, or if it cannot be delivered because of a change in address for which no notice was given, then upon that rejection, refusal, or inability to deliver.

- c. For a notice or other communication to a party under this agreement to be valid, it must be addressed using the information specified below for that party or any other information specified by that party in a notice in accordance with this section.

Lessor:

303 West, LLC
303 W Blount Ave _____
Knoxville, TN 37920 _____
Attn: _____
Email: _____

With copy to: 303 West, LLC
2770 Electric Road, Suite C
Roanoke, VA 24018
Attn: Wes Bradley
Email: wes@studenthome.com

University:

Legal notices only; do not send invoices to this address:

The University of Tennessee
5723 Middlebrook Pike
Knoxville, TN 37921-5946
ATTN: Real Property & Space Administration

Fax: 865-974-4231

- d. If a notice or other communication addressed to a party is received after 5:00 p.m. on a business day at the location specified in the address for that party, or on a day that is not a business day, then the notice will be deemed received at 9:00 a.m. on the next business day.

20. **Registration with Tennessee Department of Revenue:** The Lessor hereby attests that it is not registered with the State of Tennessee's Department of Revenue for the collection of Tennessee sales and use tax because the Lessor does not engage in the business of selling, renting, or charging for any rooms, lodgings, or accommodations for a period less than ninety (90) days, and the University acknowledges that, pursuant to Tenn. Code Ann. § 12-3-306, the Lessor is not required to so register in order to enter into this agreement with the University.

21. **Iran Divestment Act:** The Lessor certifies, under penalty of perjury, that to the best of its knowledge and belief the Lessor is not on the list created pursuant to Tenn. Code Ann. § 12-12-106. The Lessor further certifies that it shall not utilize any subcontractor that is on the list created pursuant to Tenn. Code Ann. § 12-12-106.

22. **Use of University Intellectual Property**: Except as allowed in this section, Lessor shall not use the University's name, logo, or any other University-owned intellectual property for any reason, without the written consent of an authorized official of the University. During the term of this agreement, Lessor may list the University's name in Lessor's list of clients.
23. **Third-Party Beneficiaries**: There are no third-party beneficiaries to this agreement. The University is not party to, and is not responsible for, any agreements between the Lessor and students directly.
24. **Severability**: The parties intend as follows:
- a. that if any provision of this agreement is held to be unenforceable, then that provision will be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded;
 - b. that if an unenforceable provision is modified or disregarded in accordance with this section, then the rest of the agreement will remain in effect as written; and
 - c. that any unenforceable provision will remain as written in any circumstances other than those in which the provision is held to be unenforceable.
25. **Modification; Waiver**:
- a. **Modification**:
 - i. No amendment of this agreement will be effective unless: (1) it is in writing; (2) it is signed by authorized officials of both parties; and (3) it specifically references this agreement.
 - ii. Only the University's authorized officials have the authority to bind the University. A list of the University's authorized officials is located here: <http://treasurer.tennessee.edu/contracts/contractsignature.html>. Approval of the State Building Commission and the State Attorney General will also be required for any amendment of this agreement.
 - b. **Waiver**: No waiver of satisfaction of a condition or failure to comply with an obligation under this agreement will be effective unless it is in writing and signed by the party granting the waiver, and no such waiver will constitute a waiver of satisfaction of any other condition or failure to comply with any other obligation.
26. **Counterparts**: If the parties sign this agreement in several counterparts, each will be deemed an original but all counterparts together will constitute one instrument.
27. **Compliance with law**: Lessor shall comply with all applicable laws, including the Tennessee Uniform Residential Landlord and Tenant Act and the Americans with Disabilities Act.

28. **Entire agreement:** This agreement constitutes the entire understanding between the parties with respect to the subject matter of this agreement and supersedes all other agreements, whether written or oral, between the parties. In the event Lessor's invoices, order forms, or other Lessor-provided items contain terms, Lessor acknowledges that Lessor's terms do not apply to the University. Further, in the event Lessor's website, mobile applications, or other platforms contain click-wrap, browse-wrap, or shrink-wrap terms and conditions, Lessor states that such terms and conditions do not apply to University.

29. **End of Term:** Upon termination or expiration of this agreement, the University will peaceably surrender to the Lessor the units in as good order and condition as when received, reasonable use and wear thereof and damage by earthquake, fire, public calamity, the elements, acts of God, or circumstances over which the University has no control or for which Lessor is responsible pursuant to this lease, excepted. The University will have no duty to remove any improvements or fixtures placed by it in the units or to restore any portion of the units altered by it, save and except in the event the University elects to remove any such improvement or fixture and such removal causes damages or injury to the units and then only to the extent of any such damages or injury.

The parties are signing this agreement on the date stated in the introductory clause. This agreement is not binding until signed by all parties below.

The University of Tennessee

303 West, LLC

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Approved as to form and legality:

Tennessee Attorney General

Herbert H. Slatery III, Attorney general and Reporter

LESSOR NOTARY

STATE OF TENNESSEE
COUNTY OF KNOX

Before me, the undersigned notary of the State and County aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be _____ of UC Retail, LLC, the within-named bargainer, a limited liability company, and that he as such officer, executed the foregoing instrument for the purpose therein contained, by signing the name of the company by himself as such officer.

WITNESS my hand and seal at office in _____, this ___ day of _____, 2020.

Notary Public

My Commission Expires: _____

UNIVERSITY NOTARY

STATE OF TENNESSEE
COUNTY OF KNOX

Personally appeared before me, the undersigned Notary Public for Knox County, _____, with whom I am personally acquainted or proved to me on the basis of satisfactory evidence, and who, upon oath, acknowledged that he/she is the _____ of the University of Tennessee and that he/she as officer, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the University of Tennessee by himself as officer.

Witness my hand and seal, at office in, this _ day of _____, 2020.

Notary Public.

My Commission Expires:

Schedule A

Deliverables:

1. Electricity, HVAC, Sewer and Water: The rental amounts listed below include the costs of all utilities which will be provided in sufficient capacities for use of the units as residential apartments.
2. Wireless Internet: The rental amount also include wireless internet for the living room of each apartment unit.
3. Furniture: The rental amount also include use of the following furniture items:
 - a. Common area which is the living room and kitchen area: Couch, Club Chair, TV Stand, 50" TV, Coffee Table, End Table and Barstools
 - b. Bedroom: Full Size Bed, Desk, Chair, Nightstand and under-bed dresser.
4. Parking: Lessor will provide each unit (bed) with access to four parking spaces. Lessor will waive any costs for parking and agrees to maintain its current parking to unit ratio.

Residential Apartment Space:

Summary:

Total number of apartment units leased: Up to six (6) four (4) bedroom units.
 Total, aggregate cost per month: \$18,720 (\$ 780.00 per bed per month).

Unit # and bedroom (list each unit specifically below)

Specific Units to be determined

Move-In Date

August 15, 2020

Monthly Rental Payments:

| Month | Payment | Month | Payment | Month | Payment |
|----------------|-------------|---------------|----------|-------------|------------|
| August 2020 | \$10,265.81 | December 2020 | \$18,720 | April 2021 | \$18,720 |
| September 2020 | \$18,720 | January 2021 | \$18,720 | May 2021 | \$18,720 |
| October 2020 | \$18,720 | February 2021 | \$18,720 | June 2021 | \$18,720 |
| November 2020 | \$18,720 | March 2021 | \$18,720 | July 2021 | \$18,720 |
| | | | | August 2021 | \$8,454.19 |

Schedule B

Insurance requirements: Lessor shall provide coverage with limits of liability not less than those stated below. An excess liability policy or umbrella liability policy may be used to meet the minimum liability requirements provided that the coverage is written on a “following form” basis. Coverage must be maintained for the full term of the agreement.

Commercial General Liability – Occurrence Form: Policy must include bodily injury, property damage, and, and liability assumed under an insured agreement, including defense costs. The policy must be endorsed to include the following additional insured language: “The University of Tennessee, its affiliated organizations, successors, or assignees, its officials, trustees, employees, agents, and volunteers shall be named as additional insureds with respect to liability arising out of the activities performed by, or on behalf of, the Lessor.”

Minimum Limits:

- General Aggregate \$ 2,000,000
- Products/Completed Operations Aggregate \$ 2,000,000
- Each Occurrence Limit \$ 1,000,000
- Personal/Advertising Injury \$ 1,000,000

Automobile Liability: Bodily injury and property damage for any owned, hired, and non-owned vehicles used in the performance of this agreement.

Minimum Limits:

- Bodily Injury/Property Damage (Each Accident) \$ 1,000,000

Umbrella/Excess Liability: designed to provide liability protection above and beyond that provided by standard liability contracts. The Umbrella or Excess Liability policy must be Follow Form.

Minimum Limits:

| | |
|-----------------------|--------------|
| Each Occurrence Limit | \$ 3,000,000 |
| Aggregate Limit | \$ 3,000,000 |

Workers’ Compensation and Employers’ Liability

Minimum Limits:

- Each Accident \$ 100,000
- Disease, each employee \$ 100,000
- Disease, policy limit \$ 500,000

Additional Insurance Requirements: The policies shall include, or be endorsed to include, the following provisions:

1. On insurance policies where The University of Tennessee is named as an additional insured, The University of Tennessee must be an additional insured to the full limits of liability purchased by the Lessor, even if those limits of liability are in excess of those required by this agreement.
2. The Lessor's insurance coverage shall be primary insurance and non-contributory with respect to all other available sources.

Notice of Cancellation: Each insurance policy required by the insurance provisions of this agreement must provide the required coverage and shall not be suspended, voided, or canceled except after 30 days' prior written notice has been given to The University of Tennessee, except when cancellation is for non-payment of premium; then 10 days' prior notice may be given. Lessor must provide notice to:

The University of Tennessee Office of Risk Management
5723 Middlebrook Pike, Ste. 218
Knoxville, TN 37996

If any insurance company refuses to provide the required notices, the Lessor or its insurance broker shall notify The University of Tennessee of any cancellation, suspension or non-renewal of any insurance within 7 days of receipt of insurers' notification to that effect.

Acceptability of Insurers: Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Tennessee and with an "A.M. Best" rating of not less than A- VII.

Verification of Coverage: Lessor shall furnish The University of Tennessee with certificates of insurance (ACORD form or equivalent) as required by this agreement. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and any required endorsements are to be received and approved by The University of Tennessee before work commences. Each insurance policy required by this agreement must be in effect at or prior to commencement of work under this agreement and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this agreement or to provide evidence of renewal is a material breach of agreement.

All certificates required by this agreement must be sent directly to The University of Tennessee at the address shown. The project/agreement number and project description must be noted on the certificate of insurance. The University of Tennessee reserves the right to require complete, certified copies of all insurance policies required by this contract at any time.

Subcontractors: Lessor's certificate(s) must include all subcontractors as additional insureds under its policies, or contractor shall furnish to The University of Tennessee separate certificates and endorsements for each subcontractor. All coverages for subcontractors are subject to the minimum requirements identified above.

Approval: Any modification or variation from the insurance requirements in this agreement must be made by the University's risk management department, whose decision will be final. Such action will not require a formal amendment to this agreement.

**RESOLUTION TO APPROVE THE BORROWING OF
MONEY BY ANOTHER METHOD BY THE UNIVERSITY
OF TENNESSEE AT CHATTANOOGA**

Recitals

Whereas the University of Tennessee at Chattanooga (“UTC”) desires to enter into a one (1) year lease (the “Lease”) for the rental of a small, single apartment building in Chattanooga, Tennessee consisting of thirty-five (35) two (2) bedroom units and one (1) one (1) bedroom unit with all units furnished; and

Whereas UTC’s fall semester housing applications have exceeded capacity and additional beds are needed; and

Whereas the proposed terms of the Lease are:
Rate is \$585,900 per year, or \$1,375 per month for a two (2) bedroom units and \$700 per month for the one (1) bedroom unit and includes furnishings, all utilities, parking, and wi-fi services; and

Whereas the apartments will be used in a manner similar to a residence hall and integrated into residence life programs, UTC housing personnel will be located on site, Campus Police will patrol the area and any enrolled student at UTC (freshmen through upperclassmen) can live in the apartments; and

Whereas the Lease will be funded by plant funds.

BE IT RESOLVED BY THE TENNESSEE STATE SCHOOL BOND AUTHORITY:

1. In accordance with the authority provided by Tennessee Code Annotated Section 49-3-1205(11), the Authority gives its approval to the University of Tennessee at Chattanooga to enter into the Lease.

BE IF FURTHER RESOLVED that all resolutions or parts of resolutions in conflict are repealed, and the resolution shall be effective as of June 25, 2020.

Adopted by the Authority at its meeting on June 25, 2020.

JUSTIN P. WILSON, SECRETARY
TENNESSEE STATE SCHOOL BOND AUTHORITY

UNIVERSITY OF TENNESSEE

Acquisition – Lease (Space)

Requested Action: **Approval of a lease**

Transaction Description: Transaction No. 2020-04-01

- **Proposed Lease**

- **Locations:** University of Tennessee – Chattanooga
Hamilton County – 910 E 8th Street, Chattanooga, TN
 - **Landlord:** C&R Properties, LLC
 - **Term:** 1 year (August 1, 2020 – July 31, 2021)
 - **Area / Costs:** Thirty-five (35) two (2) bedroom units and one (1) bedroom unit (71 beds total)
Average Annual Contract Rent
(incl Util.)
- | | \$/unit | Estimated
Total Cost |
|-----------------------|-------------|-------------------------|
| Two (2) Bedroom Units | \$1,375/mos | \$577,500/year |
| One (1) Bedroom Unit | \$700/mos | <u>\$8,400/year</u> |
| | | \$585,900/year |

- **Source of Funding:** Plant Funds (Aux-Housing) (A)
- **Procurement Method:** Negotiated
- **FRF Rate:** \$18.00/sf (for reference only)

Comment: Fall semester housing applications have exceeded campus capacity and additional beds are needed. This apartment building meets several criteria including proximity to campus, ability to lease the entire building, and conducive for use as a residence hall.

Due to Covid-19, one student will be placed in each bedroom. The pro forma for this agreement reflects a break-even from a cost perspective.

The landlord is responsible for building maintenance, utilities, and wi-fi services. The University is responsible for grounds maintenance and corrective repairs caused by students occupancy, less ordinary wear and tear.

Due to the short-term of the lease, there is no termination for convenience.

Previous Action: 04/13/2020 ESC approval of a waiver of advertisement.

SSC Report: 06/25/2020

EXECUTIVE SUMMARY

BACKGROUND:

The University of Tennessee, on behalf of its Chattanooga campus, proposes to lease a small, single building apartment complex located at 901 E. 8th Street, Chattanooga, TN. The apartment building, called Palmetto Place, has thirty-five (35) two (2) bedroom units and one (1) one (1) bedroom unit. It was built in 2013 and the units come furnished

In May 2020, the SBC ESC approved a waiver of advertisement for the lease of the building as they meet certain criteria including proximity to campus, the ability to lease the entire building and the ability to treat it as a residence hall.

Fall semester housing applications have exceeded capacity and additional beds are needed.

TERMS:

Since that approval and with additional information and guidance on Covid-19 as it relates to housing, some adjustments have been made to the original plan. Instead of two (2) students per bedroom and four (4) students per two (2) bedroom unit, only one (1) student will be placed in each room. Understanding the uncertainty around housing, the landlord offered competitive rates and a pro forma using campus rates for housing determined a break-even over the fall-spring-summer terms.

The landlord is responsible for maintenance and repair of the building. If a fixture fails due to normal wear and tear, the landlord will repair or replace it. However, the University will be responsible for repairs caused by students, less ordinary wear and tear. For example, if a bathroom fixture is clogged, the University will repair it, similar to University owned housing. The University will also be responsible for grounds maintenance.

The rental rate is \$585,00 per year, or \$1,375 per month for the two (2) bedroom units and \$700 per month for the one (1) bedroom unit. This rate includes furnishings, all utilities, parking, and wi-fi services.

The apartments will be used in a manner similar to a residence hall and integrated into residence life programs. RA's and GA's will be located on site and Campus Police would patrol this area. Any enrolled student at UTC (freshmen through upperclassmen) could live there.

FUNDING:

The Lease will be funded with Plant Funds (Aux-Housing) (A).

REQUEST:

Request for APPROVAL to enter into LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115.

| | |
|-----------------|--------------|
| AGENCY: | |
| ALLOTMENT CODE: | COST CENTER: |

This Instrument Prepared By:
 University of Tennessee
 Real Property & Space Administration
 5723 Middlebrook Pike, Knoxville TN 37996

LE NO. _____

LEASE

1. Date of this Lease: _____

Name and Address of Building:
Palmetto Place Apartments
910 East 8th Street
Chattanooga, TN 37403

2. Tenant: **University of Tennessee**

Landlord Name and Address:
C&R Properties, LLC dba Palmetto Place Apartments
6459 Solitude Drive
Chattanooga, TN 37416

3. Leased Premises: space in the Building as identified herein and more particularly described on Exhibit B together with all Common Areas, including, without limitation, parking. Landlord shall have the right to use Storage Room A in the basement of the Building as shown in Exhibit C.

4. Rentable Square Feet: **36 units (35-2 Bedroom, 1-1 Bedroom)**

5. Term of Lease: 1 year(s) and 0 month(s)
 Commencement Date of Lease Term
 (and of the obligations hereunder): August 1, 2020
 Expiration Date of Lease Term: July 31, 2021
 If no fixed Commencement Date is inserted, the Commencement Date shall be set pursuant to NA.

6. Termination for Convenience: Tenant may terminate this Lease at any time by giving written notice to Landlord at least NA days prior to the date the termination becomes effective; **provided, however, that such termination shall not be effective prior to NA**.

| Monthly Rental Installments Table | | | |
|-----------------------------------|---------------|-----------------------------|--|
| 7. Lease Year(s) | Annual Rental | Monthly Rental Installments | Rental Rate |
| 1 | \$585,900 | \$48,825 | \$1,375/mos – 35 - 2 Bedroom (accommodates up to 4) \$700/mos – 1 - 1 Bedroom |

8. **Utilities & Services:**
 All utilities are included in the Monthly Rental Installments.
 The following utilities are not included in the Monthly Rental Installments: _____
 Tenant is solely responsible for payment of the following separately metered utilities: electric gas water/sewer
 Janitorial services are not included in the Monthly Rental Installments.

9. **Improvements (check any that apply):** Leasehold Improvement Allowance: \$ NA per Rentable Square Foot
 A. Existing Space (New Tenant or Renewal) B. Landlord to build out space pursuant to Exhibit _____

10. This Lease is a sublease pursuant to that certain _____ dated effective _____ by and between _____, as landlord, and Landlord, as tenant. If not checked, this paragraph is not applicable.

11. Attached hereto and incorporated herein for all purposes are the following additional exhibits:
 Exhibit A – Lease Standard Terms and Conditions; Exhibit B – Floor Plan;
 Other – Exhibit C – Furniture Inventory; Parking – Exhibit D

| | |
|--|--|
| <p>LANDLORD:</p> <p>By: _____</p> <p>Date: _____</p> <p>Name: _____</p> <p>Title: _____</p> | <p>TENANT: UNIVERSITY OF TENNESSEE</p> <p>By: _____ Austin Oakes, Executive Director, Capital Projects</p> <p>Date: _____</p> <p>By: _____ Herbert H. Slatery III., Attorney General & Reporter (For Form and Legality)</p> <p>Date: _____</p> |
|--|--|

LANDLORD NOTARY

STATE OF TENNESSEE
COUNTY OF _____

Before me, _____, Notary Public in and for the County and State aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself/herself to be, the within named Landlord, and that he/she, executed the foregoing instrument for the purposes therein contained

Witness my hand and seal, at office in _____, Tennessee, this the ____ day of _____, 202__.

Notary Public
My Commission Expires: _____

TENANT NOTARY

STATE OF TENNESSEE
COUNTY OF DAVIDSON

Before me, _____, Notary Public in and for the County and State aforesaid, personally appeared **Austin Oakes**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged himself to be **Executive Director, Capital Projects** for the University of Tennessee, the within named Tenant, and that he as such representative, executed the foregoing instrument for the purposes therein contained and signed the name of the University of Tennessee, by himself as **Executive Director, Capital Projects** for the University of Tennessee.

Witness my hand and seal, at office in Nashville, Tennessee, this the ____ day of _____, 202__.

Notary Public
My Commission Expires: _____

[seal]

EXHIBIT A

University is Tenant

*NOTE: No hand written or
interlineated
changes to this Lease will override the
printed text of this lease.*

In consideration of the mutual covenants and representations set forth in the Lease (the "Lease") and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties do hereby agree as follows. The capitalized terms used in this Exhibit A shall have the meaning assigned to such terms in the Lease, unless another meaning is assigned to such terms in this Exhibit A.

1. DEMISE. Upon the terms and conditions hereinafter set forth and as set forth in the Lease, Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the Leased Premises for the Term of the Lease. Landlord represents and warrants to Tenant that Landlord is the fee simple owner of the Leased Premises and has the right to lease the Leased Premises to Tenant pursuant to the terms of the Lease. Landlord further represents and warrants to Tenant that there are no easements, covenants, restrictions or other agreements or instruments encumbering the Leased Premises that (i) contain any pre-approval rights relating to this Lease (including any lender approval rights) which have not been secured by Landlord, or (ii) would interfere with or restrict Tenant's ability to use the Leased Premises for office, storage and any other purpose permissible under applicable law (the "Permitted Use"). Landlord further represents and warrants to Tenant that (x) the use of the Leased Premises for the various purposes for which it is presently being used is permitted under all applicable zoning legal requirements and (y) all utilities necessary for the use of the Leased Premises for the various purposes for which it is presently being used are being supplied to the Building via publicly dedicated utility easement areas.

2. RENT. The Monthly Rental Installments for the Lease of the Leased Premises shall be payable in advance on the 5th day of each and every month during the term hereof to Landlord at Landlord's address as set forth on the Lease, provided Landlord has submitted a completed the ACH Form (as defined below) to Tenant. Landlord shall not invoice Tenant for services until Landlord has completed this form and submitted it to Tenant. The Monthly Rental Installments shall be prorated for any partial calendar month during the Term.

No payment shall be made by Tenant under this Lease until Tenant has received the following documentation properly completed:

1. Landlord shall complete, sign and present to Tenant an "Authorization Agreement for Automatic Deposit (ACH Credits) Form" provided by Tenant. By doing so, Landlord acknowledges and agrees that, once said form is received by Tenant, all payments to Landlord, under this or any other contract Landlord has with Tenant shall be made by Automated Clearing House (ACH).

2. Landlord shall complete, sign and present to Tenant a "Substitute W-9 Form" provided by Tenant. The taxpayer identification number detailed by said form must agree with Landlord's Federal Employer Identification Number or Tennessee Edison Registration ID referenced in this Lease.

Landlord agrees that the Rent provided under the terms of this Section 2 is based in part upon the costs of the services, utilities, and supplies to be furnished by Landlord pursuant to Section 3 hereof and that should Tenant vacate the Leased Premises prior to the end of the term of this Lease, or, if after notice in writing from Tenant, all or any part of such services, utilities or supplies for any reason are not used by Tenant, then, in such event, the Monthly Rental Installments as to each month or portion thereof as to which such services, utilities or supplies are not used by Tenant shall be reduced by an amount equal to the average monthly costs of such unused services, utilities or supplies during the six-month period immediately preceding the first month in which such services, utilities or supplies are not used.

3. LANDLORD'S OBLIGATIONS.

A. Utilities/Other:

Landlord shall, at Landlord's expense, furnish all utilities to the Leased Premises, including electrical, gas, water and sewer, heat, ventilation, and air conditioning in capacities sufficient for the Permitted Use. Landlord shall also be responsible for cable, wi-fi services and security system including cameras..

B. Maintenance

Landlord shall, at Landlord's expense, and as required to keep the Building and the Leased Premises in a good, attractive and safe condition, maintain and repair (i) the repair, maintenance and replacement of the roof, foundation and exterior and load-bearing walls; (ii) the exterior of the Building; and (iii) building systems and elevators including hvac system filter replacement.

C. Insurance

Landlord shall, at Landlord's expense, maintain fire and extended coverage insurance on Leased Premises, in an amount not less than the full replacement cost of the Building, and comprehensive general liability insurance coverage in the sum of Five Hundred Thousand Dollars (\$500,000) per occurrence, One Million Dollars (\$1,000,000) per annual aggregate and a Ten Million Dollar (\$10,000,000) umbrella policy against any and all liability, loss or damage arising from any injury or damage to any person or property occurring in or about the Leased Premises or the Building resulting from Landlord's negligence or matters arising for reasons beyond Tenant's control. The policies described in this Section shall name Tenant as an additional insured and include a waiver of subrogation. Annually, Landlord shall furnish Tenant with a certificate of such coverage which shall provide that thirty (30) days' advance written notice shall be given to Tenant in the event of cancellation or material change in the insurance policies maintained as required herein.

D. Taxes

Landlord shall be responsible for payment of all real estate taxes assessed against the Building or land on which the Building is located, as well as all applicable local, state and federal income taxes which are or may be payable by Landlord. Landlord, by virtue of leasing property to Tenant, does not become a State of Tennessee agency, entity, or employee and is not entitled to any rights, privileges or immunities pertaining to the State or its agencies and instrumentalities.

- E. Trash Removal
Landlord shall furnish and maintain appropriate trash and refuse receptacles for the disposal of trash and refuse from the Leased Premises.
- F. Pest Control
Landlord shall, at Landlord's expense, provide monthly interior and quarterly exterior pest extermination services.
- G. Furniture
Landlord will provide a single bed for each bedroom. In addition, Landlord will provide Tenant an inventory of all furniture in each apartment and the common areas attached as Exhibit C.
- H. Parking
Landlord will provide 32 parking spaces to Tenant as shown in Exhibit D at no additional cost. As marked in Exhibit D, one space is reserved for Chatty Wagon and is not available for Tenant use.

4. **TENANT'S OBLIGATIONS.** In addition to the said rent to be paid, Tenant also agrees to pay directly during the term of the Lease, commencing on the Commencement Date, the following items of expense as the same become due and payable:

- A. Maintenance
Tenant shall, at Tenant's expense, (i) repair or replace building systems and fixtures with such repair being caused by Tenant's occupants, ordinary wear and tear excepted,; (ii) provide grounds maintenance on the land which the Building is located, including any landscaped areas, parking areas and driveways and (iii) repair the interior of the Building and the Leased Premises, including but not limited to repair, maintenance, patching, and painting of the walls, floors, ceilings, carpet and other surfaces with such repair being caused by Tenant's occupants, ordinary wear and tear excepted.. Tenant shall be permitted to maintain, inspect, repair and replace any equipment or fixtures installed by Tenant on the Leased Premises (the "Tenant Maintenance"), and Landlord shall hold Tenant harmless for any damage to the Leased Premises caused by the Tenant Maintenance.
- B. Cleaning of Common Areas
Tenant is responsible for the cleaning of all common areas.
- C. Insurance
Tenant, as an agency of the State of Tennessee, is self-insured under the Tennessee Claims Commission Act, Tenn. Code Ann. §§ 9-8-301 et seq., which covers certain tort liability for actual damages of up to \$300,000 per claimant and \$1,000,000 per occurrence. The State of Tennessee self-insures the Tenants exposures in general liability, automobile liability, professional malpractice and workers compensation. The limits of liability under workers' compensation are those set forth in Tenn. Code Ann. §§ 50-6-101 et seq.,

5. **IMPROVEMENTS.** Tenant shall have the right during the existence of the Lease to make alterations, attach fixtures and erect additions, structures or signs in or upon the Leased Premises with Landlord's prior written consent. Such fixtures, additions, structures or signs so placed in or upon or attached to the Leased Premises under the Lease or any prior lease of the Leased Premises by Tenant shall be and remain the property of Tenant and may be removed therefrom by Tenant prior to the termination or expiration of this Lease or any renewal or extension thereof, or within a reasonable time thereafter.

6. **TERMINATION FOR CAUSE.** Tenant may in its sole discretion terminate this Lease at any time for any of the following causes: (a) Landlord's failure to disclose any conflict or potential conflict of interest existing at the date of this Lease or hereafter created; (b) termination or consolidation of Tenant's operations or programs housed in the Leased Premises because of loss of funding; (c) lack of funding by the appropriate Legislative Body for obligations required of Tenant under this Lease; (d) the availability of space in Tenant-owned property, provided that no cancellation for this reason may take place until the Lease has been in effect for one year; and (e) any default by Landlord which is not adequately remedied in accordance with **Section 8** hereof. Notwithstanding the foregoing, all terms and conditions of the Lease are made subject to the continued appropriations by the appropriate Legislative Body.

7. **ENVIRONMENTAL PROVISIONS.** Following due inquiry, Landlord represents that there are no hazardous substances or hazardous wastes as defined by the Comprehensive Environmental Response and Liability Act or any hazardous wastes as defined by the Resource Conservation and Recovery Act, or any mold, PCB's, radon or asbestos containing materials, located on, in or about the Leased Premises to be occupied by Tenant. Landlord agrees that should any hazardous wastes, hazardous substances, mold, PCB's, radon or asbestos containing materials be determined to be present as a result of the acts or omissions or negligence of any person or legal entity, other than Tenant, Landlord shall indemnify, hold harmless and defend Tenant from all claims, damages, expenses or litigation resulting from the presence of such materials. If Tenant reasonably believes that hazardous substances may be present in the Leased Premises or the Building, Landlord will engage, at its expense, a qualified third party engineer to conduct an appropriate environmental survey. If hazardous substances are found or such survey indicates a risk of such hazardous substances being present in the Leased Premises or Building, then Landlord, at its expense, will make all necessary changes and/or corrections so that the Building and/or the Leased Premises are in compliance with all environmental laws and regulations. In the event Landlord discovers hazardous materials on the Leased Premises during the Term of this Lease, Landlord shall promptly notify Tenant.

8. **DEFAULT.** Tenant shall be in default of the terms of the Lease if Tenant shall fail to make a payment of any rent or additional rent, and such rent or additional rent is not paid within ten (10) days of written notice by Landlord to Tenant of non-payment of same, or in the event that Tenant shall otherwise commit an act of default under the terms hereof, and shall not cure such default within thirty (30) days of written notice by Landlord to Tenant of such default,

or, if it is not possible to complete the cure by such time, Tenant has not commenced the cure within such 30 day period and does not thereafter diligently pursue the same to completion within a reasonable time thereafter. In the event of default by Tenant hereunder:

- A. Landlord may continue the Lease in full force and effect and shall have the right to collect rent when due. During the term Tenant is in default, Landlord may re-enter the Leased Premises with legal process and relet same, or any part thereof, to third parties for Tenant's account. Tenant shall pay to Landlord the rent due under the Lease on the date such rent is due, less the rent Landlord receives from any reletting. Landlord shall make its best efforts to relet the Leased Premises at a reasonable price. Under this paragraph, Tenant's obligations shall not exceed the total rent due for the remainder of the term.
- B. Landlord may terminate the Lease pursuant to the terms of this Section. Upon termination, Landlord shall have the right to collect an amount equal to all expenses, if any, not including attorneys' fees, incurred by Landlord in recovering possession of the Leased Premises and all reasonable costs and charges for the care of the Leased Premises while vacated by Tenant.

Except as specifically set forth herein, Landlord shall be in default of the terms of the Lease if Landlord shall commit an act of default under the terms hereof, and shall not cure such default within twenty (20) days of written notice by Tenant to Landlord of such default, or, if it is not possible to complete the cure by such time, Landlord has not commenced the cure within such 20 day period and does not thereafter diligently pursue the same to completion within a reasonable time thereafter. In the event of a default by Landlord hereunder, Tenant may, in addition to all rights and remedies available at law or in equity, (i) cure such default and deduct any reasonable and necessary amounts incurred by Tenant in connection therewith from the rent next due by Tenant hereunder with the presentment of receipts for such reasonable and necessary actions, or (ii) terminate the Lease. Notwithstanding the foregoing, in the event that Tenant is unable, in its reasonable judgment, to operate in the Leased Premises as a result of the failure by Landlord to satisfy its obligations pursuant to Section 3 hereof (A) for a period of more than forty eight (48) consecutive hours, then the rent shall abate during the entire period of the disruption and Tenant shall have the right to terminate the Lease in the event Landlord remains unable to satisfy its obligations pursuant to Section 3 hereof for a period of more than ten (10) consecutive days; or (B) more than ten (10) days during any twelve (12) month period, then Tenant shall have the right to terminate the Lease.

9. **END OF TERM.** At the termination of this Lease, Tenant shall surrender its interest in the Leased Premises to Landlord in as good condition and repair as reasonable use thereof will permit, ordinary wear and tear excepted, and will leave the Leased Premises broom clean. Tenant shall have the right, prior to said termination, to remove any equipment, furniture, trade fixtures or other personal property in the Leased Premises owned by Tenant, provided that Tenant promptly repairs any damage to the Leased Premises caused by such removal. In the event of holding over by Tenant after the expiration or termination of the Term of this Lease, Tenant shall pay rent at the then-current rate for rent as set forth in the Lease, on a monthly basis and the Term of this Lease shall be automatically extended for successive periods of one (1) year each; provided that during any automatically extended period following the expiration of the Term of this Lease, Landlord and Tenant shall each have the right to terminate this Lease by delivering written notice to the other at least ninety (90) days prior to the desired expiration date.

10. **MISCELLANEOUS.** The article captions contained in the Lease are for the convenience of the parties only and shall not be considered in the construction or interpretation of any provision hereof. Landlord and its agents shall have reasonable access to the Leased Premises during all reasonable business hours for the purpose of examining same to ascertain if they are in good repair and to make reasonable repairs which Landlord may be required to make hereunder. The making of repairs by Landlord or its agents shall be coordinated with Tenant to minimize disruptions of Tenant's conduct of business in the Leased Premises. The Lease contains the entire agreement between the parties and supersedes any and all other prior oral and written agreements between the parties regarding the subject matter contained herein and may not be changed or terminated orally but only by agreement in writing and signed by all parties. Landlord and Tenant acknowledge and agree that (i) all exhibits referenced in the Lease (or in any of its exhibits) are incorporated into the Lease by reference, and (ii) any reference to "the Lease," "this Lease," "hereunder," "herein" or words of like import shall mean and be a reference to the Lease including such exhibits. No waiver by either party shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provision. The Lease shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors, assigns, executors and administrators. Landlord has provided to Tenant a list of names and addresses of persons, associations, or corporations who hold any financial interest in the Leased Premises; such list shall be immediately revised in the event of a transfer of any such interest. The Lease Proposal Package from which this lease originated and the Landlord's response to the Lease Proposal Package (collectively, the "Proposal Package") is hereby incorporated in the Lease; provided, however, that in the event of any conflict between the terms of the Proposal Package and the Lease, the terms of the Lease shall control.

11. **DAMAGE OR DESTRUCTION.** If the Leased Premises are damaged by fire or other casualty, the damage shall be repaired by and at the expense of Landlord (excluding any personal property which is owned by Tenant), provided that such repairs can, in Landlord's opinion, be made within sixty (60) days after the occurrence of such damage. Landlord shall notify Tenant within fifteen (15) days of the event of casualty of its determination. Until such repairs are completed, the rent shall be abated in proportion to the part of the Leased Premises rendered unusable, but there shall be no abatement of rent for a period equal to one (1) day or less. If such repairs cannot, in Landlord's opinion, be made within sixty (60) days and Landlord nonetheless chooses to repair, then Tenant may, at its option, continue as Tenant under the Lease until such repairs are completed, during which time all rent shall abate, or Tenant may terminate the Lease. A total destruction of the Building in which the Leased Premises are located shall automatically terminate the Lease. Total destruction of the Building shall be defined as damage greater than fifty percent (50%) of the then replacement value thereof.

12. **NOTICES.** Any notice required or permitted to be given hereunder shall be sufficiently given if personally served, sent by registered or certified mail, or by reputable overnight courier, addressed to the relevant party at the addresses specified in the Lease, for Landlord, and for Tenant to: Real Property and Space Administration, 5723 Middlebrook Pike, Knoxville, TN 37996.

13. **QUIET ENJOYMENT.** Landlord warrants and shall defend Tenant in the quiet enjoyment and possession of the Leased Premises during the term and any extension or renewal thereof.

14. SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE. Tenant agrees that the Lease and all rights of Tenant hereunder are and shall be subject and subordinate to any ground or underlying lease which may now or hereafter be in effect regarding the Building or any component thereof, to any mortgage now or hereafter encumbering the Leased Premises or the Building or any component thereof, to all advances made or hereafter to be made upon the security of such mortgage, to all amendments, modifications, renewals, consolidations, extensions and restatements of such mortgage, and to any replacements and substitutions for such mortgage (collectively, "Mortgages"); provided as a condition to such subordination, any holder of the Mortgage must enter into a Subordination, Non-Disturbance and Attornment Agreement with Tenant in form reasonably acceptable to Tenant. In the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, or in the event of a deed in lieu of foreclosure with respect to any Mortgage covering the Leased Premises or the Building, or in the event of termination of any Lease under which Landlord may hold title, Tenant shall, at the option of transferee, attorn to such transferee and shall recognize and be bound and obligated hereunder to such person as Landlord under the Lease, unless the Lease is terminated. Notwithstanding anything contained herein to the contrary, so long as Tenant is not in default in the payment of rent, or in the performance of any of the other terms, covenants or conditions of the Lease beyond any applicable cure periods, no mortgagee or similar person shall disturb Tenant in its occupancy of the Leased Premises during the original or any renewal term of the Lease notwithstanding any event or proceedings described in this section.

15. APPROVALS. Neither this Lease nor any amendment or modification hereto shall be effective or legally binding upon Tenant, unless and until a fully executed, original Lease has been returned to Tenant and the review and approval by all appropriate State officials and the State Building Commission, if applicable has been obtained.

16. COMPLIANCE WITH LAWS. Landlord represents and warrants to Tenant that as of the date of execution of this Lease, the Building complies with the provisions of the Americans with Disabilities Act (ADA) in all material respects. Landlord hereby indemnifies and holds harmless Tenant from and against all costs, liabilities, and causes of action occurring or arising as a result of Landlord's failure to comply with any of the requirements of the ADA or similar laws or as a result of any violation of any of the requirements of the ADA or similar laws by Landlord or its agents. Landlord shall provide all life safety equipment, including but not limited to, fire extinguishers and smoke alarms, in compliance with applicable municipal building codes.

17. FORCE MAJEURE. With the exception of the obligation of Tenant to pay rent and all other amounts that may be due from time to time under this Lease, if either party shall be delayed or hindered in or prevented from doing or performing any act or thing required hereunder by reason of any matters beyond the reasonable control of such party, then such party shall not be liable or responsible for any such delays and the doing or performing of such act or thing shall be extended for a period equivalent to the period of such delay. In such event, this Lease and the obligations of both parties to perform and comply with all of the other terms and provisions of this Lease shall in no way be affected, impaired, or excused.

18. RECORDS RETENTION. Landlord shall maintain documentation for all charges against Tenant under the Lease. The books, records and documentation of Landlord, insofar as they relate to reimbursement by Tenant for costs incurred, whether in whole or in part, shall be maintained in conformity with generally accepted accounting principles for a period of five (5) full years from the date of what amounts to the final payment under this Lease, and shall be subject to audit, at any reasonable time and upon reasonable notice by the Comptroller of the Treasury or his duly appointed representative or a licensed independent public accountant.

19. Intentionally deleted.

20. Intentionally deleted.

EXHIBIT B
ELEVATIONS/FLOOR PLAN/FURNITURE INVENTORY

See attached

EXHIBIT C
STORAGE ROOM A

EXHIBIT D
PARKING

State of Tennessee

Post-Issuance Compliance Procedures Manual



Adopted on _____

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State of Tennessee Post-Issuance Compliance Procedures Manual

Section I. Introduction

The State of Tennessee (the “State”) acting by resolution of the State Funding Board (the “SFB”), the Tennessee State School Bond Authority (the “TSSBA”) and the Tennessee Local Development Authority (the “TLDA”) issue public securities to provide funding for capital projects or to refinance debt previously issued for this purpose. The State, TSSBA and TLDA are referred to singly as an "Issuer" and collectively as “Issuers”. Public securities issued by the Issuers are typically tax-exempt obligations, but also may include certain tax subsidy or tax credit bonds (together with tax-exempt obligations, the “tax-advantaged obligations”).

In order for the Issuers to treat the interest on an obligation as exempt from federal income tax (or in the case of tax credit or tax subsidy bonds, for the taxpayer to receive the expected credit or the issuer to receive the subsidy payment), the Issuers are required to comply with federal tax laws and related federal regulations. The applicable federal tax laws are primarily set forth in Sections 141-150 of the Internal Revenue Code (the “Code”). The Internal Revenue Service (“IRS”) has promulgated related federal regulations, revenue rulings, and revenue procedures that address how such applicable federal tax laws are to be applied. The State Comptroller of the Treasury (“Comptroller”), as the Secretary for the Issuers, has established the Division of State Government Finance (“SGF”) to assist the Issuers with their debt programs, including their compliance efforts. The term SGF shall also mean any successor division or office within the Comptroller’s Office to which responsibility for the Issuers is delegated.

In conjunction with the issuance of a tax-advantaged obligation, bond counsel issues an opinion that is, in part, based on the reasonable expectation that an issuer shall comply with federal tax law requirements to preserve the tax-exempt/subsidy eligible status of the obligation. The Issuers agree to comply with these requirements through representations made in tax compliance certificates.

With each new issue of a tax-advantaged obligation, an issuer files the applicable version of the IRS Form 8038 with the IRS. The IRS requires the filing of a Form 8038, 8038-G, 8038-GC, 8038-B, or 8038-TC, as applicable, to identify any new debt issue that receives a federal income tax preference. IRS Form 8038 series requires an issuer to indicate if it has established written procedures to ensure remediation of any non-qualified bonds of the issue to which the Form relates (i.e., comply with the private business use rules). IRS Form 8038 also requires an issuer to indicate if it has established written procedures to monitor compliance with the requirements of Section 148 of the Code with respect to arbitrage rebate compliance.

Issuers and borrowers are also required to disclose, on a periodic basis, financial information and certain other information that may impact their ability to service their debt. This ongoing reporting requirement is known as continuing disclosure. The requirements of continuing disclosure are set forth in Securities and Exchange Commission (“SEC”) Rule 15c2-12. Issuers agree in their official statements and other bond documents to comply with the requirements of Rule 15c2-12.

The purpose of the procedures set forth in this document is to establish a Post-Issuance Compliance (“PIC”) management program which ensures ongoing compliance with applicable federal tax laws, Rule 15c2-12, bond covenants, and continuing disclosure agreements.

This document shall be reviewed and updated periodically to ensure that it reflects current compliance requirements and that the procedures are both practical and administrable.

Section II. Compliance Program Administration

In order to successfully implement the PIC management program, the Issuers incorporate the responsibility of implementing the procedures established herein into the positions identified below. In addition to implementing the procedures, such individuals shall also participate in continuing education on the topics described herein and shall be responsible for modifying the procedures document as necessary.

Designation of Responsibilities

By adopting this document, the Issuers are creating a PIC program management team (the “PIC Team”) that is responsible for monitoring compliance with post-issuance tax compliance and continuing disclosure requirements. The following responsibilities shall be added to the job descriptions of the positions identified below:

1. **Chief Compliance Officer** – The Director of SGF shall be designated as the Chief Compliance Officer and shall be responsible for the administration and supervision of the Issuers’ PIC management program. The Chief Compliance Officer shall also be responsible for overseeing the timely filing of information on the Municipal Securities Rulemaking Board (“MSRB”) Electronic Municipal Market Access (“EMMA”) System to comply with continuing disclosure requirements. The Chief Compliance Officer shall be responsible for the following:
 - a. Monitoring the Issuers’ Arbitrage Rebate and Yield Restriction Compliance program, including oversight of any third-party consultants engaged to perform arbitrage rebate and yield restriction compliance calculations.
 - b. Managing the Issuers’ record retention program related to debt issuance documents.
 - c. Reviewing the use of facilities and other assets financed by proceeds of tax-advantaged obligations.
 - d. Engaging with bond counsel to perform calculations, at least when a change in use occurs, with respect to the amount of private business use of each tax-advantaged financed asset and each tax-advantaged debt issue the proceeds of which were used to finance such assets.

- e. Identifying any changes in the use of a tax-advantaged financed asset that may require a Remedial Action to be taken.¹
 - f. Overseeing the timely filing of information on the MSRB's EMMA System to comply with continuing disclosure requirements.
2. Other members of the PIC Team shall include designated representatives from the Department of Finance and Administration ("F&A"), the Attorney General's Office, the State of Tennessee Real Estate Asset Management ("STREAM") division of the Department of General Services ("DGS"), the University of Tennessee ("UT"), the Tennessee Board of Regents ("TBR"), each of the six (6) Locally Governed Institutions ("LGIs"), and other staff members (including SGF staff) as assigned by the Chief Compliance Officer. As deemed appropriate, the Chief Compliance Officer shall delegate PIC duties to members of the PIC Team.

Training and Education

The Issuers shall undertake the following training and educational activities:

1. The PIC Team members shall participate in annual training on PIC. The Chief Compliance Officer shall be responsible for documenting participation by these individuals and any other staff that participate in PIC training.
2. In addition to the above training requirement, the PIC Team shall annually review the procedures set forth in this manual and shall review the role and responsibilities of each PIC Team member with respect to undertaking such procedures.

Post-Issuance Compliance Assessment

On an annual basis, the PIC Team shall complete the PIC assessment (Appendix E). The purpose of the assessment is to document compliance with PIC procedures and to identify any areas of concern. The Chief Compliance Officer shall file the completed assessment with the permanent bond records applicable to all issues.

Procedure Manual Review

The Chief Compliance Officer shall review this procedure document at least annually and is authorized to make non-material changes. Material changes to this document shall only be made after approval by the Issuers.

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¹ See the Private Business Use Section of this manual for additional information regarding circumstances that give rise to a remedial action.

Section III. Post-Issuance Tax Compliance

Post-Issuance Tax Compliance includes compliance with the arbitrage rebate and yield restriction requirements established under Section 148 of the Code and compliance with the private business use requirements established under Section 141 of the Code. This section establishes the procedures that the Issuers shall implement to monitor and manage the post-issuance tax compliance requirements of its tax-exempt obligations. Procedures categories include:

- A. Use of Tax-Advantaged Obligation Proceeds, Accounting for Tax-Advantaged Obligation Proceeds, Investment of Tax-Advantaged Obligation Proceeds
- B. Qualified Guarantees
- C. Qualified Hedges
- D. Arbitrage Rebate and Yield Restriction Compliance
- E. Private Business Use
- F. Record Retention
- G. Procedures related to the American Recovery and Reinvestment Act (“ARRA”)

Definitions for the terms that are identified in bold and underlined are provided in the Glossary in the Appendix.

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A. Use of Tax-Advantaged Obligation Proceeds, Accounting for Tax-Advantaged Obligation Proceeds, Investment of Tax-Advantaged Obligation Proceeds

This section establishes procedures to monitor the proper use of gross bond proceeds, including procedures to account for expenditures and investments allocable to gross bond proceeds and procedures related to the purchase and sale of investments.

Procedures Related to the Use of Tax-Advantaged Proceeds

The PIC Team shall monitor the proper use of tax-advantaged obligation proceeds as follows:

- Identify the projects approved to be financed by each outstanding tax-advantaged obligation proceeds.
- With the input of bond counsel, verify that tax-advantaged obligation proceeds are being allocated to authorized expenditures for the projects approved for such financing.
- Use the payment approval and processing system to concurrently verify that no proceeds of the tax-advantaged obligation proceeds are being allocated to **working capital expenditures**. (In addition to IRS restrictions, the Tennessee Constitution prohibits debt to be issued to finance an operating expense unless that debt is repaid within the fiscal year of issuance.) However, expenditures to pay for the following purposes may be allowed:²
 - Any **issuance costs** or any **qualified administrative costs** expected to be paid from the proceeds of the tax-advantaged obligation;
 - Fees for qualified guarantees of the tax-advantaged obligation or payments for a qualified hedge for the tax-advantaged obligation;
 - Interest on the tax-advantaged obligation (e.g., capitalized interest) for a period beginning on the issue date and ending on the date that is the later of three (3) years from the issue date or one (1) year after the date on which the project is **placed in service**;
 - Rebate payments, yield reduction payments, and penalty-in-lieu-of rebate payments for the tax-advantaged obligation;
 - Administrative or operating costs (see also Constitutional prohibition referred to above) that do not exceed 5% of the sale proceeds of the tax-advantaged obligation and that are directly related to the capital expenditures financed by the tax-advantaged obligation;
 - Principal or interest on a tax-advantaged obligation paid from unexpected sale or investment proceeds; and
 - Principal or interest on a tax-advantaged obligation paid from investment earnings on a reserve or replacement fund that are deposited in a bona fide debt service fund.
- If the Issuer intends to allocate tax-advantaged obligation proceeds to reimburse itself for project-related expenditures that were previously paid, the PIC Team shall verify

² See federal regulations Section 1.148-6(d)(3)(ii).

that the Issuer formally adopted a **reimbursement resolution** or “Declaration of Intent”. A reimbursement resolution must include the following as set forth in federal regulations Section 1.150-2:

- The reimbursement resolution must be adopted not later than 60 days after the payment of the original expenditure(s) (that is to be reimbursed).
 - The reimbursement resolution is in a form that represents an official intent (a declaration, typically in writing).
 - The reimbursement allocation (e.g., the allocation of tax-advantaged proceeds by the Issuer to reimburse for the original expenditures) must be made no later than 18 months after the later of:³
 - The date the original expenditure(s) is paid; or
 - The date the project is **placed in service** or abandoned, but in no event more than three (3) years after the original expenditure is paid⁴
 - The original expenditure(s) is a capital expenditure, a cost of issuance for a bond, an expenditure for an **extraordinary, non-recurring item** as described in federal regulations Section 1.148-6(d)(3)(ii)(B) or a grant as described in federal regulations Section 1.148-6(d)(4).
 - The official intent should identify the project(s) for which the original expenditure(s) is paid and state the maximum principal amount of obligations expected to be issued for the project(s).
- The Issuers are not required to adopt a reimbursement resolution or apply the rules described above if the reimbursement is for **preliminary expenditures**, and the total amount of reimbursed preliminary expenditures does not exceed 20% of the issue price of the tax-advantaged obligation issued to finance the project.⁵
 - The Issuers are not required to adopt a reimbursement resolution or apply the rules described above if the reimbursement is for costs of issuance of any bond or for an amount not in excess of the lesser of \$100,000 or 5% of the proceeds of the bond issue.⁶
 - If the Issuers intend to substitute a project, the PIC Team shall review the eligibility of the new project requested to be financed with the proceeds of the tax-advantaged obligation and confirm such eligibility with bond counsel.
 - The Issuers shall collect any available and additional documentation supporting the completion of the project, such as an occupancy certificate, a project completion

³ Pursuant to federal regulations Section 1.150-2(d)(2)(ii), 18 months is changed to three (3) years, and the 3-year limitation on the reimbursement allocation period is disregarded if the issue of tax-exempt obligations satisfies the small issue exception to arbitrage rebate.

⁴ Pursuant to federal regulations Section 1.150-2(d)(2)(iii), the 3-year maximum reimbursement period is changed to five (5) years if the issuer and a licensed architect or engineer certify that at least five (5) years is necessary to complete the construction of the project.

⁵ See federal regulations Section 1.150-2(f)(2).

⁶ See federal regulations Section 1.150-2(f)(1).

certificate, an internal memorandum that documents conversations on project completion or other similar document.

Procedures Related to Accounting for Proceeds

The State has formalized procedures for the review and approval of all pending expenditures, prior to disbursement. Those procedures, while instituted for other internal control purposes, assure that all payments are proper prior to disbursement. Depending on the type of expenditure (capital or other), procurement and expenditure approvals shall rest with F&A. For expenditures made by community colleges and LGIs under TBR, TBR exercises an independent review of the invoices and then submits them to SGF for payment to the vendor. For expenditures made by campuses under the UT system, UT exercises an independent review and payment and then submits a package of documentation with a request for reimbursement to SGF. A summary diagram of the flow of review/approval for the State, TSSBA and TLDA is included in Section V. A summary of form and report names (not intended to be a complete listing) and acronyms is included in Appendix D.

The Issuers shall institute the following procedures to account for the expenditure and investment earnings related to the proceeds of tax-advantaged obligations.

- While the Issuers commingle funds, SGF shall track earnings and expenditures in subaccounts that reflect separate funds for each series of tax-advantaged obligations. If monies are held by a trustee, separate funds shall be created. These funds or subaccounts include, but are not limited to, the following:
 - The Construction Fund or Project Fund
 - The Capitalized Interest Fund
 - The Sinking Fund
 - The Costs of Issuance Fund
 - The Debt Service Reserve Fund (if required)
 - The Rebate Fund (if required)
 - The Escrow Fund (for refunding bond issues)
- The Issuers shall apply a reasonable accounting method, as described in, and permitted by federal regulations Section 1.148-6(d)(1), to account for the allocation of proceeds to permitted expenditures. Permitted methods may include a specific tracing method, a gross proceeds spent first method, a first-in, first-out method, or a ratable allocation method.
- If the purpose of a tax-advantaged obligation is to finance **working capital expenditures** (the Tennessee Constitution prohibits debt to be issued to finance an operating expense unless that debt is repaid within the fiscal year of issuance), the Issuers shall allocate the proceeds of the obligation based on a proceeds-spent-last method. In particular, proceeds shall only be allocated to working capital expenditures to the extent such **working capital expenditures** exceed **available amounts**.⁷ The

⁷ See federal regulations Section 1.148-6(d)(3)(i).

payment approval and processing process assures that expenditures are capital in nature.

- In accordance with federal regulations Section 1.148-6(d)(1)(iii), the Issuers shall account for the allocation of proceeds to expenditures not later than 18 months after the later of the date the expenditure is paid or the date the project financed by a tax-advantaged obligation is **placed in service**. This “Final Allocation” should clearly reflect the portions of the project which were financed with tax-advantaged bond proceeds and which were not. To the extent expenditure allocations do not occur within this time frame, expenditure allocations shall be made no later than five (5) years after the issue date of the tax-advantaged obligation.
- The Issuers shall allocate interest earnings on at least a monthly basis to each fund based on a reasonable ratable allocation method (currently the SGF uses the average daily balance). It is further noted that TSSBA allocates interest on a monthly basis, but the credit for income is provided on the semiannual debt service billing. Pursuant to federal regulations Section 1.148-6(e)(2)(ii), reasonable ratable allocation methods include:
 - The average daily balances of the amounts in each fund in relation to the total average daily balances in all funds or,
 - The average of the beginning and ending balances for each fund in relation to the beginning and ending balances for all funds.

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Procedures Related to the Investment of Proceeds

Each Issuer shall ensure that all investments are compliant with its investment policy and are permitted investments for the State, TSSBA, or TLDA, pursuant to applicable State of Tennessee statutes and investment policy. To the extent that an Issuer is responsible for the procurement or disposition of investments allocable to tax-advantaged obligation proceeds, it shall acquire and sell all investments at fair market value (e.g., a bona fide, arm's-length transaction) as follows:⁸

- For investments that are traded on an established secondary market (e.g., U.S. Treasury securities, federal agency securities, etc.), an Issuer shall solicit multiple offers for the purchase or sale of such investments. To the extent multiple offers are not available, an Issuer shall record prices of comparable securities at the time of the trade.
- For the acquisition of an investment on its issue date (such as a new issue federal agency security), an Issuer shall document the purchase price, trade date, and the issue date of the investment.
- For certificates of deposit that do not trade on a secondary market, an Issuer shall confirm that the yield on the certificate of deposit is reasonably comparable to the yield offered by a U.S. Treasury security with a similar maturity date, and the yield on the certificate of deposit is the same or higher than the yield available to the public for the same or a similar certificate of deposit.
- An Issuer shall procure **guaranteed investment contracts** and yield restricted defeasance escrows in accordance with the safe harbor bidding procedures described in federal regulations Section 1.148-5(d)(6)(iii), including:
 - An Issuer shall make a bona fide bid solicitation that includes bid specifications in writing;
 - The bid specifications shall include all material terms of the bid;
 - The bid specifications shall indicate that submission of a bid by a provider is a representation by the provider that it did not consult with other potential providers, that the bid was determined without regard to any other formal or informal arrangement with a potential provider, and that the bid is a bona fide bid (e.g., not a “courtesy” bid);
 - The terms of the bid are commercially reasonable;
 - For guaranteed investment contracts, the bid takes into account the expected draw schedule;
 - All potential bidders have an equal opportunity to bid and no “last look” is provided to any potential bidder;
 - At least three (3) reasonably competitive bidders are requested to bid;
 - The bids received include at least three(3) bids from bidders that did not have a material financial interest in the issue (e.g., the lead underwriter within 15 days of the issue date, or the financial advisor). If an Issuer is unable to obtain three (3) competitive bids, then the Issuer shall document why three (3) bids

⁸ See federal regulations Section 1.148-5(d)(6).

- could not be obtained (e.g., three (3) bidders did not meet minimum credit rating requirements);
 - At least one (1) of the bids received is from a reasonably competitive provider;
 - If an agent (a broker) is used to conduct the bidding process, the agent did not bid; and
 - For guaranteed investment contracts, the winning bid is the highest yielding bona fide bid (net of broker's fees).
- The Issuers shall undertake the following additional procedures to determine the winning bid for investments in a yield restricted defeasance escrow:
 - The winning bid is the lowest cost bona fide bid (net of broker's fees). The lowest bona fide bid shall be determined based on the lowest cost of the entire portfolio, or if bids are compared on an investment-by-investment basis, the aggregate of the lowest cost of each investment.
 - The winning bid is not greater than the cost of the most efficient portfolio comprised exclusively of **State and Local Government Series** (U.S. Treasury "SLGS") securities program as determined at the time the bids are required to be submitted.
- The Issuers shall request that bond counsel review the bid specifications associated with the procurement of a guaranteed investment contract or a yield restricted defeasance escrow and request that bond counsel confirm that such bid specifications and bid award conform to the requirements set forth in federal regulations Section 1.148-5(d)(6)(iii).
- If an Issuer engages an Agent to assist with the bidding process, the Issuer shall require the Agent to provide a certification upon conclusion of the bidding process that the process conformed to the requirements set forth in federal regulations Section 1.148-5(6)(iii), including the award of the bid. If no Agent is engaged to assist with this process, the Issuer shall request that bond counsel draft such certification and an authorized representative of the Issuer shall execute the certification document.
- If an Issuer engages an Agent to assist with the bidding process, the Issuer shall ask bond counsel to determine if the Agent's fee, or portion of the Agent's fee, may be treated as a qualified administrative cost pursuant to federal regulations Section 1.148-5(e)(2)(iii).
- The Issuers shall maintain records of all investment purchases and sales, bid specifications, related term sheets, bids, bidders, investment contracts, administrative costs paid, and any other material information related to the purchase and sale of investments allocable to tax-advantaged obligation proceeds.⁹

⁹ See federal regulations Section 1.148-5(d)(6)(iii)(E).

B. Qualified Guarantees

Procedures Related to Qualified Guarantees

The Issuers shall undertake the following procedures with respect to qualified guarantees:

- Prior to entering into the guarantee agreement, confirm with the lead underwriter and/or the lead financial advisor that the present value of the fees for the guarantee are reasonably expected to be less than the present value of the expected interest savings on the issue as a result of the guarantee.
- Confirm with the lead underwriter and/or the lead financial advisor that the guarantee arrangement creates a guarantee in substance as described in federal regulations Section 1.148-4(f)(3) and that not more than 10% of the proceeds of the tax-advantaged obligation are used to pay for the guarantee.
- Confirm with the lead underwriter and/or the lead financial advisor that the guarantee was acquired at fair market value.
- Confirm with bond counsel that all of the above requirements have been satisfied and that the Issuers may treat the guarantee as a qualified guarantee in the calculation of the arbitrage yield for the tax-advantaged obligation.
- Maintain copies of all qualified guarantees and all fees paid in connection with the procurement and the continuance of all qualified guarantee arrangements.

C. Qualified Hedging Arrangements

Procedures Related to Qualified Hedges

To the extent that an Issuer intends to treat a hedging arrangement as a qualified hedge, it shall undertake the following procedures:

- Confirm with the lead underwriter and/or the lead financial advisor and bond counsel that the hedge satisfies the requirements set forth in federal regulations Section 1.148-4(h) and therefore, may be treated as a qualified hedge.
- Execute an identification certificate, to be drafted by bond counsel, no later than 15 days after the date that the Issuer and the provider enter into the hedging arrangement (the trade date). The identification certificate must comply with federal regulations Section 1.148-(h)(2)(viii).
- Maintain copies of all qualified hedging arrangements, record of any modification to such hedging arrangements (including changes in the terms of the arrangement and corresponding termination payments or receipts), and all payments and receipts related to such qualified hedging arrangements (e.g., interest rate swap cash flows).

D. Arbitrage Rebate & Yield Restriction Compliance

The Issuers shall undertake the following procedures to comply with the requirements set forth in Section 148 of the Code and the related federal regulations:

General Arbitrage Rebate Compliance Procedures

- Identify and maintain a list of all outstanding tax-exempt obligations. Review the tax certificate, IRS Form 8038-G, verification reports, official statement, and other appropriate bond documents to determine bond-year anniversary dates, 5-year calculation dates, and final maturity dates.
- Review, not less than annually, the list of all outstanding tax-advantaged obligations to determine the obligations in need of arbitrage rebate and yield restriction liability calculations.
- Identify any exceptions to arbitrage rebate that may apply to each tax-advantaged obligation. The tax certificate delivered by bond counsel shall identify the available exceptions. SGF and/or a contracted arbitrage rebate consultant shall determine the exceptions that were met based on the actual facts.
- Either designate staff to prepare or engage an arbitrage rebate compliance consultant to prepare arbitrage rebate, yield restriction liability, penalty-in-lieu of rebate and exception compliance reports for the tax-advantaged obligations in need of such analysis.
- Inform the arbitrage rebate consultant that a tax-advantaged obligation has been refunded and discharged no later than 15 days after the final redemption date of the obligation and instruct the arbitrage rebate consultant to prepare a final calculation with respect to the refunded obligation.
- Provide the arbitrage rebate compliance consultant with information (e.g., bond documents and financial data) needed to perform arbitrage rebate and yield restriction liability calculations, penalty-in-lieu of rebate and exception compliance analysis.
- If a tax-advantaged obligation has accrued an arbitrage rebate or yield restriction liability and an exception does not apply, fund the Rebate Fund with respect to the tax-exempt obligation in the amount of the liability.
- Monitor debt service payment accounts to ensure that the balances of such accounts are depleted at least annually to an amount that is less than one-twelfth (1/12th) of the previous year's debt service payments with respect to the applicable tax-exempt obligations.

Procedures Related to Spending Exceptions to Rebate

The Issuers shall undertake the following procedures with respect to monitoring compliance of each tax-advantaged obligation with a spending exception to arbitrage rebate.

- Monitor the compliance of each “new money” tax-advantaged obligation with the requirements of the spending exceptions to arbitrage rebate by comparing the cumulative approved expenditures allocated to the proceeds of the obligation to the spending exception requirements.
 - Not less than on an annual basis, prepare an analysis for each tax-advantaged obligation that indicates compliance with the 6-month spending exception, the 18-month spending exception, or the 2-year spending exception.
- If an Issuer intends to use facts to determine compliance with the 2-year spending exception for a tax-advantaged obligation, it shall instruct bond counsel to include such election in the tax certificate for that tax-advantaged obligation.
- If an Issuer intends to bifurcate the new money proceeds of a tax-advantaged obligation for purposes of complying with the spending exceptions, it shall instruct bond counsel to include such election in the tax certificate for that tax-advantaged obligation.
- If an Issuer intends to treat unspent proceeds as of the end of the final spending period as reasonable retainage, it shall confirm with bond counsel that such unspent proceeds may be treated in this manner.
- Prior to the issue date of a tax-advantaged obligation with a reasonably required reserve or replacement fund and with proceeds that are eligible for the 2-year spending exception, an Issuer shall determine whether or not to elect to treat the earnings from such fund as “available construction proceeds”.

Procedures Related to Yield Restriction Compliance

- The Issuers shall consult with bond counsel to determine if yield restricted proceeds are eligible for yield reduction payments.
- If yield reduction payments are permitted, an Issuer shall fund the Rebate Fund in the amount of the yield restriction liability until a yield reduction payment is due.
- If yield reduction payments are not permitted, an Issuer shall monitor the yield of the investments allocable to the applicable yield restricted proceeds to comply with the yield restriction requirements. For yield restricted advance refunding escrows (including escrows funded with cash), an Issuer shall:
 - Engage a Verification Agent to verify that the blended yield of the investments allocable to the escrow is expected to be below the applicable restricted yield.
 - If the escrow portfolio includes the reinvestment of proceeds in SLGS, require the Escrow Agent to timely reinvest such amounts in SLGS. If the “SLGS window” (i.e., SLGS are not available) is closed, an Issuer shall require the

Escrow Agent to follow the alternative procedures set forth in Revenue Procedure 95-47 (or any superseding Revenue Procedure or other authoritative pronouncement) to achieve this objective.

Procedures Related to Making Payments

- If an arbitrage rebate and/or yield reduction payment is due, an Issuer shall file a completed and fully executed IRS Form 8038-T no later than 60 days after the applicable computation date.
- If a penalty-in-lieu of rebate payment is due with respect to a tax-advantaged obligation, an Issuer shall file a completed and fully executed IRS Form 8038-T no later than 90 days after the applicable computation date.
- If an arbitrage rebate payment, yield reduction payment, or penalty-in-lieu of rebate payment is not filed timely, an Issuer shall follow the procedures set forth in federal regulations Section 1.148-3(h) and Revenue Procedure 2005-40 with respect to making late payments. Such procedures include submitting an explanation with the payment that describes the nature of the late filing, paying any accrued interest on the liability, and paying any additional penalty amounts related to the late filing.

Procedures Related to Refund Requests

- An Issuer shall confirm with its arbitrage rebate consultant that a tax-advantaged obligation is eligible for a refund of a prior arbitrage rebate, yield reduction, or penalty-in-lieu of rebate payment.
- An Issuer shall follow the procedures set forth in federal regulations Section 1.148-3(i) and Revenue Procedure 2008-37 to request a refund with respect to a prior arbitrage rebate, yield reduction, or penalty-in-lieu of rebate payment. Such procedures include submitting an IRS Form 8038-R, a copy of the previously submitted IRS Form 8038-T, and a copy of any calculations that support the refund request and that relate to the prior payment.

Procedures Related to Tax-Advantaged Commercial Paper and Revolving Lines of Credit

Pursuant to federal regulations Section 1.150-1(c)(4)(ii), an Issuer may treat each tax-exempt “new money” commercial paper issue and any “roll” and subsequent roll of the amount equal to or less than the original tax-exempt new money issue as a single issue for federal tax law purposes. The applicable regulations afford issuers the option of treating all new draws made during the 18 month period commencing on the date of the first draw as a single issue. Issuers may treat draws made during a shorter period as a single issue. The State currently reports its new money General Obligation (“GO”) Commercial Paper (“CP”) issuances every calendar quarter to the IRS, with each draw or issuance reported as a single issue for tax purposes.

- If an Issuer utilizes an outside arbitrage rebate consultant, the Issuer shall provide the arbitrage rebate consultant with data on all new money commercial paper issues and revolving line of credit draws, the roll or carryforward of such issues, and the interest rates of such issues.

E. Private Business Use

Procedures to Monitor Compliance with Private Business Use

The Issuers shall undertake the following procedures to monitor compliance with the private business use requirements:

- As required by Tennessee statutes, UT, TBR (including the six (6) LGIs), and DGS (the “Project Managers”), shall immediately report any changes in use, including new or revised agreements or disposals, of a tax-advantaged financed asset to SGF. Annually, as of the end of each fiscal year, each Issuer shall obtain a copy of Physical Facility Inventory (PFI) and a certification, executed by the Project Managers, that documents any change in use to projects financed with tax-advantaged obligations for all bond programs. The Issuer shall consult with bond counsel to determine if any changes in use should be factored into the **Good Use/Bad Use (“GUBU”) Report** for each issue.
- Before entering into any lease arrangements, management or service agreements, research agreements, or any other legal arrangements with respect to the use of a tax-advantaged financed asset, an Issuer shall request a review by bond counsel of such agreement to determine how the agreement shall impact the private business use compliance of the debt issue that financed the applicable tax-advantaged financed asset.
- Before entering into any agreement to dispose of a tax-advantaged financed asset, an Issuer shall request a review by bond counsel of such agreement to determine how the agreement shall impact the private business use compliance of the debt issue that financed the applicable tax-advantaged financed asset and if a remedial action would be required if the sale occurs.
- On an annual basis, each Issuer shall estimate the amount of private business use for each debt issue, both for the 5% test and the 10% test. On an ongoing basis, the **Good Use/Bad Use Report** for each issue is updated for any changes. Each report shall be summarized annually, and if the estimated amount of private business use exceeds the limits for a debt issue, the Issuers shall work with bond counsel to determine if the obligations are not in compliance with the private business use limitations and if any remedial action is required.
- If an Issuer intends to sell, destroy, or demolish a tax-advantaged financed asset, the Issuer shall work with bond counsel to determine if a remedial action shall be required. If a remedial action is required, the Issuer shall work with bond counsel, and other appropriate professionals to undertake the remedial action within the required time frames set forth in the federal income tax regulations.
- If bond counsel determines that a remedial action shall not result in compliance with the private business use requirements, each Issuer shall work with bond counsel to pursue a voluntary closing agreement with the IRS to correct the infraction.

F. Records Retention

Procedures Related to Records Retention

When project records are created, the appropriate Record Disposition Authorization (“RDA”) is identified. The RDAs for like records are assigned specific retention periods and destruction methods. SGF retains hard copies of bond transcripts in the office and electronic copies of all related records for the life of the debt, plus the life of any subsequent refunding issue, plus three (3) years, and then forwards original transcripts to the State Library and Archives for historical value and consideration. For instance, historically SGF retains bond issue documents within its control for 36 years. F&A retains its records for 31 years. The applicable RDA (RDA number 11114) at the time this document was adopted included the following provisions:

- Retained in the form of both paper and electronic documents
- Bond transcripts
- Accounting records with supporting documentation
- Any other records related to the issuance of State debt and debt of other state programs.

For tax purposes, retention should include all material records for the life of the applicable tax-advantaged obligation plus three (3) additional years after such tax-exempt obligation matures. If a tax-advantaged obligation is refunded, the Issuers shall maintain all material records for the later of the life of the original issue or the refunding issue, plus three (3) additional years after the final maturity date. When the Issuers refund an issue, the debt may not be extended beyond the maturity of the original issuance. However, if a new money issue is included with the refunding, the maximum life of the new obligations may exceed the refunded bonds. Most State debt has a maximum maturity of 20 years, while TLDA and TSSBA can have a maximum maturity of 30 years. The RDAs have a long set date in order to attempt to capture the maximum required retention period.

The Issuers shall undertake the following procedures to comply with the records retention requirements set forth in the federal tax law.

- To the extent possible and practicable, maintain all records in electronic format. All paper records subject to these requirements shall be segregated from other Issuers records and shall be clearly marked to ensure compliance with the required retention period.

G. Procedures Related to the ARRA

The ARRA of 2009 authorized the issuance of Build America Bonds (“BABs”) and certain other qualified tax credit bonds including Qualified Zone Academy Bonds (“QZABs”) and Qualified School Construction Bonds (“QSCBs”) (collectively referred to as “TCBs”) to

finance governmental projects. The Issuers shall undertake the following PIC procedures with respect to BABs (which the State did not issue) and TCBs:

- File all IRS Form 8038-CPs within the time limits required to receive the federal subsidy payment with respect to the TCBs.
- Follow the procedures established herein to comply with the arbitrage rebate and yield restriction requirements set forth in Section 148 of the Code and the related federal regulations.
- Confirm that 100% of TCBs proceeds are allocated to capital expenditures for the governmental purpose of the Bonds.
- Follow the procedures established herein to comply with the private business use requirements.
- Follow all other applicable procedures herein to achieve compliance with applicable federal tax laws and disclosure requirements. This would include the proper funding of the sinking fund that is established in connection with QSCBs.

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Section IV. Continuing Disclosure

Procedures Related to Continuing Disclosure

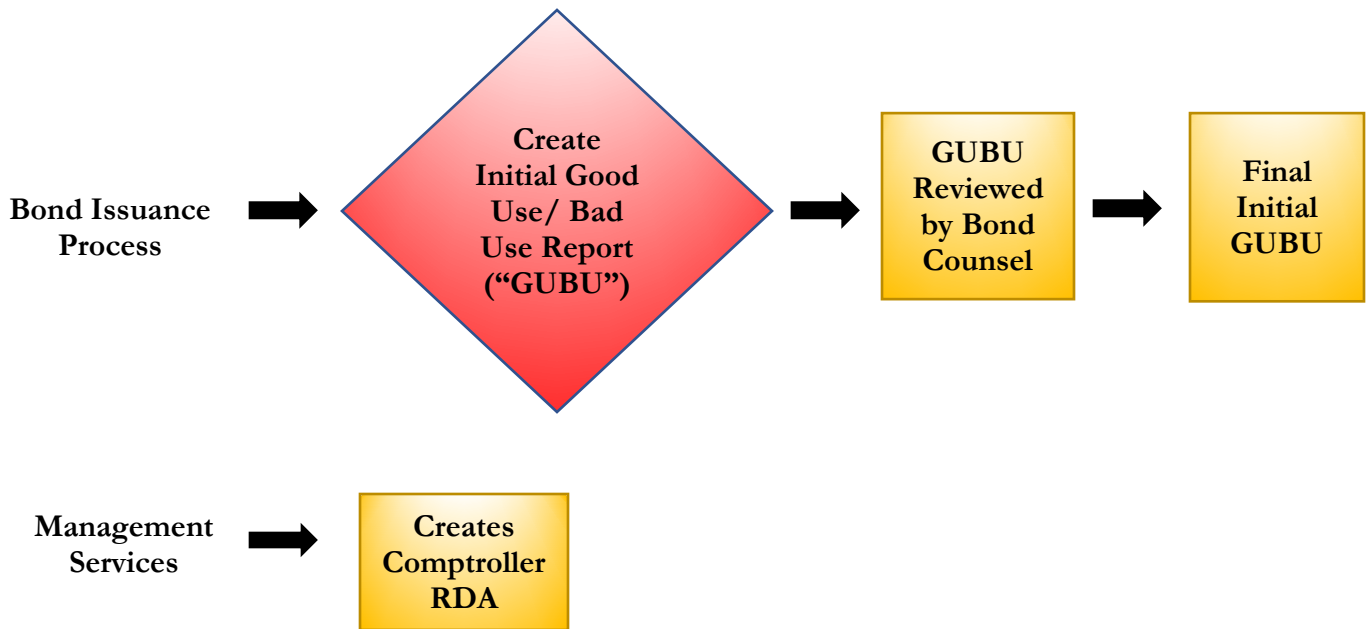
- Issuers shall maintain a tickler of issues subject to continuing disclosure and required filing dates for routine disclosures.
- When a new obligation is issued that has a continuing disclosure agreement, on or before closing confirm that the disclosures are consistent with the prior reporting, or if different that the common continuing disclosure report is expanded to meet the disclosure requirements of all covered issues.
- For new obligations, review that all CUSIPS are captured on EMMA.
- File all required financial-based disclosures on EMMA no later than the filing date set forth in the official statement and, if applicable, disclosure agreement with respect to the obligation. Required financial-based disclosures include audited financial statements and any additional information that was included in each obligation's offering document.
- File any additional financial-based disclosures identified in official statements and disclosure agreements by the filing due dates.
- File any mandatory event-based disclosures on EMMA no later than 10 business days after the occurrence of the event. Prior to filing, the Issuers shall consult with bond or disclosure counsel to determine if the event is considered a material event under Rule 15c2-12.
- File any non-mandatory financial-based disclosures and non-mandatory event-based disclosures on EMMA within a reasonable time period on the advice of bond or disclosure counsel and at the Issuers' discretion.
- If any required filings shall be late, on or before the due date shall post a disclosure on the failure to file timely.
- Issuers shall no later than the filing due date on EMMA, check the EMMA site for any outstanding issues and confirm all required filings posted. Issuers shall also confirm that there are no postings made in error by other organizations on their sites.

Document retention: all final versions of the annual disclosure and any EMMA filings shall be retained for a period not less than 10 years from the later of the filing due date or actual filing date.

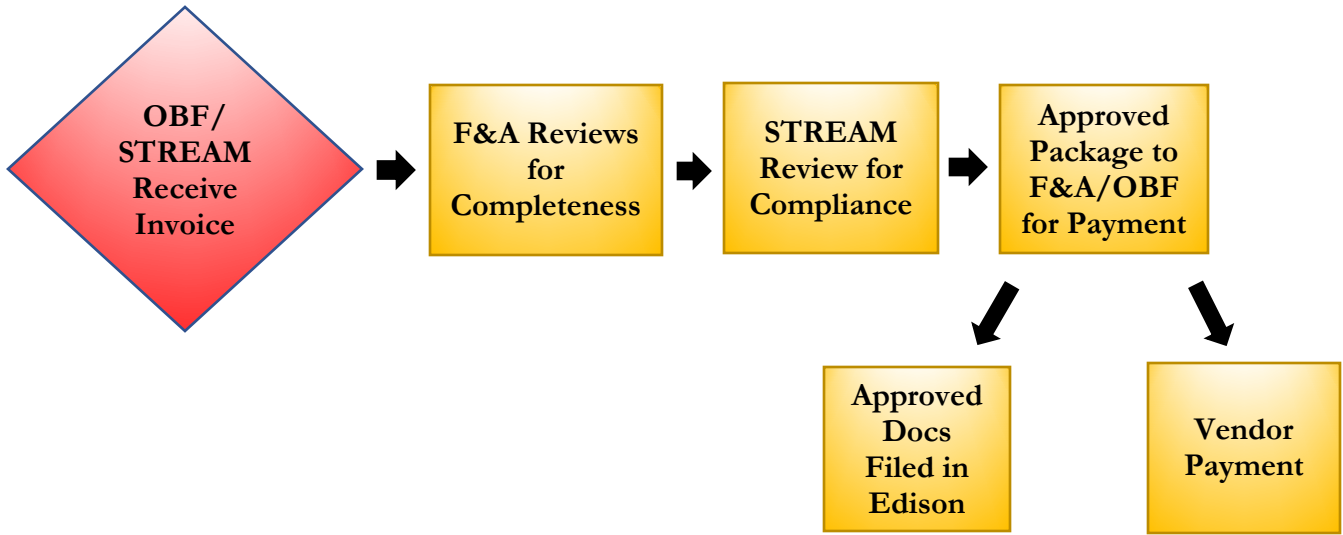
Section V. Summary of Processes that also Serve Post-Issuance Compliance

Many of the policies, procedures and internal controls employed by the State and its agencies to safeguard state funds and facilities also serve a purpose for post-issuance tax compliance. Expenditures must be appropriate, capitalizable, related to the project, and verified as to proper payment amounts before payment is made. Supporting materials are filed electronically within Edison. Additional controls that focus on the use of state property also are relevant for the change in use process. For this purpose, the following pages summarize, at a high level, the process flow that is integrated with the needed post-issuance controls.

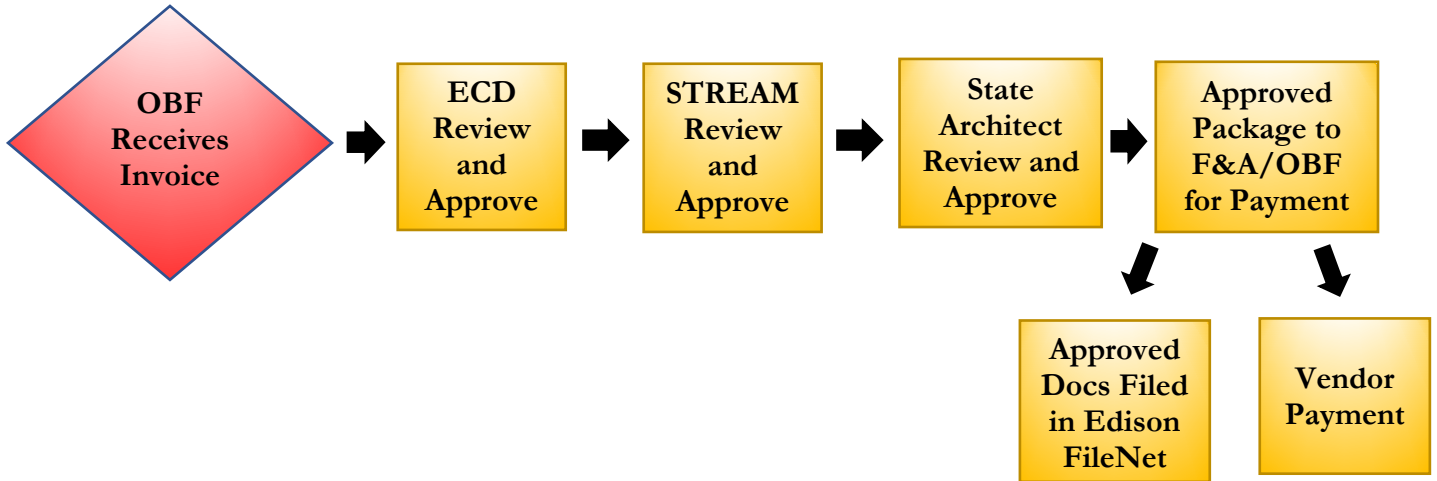
Post-Issuance Compliance Starts in the Issuance Process



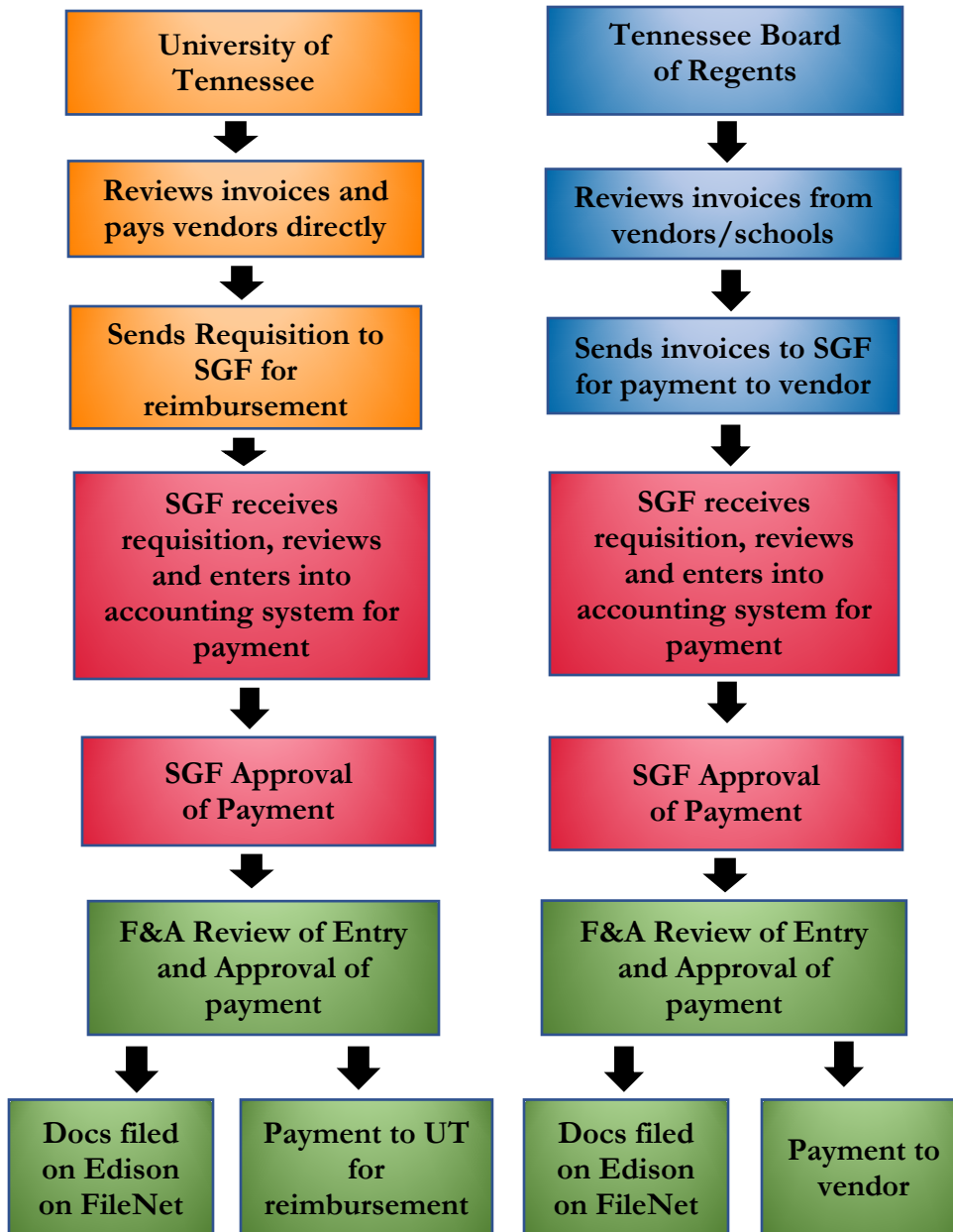
Payments for Project Expenditures: State (GO) Capital Projects



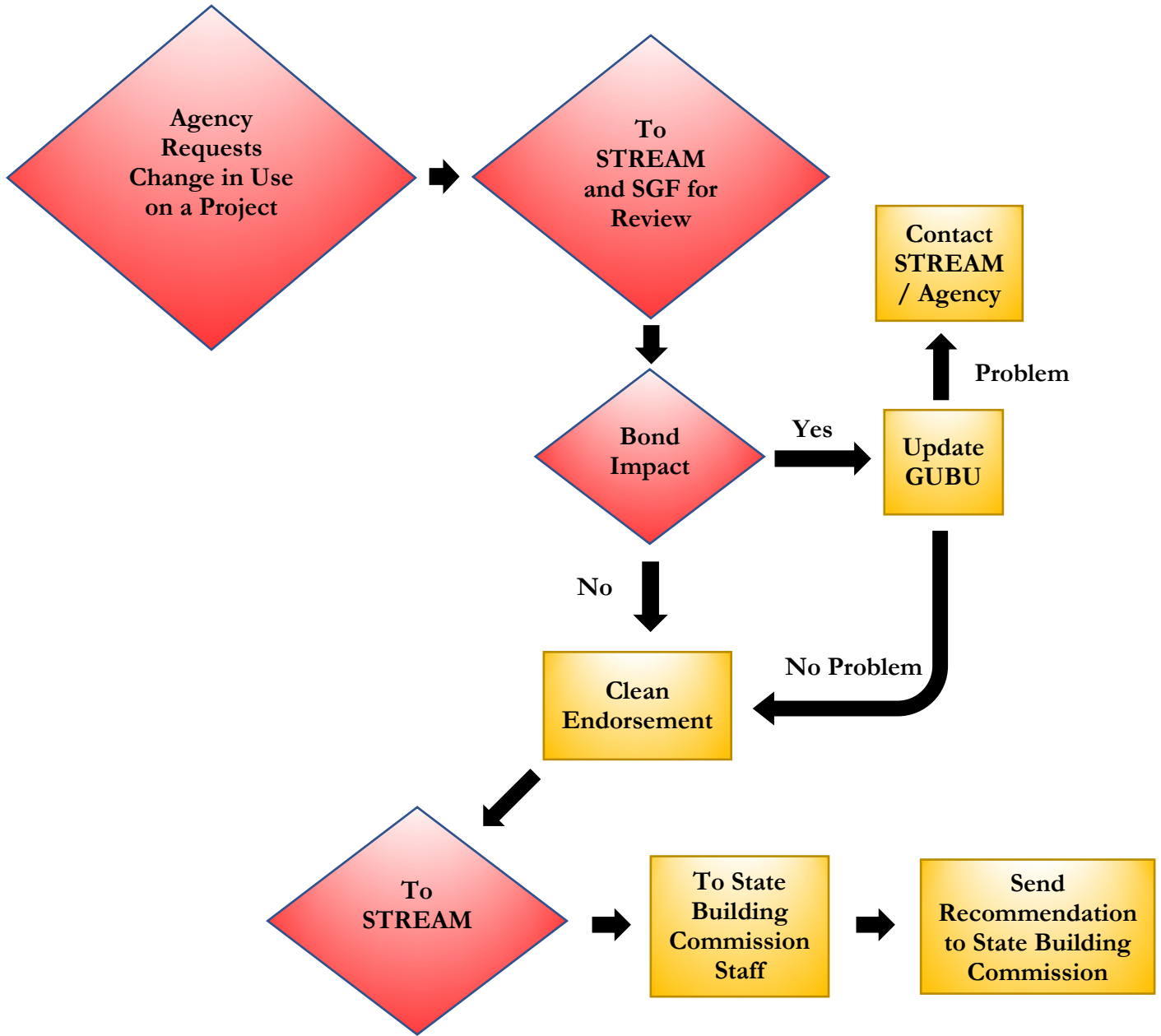
Payments for Capital Grants: State (GO) Capital Projects



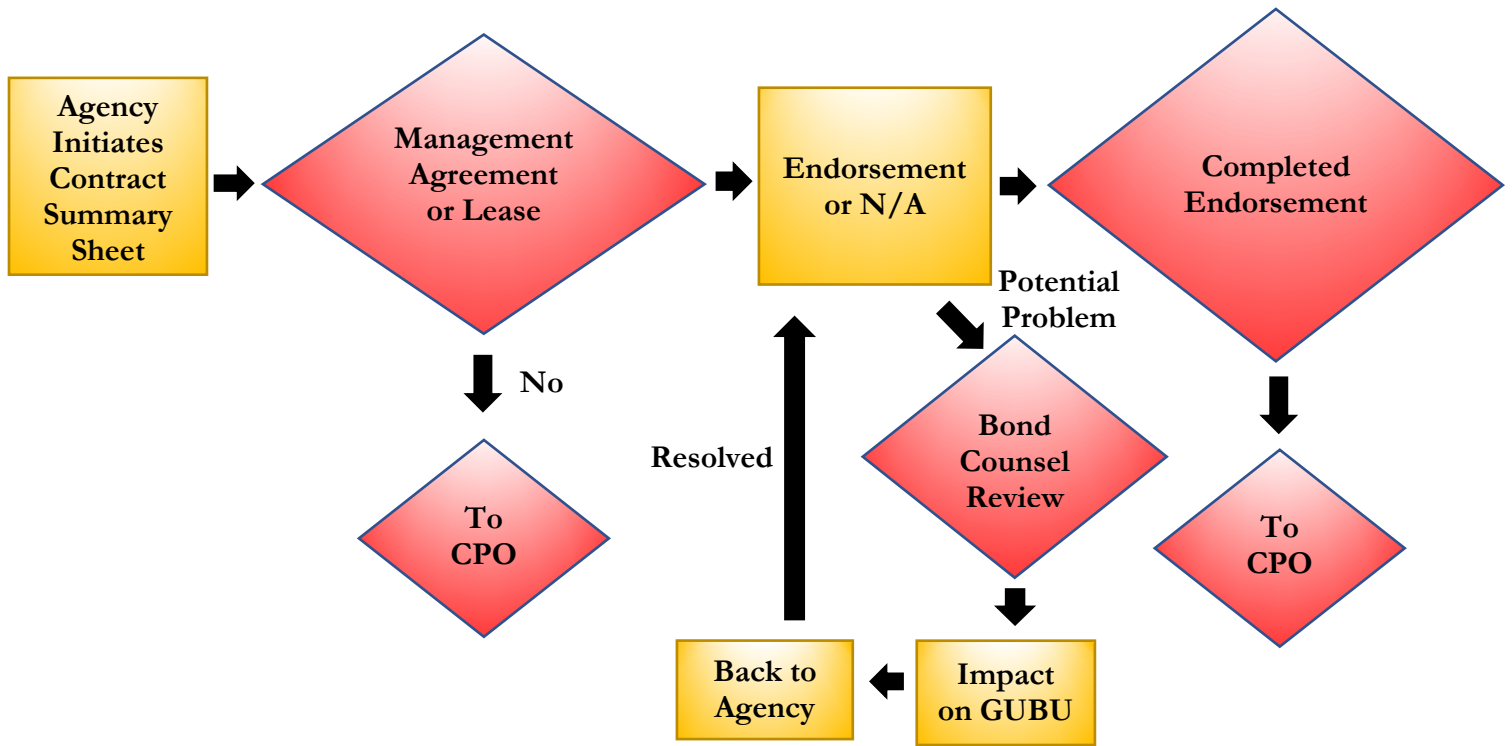
Payments for Project Expenditures: TSSBA



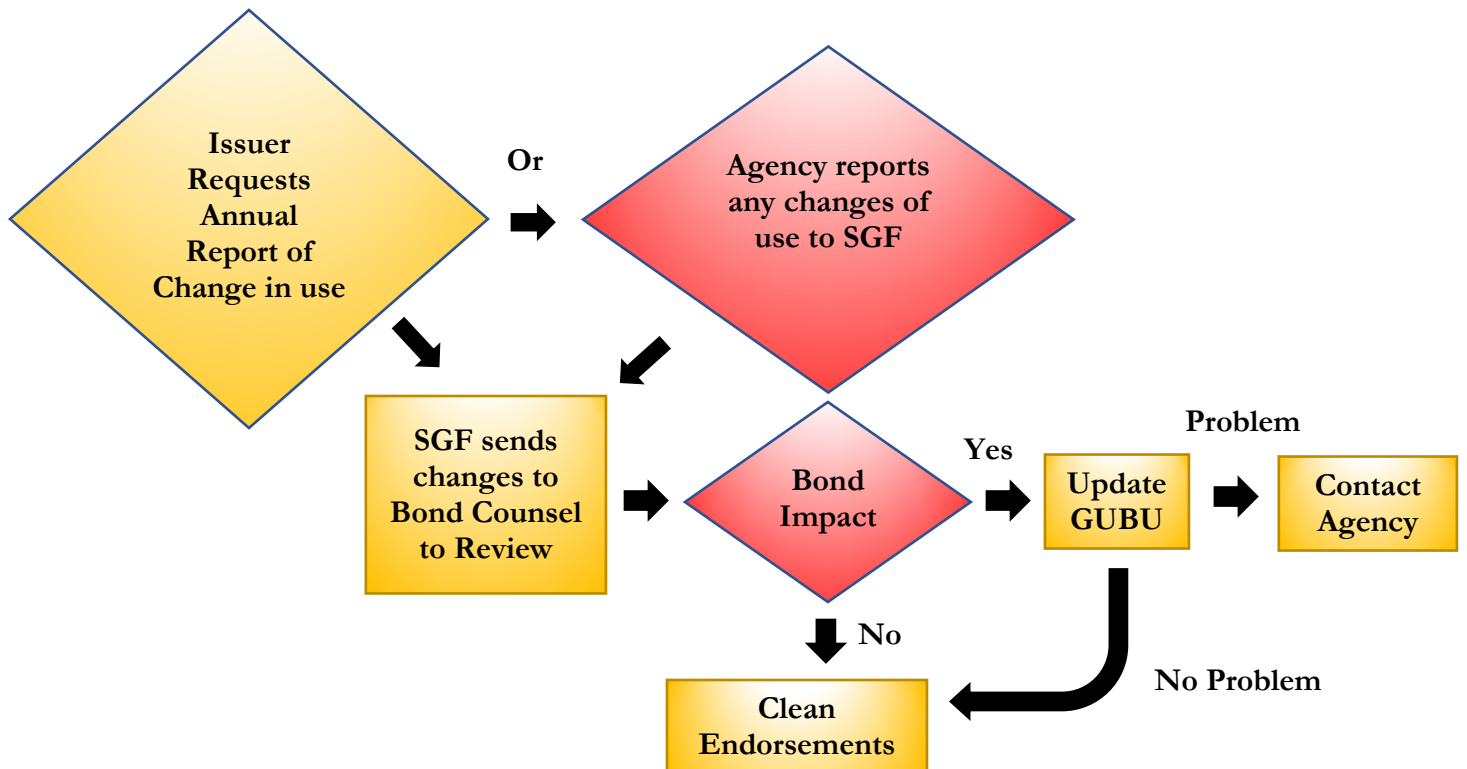
Changes in Use to a Facility Financed with Tax-Advantaged Bonds



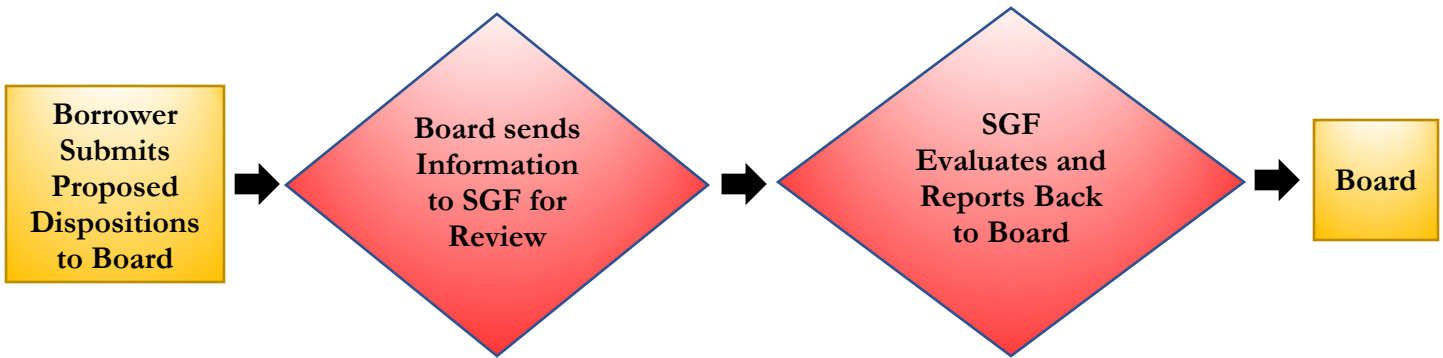
Contracts and Management Agreements



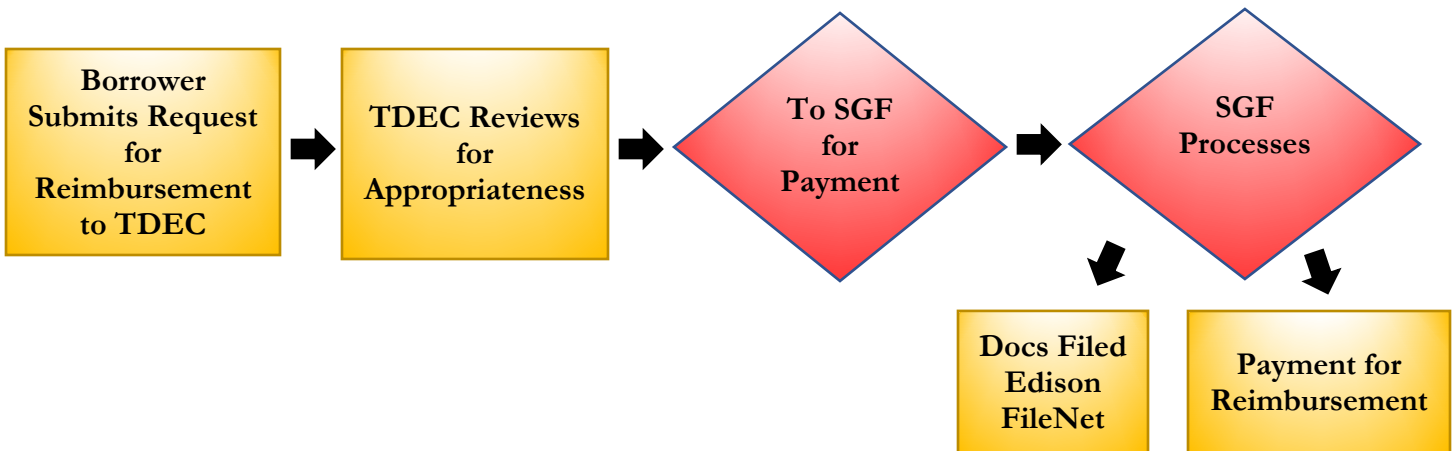
Evaluation of Changes in Use to a Facility Financed with Tax-Advantaged Bonds



TLDA



Payments: TLDA



Appendices

Appendix A: Background Information

Background - Use of Proceeds, Accounting for Proceeds, Investment of Proceeds

Gross Proceeds – Gross proceeds of a bond issue include proceeds and replacement proceeds.

| Table 1: Components of Gross Proceeds | |
|--|--|
| Proceeds | Include sale proceeds, investment proceeds, and transferred proceeds |
| Sale proceeds | Amounts the issuer receives from the sale of the bond issue, including amounts used to pay underwriters’ discount and certain accrued interest on the bonds. |
| Investment proceeds | Amounts received from investing proceeds of an issue. For example, if the issuer invests sale proceeds and earns interest, that interest is considered investment proceeds. |
| Transferred proceeds | May result when an issuer issues tax-exempt bonds (the refunding bonds) to refund an outstanding issue of tax-exempt bonds (the refunded bonds). Unspent proceeds of the refunded bonds may transfer to and become proceeds of the refunding bonds and are no longer considered proceeds of the refunded bonds. |
| Replacement proceeds | Monies that would have been used to finance the project if the bonds had not been issued. Replacement proceeds may also include amounts expected to pay debt service on the bonds, including sinking funds (such as a debt service fund, redemption fund, reserve fund or a replacement fund) and pledged funds (generally meaning any amount pledged to pay principal of or interest on the bonds). |

Expenditure of Gross Proceeds – Within the limitations and permitted uses established by the Code and the related federal regulations, the gross proceeds of a tax-exempt obligation may be used to finance **capital expenditures, working capital expenditures**, or to refinance existing tax-exempt debt (i.e., refund debt). Gross proceeds are allocable to a tax-exempt obligation until such gross proceeds are allocated to **expenditures** for their intended purpose. Gross proceeds are typically invested until they are allocated to expenditures. The investments allocable to gross proceeds are referred to as non-purpose investments because the investment(s) is not the purpose of the financing. The receipts from such investments (e.g., investment earnings and return of principal) are referred to as non-purpose receipts.

| Table 2: Expenditures of Gross Proceeds | |
|--|--|
| Expenditure | A current outlay of cash that is reasonably expected to occur not later than 5 banking days after the date of the expenditure allocation. |
| Capital Expenditure | Expenditures for costs incurred to acquire, construct, or improve land, buildings, and equipment. |
| Construction Expenditure | Capital expenditures allocable to costs incurred for construction or improvement (renovation) type projects, but not acquisition of land or other real property (such as equipment). |

| | |
|------------------------------------|---|
| Preliminary Expenditure | Expenditures incurred prior to commencement of the project, including architectural, engineering, surveying, soil testing, and similar costs. |
| Working Capital Expenditure | Expenditures for operating or administrative expenses, such as non-capital accounts payable and payroll. Working capital expenditures include payments for debt service (excluding capitalized interest). |

Background - Qualified Guarantees

Qualified guarantees are agreements between an issuer and/or a borrower and a provider under which the provider agrees to provide credit support or liquidity support in exchange for a fee. Examples of qualified guarantees include bond insurance, surety policies (which are often used to fund debt service reserve fund requirements), stand-by bond purchase agreements (also referred to as “liquidity facilities”), and letters of credit. The fees paid in connection with qualified guarantees typically may be included in the calculation of the arbitrage yield of a tax-exempt obligation.

Background - Qualified Hedges

A hedging arrangement is intended to enable an issuer to mitigate the interest rate risk that is associated with a current or future tax-exempt financing. Examples of hedging arrangements include interest rate swaps, forward rate locks, and interest rate caps. A qualified hedge is a hedging arrangement that is taken into account when calculating the arbitrage yield with respect to the tax-exempt obligation.

Background - Arbitrage Rebate & Yield Restriction Compliance

Section 148 of the Code and the related federal regulations require issuers of tax-exempt bonds to comply with the arbitrage rebate and yield restriction requirements. Primary objectives of the Code include:

- Limiting the use of tax-exempt bonds to authorized purposes,
- Limiting the duration of the financing to a term that is generally not longer than the expected life of the asset(s) or purpose(s) of the financing, and
- Preventing the issuance of tax-exempt bonds exclusively for the purpose of reinvesting the bond proceeds in higher yield investments (i.e., arbitraging).

Non-compliance may cause the bonds to be treated as “arbitrage bonds” and consequently, to lose their tax-exempt status.

In addition, the Code and the regulations create financial disincentives to prevent abuses; specifically arbitrage rebate and yield restriction. Arbitrage rebate and yield restriction are similar in their objective; they are both designed to limit the return an issuer may keep from the investment of tax-exempt bond proceeds. However, these dual, overlapping requirements are also different in several ways. A brief description of the arbitrage rebate and yield restriction requirements, as well as exceptions to arbitrage rebate and yield restriction, are provided below.

Arbitrage Rebate – The gross proceeds of a tax-exempt bond issue that are invested in taxable non-purpose investments (i.e., U.S. Treasury securities, money market mutual funds, corporate bonds, GICs, and certain tax-exempt AMT bonds, etc.) are subject to arbitrage rebate unless an exception to arbitrage rebate applies.

- Arbitrage rebate is the difference between the actual investment earnings and the earnings that the issuer would have received if the gross proceeds of the bonds were invested at the arbitrage yield.

(Arbitrage Rebate Liability equals Actual Investment Earnings less the Investment Earnings at the arbitrage yield)

Payment of Arbitrage Rebate – An issuer is required to determine no less than five (5) years after the issue date, every five (5) years thereafter, and as of the final maturity date (including the call date if the bonds are refunded and discharged) if an arbitrage rebate liability has accrued. If a liability has accrued, the issuer is required to pay at least 90% of the liability within 60 days of the computation date (100% if the computation date is the final maturity date). **If no liability has accrued, then no payment is due, and the issuer is not required to file any documentation with the Internal Revenue Service.**

Yield Restriction – Federal tax law generally does not allow an issuer to invest the gross proceeds of a bond issue at an average investment rate that is “materially higher”¹⁰ than the arbitrage yield. However, gross proceeds are permitted to be invested above a materially higher yield during a temporary period.

- A temporary period is an exemption from the yield restriction requirements, but it is **not an exception to the arbitrage rebate requirements.**¹¹

Temporary Periods and Yield Restriction – Temporary periods vary depending on the intended use of the proceeds (See Table 3 below). For example, the typical temporary period for new money proceeds is three (3) years, starting on the issue date. An issuer is permitted to invest the new money proceeds at an unrestricted rate during the first three (3) years after the issue date, without violating the yield restriction requirements.

| Bond Proceeds Fund | Temporary Period / Unrestricted Investment Period |
|---------------------------|--|
| Project Fund | 3 years beginning on the issue date. 5 years beginning on the issue date with certification from architect or engineer |
| Interest and Sinking Fund | 13 months if treated as a bona fide debt service fund. 30 days if not treated as a bona fide debt service fund |
| Costs of Issuance Fund | 3 years for new money bonds. 13 months for refunding bonds. |
| Debt Service Reserve Fund | Reasonably required debt service reserve funds are unrestricted. If overfunded, the excess debt service reserve fund portion is subject to yield restriction |
| Escrow Fund | Advance refunding escrow – 30 days; current refunding escrow – 90 days |

At the expiration of the temporary period, any unspent bond proceeds become subject to the yield restriction requirements. To comply with this requirement, an issuer is required to either restrict the investment yield so that it is no higher than a materially higher yield or make “yield reduction payments” as permitted. Yield reduction payments are essentially arbitrage rebate payments, only they are made to comply with yield restriction. These payments are made at the same time and in the same manner as arbitrage rebate payments.

Yield Restriction Requirement of Certain Gross Proceeds – In certain circumstances, the investments allocable to Gross Proceeds of a tax-exempt obligation are required to be yield

¹⁰ A “materially higher” yield is the yield to which the gross proceeds of a bond issue are subject to yield restriction. The definition of materially higher differs depending on the purpose and use of the proceeds. For example, for construction funds that qualify for a 3-year or 5-year temporary period, materially higher means the arbitrage yield + 0.125%. For refunding escrows and “replacement proceeds,” materially higher means the arbitrage yield + 0.001%.

¹¹ The one (1) exception is for tax credit bonds identified under the Code Section 54A, which include qualified forestry conservation bonds, new clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, and qualified school construction bonds. Section 54A(d)(4)(B) provides an exception to arbitrage rebate for “available project proceeds” during the first (3) years after the issue date of the bonds.

restricted. For example, the blended or weighted average investment yield of the investments allocable to proceeds used to advance refund prior obligations are required to be restricted (i.e., cannot be any higher than) to a yield that is not higher than a materially higher yield (the arbitrage yield plus 0.001%).

Refunding Escrows with SLGS Reinvestments – In the case of an advance refunding escrow, an issuer may include **State and Local Government Series** Treasury Securities (“SLGS”) in the escrow portfolio to achieve a blended investment yield that is below the applicable restricted yield. If the issuer allocates advance refunding proceeds to SLGS, the issuer shall need to ensure that the escrow agent reinvests such proceeds in SLGS in accordance with expectations, or if the SLGS Window is closed, the escrow agent follows permitted alternative procedures to achieve this same objective. For additional information, see the procedures related to the investment of bond proceeds.

Spending Exceptions to Arbitrage Rebate – The Code and the regulations establish spending exceptions to arbitrage rebate. If a spending exception to arbitrage rebate is met, the issuer may apply the exception to the applicable proceeds and treat such proceeds as exempt from the arbitrage rebate requirements. Application of the spending exceptions is optional. The spending exception does not need to be applied to the applicable proceeds if the issuer determines that doing so is not economically advantageous.

There are three (3) spending exceptions to arbitrage rebate, the 6-month spending exception, the 18-month spending exception, and the 2-year spending exception. The proceeds of a tax-exempt obligation may qualify for one (1) or all three (3) exceptions, depending on the intended use of the proceeds. The requirements of the spending exceptions are as follows:¹²

- **6-month spending exception** – The 6-month spending exception is met if 100% of the Gross Proceeds of the tax-exempt obligation are allocated to expenditures for the governmental purposes of the issue within the 6-month period beginning on the issue date. The 6-month period is extended for an additional 6 months if the unspent gross proceeds as of the end of the initial 6-month period do not exceed 5% of the proceeds of the issue.¹³
- **18-month spending exception** – The 18-month spending exception is met if the Gross Proceeds of the tax-exempt obligation are allocated to expenditures for the governmental purposes of the issue as follows: 15% within 6 months of the issue date, 60% within 12 months of the issue date, and 100% within 18 months of the issue date.
- **Gross Proceeds** - For purposes of determining compliance with the 6-month and 18-month spending exceptions, “Gross Proceeds” include the sale proceeds used to finance the project, pay costs of issuance, fund capitalized interest, and include investment earnings on such sale proceeds. However, for this purpose, gross proceeds do not include amounts in a bona fide debt service fund or in a reasonably required reserve or replacement fund.

¹² See federal regulations Section 1.148-7.

¹³ See Section 148(f)(4)(B)(ii)(I) of the Code.

- 2-year spending exception – The 2-year spending exception is met if the available Construction Proceeds of the tax-exempt obligation are allocated to expenditures for the governmental purposes of the issue as follows: 10% within 6 months of the issue date, 45% within 12 months of the issue date, 75% with 18 months of the issue date, and 100% within two (2) years of the issue date.
- **Available Construction Proceeds** - For purposes of determining compliance with the 2-year spending exception, available construction proceeds include sale proceeds used to finance the project and fund capitalized interest, earnings on such proceeds, earnings on proceeds used to pay costs of issuance (but not sale proceeds), and earnings on a reasonably required reserve or replacement fund until the earlier of the date construction is **substantially complete** or two (2) years from the issue date. However, an issuer may elect to exclude earnings on a reasonably required reserve or replacement fund from available construction proceeds.

Treatment of Investment Earnings – As noted above, Gross Proceeds and Available Construction Proceeds include the investment earnings on the proceeds included in the spending exceptions.¹⁴ For purposes of the 18-month or 2-year spending exception, issuers are required to estimate total investment earnings over the spending period. Estimated earnings should be determined as of the issue date and should be based on the issuer’s expected disbursement and expected investment earnings rate. Estimated investment earnings are used as a substitute for actual investment earnings to determine compliance with the interim 6-month spending period requirements. Actual investment earnings are used to determine compliance with the final 6-month spending period requirement. The table below describes the periods that include estimated investment earnings and actual investment earnings:

| Spending Period | 18-Month Exception | 2-Year Exception |
|------------------------------|--------------------|--------------------|
| First 6-Month Period | Estimated Earnings | Estimated Earnings |
| Second 6-Month Period | Estimated Earnings | Estimated Earnings |
| Third 6-Month Period | Actual Earnings | Estimated Earnings |
| Fourth 6-Month Period | N/A | Actual Earnings |

Election to use Actual Facts – For purposes of measuring compliance with the 2-year spending exception, issuers have the option of determining compliance based on actual investment earnings during the entire spending period.¹⁵ This election must be made on or before the issue date and should be documented in the tax certificate.

¹⁴ See federal regulations Section 1.148-7(d)(3)(ii) and 1.148-7(i)(3).

¹⁵ See federal regulations Section 1.148-7(f)(2).

Bifurcation of Purposes / Use of Proceeds – In certain circumstances, a “new money” tax-exempt obligation may not be eligible for the 2-year spending exception because more than 25% of the new money proceeds are not expected to be used for qualified construction expenditures. In this scenario, an issuer may separate, or bifurcate, the proceeds for purposes of determining compliance with spending exceptions. The proceeds to be used to finance construction expenditures are treated as a separate issue and are eligible for the 2-year spending exception. The proceeds to be used to finance non-construction expenditures are only eligible for the 6-month spending exception (not the 18-month spending exception). To bifurcate an issue, the issuer is required to make an election on or before the issue date. The election should be documented in the tax certificate.¹⁶

Small Balance Exceptions at the end of the Spending Period – The federal tax regulations create two (2) “small balance” exceptions for the 18-month and 2-year spending exceptions. The two (2) small balance exceptions are intended to permit an issuer to still meet the 18-month or 2-year spending exceptions if unspent proceeds remain as of the end of the spending period.

- **Reasonable Retainage** – This small balance exception is for unspent proceeds that may be treated as “reasonable retainage.” Under the 18-month and 2-year spending exceptions, the final spending requirement is met if the remaining proceeds constitute reasonable retainage and the remaining proceeds do not exceed 5% of the total proceeds required to be spent during the entire spending period. Examples of reasonable retainage include retention of proceeds to ensure completion of a contract or if there is a contract dispute.¹⁷ If the remaining proceeds are treated as reasonable retainage, the issuer is required to spend the remaining proceeds not later than 12 months after end of the spending period to meet the 18-month (by month 30) or 2-year spending exception (by month 36).
- **De Minimis Exception** – This small balance exception is for remaining proceeds that are considered to be “de minimis” or relatively insignificant in amount. Under the 18-month and 2-year spending exceptions, the final spending requirement is met if the issuer exercises due diligence to complete the project financed and the amount of unspent proceeds does not exceed the lesser of 3% of the issue price of the tax-exempt obligation or \$250,000 (the De Minimis Exception).¹⁸

¹⁶ See federal regulations Section 1.148-7(j).

¹⁷ See federal regulations Section 1.148-7(h).

¹⁸ See federal regulations Section 1.148-7(b)(4).

| Exception | Expenditure Benchmark 1 | Expenditure Benchmark 2 | Expenditure Benchmark 3 | Expenditure Benchmark 4 | End of Period Exceptions |
|------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---|
| 6-Month | 100% | | | | 5% – must be spent by 12-month anniversary |
| 18-Month | 15% | 60% | 100% | | Retainage – must be spent in 12 months, De Minimis balance – must be spent with “due diligence” |
| 2-Year | 10% | 45% | 75% | 100% | |

Small Issuer Exception to Rebate – The Code and Section 1.148-8 of the federal regulations establish an exception to arbitrage rebate for certain small issues. A bond issue may qualify for the small issuer exception to rebate if:

- During the calendar year, not more than \$5 million of tax-exempt obligations are issued by the issuer and any related entities. This \$5 million limit is increased to \$15 million for tax-exempt obligations issued to finance the construction and renovation of public school facilities,
- The issuer has general taxing powers,
- The tax-exempt obligations are governmental bonds (i.e., not private activity bonds), and
- At least 95% of the proceeds of the tax-exempt obligations are to be used for local governmental activities of the issuer.

In certain circumstances, refunding bonds may qualify for the small issuer exception. In addition, in certain circumstances, obligations related to pooled financings may qualify for the small issuer exception.

Exception to Rebate: Penalty-In-Lieu of Rebate – If the available construction proceeds of a tax-exempt obligation are eligible for the 2-year spending exception, an issuer may elect to pay a penalty-in-lieu of paying rebate on such proceeds. This election must occur on or prior to the issue date. The penalty amount is calculated for each semi-annual period, beginning on the issue date, until 100% of the available construction proceeds are allocated to expenditures.

During the first four (4) semiannual periods, the penalty amount is equal to 1.5% multiplied by the difference between the amount required to be spent to meet the 2-year spending exception and the amount that is actually spent (if it is less than the amount needed to be spent). After the fourth semiannual period, the penalty amount is equal to 1.5% multiplied by the amount of unspent available construction proceeds.

Penalty payments are required to be submitted to the IRS not later than 90 days after the end of the applicable spending period.

Bona Fide Debt Service Fund Exception – A debt service fund is exempt from arbitrage rebate and yield restriction if the gross proceeds allocable to the debt service fund are depleted at least once each **bond year** to a balance that is not greater than a “reasonable carryover amount.” Pursuant to Section 1.148-1(b) of the federal regulations, a reasonable carryover amount is an amount that is not in excess of the greater of:

- The earnings of the debt service fund for the preceding bond year, or
- One-twelfth (1/12th) of the principal and interest payments on the issue for the immediately preceding bond year.

If the bonds are variable rate bonds, private activity bonds, or if the bonds have an average maturity of less than five (5) years, then the debt service fund is subject to arbitrage rebate unless the earnings of debt service fund is less than \$100,000 during the bond year. However, the \$100,000 annual earnings limit does not apply if the average annual debt service of the bonds is not in excess of \$2,500,000.¹⁹

Exceptions to Yield Restriction

Minor Portion – The gross proceeds of a tax-exempt obligation are not subject to yield restriction during a temporary period that applies to such proceeds. In addition, the issuer may treat up to the **lesser of 5%** of the sale proceeds of a tax-exempt obligation or \$100,000 as a “minor portion.” A minor portion is exempt from yield restriction (but not arbitrage rebate).

Reasonably Required Reserve or Replacement Fund – Also, the gross proceeds of a tax-exempt obligation allocable to a “reasonably required reserve or replacement fund” are not subject to yield restriction. The reasonably required reserve or replacement fund exception to yield restriction applies to the gross proceeds of a tax-exempt obligation allocated to a debt service reserve fund that does not exceed the **least of:**

- 10% of the stated principal amount of the issue,
- The maximum annual debt service of the issue, or
- 125% of the average annual debt service of the issue.

No more than 10% of the stated principal amount of a tax-exempt obligation may be used to finance any reserve or replacement fund.²⁰

Gross proceeds allocable to a reasonably required reserve or replacement fund are subject to arbitrage rebate unless a rebate exception applies. Gross proceeds in excess of the reasonably required reserve or replacement fund exception are also subject to yield restriction.

¹⁹ See federal regulations Section 1.148-3(k).

²⁰ See federal regulations Section 1.148-2(f)(1).

Background – Private Business Use

Federal tax law strictly limits the extent to which tax-exempt bond proceeds and tax-exempt financed assets may be used for non-governmental purposes. Use in excess of these limits may cause the bonds to be treated as “private activity” bonds, and consequently, no longer be treated as federally tax-exempt. Bonds are considered private activity bonds if the bonds meet the **private business use test** and the **private security or payment test**, or if the bonds meet the **private loan financing test**.

Private Business Use – Private business use means the direct or indirect use of tax-exempt financed property in a trade or business by any person other than a governmental unit or the general public.²¹ This includes tax-exempt non-profit organizations and the Federal government. For purposes of applying the private business use test to qualified 501(c)(3) bonds, governmental units include the activities of 501(c)(3) organizations that are not treated as unrelated trade or business.²²

Activities that may result in private business use include:

- Leases of tax-exempt financed space for a bookstore, gift shop, coffee shop, restaurant, etc., or to a for-profit organization or for any other unrelated business purpose
- Certain management and service contracts related to the operation of the tax-exempt financed space, such as food service, maid service, or laundry service arrangements
- Use of space for sports and entertainment events and performances
- Licensing agreements
- Research agreements with corporations to test and support that corporation’s products
- Sharing of parking facilities with a for-profit organization
- Naming rights
- Sale of financed property
- Vending operations
- Any other arrangement that creates a special entitlement to use the space in an unrelated business use

²¹ See Code Section 141(b)(6).

²² See federal regulations Section 1.145-2(b).

Private Business Use Test – The private business use test is met if more than 10% of the proceeds of the issue are to be used for any private business use. If the private business use is unrelated or is disproportionate to the governmental use of the proceeds, then the 10% limitation is reduced to 5%. The 5% limitation also applies to qualified 501(c)(3) bonds (e.g., bonds issued to finance the facilities of institutions of higher education and non-profit hospitals).

Private Security or Payment Test –The private security or payment test is met if the payment of debt service on more than 10% of the proceeds of the issue is directly or indirectly: (1) secured by property used or to be used for a private business use, or payments in respect of such property, or (2) to be derived from payments in respect of property, or borrowed money, used or to be used for a private business use.²³

Output Facility Impact – In addition, bonds may be treated as meeting the private business use test and the private security or payment test if 5% or more of the proceeds of the tax-exempt bonds are to be used to finance projects related to an **output facility** and if certain expenditure thresholds with respect to output facilities are exceeded (generally \$15 million).²⁴

Private Loan Financing Test – The private loan financing test is met if the lesser of 5% of the proceeds of the bonds or \$5,000,000 are used to make loans to non-governmental units or persons. For this purpose, loans do not include proceeds used to enable the borrower to finance any governmental tax or assessment of general application for a specific essential governmental function, to acquire non-purpose investments, or for a qualified natural gas supply contract.²⁵

Exceptions to Private Business Use – Several exceptions to private business use are established in the federal regulations. In addition, the following IRS Revenue Procedures establish safe harbor exceptions from private business use:

- **Revenue Procedure 2017-13** establishes safe harbors under which management and certain other service agreements do not result in private business use; and
- **Revenue Procedure 2007-47** establishes safe harbors under which research agreements do not result in private business use.

Bond counsel should be consulted to determine if any exceptions to private business use apply. Bond counsel should also review all management and service contracts and research agreements to determine if they result in private business use.

Measuring Private Business Use – Measuring private business use is complicated and may require the involvement of bond counsel. As an initial step, an issuer needs to identify all property financed (or refinanced) with the proceeds of each tax-exempt bond issue and determine the use of that property during each fiscal year. If the issuer has entered into any

²³ See Code Section 141(b).

²⁴ See Code Section 141(b)(4) and 141(b)(5) for additional information regarding private business use limitations with respect to output facilities.

²⁵ See Code Section 141(c).

arrangements with non-governmental units with respect to the use of a tax-exempt financed facility, then that use should be considered private business use unless an exception (as described above) applies.

Measurement Period – Once the issuer has completed its review of the use of tax-exempt financed property, the next step is to measure private business use. Private business use is measured on an issue by issue basis. The measurement period for each tax-exempt financed asset begins on the later of the issue date or the date the asset is placed in service and it ends on the earlier of the last date of the reasonably expected economic life of the property or the latest maturity date of any bond of the issue financing the property.²⁶ If the bonds are refunded, then the end of the measurement period includes the latest maturity date of the refunding bonds.²⁷

As an example, assume a tax-exempt obligation financed the construction of a building as follows:

| | |
|--|-------------------------------------|
| Issue Date of Bonds | January 1, 2011 |
| Reasonably Expected Economic Life of the Financed Building | 40 Years |
| Placed in Service Date | January 1, 2013 |
| Maturity Date of Bonds finance the Building | January 1, 2031 |
| Measurement Period | 28 Years – from 1/1/2013 – 1/1/2031 |

Under the scenario above, the measurement period with respect to the Bonds would begin on January 1, 2013 and end on January 1, 2031.

Private business use is measured over 1-year periods. To determine the private business use over the life of a bond issue, compute the average of the annual private business use for all years of all assets financed by the bonds. If multiple assets were financed, then private business use should be calculated on a weighted average basis with assets weighted by the amount of proceeds of the bonds used to finance each asset.

Treatment of Idle Time – If a facility is financed with tax-exempt bond proceeds, allocations of good use and bad use are generally determined based on the actual amount of time it was used by different users. In determining the amount of actual use, periods during which the facility is not in use (i.e., idle time) are disregarded.²⁸

Simultaneous Government Use and Private Business Use – In addition, if a facility is simultaneously used for both government use and private business use, then the entire facility is treated as being used for private business use. However, the regulations permit allocations

²⁶ See federal regulations Section 1.141-3(g)(2)(i).

²⁷ See federal regulations Section 1.141-13(b)(2)(iii).

²⁸ See federal regulations Section 1.141-3(g)(4)(ii).

between government and private use if the simultaneous use is on the same basis (e.g., a parking garage).²⁹

Allocation of Discrete Uses – The regulations also permit issuers to treat a discrete portion of a facility as a separate facility if bond proceeds were specifically allocated to finance that portion of the facility.³⁰

Private Business Use if Fair Market Value is Disproportionate – If the fair market value of the private business use is significantly higher than the governmental use, the regulations require private business use to be determined based on relative fair market values instead of usage based on time.³¹

Allocation of Neutral Costs – The regulations also require a reasonably ratable allocation of common areas within a financed facility, and “neutral costs.”³² Neutral costs include proceeds used to pay costs of issuance, amounts allocated to a reasonably required reserve or replacement fund, or amounts paid as fees for a qualified guarantee or a qualified hedge. However, with respect to qualified 501(c)(3) bonds, proceeds used to pay costs of issuance are treated as allocated to a private business use.³³

²⁹ See federal regulations Section 1.141-3(g)(4)(iii).

³⁰ See federal regulations Section 1.141-3(g)(4)(iv).

³¹ See federal regulations Section 1.141-3(g)(4)(v).

³² See federal regulations Section 1.141-3(g)(5) and 1.141-3(g)(6).

³³ See federal regulation Section 1.145-2(c)(2).

Remedial Action – If a bond issue meets the private business use test or the private loan financing test and no other options (such as a different allocation of proceeds to expenditures) are available to achieve compliance, the bonds become non-qualified, and the issuer may be required to undertake a remedial action. An example of a circumstance that requires a remedial action is the sale of a tax-exempt financed asset, lease of a tax-exempt financed asset, or a change in the use of tax-exempt financed asset (such as a change in the use of a facility).

Examples of a remedial action include, but are not limited to, the following:

- The redemption of the non-qualified bonds within 90 days of the *circumstances giving rise to the remedial action* (the “deliberate action”), or
- The establishment of a yield-restricted defeasance escrow within 90 days of the deliberate action to defease the non-qualified bonds.

An issuer should consult with bond counsel regarding circumstances that may require a remedial action and the appropriate action to comply with the federal tax law requirements. In certain circumstances, if the deliberate action is the sale of a tax-exempt financed asset, the issuer may be permitted to allocate the disposition proceeds (the proceeds received from the sale of the asset) to qualified expenditures, such as to obtain a replacement asset, in lieu of defeasing bonds or establishing an irrevocable defeasance escrow to defease bonds.³⁴

³⁴ See federal regulations Section 1.141-12(e) and 1.142-2(c)(4).

Background – Records Retention

Federal tax law requires issuers and conduit borrowers to maintain material records that support the basis upon which an obligation is treated as exempt from federal income tax. Federal tax law requires issuers and conduit borrowers to maintain such material records for the life of the bonds (i.e., to the final maturity date) plus three (3) additional years. If a tax-exempt obligation is refunded, then the issuer and conduit borrower are required to maintain such material records for the later of the life of the original bonds or the refunding bonds, plus three (3) additional years.

Examples of material records to be retained include:

- The Bond Transcript (e.g., the closing documents)
- Board minutes and/or resolutions that authorize the issuance of tax-exempt debt
- Appraisals related to projects financed with tax-exempt debt
- Newspaper advertisements and public notices related to tax-exempt debt
- Records that indicate the non-purpose investments that were allocated to the proceeds of the bonds (e.g., bank statements) and the investment cash flows associated with such investments
- Records related to the acquisition or sale of an investment agreement, hedging instrument (e.g., interest rate swap), qualified guarantee (e.g., letter of credit agreement), or a defeasance escrow
- Records that indicate the allocation of tax-exempt proceeds to authorized expenditures (e.g., journal entries)
- Any IRS Forms that were filed, such as IRS Forms 8038-T, 8038-R, or 8038-CP
- Arbitrage rebate, yield restriction, penalty-in-lieu of rebate, and exception compliance calculations and reports
- Records related to the use of tax-exempt financed facilities and other tax-exempt financed assets
- Copies of all management and service contracts, lease arrangements, and research agreements entered into and related to property financed with tax-exempt proceeds

Background – Continuing Disclosure

SEC Rule 15c2-12 requires the disclosure of financial information (“financial-based disclosures”) deemed to be material with respect to the issuer’s ability to repay the principal and interest of a publicly offered obligation. Financial-based disclosures include:³⁵

- Audited financial statements
- Budget information
- Changes in fiscal years/timing of disclosures
- Interim/additional financial information and operating data
- Investment, debt, and other financial policies
- Information provided to rating agencies, credit support providers, or other third parties
- Consultant reports
- Any other applicable financial data

Required financial-based disclosures include annual financial information concerning the obligor(s) of the debt, including the information included in the official statement or other public offering document. In addition, audited financial statements concerning the obligor(s) of the debt is typically required to be disclosed annually as is any notice of failure to provide such financial information by the disclosure due date.

SEC Rule 15c2-12 also requires issuers to file notices of events (“event-based disclosures”) that are deemed to be material with respect to the issuer’s ability to repay the principal and interest of a publicly offered obligation. **For any tax-exempt obligation issued prior to December 1, 2010** issuers are required to provide notice to the Municipal Securities Rulemaking Board (“MSRB”) of the following events, if material:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserve funds reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity provider, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the security, or other material events affecting the tax status of the security;
- Modification to the rights of security holders, if material;
- Bond calls, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the security, if material;
- Rating changes;

³⁵ Source: MSRB

For any tax-exempt obligations issued on or after December 1, 2010, event-based disclosures are required to be filed with the MSRB not later than 10 business days after the occurrence of the event. Mandatory event-based disclosures include:³⁶

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserve funds reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity provider, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the security, or other material events affecting the tax status of the security;
- Modification to the rights of security holders, if material;
- Bond calls, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the security, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the obligor;
- The consummation of a merger, consolidation or acquisition involving the obligor or the sale of all or substantially all of the assets of the obligor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement, if material;
- Appointment of a successor or additional trustee, if material;
- Incurrence of a **Financial Obligation** of the Authority or of any Institution, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a **Financial Obligation** of the Authority or of such Institution, as the case may be, any of which affect holders of Offered Bonds, if material; and
- Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a **Financial Obligation** of the Authority or of any Institution any of which reflect financial difficulties.

Issuers are encouraged by the MSRB to submit non-mandatory event-based disclosures. Examples of such voluntary event-based disclosures include:³⁷

- Amendment to continuing disclosure agreement
- Change in the obligor
- Notice to investor pursuant to bond documents
- Communication from the IRS
- Bid for auction rate or other securities
- Capital or other financing plan
- Litigation/enforcement action

³⁶ Source: MSRB

³⁷ Source: MSRB

- Change of tender agent, remarketing agent, or other on-going party
- Use of derivative or other similar transaction
- Any other event-based disclosure

Disclosures are required to be filed through use of the MSRB's Electronic Municipal Market Access ("EMMA") system. EMMA can be accessed on the MSRB's website at www.msrb.org.

Generally, publicly offered obligations are not exempt from the requirements of Rule 15c2-12. However, in certain circumstances, disclosure may not be required for an obligation. An issuer should seek guidance from bond or disclosure counsel regarding the disclosure requirements for each of its obligations. Additional information is available on the MSRB's website.

Appendix B: Glossary – General Use Terms

Available Amounts – Any amount that is available to an issuer for working capital expenditure purposes of the type financed by a tax-exempt obligation. Available amounts include cash, investments, and other amounts held in accounts or otherwise by the issuer or a related party if those amounts may be used for working capital expenditures of the type being financed by the tax-exempt obligation without legislative or judicial action and without a legislative, judicial, or contractual requirement that those amounts be reimbursed. However, available amounts do not include a reasonable working capital reserve (not more than 5% of the actual working capital expenditures of the issuer in the previous fiscal year) or qualified endowment funds.³⁸

Bond Year – With respect to a tax-exempt obligation, a bond year is each 1-year period that ends on the day selected by the issuer. The first and last bond years may be short periods (i.e., the issuer may select a first bond year anniversary date that is earlier than the first anniversary date of the issue). If no day is selected by the issuer before the earlier of the final maturity date of the issue or the date that is five (5) years after the issue date, bond years end on each anniversary of the issue date and on the final maturity date.³⁹

Capital Expenditure – Any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election with the application of the definition of placed in service under federal regulation Section 1.150-2(c)) under general Federal income tax principles. For example, costs incurred to acquire, construct, or improve land, buildings, and equipment generally are capital expenditures. Whether an expenditure is a capital expenditure is determined at the time the expenditure is paid with respect to the property. Future changes in law do not affect whether an expenditure is a capital expenditure.⁴⁰

Constructed Personal Property – **Tangible Personal Property** or specially developed software that meets the following requirements:⁴¹

- A substantial portion of the property or properties is completed more than 6 months after the earlier of the date construction or rehabilitation commenced and the date the issuer entered into an acquisition contract;
- Based on the reasonable expectations of the issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of construction or rehabilitation (and delivery to the issuer) could not have occurred within that 6-month period; and
- If the issuer itself builds or rehabilitates the property, not more than 75% of the capitalizable cost is attributable to property acquired by the issuer (e.g., components, raw materials, and other supplies).

Construction Expenditure – Capital expenditures that are allocable to the cost of **Real Property** or constructed personal property. Except as permitted by federal tax law, construction expenditures do not include expenditures for acquisitions of interest in land or

³⁸ See federal regulations Section 1.148-6(d)(3)(iii).

³⁹ See federal regulations Section 1.148-1(b).

⁴⁰ See federal regulations Section 1.150-1.

⁴¹ See federal regulations Section 1.148-7(g)(3).

other real existing property.⁴² For example, expenditures for the acquisition of equipment are generally not considered construction expenditures. However, construction expenditures include expenditures for components, raw materials, supplies, and labor related to construction or renovation.

Expenditure – A current outlay of cash for a governmental purpose of the tax-exempt obligation. Pursuant to federal regulations Section 1.148-6(d)(ii), a current outlay of cash means an outlay reasonably expected to occur not later than five (5) banking days after the date of which the allocation of gross proceeds to the expenditure is made.

Extraordinary, Non-Recurring Item – Expenditures that are considered extraordinary, non-recurring items are payments that are not customarily payable from current revenues. Examples include casualty losses or extraordinary legal judgments in amounts in excess of reasonable insurance coverage. However, if an issuer has set aside reserves for such payments, the set-side reserves must be applied toward the payment before the issuer can allocate gross proceeds of a bond issue to the payment.⁴³

Financial Obligation – A debt obligation, derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or guarantee of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation. The term financial obligation excludes municipal securities for which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

Good Use/Bad Use Report – A report prepared during a tax-exempt bond sale that lists all the projects being funded in the bond sale along with the amount of private use each project has, as determined by bond counsel.

Guaranteed Investment Contract – Any investment contract that includes any non-purpose investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate. A guaranteed investment contract includes any agreement to supply investments on two (2) or more future dates. Examples include forward supply contracts, forward delivery agreements, certain repurchase agreements, and other investment agreements with negotiated terms as described herein.⁴⁴

Issuance Costs – Costs incurred in connection with, and allocable to, the issuance of an obligation. Examples of issuance costs include underwriters' spread, counsel fees, financial advisory fees, rating agency fees, trustee fees, paying agent fees, bond registrar, certification, and authentication fees, accounting fees, printing costs for bonds and offering documents, public approval process costs, engineering and feasibility study costs, guarantee fees (other than for qualified guarantees), and other similar costs.⁴⁵

⁴² See federal regulations Section 1.148-7(g)(1).

⁴³ See federal regulations Section 1.148-6(d)(3)(ii)(B).

⁴⁴ See federal regulations Section 1.148-1(b).

⁴⁵ See federal regulations Section 1.150-1.

Output Facility – Means electric and gas generation, transmission, distribution, and related facilities, and water collection, storage, and distribution facilities.⁴⁶

Placed in Service – (i) The date on which a facility has reached a degree of completion, which would permit its operation at substantially its design level; and (ii) the facility is in operation at such level.⁴⁷

Preliminary Expenditures – Expenditures for architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to the commencement of acquisition, construction, or rehabilitation of a project. This does not include preliminary expenditures related to land acquisition, site preparation, and similar costs incident to commencement of construction.⁴⁸

Qualified Administrative Costs – Reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and similar costs. Examples include reasonable brokerage fees related to the purchase and sale of securities, qualifying expenses related to the operation of regulated investment companies (e.g., registered mutual funds) and certain commingled investment pools, and qualifying expenses related to the procurement of guaranteed investment contracts and yield restricted defeasance escrows.⁴⁹

Real Property – Land and improvements to land, such as buildings or other inherently permanent structures, including interests in real property. For example, real property includes wiring in a building, plumbing systems, central heating or air-conditioning systems, pipes or ducts, elevators, escalators installed in a building, paved parking areas, roads, wharves and docks, bridges, and sewage lines.⁵⁰

Reimbursement Resolution – A document declaring an issuer’s official intent to reimburse an original expenditure with proceeds of an obligation.

State and Local Government Series – SLGS securities are offered for sale to issuers of state and local government tax-exempt debt to assist with compliance of yield restriction or arbitrage rebate provisions of the Internal Revenue Code.

Substantially Completed – Construction may be treated as substantially completed when the issuer abandons construction or when at least 90% of the total costs of the construction reasonably expected, as of that date, to be financed with available construction proceeds have been allocated to expenditures.⁵¹

Tangible Personal Property – Any tangible property other than real property, including interest in tangible personal property. For example, tangible personal property includes

⁴⁶ See federal regulations Section 1.141(b).

⁴⁷ See federal regulations Section 1.150-2(c).

⁴⁸ See federal regulations Section 1.150-2(f)(2).

⁴⁹ See federal regulations Section 1.148-5(e).

⁵⁰ See federal regulations Section 1.148-7(e)(3)(i).

⁵¹ See federal regulations Section 1.148-7(e)(3)(iii).

machinery that is not a structural component of a building, subway cars, fire trucks, automobiles, office equipment, testing equipment, and furnishings.⁵²

Working Capital Expenditure – A current outlay of cash for non-capital expenditures. Examples of working capital expenditures include operating or administrative expenses, such as payroll, non-capital accounts payable, and debt service payments (excluding capitalized interest).

⁵² See federal regulations Section 1.148-7(e)(3)(ii).

Appendix C: Other Resources

| Description | Location |
|---|---|
| IRS Compliance Check Questionnaire – Governmental Bonds (Form 14002) | http://www.irs.gov/pub/irs-tege/f14002.pdf |
| IRS Compliance Check Questionnaire – Advance Refunding Bonds (Form 14246) | http://www.irs.gov/pub/irs-tege/f14246.pdf |
| Frequently Asked Questions Regarding Record Retention | https://www.irs.gov/tax-exempt-bonds/tax-exempt-bond-faqs-regarding-record-retention-requirements |
| IRS Notice 2008-31 Regarding the Voluntary Closing Agreement Program (“VCAP”) | http://www.irs.gov/pub/irs-drop/n-08-31.pdf |
| IRS Revenue Procedure 1995-47: Alternative procedure when the sales of IRS SLGS are suspended | http://www.irs.gov/pub/irs-tege/rp95_47.pdf |
| IRS Revenue Procedure 2005-40: Procedures related to late payments | http://www.irs.gov/pub/irs-tege/rp-05-40.pdf |
| IRS Revenue Procedure 2008-37: Procedures related to overpayments (refunds) | http://www.irs.gov/pub/irs-drop/rp-08-37.pdf |
| IRS Revenue Procedure 1997-13: Safe harbor related to certain management and service agreements | http://www.irs.gov/pub/irs-irbs/irb97-05.pdf |
| IRS Form 8038G and instructions | http://www.irs.gov/pub/irs-pdf/f8038g.pdf http://www.irs.gov/pub/irs-pdf/i8038g.pdf |
| IRS Form 8038T and instructions | http://www.irs.gov/pub/irs-pdf/f8038t.pdf http://www.irs.gov/pub/irs-pdf/i8038t.pdf |
| Tax-Exempt Governmental Bonds Compliance Guide (Publication 4079) | http://www.irs.gov/pub/irs-pdf/p4079.pdf |
| ACT Report – After the Bonds are Issued: Then What? | http://www.irs.gov/pub/irs-tege/bonds_act_0607.pdf |

Appendix D: State of Tennessee Forms, Reports and Acronyms

Forms and Reports

Contract Summary Sheet – Form created and used by Agency and sent to CPO for contracts and management agreements

PFI – Physical Facility Inventory. Annual report by Tennessee Board of Regents or University of Tennessee which reconciles how space is used

RDA – Record Disposition Authorization

Common Acronyms

CP – Commercial Paper

CPO – Central Procurement Office

DGS – Tennessee Department of General Services

ECD – Tennessee Department of Economic & Community Development

Edison – State's general accounting system

EMMA – Electronic Municipal Market Access, a system of the MSRB

F&A – Tennessee Department of Finance & Administration

GUBU – Good Use/Bad Use Report

LGI – Locally Governed Institution, administratively a part of the TBR system

MSRB – Municipal Securities Rulemaking Board

OBF – Office of Business and Finance

SBC – State Building Commission, administratively a part of the Office of the State Architect

SEC – U.S. Securities and Exchange Commission

SFB – State Funding Board

SGF – Division of State Government Finance

SLGS – State and Local Government Series securities, issued by the United States Department of the Treasury.

STREAM – State of Tennessee Real Estate Asset Management

TBR – Tennessee Board of Regents system (Higher Education institution)

TCA – Tennessee Code Annotated

TCB – Tax Credit Bonds

TDEC – Tennessee Department of Environment & Conservation

TLDA – Tennessee Local Development Authority

TSSBA – Tennessee State School Bond Authority

UT – The University of Tennessee system (Higher Education institution)

Appendix E: Post-Issuance Compliance Assessment Form

**State of Tennessee
Post-Issuance Compliance Assessment**

This Assessment is to be completed annually by the State of Tennessee Post-Issuance Compliance Team (the “PIC Team”) and submitted to the Chief Compliance Officer no later than 90 days after the fiscal year end date.

Check all boxes that apply. Disregard procedures that did not apply during the reporting period and mark as “N/A.” In the Notes section, identify and describe the circumstances regarding applicable procedures that were not implemented during the reporting period. There is no need to address procedures that did not apply during the reporting period in the Notes section.

Part I. Training and Education

- The PIC Team participated in at least 1 hour of training on PIC.
- Additional staff members participated in training on PIC. The additional staff members that participated in training on PIC were (list names and titles of participating staff):

- The PIC Team reviewed the Issuer’s PIC Procedures and each PIC Team member’s role and responsibilities with respect to undertaking the procedures set forth therein.

Part II. Post-Issuance Tax Compliance

Use of Proceeds

- Reviewed financing agreements, loan agreements with borrowers, Commercial Paper vender activity reports from F&A, status reports, and disbursement records (i.e. Edison voucher and attachments FileNet support) in accordance with its Use of Proceeds procedures.
- Verified that a reimbursement resolution was adopted prior to the disbursement of proceeds for a reimbursement or verified that the disbursement does not require a reimbursement resolution.

- Prepared and reviewed with bond counsel a project substitution certificate or memorandum for any change in the list of approved projects to be financed with the proceeds of the applicable tax-exempt obligation.
- Prepared a project completion certificate or memorandum upon completion of the financed project.
- Followed all other Use of Proceeds procedures.

Accounting for Proceeds

- Applied a reasonable accounting method to account for the allocation of proceeds to permitted expenditures.
- Certified the final allocation of bond proceeds to expenditures in accordance with procedures.
- Allocated interest earnings in accordance with accounting procedures.
- Followed all other Accounting for Proceeds procedures.

Investment of Proceeds

- If any investments are held outside of the State Pool, reviewed all external investments and certified that all investments held were in compliance with the State's investment policy and bond document restrictions.
- Acquired and/or sold investments in accordance with procedures.
- Acquired any guaranteed investment contracts in accordance with procedures.
- Acquired investments for a yield restricted defeasance escrow in accordance with procedures.
- Followed all other Investment of Proceeds procedures.

Qualified Guarantees

- Obtained a qualified guarantee(s) for tax-advantaged obligations issued during the reporting period and followed all other Qualified Guarantee procedures.

Arbitrage Rebate & Yield Restriction Compliance

- Either internally prepared or directed the arbitrage rebate consultant to prepare arbitrage rebate, yield restriction, and spending exception compliance calculations for all tax-exempt obligations subject to the arbitrage rebate and yield restriction requirements.

- Timely provided the arbitrage rebate consultant with the bond documents and financial data needed to prepare arbitrage rebate, yield restriction, and spending exception compliance calculations.
- Informed the arbitrage rebate consultant of all final calculation dates no later than 15 days after the final discharge date of the tax-exempt obligation.
- Followed all other General Arbitrage Rebate Compliance procedures.
- Monitored, or directed the arbitrage rebate consultant to monitor, the spending exception compliance of applicable new money tax-exempt obligations.
- Followed all other Spending Exception Compliance procedures.
- Followed all Yield Restriction Compliance procedures.
- Timely filed all arbitrage rebate and yield reduction payments.

Private Business Use

- Before entering into any lease arrangements, management or service agreements, research agreements, or any other legal arrangements with respect to the use of a tax-exempt financed asset, the entity notified the Issuer who then notified bond counsel of intent to enter into such arrangement.
- Obtained any lease arrangements, management or service agreements, research agreements, or any other legal arrangements with respect to the use of a tax-exempt financed asset and bond counsel has reviewed such arrangements.
- Before entering into any agreement to dispose of a tax-exempt financed asset, notified the Issuer who then notified bond counsel of intent to enter into a sales agreement.
- Declared intent to sell, destroy, or demolish a tax-exempt financed asset. Obtained a draft of the sales agreement and bond counsel has reviewed such agreement.
- Reviewed the use of tax-exempt financed assets.
- Worked with bond counsel to determine if a remedial action is required with respect to non-qualified bonds and implemented such remedial action.
- Followed all other procedures related to private business use compliance.

Record Retention

- Maintained material records in accordance with record retention procedures.

Submitted by the Chief Compliance Officer:

Signature

Date