

**GRANT CONTRACT  
BETWEEN THE METROPOLITAN GOVERNMENT  
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE  
AND  
ECG Belcourt, LLC**

This Grant Contract issued and entered into pursuant to BL2016-342 by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and ECG Belcourt, LLC hereinafter referred to as the "Recipient," is for the provision of the conversion of workforce housing units at

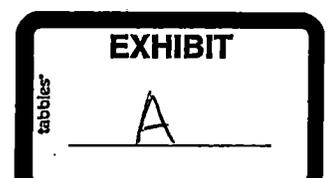
2111 Belcourt Avenue

Nashville, TN 37212

as further defined in the "SCOPE OF PROGRAM."

A. DEFINITIONS

- A.1 "Affordable housing" means housing that, on an annual basis, costs thirty percent (30%) or less than the estimated median household income for households earning sixty percent (60%) or less than the median household income for Davidson County based on the number of persons in the household, as established by the "Median Household Income in the Past 12 Months by Household Size" from the most recently available United States Census Bureau American Community Survey.
- A.2 "
- A.3 "ECD" means the mayor's office of economic and community development.
- A.4 "Grant Budget" means the annual budget allocation for the Housing Incentives Pilot Program (HIPP).
- A.5 "Household" means all people who occupy a housing unit regardless of relationship. A household may consist of a family, a person living alone, or unrelated individuals living together, provided that no more than three unrelated persons shall occupy the same dwelling unit. In order to be counted as an eligible household for purposes of affordable and/or workforce housing incentive grants, the total household income shall not exceed the median household income for the applicable affordable or workforce income category as defined in this section.
- A.6 "New Construction Unit" means a rental unit which, at the time of the time of the effective date of this Grant Contract, is not yet constructed.
- A.7 "MOH" means the Mayor's Office of Housing (MOH).
- A.8 "Qualified Developer" means a developer or owner of housing that the metropolitan government determines is willing and able to enhance the affordable and/or workforce housing stock within Nashville and Davidson County by adding or offering rental units at a certain price point.
- A.9 "Third Party Entity" means an entity providing administrative services to the metropolitan government to assist in the management of the housing program.
- A.10 "Urban Zoning Overlay (UZO)" means the urban zoning overlay district established pursuant to Article XII of Chapter 17.36 of the metropolitan zoning code.



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A.11 "Workforce housing" means housing that, on an annual basis, costs thirty percent (30%) or less than the estimated median household income for households earning more than sixty percent (60%) and not in excess of one hundred twenty percent (120%) of the median household income for Davidson County based on the number of persons in the household, as established by the "Median Household Income in the Past 12 Months by Household Size" from the most recently available United States Census Bureau American Community Survey..

**B. SCOPE OF PROGRAM:**

B.1 Upon the effective date of this Grant Contract, the Recipient shall use the funds under this grant in accordance with the Housing Incentives Pilot Program ("HIPP") Policies and Procedures submitted in the application and any of its amendments, which application is incorporated herein, as well as BL2016-342 and any of its amendments, and subject to the terms and conditions set forth herein.

B.2 The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in its application or proposal for grant funding which is incorporated herein. Any change which would result in an increase of greater than ten (10) percent to the grant amount shall require the prior written approval of Metro which shall not be unreasonably withheld.

B.3 For New Construction Units, any change which would increase the grant amount to greater than fifty (50) percent of the difference between the annual post-development and pre-development real property ad valorem tax assessment of the entire property for the calendar year for which an incentive grant is applicable (the "New Construction Rate") shall require approval from Metro Council. All other changes which would result in an amount less than fifty (50) percent of the New Construction Rate may be approved by the Metro Director of Finance, after written request from Recipient.

**C. GRANT CONTRACT TERM:**

C.1 Grant Contract Term. Subject to the termination rights set forth in Section F below, the term of this Grant shall be from execution of the grant agreement until the end of the affordability period of fifteen (15) years for rental development. Metro's financial obligations under this grant are conditioned upon the appropriation of funds by the Metro Council. Metro shall have no obligation to make an Affordable and/or Workforce housing incentive grant if adequate funds are not available in the Metro budget. Notice will be provided annually of funding availability in a reasonable time following the adoption of each annual Metro budget.

**D. TENANT OCCUPANCY REQUIREMENTS**

D.1 During the term, Recipient may offer existing units at the above-described property for use as affordable and/or workforce housing units. For each such unit offered as affordable and workforce housing, the Recipient shall provide an appropriate sized unit, adjusted for persons in the household, consistent with federal housing guidelines and requirements. Should a tenant request a unit with more bedrooms than otherwise allowed considering the minimum occupancy for the Tenant's household size, the tenant shall be responsible for paying in full the difference between the rent of the larger unit and the rent unit the Tenant is otherwise qualified for.

D.2 Lease addendum. The Recipient shall require each new tenant of each affordable or workforce housing rental unit to sign a lease which shall include a section detailing the HIPP rental agreement requirements. In the event the tenant is a current tenant at the time the tenant's unit is converted to an affordable or workforce housing rental unit, the Recipient shall require the tenant to sign an addendum of the current lease agreement which shall include a section detailing the additional HIPP rental agreement requirements. The HIPP rental agreement requirements are attached hereto as Exhibit 1.

**E. PAYMENT TERMS AND CONDITIONS:**

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- E.1 Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Forty Thousand One Hundred Eighty-Eight Dollars (\$40,188.00 per year approximately for three units, based upon submitted pro forma and application information), for Workforce housing. For new construction, the maximum amount of this grant to the Qualified Developer or Owner of affordable or workforce housing rental units shall not exceed fifty (50) percent of the difference between the annual post-development and pre-development real property ad valorem tax assessment for the calendar year for which an incentive grant is applicable, if new construction. In the event that grant payments for any calendar year exceed the maximum amount, the director of finance, in consultation with MOH and the Recipient, is authorized to take corrective action in accordance with the written HIPP policies and procedures..
- E.2 Escalation. Escalation of the amount of this grant may be available on an annual basis at the request of the Recipient. Such escalation amount shall be determined based on changes in the information provided in the Recipient's application, and in accordance with HIPP policies and procedures. Escalation greater than ten percent (10%) shall require the prior approval of the Metro Council.
- E.3 Payment Methodology. The Recipient shall be paid based upon the application, not to exceed the maximum liability established in Section E.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient will be eligible to receive monthly payments for income verified Affordable and/or Workforce housing units. Before a draw can be made, the Recipient or designee shall complete income qualification training from Metro or its designee and execute the lease of one or more units. The Grant Draw Process shall be as follows:
1. Draw request is made by Recipient, or its designee (i.e., property management affiliate, accounting firm, etc.) to Metro or its designee no more frequently than once per month.
  2. Annual property inspection and rent roll review is conducted by Metro or its designee.
  3. Metro or its designee approves the draw request within fifteen (15) days..
  4. Reimbursement is made to the Recipient within 30 days of receipt of invoice:

All invoices shall be sent to:

3810 Bedford Ave # 300  
Nashville, TN 37215

Said payments shall not exceed the maximum liability of this Grant Contract in accordance with section E.1 above.

- E.4 Annual certification. Not later than February 15 of each year, the Recipient shall submit a certification to the MOH and the Metro finance department for review covering the previous calendar year. The annual certification shall include, at a minimum, for each occupied Affordable and/or Workforce housing rental unit:
1. The number of months and partial months the unit was occupied;
  2. The median household income level applicable to the unit;
  3. The rent charged for the unit; and
  4. The market value rent of the unit calculated based on the three unit types of the same type or three closest comparable units on a square footage basis.
  5. Marketing practices that do not discriminate on the basis of race, color, religion or creed, national origin or ancestry, sex, age, physical or mental disability, or veteran status.
  6. Amenities packages including parking, association fees, and other ancillary items do not exceed ten percent (10%) of monthly market rent.
  7. Review of market inflation or deflation, tax assessment and value, median incomes, and/or other market assessment information that may affect the estimates in the grant agreement.

The annual certification shall also include the total number of occupied Affordable and/or Workforce housing units in the development compared to the total number of Affordable and/or

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Workforce housing units required pursuant to this Grant Contract. The annual certification shall also compare the total grant payments for all occupied Affordable and/or Workforce housing units and the maximum annual grant allowable for the calendar year.

The annual certification shall include a certification from the chief executive officer, authorized representative or equivalent officer of the Recipient that the information is true, correct and complete and that each occupied Affordable and/or Workforce housing rental unit was occupied by an eligible household.

The annual certification shall be accompanied by an examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants conducted by a reputable and licensed independent accountant confirming that the amount of the incentive being requested represents, in all material respects, the incentive grant payment owed in conformity with the grant agreement.

Upon review of the annual certification, if it is determined that Recipient received an overpayment in a calendar year, Recipient shall reimburse the metropolitan government by July 31 of the year following the year for which the overpayment was made. In the event that a grant was underpaid in a calendar year, Metro shall pay the amount of the underpayment to Recipient by July 31 of the year following the year for which the underpayment accrued.

E.5 Payment of Invoice. Any single payment by Metro shall not prejudice Metro's right to object to the payment or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.

E.6

E.7 Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this Grant Contract.

E.8 Electronic Payment. Metro requires as a condition of this Grant Contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.

E.9 At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.

F. STANDARD TERMS AND CONDITIONS:

F.1 Required Approvals. Metro is not bound by this Grant Contract until it is approved by the Metropolitan Council as indicated on the signature page of this Grant.

F.2 Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.

F.3 Termination for Cause. In the event Metro seeks to terminate this Grant Contract for material breach it shall notify the Recipient in writing of the nature of the breach and the Recipient shall have thirty (30) days from the receipt of such notice to cure or otherwise eliminate such cause. If the Recipient does not remedy the breach, to the reasonable satisfaction of Metro, this Grant Contract shall terminate at the end of the thirty (30) day period. The Director of Finance shall have the authority to pursue all other remedies at law or in equity following any default by Recipient.

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Such termination shall not relieve Recipient of any liability to Metro for damages sustained by virtue of any breach by Recipient.

- F.4 Termination without Cause. Either party may terminate this Grant Contract at any time and without cause by serving upon the other party six (6) months advance written notice of such intent to terminate in accordance with Section F.28. At the conclusion of six (6) months after serving notice, the Recipient shall provide Metro with a final invoice for services prior to the final date of this Grant Contract (the "Termination Date"). In the event the Termination Date ends on some date other than the at the end of the monthly invoice period, all payments by Metro for that month shall be prorated on the basis of a thirty (30) day month to reflect the actual number of days during that month in the Grant Contract monthly invoice term. The final invoice shall otherwise be governed by the procedure in Section E.3.
- F.5 Either party may terminate this Contract forthwith in the event of the occurrence of any of the following:
  - Insolvency of the Recipient. The Recipient shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Recipient is insolvent within the meaning of the Federal Bankruptcy Code;
  - The filing of a voluntary or involuntary petition regarding the Recipient under the Federal Bankruptcy Code;
  - The appointment of a Receiver or Trustee for the Recipient; or
  - The execution by the Recipient of a general assignment for the benefit of creditors.
- F.6 Termination for Funding. In the event Metro does not or cannot obtain or continue the funding appropriation from the Metro Council for this Grant Contract, Metro may terminate this Grant Contract effective upon a date specified in a notice of Termination, provided such date shall be no less than six (6) months from the date of the notice.. Any termination of this Grant contract pursuant to this subsection shall not affect any obligations or liabilities of either Metro or the Recipient accruing prior to such termination. Metro shall not face any liability or penalty other than that accruing prior to termination as a result of such termination.
- F.7 Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.
- F.8 Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- F.9 Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

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Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

- F.10 Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon five (5) business days advance request, during normal working hours.
- F.11 Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.
- F.12 Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- F.13 Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- F.14 Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- F.15 Indemnification and Hold Harmless.

Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.

Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.

Recipient's duties under this section shall survive the termination or expiration of the grant.

- F.16 Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

**Grant contract between the Metropolitan Government of Nashville and Davidson County and ECG Belcourt, LLC, Contract # \_\_\_\_\_ April 17, 2018**

- F.17 State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- F.18 Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- F.19 .
- F.20 Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- F.21 Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- F.22 Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- F.23 Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- F.24 Inspection. The Recipient agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Metro and its representatives upon forty eight (48) hours of prior written notice.
- F.25 Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro, which shall not be unreasonably withheld. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- F.26 Subcontracting Requirements. In the event Recipient subcontracts to another organization, the Recipient must prepare and enter into a written subcontractor agreement or subcontract. The Recipient shall cause all of the provisions of this contract in its entirety to be included in and made a part of any subcontract executed in the performance of this grant agreement. Recipient will be fully responsible for all acts and omissions of any subcontractor and of persons directly or indirectly employed by any subcontractor and of persons for whose acts any of them may be liable to the same extent that Recipient is responsible for the acts and omissions of persons directly employed by it. Nothing in this grant agreement shall create any obligation on the part of Metro to pay or see to the payment of any money due any subcontractor, except as may be required by law.
- F.27 Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content

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of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.

- F.28 Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and inquiries regarding invoices:

Office of the Mayor (MOH)  
Metropolitan Courthouse  
Nashville, TN 37201

Recipient:

ECG Belcourt, LLC  
2111 Belcourt Avenue  
Nashville, TN 37212

- F.29 Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:

No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.

- F.30 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been

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filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN  
GOVERNMENT OF NASHVILLE  
AND DAVIDSON COUNTY:

RECIPIENT:  
ECG Belcourt, LLC

By: [Signature]  
Name: Ken Brewer  
Title: VP

APPROVED AS TO PROGRAM SCOPE:

\_\_\_\_\_  
David Briley  
Mayor

Sworn to and subscribed to before me a Notary Public, this 25 day of April, 2018

Notary Public



APPROVED AS TO AVAILABILITY OF FUNDS:

[Signature]  
Director of Finance

# [Signature]  
My Commission expires 9/7/21

APPROVED AS TO FORM AND LEGALITY

[Signature]  
Metropolitan Attorney

APPROVED AS TO RISK AND INSURANCE:

[Signature]  
Director of Insurance

\_\_\_\_\_  
Metropolitan Clerk

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Ellis Real Estate Partners , Contract # \_\_\_\_\_ April 3, 2018**

**GRANT CONTRACT  
BETWEEN THE METROPOLITAN GOVERNMENT  
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE  
AND  
ELLIS REAL ESTATE PARTNERS**

This Grant Contract issued and entered into pursuant to BL2016-342 by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Truitt Ellis, Carrie Ellis, and Kate Pennington (Ellis Real Estate Partners, DBA), hereinafter referred to as the "Recipient," is for the provision of the conversion of workforce housing units at

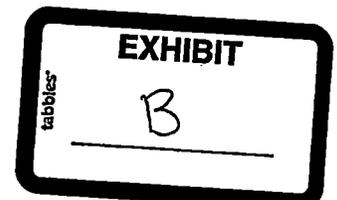
206 Fairfax Avenue

Nashville, TN 37205

as further defined in the "SCOPE OF PROGRAM."

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- A.2 "Conversion Unit" means an existing market rate rental unit which shall be converted to a unit leased at an affordable or workforce housing rate in compliance with the requirements of this Grant Contract.
- A.3 "ECD" means the mayor's office of economic and community development.
- A.4 "Grant Budget" means the annual budget allocation for the Housing Incentives Pilot Program (HIPP).
- A.5 "Household" means all people who occupy a housing unit regardless of relationship. A household may consist of a family, a person living alone, or unrelated individuals living together, provided that no more than three unrelated persons shall occupy the same dwelling unit. In order to be counted as an eligible household for purposes of affordable and/or workforce housing incentive grants, the total household income shall not exceed the median household income for the applicable affordable or workforce income category as defined in this section.
- A.6 "New Construction Unit" means a rental unit which, at the time of the time of the effective date of this Grant Contract, is not yet constructed.
- A.7 "MOH" means the Mayor's Office of Housing (MOH).
- A.8 "Qualified Developer" means a developer or owner of housing that the metropolitan government determines is willing and able to enhance the affordable and/or workforce housing stock within Nashville and Davidson County by adding or offering rental units at a certain price point.
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**Grant contract between the Metropolitan Government of Nashville and Davidson County and Ellis Real Estate Partners , Contract # \_\_\_\_\_ April 3, 2018**

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- C.1 Grant Contract Term. Subject to the termination rights set forth in Section F below, the term of this Grant shall be from execution of the grant agreement until the end of the affordability period of fifteen (15) years for rental development. Metro's financial obligations under this grant are conditioned upon the appropriation of funds by the Metro Council. Metro shall have no obligation to make an Affordable and/or Workforce housing incentive grant if adequate funds are not available in the Metro budget. Notice will be provided annually of funding availability in a reasonable time following the adoption of each annual Metro budget.

**D. TENANT OCCUPANCY REQUIREMENTS**

- D.1 During the term, Recipient may offer existing units at the above-described property for use as affordable and/or workforce housing units. For each such unit offered as affordable and/or workforce housing, the Recipient shall provide an appropriate sized unit, adjusted for persons in the household, consistent with federal housing guidelines and requirements. Should a tenant request a unit with more bedrooms than otherwise allowed considering the minimum occupancy for the Tenant's household size, the tenant shall be responsible for paying in full the difference between the rent of the larger unit and the rent unit the Tenant is otherwise qualified for.
- D.2 Lease addendum. The Recipient shall require each new tenant of each affordable or workforce housing rental unit to sign a lease which shall include a section detailing the HIPP rental agreement requirements. In the event the tenant is a current tenant at the time the tenant's unit is converted to an affordable or workforce housing rental unit, the Recipient shall require the tenant to sign an addendum of the current lease agreement which shall include a section detailing

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Ellis Real Estate Partners , Contract # \_\_\_\_\_ April 3, 2018**

the additional HIPP rental agreement requirements. The HIPP rental agreement requirements are attached hereto as Exhibit 1.

**E. PAYMENT TERMS AND CONDITIONS:**

**E.1 Maximum Liability.** In no event shall the maximum liability of Metro under this Grant Contract exceed Twelve Thousand Eight Hundred Fifty-Two Dollars (\$12,852.00 per year approximately for three units, based upon submitted pro forma and application information), at 120 percent MHI unit. For new construction, the maximum amount of this grant to the Qualified Developer or Owner of affordable or workforce housing rental units shall not exceed fifty (50) percent of the difference between the annual post-development and pre-development real property ad valorem tax assessment for the calendar year for which an incentive grant is applicable,. In the event that grant payments for any calendar year exceed the maximum amount, the director of finance, in consultation with MOH and the grantee, is authorized to take corrective action in accordance with the written HIPP policies and procedures. In no event shall the amount of the annual grant be greater than twenty (20) percent of the real property ad valorem tax assessment for the calendar year for which an incentive grant is applicable, if a Conversion Unit.

**E.2 Escalation.** Escalation of the amount of this grant may be available on an annual basis at the request of the Recipient. Such escalation amount shall be determined based on changes in the information provided in the Recipient's application, and in accordance with HIPP policies and procedures. Escalation greater than ten (10) percent shall require the prior approval of the Metro Council.

**E.3 Payment Methodology.** The Recipient shall be compensated based upon the application, not to exceed the maximum liability established in Section E.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient will be eligible to receive monthly payments for income verified Affordable and/or Workforce housing units. Before a draw can be made, the Recipient or designee shall complete income qualification training from Metro or its designee and execute the lease of one or more units. The Grant Draw Process shall be as follows:

1. Draw request is made by Recipient, or its designee (i.e., property management affiliate, accounting firm, etc.) to Metro or its designee no more frequently than once per month.
2. Annual property inspection and rent roll review is conducted by Metro or its designee.
3. If proper, Metro or its designee approves the draw request.
4. Reimbursement is made to the Recipient within 30 days of receipt of invoice.

All invoices shall be sent to:

3810 Bedford Ave # 300  
Nashville, TN 37215

Said payments shall not exceed the maximum liability of this Grant Contract in accordance with section C.1 above.

**E.4 Annual certification.** Not later than February 15 of each year, the Recipient shall submit a certification to the MOH and the Metro finance department for review covering the previous calendar year. The annual certification shall include, at a minimum, for each occupied affordable and/or workforce housing rental unit:

1. The number of months and partial months the unit was occupied;
2. The median household income level applicable to the unit;
3. The rent charged for the unit; and
4. The market value rent of the unit calculated based on the three unit types of the same type or three closest comparable units on a square footage basis.
5. Marketing practices that do not discriminate on the basis of race, color, religion or creed, national origin or ancestry, sex, age, physical or mental disability, or veteran status.

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6. Amenities packages including parking, association fees, and other ancillary items do not exceed ten percent (10%) of monthly rent or reduced rent.
7. Review of market inflation or deflation, tax assessment and value, median incomes, and/or other market assessment information that may affect the estimates in the grant agreement.

The annual certification shall also include the total number of occupied affordable and/or workforce housing units in the development compared to the total number of affordable and/or workforce housing units required pursuant to the grant agreement. The annual certification shall also compare the total grant payments for all occupied affordable and/or workforce housing units and the maximum annual grant allowable for the calendar year.

The annual certification shall include a certification from the chief executive officer, authorized representative or equivalent officer of the Recipient that the information is true, correct and complete and that each occupied affordable and/or workforce housing rental unit was occupied by an eligible household.

The annual certification shall be accompanied by an examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants conducted by a reputable and licensed independent accountant giving an opinion that the amount of the incentive being requested represents, in all material respects, the incentive grant payment owed in conformity with the grant agreement. The independent accountant shall examine, on a test basis, documentation supporting the eligibility of the occupants of the affordable and/or workforce housing units.

The incentive grant payment shall be remitted to the developer monthly.

Upon review of the annual certification, if it is determined that Recipient received an overpayment in a calendar year, Recipient shall reimburse the metropolitan government by July 31 of the year following the year for which the overpayment was made. In the event that a grant was underpaid in a calendar year, Metro shall pay the amount of the underpayment to Recipient by July 31 of the year following the year for which the underpayment accrued.

- E.5 Payment of Invoice. Any single payment by Metro shall not prejudice Metro's right to object to the payment or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- E.6 Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- E.7 Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this Grant Contract.
- E.8 Electronic Payment. Metro requires as a condition of this Grant Contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- E.9 At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- F. STANDARD TERMS AND CONDITIONS:

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Ellis Real Estate Partners , Contract # \_\_\_\_\_ April 3, 2018**

- F.1 Required Approvals. Metro is not bound by this Grant Contract until it is approved by the Metropolitan Council as indicated on the signature page of this Grant.
- F.2 Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- F.3 Termination for Cause. In the event Metro seeks to terminate this Grant Contract for material breach it shall notify the Recipient in writing of the nature of the breach and the Recipient shall have thirty (30) days from the receipt of such notice to cure or otherwise eliminate such cause. If the Recipient does not remedy the breach, to the reasonable satisfaction of Metro, this Grant Contract shall terminate at the end of the thirty (30) day period. In the event Recipient fails to provide the number of Affordable and/or Workforce units required for the specified grant term pursuant to this Grant Contract, the Director of Finance shall have the authority to require Recipient to repay Metro for all grant funds disbursed for Affordable and/or Workforce housing units in accordance with the provisions of this Grant Contract. The Director of Finance shall have the authority to pursue all other remedies at law or in equity to ensure the availability of the Affordable and/or Workforce housing units required under this Grant Agreement. Such termination shall not relieve Recipient of any liability to Metro for damages sustained by virtue of any breach by Recipient.
- F.4 Termination without Cause. Either party may terminate this Grant Contract at any time and without cause by serving upon the other party thirty (30) days advance written notice of such intent to terminate in accordance with Section F.28. At the conclusion of thirty (30) days after serving notice, the Recipient shall provide Metro with a final invoice for services provided during the 30 days prior to the final date of this Grant Contract (the "Termination Date"). In the event the Termination Date ends on some date other than the at the end of the monthly invoice period, all payments by Metro for that month shall be prorated on the basis of a thirty (30) day month to reflect the actual number of days during that month in the Grant Contract monthly invoice term. The final invoice shall otherwise be governed by the procedure in Section E.3.
- F.5 Either party may terminate this Contract forthwith in the event of the occurrence of any of the following:
- Insolvency of the Recipient. The Recipient shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Recipient is insolvent within the meaning of the Federal Bankruptcy Code;
  - The filing of a voluntary or involuntary petition regarding the Recipient under the Federal Bankruptcy Code;
  - The appointment of a Receiver or Trustee for the Recipient; or
  - The execution by the Recipient of a general assignment for the benefit of creditors.
- F.6 Termination for Funding. In the event Metro does not or cannot obtain or continue the funding appropriation from the Metro Council for this Grant Contract, Metro may terminate this Grant Contract effective upon a date specified in a Termination Notice. Any termination of this Grant contract pursuant to this subsection shall not affect any obligations or liabilities of either Metro or the Recipient accruing prior to such termination. Metro shall not face any liability or penalty other than that accruing prior to termination as a result of such termination.
- F.7 Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.
- F.8 Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Ellis Real Estate Partners , Contract # \_\_\_\_\_ April 3, 2018**

in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

- F.9 **Records.** All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

- F.10 **Monitoring.** The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.
- F.11 **Strict Performance.** Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.
- F.12 **Insurance.** The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- F.13 **Metro Liability.** Metro shall have no liability except as specifically provided in this Grant Contract.
- F.14 **Independent Contractor.** Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- F.15 **Indemnification and Hold Harmless.**

Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Ellis Real Estate Partners , Contract # \_\_\_\_\_ April 3, 2018**

part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.

Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.

Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Grant Contract.

Recipient's duties under this section shall survive the termination or expiration of the grant.

- F.16 Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- F.17 State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- F.18 Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- F.19 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- F.20 Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- F.21 Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- F.22 Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- F.23 Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- F.24 Inspection. The Recipient agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Metro and its representatives upon forty eight (48) hours of prior written notice.
- F.25 Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights

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and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro, which shall not be unreasonably withheld. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.

- F.26 Subcontracting Requirements. In the event Recipient subcontracts to another organization, the Recipient must prepare and enter into a written subcontractor agreement or subcontract. The Recipient shall cause all of the provisions of this contract in its entirety to be included in and made a part of any subcontract executed in the performance of this grant agreement. Recipient will be fully responsible for all acts and omissions of any subcontractor and of persons directly or indirectly employed by any subcontractor and of persons for whose acts any of them may be liable to the same extent that Recipient is responsible for the acts and omissions of persons directly employed by it. Nothing in this grant agreement shall create any obligation on the part of Metro to pay or see to the payment of any money due any subcontractor, except as may be required by law.
- F.27 Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- F.28 Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and inquiries regarding invoices:

Office of the Mayor (MOH)  
Metropolitan Courthouse  
Nashville, TN 37201

Recipient:

Ellis Real Estate Partners  
102 Woodmont Blvd, Ste. 200  
Nashville, TN 37205

- F.29 Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Ellis Real Estate Partners , Contract # \_\_\_\_\_ April 3, 2018**

No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.

**F.30** Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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Grant contract between the Metropolitan Government of Nashville and Davidson County and Ellis Real Estate Partners , Contract # \_\_\_\_\_ April 3, 2018

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

RECIPIENT:

Truitt Ellis, Carrie Ellis, and Kate Pennington (Ellis Real Estate Partners, DBA)

By: Truitt Ellis

APPROVED AS TO PROGRAM SCOPE:

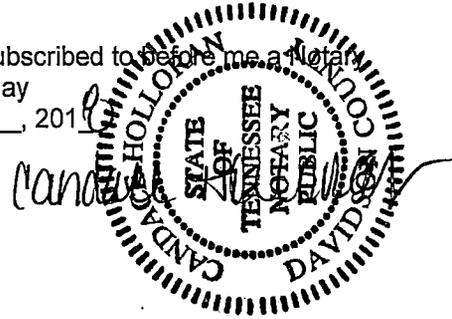
\_\_\_\_\_

Name: Truitt Ellis  
Title: Owner

~~David Biley~~  
~~Megan Barry~~  
Mayor

Sworn to and subscribed to before me, a Notary Public, this 3rd day of April, 2018

Notary Public



APPROVED AS TO AVAILABILITY OF FUNDS:

Thomas Schmeel  
Director of Finance

Candace Holloman

My Commission expires 8-29-19

APPROVED AS TO FORM AND LEGALITY

[Signature]  
Metropolitan Attorney

APPROVED AS TO RISK AND INSURANCE:

[Signature]  
Director of Insurance

\_\_\_\_\_  
Metropolitan Clerk

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Pine Street Flats, LLC, Contract # \_\_\_\_\_ March 29, 2018**

**GRANT CONTRACT  
BETWEEN THE METROPOLITAN GOVERNMENT  
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE  
AND  
PINE STREET FLATS, LLC**

This Grant Contract issued and entered into pursuant to BL2016-342 by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Pine Street Flats, LLC, hereinafter referred to as the "Recipient," is for the provision of the conversion of workforce housing units at

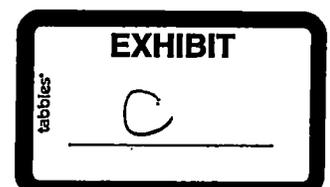
1055 Pine Street

Nashville, TN

as further defined in the "SCOPE OF PROGRAM."

**A. DEFINITIONS**

- A.1 "Affordable housing" means housing that, on an annual basis, costs thirty percent (30%) or less than the estimated median household income for households earning sixty percent (60%) or less than the median household income for Davidson County based on the number of persons in the household, as established by the "Median Household Income in the Past 12 Months by Household Size" from the most recently available United States Census Bureau American Community Survey.
- A.2 "Conversion Unit" means an existing market rate rental unit which shall be converted to a unit leased at an affordable or workforce housing rate in compliance with the requirements of this Grant Contract.
- A.3 "ECD" means the mayor's office of economic and community development.
- A.4 "Grant Budget" means the annual budget allocation for the Housing Incentives Pilot Program (HIPP).
- A.5 "Household" means all people who occupy a housing unit regardless of relationship. A household may consist of a family, a person living alone, or unrelated individuals living together, provided that no more than three unrelated persons shall occupy the same dwelling unit. In order to be counted as an eligible household for purposes of affordable and/or workforce housing incentive grants, the total household income shall not exceed the median household income for the applicable affordable or workforce income category as defined in this section.
- A.6 "New Construction Unit" means a rental unit which, at the time of the time of the effective date of this Grant Contract, is not yet constructed.
- A.7 "MOH" means the Mayor's Office of Housing (MOH).
- A.8 "Qualified Developer" means a developer or owner of Affordable and/or Workforce housing that the metropolitan government determines is willing and able to enhance the affordable and/or workforce housing stock within Nashville and Davidson County by adding or offering rental units at a certain price point.
- A.9 "Third Party Entity" means an entity providing administrative services to the metropolitan government to assist in the management of the housing program.



**Grant contract between the Metropolitan Government of Nashville and Davidson County and Pine Street Flats, LLC, Contract # \_\_\_\_\_ March 29, 2018**

- A.10 "Urban Zoning Overlay (UZO)" means the urban zoning overlay district established pursuant to Article XII of Chapter 17.36 of the metropolitan zoning code.
- A.11 "Workforce housing" means housing that, on an annual basis, costs thirty percent (30%) or less than the estimated median household income for households earning more than sixty percent (60%) and not in excess of one hundred twenty percent (120%) of the median household income for Davidson County based on the number of persons in the household, as established by the "Median Household Income in the Past 12 Months by Household Size" from the most recently available United States Census Bureau American Community Survey.

**B. SCOPE OF PROGRAM:**

- B.1 Upon the effective date of this grant contract, the Recipient shall use the funds under this grant in accordance with the Housing Incentives Pilot Program ("HIPP") Policies and Procedures (attached hereto as Exhibit 1) submitted in the application and any of its amendments, which application is incorporated herein, as well as BL2016-342 and any of its amendments, and subject to the terms and conditions set forth herein.
- B.2 The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in its application or proposal for grant funding which is incorporated herein. Any change which would result in an increase of greater than ten (10) percent to the grant amount shall require the prior written approval of Metro which shall not be unreasonably withheld.
- B.3 For the Conversion Units, any change which would increase the grant amount to greater than twenty (20) percent of the real property ad valorem tax assessment of the entire property for the calendar year for which the grant is applicable (the "Conversion Rate") shall require approval from Metro Council. All other changes which would result in an amount less than twenty (20) percent of the Conversion Rate may be approved by the Metro Director of Finance, after written request from Recipient.

**C. GRANT CONTRACT TERM:**

- C.1 Grant Contract Term. Subject to the termination rights set forth in Section F below, the term of this Grant shall be from execution of the grant agreement until the end of the affordability period of fifteen (15) years for rental development. Metro's financial obligations under this grant are conditioned upon the appropriation of funds by the Metro Council. Metro shall have no obligation to make an Affordable and/or Workforce housing incentive grant if adequate funds are not available in the Metro budget. Notice will be provided annually of funding availability in a reasonable time following the adoption of each annual Metro budget.

**D. TENANT OCCUPANCY REQUIREMENTS**

- D.1 During the term, Recipient may offer existing units at the above-described property for use as affordable and/or workforce housing units. For each such unit offered as affordable and/or workforce housing, the Recipient shall provide an appropriate sized unit, adjusted for persons in the household, consistent with federal housing guidelines and requirements. Should a tenant request a unit with more bedrooms than otherwise allowed considering the minimum occupancy for the Tenant's household size, the tenant shall be responsible for paying in full the difference between the rent of the larger unit and the rent unit the Tenant is otherwise qualified for.
- D.2 Lease addendum. The Recipient shall require each new tenant of each affordable or workforce housing rental unit to sign a lease which shall include a section detailing the HIPP rental agreement requirements. In the event the tenant is a current tenant at the time the tenant's unit is converted to an affordable or workforce housing rental unit, the Recipient shall require the tenant to sign an addendum of the current lease agreement which shall include a section detailing the additional HIPP rental agreement requirements. The HIPP rental agreement requirements are attached hereto as Exhibit 2.

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Pine Street Flats, LLC, Contract # \_\_\_\_\_ March 29, 2018**

**E. PAYMENT TERMS AND CONDITIONS:**

E.1 Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed One Hundred Ninety-Five Four Hundred Thirteen Dollars (\$195,413.00) per year approximately for up to eleven units, based upon submitted pro forma and application information), between 60 and 120 percent MHI units. For new construction, the maximum amount of this grant to the Qualified Developer or Owner of affordable or workforce housing rental units shall not exceed fifty (50) percent of the difference between the annual post-development and pre-development real property ad valorem tax assessment for the calendar year for which an incentive grant is applicable. In the event that grant payments for any calendar year exceed the maximum amount, the director of finance, in consultation with MOH and the grantee, is authorized to take corrective action in accordance with the written HIPP policies and procedures. In no event shall the amount of the annual grant be greater than twenty (20) percent of the real property ad valorem tax assessment for the calendar year for which an incentive grant is applicable, if a Conversion Unit.

E.2 Escalation. Escalation of the amount of this grant may be available on an annual basis at the request of the Recipient. Such escalation amount shall be determined based on changes in the information provided in the Recipient's application, and in accordance with HIPP policies and procedures. Escalation greater than ten (10) percent shall require the prior approval of the Metro Council.

E.3 Payment Methodology. The Recipient shall be compensated based upon the application, not to exceed the maximum liability established in Section E.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient will be eligible to receive monthly payments for income verified Affordable and/or Workforce housing units. Before a draw can be made, the Recipient or designee shall complete income qualification training from Metro or its designee and execute the lease of one or more units. The Grant Draw Process shall be as follows:

1. Draw request is made by Recipient, or its designee (i.e., property management affiliate, accounting firm, etc.) to Metro or its designee no more frequently than once per month.
2. Annual property inspection and rent roll review is conducted by Metro or its designee.
3. If proper, Metro or its designee approves the draw request.
4. Reimbursement is made to the Recipient within 30 days of receipt of invoice.

All invoices shall be sent to:

3810 Bedford Ave # 300  
Nashville, TN 37215

Said payments shall not exceed the maximum liability of this Grant Contract in accordance with section C.1 above.

E.4 Annual certification. Not later than February 15 of each year, the Recipient shall submit a certification to the MOH and the Metro finance department for review covering the previous calendar year. The annual certification shall include, at a minimum, for each occupied affordable and/or workforce housing rental unit:

1. The number of months and partial months the unit was occupied;
2. The median household income level applicable to the unit;
3. The rent charged for the unit; and
4. The market value rent of the unit calculated based on the three unit types of the same type or three closest comparable units on a square footage basis.
5. Marketing practices that do not discriminate on the basis of race, color, religion or creed, national origin or ancestry, sex, age, physical or mental disability, or veteran status.
6. Amenities packages including parking, association fees, and other ancillary items do not exceed ten percent (10%) of monthly rent or reduced rent.

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7. Review of market inflation or deflation, tax assessment and value, median incomes, and/or other market assessment information that may affect the estimates in the grant agreement.

The annual certification shall also include the total number of occupied affordable and/or workforce housing units in the development compared to the total number of affordable and/or workforce housing units required pursuant to the grant agreement. The annual certification shall also compare the total grant payments for all occupied affordable and/or workforce housing units and the maximum annual grant allowable for the calendar year.

The annual certification shall include a certification from the chief executive officer, authorized representative or equivalent officer of the Recipient that the information is true, correct and complete and that each occupied affordable and/or workforce housing rental unit was occupied by an eligible household.

The annual certification shall be accompanied by an examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants conducted by a reputable and licensed independent accountant giving an opinion that the amount of the incentive being requested represents, in all material respects, the incentive grant payment owed in conformity with the grant agreement. The independent accountant shall examine, on a test basis, documentation supporting the eligibility of the occupants of the affordable and/or workforce housing units.

The incentive grant payment shall be remitted to the developer monthly.

Upon review of the annual certification, if it is determined that Recipient received an overpayment in a calendar year, Recipient shall reimburse the metropolitan government by July 31 of the year following the year for which the overpayment was made. In the event that a grant was underpaid in a calendar year, Metro shall pay the amount of the underpayment to Recipient by July 31 of the year following the year for which the underpayment accrued.

- E.5 Payment of Invoice. Any single payment by Metro shall not prejudice Metro's right to object to the payment or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- E.6 Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- E.7 Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this Grant Contract.
- E.8 Electronic Payment. Metro requires as a condition of this Grant Contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- E.9 At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- F. STANDARD TERMS AND CONDITIONS:

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- F.1 Required Approvals. Metro is not bound by this Grant Contract until it is approved by the Metropolitan Council as indicated on the signature page of this Grant.
- F.2 Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- F.3 Termination for Cause. In the event Metro seeks to terminate this Grant Contract for material breach it shall notify the Recipient in writing of the nature of the breach and the Recipient shall have thirty (30) days from the receipt of such notice to cure or otherwise eliminate such cause. If the Recipient does not remedy the breach, to the reasonable satisfaction of Metro, this Grant Contract shall terminate at the end of the thirty (30) day period. The Director of Finance shall have the authority to pursue all other remedies at law or in equity following any default by Recipient. Such termination shall not relieve Recipient of any liability to Metro for damages sustained by virtue of any breach by Recipient.
- F.4 Termination without Cause. Either party may terminate this Grant Contract at any time and without cause by serving upon the other party thirty (30) days advance written notice of such intent to terminate in accordance with Section F.28. At the conclusion of thirty (30) days after serving notice, the Recipient shall provide Metro with a final invoice for services provided during the 30 days prior to the final date of this Grant Contract (the "Termination Date"). In the event the Termination Date ends on some date other than the at the end of the monthly invoice period, all payments by Metro for that month shall be prorated on the basis of a thirty (30) day month to reflect the actual number of days during that month in the Grant Contract monthly invoice term. The final invoice shall otherwise be governed by the procedure in Section E.3.
- F.5 Either party may terminate this Contract forthwith in the event of the occurrence of any of the following:
- Insolvency of the Recipient. The Recipient shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Recipient is insolvent within the meaning of the Federal Bankruptcy Code;
  - The filing of a voluntary or involuntary petition regarding the Recipient under the Federal Bankruptcy Code;
  - The appointment of a Receiver or Trustee for the Recipient; or
  - The execution by the Recipient of a general assignment for the benefit of creditors.
- F.6 Termination for Funding. In the event Metro does not or cannot obtain or continue the funding appropriation from the Metro Council for this Grant Contract, Metro may terminate this Grant Contract effective upon a date specified in a Termination Notice. Any termination of this Grant contract pursuant to this subsection shall not affect any obligations or liabilities of either Metro or the Recipient accruing prior to such termination. Metro shall not face any liability or penalty other than that accruing prior to termination as a result of such termination.
- F.7 Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.
- F.8 Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

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F.9 Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. For new construction, said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

F.10 Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

F.11 Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

F.12 Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.

F.13 Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.

F.14 Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.

F.15 Indemnification and Hold Harmless.

Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Pine Street Flats, LLC, Contract # \_\_\_\_\_ March 29, 2018**

Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.

Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Grant Contract.

Recipient's duties under this section shall survive the termination or expiration of the grant.

- F.16 Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- F.17 State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- F.18 Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- F.19 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- F.20 Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- F.21 Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- F.22 Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- F.23 Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- F.24 Inspection. The Recipient agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Metro and its representatives upon forty eight (48) hours of prior written notice.
- F.25 Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro, which shall not be unreasonably withheld. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.

**Grant contract between the Metropolitan Government of Nashville and Davidson County and Pine Street Flats, LLC, Contract # \_\_\_\_\_ March 29, 2018**

F.26 Subcontracting Requirements. In the event Recipient subcontracts to another organization, the Recipient must prepare and enter into a written subcontractor agreement or subcontract. The Recipient shall cause all of the provisions of this contract in its entirety to be included in and made a part of any subcontract executed in the performance of this grant agreement. Recipient will be fully responsible for all acts and omissions of any subcontractor and of persons directly or indirectly employed by any subcontractor and of persons for whose acts any of them may be liable to the same extent that Recipient is responsible for the acts and omissions of persons directly employed by it. Nothing in this grant agreement shall create any obligation on the part of Metro to pay or see to the payment of any money due any subcontractor, except as may be required by law.

F.27 Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.

F.28 Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and inquiries regarding invoices:

Office of the Mayor (MOH)  
Metropolitan Courthouse  
Nashville, TN 37201

Recipient:

Pine Street Flats, LLC  
124 12th Avenue South  
Nashville, TN 37203

F.29 Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:

No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

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If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.

- F.30 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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Grant contract between the Metropolitan Government of Nashville and Davidson County and Pine Street Flats, LLC, Contract # \_\_\_\_\_ March 29, 2018

THE METROPOLITAN  
GOVERNMENT OF NASHVILLE  
AND DAVIDSON COUNTY:

RECIPIENT:  
Pine Street Flats, LLC

By: \_\_\_\_\_  
Name: James D. Turner, Jr.  
Title: Chief Manager

APPROVED AS TO PROGRAM SCOPE:

\_\_\_\_\_  
Mayor

Sworn to and subscribed to before me a Notary  
Public, this 29 day  
of March, 2018

Notary Public

APPROVED AS TO AVAILABILITY OF  
FUNDS:

Thomas O'Dneal  
Director of Finance

Melissa S. Phillips  
My Commission expires 5/8/18



APPROVED AS TO FORM AND  
LEGALITY

Carly K. Hilt  
Metropolitan Attorney

APPROVED AS TO RISK AND  
INSURANCE:

RCW  
Director of Insurance

\_\_\_\_\_  
Metropolitan Clerk

Grant contract between the Metropolitan Government of Nashville and Davidson County and Pine Street Flats, LLC, Contract # \_\_\_\_\_ March 29, 2018

EXHIBIT 1

[Housing Incentives Pilot Program (“HIPP”) Policies and Procedures]

# Affordable and Workforce Housing Incentive Pilot Program (HIPP)

## Policies & Procedures

November 2017

**BL2016-342 (Incentives Legislation)**

**BL2016-133 (Inclusionary Housing Legislation)**

### Summary:

**Workforce Housing Incentive Grants** will be provided to qualified developers to assist with the development of affordable and/or workforce housing within the boundaries of the metropolitan government. Incentive grants may be made to qualified projects both for **rental developments and owner-occupied (i.e. for sale) units**, at the time of deed restrictions. Such grant funds for rental developments shall be disbursed on a monthly basis as rents are due.

This is a three (3) year pilot program with a maximum annual cap of \$2,000,000. Each grant agreement will be approved by the metropolitan council by resolution.

### Purpose:

To incentivize an increase in the supply of affordable and workforce housing to support economic growth and reduce poverty in Davidson County. Specifically, by incentivizing the creation and preservation of affordable and workforce housing, we can: (1) meet existing and anticipated housing and employment needs; (2) mitigate the impacts of increasing housing cost; and (3) provide for a range of housing choices throughout the city.

Metro can make private development of affordable and workforce housing more attractive by utilizing future increased property tax collections to fund a common-sense modest incentive program for private developers.

### Definitions:

**Affordable housing:** Housing that, for households earning sixty percent (60%) or less than the median household income for Davidson County based on the number of persons in the household, as established by the "Median Household Income in the Past 12 Months by Household Size" from the most recently available United States Census Bureau American Community Survey costs thirty percent (30%) or less than their estimated annual median household income.

**Workforce housing:** Housing that for households earning more than sixty percent (60%) and not to exceed one hundred twenty percent (120%) of the median household income for Davidson County based on the number of persons in the household, as established by the "Median Household Income in the Past 12 Months by Household Size" from the most recently available United States Census Bureau American Community Survey costs thirty percent (30%) or less than their estimated annual median household income.

**Eligible applicants:** Private Developers and owners of existing or proposed rental and owner occupied (i.e. for sale) developments who agree to include affordable and/or workforce units in their developments and further meet grant criteria.

**Incentive Grants:**

**New Rental Housing construction:** Rental developments receive the difference between the average rent for comparable occupied unrestricted rental housing units and the average rent for an occupied affordable or workforce housing for the duration that the housing rental units remain affordable or workforce housing. In no event shall the amount of the annual grant be greater than fifty percent (50%) of the difference between the annual post-development and predevelopment ad valorem property tax liabilities for that property. This applies to development located within the UZO or along a multimodal corridor designated in the Major and Collector Street Plan, excluding Expressways, Freeways, and Ramps. See UZO and Multimodal Corridor Map on our website. For Inclusionary Housing Ordinance participants, please refer to BL2016-133 and ensure that the following table has been reviewed.

	Rental at 60% MHI or less	Rental at Greater than 60% MHI to 80% MHI	Rental at Greater than 80% MHI to 100% MHI (available in the UZO only)	For-sale at Greater than 60% MHI to 80% MHI	For-sale at Greater than 80% MHI to 100% MHI (available in the UZO only)
Single-family and Two-family uses	12.5% of total residential units	15% of total residential units	17.5% of total residential units	10% of total residential units	15% of total residential units
Multi-family uses less than 3 stories	12.5% of total residential floor area	15% of total residential floor area	17.5% of total residential floor area	10% of total residential floor area	15% of total residential floor area
Multifamily uses (3 to 6 stories)	10% of total residential floor area	12.5% of total residential floor area	15% of total residential floor area	n/a	n/a
Multifamily uses (≥ 7 stories)	7.5% of total residential floor area	10% of total residential floor area	12.5% of total residential floor area	n/a	n/a
The Mayor's Office of Housing with assistance from the Finance Department may approve a mixture of MHI levels, provided the mixture is equivalent to the set asides and there are financial incentives available. The equivalency of the mixture of MHI levels and the approval shall be documented in the Inclusionary Housing Plan.					
For the purposes of this Article, the residential floor area shall be the net leasable residential floor area.					

**Opt-in/Conversion Rental Housing\*:** Owners of existing rental housing developments in the county shall be eligible for an annual incentive grant if they voluntarily convert market-based rental units to affordable and/or workforce housing units. The amount of the incentive grant will be the difference between the average rent for a market-based rental housing unit and the average rent for an occupied affordable or workforce housing unit multiplied by the number of occupied affordable or workforce housing rental units for the duration of the affordability period. In no event shall the amount of the annual grant be greater than twenty percent (20%) of the real property ad valorem tax assessment for the calendar year for which an incentive grant is applicable.

The average rent for a market-based rental housing unit will be calculated on a square footage basis using the rent charged for the three most comparable unrestricted units within the same or, if there are less than three unrestricted in the same and comparable, development, as determined by the Mayor's Office of Housing. Also see Competitive Round Guidelines below.

**Owner occupied developments** receive a **one-time payment of \$10,000** per unit for properties located outside of the urban zoning overlay (UZO) district, and **\$20,000** per unit for properties located within the UZO or along a multimodal corridor designated in the Major and Collector Street Plan, excluding Expressways, Freeways, and Ramps.

*Owner-occupied development process:* Prior to receiving use and occupancy permits, a grant agreement will be executed that will outline the number of years, number of units at each median income range, and estimated grant amount. The developer will be granted funding at the time of closing and upon the filing of the deed restrictions.

*Term of affordability:*

15 years for rental development

30 years for owner occupied development, conditioned upon the recording of deed restrictions with the Register of Deeds ensuring the units remain designated for affordable and/or workforce housing for the duration provided in the grant agreement.

*Incentives grants pilot program's cap:*

The annual amount of all grants, including related administrative costs, awarded in the aggregate shall not exceed two million dollars (**\$2,000,000**). This program is in effect for three (3) years after the enactment date, unless extended by resolution of the metropolitan council. For Fiscal Year 2018, one million, seven hundred fifty dollars (**\$1,750,000**) is allocated for the program.

*Budget process:*

Once enacted, the Mayor's Office of Housing and the director of finance will procure a third party entity to provide administrative services to coordinate developer incentive payments, provide income verification training, and provide reports and compliance measures.

The director of finance and the director of the Mayor's Office of Housing shall review the incentive grant program on an annual basis to determine whether the demand for grant funds significantly exceeds the amount of the cap, and shall make a recommendation to the metropolitan council regarding whether the amount of the cap should be adjusted. Any adjustments to the amount of the cap shall be approved by the council by resolution prior to becoming effective.

The housing incentives program is subject to funding availability annually.

Application Process:

An application will be provided online for developers to submit their interest in participating in the program. The Mayor's Office of Housing staff and other appropriate Metro departments will be notified for review.

The review process will include review of the following information at a minimum:

- a. # of units provided and range of income
- b. Workforce units proposed comparable to market rate units
- c. Location of proposed units
- d. Proximity to transportation options/services/employment centers
- e. Partnering with nonprofit or is a nonprofit organization with a mission of affordable/workforce housing
- f. Timeline of units on the market
- g. Estimated property taxes (amount consistent with development pro forma provided to financial institutions)

*Grant Agreements:*

All agreements for affordable and/or workforce housing incentive grants to be funded by the metropolitan government shall expressly provide that the metropolitan government's financial obligations are conditioned upon the appropriation of funds by the metropolitan council. The metropolitan government shall have no obligation to make an affordable and/or workforce housing incentive grant if adequate funds are not appropriated.

Each grant agreement is subject to approval by resolution of the metropolitan council. Prior to receiving building permits for new construction or IHO developments, a grant agreement will be executed that will outline the number of years affordability restrictions will apply, total number of units (broken down by MHI income category) in the project, and an estimated reimbursement amount. For existing rental developments\*, a grant agreement will be executed upon application/proposal review completion by the Mayor's Office and review committee. The grant agreement and resolution will be presented to the metropolitan council for final approval.

Grant agreements will cover at a minimum a period of 12 months for all inclusionary housing rental agreements. Payments will be provided to the developer monthly upon invoice receipt and compliance with income verification standards provided by Metro's contracted administrator and approval by the Mayor's Office of Housing and the Department of Finance.

Once the grant agreement is approved by the metropolitan council, the third party entity will receive a copy of the agreement. The third party entity will provide a standard workforce housing rental agreement addendum, income verification training, and reporting standards and procedures prior to initial payment to developers.

For owner occupied units, the developer will receive payment upon the filing of restrictive covenants with the Register of Deeds office. The developer of owner occupied or for sale units will need to work with a homebuyer counseling agency to ensure proper income verification and underwriting procedures are in place for potential homebuyer. A list of agencies in Davidson County will be available on the HIPP website.

*Reporting requirements:*

The developer will provide a report verifying signed leases of the workforce units and invoices to the third party entity on a monthly basis. The third party entity will submit the reviewed invoice (due upon receipt) to the Mayor's Office of Housing.

An annual audit of workforce housing units will be performed by an independent accounting firm including a thorough review of workforce unit leases and rent rolls for workforce units and will reported to the Mayor's Office of Housing staff and the finance department. Items required for review:

- h. The number of months and partial months each unit was occupied;
- a. The Median Household Income level applicable to each unit;
- b. The rent charged for each unit; and
- c. The market value rent of each unit calculated based on the three closest comparable units on a square footage basis.

A review of market and workforce rents will be reviewed annually to ensure Metro pays the correct difference amount and is not exceeding the grant cap for each development. In the event that the cap is exceeded for developments, the Director of Finance will take corrective action, which may include a modified grant agreement or an adjustment of the amount of workforce housing units, in consultation with the Mayor's Office of Housing, and the grantee.

The Mayor's Office of Housing staff will provide a semi-annual report to Metro Council on application activity, actual/anticipated unit count, and funding status.

*Noncompliance*

In the event a grantee fails to provide the number of affordable and/or workforce units required for the specified grant term pursuant to the grant agreement, the director of finance shall have the authority to require the grantee to repay the metropolitan government for all grant funds disbursed for affordable and/or workforce housing units in accordance with the provisions of the grant agreement. The director of finance shall have the authority to pursue all other remedies at law or in equity to ensure the availability of the affordable and/or workforce housing units required under the grant agreement.

*Additional resources for the housing incentive application include the following:*

- An UZO/multimodal corridor map

- Household incomes
- Monthly rental maximums, and
- Affordable sales prices

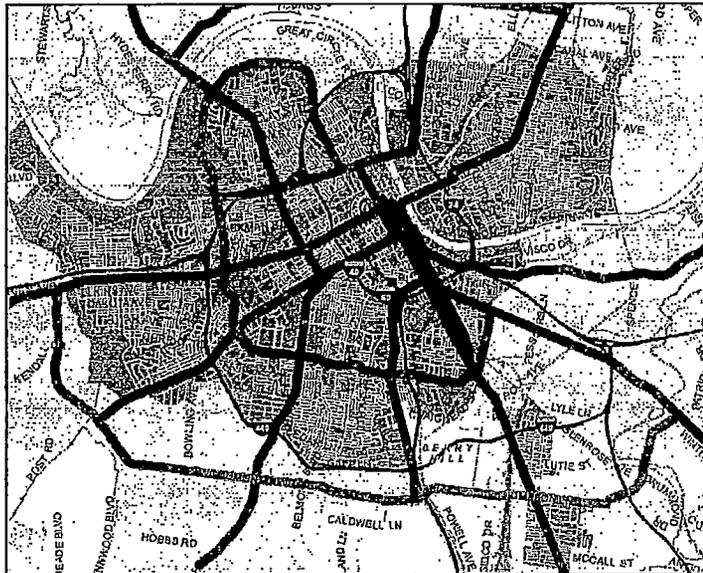
**Opt-In/Conversion Rental Units Competitive Round Guidelines**  
**Application Period beginning December 2017**

**For Opt-in/Conversion Rental Housing Only:** Owners of existing rental housing developments in the county shall be eligible for an annual incentive grant if they voluntarily convert market-based rental units to affordable and/or workforce housing units. The amount of the incentive grant will be the difference between the average rent for a market-based rental housing unit and the average rent for an occupied affordable or workforce housing unit multiplied by the number of occupied affordable or workforce housing rental units for the duration of the affordability period. In no event shall the amount of the annual grant be greater than twenty percent (20%) of the real property ad valorem tax assessment for the calendar year for which an incentive grant is applicable.

The average rent for a market-based rental housing unit will be calculated on a square footage basis using the rent charged for the three most comparable unrestricted units within the same development. If there are less than three comparable unrestricted in the same development then the Mayor's Office of Housing will determine the average rent.

**Eligibility:**

Affordable and/or workforce units in their developments within the Urban Zoning Overlay and further meet grant criteria. See Map below.



Budget:

For the competitive program, the maximum budget is \$1,000,000. The housing incentives pilot program is subject to funding availability annually.

Application Process:

Developers/Owners can apply online beginning in December 18, 2017, with following a 60-day period for application submittals. The Mayor's Office and other appropriate Metro departments will review applications and will submit a resolution identifying applications that meet the criteria and preferences described below including grant agreements signed by each developer/owner.

The review process will include review of the following information at a minimum:

- # of units proposed to be converted
- Designated range of median household income(s) for affordable/workforce units
- Existing market rental rates for comparable units
- Estimated property taxes (See definitions for Opt-in/Conversion Rental Housing)

Preference will be given for projects providing the following:

- Over 5 units of workforce housing
- 2 Bedroom unit(s)
- 3 or more Bedroom unit(s)

Additional consideration may be given to projects that provide the following:

- Adequate pedestrian connection
- LEED or other energy efficiency certified
- Partnership with employers to provide employer assisted housing
- Partnering with a nonprofit organization with a mission of affordable/workforce housing for management
- Timeline of units available for leasing (within 3 months with first unit guarantee within 30 days of Metro Council approval)
- Within a mixed-use development

Grant Agreements

All agreements for affordable and/or workforce housing incentive grants to be funded by the metropolitan government shall expressly provide that the metropolitan government's financial obligations are conditioned upon the appropriation of funds by the metropolitan council. The metropolitan government shall have no obligation to make an affordable and/or workforce housing incentive grant if adequate funds are not appropriated.

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Grant agreements will cover 12 month lease agreements. Payments will be provided to the developer monthly upon invoice receipt and compliance with income verification standards provided by Metro's contracted administrator and approval by the Mayor's Office of Housing and the Department of Finance.

Ordinance and median household incomes and maximum allowable rents by income are available on the Mayor's website at [www.hipp.nashville.gov](http://www.hipp.nashville.gov).

*For more information about the Housing Incentives Program, please contact Adriane Harris by email at [Adriane.harris@nashville.gov](mailto:Adriane.harris@nashville.gov) or by phone at 615.880.3353.*

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**Grant contract between the Metropolitan Government of Nashville and Davidson County and Pine Street Flats, LLC, Contract # \_\_\_\_\_ March 29, 2018**

**EXHIBIT 2**

**[HIPP rental agreement requirements]**

## HIPP Lease Addendum

This property receives subsidy from the Housing Incentives Pilot Program (HIPP). The Landlord is responsible for compliance with the regulations for this program. In order to accomplish this, Resident agrees to immediately notify the Landlord of all changes in household composition. Further, Resident agrees to complete annually, or at any other such time requested by Landlord the Recertification documentation disclosing current household composition and all household income. Resident agrees to cooperate fully during the recertification process signing all third party verification and providing all requested names, addresses and other requested documents. Resident agrees to respond promptly to recertification notices to ensure a timely completion of the process. Resident understands that failure to comply within thirty (30) days of the initial recertification notice is considered material non-compliance with this lease and therefore grounds for termination of the lease and eviction.

Resident understands and agrees that household members not disclosed at the time of the initial certification may not join the household within the first year of residency. After the first year of residency, household members that are added in the middle of a lease term will result in the need to complete an interim certification. Resident agrees to cooperate fully during the interim certification process signing all third party verification and providing all requested names, addresses and other requested documents. Resident understands that failure to comply is considered material non-compliance with this lease and therefore grounds for termination of the lease and eviction.

Resident understands and agrees that the Landlord will verify in writing through a third party when necessary, the information provided on the application and recertification application. Failure of the Resident to provide satisfactory, complete and accurate information will be considered non-compliance with the lease. Should management discover at any time that the household has provided false or misleading information in regard to income or management finds unapproved household members living in the unit, this would constitute a substantial violation of the lease and tenancy would be terminated immediately.

If the Resident's household income rises above 140% of the current income limit, while the household may remain in the property as a resident, with 30 days notice the status of the household will be changed to market. Resident will be responsible for paying full market rent. This may occur during the term of the current lease.

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Owner Representative/Manager Signature

\_\_\_\_\_  
Date