PURCHASE OPTION AGREEMENT

THIS PURCHASE OPTION AGREEMENT (the “Agreement”) is made and entered into as of the ___ day of __________, 2019 (the “Effective Date”) by and between the MAYOR AND ALDERMEN of the TOWN OF JONESBOROUGH, TENNESSEE (“Seller”), a duly incorporated municipality located within Washington County, Tennessee, and WASHINGTON COUNTY, TENNESSEE (“Buyer”), a governmental corporation of the State of Tennessee.

RECITALS:

Seller has undertaken purchase of certain real property being approximately 48 acres of tax parcel 052-011.00 in Washington County, Tennessee, and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the “Premises”), upon which Seller shall construct, subject to the terms and conditions of the Building Lease (as defined below) and the Facilities Lease (as defined below) (i) a multi-use facility, including educational, athletic and administrative uses as generally depicted on Exhibit B (the “Building”) and (ii) athletic facilities as generally depicted on Exhibit C (the “Facilities”), both of which Exhibits are incorporated herein by this reference. (The portion of the Premises upon which the Building is to be constructed is referred to hereinafter as the “Building Property,” and the portion of the Premises upon which the Facilities are to be constructed is referred to hereinafter as the “Facilities Property.”)

By that certain Building Lease Agreement of even date herewith, Buyer has leased from Seller the Building Property and the Building to be constructed by Landlord thereon (the “Building Lease”).

By that certain Facilities Lease Agreement of even date herewith, Buyer has leased from Seller the Facilities Property and the Facilities to be constructed by Landlord thereon (the “Facilities Lease”).

Seller desires to grant and Buyer desires to receive separate options to purchase (i) the Building Property and Building and (ii) the Facilities Property and Facilities.

NOW THEREFORE, in consideration of the foregoing, the sum of $1.00 in hand paid, and the mutual promises and the terms and conditions hereinafter set forth, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Building Option. In association with the Building Lease, Buyer will have the option to purchase the Building Property and Building as follows (capitalized terms below not otherwise defined herein having those meanings ascribed in the Building Lease):

   If Buyer pays the Rent reserved to Seller, Buyer shall have the right and option, to purchase the Building Property and Building from Seller at any time during the Term after or simultaneously with payment in full of the Bonds, including the principal, interest, reserve replenishment, indemnity, fees, costs and expenses required to be paid or prepaid on such date with respect to the Bonds, according to their tenor or as otherwise
specified in the Bond Resolution, and all reasonable fees, charges and disbursements of the trustee, lender or bondholder accrued and to accrue until the date of such full payment, at and for a purchase price of one dollar ($1.00) plus the reasonable costs and expenses (including reasonable attorneys’ fees) incurred by Seller in connection with Buyer’s exercise of such option. However, Buyer shall not be entitled to exercise this option if at the time of exercise, or at the time the purchase shall be consummated, a default by Buyer under the Building Lease or the Facilities Lease shall have occurred and be continuing. Should Buyer elect to exercise this purchase option, then in order to do so Buyer must give Seller written notice of its intention to purchase the Building Property and Building and setting a date for closing not less than ninety (90) days from the date of the notice.

If the date on which Buyer intends to exercise its option is a date on which the Bonds are subject to optional prepayment pursuant to the terms of the Bond Resolution, then Buyer shall give notice to the Seller of its intent to exercise its option at least forty-five (45) days prior to the date on which it is to purchase the Building and on such purchase date Buyer shall deposit with the Seller an amount equal to the option price. The option price in such case shall be equal to the then outstanding principal amount of the Bonds, plus accrued but unpaid interest thereon to the date of purchase, including the principal, interest, reserve replenishment, indemnity, fees, costs and expenses required to be paid on such date with respect to the Bonds, according to their tenor or as otherwise specified in the Bond Resolution, and all reasonable fees, charges and disbursements of the trustee, lender or bondholder accrued and to accrue until the date of such payment, plus all Additional Rent due as of such date, plus one dollar ($1.00) (collectively, the “Option Price”).

If the date on which Buyer intends to exercise its option hereunder is not a date on which the Bonds are subject to optional prepayment pursuant to the terms of the Bond Resolution, then the Option Price shall be payable in installments. Each such installment, all as determined by the amortization schedule of the Bonds, (i) shall be payable, until the due date of the final installment referred to in the provision set forth below in this paragraph, at each time at which a payment of Base Rent would have been payable had such option not been exercised, and (ii) shall equal the principal amount and interest amount of each Base Rent payment referred to in clause (i) above, provided however, that the final installment shall be payable on the first date on which the Bonds are subject to optional prepayment pursuant to the terms of the Bond Resolution and shall be in an amount equal to the principal, interest, reserve replenishment, indemnity, fees, costs and expenses required to be paid or prepaid on such date with respect to the Bonds, according to their tenor or as otherwise specified in the Bond Resolution, and all reasonable fees, charges and disbursements of the trustee, lender or bondholder accrued and to accrue until the date of such full payment, and the remaining Option Price. Buyer shall give the Seller notice of its intent to exercise its option at least forty-five (45) days prior to the date on which it is to purchase the Building Property and Building.

In order to secure its obligations to pay the installments referred to in the immediately preceding paragraph, Buyer, concurrently with the exercise of its option to
purchase hereunder, shall deposit or cause to be deposited with the Seller, in trust, cash or investments of the type described in the Bond Resolution in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay the installments (including all principal and interest) referred to in the immediately preceding paragraph at the times at which such installments are required to be paid. Such deposit shall be in addition to the Base Rent, if any, due on such date. The excess, if any, of the amount so deposited over the installments actually required to be paid by Buyer shall be remitted to Buyer.

On any date as to which Buyer shall have exercised the option granted it pursuant hereto, and shall have paid or made provision (as set forth in the preceding paragraph) for the payment of the required Option Price, the Seller shall execute and deliver to Buyer a quitclaim deed conveying to Buyer or its nominee Seller’s interest so purchased. If Buyer shall exercise the option to purchase provided herein prior to the expiration of the Term, and the Seller shall execute and deliver the deed as aforesaid, then the Building Lease shall terminate, but such termination shall not affect Buyer’s obligation to pay the Option Price on the terms herein set forth.

The sale of the Building Property and Building pursuant to the option to purchase exercised by Buyer hereunder shall be subject to reservation by Seller of a right and easement for use of the parking lots, grounds, sports fields and gymnasium of the Building for public recreational purposes before and after school hours when not otherwise in use for school activities by Buyer, subject to the Washington County Board of Education and the Seller reaching a mutually acceptable agreement containing all terms, and if necessary, rent for such use. All terms of any easement shall be mutually agreeable to Buyer and Seller, in their reasonable discretion, and consistent with the arrangements agreed upon in the Building Lease and Facilities Lease, and also consistent with prior arrangements between Buyer and Seller.

A memorandum of this option to purchase in form and substance reasonably satisfactory to Buyer and Seller may, at the option of Buyer, be recorded in the Register’s Office for Washington Buyer, Tennessee, prior to the Commencement Date.

2. **Facilities Option.** In association with the Facilities Lease, Buyer will have the option to purchase the Facilities Property and Facilities as follows (capitalized terms below not otherwise defined herein having those meanings ascribed in the Facilities Lease):

Upon the date of the expiration of the full Term of the Facilities Lease, not otherwise shortened for any reason, including without limitation, due to termination or default, and for clarification purposes only, regardless of whether the Financing has earlier been repaid in full, and in any event no less than 20 years (the “Expiration Date”) and the payment of all Rent., Buyer shall have the option to purchase the Facilities Property and Facilities for one dollar ($1.00). However, Buyer shall not be entitled to exercise this option if (i) at the time of exercise, or at the time the purchase shall be consummated, a default by Buyer under the Facilities Lease or the Building Lease shall have occurred and be continuing, or (ii) the Facilities Lease or the Building Lease shall
have terminated for Buyer’s default prior to the Expiration Date, or (iii) at the time of exercise, or at the time the purchase shall be consummated, the Financing shall have not been repaid in full, including the principal, interest, reserve replenishment, indemnity, fees, costs and expenses required to be paid or prepaid on such date with respect to the Bonds, according to their tenor or as otherwise specified in the Bond Resolution and all reasonable fees, charges and disbursements of the trustee, lender or bondholder accrued and to accrue until the date of such full payment. Should Buyer elect to exercise this purchase option, then in order to do so Buyer must give Seller written notice of its intention to purchase the Facilities Property and Facilities not less than ninety (90) days before the Expiration Date, and setting a closing date on or within five (5) days following the Expiration Date.

At the closing of the purchase hereunder, Buyer shall pay and deliver the purchase price to Seller and Seller shall deliver a quitclaim deed for the Facilities Property and Facilities to Buyer.

The sale of the Facilities Property and Facilities pursuant to the option to purchase exercised by Buyer hereunder shall be subject to reservation by Seller of a right and easement for use the Facilities Property and Facilities for public recreational purposes before and after school hours when not otherwise in use for school activities by Buyer, subject to Buyer and Seller reaching a mutually acceptable agreement containing all terms, and if necessary, rent for such use. All terms of any easement shall be mutually agreeable to Buyer and Seller, in their reasonable discretion, and consistent with the arrangements agreed upon in the Building Lease and Facilities Lease, and also consistent with prior arrangements between Buyer and Seller.

A memorandum of this option to purchase in form and substance reasonably satisfactory to Buyer and Seller may, at the option of Buyer, be recorded in the Register’s Office for Washington County, Tennessee, prior to the Occupation Date.

3. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original but shall together constitute one and the same instrument.

4. **Computation of Time.** If any date for the occurrence of an event or act under this Agreement falls on a Saturday, Sunday or legal holiday in the State of Tennessee, the time for the occurrence of such event or act shall be extended to the next succeeding business day.

5. **Interpretation.** Notwithstanding the fact that this Agreement (in its original form) was prepared by Seller, this Agreement has been reviewed by Buyer and its legal counsel; and the terms and provisions hereof have been negotiated by both parties; and this Agreement shall not be construed for or against Seller or Buyer.
6. **Time.** Time is of the essence of each and every provision hereof.

7. **Captions and Context.** The captions of the sections or paragraphs of this Agreement are to assist the parties in reading this Agreement and are not a part of the terms or provisions of this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other.

8. **Waiver of Breach.** No waiver of any breach of any provision of this Agreement shall be construed to be a waiver of any preceding or succeeding breach of such provision or of any other provision hereof.

9. **Applicable Law, Jurisdiction and Forum.** This Agreement and the rights and obligations of the parties arising hereunder shall be construed in accordance with the laws of the State of Tennessee. Except as may otherwise be expressly provided in this Agreement to the contrary, in the case of any action, suit or proceeding arising out of this Agreement, Seller and Buyer agree that jurisdiction and venue shall be in the courts of record for Washington County, Tennessee.

10. **Severability.** A determination that any clause or provision of this Agreement is illegal, invalid or unenforceable under present or future laws will not affect the remainder of this Agreement.

11. **Entire Agreement.** This Agreement contains the entire agreement of the parties with respect to the subject matter hereof. Any prior correspondence, memoranda or agreements are superseded in total by this Agreement.

12. **TRIAL BY JURY WAIVER.** SELLER AND BUYER MUTUALLY AGREE THAT THEY HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER AS TO ANY MATTER ARISING OUT OF OR CONNECTED WITH THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date, each party hereby representing that it has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, that the persons signing this Agreement on its behalf have the power and authority to do so, that this Agreement is binding upon it, and that this Agreement will not conflict with or result in a breach under any agreement or instrument to which it is a party or by which it is bound, and will not constitute a violation of any applicable law.
SELLER:

MAYOR AND ALDERMEN
OF THE TOWN OF
JONESBOROUGH, TENNESSEE

By: _______________________________
Name: _____________________________
Title: ______________________________

Approved as to form only:

Name: _____________________________
Title: ______________________________

BUYER:

WASHINGTON COUNTY,
TENNESSEE

By: _______________________________
Name: _____________________________
Title: ______________________________

Approved as to form only:

Name: _____________________________
Title: ______________________________
The Premises
EXHIBIT C

The Facilities