

AGENDA
MONTHLY MEETING OF THE BOARD OF DIRECTORS
OF THE
INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CHATTANOOGA, TENNESSEE

March 7, 2022

1. Call meeting to order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Minutes Approval – February 7, 2022, Monthly Meeting.
4. Recognition of any person wishing to address the Board.
5. A RESOLUTION AUTHORIZING THE CHAIR OR VICE-CHAIR OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO EXECUTE A SECOND AMENDMENT TO LEASE AGREEMENT AND MEMORANDUM OF LEASE AND A CONFIRMATION OF LIEN RELATED TO A FEE AND LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING DATED AS OF DECEMBER 7, 2012 (THE “DEED OF TRUST”) EXECUTED BY COLE ID CHATTANOOGA TN, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AND THE IDB TO WILLIAM L. ROSENBERG, TRUSTEE FOR THE BENEFIT OF MORGAN STANLEY MORTGAGE CAPITAL HOLDINGS LLC, A NEW YORK LIMITED LIABILITY COMPANY (“ORIGINAL LENDER”), WHICH DEED OF TRUST WAS RECORDED ON JANUARY 2, 2013, AS INSTRUMENT NUMBER 2013010200126 IN BOOK 9836, PAGE 892 IN THE REGISTER'S OFFICE OF HAMILTON COUNTY, TENNESSEE (THE “REGISTER'S OFFICE”) AND ENCUMBERS THE PREMISES DESCRIBED ON EXHIBIT A ATTACHED HERETO (THE “PREMISES”).
6. Other Business.
 - Website Information.
 - Update on Notice of Non-Payment on Volkswagen item from last meeting.
7. Adjournment.

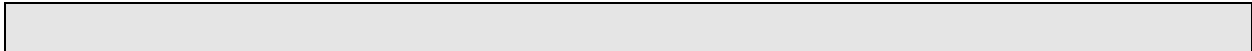


**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES
John P. Franklin Sr. City Council Building
Chattanooga, Tennessee
for
February 7, 2022
11:00 AM**

Present were Althea Jones (Vice-Chair), Patrick Sharpley (Secretary), Gordon Parker (Assistant Secretary), Ray Adkins, James Floyd, and Kerry Hayes. Absent was Jimmy F. Rodgers, Jr. (Chair).

Also present were: Phillip A. Noblett (Counsel for the Board); Jermaine Freeman (Economic Development); Eleanor Liu (Finance); Jason Payne (Public Works Engineering); Clay Oliver (CDOT); Mark Heinzer (Public Works); Mike Marino (Jacobs Engineering); and Matt Bracewell (Crom).

Ms. Althea Jones called the meeting to order. It was confirmed that a quorum was present to conduct business, and the meeting was properly advertised.



MEETING OF DECEMBER 6, 2021 – MINUTES APPROVAL

On motion of Mr. Adkins, seconded by Mr. Parker, the minutes of the December 6, 2021, meeting were unanimously approved.



There was no one present wishing to address the Board.



VOLKSWAGEN FINANCE REPORT

Ms. Eleanor Liu presented the Volkswagen Finance Report. During a three-month period, four checks were processed totaling \$12,469. Overall percentage spent and encumbered are within budget with 98.84%.



On motion of Mr. Parker, seconded by Mr. Adkins,

A RESOLUTION AUTHORIZING THE CHAIR OR VICE CHAIR OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH THE CITY OF CHATTANOOGA FOR THE DESIGN AND CONSTRUCTION OF WET WEATHER EQUALIZATION STATIONS, ESTIMATED TO COST ONE HUNDRED TWENTY-FIVE MILLION DOLLARS (\$125,000,000.00), AS PART OF THE ENVIRONMENTAL AND ECONOMIC INFRASTRUCTURE IMPROVEMENT PROJECT (E2I2), A JOINT PROJECT BETWEEN THE CITY OF CHATTANOOGA AND THE HAMILTON COUNTY WATER AND WASTEWATER AUTHORITY, TO REDUCE OR ELIMINATE CHRONIC SANITARY SEWER OVERFLOWS IN THE REGIONAL SANITARY SEWER COLLECTION SYSTEM AT WEST CHICKAMAUGA (HWY I-75, CHATTANOOGA, TN, 37421), SOUTH LEE HWY (7148 LEE HWY, CHATTANOOGA, TN, 37421), AND PINEVILLE (HUDSON ROAD, CHATTANOOGA, TN, 37405) AND TO PREVENT MORATORIUMS ON SANITARY SEWER CONNECTIONS UNDER THE CITY OF CHATTANOOGA'S CONSENT DECREE.

Mr. Mark Heinzer is the Director of City Waste Resource Division which is primarily the wastewater treatment plant as well as all the collection system. Back in November, they did come to the Board and give a premise of what this partnership is and what we would like to do with the IDB regarding a large capital project. A presentation was made available.

The e2i2 program is part of the Clear Chattanooga umbrella program which is evolving around the Consent Decree compliance with goals, economic benefit, MOU, and the details of nuts and bolts of MOU outlines. The e2i2 program is the Environmental Economic Infrastructure Improvement Program. The program is equalization stations at strategic locations around the periphery of the City where our infrastructure marries up to the infrastructure of the Hamilton County Water and Wastewater Treatment Authority. It is one big network but managed by two government entities. This is a partnership the City has with WWTA.

Goal

The goal is to reduce sanitary sewer overflows which is part of the Consent Decree requirement. When we get rain events, the rain makes its way into the wastewater system and creates an overload. Those are the things that cause environmental problems. This project goes directly to addressing that. It also goes directly to addressing the requirements of the Consent Decree which is the legal document we have with the EPA and the State of Tennessee to reduce wastewater pollution during rain events. One of the issues with the Consent Decree is that we

have to show that we have capacity to accept the new flows into the system. When we are having overflows, we cannot demonstrate that we have capacity. It can be difficult to approve new growth and new flows in the system from new development if we do not have capacity. Doing this project will give us the opportunity to approve new flows into the system whether it is industrial, commercial or even residential growth in the City if we have the capacity to improve those developments and goes directly to approving the new economic growth. The goal is to reduce the overflows that happen during rain events.

Economic Benefit

Equalization stations will give us the capacity that we need in several areas around the City. It is City-wide, not in one area, which will allow us to approve future commercial, industrial development. The EPA has a required capacity assurance plan in the Consent Decree that we need to meet. There is an immediate economic boost because it is a large construction project up to \$125 million and a lot of the work will be from local trades. It will also be a direct, long-term growth by allowing future development both in Chattanooga and Hamilton County. If we do not do something to improve our capacity, we may see ourselves not allowing certain developments in certain areas where we have chronic overflows. It would turn into a development moratorium in areas where we do not have the capacity.

Memorandum of Understanding

The Memorandum of Understanding is between the IDB and the Public Works Department within the City. There are roles and responsibilities for each. The City Council approved this in December on the City side. The partnership revolves around the fact that it is a regionally impactful project. The opportunity for procurement will allow a speedier design and construction phase through the IDB.

The Public Works Department is considered the owner and the Development Authority would be the IDB. The facility is the e2 stations. There are a lot more definitions in the MOU, but these are the main ones.

With regard to who is doing what, we want the IDB to act as the Authority described in the Tennessee Code to do a design build contract. The City will fund everything and will give the funds to the IDB for disbursement through the contract. As the owner, the City will manage the project, manage the design, do all of the paperwork and everything else related to the execution of the contract, and funnel everything through the IDB.

After the MOU is approved, we will revise the contract template and make sure we have the right language which complies with the IDB requirements for contracts. They will get a Financial Agreement laid out between the two parties in more distinct detail with regard to property and transfer of funds. The City will do the design build, request for proposals, and will submit the advertisement in late March.

Questions from the Board

Mr. Adkins asked if we were getting any federal funding? Mr. Heinzer stated that they have some low interest loans for this project. There is a WIFIA program through the EPA applying for which they are applying for. We do not have any grants, but we have low interest loans. We have the financial side worked out with the City Finance group. It has been part of our capital plan for several years now.

Mr. Kerry Hayes had a couple of questions regarding economic growth. On the immediate, direct economic growth side, is there any language that speaks about minority hiring goals or any kind of diversity in the contracting process that can be addressed? The contract is not drafted yet but can be considered. Mr. Hayes stated when you say source locally, is that source within the City of Chattanooga or what is the local net? Mr. Mike Marino (Jacobs Engineering) is leading the technical side of the contract. Mr. Marino stated the mechanical, electrical, and plumbing subcontracts would come locally. They are not going to bring those from Nashville or Atlanta or someplace like that. It will come from the pool here locally. That is the best way to do it. Those are licensed contractors. Within their own contracts, they have labor that they bring their equipment operators and various things. About 50% of the general craft labor they would get from local poles here. How they acquire that, they have networks. Large contractors that are in the region between Nashville, Atlanta, Alabama, and East Tennessee would participate in this bidding process.

Mr. Hayes stated his last question is a little more abstract, but regarding the indirect economic growth, is that going to be re-utilized from future development, has an announcement ever been performed such that we know what the property tax generation is long-term? What is the lifecycle for these types of investments when they start paying for themselves? Mr. Hayes is particularly interested in about making sure that we are incentivizing growth within the City limits and not exacerbating development.

Mr. Marino stated TDEC uses the threat of moratorium, and you cannot show your capacity. It is the nature of sewer systems. You just cannot pile it all in. They only build for a certain amount of flow in the system. It is illegal to have an overflow. Right now we are under the Consent Decree, and we have fines for SSOs which range from \$1,000 to \$2,000 per occurrence. Outside of the Consent Decree, they get \$35,000 per occurrence. Even if we did not have any growth, there was not the oncoming of growth. They still say you cannot have overflows, and they will penalize you and that is what the EPA does. It is all across the region. Not just Chattanooga. To break it down in sort of a lifecycle when they pay for themselves, that is based on growth.

We have had recent conversations with the developer trying to do a project where they needed a certain amount of capacity in the sewer system to make it work. Our infrastructure at current level is insufficient to allow them to just tie in. We have to consider those things going forward. That is many millions of dollars of potential growth in the City limits that we are having to find a way to make sure that you can get the capacity. We do not see the taxes.

Mr. Parker asked if the three locations currently owned by the City or the wastewater, have they been selected, and what is the process for that? It is a two phase approach. The first phase is two of those locations which is West Chick and what we call Lee Hwy. The Lee Hwy. parcel is owned by the City. The West Chick Creek parcel is owned by the Hamilton County Waste Water Treatment Authority. They are in control of the parties that are looking at using this. The one for West Chick would be transferred to the City according with our MOU with the WWTa. Those two would be the first phase.

Since WWTa is working with some other communities with regard to the other location or the third location, that location has not been solidified, but it is down the road. Mr. Parker asked if the \$125 million is a current amount for the MOU. Mr. Heinzer stated that it has been within the last six months, and they are constantly updating it.

Mr. Sharpley thanked them for bringing up the local hire question and being transparent about it. He was wondering if there is a projected time span on how long the job is supposed to last? There is a schedule. They would like to advertise for the request for proposals from contractors in March and getting submittals from the different teams that are going to attack this, and will review those submittals, and pick the best out of that. Late Spring or early Summer, they will have somebody selected and it will probably be a two-year construction phase.

Mr. Floyd asked if there was an idea of how many contractors' teams they may get? Mr. Heinzer stated there are at least three that call every week and ask. We will get some interest.

Bond Issuance

Mr. Noblett stated that this is not a bond issuance project. Mr. Heinzer stated that if the WIFIA low interest loan did not come through for some reason, they have a backup that they would issue bonds for the balance. They have a lot of cash on hand to be used for additional work. This would be a City bond issuance. This is a \$125 million project with a 60/40 split with the Hamilton County Wastewater Treatment Authority having 40% and the City having 60%, but the ownership of all of the items in the system will then be transferred to the City's wastewater system. The WWTa pays penalties for surcharge and sewerage due to rain events. The agreement with them would be that while they would not have ownership, they would reduce their penalties in being a partner in the process. This is a design build project. Several have been ongoing in the City previously.

The design build process would allow them to move faster to get where we have a complete system and infrastructure in place to allow the growth and to reduce the penalties from the EPA on the overflow. It is a timing thing and also with the Progressive Design Build format, we would avoid costly change orders and things like that when problems arise. Our last project, we had over a 10% increase due to change orders alone, and we would avoid those types of scenarios with the Progressive Design Build. This development would also affect the folks in the County as far as any penalties WWTa would be subject to and from the EPA as well. Being a partner up front on the financial side of this would reduce their penalties in a commensurate manner.

Mr. Marino stated that financing is laid out for this. However, as the infrastructure bills make its way through Congress and through to the people, there are opportunities. As the financing comes available, we are still seeking opportunities for grants as they come through the City. It is not just Mark who makes those decisions about whether those are valid to him.

After further discussion, the resolution was unanimously adopted.



On motion of Mr. Hayes, seconded by Mr. Floyd,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO REIMBURSE THE CITY OF CHATTANOOGA USING TIF LOAN FUNDS FOR EXPENDITURES RELATED TO THE EAST CHATTANOOGA RISING TIF DISTRICT FOR EXPENDITURES OF SIXTY THOUSAND FOUR HUNDRED SIXTY-THREE AND 25/100 DOLLARS (\$60,463.25) FOR ASA ENGINEERING FOR DESIGN AND SURVEY RELATED TO THE HARDY STREET EXTENSION AND ELEVEN THOUSAND TWO HUNDRED DOLLARS (\$11,200.00) TO CHATTANOOGA DESIGN STUDIO FOR ANALYSIS OF EXISTING MARKET CONDITIONS RELATED TO CERTAIN PARCELS AT THE FORMER HARRIET TUBMAN SITE, FOR THE TOTAL AMOUNT OF SEVENTY-ONE THOUSAND SIX HUNDRED SIXTY-THREE AND 25/100 DOLLARS (\$71,663.25).

Mr. Jermaine Freeman spoke about part of the reimbursement, and Clay Oliver will speak to the other part on ASA Engineering. The \$11,200 charge is for the preparation on what market analysis study on the former Tubman site in the TIF district could be used for. As part of that, it has always been the City's goal from the economic development side to take the portion of property that is still currently not being developed and not owned by Nippon Paint to potentially hire a master developer at some point and develop the rest on behalf of the City which will increase property tax values. The market analysis was money we paid to Design Studio to basically do a market analysis to determine what were some of the best things that could possibly go on the site that we can share with a developer in the future.

Mr. Clay Oliver stated that we are obtaining reimbursement for design and survey services from ASA Engineering. The survey was mostly done in this reimbursement would have been that they helped lay out the water line to prep utilities for the road we are constructing. The design invoices were wrapped up to help with contract documents and the bidding process.

Mr. Noblett stated that this is a tax increment financing deal. There was \$4 million set aside for the extension of Hardy Street into this area. This is a second request for design and to be mindful of construction. Mr. Oliver stated they have Thomas Brothers Construction that is signing the contracts hopefully as we speak and shooting for a mid-March start date on the construction. They will be coming back to the Board. This will be including contingency at about \$915,000.

Questions from the Board

Mr. Hayes asked about the portion of the site the Design Studio did the market analysis on, he would be curious as to the next steps, if there is a timeline? Mr. Freeman stated that initially what they wanted to do was a community engagement session. One of the challenges they have run into with the continued spread of the pandemic is being able to do a community engagement session that would be fair to the community knowing that there are fair rates. They are reluctant to do a virtual only community engagement session, but we are still evaluating that and hoping that we can get to the other side and see a little drop in the frequency or rates of transmission of the pandemic and do a more in-person public engagement with the Design Studio as partner. We are hoping to start that community engagement process within the next couple of months.

Mr. Sharpley asked if we are continuing to push forward if we do not get the community engagement or are we waiting until we get the community involved? Mr. Freeman stated that one way or another we are going to do community engagement because that is the commitment that we have made to the few people of East Chattanooga. Whether we have to do that virtually or in-person or hybrid, we will do a community engagement. Once we do that, we will take that in-put from the community and potentially draft an RFP, and the RFP would be for a master developer to come in and take a look at the evaluation of the remaining portions of the property that are still owned by the City. Using the in-put that they heard from the community as well as the market analysis, then the master developer would have something to guide them as they start to come up with the concept for what that hearing would look like. Keep in mind, that this would be the area that will be adjacent to the Nippon Paint facility and adjacent to the new building and construction workforce center which is the trade school, and then it will also include some parcels directly across Southern Street next to the Love Fellowship Baptist Church. We will push forward one way or the other.

After further discussion, the resolution was unanimously adopted.



BOND PRESENTATION
BY ATTORNEY PHILLIP A. NOBLETT

Mr. Noblett stated that this Board has not had a training session thus far on these items, and there has been a lot of terms like PILOTs, TIFs, and bonds that are all within the authority of this Board. Those are some of the things we ought to talk about at least on the bond part.

Bond Issuance Fee Policy

There was a resolution that was passed by this Board back in 2017 that actually set up a Bond Issuance Fee Policy. It is specifically authorizing at least this body to review projects for conduit financing that are allowed under state law. This conduit financing has an application fee in process. We need to look at that again with Mr. Freeman and see if whether the fees are still in effect or whether we need to do something different.

There was a tier application fee process set up back then for any bond applications that were under \$5 million somebody had to pay \$2,000 to submit an application. If it was between \$5 million and \$10 million it would be a \$3,000 application fee, and anything over \$10 million it would be a \$4,000 application fee. That was initially set up at that point in time in 2017 by the Board to try to do that.

The result of the fee would come into being for refunding projects, assignments of transfers to change a bond to a bank in connection with an appraisal, they would have to pay \$500 for the first \$1 million or \$250 for each \$5 million above that. There was at least a provision that would allow for some funding here that would go to the City and at that time, Economic and Community Development Department would handle these applications that would come in, and it would also require the applicant to be responsible for all consulting and legal fees with the bond issuance.

The neat thing on that process is that normally when a bond comes in, a bond request has a number of documents that are involved regarding title to the property, regarding bank financing and how that will occur over a specific time period that is allowed under Tennessee law. This was giving us some fee for that application process. We do not have a whole lot of money in the bank at times, but we are supposed to have more money based upon those application fees. Mr. Freeman was asked to check and make sure they are getting those each time they are coming in.

THREE TOPICS

- (1) What authority does the IDB have to issue bonds under its Charter in state law?
- (2) What state law procedures do you have to follow for bonds on any project?
- (3) What type of bond rating does the IDB have that might cause a developer to come to the IDB for bonds?

This body is a separate corporation from the City of Chattanooga. It is a non-profit corporation under Tennessee law that was established back in 1967. The lot of large industrial projects have been coming to this Board in that time-frame including not the least of which was the Volkswagen and Enterprise South project for development. The IDB Charter has always authorized this Board to issue bonds for the purpose of carrying out the powers that it has under state law and as security for payment of the principal and interest on any bonds at issue. Bonds are important because that is a lower interest financing arrangement a lot of times than it would be otherwise. There may be the issuance of bonds, mortgage and pledge, and pledge the revenues and receipts.

As a separate non-profit corporation, no part of any earnings will remain at the payment of the expenses of each year. The money all goes to the City if there is anything else involved in this matter at the end of the year. The Charter requires this Board to determine that there is some provision made for the full payment of any expenses or bonds or other obligations of the corporation, and any net earnings of that shall be paid over the corporation which the entity was organized. There is a separate industrial development board for the County.

If you are doing any financing for this body, you are required to have payment of all of the taxes. There could be a Payment in Lieu of Taxes that could be arranged, but that is under a separate statute under state law. If you are doing any financing, you would require the payment of taxes in the same amounts as would be paid if the business was privately financed and any taxes that are owed to the City and County would be paid to them as if they were privately financed. Municipalities can contribute funds to an eligible IDB for the purpose of economic development or industrial development under state law. The City can actually fund this entity if they want them to go through with a project much like it could be done for the development of the sewer system.

Under state law, there is a statute 7-53-101 that gives the IDB power to issue bonds, notes, interim certificates, or other obligations of this corporation. It would not be of the City but would be of this corporation. You can enter into a lease and loan agreements as security to provide for the payment in full for any bonds that are issued in connection with a project and any interest that might be on those bonds in connection with the project. There is a specific definition of what constitutes a project under the IDB statute. It is pretty broad because it includes office, industrial, commercial enterprises, certain multi-family housing facilities to be occupied by persons of low or moderate income, elderly or handicapped persons. There is a broad definition. As an advisor

to the body, Mr. Noblett is always trying to make sure is this something that is included in the statutory definition of a project for this Board.

A definition of project is broad and includes any land, building or other improvement on the land. If it has commercial enterprise, agriculture, mining or industry, manufacturing processing, office buildings, any building structures and facilities suitable for use by City, County or metropolitan government.

There is a definition under state law if we get to the point of having to issue bonds under 7-53-101 which talks about pollution control facilities. The purpose of which is to control abatement or prevention of water, air, noise or general environmental pollution, including, but not limited to any wastewater collecting system, wastewater treatment work if you fit the definition within that statute of a pollution control facility of having to issue bonds at some point, but that is not on the table right now. It also is to be including something that is a public utility whether publicly or privately owned and is a public authority under the state law.

This Board has nine members based upon the last Charter amendment. Initially, the statute said that it had to be at least seven members. We did a Charter amendment in 2021 with the Secretary of State and because of that you have a nine-member board. The corporate powers that are included are under 7-53-302 and our Charter that we have since 1967 has all of those same powers that are included in that statute. Section 7-53-303 and 7-53-304 are the ones that talk about how bonds can be issued by this Board, how there are restrictions on payment or delivery and redemption, how there is security for that payment, and what happens if there is a default that occurs on the payment of bonds. There is now a requirement that the folks in finance are very familiar with and our office because as of 2020 we are having to do a listing of debt that has to be reported to the Comptroller annually based upon a 2018 amendment to state law.

We have not had bonds for a number of years. Those bonds are payable solely out of revenues and receipts from board projects. If they are to be done, they can only be done in increments which will allow the bondholders to be repaid in full over a 40-year term. There is nothing that will go longer than a 40-year term from the date of execution of the bonds, and they can be issued with the option of the Board to redeem all or any part of the bonds each year. Bonds are to be sold normally by large banks at a private or public sale and it is at a price that is deemed advantageous to the Board whenever those bonds are sold. The Board has a decision-making in that process about whether that rate is appropriate or not whenever you sell bonds. You can only refund or retire bonds after you have given notice.

Normally, you get payments on bonds that are secured by a pledge of revenue and receipts. The bond may require to have a Deed of Trust or mortgage on the property that would go in the name of the IDB. If you are dealing with a bond issuance, you have to pass a resolution under which the bonds are to be issued and talk about how the security and finances will be made to provide payments to the bondholders. There has to be some sort of provision for how the payments will be made in the event of default that should be included in the Security Agreement. Normally, you have provisions in that Security Agreement that says if for some reason there is not payments made what happens, do you sell them to some entity to step in and provide payment for that. It is

not the City of Chattanooga. You have to make sure that the protection is included in the Security Agreement.

As of 2018, there is a list that we have to give to the Comptroller's office that talks about any conduit obligations like bonds. We have to file a listing of any outstanding bonds or TIFs annually now with the Comptroller's office. We are also required to notify the Comptroller of any default notices that we get on any bond issuances within 15 days of the event. It is a short time period. If you ever issue bonds and somebody is in default, they send that notice to you. We have to notify the State Comptroller so they can decide if they want to take some sort of action in connection with that. To Mr. Noblett's knowledge, we have not had any defaults nor notices of defaults since this new law became effective.

Under 7-53-309, the bonds will be secured by a pledge of full faith and credit. They are legal investments of banks. If somebody wants to buy something like that, it is a method of security that people can actually sell. They can be sold by banks, savings banks, trust companies, savings and loans, insurance companies. There is a number of different groups that have those. Bonds are eligible to secure the deposit of any public funds of the state. We have bonds issued by the City of Chattanooga annually this year. There was certain refunding in 2021 on some of the downtown development in Chattanooga for The Chattanooga Hotel sale. Those are issuances where those bonds came into being and were used as paper for the banking institutions to make sure they were properly paid back to folks that invested in them. There may be coupons. Normally, banks used to have clip off coupons saying you are entitled to get this payment at this time. Those are going to the wayside in an electronic society here. That is talking about when the payment is due to the bondholders come due.

As of this last year, we have had a refinancing for BlueCross/BlueShield this past year for \$200 million. We also had some refunding bonds involved in part through the issues of the City and the IDB in connection with the sale of The Chattanooga Hotel. We also had a YMCA bond for 2020 for \$2.3 million. Those are the only outstanding bond issuances we are aware of at this point in time.

Chattanooga has a pretty good bond rating right now. It is AAA which is the highest possible rating for Fitch and Standard & Poor's. We have not had that since the Great Recession and its now been bumped up to that number which might be reason for folks to come see this body as well to see if they can get bond issuances. The rates of November 16th of \$40 million at an interest rate of 0.744570 is a really good rate. That had competitive group of nine different bids which resulted in the refunding based upon our bond rating.

Mr. Noblett had a quote from Charles Wood which he thought was interesting saying that the bond group rating improves the City's competitiveness in economic development and your ability to borrow at rates this low allows for substantially better finance positioning and increases opportunities for more successful investments in the infrastructure that will make the community more appealing for private investments and drive increased municipal revenues long into the future. Mr. Wood is a profit in that regard. We will soon see if there are more requests to be made.

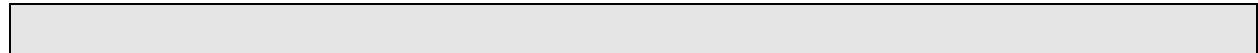
Ethics

The Board needs to make sure you are aware, since we have new members involved, to complete a Conflict of Interest Statement, that you received a copy of the ethics provisions of the Code. If there are any new members, we will need to do a new ethics training session. The Board needs to make sure you do not vote on giving a bond to someone that you are directly interested in the corporation. That is not a good thing. Someone might argue that you are being in conflict of interest. You have to disclose things before you vote on that under state law. The Ethics Commission has a sample conflict of interest statement that has to be signed and sent back to the state each year. We need to make sure we have all of that done.

Questions from the Board

Mr. Hayes asked if we have a financial advisor when it comes to bond issuances, do we have any professional consultants? Mr. Noblett stated usually you have a group of folks that are trying to offer it for a bank to try to do the financing for the deal. Most of the time we have worked well with Miller & Martin; Chambliss, Bahner; and Baker, Donelson law firms. They prepare those documentations for us. The lawyer for the City and for this Board will use that documentation and make sure that the Board is not getting a rundown on the barn on things that would not pass under state law.

Ms. Jones asked if the Board needs education or information on the current loans? Mr. Noblett stated we can provide that information to the Board that are outstanding. We can get the Board a copy of the resolutions involved in those and get some understanding about the length of the term.



OTHER BUSINESS

We are to discuss the Notice of Non-Payment for Volkswagen work performed. Mr. Noblett wanted to make sure we brought this to the Board's attention. Mr. Noblett has already brought it to the attention of the Volkswagen counsel that this is apparently a dispute by one of the contractors for labor and materials for the new body shop that has been doing work on the property that is owned by the IDB because it is subject to the development of the Volkswagen project. They are sending us a Notice of Non-Payment that is apparently for \$455,710.75 euros. Volkswagen is looking into a response. This is for informational purposes. There has not been any lawsuit or anything other than the notice. It is always good for the Board to be aware whenever Mr. Noblett first receives it. Hopefully, we will have a response on that and will let you know for the next meeting what Volkswagen says. We will make sure that is on the next agenda.

There being no further business, the meeting adjourned at 11:50 a.m.

PATRICK SHARPLEY, *Secretary*

APPROVED:

JIMMY F. RODGERS, JR., *Chair*

RESOLUTION

A RESOLUTION AUTHORIZING THE CHAIR OR VICE-CHAIR OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO EXECUTE A SECOND AMENDMENT TO LEASE AGREEMENT AND MEMORANDUM OF LEASE AND A CONFIRMATION OF LIEN RELATED TO A FEE AND LEASEHOLD DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING DATED AS OF DECEMBER 7, 2012 (THE "DEED OF TRUST") EXECUTED BY COLE ID CHATTANOOGA TN, LLC, A DELAWARE LIMITED LIABILITY COMPANY, AND THE IDB TO WILLIAM L. ROSENBERG, TRUSTEE FOR THE BENEFIT OF MORGAN STANLEY MORTGAGE CAPITAL HOLDINGS LLC, A NEW YORK LIMITED LIABILITY COMPANY ("ORIGINAL LENDER"), WHICH DEED OF TRUST WAS RECORDED ON JANUARY 2, 2013, AS INSTRUMENT NUMBER 2013010200126 IN BOOK 9836, PAGE 892 IN THE REGISTER'S OFFICE OF HAMILTON COUNTY, TENNESSEE (THE "REGISTER'S OFFICE") AND ENCUMBERS THE PREMISES DESCRIBED ON EXHIBIT A ATTACHED HERETO (THE "PREMISES").

BE IT RESOLVED, that the Chair or Vice-Chair of the Industrial Development Board of the City of Chattanooga is hereby authorized to execute a Second Amendment to Lease Agreement and Memorandum of Lease and a Confirmation of Lien related to a Fee and Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of December 7, 2012 (the "Deed of Trust") executed by Cole ID Chattanooga TN, LLC, a Delaware limited liability company, and the IDB to William L. Rosenberg, Trustee for the benefit of Morgan Stanley Mortgage Capital Holdings LLC, a New York limited liability company ("Original Lender"), which Deed of Trust was recorded on January 2, 2013, as Instrument Number 2013010200126 in Book 9836, Page 892 in the Register's Office of Hamilton County, Tennessee (the "Register's Office") and encumbers the premises described on Exhibit A attached hereto (the "Premises").

Original Lender assigned all of its right, title and interest in and to the Deed of Trust to U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE FOR MORGAN STANLEY BANK OF AMERICA MERRILL LYNCH TRUST 2013-C7, COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2013-C7 (“Lender”) pursuant to an Assignment of Fee and Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of January 30, 2013 and recorded on February 1, 2013, as Instrument Number 2013020100192 in Book 9862, Page 127 in the Register's Office.

Pursuant to a Warranty Deed dated as of July 2, 2014, and recorded on August 4, 2014, as Instrument Number 2014080400207 in Book 10272, Page 44 in the Register’s Office, the IDB conveyed to the City of Chattanooga, Tennessee in fee simple a portion of the Premises, which portion contains approximately 0.207 acres of land (the “Conveyed Portion”).

Lender has agreed to release the Conveyed Portion from the lien of the Deed of Trust. In consideration of such release and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the IDB hereby confirms that the IDB’s fee simple interest in the Premises (less the Conveyed Portion) remains encumbered by the Deed of Trust and shall remain encumbered by the Deed of Trust until the Deed of Trust is released of record by Lender following the repayment of the loan secured by the Deed of Trust.

ADOPTED: March 7, 2022

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

JIMMY F. RODGERS, JR., Chair

PATRICK SHARPLEY, Secretary

**This instrument prepared by
and when recorded return to:**

Mitch Padover, Esq.
Kutak Rock LLP
8601 N. Scottsdale Rd., Ste. 300
Scottsdale, AZ 85253

SECOND AMENDMENT TO LEASE AGREEMENT AND MEMORANDUM OF LEASE

THIS SECOND AMENDMENT TO LEASE AGREEMENT AND MEMORANDUM OF LEASE (this "Amendment") is executed effective as of March ____, 2022 (the "Effective Date"), by and between **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA**, a public corporation duly created and existing under the laws of the State of Tennessee ("Lessor"), whose address is c/o Phillip A. Noblett, 100 East 11th Street, Suite 200, Chattanooga, Tennessee 37402, and **COLE ID CHATTANOOGA TN, LLC**, a Delaware limited liability company ("Lessee"), whose address is c/o Realty Income Corporation, 2325 E. Camelback Road, 9th Floor, Phoenix, Arizona 85016.

Recitals

A. Lessor and US Real Estate Limited Partnership, a Texas limited partnership ("Original Lessee") entered into a Lease Agreement dated as of December 15, 2010 (the "Original Lease") with respect to certain premises more particularly described on Exhibit A attached hereto (the "Leased Premises"). A Memorandum of Lease (the "Original Memorandum") dated as of December 15, 2010 was recorded on December 20, 2010 as Instrument Number 2010122000376 in Book 9314, Page 892 in the Register's Office of Hamilton County, Tennessee (the "Register's Office").

B. The Original Lease was amended by a First Amendment to Lease Agreement dated as of August 5, 2011 (the "First Lease Amendment"; the Original Lease as amended by the First Lease Amendment being hereinafter referred to as the "Lease") between Lessor and Original Lessee. The Original Memorandum was amended by an Amendment of Memorandum of Lease dated August 5, 2011 (the "First Memorandum Amendment"; the Original Memorandum as amended by the First Memorandum Amendment being hereinafter referred to

as the "Memorandum") between Lessor and Original Lessee, which was recorded on August 5, 2011 as Instrument Number 2011080500230 in Book 9451, Page 639 in the Register's Office.

C. Original Lessee assigned all of its right, title and interest in and to the Lease to Lessee pursuant to an Assignment of Master Lease dated as of April 30, 2012 and recorded on May 2, 2012 as Instrument Number 2012050200187 in Book 9634, Page 934 in the Register's Office.

D. Pursuant to a Warranty Deed dated as of July 2, 2014 and recorded on August 4, 2014 as Instrument Number 2014080400207 in Book 10272, Page 44 in the Register's Office, Lessor conveyed to the City of Chattanooga, Tennessee in fee simple a portion of the Leased Premises containing approximately 0.207 acres, which portion is more particularly described on Exhibit B attached hereto (the "Conveyed Portion"). In connection therewith, Lessor and Lessee desire to amend the Lease and the Memorandum to remove the Conveyed Portion therefrom.

NOW, THEREFORE, Lessor and Lessee hereby agree to modify the Lease and the Memorandum as follows:

1. The Conveyed Portion is hereby released from the terms, provisions and conditions of the Lease and Memorandum and is no longer a part of the Land and the Real Property (as such terms are defined in the Lease and Memorandum).

Except as specifically amended by this Amendment, the Lease and the Memorandum shall remain in full force and effect and are hereby ratified and confirmed. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original.

[Remainder of page intentionally left blank; signature pages to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the Effective Date.

LESSOR:

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, a public corporation duly created and existing under the laws of the State of Tennessee

By: _____
Name: Jimmy F. Rodgers, Jr.
Chairman

ATTEST:

By: _____
Name: Patrick Sharpley
Secretary

STATE OF TENNESSEE)
) SS.
COUNTY OF HAMILTON)

Personally appeared before me, Maria Manalla, Notary Public, Jimmy F. Rodgers, Jr. and Patrick Sharpley, with whom I am personally acquainted, and who acknowledged that they executed the within instrument for the purposes therein contained, and who further acknowledged that they are the Chairman and Secretary Pro Term of the Maker, THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, and are authorized by the Maker to execute this instrument on behalf of the Maker.

WITNESS, my hand, at office, this _____ day of March, 2022.

Notary Public

My Commission Expires

LESSEE:

COLE ID CHATTANOOGA TN, LLC, a Delaware limited liability company

By: Cole REIT Advisors III, LLC, a Delaware limited liability company, its manager

By: _____
Printed Name: _____
Its: _____

STATE OF ARIZONA)
) SS.
COUNTY OF MARICOPA)

Personally appeared before me, _____, Notary Public, _____, with whom I am personally acquainted, and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the _____ of Cole REIT Advisors III, LLC, the Manager of Cole ID Chattanooga TN, LLC, a Delaware limited liability company, and is authorized by said limited liability company to execute this instrument on behalf of such limited liability company.

WITNESS, my hand, at office, this _____ day of March, 2022.

Notary Public

My Commission Expires

EXHIBIT A

LEASED PREMISES

TRACT 24 ENTERPRISE SOUTH INDUSTRIAL PARK PLAT BOOK 94, PAGE 60, R.O.H.C.

TRACT 24, A SUBDIVISION OF TRACT THREE, MEGA SITE ONE, ENTERPRISE SOUTH INDUSTRIAL PARK, AS SHOWN ON PLAT OF RECORD IN PLAT BOOK 90, PAGE 126, AND DESCRIBED IN DEED BOOK 8842, PAGE 829 (SEE PAGE 845) R.O.H.C. LOCATED IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, TENNESSEE. TRACT 24 IS SHOWN ON PLAT OF RECORD IN PLAT BOOK 94, PAGE 60 IN THE REGISTER'S OFFICE OF HAMILTON COUNTY, SAID TRACT 24 BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

All that certain piece, parcel, or tract of land situate, lying, and being located in Hamilton County, State of Tennessee, containing 84.690 Acres, as shown on plat entitled "ALTA/ACSM Land Title Survey for Cole Real Estate Investments, 7200 Discovery Drive, Chattanooga, TN (Amazon Fulfillment Center)", dated April 19, 2012, prepared by R. Scott Barrett, PLS, TN Registration No. 2473 of Barrett Surveying Group, LLC and according to said plat being more particularly described as follows:

Beginning at a concrete monument found, located at the intersection of the eastern right-of-way of Bonny Oaks Drive and the northern right-of-way of Norfolk Southern Railroad, thence running along the eastern right-of-way of Bonny Oaks Drive, N 24°05'37" W 230.62 feet to a broke concrete monument found, thence N 36°30'40" W 106.32 feet to a concrete monument found, thence leaving the eastern right-of-way of Bonny Oaks Drive and running along the common line of Tract 11 as shown in Plat Book 78 Page 189, N 53°12'44" E 72.03 feet to a 1/2" rebar (bent) found, thence N 02°53'08" E 238.89 feet to a 1/2" rebar capped found, thence running along the common line of Tract 25 as sown in Plat Book 90 Page 126, S 87°10'59" E 299.58 feet to a 1/2" rebar capped found, thence N 02°52'09" E 278.13 feet to a 1/2" rebar capped found, thence N 12°05'02" W 156.44 feet to a mag nail found, located on the southern right-of-way of Volkswagen Drive, thence running along the southern right-of-way of Volkswagen Drive along a curve to the right, having an arc length of 37.99 feet, a radius of 1384.39 feet, a chord bearing and distance of N 68°14'32" E 37.99 feet to a 1/2" rebar capped found, thence N 68°57'03" E 426.12 feet to a 3/4" open top pipe set, thence running along a curve to the right, having an arc length of 111.65 feet, a radius of 134.94 feet, a chord bearing and distance of S 87°20'51" E 108.49 feet to a 1/2" rebar capped found, thence running along a curve to the right, having an arc length of 119.50 feet, a radius of 192.50 feet, a chord bearing and distance of S 45°48'42" E 117.59 feet to a 1/2" rebar capped found, thence N 61°47'25" E 60.07 feet to a 1/2" rebar capped found, thence running along a curve to the right, having an arc length of 137.72 feet, a radius of 100.50 feet, a chord bearing and distance of N 11°12'03" E 127.20 feet to a 1/2" rebar capped found, thence running along a curve to the right, having an arc length of 157.09 feet, a radius of 282.50 feet, a chord bearing and distance of N 66°27'57" E 155.07 feet to a 1/2" rebar capped found, thence N 09°45'34" W 1.55 feet to a 1/2" rebar capped found, thence running along a curve to the right, having an arc length of 371.89 feet, a radius of 993.74 feet, a chord bearing and distance of S 86°56'30" E 369.72 feet to a 1/2" rebar found, thence S 76°15'39" E 192.88 feet to a 1/2" rebar capped found, thence running along a curve to the left, having an arc length of 349.95 feet, a radius of 2448.00 feet, a chord bearing and distance of S 80°18'13" E 349.65 feet to a 1/2" rebar capped found, thence leaving the southern right-of-way of Volkswagen Drive and running along the common line of Tract 23 as shown in Plat Book 90 Page 126, S 46°04'53" E 367.03 feet to a 1/2" rebar found, thence S 83°00'35" E 282.41 feet to a 1/2" rebar capped found, thence N 78°50'42" E 381.53 feet to a mag nail found, thence running along the common line of Tract 22 as shown in Plat Book 90 Page 126, S 15°21'32" E 1137.00 feet to a 1/2" rebar set, thence running along the common line of Tract 26 as shown in Plat Book 94 Page 184, S 80°31'24" W 494.96 feet to a 1/2" rebar set, thence S 05°47'39" W 59.99 feet to a 1/2" rebar set, thence running along the northern right-of-way of Norfolk Southern Railroad, N 84°26'52" W 36.01 feet to a 3/4" open top pipe set, thence N 83°51'12" W 2644.40 feet to a concrete monument found, the point of beginning.

Being a portion of property conveyed to the Industrial Development Board of the City of Chattanooga, Tennessee, by Limited Warranty Deed of Record in Book 8842, Page 849, in the Register's Office for Hamilton County, Tennessee.

EXHIBIT B
CONVEYED PORTION

B-1

Parcel No. 1: Beginning at a point of intersection between the south present right-of-way line of Volkswagen Drive and the south proposed right of way line of Volkswagen Drive on Highway Project No. 33960-1509-04, being 48.00 feet Right of Volkswagen Drive centerline station 158+95.15; thence along said present right of way line as follows: north 68 degrees 57 minutes 34 seconds east 357.05 feet to a point, 48.00 feet Right of Volkswagen Drive centerline station 162+52.20, thence curving to the right in a northeasterly direction an arc length of 111.66 feet along a tangential curve concave south having a radius of 134.96 feet and a chord bearing of south 87 degrees 20 minutes 17 seconds east 108.50 feet to a point, 6.22 feet Left of Amazon Driveway centerline station 463+62.84; thence curving to the right in a southeasterly direction an arc length of 119.42 feet along a tangential curve concave southwest having a radius of 192.50 feet and a chord bearing of south 45 degrees 51 minutes 46 seconds east 117.51 feet to a point of intersection with the proposed right-of-way line, 3.43 feet Right of Amazon Driveway centerline station 464+80.26; thence along said proposed right of way line as follows: south 61 degrees 53 minutes 27 seconds west 14.45 feet to a point, 17.54 feet Right of Amazon Driveway centerline station 464+77.34, north 38 degrees 45 minutes 12 seconds west 19.12 feet to a point, 17.50 feet Right of Amazon Driveway centerline station 464+58.60, thence curving to the left in a northwesterly direction an arc length of 49.53 feet along a tangential curve concave southwest having a radius of 172.50 feet and a chord bearing of north 46 degrees 58 minutes 42 seconds west 49.36 feet to a point, 17.50 feet Right of Amazon Driveway centerline station 464+04.05; thence curving to the left in a northwesterly direction an arc length of 132.03 feet along a tangential curve concave southwest having a radius of 187.50 feet and a chord bearing of north 75 degrees 22 minutes 32 seconds west 129.32 feet to a point, 17.50 feet Right of Amazon Driveway centerline station 462+59.70; thence curving to the left in a northwesterly direction an arc length of 74.80 feet along a tangential curve concave south having a radius of 212.50 feet and a chord bearing of south 74 degrees 22 minutes 05 seconds west 74.41 feet to a point, 55.04 feet Right of Volkswagen Drive centerline station 161+79.99; thence curving to the right in a southwesterly direction an arc length of 162.19 feet along a tangential curve concave northwest having a radius of 1987.50 feet and a chord bearing of south 66 degrees 37 minutes 18 seconds west 162.14 feet to a point, 61.65 feet Right of Volkswagen Drive centerline station 160+17.98; south 68 degrees 57 minutes 34 seconds west 66.39 feet to a point, 61.65 feet Right of Volkswagen Drive centerline station 159+51.60, thence along said proposed right of way line south 82 degrees 33 minutes 29 seconds west 58.07 feet to the point of beginning.

Parcel No. 2: Beginning at a point of intersection between the east present right-of-way line of Amazon Driveway and the east proposed right of way line of Volkswagen Drive on Highway Project No. 33960-1509-04, being 2.12 feet Left of Amazon Driveway centerline station 568+20.29; thence curving to the right in a northwesterly direction an arc length of 118.42 feet along a non-tangential curve concave southeast having a radius of 100.50 feet and a chord bearing of south 05 degrees 40 minutes 04 seconds west 111.69 feet to a point of intersection with the proposed right-of-way line of Amazon Driveway, 17.11 feet Right of Amazon Driveway centerline station 569+49.98; thence along said proposed right of way line as follows: thence curving to the left in a southwesterly direction an arc length of 111.56 feet along a non-tangential curve concave northeast having a radius of 77.50 feet and a chord bearing of north 03 degrees 25 minutes 24 seconds west 102.18 feet to a point, 16.72 feet Right of Amazon Driveway centerline station 568+15.13; thence along said proposed right of way line south 61 degrees 53 minutes 27 seconds west 19.42 feet to the point of beginning.

Parcels No. 1 & 2 containing 0.207 acres, more or less.

CONFIRMATION OF LIEN

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, a public corporation duly created and existing under the laws of the State of Tennessee ("IDB") is a party to a Fee and Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of December 7, 2012 (the "Deed of Trust") executed by Cole ID Chattanooga TN, LLC, a Delaware limited liability company, and the IDB to William L. Rosenberg, Trustee for the benefit of Morgan Stanley Mortgage Capital Holdings LLC, a New York limited liability company ("Original Lender"), which Deed of Trust was recorded on January 2, 2013 as Instrument Number 2013010200126 in Book 9836, Page 892 in the Register's Office of Hamilton County, Tennessee (the "Register's Office") and encumbers the premises described on Exhibit A attached hereto (the "Premises"). Original Lender assigned all of its right, title and interest in and to the Deed of Trust to U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE FOR MORGAN STANLEY BANK OF AMERICA MERRILL LYNCH TRUST 2013-C7, COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2013-C7 ("Lender") pursuant to an Assignment of Fee and Leasehold Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of January 30, 2013 and recorded on February 1, 2013 as Instrument Number 2013020100192 in Book 9862, Page 127 in the Register's Office.

Pursuant to a Warranty Deed dated as of July 2, 2014 and recorded on August 4, 2014 as Instrument Number 2014080400207 in Book 10272, Page 44 in the Register's Office, the IDB conveyed to the City of Chattanooga, Tennessee in fee simple a portion of the Premises, which portion contains approximately 0.207 acres of land (the "Conveyed Portion").

Lender has agreed to release the Conveyed Portion from the lien of the Deed of Trust. In consideration of such release and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the IDB hereby confirms that the IDB's fee simple interest in the Premises (less the Conveyed Portion) remains encumbered by the Deed of Trust and shall remain encumbered by the Deed of Trust until the Deed of Trust is released of record by Lender following the repayment of the loan secured by the Deed of Trust.

IN WITNESS WHEREOF, the IDB has caused this Confirmation of Lien to be duly executed as of March ____, 2022.

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, a public corporation duly created and existing under the laws of the State of Tennessee

By: _____
Name: Jimmy F. Rodgers, Jr.
Chairman

ATTEST:

By: _____
Name: Patrick Sharpley
Secretary

EXHIBIT A
PREMISES

TRACT 24 ENTERPRISE SOUTH INDUSTRIAL PARK PLAT BOOK 94, PAGE 60, R.O.H.C.

TRACT 24, A SUBDIVISION OF TRACT THREE, MEGA SITE ONE, ENTERPRISE SOUTH INDUSTRIAL PARK, AS SHOWN ON PLAT OF RECORD IN PLAT BOOK 90, PAGE 126, AND DESCRIBED IN DEED BOOK 8842, PAGE 829 (SEE PAGE 845) R.O.H.C. LOCATED IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, TENNESSEE. TRACT 24 IS SHOWN ON PLAT OF RECORD IN PLAT BOOK 94, PAGE 60 IN THE REGISTER'S OFFICE OF HAMILTON COUNTY, SAID TRACT 24 BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

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A-1

TOGETHER WITH APPURTENANT EASEMENTS AS ESTABLISHED IN THAT CERTAIN CROSS ACCESS EASEMENT AGREEMENT EXECUTED BY THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, VOLKSWAGEN GROUP OF AMERICA CHATTANOOGA OPERATIONS, LLC, AND US REAL ESTATE LIMITED PARTNERSHIP DATED DECEMBER 15, 2010, AND RECORDED IN BOOK 9314, PAGE 901, IN THE REGISTER'S OFFICE OF HAMILTON COUNTY, TENNESSEE.

BEING A PORTION OF PROPERTY CONVEYED TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE, BY LIMITED WARRANTY DEED OF RECORD IN BOOK 8842, PAGE 849, REGISTER'S OFFICE FOR HAMILTON COUNTY, TENNESSEE. ALSO BEING PROPERTY LEASED TO US REAL ESTATE LIMITED PARTNERSHIP, AS EVIDENCED BY MEMORANDUM OF LEASE OF RECORD IN BOOK 9314, PAGE 892, AS AMENDED IN BOOK 9451, PAGE 639, REGISTER'S OFFICE FOR HAMILTON COUNTY, TENNESSEE.