

RESOLUTION NO. 30562

A RESOLUTION AUTHORIZING THE MAYOR OR HIS DESIGNEE TO ENTER INTO AN ASSIGNMENT AND ASSUMPTION OF LESSEE'S INTEREST IN LEASE; CONSENT BY LANDLORD AND ACKNOWLEDGEMENT BY SUBTENANT, IN SUBSTANTIALLY THE FORM ATTACHED, WITH SOUTHEAST TENNESSEE HUMAN RESOURCES AGENCY (SETHRA), CHATTANOOGA AREA REGIONAL TRANSPORTATION AUTHORITY (CARTA), AND SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT (SETDD) FOR ASSIGNMENT OF THE LEASE FROM SETHRA TO CARTA, FOR THE PROPERTY LOCATED AT 710 E. 12TH STREET, IDENTIFIED AS TAX PARCEL NUMBER 145E-U-001.01.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that it is hereby authorizing the Mayor or his designee to enter into an Assignment and Assumption of Lessee's Interest in Lease; Consent by Landlord and Acknowledgement by Subtenant, in substantially the form attached, with Southeast Tennessee Human Resources Agency (SETHRA), Chattanooga Area Regional Transportation Authority (CARTA), and Southeast Tennessee Development District (SETDD) for assignment of the lease from SETHRA to CARTA, for the property located at 710 E. 12th Street, identified as Tax Parcel Number 145E-U-001.01.

ADOPTED: November 24, 2020

/mem

**ASSIGNMENT AND ASSUMPTION OF LESSEE'S INTEREST IN LEASE; CONSENT
BY LANDLORD AND ACKNOWLEDGMENT BY SUBTENANT**

THIS ASSIGNMENT AND ASSUMPTION OF LESSEE'S INTEREST IN LEASE; CONSENT BY LANDLORD AND ACKNOWLEDGMENT BY SUBTENANT (the "Agreement"), is made and entered into so as to be effective as of _____, 2020 (the "Assignment Date"), by and among **SOUTHEAST TENNESSEE HUMAN RESOURCES AGENCY** (herein "Assignor"), **CHATTANOOGA AREA REGIONAL TRANSPORTATION AUTHORITY** (herein "Assignee"), and **CITY OF CHATTANOOGA** ("Landlord"), and is acknowledged by **SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT**, as subtenant ("Subtenant").

WITNESSETH:

WHEREAS, Assignor, as lessee, entered into a lease agreement with Landlord executed August 4, 2008, as modified by a by First Amendment to Lease dated May 15, 2013, pertaining to Premises described in "Lot 2, East 12th Street Subdivision," as shown by plat recorded in Plat Book 97, Page 44, in the Register's Office of Hamilton County, Tennessee, and more specifically set forth in **Exhibit A** hereto (in accordance with the modification to the Premises established under the First Amendment) (collectively hereinafter referred to as the "Lease" as attached in **Exhibit B**); and

WHEREAS, Assignor subleased portions of the Premises to Assignee pursuant to the terms of a Sublease dated August 14, 2009, as replaced by an Amended and Restated Sublease dated March 1, 2012 (the "CARTA Sublease"); and

WHEREAS, Assignor also entered into a separate sublease with the Southeast Tennessee Development District for other portions of the Premises under a sublease dated June 26, 2012 (the "SETDD Sublease") a copy of which is attached as **Exhibit C**; and

WHEREAS, Assignor desires to assign, convey and transfer all of Assignor's right, title and interest in and to the Lease to the Assignee, and the Assignee desires to accept such assignment and to assume all of Assignor's obligations as Lessee in and to the Lease, subject to and upon the terms and conditions hereinafter set forth; and

WHEREAS, Landlord is willing to consent to such Assignment and to release Assignor of Lessee's obligations under the Lease from any liability accruing under the Lease from and after the Assignment Date, and further, to accept Assignee as the Lessee under the Lease from and after the Assignment Date; and

WHEREAS, Assignee is also willing to accept the Assignment subject to the terms of the SETDD Sublease, and to assume the rights and obligations of Assignor as sublandlord to SETDD; and

WHEREAS, upon the effective date of such Assignment, the CARTA Sublease will merge out of existence and no longer be of any force or effect;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein set forth and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, it is agreed:

1. **Assignment**. Assignor hereby assigns, conveys, and transfers to Assignee any and all of Assignor's right, title, and interest in and to the Lease (the "Assignment"). Assignor represents and warrants to Assignee that Assignor's right, title and interest in and to the Lease is free of any and all liens, charges, or encumbrances of any kind or nature whatsoever and that Assignor has not previously assigned, transferred, or conveyed any part or all of its right, title, or interest under the Lease to any other person except as detailed herein.

2. **Acceptance**. Assignee hereby accepts the Assignment of the Lessee's interest and promises and agrees to pay all rent accruing under the Lease from and after the Assignment Date, and to perform all other Lessee's covenants, stipulations, agreements, and obligations under the Lease accruing from and after the Assignment Date.

3. **Assignor Responsibility**. Assignor is and shall remain responsible for all obligations, duties, and liabilities accruing and/or to be performed by Assignor under the Lease prior to the Assignment Date.

4. **Cross-Indemnification**. Assignee hereby indemnifies and holds harmless Assignor from and against all costs, damages, liabilities and expenses whatsoever, including, without limitation, reasonable attorneys' fees and costs, arising out of any matter relating to the Lease occurring on or subsequent to the Assignment Date. Assignor hereby indemnifies and holds harmless Assignee from and against all costs, damages, liabilities, and expenses whatsoever, including, without limitation, reasonable attorneys' fees and costs, arising out of any matter relating to the Lease accruing prior to the Assignment Date.

5. **Acknowledgement, Consent, Agreement, and Estoppel of Landlord**. In consideration of the foregoing, Landlord hereby consents to the Assignment and represents, acknowledges and agrees that (i) the Lease is still in effect, and that none of the terms of the Lease have been modified, supplemented, or superseded except for the First Amendment to reduce the size of the Premises as set forth above; (ii) the Lease (including the First Amendment) constitutes the entire agreement between Landlord and Assignor with respect to the Premises, and the Lease is the only lease or agreement between Assignor and Landlord affecting or relating to the Premises; (iii) all rent and all other amounts payable by the Assignor under the Lease have been paid in full through the Assignment Date; (iv) neither the Landlord nor the Assignor is in default under the Lease; (v) to Landlord's knowledge, there currently exists no event which, with the passage of time or the giving of notice, may become a default by either Landlord or Assignor under the Lease; (vi) Assignor shall have no liability for any Lessee acts, omissions or defaults under the Lease, occurring on or after the Assignment Date; and (vii) Assignor shall be released and discharged from all Lessee obligations and any further liability under the Lease accruing and/or to be performed by Lessee from and after the Assignment Date, and that from and after the Assignment Date, Landlord will look only to Assignee for the performance of the obligations of the lessee required under the Lease.

6. **Acknowledgement, Agreement, and Estoppel of SETDD**. SETDD hereby acknowledges the Assignment and represents, acknowledges, and agrees that (i) the SETDD

Sublease is still in effect, and that none of the terms of the SETDD Sublease have been modified, supplemented, or superseded; (ii) the SETDD Sublease constitutes the entire agreement between Assignor and SETDD with respect to the subleased portion of the Premises, and the SETDD Sublease is the only lease or agreement between Assignor and SETDD affecting or relating to the subleased portion of the Premises; (iii) neither the Assignor nor SETDD is in default under the SETDD Sublease; (iv) to SETDD's knowledge, there currently exists no event which, with the passage of time or the giving of notice, may become a default by either SETDD or Assignor under the SETDD Sublease; (v) Assignor shall have no liability for any Sublessor acts, omissions or defaults under the SETDD Sublease, occurring on or after the Assignment Date; and (vi) Assignor shall be released and discharged from all Sublessor obligations and any further liability under the SETDD Sublease accruing and/or to be performed by Sublessor from and after the Assignment Date, and that from and after the Assignment Date, SETDD will look only to Assignee for the performance of the Sublessor's obligations required under the SETDD Sublease.

7. **Entire Agreement.** This Agreement contains the entire agreement of the parties as to the assignment of the Lease, and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect. Further, this Agreement shall be binding upon and inure to the benefit of the representatives, successors and assigns of the parties.

8. **Governing Law.** This Agreement will be governed by, and construed in accordance with the laws of the State of Tennessee.

9. **Severability.** If any term or provision of this Agreement is, to any extent, held to be invalid or unenforceable, the remainder of this Agreement will not be affected, and each term or provision of this Agreement will be valid and be enforced to the fullest extent permitted by law.

10. **Capitalized Terms.** All terms spelled with initial capital letters in this Agreement that are not expressly defined in this Agreement will have the respective meanings given such terms in the Lease.

11. **Brokers.** The parties to this Agreement warrant to each other that neither party dealt with any broker in connection with the consummation of this Agreement, and each party agrees to protect, defend, indemnify and hold the other party harmless from and against any and all claims or liabilities for brokerage commissions arising out of that party's acts in connection with this Agreement to anyone identified as a broker. The provisions of this Section 12 shall survive the expiration or earlier termination of this Agreement or the Lease.

12. **Notice.** Any notice or other instrument which may be or are required to be given under this Agreement shall be delivered in person or sent by United States certified mail, postage prepaid, or by nationally recognized overnight courier to the address of Assignor or Assignee, as applicable, as shown on the signature page of this Agreement. Notices sent pursuant to this section shall be effective upon receipt or refusal by the party to whom such communication is addressed.

[SIGNATURES ON FOLLOWING PAGES]

IN WITNESS OF ITS AGREEMENT, the Assignee has caused this Agreement to be executed by signing its name below, and representing that it is duly authorized to execute this document on behalf of itself individually or, as applicable, the entity for which it is signing.

ASSIGNEE:

**CHATTANOOGA AREA REGIONAL
TRANSPORTATION AUTHORITY**

By: _____

Name: Lisa Maragnano

Title: Executive Director

Address for Notice:

CARTA
c/o Lisa Maragnano
1617 Wilcox Blvd.
Chattanooga, TN 37406

[SIGNATURE PAGES CONTINUE]

IN WITNESS OF ITS AGREEMENT, the Assignor has caused this Agreement to be executed by signing its name below, and representing that it is duly authorized to execute this document on behalf of itself individually or, as applicable, the entity for which it is signing.

ASSIGNOR:

**SOUTHEAST TENNESSEE HUMAN
RESOURCES AGENCY**

By: _____

Name: Bill Harmon

Title: Interim Executive Director

Address for Notice:

SETHRA
PO Box 909
Dunlap, TN 37327

[SIGNATURE PAGES CONTINUE]

IN WITNESS OF ITS AGREEMENT, the Landlord has caused this Agreement to be executed by signing its name below, and representing that it is duly authorized to execute this document on behalf of itself individually or, as applicable, the entity for which it is signing.

LANDLORD:

CITY OF CHATTANOOGA

By: _____

Name: Donna C. Williams

Title: *Administrator,
Economic and Community Development*

Address for Notice:

City of Chattanooga
Real Property of ECD
101 E. 11th Street, Suite G4
Chattanooga, TN 37402

With a copy to:

Office of the City Attorney
100 E. 11th Street, Suite 200
Chattanooga, TN 37402

[SIGNATURE PAGES CONTINUE]

IN WITNESS OF ITS AGREEMENT, the Subtenant has caused this Agreement to be executed by signing its name below, and representing that it is duly authorized to execute this document on behalf of itself individually or, as applicable, the entity for which it is signing.

SUBTENANT:

**SOUTHEAST TENNESSEE DEVELOPMENT
DISTRICT**

By: _____

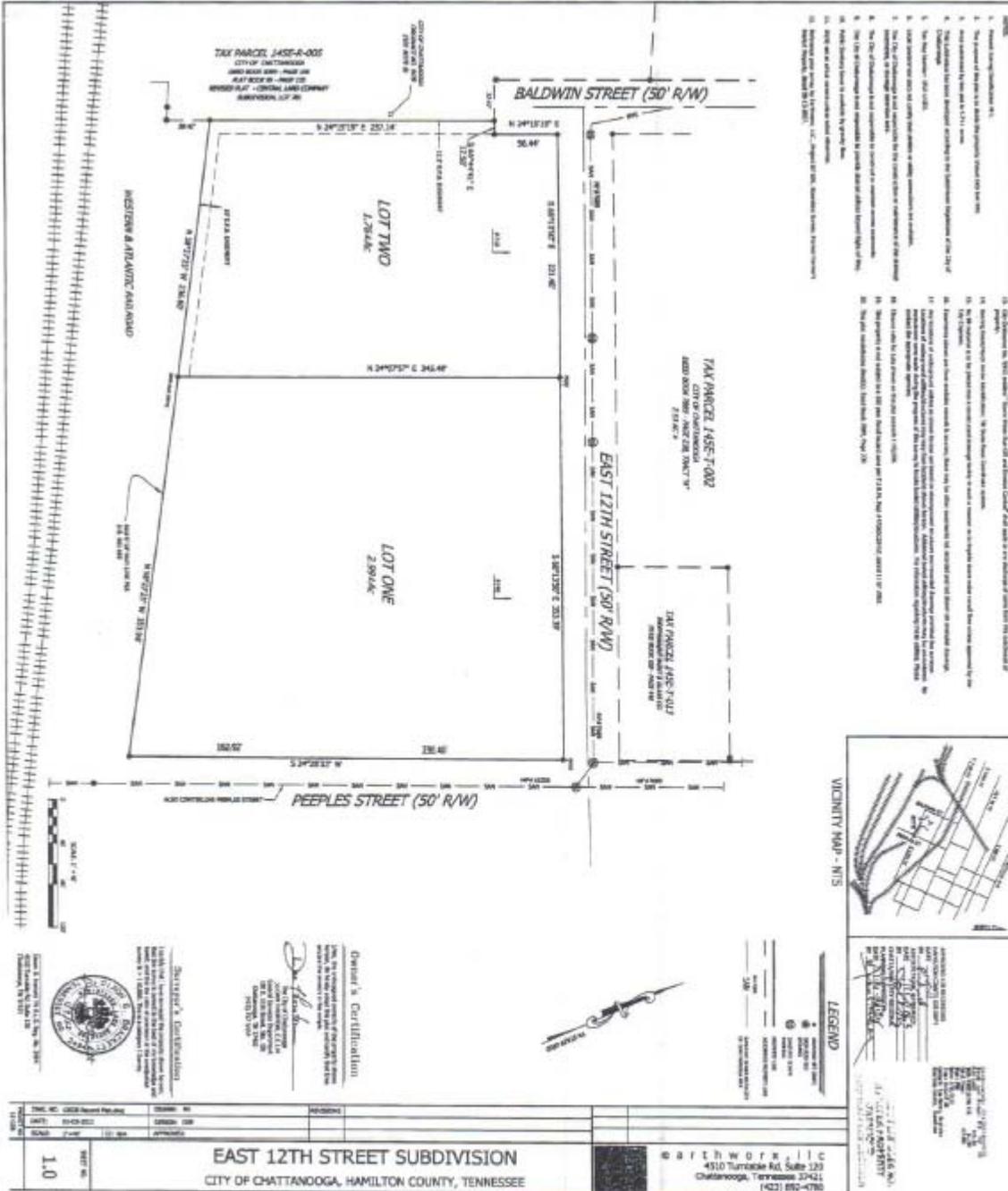
Name: Beth Jones

Title: Executive Director

Address for Notice:

Southeast Tennessee Development District
ATTN: Executive Director
1000 Riverfront Parkway
Chattanooga, TN 37402

EXHIBIT A [DESCRIPTION OF PREMISES]



P3 97 44

EXHIBIT A

EXHIBIT B
[COPY OF LEASE AND FIRST AMENDMENT]

LEASE

THIS LEASE AGREEMENT (hereinafter referred to as the "Lease") made between the City of Chattanooga, Tennessee, a municipal corporation (hereinafter referred to as "Lessor"), and the **SOUTHEAST TENNESSEE HUMAN RESOURCE AGENCY**, a Tennessee non-profit corporation, whose address is 312 Resource Road, Dunlap, Tennessee 37327, (hereinafter referred to as "Lessee").

RECITALS

WHEREAS, this Lease shall be contingent upon review by and approval by the Chattanooga - Hamilton County Regional Planning Agency, Chattanooga City Council, and by the Federal Transit Administration (as the provider of grant support to Lessee for implementation of this project);

WHEREAS, Lessee proposes to operate transportation programs and other services aimed at providing assistance to less fortunate individuals and families;

WHEREAS, Lessor agrees to lease to Lessee a portion of the land located at 740 East 12th Street, situated in the City of Chattanooga, Hamilton County, Tennessee, and identified as a part of Tax Map No. 145E-U-001 (the "Leased Premises"), as outlined on Exhibit "A" attached hereto and incorporated herein by reference as Lease Area "C";

WHEREAS, the Lessee proposes to make certain improvements to the Leased Premises as set forth on Exhibit "B," a copy of which is attached hereto and incorporated herein by reference (the "Improvements"), describing the Improvements to be made by Lessee at its sole expense, and Lessee agrees to perform the work and make the Improvements on the Leased Premises as set forth in Exhibit "B"; and

WHEREAS, Lessor has agreed to perform certain site work and environmental remediation to the Leased Premises prior to the commencement of Lessee's construction of improvements, as such site work is more specifically detailed in Exhibit "B."

NOW, THEREFORE, in consideration of the faithful performance of the terms, covenants, and conditions and the mutual obligations of the parties as set forth herein, the parties agree as follows:

1. Primary consideration of this Lease shall be the agreement by Lessee to operate transportation programs and other services aimed at providing assistance to less fortunate individuals and families.

2. As additional consideration, Lessee shall make certain Improvements to the Leased Premises as more particularly described on Exhibit "B" at its sole expense, and Lessee agrees to perform the work and make the Improvements as set forth on Exhibit "B." Because federal grant funding as provided through the Federal Transit Administration ("FTA") is critical to Lessee to undertake this project and to complete the construction required herein, approval of the FTA shall be a pre-condition to the effectiveness of this Lease. Upon approval of this agreement by both Lessor and Lessee, Lessee shall immediately submit this agreement and other required details of this project to the FTA for review. Lessee and Lessor shall have no obligation

to commence construction or to perform any of its other obligations hereunder unless and until FTA approval is received. If such approval is not received within six (6) months after the execution of this Lease by both parties, then Lessee at its option may terminate the Lease and it shall thereafter be of no further force and effect. If the FTA notifies Lessee that it disapproves this transaction, and Lessee cannot otherwise satisfy FTA requirements, then Lessee shall also have the option to terminate this Lease.

The Improvements and completed facility will serve as a regional transit, maintenance, and training center, and will house the dispatch center for Lessee's Chattanooga division, which provides social service agency transportation and coordination services in Chattanooga/Hamilton County. The facility will also be used as a coordination point for providing Lessee's public transportation services to passengers from the rural areas of the Southeast Tennessee region into the urban center. Eventually, the facility will include a regional call center to provide a coordinated effort for the utilization of transportation among different transportation providers.

The facility will also include a vehicle maintenance shop to perform light maintenance on Lessee's vans and small buses.

The facility's training center will include driver simulators to be used for the training of new drivers as well as in-service training for existing drivers. Training programs and activities will be developed and provided on an ongoing basis, using a variety of state and local resources.

3. Lessor leases to Lessee the Leased Premises, identified as Tax Map No. 145E-U-001, outlined as Lease Area "C" on Exhibit "A."

4. Lessor and Lessee acknowledge that the Leased Premises and surrounding area were formerly used as a landfill and are the subject of a Consent Order entered on 5/22/08 by the Tennessee Department of Environment and Conservation pertaining to procedures and conditions which must be performed and satisfied in connection with the construction of any improvements on the Leased Premises (the "Consent Order"). Such Consent Order is attached as Exhibit "C."

5. Lessor has agreed to perform the site work more expressly detailed in Exhibit "B," and shall be responsible for completing all site preparation work required in the Consent Order, and the Workplan developed thereunder (as detailed in Paragraph 10 below), in relation to site remediation and preparation prior to commencement of construction by Lessee. Lessee shall not be obligated to commence or complete construction unless and until Lessee has reasonably satisfied itself that lessor has completed all site preparation work in accordance with TDEC's requirements in the Workplan.

6. Lessee shall not use or allow the Leased Premises to be used for any unlawful purpose or in any manner that will constitute waste, nuisance or unreasonable annoyance to the City or any adjoining property owner.

7. The term of this Lease shall commence upon execution of this Lease by the parties (the "Anniversary Date") and shall continue for forty (40) years from the Anniversary Date.

8. Lessee shall, during the term of this Lease, pay to Lessor the net annual rent of One Dollar (\$1.00) per year with the first annual payment due on the Commencement Date of this Lease and subsequent annual payments due on the Anniversary Date of the Commencement Date of this Lease.

9. Lessee hereby acknowledges that the Leased Premises are subject to certain land use restrictions and requirements set forth in the Consent Order, and after commencement of construction, Lessee agrees to comply with the land use restrictions as set forth in the Consent Order.

10. Upon completion of Lessor's site work as detailed in Exhibit "B," Lessee shall comply with all requirements as set forth in the Demolition and Remedial Action Workplan dated August 3, 2007 (the "Workplan") attached hereto as Exhibit "D" and incorporated herein by reference. Notwithstanding any provisions contained in the Workplan to the contrary, Lessee shall notify Lessor in writing (i) sixty (60) days prior to the commencement of any construction activity that meets the requirements of the Workplan and; (ii) one hundred twenty days (120) days prior to the commencement of any construction activity on the Leased Premises that conflicts with the Workplan. Any request by Lessee for a modification or variance from the Workplan must be supported with appropriate documentation. Prior to the commencement of any intrusive activities on the Leased Premises, Lessee shall submit its construction plans ("Lessee's Plans") to the City of Chattanooga Director of the General Services Division and City Engineer for written approval, which approval shall not be unreasonably withheld. Failure to comply with any provision set forth in this Paragraph 10 shall constitute a default under this Lease.

11. Lessor's approval of Lessee's Plans shall in no event, unless expressly set forth in such approval, be deemed to create any obligations on the part of the Lessor to do any work or make the Improvements other than Lessor's site work as set forth on Exhibit "B," or to authorize Lessee to make any further additions, improvements, or alterations to the Leased Premises.

12. Lessor shall not be liable for the cost of the Improvements made by Lessee, and Lessee shall be responsible for payment of all claims for mechanics', materialmen's or other liens in connection with any Improvements made by Lessee, and any such liens shall exist only against Lessee's leasehold interest, and not against Lessor's interest, whether in fee or otherwise. Upon Lessor's request, Lessee shall provide Lessor a waiver of lien from any contractor involved in the Improvements of the Leased Premises. All Improvements made by Lessee and affixed to the real property shall inure to Lessor's benefit and shall become a part of the Leased Premises and shall belong to Lessor absolutely as soon as made, subject to this leasehold interest held by Lessee. At the expiration or termination of the Lease, Lessee shall be entitled to remove all of Lessee's personal property, including furniture, equipment, removable fixtures, and other items, but shall repair any damage done to the Leased Premises on account of such removal.

13. All contractors must be licensed and shall comply with all requirements of the State of Tennessee Contractors Licensing Act.

14. All contracts entered into by Lessee relating to the Leased Premises or the Improvements or the use of Leased Premises shall contain the following statement:

“This agreement/contract shall in no way bind the City of Chattanooga, Tennessee, its officials or employees, nor obligate it for any costs or expenses whatsoever under this agreement/contract, or which are in any manner connected with the subject matter of this agreement/contract.”

15. The construction contract shall require that the general contractor constructing the Improvements furnish and keep in force throughout the performance of the construction of the Improvements a separate payment bond and separate performance bond, each in an amount and form satisfactory to the City Attorney. Said bonds shall also guarantee to Lessor that the work shall be free from all mechanics and materialman’s liens upon the Leased Premises. The bonds shall name Lessor as obligee and shall be in such form and with such sureties as Lessor may approve prior to commencing of construction.

16. Other than the preexisting environmental conditions as detailed in the Consent Order, if Lessee causes any release of hazardous material from or out of the improvements which Lessee constructs on the Leased Premises during the term of this Lease or any holdover tenancy, Lessee shall be responsible for all costs associated therewith, including all damages or remedial actions required by regulations pertaining to health or the environment (“Environmental Laws”), including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended and the Resource Conservation and Recovery Act of 1987, as amended.

17. Lessee shall promptly notify Lessor of damage or destruction to the Improvements and the date of same. All insurance funds recovered as a result of said claim shall be used for the restoration of the Improvements (other than insurance recovery for loss to Lessee’s equipment, furniture, and other personal property within the Improvements), which Lessee shall promptly begin and diligently pursue so that the Improvements are restored to substantially the same condition as they were in immediately before such damage or destruction. If existing laws do not permit restoration, then Lessee shall terminate this Lease by giving prior written notice to Lessor. If Lessee does not complete the repair, reconstruction or restoration within one (1) year or if the insurance proceeds will not be sufficient to cover the cost of repair, reconstruction or restoration, and Lessee chooses not to fund any shortfall with its own assets, then Lessor may elect to terminate the Lease.

18. As a condition precedent to the effectiveness of this Lease, Lessee shall procure and maintain, at Lessee’s sole cost and expense, from an insurer licensed to do business in the State of Tennessee, the following insurance:

(a) Lessee agrees during the term of this Lease and any extensions, renewals or holdovers to purchase and maintain, for the benefit of the City, a policy or policies of public liability insurance, and property insurance, issued in the name of Lessee and naming Lessor as an additional named insured. The public liability insurance policy or policies shall have limits not less than One Million and 00/100 Dollars (\$1,000,000.00) for injury to and/or death of any single person in a single occurrence and not less than One Million and 00/100 Dollars (\$1,000,000.00) for injury to and/or death of more than one person in a single occurrence, and not less than One Million and 00/100 Dollars (\$1,000,000.00) for damage to property in a single occurrence. The property insurance policy shall include a full replacement cost guarantee provision for both real

and personal property. Lessee agrees to provide the insurance policies at its sole expense, with commercially reasonable increases in coverage thereafter, but in no event less than the limits set by the Tennessee Governmental Tort Liability Act as may be amended. Lessee shall include Lessor as additional insured on all public liability and property insurance. Proof of said insurance shall be provided to the Lessor's Risk Manager. Lessee shall provide Lessor evidence of coverage by signed certificates of insurance that show the coverage to be in effect, and Lessor will be provided with a thirty (30) day written notice prior to cancellation of the policy. The certificates of insurance shall indicate that the insurance is placed with an insurer rated AX or better by A.M. Best's Rating Guide or as approved by the Lessor's Risk Manager.

(b) Workers' Compensation Insurance covering all employees meeting statutory limits in compliance with all then applicable state and federal laws.

(c) All contractors hired/used by Lessee are to provide Builder's Risk Insurance for the full replacement cost of the Improvements made to the Leased Premises.

19. Lessee shall insure that all of its subcontractors comply with the same insurance requirements that Lessee is required to meet.

20. Except as expressly provided in this Lease, Lessee shall not make any alterations, improvements, or additions to the Leased Premises (other than non-structural interior improvements and office furnishings and fixtures which do not require changes to the exterior of the Improvements) without the prior, express, and written consent of Lessor. Such consent shall not be unreasonably withheld. All such alterations, replacements, changes, additions and Improvements that may be made, erected, installed, or affixed on or in the Leased Premises during the term of this Lease shall be, and shall be deemed to be, part of the Leased Premises and the sole and absolute property of Lessor.

21. It is expressly agreed to and understood by the parties that the Leased Premises shall be used exclusively for the programs set for in Paragraph 1 above or other similar activities for the community's benefit. If Lessee shall discontinue the permitted use set forth in Paragraph 1 for a period of thirty (30) consecutive days, the Lessor in its sole discretion may terminate this Lease.

22. In the event that a part of the Leased Premises are taken under power of eminent domain, but such taking does not materially interfere with Lessee's ability to continue its operations from the Leased Premises, then this Agreement shall remain in full force and effect. If substantial portions of the Leased Premises are taken under power of eminent domain, rendering it impractical for Lessee to continue its operations as previously existing, Lessee shall have the option of reconfiguring or reconstructing the Improvements on the Leased Premises so as to continue operations from the Leased Premises as modified, or of canceling this Agreement by delivering written notice to Lessor within ninety (90) days of such taking. In the event Lessee elects to continue operations, then all proceeds of the condemnation will be paid to Lessee to assist with the payment of the cost of remodeling or reconstructing the Leased Premises to allow the use thereof for Lessee's continuing operations. If Lessee elects to terminate this Lease, then all awards for such taking shall be paid to Lessor, except for the value assignable to the Improvements constructed by Lessee over the remaining unamortized portion of this Lease, as

calculated on a straight-line basis between the date of termination and the remaining term of this Lease, which value shall be paid to Lessee.

23. Lessor covenants to keep the Lessee in quiet possession of the Leased Premises during the term of this Lease.

24. Lessee shall not engage in or allow illegal activities on the Leased Premises nor allow alcoholic beverages to be sold or consumed on the Leased Premises.

25. Except for related nonprofit or governmental entities engaged in similar programs as Lessee, Lessee shall not assign or transfer this Lease or any interest herein nor sublease the Leased Premises or part thereof to anyone without prior written approval from Lessor, which approval shall not be unreasonably withheld. Further, neither this Lease nor any interest herein shall be subject to transfer by attachment, execution, proceedings in insolvency or bankruptcy, or receivership unless a receivership is sought by Lessor.

26. Lessee covenants to comply with all state, county, and city laws and ordinances, including those regarding nuisances insofar as the Leased Premises are concerned, and that the Lessee will not by any act of its agents or officers render the Lessor liable therefor. Lessee shall maintain the Leased Premises in good repair, ordinary wear and tear excluded, and will make good or pay at the end of the Lease, for all necessary repairs.

27. Lessee covenants to comply with all federal, county, and city laws and ordinances in regard to discrimination due to handicap, age, race, color, religion, sex, national origin, or any other classification protected by said laws.

28. If the Lease should at any time become void or forfeited, no demand shall be necessary to a recovery of possession of the Leased Premises, and the Lessor shall be entitled to immediate possession.

29. If litigation arises over a default alleged under this Lease, the prevailing party may recover all out-of-pocket costs and expenses from the defaulting party, including reasonable attorney's fees.

30. Lessee shall, at Lessee's expense, keep the Leased Premises and any Improvements and/or fixtures attached thereto, and all landscaping, sidewalks, alleys, and passages surrounding same (other than public sidewalks and rights-of-way, which shall continue to be the responsibility of Lessor), in good repair, only damage from fire or other unavoidable casualty excepted, and Lessee agrees to make all necessary repairs to the Improvements on the Leased Premises. The term "repairs" shall include all necessary replacements, renewals, alterations, additions, and betterments. All repairs made by Lessee shall be equal in quality and class to Lessee's original work.

All repairs, replacements, and maintenance shall be done in compliance with all applicable local, state, and federal rules, regulations, and laws. Any such repairs, replacements or maintenance not performed may be repaired, replaced or maintained by Lessor, for which Lessee shall be fully responsible for reimbursing Lessor all costs and expenses associated with the same.

Lessor shall have no obligation to make any repairs, replacements, restorations, alterations, additions or improvements whatsoever in or about the Leased Premises, or any part thereof or the same or any part of the same in the event of its loss, destruction or damage unless such loss, destruction or damage is solely due to the fault of Lessor.

31. The Lessor shall not be held liable for the cost of any repairs made by or through the Lessee, unless there is an express written agreement to the contrary between the parties.

32. Lessor, its employees, agents and representatives may at all reasonable times and from time to time, with proper notice to Lessee (but without notice in case of emergency as determined by Lessor in good faith), enter the Leased Premises or any part thereof for the purpose of inspecting, surveying, measuring or preserving the Leased Premises or any part thereof or, at the option of Lessor and without obligation on its part so to act, to make or perform the repairs or other work required of Lessee hereunder in the event of Lessee's failure to do so; provided, however, that before making or performing any such repairs or other work, Lessor shall first give Lessee thirty (30) days' written notice thereof (but without notice in case of emergency as determined by Lessor in good faith), and any such work done by Lessor shall be conducted in the manner reasonably designed to minimize any interference in the operation of Lessee's programs which might be caused thereby.

33. The Lessee shall be responsible for payment of necessary utility services, including the cost for electricity, telephone, water, stormwater fees, and gas. It shall be a breach of the Lease to fail to keep such payments current.

34. In the event property taxes, stormwater fees, or fees or other county, state, or municipal taxes or fees become due, Lessee shall pay any such taxes or fees, but only to the extent such taxes or fees are attributable to the leasehold interest of Lessee hereunder.

35. It is understood and agreed that the relationship of the parties hereto is strictly that of landlord/tenant and that Lessor has no involvement in Lessee's business, and Lessee has no involvement in Lessor's business, and that this Lease and the relationship between the parties shall not be construed as a joint venture or a partnership. Lessee is not and shall not presume to be an agent or representative of Lessor.

36. If Lessee shall remain in possession of the Leased Premises after the expiration date of the term of this Lease, such possession shall be a month-to-month tenant. During such month-to-month tenancy, the same terms and conditions shall remain in effect as were in effect during the last month of the preceding term and the provisions of this Lease shall be applicable as were in effect during the last month for which there was a term in place.

37. The occurrence of any of the following acts shall constitute an immediate, material, non-curable default by Lessee:

(a) abandonment of the Leased Premises, except for causes of *force majeure* (i.e. acts of God, strikes, civil disturbances, wars, explosions, or acts beyond the reasonable control of Lessee) for a period of more than three (3) months in any twelve (12) month period;

(b) any attempted assignment, transfer, or sublease in violation of Paragraph 22 above;

(c) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Leased Premises or the attachment, execution or other judicial seizure of substantially all of Lessee's assets located on the Leased Premises or of Lessee's interest in this Lease, or where Lessee becomes a "debtor" as defined in any bankruptcy laws;

(d) engaging in or allowing illegal activities to be conducted on the Leased Premises.

Failure to pay rent as provided for herein, failure to operate the programs outlined in Paragraph 1, or failure to perform any term, covenant, or condition of this Lease, other than those set forth in subparagraphs (a), (b), (c), and (d) above, shall not constitute a default unless such breach is not cured within twenty (20) days after receipt by Lessee of written notice from the Lessor specifying such breach. If the default cannot be reasonably cured within such twenty (20) day period, Lessee shall still not be in default if Lessee begins to cure the same within such twenty (20) day period and diligently pursues such cure to completion. Failure to cure an event of default that may reasonably be cured within such twenty (20) day period shall be deemed a default in the performance of the covenants, agreements, or conditions on the part of Lessee. In such event, Lessor, after written notice to Lessee, in the manner specified in Paragraph 38 hereof, may terminate the Lease immediately. The Lessor shall have the right to re-enter or repossess the Leased Premises and dispose and remove therefrom Lessee or other occupants thereof and their effects in a lawful manner without being liable for any prosecution thereof.

38. The parties' remedies hereunder are not exclusive but cumulative to other remedies provided by law or in equity in the event of default.

39. Lessee shall peaceably deliver possession of the Leased Premises to Lessor on the date of expiration or termination of this Lease, whatever the reason for termination. Lessor shall have the right to re-enter and take possession of the Leased Premises on the date termination becomes effective without further notice of any kind and without instituting summary or regular legal proceedings.

40. Any waiver by the parties of any default or breach of any one or more of the terms, conditions, or covenants of this Lease shall be in writing and shall not be construed to be a waiver of any subsequent or other breach or default of the same or of any other term, covenant, or condition of this Lease. No delay, failure, or omission of Lessor to re-enter the Leased Premises, to insist on strict enforcement of any term, covenant, or condition, or to exercise any right, privilege or option arising from any breach or default shall impair any such right, privilege or option or be construed as a waiver of or acquiescence in such breach of default.

41. If Lessee abandons the Leased Premises or is dispossessed thereof by process or law or otherwise, Lessee shall be deemed to have abandoned any personal property belonging to Lessee left on the Leased Premises forty-five (45) days after the date of abandonment or dispossession, and title to said personal property shall be deemed to have been transferred to Lessor. Lessor shall have the right to remove and to dispose of said personal property without liability therefor to Lessee or to any person claiming under Lessee, and shall not need to account for its disposal.

42. Lessor shall have the right of access to the Leased Premises at all reasonable times.

43. All notices and other communications given hereunder by the parties shall be in writing and shall be delivered personally or by mail, postage prepaid, and the date of any notice by certified mail shall be deemed the date of certification thereof delivered by or addressed to the parties as follows:

Lessor:	City of Chattanooga, Tennessee Attn: General Services Division Suite 101 City Hall Annex 100 East 11 th Street Chattanooga, TN 37402
With a copy to:	City Attorney 801 Broad Street, Suite 400 Chattanooga, TN 37402
Lessee:	Southeast Tennessee Human Resource Agency 312 Resource Road Dunlap, TN 37327

44. This Lease shall be construed and interpreted pursuant to the laws of the State of Tennessee. Should there be any provision thereof to be invalid, illegal, or unenforceable by a court of competent jurisdiction, the legality, validity, and enforcement of the remaining provisions shall not be affected, but shall continue in full force and effect. Any disputes between the parties and/or default by Lessee may only be submitted to a court of competent jurisdiction in Hamilton County, Tennessee, and the prevailing party shall be entitled to recover all costs, expenses, and reasonable attorney's fees in defending such legal action.

45. If any term, covenant, or condition of this Lease is found to be invalid, void, ineffective, or unenforceable for any reason, the remaining terms, covenants, and conditions shall remain in full force and effect.

46. This Lease represents and constitutes the entire understanding between the parties and supersedes all other agreements and communications between the parties, whether oral or written, concerning the subject matter herein. Any amendment to this Lease must be in writing and signed by the parties hereto and adopted in the same fashion as this Lease.

47. The terms and conditions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs and personal and legal representatives.

48. As noted in Paragraph 2 above, the Improvements to be constructed by Lessee are to be paid for utilizing federal grant funding as provided through the Federal Transit Administration. The requirements which Lessee must satisfy with respect to such grant funding are set forth in both a Grant Agreement (the "FTA Grant") and a Master Agreement which together set forth expenditure requirements and expenditure limitations pertaining to the use of the grant funding. Lessor and Lessee acknowledge that Lessee's use of the grant funding is

subject to the terms of both the FTA Grant and the Master Agreement, and the provisions of these agreements require, among other things, that Lessee maintain continuing use and control of the Improvements during the "economic useful life" thereof. If Lessee does not maintain continuing use and control of the Improvements financed with the FTA Grant, and if use and control is transferred to Lessor or other party for purposes outside of the Grant terms, then the FTA Grant and the Master Agreement require that the undepreciated value of the Improvements be refunded to the FTA unless the FTA approves otherwise.

Additionally, Paragraph 19(g)(1) indicates that lessee may transfer the Improvements to a local governmental authority to be used for any public purpose without requiring any repayment of the grant funds, provided that such transfer is approved by the FTA and conforms with certain other requirements of federal law as specified in the Master Agreement. Accordingly, if for any reason Lessee can no longer conduct operations from the Improvements which it constructs under this Lease, then Lessee and Lessor will work together to find a suitable substitute transit operator in order to continue to carry out the grant purposes for which the improvements were constructed. If Lessee and Lessor cannot find such a suitable replacement operator, and the full control of the Improvements thus transfers to Lessor as the Landlord under this Lease, Lessee will, at the request of the FTA, reimburse the FTA for any remaining unamortized value for the useful economic life of the improvements, unless the FTA approves of such transfer to the Lessor pursuant to Paragraph 19(g)(1) of the Master Agreement. For the purposes of this Lease, the residual value will be determined by depreciation of the Improvements on a straight-line basis over twenty-five (25) years, to be calculated by multiplying the original cost of the Improvements by a fraction, the numerator of which is the number of full years remaining in the twenty-five (25) year useful life of the Improvements at the time of Lessor's assumption of control over the property, and the denominator of which is twenty-five (25).

IN WITNESS WHEREOF, the parties have executed this Lease on the 04 day of August, 2008, at Chattanooga, Hamilton County, Tennessee.

LESSOR:

CITY OF CHATTANOOGA, TENNESSEE

BY: Paul Page

PAUL PAGE, *Director of General Services*

Dan Thornton
DAN THORNTON, *Property Management*

LESSEE:

**SOUTHEAST TENNESSEE HUMAN
RESOURCE AGENCY**

BY: Roy Evans

Executive Director

EXHIBIT "A"

LEGAL DESCRIPTION/MAP

LEASE AREA "C"

Land located in the City of Chattanooga, Hamilton County, Tennessee, being part of the property of the City of Chattanooga of record in Deed Book 7889, Page 238 (Tract B) in the Register's office of Hamilton County, Tennessee (R.O.H.C.); and being more particularly described as follows:

BEGINNING at the intersection of the southern right-of-way line of East 12th Street with the eastern right-of-way line of Baldwin Street; Thence along the southern right-of-way line of East 12th Street S 66°13'50" E a distance of 221.46 feet, Thence leaving the southern line of East 12th Street N 24°07'57" E a distance of 229.97 feet, Thence S 66°09'11" E a distance of 352.01 feet to a point on the western right-of-way line of Peoples Street, Thence southwardly along the western line of Peoples Street S 24°28'33" W a distance of 162.92 feet to a point on the northern right-of-way line of Western & Atlantic railroad, Thence along the northern right-of-way line of Western & Atlantic railroad N 58°27'25" W a distance of 590.59 feet to the centerline of Baldwin Street, as closed and abandoned by City of Chattanooga Ordinance No. 9479, Thence northwardly along the centerline of Baldwin Street N 24°15'19" E a distance of 257.14 feet to a point on the terminus of the open right-of-way of Baldwin Street, Thence eastwardly along the right-of-way line of Baldwin Street S 65°44'41" E a distance of 12.50 feet to a point, Thence northwardly along the right-of-way line of Baldwin Street N 24°15'19" E a distance of 56.44 feet to the POINT OF BEGINNING.

CONTAINING 2.88 acres, more or less.

EXHIBIT "B"

**RESPONSIBILITIES FOR SITE PREPARATION WORK
AND CONSTRUCTION OF IMPROVEMENTS**

A. Site Preparation Work.

The City agrees to be responsible for commencement and completion of the following tasks in relation to preparation of the site of the Leased Premises for construction by SETHRA of the required Tenant Improvements.

1. The City shall notify the Tennessee Department of Environment and Conservation ("TDEC") of the commencement of work and shall provide all other notifications as are required in the Consent Order and the Work Plan developed pursuant to the Consent Order (the "Work Plan").

2. With respect to all areas of the Leased Premises where removal of contaminated soil and insertion of clean soil is required, as set forth in the "Mitigation" section of the Work Plan, the City will be responsible for completing demolition and removal of all preexisting slabs and structures, and shall then perform all such soil removal and replacement work, except for the soil underneath the Building constructed by SETHRA. The City will remove and replace contaminated soil for any City required landscaping. The City shall coordinate with SETHRA's engineers and architects to insure that all subsurface foundation work, utility connection and sewer connection work, and similar ground-penetrating construction required for SETHRA's Building, can be installed in areas where remediation is complete. SETHRA shall have the right to review all site preparation work as it progresses, and to communicate with TDEC to verify to its reasonable satisfaction that the City's work is being done in compliance with TDEC's requirements in the Consent Order and the Work Plan.

3. The City will be responsible for proper disposal and treatment of all contaminated soil removed from the Leased Premises.

4. The City will comply with all of the requirements in the Work Plan regarding controlling storm water run-off, construction of any necessary retention pond(s), dust, installation of high visibility warning barriers, and other such requirements that are set forth in the Work Plan.

5. The City will be responsible for payment of all costs assessed by TDEC in relation to completion of the tasks and responsibilities set forth herein as detailed in the Work Plan, except for costs associated with the installation of water and sewer lines underneath the slab of the Building constructed by SETHRA.

6. The City will coordinate all foregoing activities with SETHRA to insure that SETHRA's architects, engineers, and contractors are kept informed of progress and requirements which will need to be satisfied when construction of SETHRA's building is commenced.

7. The City will be responsible for installing any required sidewalk, curb, and gutter improvements on the public streets known as Peeples, Baldwin Street, and 12th

Streets. The City will also be responsible for delivering water, utility and sewer lines to the property of the building site where SETHRA will construct its Building.

B. Improvements to be Constructed by SETHRA.

1. Once the City has completed its soil remediation and site preparation work and SETHRA has reasonably satisfied itself that such work has been done in accordance with TDEC requirements, SETHRA shall build a two-story regional transportation and training center with approximately 15,000 – 20,000 square feet. Building shall be a modest shell building, finishing out as funding becomes available and demand requires. The building shall include a minimum of two maintenance bays, office space for dispatchers, a manager and administrative support personnel offices. SETHRA shall begin construction on the building within six (6) months after federal and state funds become available, and upon the completion, to SETHRA's reasonable satisfaction, of the site preparation work performed by the City as detailed in Section A above. If SETHRA fails to commence construction within such period, all approvals will be withdrawn, this Lease will terminate, and the property will inure back to the City.

2. The building to be constructed by SETHRA will include in its foundation a passive ventilation system as detailed in the Work Plan, including 18 inches of clean soil/clay fill to be placed above a high visibility warning barrier, with the ventilation collecting system located on top of the clay fill and to consist of perforated six-inch polyethylene pipes laid in a grid underneath SETHRA's building and collecting any vapors for discharge through a riser and chimney system above the roof of SETHRA's building. As detailed in Section A above, the City will be responsible for removal of contaminated soil, installation of the protective warning barrier, and placement of the 18 inches of clay fill/clean soil prior to SETHRA's installation of this passive vapor collection system.

3. Other than the portions of the Leased Premises to be covered by Lessee's new Building, by sidewalks, and by landscaping beds (if any), the remainder shall be developed for use by SETHRA as a surface parking lot, to be configured for handling SETHRA vans and single-car parking in any manner which SETHRA deems desirable. In undertaking the paving required for such parking area, SETHRA will be responsible for reimbursing the City for the cost of the underlayment stone, three-inch binder, and one-inch final mix required for paving (or such other levels of thickness as the City and SETHRA may mutually agree), and the City will provide the equipment, materials, and labor to install the underlayment and asphalt in accordance with TDEC regulations. Prior to commencement of such work, SETHRA shall have the right to obtain estimates and verify the expected costs for such pavement work and to refrain from undertaking the entire paving project if the costs exceed the amount available for these tasks in SETHRA's budget, presently estimated to be \$90,000.

4. SETHRA will complete all construction of its building in accordance with TDEC regulations and the TDEC Consent Order.

C. Contingencies if Environmental Remediation is Not Completed.

If the environmental remediation to be completed by the City in performance of the site work detailed in Section A above cannot be accomplished within twelve (12) months of the signing of the Lease because of unforeseen difficulties or unexpected problems with soil contamination or with the installation of any of the required remedial materials, or if any

circumstances arise which would appear to expose SETHRA to liability for ongoing environmental remediation obligations at the site, then SETHRA shall have the right to terminate the lease upon delivery of written notice to the City, in which event all of the parties, duties and obligations under this Agreement shall terminate, and this Agreement shall be of no further force and effect. If SETHRA is unable to its reasonable satisfaction to determine that the City has completed all of its site preparation work in compliance with the Work Plan and the Consent Order within twelve (12) months after the execution of this Lease, then SETHRA must make its decision whether to exercise its option to terminate the Lease within thirty (30) days after the end of the twelve (12) month anniversary date of the execution of this Lease.

Exhibit C

STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION

IN THE MATTER OF:) DIVISION OF REMEDIATION
)
COMMUNITY RESOURCE CENTER) SITE NUMBER
FOR THE HOMELESS,)
11TH STREET,)
CHATTANOOGA,)
HAMILTON COUNTY, TN))

CONSENT ORDER

This Consent Order is made and entered into by and between the Tennessee Department of Environment and Conservation (hereinafter "Department") and the City of Chattanooga.

PARTIES

I.

James H. Fyke is the duly appointed Commissioner of the Department. James W. Haynes has been delegated the authority to enter into Consent Orders.

II.

The City of Chattanooga (hereinafter the "Consenting Party") is a municipality organized under and existing by virtue of the laws of the State of Tennessee.

JURISDICTION

III.

Pursuant to Tennessee Code Annotated § 68-212-224, the Commissioner is authorized to enter into a Consent Order (hereinafter "ORDER") with a party who is willing and able to conduct an investigation and remediation of a hazardous substance site or Brownfields Project.

IV.

For the purposes of this ORDER, a Brownfield project may be a site contaminated by hazardous substances, solid waste, or any other pollutant. A "hazardous substance site" means any site or area where hazardous substance disposal has occurred.

V.

The Site which is subject to this ORDER is located at the 700 blocks of East 11th and 12th Streets in downtown Chattanooga. Legal description attached.

VI.

As required by T.C.A. § 68-212-224, a summary description of all known existing environmental investigations, studies, reports or documents concerning the site's environmental condition has been submitted to the Department by the Consenting Party. As of the date of entering into this ORDER, the Site is not listed or been proposed for listing on the federal National Priorities List.

A. AGREED FINANCIAL REQUIREMENTS

The Consenting Party agrees to pay all costs associated with the Department's oversight of and assistance in the implementation of this ORDER. Assistance includes, but is not limited to, the Commissioner's exercise of his authority under T.C.A. § 68-212-206(a). Oversight costs shall include, but not be limited to, mileage, lab expense, the current hourly rate and benefits for the Department's employees actively employed in oversight of work under this ORDER, including preparation for and attendance at meetings, the current State overhead rate, and costs billed by State contractor(s) who are actively performing oversight. The Department shall provide the Consenting Party with quarterly statements reflecting oversight costs posted during the previous quarter.

Tennessee Code Annotated § 68-212-224 requires consideration of a fee to enroll in the Voluntary Cleanup Oversight and Assistance Program. Since the Voluntary Party did not

generate, transport or release contamination that is to be addressed at the site and will be serving the public welfare by redeveloping a property that is abandoned or underutilized, the participation fee is hereby waived.

B. IDENTIFICATION AND DOCUMENTATION OF CLEANUP

Based on the information submitted to the Department by or on behalf of the Consenting Party, and the Department's own review and investigation of the Site, the Parties hereto agree that the following environmental conditions are to be addressed under this ORDER:

The primary contaminants of concern on the site are those associated with coal tar and foundry sand. Volatile organics identified in levels of concern were limited to light aromatic compounds commonly associated with the coal gasification process. Semi-volatile compounds identified at levels of concern were limited to PAHs, also commonly associated with the coal gasification process. Metals at concentrations of concern were those commonly associated with foundry sand.

All known previous studies and investigations have been provided to the Department. A site specific study, *Environmental Site Evaluation, Community Resource Center for the Homeless, 11th Street, Chattanooga, Hamilton County, TN, October 23, 2006* has also been provided to the Department.

C. AGREED LIABILITY RELIEF

Real or perceived hazardous substances, solid wastes or other pollutants are determined to be present on this site to an extent that may or may not have yet been fully characterized.

The Commissioner and the Consenting Party anticipate agreement upon a remedy for the clean-up of the site. If agreement cannot be reached, there is no basis for further implementation of this agreement and it shall end without further obligation to the Consenting party or without any liability relief to the consenting party. If the Consenting Party implements an agreed remedy to the satisfaction of the Commissioner, including any long term monitoring and maintenance activities; the liability of the Consenting Party under all environmental statutes administered by the Department for the contamination identified in Section B of this ORDER is met. The Consenting Party, however, remains responsible for any release of hazardous substances that occurred on other portions of the site or that occurs in the future at the site while it owns the site or for any contamination not identified in Section B of this ORDER.

Following the completion of activities required under this ORDER and contingent upon the continued adherence and enforcement of any identified land use restrictions, the Consenting Party shall bear no further liability under any statute administered by the Department, for investigation, remediation, monitoring and/or maintenance of contamination identified and addressed in this ORDER. The Consenting Party, however, shall be responsible for release of hazardous substances, solid wastes or other pollutants in the future while it owns the Property or for any contaminants not identified and addressed under this ORDER. This liability protection is extended to successors in interest or in title, contractors conducting response actions at the site, developers, future owners, tenants, and lenders, fiduciaries or insurers, conditioned upon performance of the obligations contained in this ORDER and compliance with any land use restrictions required thereby; provided, that such liability protection to other persons does not apply to liability if said other persons that arose prior to this ORDER.

D. THIRD PARTY LIABILITY RELIEF

The Consenting Party shall not be liable to third parties for contribution regarding matters addressed in this ORDER provided; that, the third party was given actual or constructive notice of this ORDER, and the third party has been given an actual or constructive opportunity to comment upon this ORDER. The Consenting Party has demonstrated to the Department that constructive notice was accomplished by publishing a summary of this ORDER in the Chattanooga Times Free Press at least thirty (30) days prior to the effective date of this ORDER. Nothing in this ORDER shall impair the rights of third parties with respect to tort liability claims for damage to person or property arising from the contamination addressed by this ORDER.

E. LAND USE RESTRICTIONS

The Consenting Party agrees that said property will be restricted as follows:

Services to homeless generally associated with short term care and services. No permanent residences. Child care services limited to no long-term day care.

No intrusive activities may be conducted other than those envisioned in the attached construction and development guidelines without the express written approval of the Department. Upon notification of such activities and evaluation of support information, such permission shall not be unreasonably withheld.

No groundwater uses are permitted.

The Voluntary Party agrees that it will file any land use restriction identified by the Department as necessary for the safe use of the property in accordance with T.C.A. 68-212-225.

F. AGREED ACTIONS TO BE TAKEN

1. The Consenting Party agrees to send notification of this ORDER by certified mail to all local governments having jurisdiction over any part of the subject property and to all owners of adjoining properties. The Consenting Party shall provide adequate documentation to demonstrate that public notice has been accomplished.
2. The Consenting Party has provided to the Department all site background information and results of any previous testing or investigations that may be in their possession relative to the Site required by Rule 1200-1-13-.09(2)(a)1. The Consenting Party agrees to submit a Demolition and Remedial Action Workplan. The Demolition and Remedial Action Work plan shall provide in detail the planned environmental actions to be taken at the Site related to demolition of existing structures and buildings, procedures for managing contaminated soils that may be found at the site during demolition and redevelopment activities, and procedures necessary to mitigate any potential current or future exposure to contaminated media. The Department shall provide comments on the work plan.
3. Upon approval of the work plan by the Department, the Consenting Party shall implement the workplan. Implementation of this workplan will be the responsibility of the City of Chattanooga, Director of General Services. As development plans ensue, the City will:
 - Notify TDEC of any construction activities that are in accordance with the workplan thirty (30) days prior to start of construction.

- Provide a written request for modification or variance from the workplan, with appropriate support documentation, at least ninety (90) days prior to start of construction for activities not in accord with the workplan.
4. Upon completion of the activities outlined in the Demolition and Remedial Action Workplan, the Consenting Party will submit a Demolition and Remedial Action Report for comment by the Department. The Demolition and Remedial Action Report shall report on all actions taken at the Site related to the demolition and redevelopment of the property including; all analytical data, excavation of soils at the site and remediation and disposal of hazardous materials. The Department shall provide comments on the report.
 5. Following the evaluation of the report, the Department and the Consenting Party will discuss existing data and the need, if any, for further investigation, remedial action, and/or removal action. Additional investigation, remedial action, removal action, land use restrictions and/or long term monitoring and maintenance to be performed by the Consenting Party shall be documented in writing and appended to the AGREEMENT.
 5. Upon completion of all tasks set forth in this ORDER and any amendments, the Department shall issue to the Consenting Party a letter stating the requirements of this ORDER have been fulfilled and no further action of the Consenting Party for contamination identified and addressed in this ORDER is required. Issuance of a no further action letter shall not relieve the Consenting Party of any responsibilities for operation and maintenance activities or continued adherence to and enforcement of land use restrictions pursuant to T.C.A. § 68-212-225. The Department reserves the right to require additional action for contamination caused by the Consenting Party occurring after the date of this ORDER or for contamination not identified and addressed under this ORDER.

G. ADDITIONAL REQUIREMENTS

1. The Consenting Party may request a time extension for any deadline included in this ORDER prior to the deadline. The time extension may be granted through mutual consent for good cause shown.
2. The Consenting Party agrees not to disturb, move or remove any areas of hazardous substances, solid waste or other pollutant(s) that are subject to liability protection under this ORDER without written approval by the Department unless the activities are being conducted under the terms and conditions of this ORDER or necessitated by the normal day-to-day activities of any on-going business.

H. SITE ACCESS

During the effective period of this ORDER, and until certification by the Department of completion of all activities under this ORDER, the Department and its representatives or designees shall have access during normal business hours to the Site. Nothing herein shall limit or otherwise affect the Department's right of entry, pursuant to any applicable statute, regulation or permit. The Department and its representative shall comply with all reasonable health and safety plans published by the Consenting Party or its contractor and used by Site personnel for the purpose of protecting life and property.

I. SUBMISSION OF INFORMATION, REPORTS, OR STUDIES

Any information, reports, or studies submitted under the terms of this ORDER shall contain the following notarized statement:

I certify under penalty of law, including but not limited to penalties for perjury, that the information contained in this document and on any attachment is true, accurate and complete to the best of my knowledge, information and belief. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for intentional violation.

J. RESERVATION OF RIGHTS

1. This ORDER shall not be construed as waiving any right or authority available to the Commissioner to assess responsible parties other than the Consenting Party for liability for civil penalties or damages incurred by the State, including any natural resource damage claims which the Department or the State of Tennessee may have under Section 107 of CERCLA or any other statute, rule, regulation or common law.
2. Nothing in this ORDER shall be interpreted as limiting the Consenting Party's right to preserve the confidentiality of attorney work product or client-attorney communication. T.C.A. § 68-212-202 et seq. contains no provisions for confidentiality or proprietary information. Therefore, records, reports, test results, or other information submitted to the Department under this ORDER shall be subject to public review. Any and all records, reports, test results or other information relating to a hazardous substance site or the possible hazardous substance at the Site submitted under this ORDER may be used by the Department for all purposes set forth in T.C.A. § 68-212-201 et seq.
3. Either party may terminate this ORDER at any time upon written notice to the other Party. Upon such termination the Consenting Party shall have no further obligations hereunder other than payment of oversight costs accrued to the date of notice of termination. If either party terminates this ORDER both Parties shall have and retain all authority, rights and defenses as if this ORDER had never existed.
4. Nothing in this AGREEMENT shall be interpreted as limiting liability for the improper management and/or disposal of contaminated material removed from the Site.

The individual signing below on behalf of the Consenting Party represents that he is a duly authorized agent, capable of entering into a Consent ORDER on behalf of the Consenting Party.

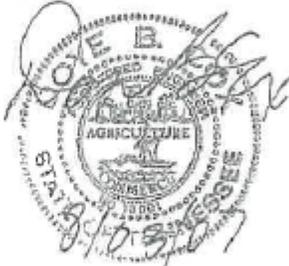
The Effective Date of this Agreement is the thirtieth (30th) day after the publication of the notice described in Section D of this ORDER.

AGREED to by the parties.

<u>5/22/08</u> Date	<u>James W. Haynes, P/E.</u> Director Division of Remediation	<u>05-22-08</u> Date	<u>Paul R. Page</u> [Signatory's Name] Paul R. Page [Signatory's Position] Director of [Company or Entity] General Services City of Chattanooga
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**Demolition and Remedial
Action Workplan**

**702 E. 11th Street
And
740 E. 12th Street
Chattanooga, Hamilton County, TN**



Prepared for:

City of Chattanooga
1001 Lindsay Street
Chattanooga, Tennessee 37402

Issued: August 3, 2007

File No.: 3297000

BWSC BRUCE
WAGNER
SULLIVAN &
CRANDALL, INC.

**Engineers, Landscape Architects
and Surveyors**

820 Broad Street, Suite 200, Chattanooga, Tennessee 37402 Phone (423) 756-3025 Fax (423) 756-8477

EXHIBIT D

CITY OF CHATTANOOGA 702 E. 11TH STREET AND 740 E. 12TH STREET DEMOLITION AND REMEDIAL ACTION WORKPLAN

Intent

In 2007 the City of Chattanooga (the City) entered into a Consent Agreement with the Tennessee Department of Environment and Conservation (TDEC). This Workplan has been prepared in accordance with the requirements of that Consent Agreement and its implementation and maintenance is crucial to maintaining the liability protections afforded the City by the agreement. This workplan is intended to provide direction and guidance for the design and construction of new facilities to be developed on the subject property and to restrict specific future uses of the property.

This workplan will apply to all development on the properties described herein except those activities that are not intrusive (require excavation, drilling or tunneling) and are in accordance with all other aspects of this Workplan including development restrictions. Deviations from this workplan must be approved in writing by The Tennessee Department of Environment and Conservation Division of Remediation (TDEC).

Implementation

Implementation of this Workplan will be the responsibility of the City of Chattanooga, Director of General Services. As development plans ensue, the City will:

- Notify TDEC of any construction activities that are in accordance with this Workplan thirty (30) days prior to start of construction.
- Provide a written request for modification or variance from the Workplan, with appropriate support documentation, at least ninety (90) days prior to start of construction for activities not in accord with this Workplan.

Properties Description

The properties comprise approximately nine (9) acres more or less in two parcels. (See attached descriptions) These parcels are bounded on the North by E. 11th Street, on the west by Baldwin Street and property currently owned by the J H Holding Company, on the south by RR right-of-way which bisects the subject property from property owned by Pilgrims Pride, and on the east by Peoples Street. The properties are zones M-1 and are the location of the former Chattanooga

EXHIBIT D

Farmers Market. The site currently contains several buildings, stalls, some with raised concrete pads, with the remaining area largely asphalt paved. (See attached aerial photograph)

Site History

The Farmers Market area was an operating quarry until about 1914. Shale was removed for use in the manufacture of bricks, but excavation encountered an aquifer and the quarry filled with water. Two years later the City of Chattanooga purchased the property and began filling the lake. There are no records of how long it was used as a dump site or what was disposed of in the lake. Long-time residents remember the city accepting wastes from a variety local industries, including a coal gasification plant located adjacent to the abandoned pit until 1916. Discussions with residents, who lived in the area, remember the land fill area to be south and east of the intersection of 12th Street and Peeples Street. Aerial photographs from 1951 and 1953 show the site was developed for use as a Farmer's Market by this time period. The City of Chattanooga purchased the property from Richard and William Thompson in 2006.

The adjacent property to the west is the location of a former coal gasification plant. The majority of the waste deposited on the subject property is suspected to be sludges from the coal gasification plant adjacent to the site and from local foundries. Residential and commercial wastes were also disposed of on site. Approximately 75% of the site is covered with asphalt and/or cement. Hardpacked gravel covered areas are located along the south end of the site as well as on the east side near the loading docks and truck parking area.

Site Contaminants

Soil, groundwater, and soil vapor investigations have been conducted on the site by the Tennessee Valley Authority, NUS Corporation, Tri-State Drilling and Testing, and Barge Waggoner Sumner and Cannon. These investigations have shown that the primary contaminants of concern on the site are those associated with coal tar and foundry sand. Volatile organics identified in levels of concern were limited to light aromatic compounds associated with the coal gasification process. Semi-volatile compounds identified in levels of concern were limited to PAHs, also associated with the coal gasification process. Metals in concentrations of concern were those commonly associated with foundry sand.

Development Restrictions

The site will contain no permanent residences and any child care services will be restricted so that no long-term day care will be provided.

EXHIBIT D

Future Excavations and Site Disturbances

It is anticipated that most buildings will remain for future use, that most stalls and concrete pads will be demolished and removed, and that selected areas of asphalt paving will be removed. New structures including buildings with associated landscaping, green spaces, and parking will be added. Associated disturbances would include:

- Removal of building slabs, footers, and foundations;
- Removal and capping of existing utilities;
- Placement of building footers and foundations for new structures;
- Landscape plantings, and;
- Placement of underground utilities.

Mitigation

All areas of new construction including green spaces, will be underlain with a high-visibility warning barrier to delineate the areas of clean materials from areas where potentially contaminated soils exist. (See figure I)

Green spaces will be underlain with a minimum of eighteen (18) inches of clean soil.

The area of higher soil concentrations along the southwest corner of the site as identified in the attached drawing will be developed as an asphalt-paved parking area. The asphalt will be underlain with a high-visibility warning barrier.

All construction plans employing intrusive activities shall incorporate soil management plans that shall contain as a minimum:

- That all contaminated soils removed from the site shall be disposed as a "Special Waste" in a TDEC permitted Class I Landfill. The contractor shall apply for a special waste permit for disposal of the soil. Contaminated soils shall be considered as any soil removed from, or from within 10 feet in any direction of, the area designated as containing the contaminated soils in the *Environmental Site Evaluation, Community Resource Center for the Homeless, 11th Street, Chattanooga, Hamilton County, TN, October 23, 2006*;
- Provisions that rainfall runoff from contaminated soils shall be contained and properly handled. At a minimum, the contractor shall protect the area designated as containing contaminated soils from rainfall runoff entering or leaving the area by use of diversions or berms. Further, any rainfall runoff accumulated in the construction area shall be allowed to absorb into the soil, evaporate, or will be pumped through a sediment filter bag constructed of a fabric with an apparent opening size of 180 microns or smaller. The water thus

EXHIBIT D

- filtered may then be discharged through the project's construction water management system as long as no sheen is present. If a sheen is present, it may indicate the presence of dissolved or free organic constituents so that upon obtaining the appropriate permits, the water will be discharged into the City of Chattanooga Sanitary Sewer System.
- Provisions that construction dust control practices shall be employed at all times. At a minimum, when contaminated soils are being disturbed, they will be wetted to retard dust formation and real-time dust monitoring will be conducted so that when dust levels exceed the national 24-hr ambient air standard of 150 micrograms per cubic meter. If this level is exceeded for any 15 minute period as a time weighted average, work will be curtailed and dust control procedures will be implemented until the level is reduced.
 - Provisions for worker protection to comply with OSHA standards. Since no hazardous wastes have been identified on the property, OSHA 1910.120 standards are not applicable. Lead levels do not appear high enough to exceed the 30 microgram per cubic meter standard for the OSHA 1926 Lead Standards. For those operations where contact with hazardous materials is probable, A task specific safety plan will be prepared that will specify at a minimum, personal protective equipment, decontamination procedures, and any appropriate monitoring.
 - "Clean" utility corridors will be constructed for all new utilities so that future Operation and Maintenance activities can be conducted with no worker exposure. The perimeter of the utility corridor in contact with contaminated soil shall, at a minimum, employ a warning barrier system to identify the extent of clean soil for future maintenance workers. A design drawing of a utility corridor is attached.
 - Landscape plantings will be designed so that they are in raised beds and/or plantings species selected so that root systems will not penetrate into contaminated soils. Alternatively, if plants are selected so that their root systems penetrate into contaminated soil, when such plants are removed, they must be removed in compliance with the basic requirements of soil management plans referenced above. The perimeter of planting beds in contact with contaminated soil shall, at a minimum, employ a warning barrier system to identify the extent of clean soil for future maintenance workers.
 - New buildings and other "enclosed" structures constructed on the property south of E. 12th Street shall incorporate a passive soil gas vapor removal system into their design. The soil gas vapor system will be designed in accordance with the attached drawings, or as standards are adopted for such designs by ASTM, TDEC or the USEPA, these new standards will override the designs provided herein. Open-sided pavilions or screened structures are exempt from this requirement. All passive systems will be checked annually to make sure the mesh cap is still intact and the roof venting system has not become clogged.

EXHIBIT D

Figure 1
High Visibility Warning Barrier

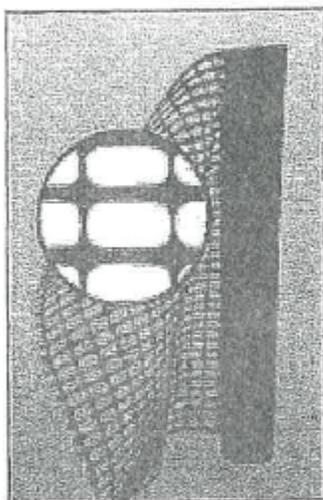
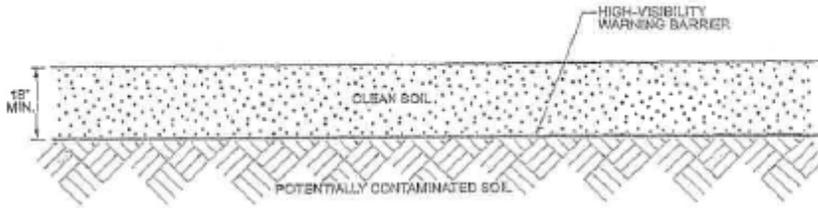


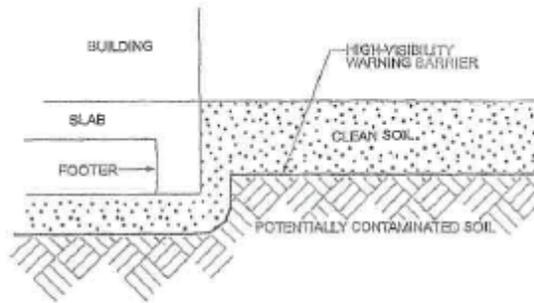
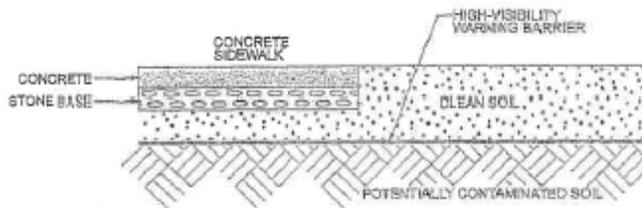
EXHIBIT D

6/27/06
12:00 PM
11/20/06
6:00 PM
11/20/06

4/22/06
10:00 AM
11/20/06
11:00 AM
11/20/06



1 **DETAIL FOR OPEN-SPACE HIGH-VISIBILITY BARRIER AND SOIL COVER**
NOT TO SCALE

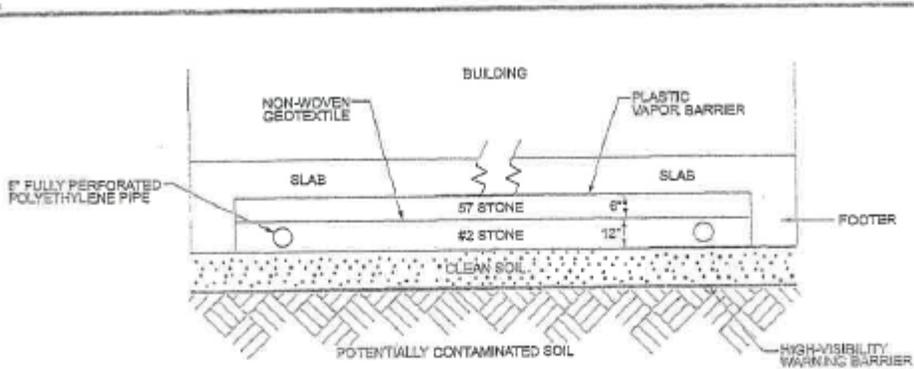


2 **NEW SIDEWALK/BUILDING TIE-IN DETAIL**
NOT TO SCALE

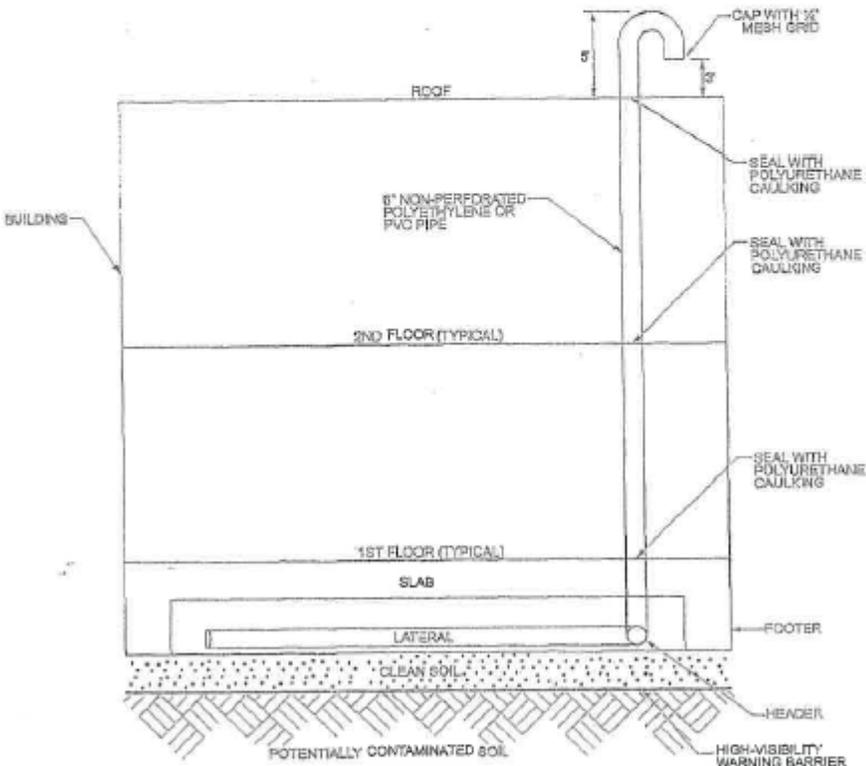
BWSC <small>BERG WARDEN WANGSBERG SUNNER & DANNEN, INC.</small> <small>ARCHITECTS PLANNING LANDSCAPE ARCHITECTS 2010 1000 1/2 AVENUE SOUTH, SUITE 100 CHATTANOOGA, TN 37403 423.249.2000</small>	SITE DETAILS	DRAWN BY: MLC CHECKED BY: MH PROJECT NO.: 3297000	DATE: DRAWING NO.: C-6
	CHATTANOOGA COMMUNITY RESOURCE CENTER FOR THE HOMELESS <small>CHATTANOOGA, TENNESSEE</small>		

EXHIBIT D

8/17/2007
10:45:00 AM
#18700
#200
#201



3 PASSIVE VAPOR EXTRACTION CROSS-SECTION DETAIL
NOT TO SCALE



4 PASSIVE SOIL VAPOR RISER DETAIL
NOT TO SCALE

BWSC
BARRY WILSON/CHOR
ENGINEERS &
SURVEYORS, INC.
1000 W. UNIVERSITY BLVD. SUITE 100
CHATTANOOGA, TN 37421
423.249.1111

SITE DETAILS
CHATTANOOGA COMMUNITY RESOURCE CENTER
FOR THE HOMELESS
CHATTANOOGA, TENNESSEE

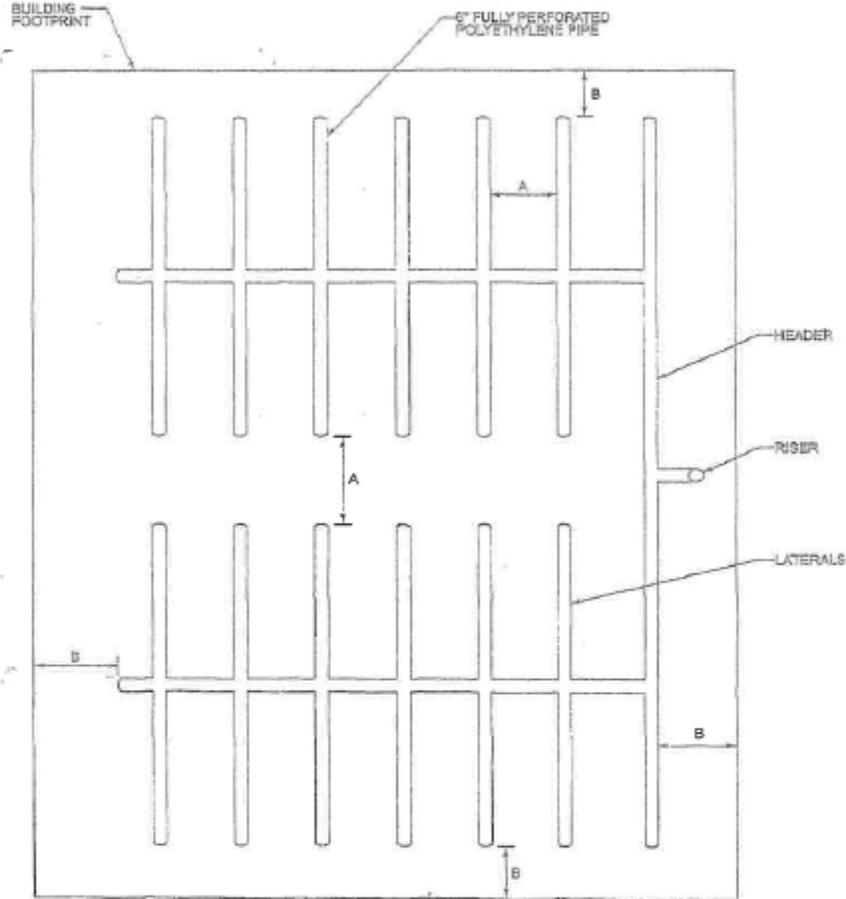
DRAWN BY: MLC
CHECKED BY: MH
PROJECT NO.: 3297000

DATE:
DRAWING NO.:
C-7

EXHIBIT D

PROJECT NUMBER: 3297000
 SHEET NUMBER: C-8
 DATE: 11/11/11

PROJECT: CHATTANOOGA COMMUNITY RESOURCE CENTER FOR THE HOMELESS
 LOCATION: CHATTANOOGA, TENNESSEE
 DRAWING NO.: C-8
 SHEET NO.: 8 OF 8



FOR BUILDINGS < 2,000 FT² FOOTPRINT
 A = 10' MAXIMUM
 B = 6' MAXIMUM

FOR BUILDINGS > 2,000 FT² FOOTPRINT
 A = 10' MAXIMUM
 B = 6' MAXIMUM

PASSIVE VAPOR EXTRACTION PLAN VIEW DETAIL

5 NOT TO SCALE

BWSC
 BUREAU OF WORKS
 ARCHITECTS AND ENGINEERS
 1000 W. 10TH AVENUE, SUITE 100
 CHATTANOOGA, TN 37405
 PHONE: 423.266.7200

SITE DETAILS
 CHATTANOOGA COMMUNITY RESOURCE CENTER
 FOR THE HOMELESS
 CHATTANOOGA, TENNESSEE

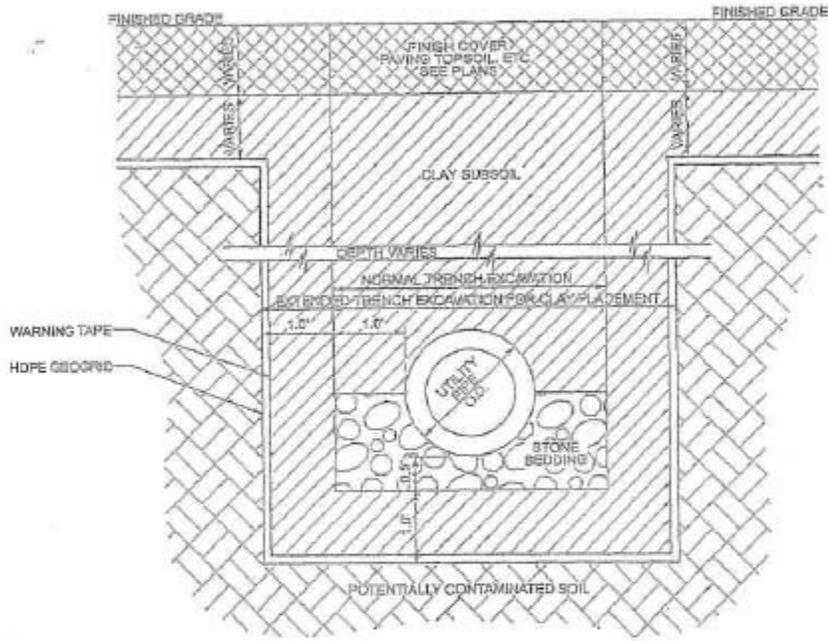
DRAWN BY: MLC
 CHECKED BY: MH
 PROJECT NO.: 3297000

DATE:
 DRAWING NO.:
C-8

EXHIBIT D

DATE: 01/11/11
 DRAWN BY: MLC
 CHECKED BY: MH

11/11/11 10:43 AM 11/11/11 10:43 AM 11/11/11 10:43 AM



6 UTILITY TRENCHING AND BACKFILL

NOT TO SCALE

BWSC BARRY WOODRUFF SUMNER & COMPANY, INC. ENGINEERS ARCHITECTS PLANNERS LANDSCAPE ARCHITECTS AND SURVEYORS 1100 MARKET STREET, SUITE 200 CHATTANOOGA, TN 37402	SITE DETAILS	DRAWN BY: MLC	DATE:
	CHATTANOOGA COMMUNITY RESOURCE CENTER FOR THE HOMELESS CHATTANOOGA, TENNESSEE	CHECKED BY: MH	DRAWING NO.:
		PROJECT NO.: 3297000	C-9

Prepared By:
City of Chattanooga, Suite 200
100 E. 11th Street
Chattanooga TN 37402

File: Gail Hart

Amendment to 9720 708
Prior Title 7889 238

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE ("First Amendment") is made and entered into this 15th day of May, 2013, by and between the City of Chattanooga ("Landlord") and Southeast Tennessee Human Resource Agency ("Tenant").

Landlord and Tenant agree as follows:

RECITALS

WHEREAS, Landlord and Tenant entered into a Lease Agreement dated April 16, 2008 (the "Lease"), for the lease of real property known as Lease Area "C", containing a portion of 740 East 12th Street, Chattanooga, Tennessee, tax parcel number of 145E-U-00, as more particularly described in the Lease (the "Leased Premises"); and

WHEREAS, Landlord and Tenant desire to amend the Lease as provided herein.

AMENDMENT

1. The Leased Premises described on Exhibit "A" to the Lease shall be deleted in its entirety and replaced with property identified as follows:

Lot 2, East 12th Street Subdivision, as shown on plat recorded in Plat Book 97, Page 44, Register's Office of Hamilton County, Tennessee, attached as Exhibit A and incorporated herein by this reference.
2. Except as expressly amended herein, the terms and conditions of the Lease shall remain in full force and effect.

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

LANDLORD:

TENANT:

City of Chattanooga

Southeast Tennessee Human Resource Agency

By: Andy Berke

By: Bill Harmon

Printed Name: Andy Berke

Printed Name: BILL HARMON

Instrument: 2013053000041
 Book and Page: G1 9965 665
 MISC RECORDING FEE \$15.00
 DATA PROCESSING FEE \$2.00
 Total Fees: \$17.00
 User: TLF
 Date: 5/30/2013
 Time: 9:23:41 AM



ACKNOWLEDGEMENT ON FOLLO... Register Hamilton County, Tennessee

STATE OF TENNESSEE, Hamilton County, Tennessee, I, Gail Hart, Notary Public of the State and County aforesaid, personally appeared ANDY BERKE, Mayor, for the CITY OF CHATTANOOGA, TENNESSEE, a Municipal Corporation, and BILL HARMON, Executive Director, for SOUTHEAST TENNESSEE HUMAN RESOURCE AGENCY, a Tennessee Non-profit Corporation, acting in their capacities as Mayor and Executive Director, to me known to be the persons described in, or proved to me on the basis of satisfactory evidence, and who executed the foregoing instrument for the purposes therein contained, and acknowledged that they, in the capacities as aforesaid, executed the same as their free act and deed.

WITNESS my hand and seal at office in Hamilton County, Tennessee, this 15th day of MAY, 2013.

My Commission Expires

My Commission Expires: March 4, 2014

Gail Hart
NOTARY PUBLIC

UW

ACKNOWLEDGEMENT

Southeast Tennessee Development District ("SETDD") acknowledges that the property identified as Lot 2, East 12th Street Subdivision, as shown on plat recorded in Plat Book 97, Page 44, Register's Office of Hamilton County, Tennessee, attached as **Exhibit A** to this First Amendment, is not subleased to SETDD under that certain Memorandum of Sublease between Southeast Tennessee Human Resource Agency and SETDD dated June 26, 2012 and recorded in Book 9720, Page 708, Register's Office of Hamilton County, Tennessee.

Southeast Tennessee Development District

By: Beth Jones
Printed Name: Beth Jones, Exec. Dir.
Its: Jones

STATE OF TENNESSEE
COUNTY OF HAMILTON

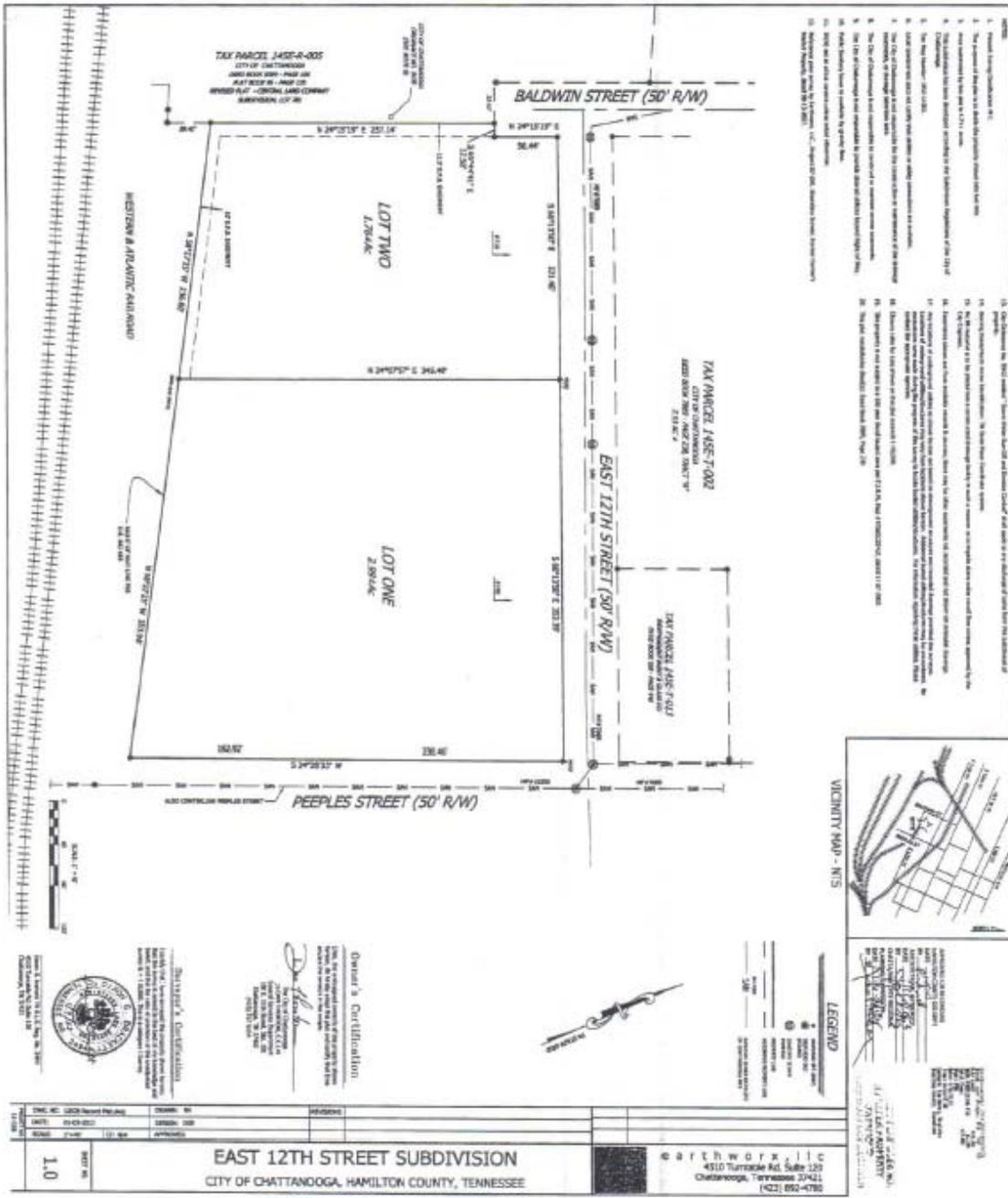
Before me, Gail Hart, Notary Public of the State and County aforesaid, personally appeared BETH JONES, Executive Director, for SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT, a Tennessee Non-profit Corporation, acting in her capacity as Executive Director, to me known to be the person described in, or proved to me on the basis of satisfactory evidence, and who executed the foregoing instrument for the purposes therein contained, and acknowledged that she, in the capacities as aforesaid, executed the same as her free act and deed.

WITNESS my hand and seal at office in Hamilton County, Tennessee, this 15th day of MAY, 2013.

Gail Hart
NOTARY PUBLIC

My Commission Expires My Commission Expires: March 4, 2014





P3 97 44

EXHIBIT A



EXHIBIT C
[COPY OF SETDD SUBLEASE]

SUBLEASE

THIS SUBLEASE, made to be effective this 26th day of June, 2012 (the "Effective Date"), by and between SOUTHEAST TENNESSEE HUMAN RESOURCE AGENCY, a Tennessee non-profit corporation ("Sublandlord") and SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT, a Tennessee development district ("Subtenant").

WITNESSETH:

WHEREAS, Sublandlord entered into that certain Lease with the City of Chattanooga, Tennessee dated _____ (the "Master Lease") for certain premises and all buildings and improvements located thereon at 740 East 12th Street in Chattanooga, Hamilton County, Tennessee, and identified as part of Tax Map No. 145E-U-001 (the "Property"), as more particularly shown on Exhibit "A" attached hereto and made a part hereof;

WHEREAS, Sublandlord desires to Sublease and demise to Subtenant, and Subtenant hereby Subleases and rents from Sublandlord, a portion of the Property known as the board/training room space on the second floor and containing approximately 2,227 sq. feet (the "Premises") more particularly shown on Exhibit "B" attached hereto and made a part hereof. The Premises shall include access through the first floor of the building of which the Premises are part and use of the elevators and stairways to access the Premises; and

WHEREAS, the following additional stipulations are hereby declared to be provisions of this Sublease, and shall, unless otherwise expressly stated, be applicable at all times throughout the term of this Sublease and any extensions or renewals thereof:

1. **Term and Rental.**

(a) The term hereof shall begin upon the date Sublandlord completes the build out, fixturing and furnishing of the Premises and obtains a Certificate of Occupancy for same and shall expire two hundred forty (240) months from such date, unless renewed or extended. Sublandlord shall provide written notice to Subtenant confirming the commencement of the term and the termination date once the Premises are ready for occupancy by Subtenant. The term "Sublease year" shall mean the one (1) year period commencing on the date hereof and each similar period thereafter.

(b) Subtenant shall pay a one time rental to Sublandlord for the Premises in an amount not to exceed Forty Two Thousand Five Hundred and 00/100 Dollars (\$42,500.00) which shall be used by Sublandlord to complete the build out of the Premises and to equip the Premises with all necessary fixtures and furnishings, including audio visual equipment necessary for Subtenant's meetings. Subtenant shall, within fifteen (15) days of receipt from Sublandlord of invoices marked "Paid", pay to Sublandlord fifty percent (50%) of each of such invoices up to the one time rental payment amount of Forty Two Thousand Five Hundred and No/100 Dollars (\$42,500.00). The one time rental payment shall be all of the rent owed under this Sublease.

(c) From and after the date hereof, Sublandlord agrees to pay all taxes or levies of every kind and character, which may be imposed on the Premises by any taxing authority or governmental agency with power to tax, and shall cause the same to be paid when due before they shall become delinquent. Sublandlord shall be obligated to pay all general and special assessments imposed on the Property and Premises by any taxing authority or governmental agency with power to tax. In the event any sales, use or other tax, except for an income tax, is levied upon the rents reserved in this Sublease by the United States of America, State of Tennessee, Hamilton County or the City of Chattanooga, or any other governmental entity having jurisdiction, such taxes shall be paid by Sublandlord. In the event Sublandlord fails to pay any such tax or levy when due, Subtenant may pay such tax on behalf of Sublandlord. In such event, Sublandlord shall pay to Subtenant all amounts paid by Subtenant together with interest thereon at the prime rate of interest as announced from time to time by First Tennessee Bank, National Association, plus four percent (4%) (the "Default Rate").

(d) All rental payments to Sublandlord shall be payable and sent to Sublandlord at 312 Resource Road, Post Office Box 909, Dunlap, Tennessee 37327, or to such other place or places as Sublandlord may from time to time designate in writing.

(e) In the event this Lease terminates prior to the expiration of the initial twenty (20) year term for any reason other than due to a default by Subtenant, Subtenant shall receive a prorata refund of the \$42,500.00 one time rent based on the number of months remaining in the initial lease term.

2. **Subtenant's Alterations.** Subtenant shall not make any additions, alterations or modifications to the Premises without the prior written consent of Sublandlord.

3. **Casualty Insurance.** Sublandlord, at Sublandlord's expense, throughout the term of this Sublease and any extension or renewal thereof, shall keep the Premises fully insured against loss, damage or casualty by any means with a company approved by Sublandlord for the full replacement value of the Premises and the building of which the Premises are part. In the event of any damage or casualty to the Premises or Property, Sublandlord shall have the option of either terminating this Sublease after which the parties shall be released from further obligations hereunder, or repair and restore the Premises to the condition existing prior to the event of damage or casualty insofar as reasonably possible.

4. **Repairs.** Sublandlord, at its expense, shall be solely responsible for maintaining the Property, Premises, the building of which the Premises are a part and all improvements, fixtures and personal property thereon and shall cause to be made all repairs and replacements necessary to keep the Property and Premises and all buildings and improvements therein in the same condition as of the date hereof, normal wear and tear excepted. Sublandlord shall also police the Premises for trash and keep the Premises in a neat and clean condition. Sublandlord agrees that Subtenant shall have no obligation under this Sublease to make any repairs or replacements to the Premises or the building of which it is a part unless caused by Subtenant's gross negligence or willful misconduct.

5. **Condemnation.** In the event any portion of the Property or Premises shall be taken so as to prevent Subtenant's use of the Premises, this Sublease shall terminate. In the

event any portion of the Property or the building of which the Premises are part are taken, but can be restored or repaired so as to allow Subtenant's use of the Premises, Sublandlord shall promptly undertake such restoration or repair. In the event such restoration cannot, in Subtenant's sole discretion, be completed within 120 days of such condemnation, Subtenant may terminate this Sublease and receive a refund of a portion of the rent paid hereunder in accordance with Section 1 hereof.

6. Utilities. Sublandlord shall pay for all public utility connections charged by governmental authorities and for all utility services used on the Premises, including but not limited to, gas, electric, water, sewer and telephone. Sublandlord shall contract for all such utilities in its own name.

7. Quiet Enjoyment/Scheduling. Sublandlord covenants and warrants that Sublandlord has a good and marketable leasehold interest in the Premises, and that Subtenant shall have and enjoy full, quiet and peaceful possession of the Premises, the appurtenances and all rights, easements and privileges incidental thereto subject to the provisions of this Sublease, the Master Lease and any easements, restrictions, reservations and other instruments of record applicable to the Premises. Sublandlord makes no warranties, express or implied, regarding the condition of the Premises and its suitability for any particular purpose or use. Sublandlord and Subtenant agree to work together to implement a schedule for the use of the Premises acceptable to both parties. Subtenant may use the Premises for its regularly scheduled board meetings which schedule shall be provided to Sublandlord at the beginning of each Sublease year. Subtenant agrees to coordinate with Sublandlord to schedule any other meetings necessary for Subtenant. Sublandlord's contact for such scheduling shall be Wayne Owen, Sr./BETHRA; 423.698.7337.

8. Default. Default in the performance of any covenant, agreement, obligation or condition herein, or breach of any warranty or representation herein by Subtenant, or voluntary institution of any insolvency proceedings or steps, as debtor or insolvent, on the part of Subtenant, or involuntary insolvency proceedings brought against Subtenant which are not dismissed within sixty (60) days, shall entitle Sublandlord, at its option, to terminate this Sublease, if after giving notice to Subtenant of such intention to terminate, setting forth the ground thereof, Subtenant does not within thirty (30) days, remedy such ground or grounds for termination. Sublandlord may, at its option, and in lieu of its other rights and remedies, correct such default and charge the reasonable cost thereof to Subtenant, which charge shall constitute a legal and valid debt of Subtenant. Upon any such termination for default of Subtenant, Sublandlord, its agent or attorney, shall have the right, without further notice or demand, to re-enter and remove all persons and Subtenant's property therefrom without being deemed guilty of any manner of trespass.

9. Notices. All notices herein provided for shall be in writing and sent by hand delivery or registered or certified mail, postage fully prepaid, return receipt requested, or by a nationally recognized overnight courier service, to Subtenant at Post Office Box 4757, Chattanooga, Tennessee 37405, if directed to it or, if directed to Sublandlord, to the place provided above for the payment of rental. Any party may change its address for notices by written notice in like manner as provided in this paragraph. Notice for purposes of this Sublease shall be deemed given upon actual receipt.

10. Liability Insurance. Sublandlord shall maintain, at its own expense, ~~public liability insurance covering the Premises for the joint benefit of Subtenant and Sublandlord, with coverage of not less than \$1,000,000.00 for personal injury, including death, and \$500,000.00 for property damage.~~ A certificate of such insurance shall be delivered to Subtenant showing Subtenant as an additional insured and shall also provide that the subject policy may not be canceled except upon not less than thirty (30) days advance notice to Subtenant. If at any time Sublandlord shall fail to maintain the insurance required hereby, Subtenant may at its option do all things necessary to obtain such insurance and any monies expended by Subtenant for such purpose shall be payable by Sublandlord with interest at the Default Rate, on demand.

11. Successors and Assigns. The covenants, conditions and agreements contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and their respective successors and assigns.

12. Entire Agreement. This Sublease contains all the agreements between the parties hereto and may not be modified in any manner other than by agreement in writing signed by both the parties hereto and their successors in interest. This Sublease shall be interpreted in accordance with the laws of the State of Tennessee.

13. Genders. Whenever the context hereof admits or requires, words in the singular may be regarded as in the plural and vice-versa, and personal pronouns may be read as masculine, feminine and neuter.

14. Assignment and Subletting. Subtenant shall have the right to assign this Sublease or sublet the Premises to any other party only with the prior written consent of Sublandlord, which consent shall not be unreasonably withheld.

15. Subordination; Estoppel Letters. This Sublease and Subtenant's interest and rights hereunder shall at all times be subordinate to any mortgage, deed of trust or other security instrument now or hereafter covering the Premises and Subtenant agrees to attorn to any mortgagee, creditor or secured party who shall succeed to Sublandlord's interest in this Sublease. This subordination shall be effective without the necessity of any further documentation evidencing such. Notwithstanding the foregoing, Subtenant shall at the request of Sublandlord execute an instrument evidencing such subordination, so long as such instrument contains customary non-disturbance provisions. Subtenant shall upon request promptly execute estoppel letters in form and content reasonably acceptable to Subtenant regarding this Sublease and its operations hereunder.

16. Permitted Uses. Subtenant shall have the right to use the Premises for meetings and conferences and all uses incidental thereto.

17. Indemnification. Subtenant shall indemnify and hold Sublandlord harmless from and against any and all liability and expense of any kind, including reasonable attorneys' fees, arising from injuries or damages to persons or property resulting in any way from any act or negligence of Subtenant, its contractors, agents, or employees, or arising from any default in any obligations of Subtenant hereunder. Sublandlord shall indemnify and hold

Subtenant harmless from and against any and all liability and expense of any kind, including reasonable attorneys' fees, arising from injuries or damages to persons or property resulting in any way from any act or negligence of Sublandlord, its contractors, agents or employees or arising from any default in any obligation of Sublandlord hereunder.

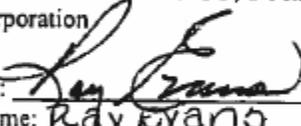
18. **Short Form Sublease.** The parties agree to file with the Register's Office of Hamilton County, Tennessee a short-form or memorandum of Sublease in substantially the form as set forth on **Exhibit "C"** attached hereto and made a part hereof.

19. **Parking.** Subtenant shall have the use of the parking lot on the Property at such times as Subtenant is utilizing the Premises for meetings. Sublandlord shall have the right to designate certain spaces in the parking lot on the Property for Subtenant's use so long as Subtenant has, whenever Subtenant is using the Premises, a minimum of 50 spaces.

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

SUBLANDLORD:

SOUTHEAST TENNESSEE HUMAN
RESOURCE AGENCY, a Tennessee non-profit
corporation

By: 
Name: Ray Evans
Title: Executive Director

SUBTENANT:

SOUTHEAST TENNESSEE DEVELOPMENT
DISTRICT, a Tennessee development district

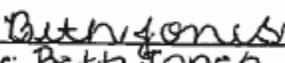
By: 
Name: Beth Jones
Title: Executive Director

EXHIBIT "A"

In the City of Chattanooga, Hamilton County, Tennessee:

Beginning at the intersection of the South line of East Twelfth Street and the East line of Baldwin Street; thence Eastwardly, along the South line of East Twelfth Street, 571.2 feet to the West line of Peoples Street; thence Southwardly, along the west line of Peoples Street, 393.38 feet, more or less, to the Northern line of the 20-foot right-of-way strip of land conveyed from Eleventh Street Realty Company to Trustees of The Cincinnati Southern Railway by deed recorded in Book 1071, Page 339, Register's Office of Hamilton County, Tennessee; thence Westwardly, with and along the Northern line of said strip of land, 574.08 feet to the East line of Baldwin Street; thence Northwardly along the East line of Baldwin Street, 334.19 feet to the beginning.

EXCEPTING FROM the above-described real estate such portion thereof as was conveyed to The Cincinnati Southern Railway by deed of record in Book 1071, Page 339, in the Register's Office of Hamilton County, Tennessee.

EXCEPTING THEREFROM that portion thereof conveyed to the Trustees of the Cincinnati Southern Railway by deed of record in Book 882, Page 683, in the Register's Office of Hamilton County, Tennessee.

EXCEPTING THEREFROM any portion lying within the right-of-way of Baldwin Street.

TOGETHER WITH all right of reversion of title contained in deed to The Cincinnati Southern Railway by deed of record in Book 1071, Page 339, in the Register's Office of Hamilton County, Tennessee, and in deed to the Trustees of The Cincinnati Southern Railway of record in Book 882, Page 683, in the Register's Office of Hamilton County, Tennessee.

EXHIBIT "B"

Drawing of Premises

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Memorandum as of the date first written above.

SUBLANDLORD:

SOUTHEAST TENNESSEE HUMAN RESOURCE AGENCY, a Tennessee non-profit corporation

By: [Signature]
Name: Ray Evans
Title: Executive Director

SUBTENANT:

SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT, a Tennessee development district

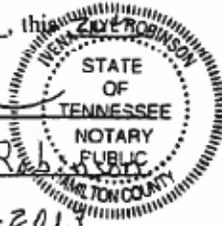
By: [Signature]
Name: Beth Jones
Title: Executive Director

STATE OF TENNESSEE
COUNTY OF HAMILTON

Before me, Ivone Faye Robinson of the state and county mentioned, personally appeared Ray Evans, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged such person to be Executive Director (or other officer authorized to execute the instrument) of SOUTHEAST TENNESSEE HUMAN RESOURCE AGENCY, the within named bargainor, a Tennessee non-profit corporation, and that such Executive Director or officer as such Executive Director, executed the foregoing instrument for the purpose therein contained, by personally signing the name of the non-profit corporation as Southeast Tennessee Human Resource Agency as Executive Director

Witness my hand and seal, at office in Chattanooga, TN, this 20th day of June, 2012.

[Signature]
Notary Public
Printed Name: Ivone Faye Robinson



My Commission Expires: 4-20-2014

EXHIBIT A

LEASED PREMISES

In the City of Chattanooga, Hamilton County, Tennessee:

Beginning at the intersection of the South line of East Twelfth Street and the East line of Baldwin Street; thence Eastwardly, along the South line of East Twelfth Street, 571.2 feet to the West line of Peoples Street; thence Southwardly, along the west line of Peoples Street, 393.38 feet, more or less, to the Northern line of the 20-foot right-of-way strip of land conveyed from Eleventh Street Realty Company to Trustees of The Cincinnati Southern Railway by deed recorded in Book 1071, Page 339, Register's Office of Hamilton County, Tennessee; thence Westwardly, with and along the Northern line of said strip of land, 574.08 feet to the East line of Baldwin Street; thence Northwardly along the East line of Baldwin Street, 334.19 feet to the beginning.

EXCEPTING FROM the above-described real estate such portion thereof as was conveyed to The Cincinnati Southern Railway by deed of record in Book 1071, Page 339, in the Register's Office of Hamilton County, Tennessee.

EXCEPTING THEREFROM that portion thereof conveyed to the Trustees of the Cincinnati Southern Railway by deed of record in Book 882, Page 683, in the Register's Office of Hamilton County, Tennessee.

EXCEPTING THEREFROM any portion lying within the right-of-way of Baldwin Street.

TOGETHER WITH all right of reversion of title contained in deed to The Cincinnati Southern Railway by deed of record in Book 1071, Page 339, in the Register's Office of Hamilton County, Tennessee, and in deed to the Trustees of The Cincinnati Southern Railway of record in Book 882, Page 683, in the Register's Office of Hamilton County, Tennessee.