

**NARRATIVE
APPRAISAL REPORT**

**44.00 ACRES
ROANOKE AVENUE
CHATTANOOGA, TN 37380**

**PREPARED
FOR
CITY OF CHATTANOOGA
100 E. 11TH STREET, SUITE 200
CHATTANOOGA, TN 37402**

**By
Thomas R. Carter
Certified General Real Estate Appraiser
Tennessee License No. CG-1081**

**DATE OF VALUE: NOVEMBER 14, 2018
DATE OF REPORT: DECEMBER 5, 2018**

Carter Appraisal Services

Thomas R. Carter
State of Tennessee
Certified General
Real Estate Appraiser

345 Phillips Road
Jasper, TN 37347
Office (423) 942-5160
trcarter@charter.net

REAL ESTATE APPRAISAL & CONSULTING

December 5, 2018

City of Chattanooga
Gail Hart, Real Property Coordinator
100 E. 11th Street, Suite 200
Chattanooga, TN 37402

RE: 44.00 acres, Roanoke Avenue, Chattanooga, Tennessee

Dear Ms. Hart,

As requested, we have conducted the inspections, investigations, and analyses necessary to appraise the property located on Roanoke Avenue, in Chattanooga, Tennessee. The property is a 44.00-acre tract of real estate with no improvements.

The accompanying appraisal report describes the appraisal methods, and contains the information necessary for forming reasonable conclusions using appropriate market data approaches. This report was completed in conformity with requirements of the Uniform Standards of Professional Appraisal Practices of the Appraisal Foundation and the Appraisal Institute, Title XI of FIRREA, and the reporting requirements of the City of Chattanooga.

Your attention is directed to the section entitled "Assumptions and Limiting Conditions" which provides the basis for all conclusions and the final value estimated, including consideration of environmental hazards and compliance with the Americans with Disabilities Act. Inspection of the facility appears to meet the Americans with Disabilities Act requirements.

Subject to the conditions and explanations contained in the following report, it is our opinion that the "As Is" market value of the fee simple interest in the subject property, as of November 14, 2018, was:

ONE MILLION SEVEN HUNDRED SIXTY THOUSAND DOLLARS

(\$1,760,000)

Signature: Thomas R. Carter TN CG-1081

TABLE OF CONTENTS

SUMMARY OF SALIENT FACTS AND CONCLUSIONS-----	1
CERTIFICATION-----	2
STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS-----	3
PURPOSE OF APPRAISAL-----	4
PROPERTY RIGHTS APPRAISED-----	4
DEFINITION OF MARKET VALUE-----	4
APPRAISAL DATES-----	4
INTENDED USER-----	4
COMPETENCY STATEMENT-----	5
SUBJECT OFFERING & CONTRACT INFORMATION-----	5
PHOTOGRAPHS-----	5
DIGITAL SIGNATURES-----	6
APPRAISER DISCLOSURE-----	6
REPORT TYPE-----	6
ASSIGNMENT CONDITIONS-----	6
SCOPE OF APPRAISAL-----	7
REGIONAL AND NEIGHBORHOOD ANALYSIS-----	8
SITE DATA-----	9
PROPERTY IDENTIFICATION-----	10
HISTORY OF PROPERTY-----	10
PROPERTY ZONING-----	10
PROPERTY TAXES-----	10

TABLE OF CONTENTS
(CONTINUED)

FLOOD ZONE MAP & PANEL #-----	10
PROPERTY DESCRIPTION-----	11
SUBJECT PHOTOS-----	13
HIGHEST AND BEST USE-----	20
APPRAISAL PROCESS-----	21
DIRECT SALES COMPARISON APPROACH-----	22
MARKET ANALYSIS-----	34
RECONCILIATION-----	35
EXHIBITS & ADDENDA	
<i>Aerial Maps</i> -----	37
<i>Neighborhood Map</i> -----	38
<i>Regional Map</i> -----	39
<i>Flood Map</i> -----	40
<i>Tax Card</i> -----	41
<i>Subject Deed</i> -----	42
<i>Community Data</i> -----	45
<i>Statement of Qualifications</i> -----	49
<i>Appraiser License</i> -----	51

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

CLIENT/OWNER NAME & ADDRESS:	City of Chattanooga 100 E. 11 th Street, Suite 200 Chattanooga, TN 37402
PROPERTY LOCATION:	Roanoke Avenue Chattanooga, TN 37406
REPORT TYPE:	Narrative
TYPE OF PROPERTY:	Industrial
PROPERTY RIGHTS APPRAISED:	Fee Simple Real Property
VALUE APPRAISED:	“As Is”
SITE AREA:	44.00 Acres
ZONING:	M-1, Industrial
HIGHEST & BEST USE:	Industrial Development
VALUE BY MARKET APPROACH:	\$1,760,000
ESTIMATED PROPERTY VALUE:	\$1,760,000
EFFECTIVE DATE OF APPRAISAL:	November 14, 2018
DATE OF REPORT:	December 5, 2018

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- ◆ I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- ◆ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ◆ My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- ◆ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ◆ The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice and the Interagency Appraisal and Evaluation Guidelines.
- ◆ I have made a personal inspection of the property that is the subject of this report
- ◆ No one provided significant professional assistance to the person signing this report.
- ◆ I have not performed any services within the three-year period prior to the acceptance of this assignment, as an appraiser or in any capacity.

Date: December 5, 2018

Thomas R. Carter

Thomas R. Carter
State of Tennessee
Certified General Real Estate Appraiser
License Number CG-1081

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is predicated on the following assumptions and limiting conditions.

- ◆ No responsibility is assumed by the appraiser for matters legal in nature, nor is this report to be construed as rendering opinions to title, which is assumed to be free, clear and marketable
- ◆ The property has been appraised as though fully marketable and under responsible ownership, without regard to existing encumbrances, if any, such as tax liens, mechanics' liens, mortgages, etc.
- ◆ All statements set forth in this report are true and accurate to the best of the appraiser's knowledge and belief.
- ◆ The exhibits included with this report are intended to provide visual assistance to the reader and were prepared by the appraiser for illustrative purposes only.
- ◆ The appraiser takes no responsibility for the accuracy of any general data, title data, aerial maps, surveys, measurements, or any other information supplied by others which have been used by the appraiser for the preparation of this report.
- ◆ This report is to be used in its entirety and the information contained therein cannot be used out of context.
- ◆ As instructed, the estimate of fair market value is for the fee simple interest.
- ◆ Unless otherwise stated in this report, the existence of hazardous substances or other environmental conditions were not called to the attention of the appraiser nor did the appraiser become aware of such during the inspection of the property. However, the appraiser is not qualified to test for such substances or conditions. The value estimated is predicated on the assumption that there is no such condition on or in the property or in such close proximity thereto that it would cause a loss in value. No responsibility is assumed or implied for any such condition, nor for any expertise or engineering knowledge required to discover them.
- ◆ It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
- ◆ It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- ◆ It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no encroachments or trespass unless noted in the report.
- ◆ The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- ◆ This appraisal in part(s) or as a whole, or copies thereof, shall not be conveyed to the public through advertising, news, sales, public relations, or any other media without written consent and approval of the appraiser.
- ◆ Acceptance of and/or use of this report constitutes acceptance of the foregoing general assumptions and general limiting conditions.

PURPOSE OF THE APPRAISAL

The purpose of this report was to estimate the subject's fee simple interest "as is". The intended use or function of the report is for establishing the fair market value of the subject property for the client's use in purchase negotiations. The client for this assignment is the client, City of Chattanooga, Tennessee. The appraisal is to provide an estimate of fair market value for the subject by applying the standards and techniques typically used in the appraisal process.

PROPERTY RIGHTS APPRAISED

Fee Simple Estate, defined as:

"Absolute ownership of all the rights in a parcel of real property, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

The property rights appraised are for the fee simple estate and title of the real property.

DEFINITION OF MARKET VALUE

As required by USPAP 2-2(b)(v), the source of the market value definition is 12 CFR 34.42(g).

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1) buyer and seller are typically motivated; 2) both parties are well informed or well advised, and acting in what they consider their best interests; 3) a reasonable time is allowed for exposure in the open market; 4) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and 5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."¹

APPRAISAL DATES

The subject property was inspected by Thomas R. Carter on November 14, 2018, which is also the valuation date. The report date is December 5, 2018.

INTENDED USER

The intended user of this appraisal report is the client, City of Chattanooga, Tennessee. There are no additional intended users that have been disclosed to or identified by this appraiser.

¹ 2018-19 Edition USPAP © The Appraisal Foundation

COMPETENCY STATEMENT

The Office of the Comptroller of the Currency has issued a ruling which requires lenders to evaluate appraisers' competency for each specific appraisal assignment:

“Not all appraisers are competent to perform every type of appraisal that will be needed in connection with federally related transactions. For instance, an appraiser who is experienced in appraising shopping centers may not possess sufficient expertise to appraise a golf course. A financial institution should look beyond an individual's title to determine if he or she has the experience and training needed to perform the appraisal. This provision is not intended to prohibit, in every instance, an individual from appraising a type of property with which he or she is not familiar. However, in such instances, an appraiser may perform the appraisal only in accordance with the Competency Provision in the USPAP.”

Thomas R. Carter has appraised numerous commercial, industrial, special purpose, and special use properties both private and public including numerous industrial type properties. Therefore, Thomas R. Carter has met the requirements of USPAP's Competency Provision. Carter Appraisal Services and the signatories hereto have the experience in the appraisal of properties similar to the subject in this market and are deemed qualified by education, training and experience in the preparation of such reports sufficient to comply with the competency provisions of USPAP. The professional qualifications of the individuals who prepared this report are included for specific reference.

SUBJECT SALES HISTORY & OFFERING & CONTRACT INFORMATION

The subject property was purchased by the current owner, City of Chattanooga, in 2014. The site has been cleared and prepped for development of the site for industrial use. The site has been marketed by the city and advertised through Southeast Industrial Development Association, (SEIDA).

PHOTOGRAPHS

The subject photos were taken at the time of inspection and are intended to reflect the condition of the subject as of the effective date of appraisal. The comparable sales photos are typically taken on the same date of the subject inspection. In some instances, the comparable photos may have been taken at a later date or prior to the effective date when the sale was inspected due to a previous appraisal. When access is unavailable to a property an attempt to retrieve a photo from MLS data may be necessary. It may be noted that regardless of the date or source of the comparable photos there may have been changes to the property after the date of sale and photos may not reflect the condition of the property at the time of sale.

DIGITAL SIGNATURES

The signature(s) affixed to this report and certification was applied by the original appraiser(s) or supervisory appraiser and represents their acknowledgements of the facts, opinions and conclusions found in the report. Each appraiser applied his or her signature electronically using a password encrypted method. Hence these signatures have more safeguards and carry the same validity as the individual's hand applied signature. If the report has a hand-applied signature, this comment does not apply.

APPRAISER DISCLOSURE

I have no current or prospective interest in the subject property or the parties involved; and no services were performed by the appraiser within the 3 years immediately preceding acceptance of this assignment, as an appraiser or in any capacity.

REPORT TYPE

This is an *appraisal report* which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an appraisal report. As such, it presents sufficient information to enable the client and other interested users, as identified, to understand it properly.

ASSIGNMENT CONDITIONS

Assignment conditions include extraordinary assumptions, hypothetical conditions, and jurisdictional exceptions. The nature of the appraisal problem determines whether any of the assumptions or limiting conditions applies to the specific assignment. Disclosure of assumptions and limiting conditions is of utmost importance so that the client is not misled by the omission of essential information about the scope of work of the assignment. It has been determined during the course of this assignment that there are no extraordinary assumptions or jurisdictional exceptions, however, a hypothetical condition does exist.

HYPOTHETICAL CONDITION: USPAP defines a hypothetical condition as a "condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis" (USPAP, U-3). According to USPAP Standards Rule 2-2 (a)(x), an appraisal report must clearly state all hypothetical conditions and that their use may have affected the assignment results.

At the request of the client, the following items are to be assumed;

The subject is currently zoned for residential use with an application filed for rezoning to M-1, Industrial. It is assumed that the property is zoned for industrial use.

An application has been filed to abandon all interior roads. It is assumed that all interior roads through the property have been abandoned.

It is assumed that access to the railway can be upgraded and a rail spur can be added.

All utilities are upgraded and sufficient for industrial use and soil type will allow heavy, reinforced concrete slab installation for an industrial footprint.

SCOPE OF THE APPRAISAL

The appraisal process involved the collection, verification, and analysis of specific and general data related to the subject property. The following steps were taken in the completion of this report.

A preliminary inspection of the subject property was done to determine the depth of the appraisal assignment. The valuation of the subject was identified as the existing problem. The subject property was identified as 44.00 acres located in the Avondale neighborhood in the Chattanooga community of Hamilton County, Tennessee.

The subject property was inspected to determine its physical characteristics, including quality, condition, topography, access, utilities, etc. The property inspection was conducted on November 14, 2018, which is considered to be the effective date of appraisal.

The surrounding area was investigated to determine the neighborhood boundaries and potential land sales, improved sales, and rent comparables, as appropriate. The data needed for the preparation of this appraisal report required research in various areas. The regional, county and immediate neighborhood data of subject property were investigated and analyzed. This included a physical inspection of the general and immediate areas surrounding subject property.

General and specific data concerning the subject area were collected from the local chamber of commerce, courthouse records, local real estate appraisers and property owners.

All county offices were researched to determine the zoning status of the subject property and surrounding land uses. Hamilton County Property Assessor and Register of Deeds records were searched for transfers of the subject property. Ownership details, recording dates, and document numbers were obtained as appropriate.

Sale comparables were obtained through searches of public records, interviews with real estate professional and published sources of real estate data. A search was made throughout Hamilton County and the surrounding area for comparable sales within a reasonable time period. The data was inspected and screened for comparability to the subject.

Interviews were conducted with brokers, buyers, and sellers involved in the selected comparable sales. An analysis of the subject property was completed in relation to the selected comparables using the sales comparison approach to value. The data was organized and the appraisal report was prepared. An analysis of the subject property was completed in relation to the selected comparables using the appropriate appraisal techniques.

This is a narrative appraisal report to be utilized solely by the City of Chattanooga, Tennessee as a basis to determine the fair market value of the subject tract. The Cost and Sales Comparison Approaches to value were considered in developing this appraisal. The final conclusion of value has been presented in the Reconciliation.

REGIONAL ANALYSIS

The economic vitality of the area surrounding the subject property is an important consideration in establishing historical trends in the regional real estate market, future demand/supply for selected types of real estate and cash flow potential. The regional analysis generally focuses on the social, economic, governmental and environmental forces that affect real estate. All general data are ultimately understood in terms of its effect on the economic climate in which property transactions occur.

Hamilton County is located in the southeast section of the state along the Tennessee border of Georgia. Hamilton is located within the Tennessee Valley geographical area which runs northeast to southwest through the southeastern area of the state. The county borders the foothills of the Appalachian Mountains to the east and the Cumberland Plateau to the west and is known for its natural scenic beauty. Interstate-24 and 75 crosses through the southern portion of the county running east to west. Several communities and small towns are located within the county with the city of Chattanooga being the county seat. Numerous city and county parks are located throughout the county as well as state forests' and recreational facilities. The growth in population and new industry in recent years has been stable and is expected to continue at a steady pace. Over 70% of the U.S. population is within 600 miles of Hamilton County and the county is within one day's drive of nearly one-third of the major U.S. markets. See "Community Data" in Addendum

NEIGHBORHOOD ANALYSIS

The Chattanooga community is located in the southern part of the county between the Tennessee River and the Alabama state line. Adjoining Chattanooga to the west is the Cumberland Plateau. To the south is Lookout Mountain and the state of Georgia, east is the Collegedale community, and north is the Harriman community. The region is known for its natural beauty and natural resources that include state forests and natural areas.

The subject property is located within the city of Chattanooga in a designated industrial district. The area has seen some industrial activity in recent years. Both commercial and industrial markets are active in the region. State Highway 58 is the primary road which runs through the center of the community which connects to U.S. Highway 41 and I-24. The subject fronts a city street on three sides which connect to State Highway 58 to the west. The area is an industrial district of town along Amnicola Highway, (State Highway 58), and the Tennessee River. The existing industry is supported by CSX Transportation and Centre South Riverport. Property values are stable and growth is steady within the area and trends are expected to continue for the foreseeable future.

SITE DATA

The following descriptive material is largely based on personal inspection of the subject property augmented by a thorough review of pertinent public documents and discussions with local public works officials.

Location

The subject site is located in the central part of the Chattanooga community adjoining Riverside Park to the west and the Avondale neighborhood to the east. The property is approximately ½ mile east of State Highway 58. The property is a designated industrial site.

Site Configuration

The subject is an at road-grade site that is rectangular in shape with level topography. There is an offset in the northeast corner. The site dimensions are shown on the following deed and the property consists of approximately 44.00 acres.

Access and Visibility

The subject property has direct frontage along Roanoke Avenue, Southern Street, and Sholar Avenue which are secondary city streets that connect to Wilcox Boulevard to the south which connects to Amnicola Highway also known as Riverside Drive.

Utilities

All utilities are available including city water and sewer, electricity, natural gas, phone, and cable. The current access to utilities is adequate to service the existing improvements and would allow for development of a large industry.

Topography and Soil Conditions

No responsibility for hidden or unapparent conditions beyond the area of expertise as appraisers is assumed (see Item 8 of General Assumptions). Only a visual surface inspection of the property was conducted. No soil or subsoil problems were apparent by virtue of the subject or surrounding properties.

Easements

No adverse easements or encroachments were noted nor observed during inspection. Local utilities run along the road front portion of the tract providing services to the subject and adjoining tracts. An existing city sewer line intersects in the middle of the tract.

Surrounding Properties

The surrounding properties are industrial along the highway with two elementary schools and a church nearby. Residential neighborhoods are located across the road to the east and south in the general proximity of the subject. The subject is a 44.00 acres tract that borders road frontage on the east side. The western border of the subject is a railway. The general vicinity is developed with a mixture of commercial, industrial, and residential properties.

Summary: The subject property could be utilized for any permitted use under the current zoning regulations. No adverse easements, encroachments or other adverse conditions are known nor been observed which would restrict the use of the subject property.

PROPERTY IDENTIFICATION

The subject property can be identified as Map 136E Group A Parcels 005-013, in the Hamilton County Property Assessors Office. The property is further described by legal description in Deed Book 10196 page 426 in the Hamilton County Register of Deeds Office. The subject contains approximately 44.00 acres according to the acreage described by the legal description in the subject deed. The description is by survey.

HISTORY OF PROPERTY

According to county records the property was conveyed by Warranty Deed recorded on April 17, 2014, from Chattanooga Housing Authority, Grantor, to The City of Chattanooga., Grantee. The property has been vacant and available for sale in recent years. See "Subject Deeds" in the addendum of this report.

PROPERTY ZONING

The subject is located in Chattanooga, which has active zoning regulations in place. The property is zoned Industrial, M-1. The property conforms well to surrounding tracts and appears to meet any zoning regulations or setback requirements.

PROPERTY TAXES

A research of county records shows the subject land is appraised for \$455,000. The assessed value of the real property is 40% of the appraised value. The local tax rates are applied per \$100 of assessed value. This subject property is exempt from taxation.

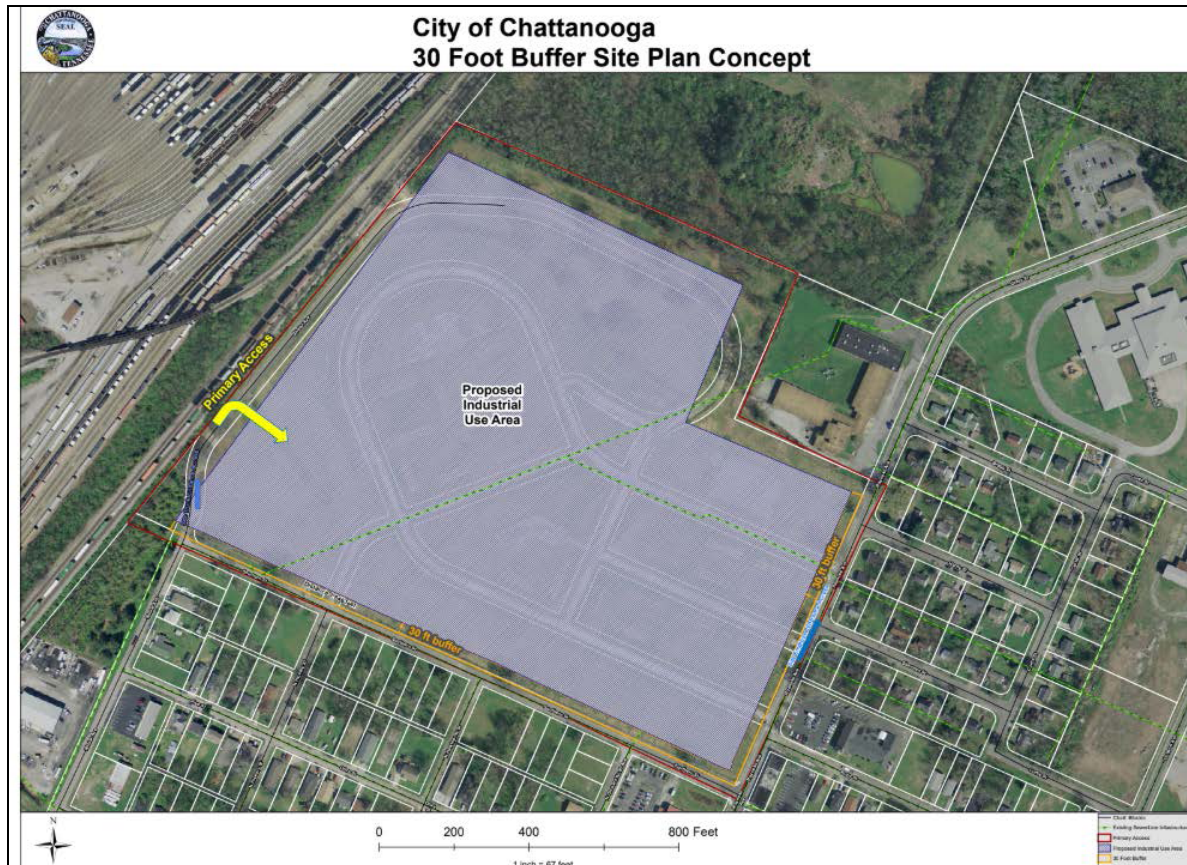
FLOOD ZONE MAP & PANEL #

A search was done of the Flood Insurance Rate Maps published by the Federal Emergency Management Agency for use in the National Flood Insurance Program. The subject property is located in the City of Chattanooga on Community Panel #447065C0342G, Zone X500, Effective Date February 3, 2016: An inspection of the map indicates that a portion of the subject property is within the flood plain. Typically, industrial development is allowed in areas of low flood risk. The subject community does participate in a special flood hazard insurance program. "See "Subject Flood Map" in the Addendum of this report.

PROPERTY DESCRIPTION

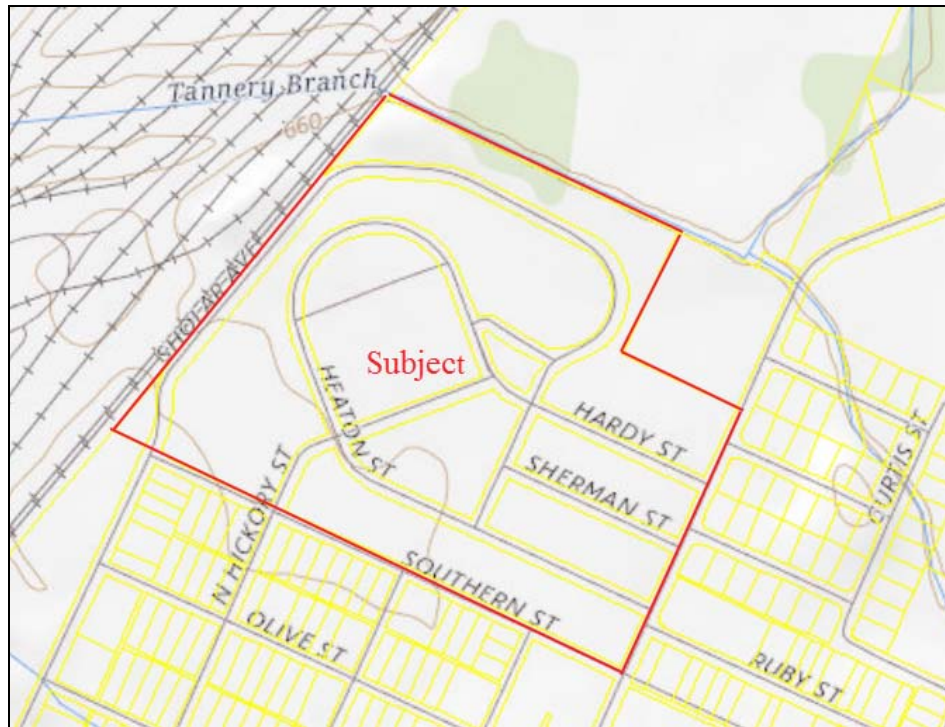
The subject site provides appropriate setbacks from road. Size, shape, access, and topography are adequate for development. All utilities are available and have adequate capacity including electricity, gas, city water and sewer, telephone, and cable.

SUBJECT SITE



Size/Location: The site is a 44.00-acre tract located in the Chattanooga community in a designated industrial development area. The tract is situated along the east side of an active railway and is in close proximity to port access along the Tennessee River. The **shape** of the site is generally rectangular with an offset in the northeast corner of the tract. **Access** is by primary road frontage on three sides of the tract that connects to a state highway 0.2 miles to the west which connects to Interstate 24 3/4 mile to the south. The visibility along the road front is adequate. The acreage has level **topography** that is open that has been utilized as roads, crossroads residential homes in the past. There is a small vein of trees in the northern part of the tract. The majority of the tract is within the 0.2% flood zone. There are **utilities** to the tract that include city water and sewer, electricity, natural gas, phone, and cable. The water and sewer line capacity are adequate for development of the subject site.

SUBJECT TOPOGRAPHY MAP



SUBJECT FLOOD MAP



SUBJECT PHOTOS



Roanoke Avenue Frontage



Access Point along Roanoke Avenue

SUBJECT PHOTOS



Southern Street Frontage



Access Point along Southern Street

SUBJECT PHOTOS



Sholar Avenue Frontage



Extension of Sholar Avenue through Interior

SUBJECT PHOTOS



Aerial View – Facing West



Aerial View – Facing North

SUBJECT PHOTOS

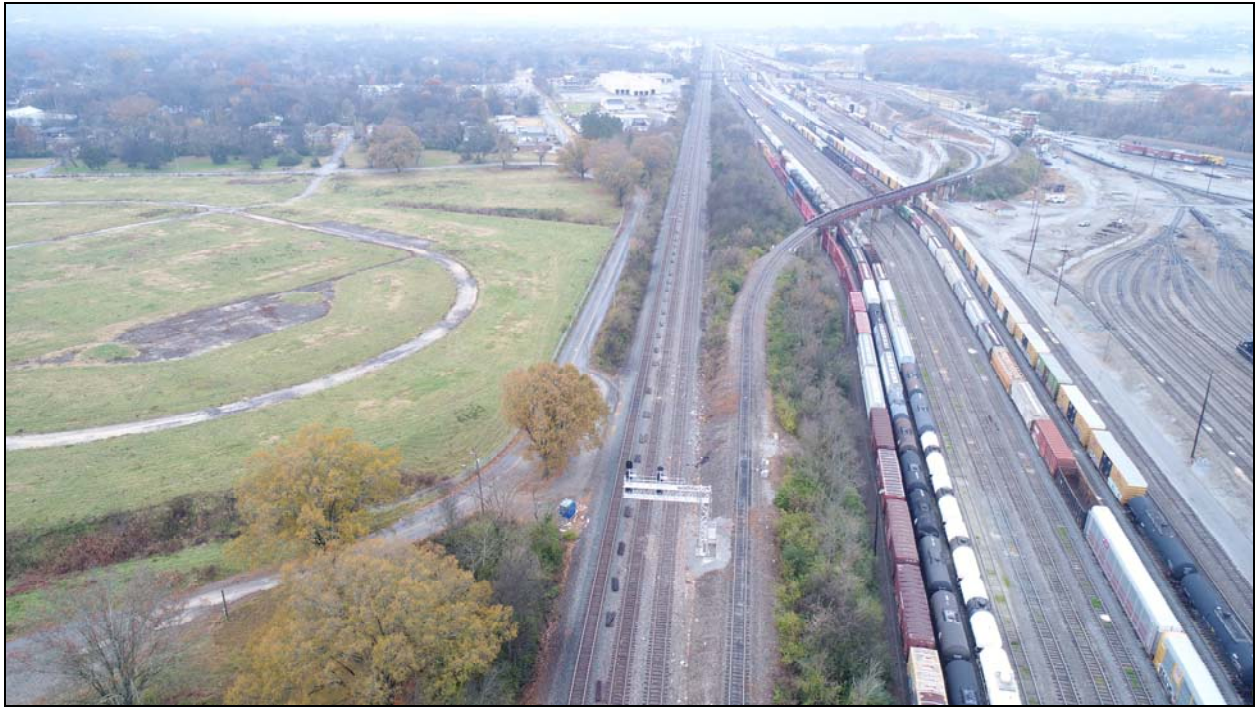


Aerial View – Facing East



Aerial View – Facing South

SUBJECT PHOTOS



Railway Access



Interior of Tract - *Facing West*

SUBJECT PHOTOS



Interior of Tract - Facing East



Interior of Tract - Facing North

HIGHEST AND BEST USE ANALYSIS

Highest and best use--*“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.”*²

When analyzing the Highest and Best use, the subject is considered vacant to identify the ideal improvements for the site, taking into consideration possible alternative uses to which the site could be placed under the current land use regulations as well as surrounding trends and developments. Next the site is analyzed as improved to compare the existing improvements to the ideal improvements: this comparison concludes whether renovation, expansion, conversion, or demolition may be viable alternatives to bring the existing improvements closer to the ideal improvements. For the highest and best use analysis, the appraiser considers four criteria which are as follows: 1) legal permissibility, 2) physical possibility, 3) financial feasibility, and 4) maximum profitability. These criteria are considered in sequential order because it would be unreasonable to determine the highest and best use of the property which is financially feasible but not legally permissible or physically possible.

HIGHEST AND BEST USE

Legally Permissible

To determine legally permissible uses of a site, research must be conducted to determine use limitations placed upon the site by private restrictions, zoning, building codes, historic district controls, environmental regulations, deed restrictions, and any leases on the property. Only uses that conform to restrictions defined by the above limiting factors are considered legally permissible uses.

The subject property is located in, and subject to the zoning ordinances(s) of the city of Chattanooga. It is assumed the city has the subject property zoned Industrial, M-1. Based on the historical patterns within the subject neighborhood, the subject will maintain an industrial zoning due to the existing industrial use in the area.

Physically Possible

The subject site, consisting of 44.00 acres, is generally rectangular in configuration, topography is level and at road grade. The property has access from three city streets, which are asphalt roads running along the boundaries of the tract. All necessary public utilities are available to the site.

Due to the size and location of the subject site, the most probable and potential highest and best use of the property that is physically possible, would be for industrial development.

² As defined in The Dictionary of Real Estate Appraisal, 5th Edition, Published by the Appraisal Institute

HIGHEST AND BEST USE

Financially Feasible

Of the potential remaining land uses which meet the first two criteria, a prospective development must be financially feasible. To determine potential for financial feasibility, the most likely potential uses which meet the first two criteria are analyzed further to determine which are likely to produce an income return equal to or greater than the amount needed to satisfy operating expenses, debt obligation, and capital amortization. The population of Hamilton County is stable and the subject is located in an area that has seen an increasing traffic count in recent years. Trends for industrial development and the high occupancy rates in the county would indicate that industrial development of the site would be financially feasible at this time.

Maximally Productive

Maximally productive is the use which provides the highest rate of return or value to the property. Following the preceding discussion of the physical, legal, and economic uses for the subject, we have concluded that development of the site for industrial use would be the maximally productive use of the subject site.

APPRAISAL PROCESS

There are three approaches utilized in the valuation of real property, the cost approach, the income capitalization approach, and the sales comparison approach.

Cost Approach: “The subject has no improvements and the cost approach is no relevant to this analysis.”

Income Capitalization Approach: “The subject currently has no income producing properties and the income approach is not relevant to this analysis.”

Sales Comparison Approach: The Sales Comparison Approach is based on the “Principle of Substitution” which indicates that an informed purchaser would pay no more for a property than the cost of acquiring an equally desirable substitute property with the same or similar utility. This approach is applicable when an active market provides sufficient quantities of reliable data which can be verified from authoritative sources. In the sales comparison approach, value indications are derived from sales of properties which exhibit characteristics similar to the subject.

As will be evident in the following analysis, the subject has unique characteristics in terms of site size. The majority of industrial sales found were smaller sites catering to industries with a much smaller footprint than the subject has the capacity for. For this reason, the number of comparable sales is limited when comparing sites by size to the subject. The subject is being valued as a whole and not a sum of its parts. By subdividing, the site could be expected to have a different marketing period and exposure time as well as a different price range.

DIRECT SALES COMPARISON APPROACH

The third approach used in estimating property value is the Sales Comparison Approach. This approach is the process of collecting comparable market data, analyzing it, and comparing the subject to similar recently sold properties. Adjustments for dissimilarities between the sales and the subject property are made to arrive at an indicated value for the subject.

A search of comparable properties was done within the subject region. Due to the specific use of the subject as an industrial tract, a limited number of sales were discovered. Size was also a factor that limits the data base. The sales most comparable to subject property are analyzed on the following pages of this report. The sales have some dissimilarity to subject; however, they are felt to offer a reasonable indication of value to the subject property. The sales are all located within a 100-mile radius of the subject and are considered to have a similar location to the subject. A sale price per acre was considered as a unit of comparison.

There are five comparable sales located within the same regional trade area as the subject that are felt to have a similar location to the subject. The sales give a reasonable range in value per acre being paid for properties of this type. Each tract caters to a specific target market within its region based on statistical data related to demographics. The supply and demand of these types of properties is considered to be balanced. The market trend for demand of this type of property is increasing and is expected to continue for the foreseeable future.

A review of comparable sales was limited to sales with similar size and use to the subject. Access to external amenities that include interstate, rail, and waterways transportation was also considered.

MARKETING PERIOD: Marketing period is the time necessary to have a willing and able buyer and a willing and able seller reach a “meeting of the minds” at the stated market value. Exacting a definite marketing period is subjective because what happened over the past year may or may not happen in the next year. Another factor affecting the market and therefore the marketing period is that a seller may initially price above market and therefore, the marketing period is extended. Either the seller has to wait until values increase, or lower the asking price.

Based on statistical information about days on the market, information gathered through sales verification, interviews of market participants, and anticipated changes in market conditions, the subject’s marketing time is considered to be ***eighteen to twenty-four months***. This marketing time opinion uses some of the same data analyzed in the process of developing a reasonable exposure time opinion as part of the appraisal process and is not intended to be a prediction of a date of sale.

EXPOSURE TIME: Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Based on the subject’s property type, the supply and demand conditions as of the effective date of appraisal, and an analysis of historical sales information, the indicated exposure time of the subject is considered to be ***eighteen to twenty-four months***.

LOCAL INDUSTRY

Enterprise South Industrial Park

Groundbreaking at Enterprise South Industrial Park took place on January 14, 2003. The park encompasses a 1,200 acre area located at the heart of the 6000 acres, former Volunteer Army Ammunition Plant (VAAP), being surplus by the Federal Government.

The long term strategy for the entire site is to attract major industrial companies and to incorporate a variety of industrial and business tracts into a planned development. The site's proximity to I-75 and other major transportation facilities as well as the availability of on-site rail and all public utilities make this one of the premier economic development sites in the southeast. In February 2006, Integrated Data Solutions purchased 3.85 acres and will be joining Tag Manufacturing and eSpin Technologies as the first industries to locate at Enterprise South.

For detailed information contact The Chattanooga Area Chamber of Commerce at www.chattanooga-chamber.com or www.enterprisesouth.com or call Charlie Giffen at (423)763-4364.

Bonny Oaks Industrial & Office Park

The Bonny Oaks Industrial & Office Park is located at Bonny Oaks Drive and Jersey Pike off of Highway 153. The Park is primarily a distribution/light industry park with a campus-like setting. Tenants specialize in warehousing, customer services, and light manufacturing.

The price per acre is \$65,000. Over \$73 million of private investment has been made in the Park with the development of over 1,902,000 square feet of building construction completed. There are 2,284 currently employed in the Park.

UPS was the first tenant to buy property in the Park in late 1986. Other tenants include Regis Corporation, Lifetouch National Studios, Inc., Louisville Tile, Frito-Lay, Inc., Walter Champion Company, Sterile Recoveries, Mac Papers, The Haisten Group, Kenco Group, Inc., Sexton Construction, Sears Repair Center, The Trane Company, Federal Express Corp., DHL, Matrix Separations, and Dal-Tile.

The last lot was sold in February 2006.

Centre South Riverport/Industrial Park

The Centre South Riverport/Industrial Park is located on Amnicola Highway on the Tennessee River. The Park is zoned M-1 (manufacturing).

The Park is for barge and rail users. Parker Towing Company is the port operator for the 2,400 foot fleeting area for the public use general cargo docks. A crane and forklift with the capability to handle steel coils weighing in excess of 80,000 lbs. are in place. The Park is served by Norfolk Southern Railway.

The price per acre ranges from \$55,000 per acre to \$70,000 per acre. Over \$187 million of private investment has been made in the Park with the development of over 632,408 square

LOCAL INDUSTRY - Continued

feet of building construction completed. There are 319 currently employed in the Park.

Tenants include NA Industries, Inc., LJT Tennessee, METALS USA-Chattanooga, Hamilton Plastics, Sofix Corporation, and East Tech Company.

Mountain View Industrial Park

Mountain View Industrial Park is located on Mountain View Road in Ooltewah off of Interstate 75. The Park consists of 31 acres and is now full.

Over \$6.4 million of private investment has been made in the Park with 205,000 square feet of building construction completed. There are 415 currently employed in the Park.

Tenants include Brown Trucking Company, Dynatronics, Benchmark Physical Therapy, Advanced Plastics, Inc., Modern Way Printing Company, Inc., Remington Industries, Inc., and Habitat International.

Silverdale Industrial Park

The Silverdale Industrial Park is located adjacent to the Hamilton County Nursing Home and Lane Funeral Home close to I-75.

The 69.8 acre park was purchased by U. S. Xpress Enterprises and houses the major trucking company's corporate headquarters with 974 employees.

Ooltewah Industrial Park

The Ooltewah Industrial Park was the first industrial park developed by Hamilton County Government. The Park consists of 37 acres and is now full.

Over \$844,000 of private investment has been made in the Park with the development of over 123,000 square feet of building construction completed. There are 222 currently employed in the Park.

Tenants include Angelica Textile Services, Inc., Copelands, Inc., Home Care Solutions, Powersource Warehouse, Dixie Label & Systems, Inc., and Holbrook Performance Parts.

Soddy Daisy Industrial Park

The Soddy Daisy Industrial Park, developed by Hamilton County in partnership with the City of Soddy Daisy, consists of 65 acres and is now full. The City of Soddy Daisy handled all land sales.

There are 344 currently employed in the Park.

Tenants include Meyer Decorative Surfaces, Integrated Data Solutions, AYS America Corporation, QVC, Inc., Inc. Filter Specialists, Inc., Screen Industry Art, Inc., and Dixie Vending.

Summary: The subject neighborhood has a diverse number of properties available in various parks throughout the region. The subject could be expected to compete with local industrial parks and is a viable alternative site to those being marketed.

SUBJECT

MAP/PARCEL:	136-E A 005-013
COUNTY:	Hamilton
LOCATION:	Chattanooga
GRANTOR:	Chattanooga Housing Authority
GRANTEE:	City of Chattanooga
DATE:	04/17/2014
DEED BOOK/PAGE:	10196/426
ACREAGE:	44.00

Description: The subject is located inside the city limits of the city of Chattanooga in Hamilton County, Tennessee and is zoned M-1, Heavy Industrial by the city of Chattanooga. The site consists of 44.00 acres. The tract has extensive road frontage along Roanoke Avenue on its eastern boundary, Southern Street along the southern boundary, and Sholar Avenue of the western boundary. There is rail access along the west boundary of the property. There is access to a primary state highway a short distance to the east that connects to the interstate 3/4 miles to the south. The property has access to an active railroad with ample room for a spur. The subject site would allow for development of a medium to large industry. The size, shape, and road frontage would allow for subdividing of the tract for multiple small acreage tracts. Information was verified through county records and a physical inspection of the tract.

The subject is an assemblage of multiple tracts that have been combined and made available for development by the local municipality. The property is being marketed as a whole with anticipation of a larger industry locating to the site creating jobs and growth to the region. The size of the tract along with the existing sewer line through the property does limit the development potential due to the limited footprint that would be suited for the site. Subdividing should be considered based on the size of the comparable sites shown in the following analysis.

LAND SALE NO. 1

MAP/PARCEL:	123-O D 1.00
COUNTY:	Franklin
PROXIMITY:	56.00 Miles, W
LOCATION:	Cumberland Boulevard
GRANTOR:	Carroll R. Smith
GRANTEE:	Mary Claire Thompson
DATE:	03/01/2017
DEED BOOK/PAGE:	418/221
CONSIDERATION:	\$425,000
ACREAGE:	17.20
PRICE PER ACRE:	\$18,219

Description: This sale is located inside the city limits of the city of Huntland in Franklin County, Tennessee. The site is on the east side of town just off U.S. Highway 64. The site is an improved tract which consists of 17.20 platted acres. *Some minor structures were included in the sale and the improvement value has been extracted from the sale price to reflect the value of the land only. The property has a generally rectangular shape. Access is adequate by a primary city street with frontage along Cumberland Boulevard. The acreage has open, level terrain and is at road-grade. The tract has industrial zoning and has all utilities available. Information was verified through county records and a party familiar with the transaction. The property was purchased for development as an industrial site.

LAND SALE NO. 2

MAP/PARCEL:	127-K A 001.16
COUNTY:	Hamilton
PROXIMITY:	0.90 Miles, N
LOCATION:	Riverport Road
GRANTOR:	Nipon Shokubai America Industries Inc.
GRANTEE:	Topp Properties, LLC
DATE:	03/01/2017
DEED BOOK/PAGE:	10999/523
CONSIDERATION:	\$1,260,000
ACREAGE:	17.20
PRICE PER ACRE:	\$70,930

Description: This sale is located inside the city limits of the city of Chattanooga in Hamilton County, Tennessee. The site is on the south side of the Tennessee River just off State Highway 58 (Amnicola Highway). The site is an unimproved tract which consists of 17.20 platted acres. The property has a rectangular shape. Access is adequate by secondary city road frontage along Riverport Road. The acreage has open, level/rolling terrain and is at road level. The back portion of the acreage is bordered by the river. The tract has commercial zoning and has all utilities available. Information was verified through county records. The property was purchased for future use as a manufacturing site by an existing local industry.

LAND SALE NO. 3

MAP/PARCEL:	130 1.36
COUNTY:	Hamilton
PROXIMITY:	6.95 Miles, E
LOCATION:	Discovery Drive
GRANTOR:	City of Chattanooga
GRANTEE:	Tag Manufacturing Inc.
DATE:	11/04/2016
DEED BOOK/PAGE:	10909/764
CONSIDERATION:	\$688,400
ACREAGE:	17.21
PRICE PER ACRE:	\$40,000

Description: This sale is located inside the city limits of Chattanooga in the Harrison community, Hamilton County, Tennessee. The site was a vacant tract of land consisting of 17.21 platted acres that is located in an industrial park and has been improved with a small industrial structure since time of sale. The property has a generally rectangular shape with level topography and has good access by road frontage along Discovery Drive. The property has industrial zoning and has all utilities available. Information was verified through county records and county officials familiar with the transaction. The property was purchased by a nearby existing industry for expansion.

LAND SALE NO. 4

MAP/PARCEL:	8 80.00
COUNTY:	Blount
PROXIMITY:	91.30 Miles, NE
LOCATION:	Topside Road
GRANTOR:	Tennessee Valley Authority
GRANTEE:	Samuel J. Furrow
DATE:	01/26/2018
DEED BOOK/PAGE:	TVA Tract XFL-143
CONSIDERATION:	\$960,000
ACREAGE:	18.72
PRICE PER ACRE:	*\$27,778

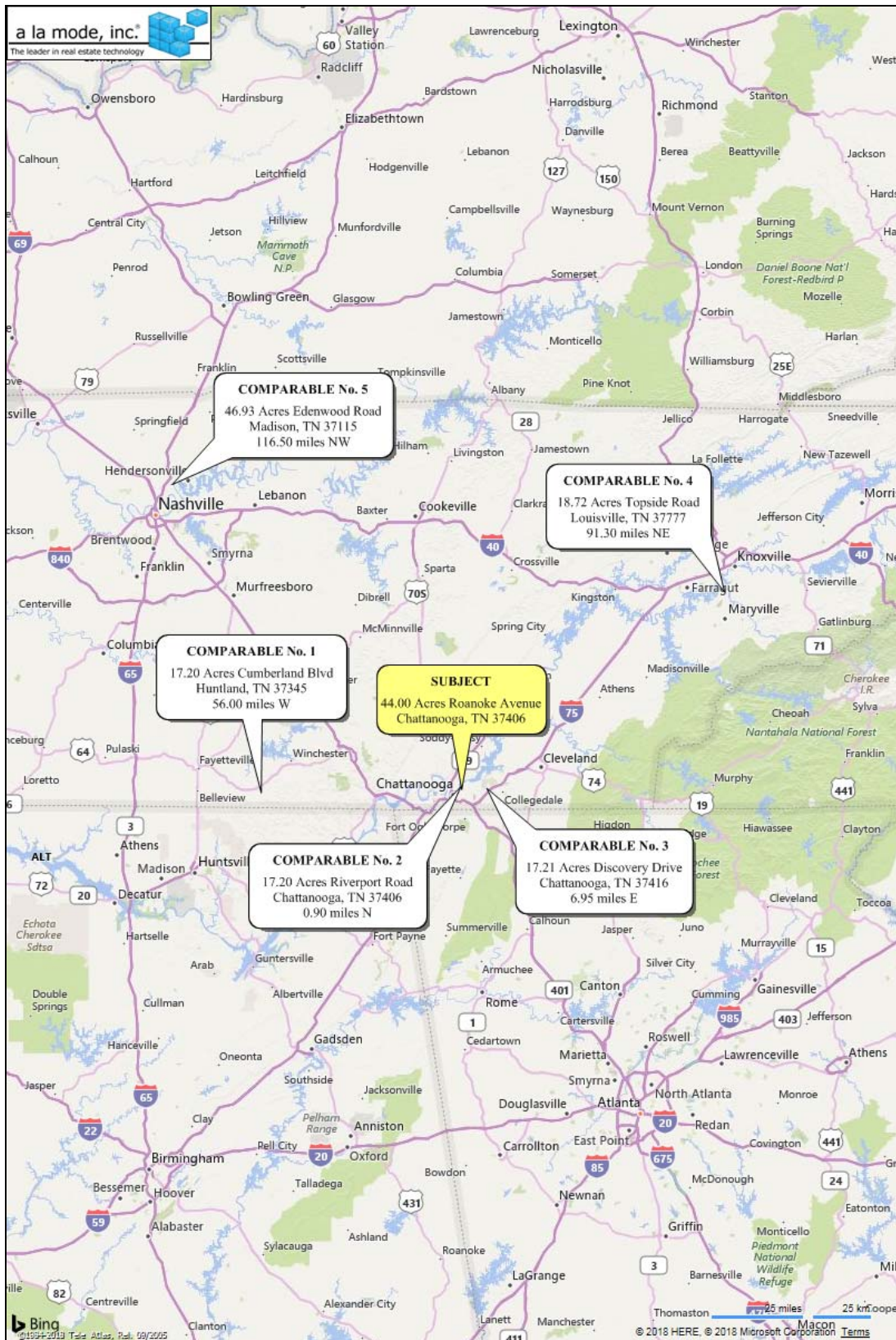
Description: This sale is located outside the city limits of Louisville in Blount County, Tennessee. The site is located northeast of the city center on a peninsula of the Tennessee River and consists of 18.72 platted acres. The tract has an irregular shape. Access is adequate by frontage along Topside Road and Riversedge Road. The tract has open terrain with some wooded area on the south side and is at road level. *There are improvements that add some contributory value that have been extracted to reflect the value of the land only. The property has industrial zoning and has all utilities available. Information was verified through county records and the grantor. The tract was purchased for development by a local industry.

LAND SALE NO. 5

MAP/PARCEL:	034 06 003.00
COUNTY:	Davidson
PROXIMITY:	116.50 Miles, NW
LOCATION:	Madison
GRANTOR:	National Loan Investors, LP
GRANTEE:	ARC Hold Co. LLC
DATE:	09/21/2016
DEED BOOK/PAGE:	09290102905
CONSIDERATION:	\$1,240,000
ACREAGE:	46.93
PRICE PER ACRE:	\$26,423

Description: This sale is located inside the Madison community of Davidson County, Tennessee and is zoned I-2, Heavy Industrial by the city. The site consists of 46.93 acres that has been surveyed along Edenwood Road. The tract has approximately 1,250 feet of road frontage. There is rail access a short distance to the east of the property. Interstate access is 3 miles to the southeast. The subject site would allow for development of a medium to large sized industry. The size, shape, and road frontage would allow for subdividing of the tract for multiple small acreage tracts. The property is not within the flood plain. Information was verified through county records, listing, and a physical inspection of the tract.

Sales Location Map



COMPARABLE LISTINGS

A search was performed within the subject neighborhood for comparable properties with similar use and physical characteristics that are currently offered for sale. Tract location and size were considered most relevant in search criteria. There were several tracts found that are being actively marketed through local and regional sources. The following are the sales considered most relevant in comparability to the subject. All sites are being marketed by the Southeast Industrial Development Association through the TVA Economic Development District and/or through national marketing sources including MLS, LoopNet, etc.

LISTING #1: 16 -40 Acres, Centre South Riverport Industrial Park, Chattanooga, TN Asking Price; \$55,000-\$70,000/Acre **Description:** This property is located a short distance northwest of the subject and includes three separate lots that are available within an established industrial park along the Tennessee River. The sites have both rail and port access and are suited for medium to large industrial development. The sites are prepped for development. Topography is level with some portions of tracts being within the flood plain. All utilities available. The site is government owned land that is being marketed for industrial development.

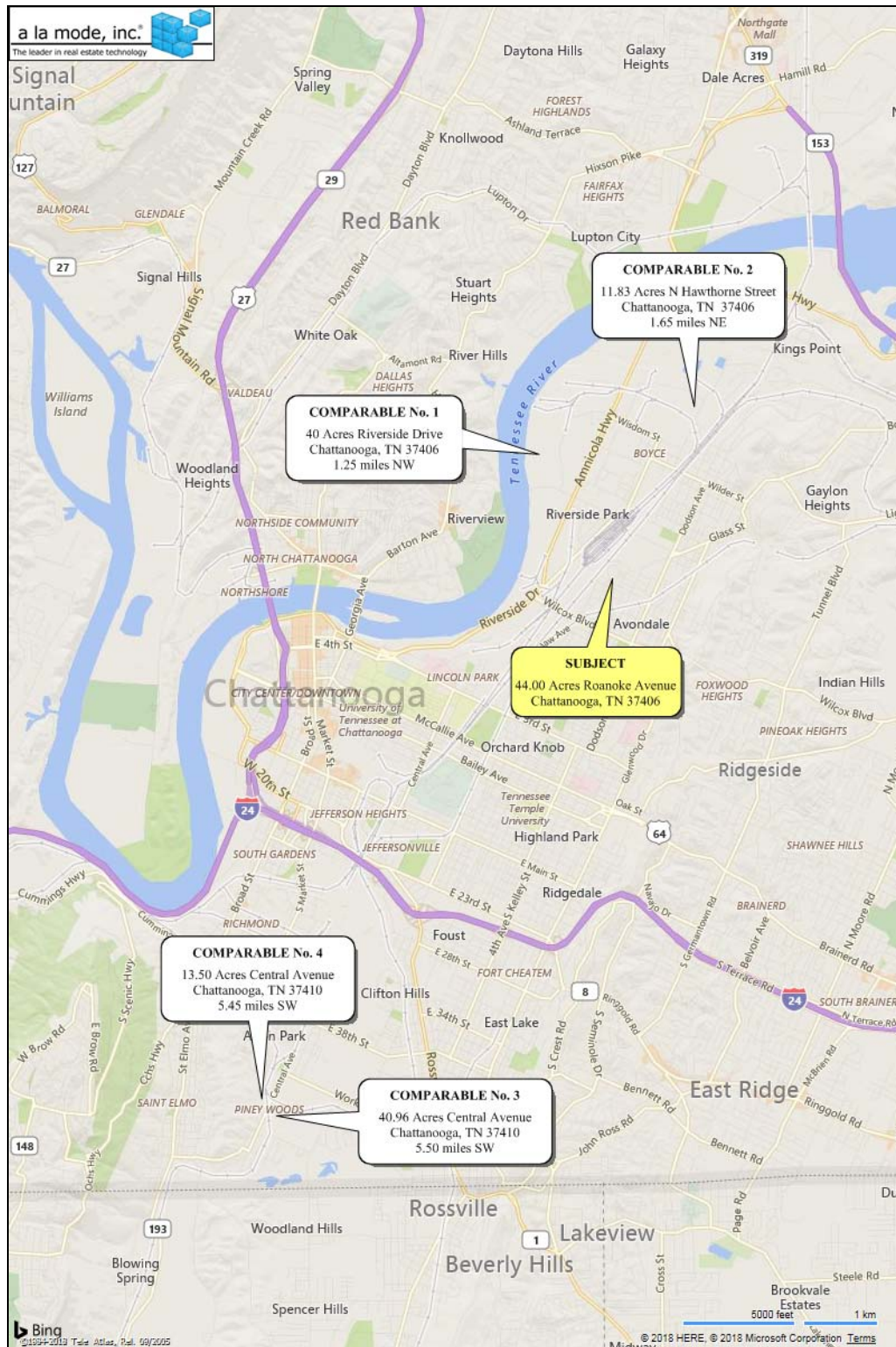
LISTING #2: 11.83 Acres, N Hawthorne Street, Chattanooga, TN Asking Price; \$41,420/Acre **Description:** This property is located north of the subject within an established industrial district along a primary city street and is zoning M-1 for industrial use. The site has rail access and is suited for small to medium industrial development. Topography is level, mostly wooded, and partially within 0.2% flood plain. All utilities are available. The site is privately owned land being marketed for industrial development.

LISTING #3: 40.96 Acres, Central Avenue, Chattanooga, TN Asking Price; \$31,000/Acre **Description:** This property is located southwest of the subject along a primary city street and is zoning M-1 for industrial use. The property has some minor improvements including a gravel parking lot that provide some contributory value. A railway runs through the southwest quarter of the tract and along the northern boundary. The site has level topography that is not within the flood zone. All utilities available.

LISTING #4: 13.50 Acres, Central Avenue, Chattanooga, TN Asking Price; \$40,667/Acre **Description:** This property is located southwest of the subject across the street from Listing #2 along a primary city street and is zoning M-1 for industrial use. A railway runs along the northeast side of the tract. The site is a mixture of woodland and open land that has level topography and is not within the flood zone. All utilities available. The site was a former Hamilton County School location that is privately owned land being marketed for industrial development.

Summary: The comparable listings show a range in asking prices of comparable properties to the subject that are being actively marketed within the subject neighborhood. The subject is considered a property that would compete with those properties if offered for sale. List price per acre ranges between \$31,000/Acre to \$70,000/Acre. List Price to Sales Price ratios vary between 85% to 98%. Sales concessions are common within the subject's market area. Government incentives are available.

Listing Location Map



Analysis: The comparable listings show a range in asking prices for comparable land to the subject. Location, size, and available amenities determine price.

MARKET ADJUSTMENTS

Cumulative adjustments: are applied to the land sales prior to other adjustments in order to reconcile the sales prices for intangible occurrences which would alter the sale prices.

Property Rights Appraised: All sales involved in this analysis represent the transfer of fee simple interest, and no adjustments were required for differences in property rights.

Financing: No adjustment is applied for financing, as all sales are reported to be cash to seller or cash equivalent transactions. We are not aware of any atypical financing that would require an adjustment for cash equivalency.

Conditions of Sale: All sales represented arm's length transactions, with no undue stimulus on either the buyer or seller. Therefore, there is no adjustment to the sales.

Market Conditions: (*Sale Date*) A search within the subject neighborhood found a number of relevant sales comparable to the subject which sold within a reasonable time period. Although some of the sales are older transactions no time adjustment was necessary due to the recent downturn in the economy.

Other Adjustments: Additional adjustments are applied for physical considerations. The land sales were considered in terms of location, size, shape, access, visibility, topography, and available utilities as compared to the subject tract. The following analysis will adjust for any physical differences between the comparable sites and the subject to reflect an indicated range in market value to the subject property.

COMPARISON OF SALES

<u>Element</u>	<u>Subject</u>	<u>Sale #1</u>	<u>Sale #2</u>	<u>Sale #3</u>	<u>Sale #4</u>	<u>Sale #5</u>
Price		375,000	1,260,000	688,400	960,000	1,240,000
Size	44.00 Acres	17.20 Acres	17.20 Acres	17.21 Acres	18.72 Acres	46.93 Acres
\$ Per Acre		\$18,219	\$70,930	\$40,000	\$27,778	\$26,423
Date		03/01/2017	03/01/2017	11/04/2016	01/26/2018	09/21/2016
Time		-	-	-	-	-
\$ Per Acre		\$18,219	\$70,930	\$40,000	\$27,778	\$26,423
Location		Inferior	Superior	Similar	Similar	Similar
Size		Similar	Similar	Similar	Similar	Similar
Shape		Similar	Similar	Similar	Similar	Similar
Access		Similar	Similar	Similar	Similar	Similar
Visibility		Similar	Similar	Similar	Similar	Similar
Topography		Similar	Similar	Similar	Similar	Similar
Utilities		Similar	Similar	Similar	Similar	Similar
Rail/Port Access		<u>Inferior</u>	<u>Similar</u>	<u>Similar</u>	<u>Similar</u>	<u>Similar</u>
Net Adj.		+65%	-25%	-0-	-0-	-0-
\$ Acre		\$30,061	\$53,198	\$40,000	\$27,778	\$26,423

LAND VALUATION

Location: The subject is located in a designated industrial area that is favorable for industrial development. Sale #1 is located in a rural community where demand for industrial land is scarce and have an inferior location. Sale #2 is in close proximity to a major industry, (Volkswagen Plant), and is considered to have a superior location to the subject.

Size: The subject site is a tract containing 44.00 acres. The comparable sales reflect a range in size to the subject that is representative of industrial tracts in the area and no adjustments were necessary.

Shape/Access/Visibility: The subject site and comparable sales all have a rectangular or slightly irregular configuration. The width of each tract is in proportion to its depth and would allow for utilization of the entire tract. The subject site has adequate access by direct road frontage. All of the comparable sales have direct road frontage. The amount of frontage varies with each tract in comparison to its size but is adequate for their intended use. The subject site has adequate visibility by county road frontage. All of the comparable sales have adequate visibility from federal, county, or city road frontage. The amount of frontage with visibility varies with each tract in comparison to its size but is adequate for each site.

Topography: The subject has level to rolling topography. The comparables sales vary in elevation and contour but have similar development potential.

Available Utilities: The subject tract currently has all utilities available. The comparables sales all have similar access to utilities as compared to the subject and no adjustments were necessary.

Rail/Port Access: The subject borders a railway along the western border that could provide for a spur giving direct rail access. A riverport is located a short distance to the west that is accessible. The comparable sales all have rail access except for Sale #1. There is riverport access to each sale that is similar to the subject.

Market Conditions: There is some recent industrial development activity within the region. Property is available for sale and being actively marketed by local realtors. Future development is expected to continue at a similar pace due to a steady growth in population and jobs. Supply and demand are stable for industrial land and is expected to maintain a balance in the foreseeable future.

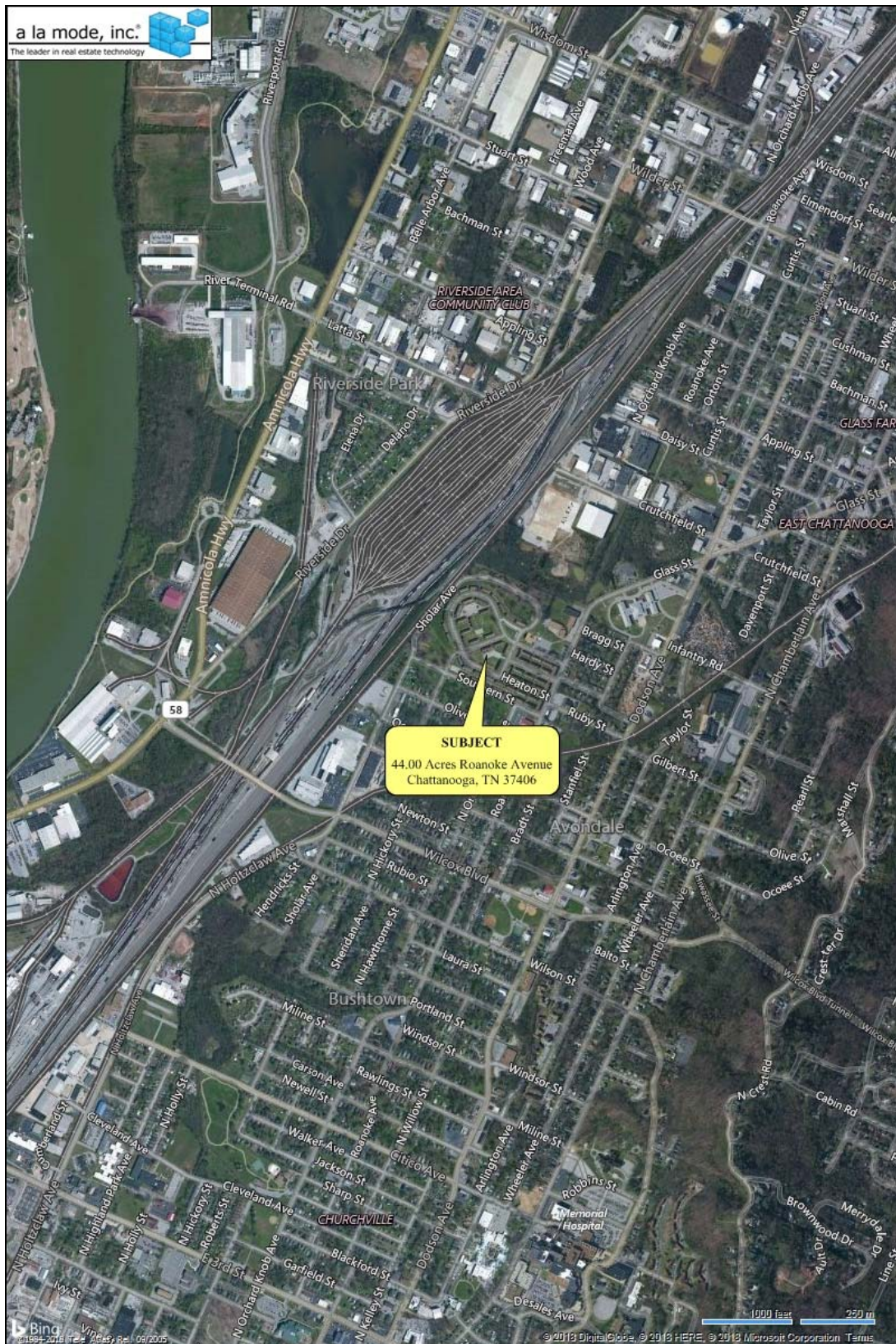
RECONCILIATION AND FINAL VALUE ESTIMATE

All factors affecting marketability were considered in the land valuation process including any physical differences of the sales as compared to the subject site. All vacant industrial land sales within the subject neighborhood and surrounding region were considered which have a similar size and location. The adjusted comparable sales indicate a range in value between \$26,423 and \$53,198 per acre. The subject site is considered to be at the middle of the indicated range in value. The value of the subject land, based on the analysis of the comparable sales and consideration of asking prices for vacant land within the subject neighborhood, is \$40,000/Acre.

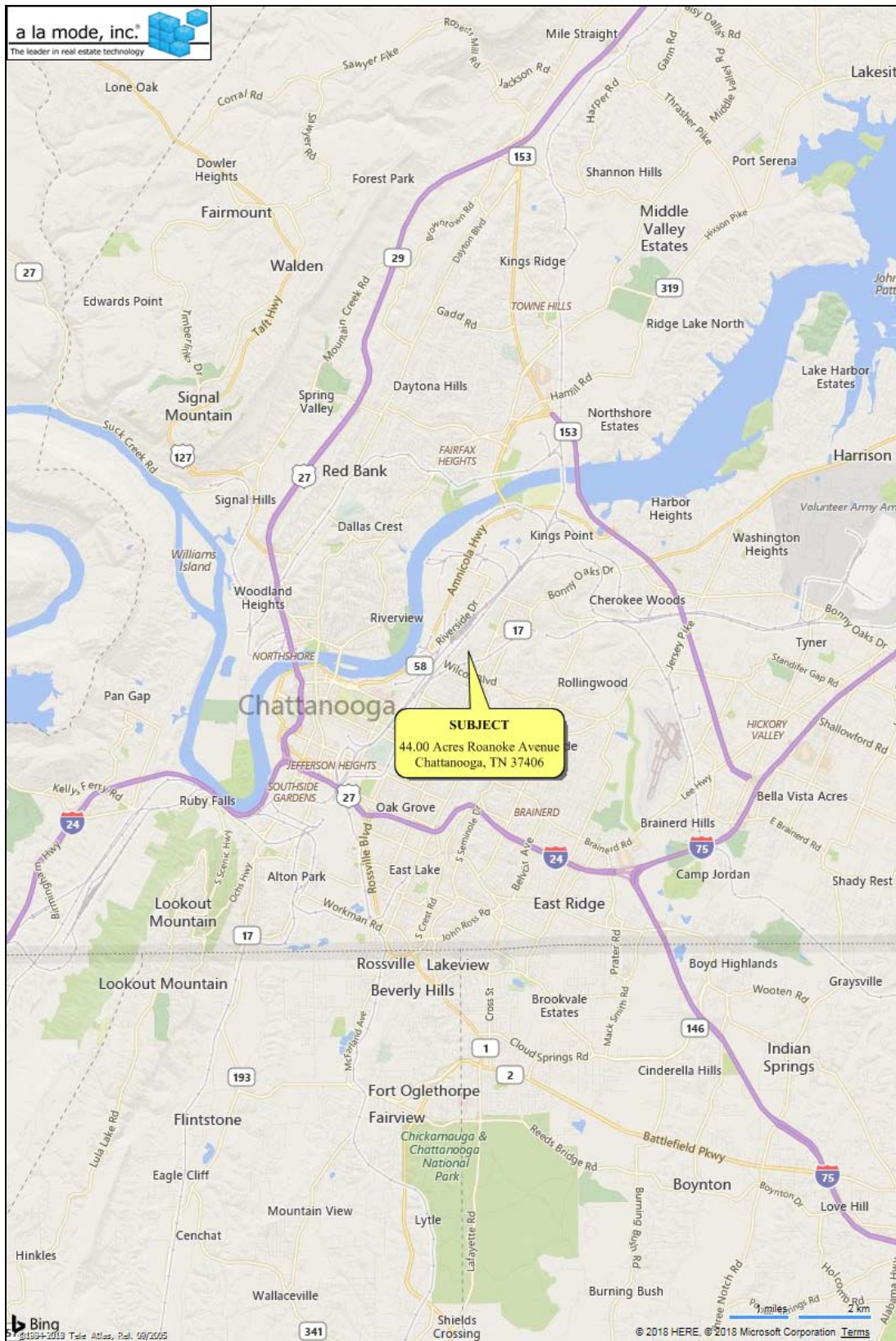
Therefore: 44.00 Acres @ \$40,000 (per acre) = \$1,760,000 Total Land Value

EXHIBITS & ADDENDA

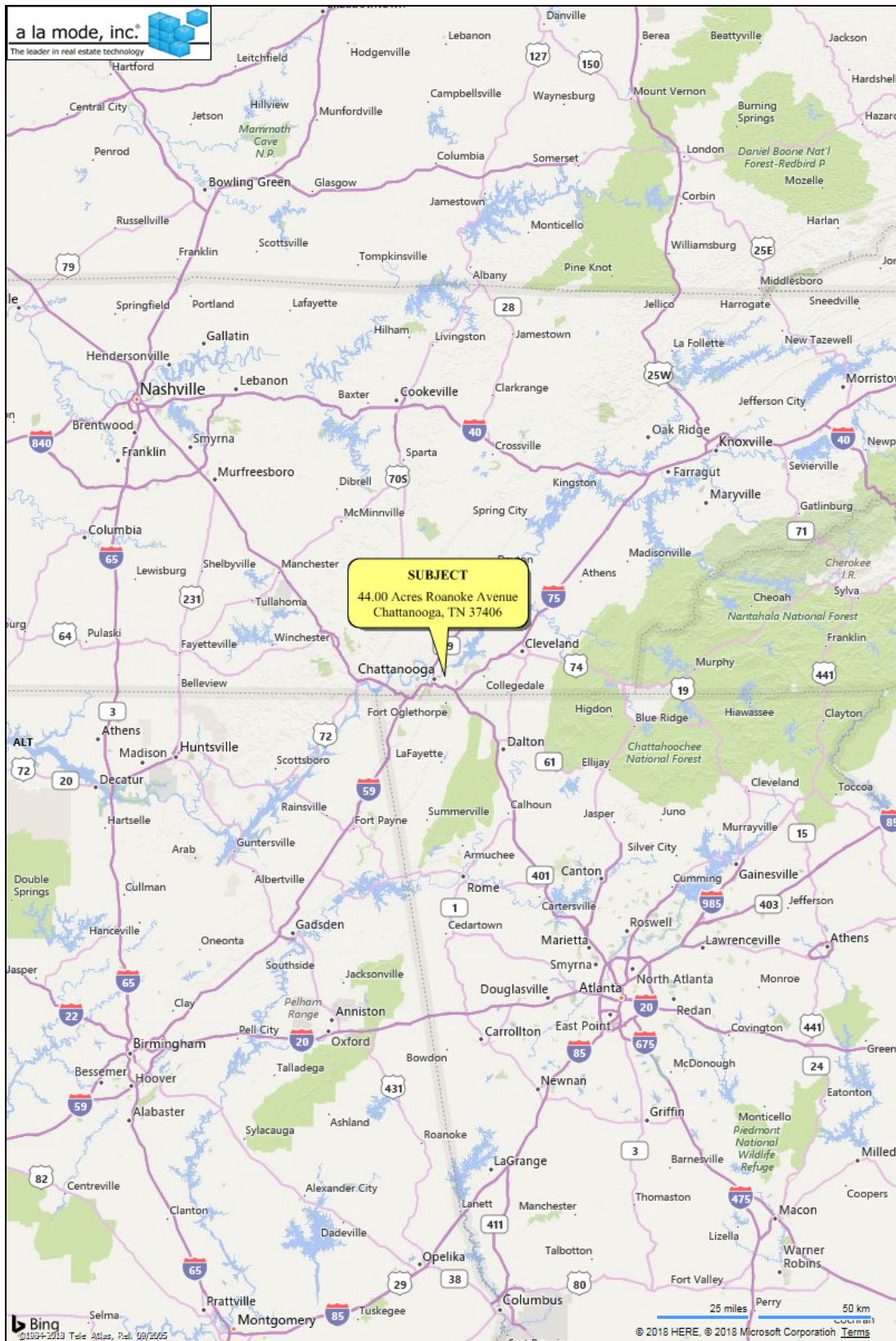
Aerial Map



Neighborhood Map



Regional Map



Flood Map



County Tax Map



Subject Deed

File & Return To: PTA

ADDRESS NEW OWNER(S) AS FOLLOWS:	SEND TAX BILLS TO:	MAP PARCEL NUMBER
City of Chattanooga	same	see below
(NAME)	(NAME)	
Tennessee		
(STREET ADDRESS OR ROUTE NUMBER)	(STREET ADDRESS)	
101 E. 11th Street		
(CITY)	(CITY)	(STATE) (ZIP)
Chattanooga, TN 37402		

PTA 121895

LIMITED WARRANTY DEED

THIS INDENTURE, made and entered into as of the 17th day of April, 2014, by and between CHATTANOOGA HOUSING AUTHORITY, a public body corporate and politic, organized and existing under the laws of the State of Tennessee (herein the "Grantor") and CITY OF CHATTANOOGA, TENNESSEE, a municipal corporation, (herein the "Grantee");

WITNESSETH: That for and in consideration of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt of all of which is hereby acknowledged, the said Grantor has bargained and sold and does hereby bargain, sell, convey and confirm unto the said Grantee the following described real estate, situated and being in City of Chattanooga, County of Hamilton, State of Tennessee:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR LEGAL DESCRIPTION AND PERMITTED EXCEPTIONS TO TITLE.

Subject to any governmental zoning and subdivision ordinances or regulations in effect thereon.

To have and to hold the aforesaid real estate together with all the appurtenances and hereditaments thereunto belonging or in any wise appertaining unto the said Grantee, its successors and assigns in fee simple forever.

The said Grantor does hereby covenant with the said Party of the Grantee that as to the title and quiet possession of said real estate it will warrant and forever defend against the claims of all persons claiming the same by, through, or under, Grantor or as the result of an affirmative act of the Grantor, but not further or otherwise.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed by and through its duly authorized officer(s) the day and year first above written.

CHATTANOOGA HOUSING AUTHORITY.

By: Elizabeth F. McCright
 Name: Elizabeth F. McCright
 Title: Executive Director

Instrument: 2014041700150
 Book and Page: 61 10196 426
 DEED RECORDING FEE \$15.00
 DATA PROCESSING FEE \$2.00
 Total Fees: \$17.00
 User: KDS
 Date: 4/17/2014
 Time: 1:06:27 PM
 Contact: Pam Hurst, Register
 Hamilton County, Tennessee

Prepared By
 WILLIAM DAVID JONES
 ATTORNEY AT LAW
 513 Georgia Avenue
 CHATTANOOGA, TN 37402

8/2

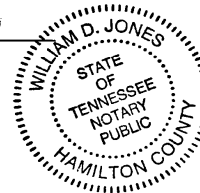
Book and Page: GI 10196 427

STATE OF TENNESSEE
COUNTY OF HAMILTON

Before me, William D. Jones, of the state and county aforesaid, personally appeared Elizabeth F. McCright with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath, acknowledged herself to be Executive Director authorized to execute the instrument of the CHATTANOOGA HOUSING AUTHORITY, the within named bargainor, a public corporation, and that she as such Executive Director executed the foregoing instrument for the purpose therein contained, by signing the name of the public corporation by herself as Executive Director.

WITNESS my hand and seal, at office in Chattanooga, Tennessee, this 17th day of April, 2014.

William D. Jones
Notary Public

My Commission Expires: 7-22-17STATE OF TENNESSEE
COUNTY OF HAMILTON

I hereby swear or affirm that the actual consideration for this transfer or value of the property transferred, whichever is greater, is \$ "exempt entity", which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

Debra Pearl
Affiant

Subscribed and sworn to before me on this the 17th day of April, 2014.

William D. Jones
Notary Public

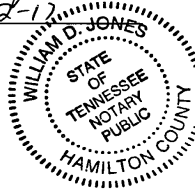
My Commission Expires: 7-22-17

Exhibit "A" Book and Page: GI 10196 428

Located in the City of Chattanooga of Hamilton County, Tennessee:

Being Chattanooga Housing Authority (Harriet-Tubman) Project TN37-P004-003

Being a part of Ross Amended Addition as shown by plat of record in Plat Book 6, Page 24 in the Register's Office of Hamilton County, Tennessee and that property lying adjacent to and immediately North and West of it, said tract being shown by plat of survey of Betts Engineering Company dated June, 1950, is more particularly described as follows: Beginning at the intersection of the northern line of Southern Street and the western line of Roanoke Street, said point being monument No. One on said plat; thence North 66 degrees 7 minutes 4 seconds West along the northern line of said Southern Street 276.40 feet to monument No. Two; said monument being located at the intersection of the northern line of Southern Street and the eastern line of North Orchard Knob (McNeil) Avenue; thence North 23 degrees 17 minutes 0 seconds East along the eastern line of North Orchard Knob Avenue, 25.27 feet to monument No. Three; thence North 66 degrees 20 minutes 0 seconds West along the northern line of Southern Street and its extensions, 1,485.08 feet to monument No. Four, said monument lying in the southeastern right of way line of the N.C. & St. L., W. & A. and Southern Railway properties; thence North 39 degrees 8 minutes 30 seconds East along said right of way line, 1,367.58 feet to monument No. Five; thence South 66 degrees 20 minutes 0 seconds East, 1,387.57 feet to monument No. Six, lying in the western line of Roanoke Street; thence South 23 degrees 16 minutes 26 seconds West along the western right of way line of said street 1,344.34 feet to monument No. One, the point of beginning.

Excepting any part of said tract lying within the bounds of old Harrison Pike.

Excepting that portion conveyed by the City of Chattanooga, Tennessee to the Hamilton County, Tennessee, Board of Education dated June 3, 1998, and recorded in Book 5117, Page 430, in the Register's Office of Hamilton County, Tennessee.

The source of grantor's interest is found in deeds recorded in Book 1036, Page 489, Book 1036, Page 687, Book 1036, Page 688, Book 1036, Page 689, Book 1036, Page 690, Book 1037, Page 226, Book 1037, Page 660, Book 1040, Page 65, Book 1040, Page 66, Book 1040, Page 118, Book 1041, Page 117, Book 1045, Page 123, Book 1043, Page 201 and Book 1045, Page 622, in the Register's Office of Hamilton County, Tennessee.

Subject to the rights of way of Southern Street, Roanoke Avenue, North Orchard Knob (McNeil) Avenue, Ruby Street, old Harrison Pike, Sholar Avenue, Hardy Street, and N. Hawthorne Street.

Subject to rights of way and alleys shown on plat of Amended Map of Ross Addition recorded in Plat Book 6, Page 24, in the Register's Office of Hamilton County, Tennessee.

Subject to City of Chattanooga sewer easement of record in Book 503, Page 258, in the Register's Office of Hamilton County, Tennessee.

Subject to City of Chattanooga easement for water mains, fire hydrants, and appurtenances thereto recorded in Book 4640, Page 337, in the Register's Office of Hamilton County, Tennessee.

Subject to sewer easement of record in Book I, Volume 20, Page 267, in the Register's Office of Hamilton County, Tennessee.

Subject to any matters which would be disclosed by an accurate survey or inspection of the premises.

Subject to all existing street or highway rights of way, sanitary sewer easements, storm water drainage or conveyance easements and Electric Power Board easements or facilities or other utility company easements or facilities.

Tax Map Nos. 136E A 005, 006, 007, 008, 009, 010, 011, 012 and 013.

TENNESSEE COMMUNITY DATA SHEET

Chattanooga

Dept of Economic & Community Development



LOCATION

Mkt. Region: Chattanooga
 County: Hamilton **Sq. Miles:** 539
 Distance From:(City) Atlanta, GA **Miles:** 114
 Nashville, TN **Miles:** 125
 MSA Name: Chattanooga, TN-GA

POPULATION

	City	County
2009 (Estimates).....	155,554	307,896
2010 (Census).....	167,674	336,463
% Population Change for 2000-2010	7.80%	9.28%

TAX STRUCTURE

Local

	City	County
Property Tax		
Rate Per \$100 Value.....	\$1.9390	\$2.7652
Ratio of Assessment		
Residential.....	25%	25%
Industrial.....	40%	40%
Personal (Equipment)	30%	30%
Bonded Debt.....	\$226,895,000	\$188,260,000
Sales Tax.....	2.25%	2.25%

State

Sales Tax..... 7% (5.25% for food and food ingredients for human consumption)

Income Tax

 Personal..... 6% on Interest & Dividends

 Excise..... 6.5% of Net Earnings

Franchise..... .25 per \$100 of Capital Properties

Unemployment Tax

 New Employers..... 2.7% of first \$9,000

TRANSPORTATION FOR HAMILTON COUNTY

Railroads

Served by: Norfolk Southern
 CSX Transportation

Highways

0 Miles to Access of Interstate - 24, 59, 75

U.S. Highways: 11, 27, 41, 64, 72, 76

State Highways: 2, 8, 17, 27, 29, 38, 58

Common Carriers

Air Freight Companies: 8

Motor Freight Companies: 120 Terminal Facilities: 3

Carrier Service: Yes

Navigable Waterway

River: Tennessee Channel Depth: 9'

Nearest Port: Chattanooga Miles: 0

Air Service

General Aviation/Distance: Lovell Field

Location Identifier: CHA

Runway Lengths: 7,400', 5,000'

Nearest Commercial Service: Lovell Field

Location Identifier: CHA

Airlines Serving:

Delta Connection Carriers, US Airways
 Express, Northwest Airlin, American
 Eagle, Allegiant Air

Daily Flights: 52

Chattanooga

EDUCATION

Type of Public School System:	County	
	# Local Schools	Enrollment
Elementary.....	43	18359
Middle/Jr. High	17	8326
Sr. High School.....	12	9986
Private &/or Parochial..	39	10813
Technology Centers.....	1	
Vo-Tech.....		
Colleges (2 & 4 year)..	5	25544
Libraries: 5		

High School Graduates (2009): 2,481

GOVERNMENT

Gov't (type): City: Mayor and Council

County: County Mayor and Commission

Law Enforcement:	City	County
Police Officers:	472	328
Fire Department:		
Fire Stations:	17	22
Firefighters:	400	
Volunteers:		400
Planning Commission:	Yes	Yes
Zoning Regulation:	Yes	Yes
Industrial Development Board:	Yes	Yes
Insurance Rating:	2	3-9

COMMUNITY FACILITIES

Day Care

Day Care Centers: 88 Day Care Homes: Unknown

Health Care

Hospitals.....	8	Beds: 1905
Clinics.....	Several	
Doctors.....	891	
Dentists.....	199	
Nursing Homes....	13	Beds: 1842
Retirement Homes..	15	Beds: 378
Residential	12	Beds: 796
Care/Assisted Living:		

Churches

Protestant:	624
Catholic:	9
Jewish:	3
Other:	1 Greek Orthodox, 3 Mosques

Recreation

Parks.....	98	
Golf Courses.....	21	(Public & Private)
Country Clubs.....	8	

CLIMATE

Annual Avg. Temperature: 60.2°

Monthly Avg. High Temp: January 49.6° July 88.7°

Monthly Avg. Low Temp: January 32.0° July 68.9°

Annual Avg. Precipitation: 52.35"

Annual Avg. Snowfall: 4.8"

Elevation: 665' above sea level (valley)

Prevailing Winds: South

Mean Length of Freeze Free Period (Days): 228

Chattanooga

**SELECTED ECONOMIC INDICATORS FOR
HAMILTON COUNTY****County Available Labor**

Date: January 2011

Total: 15,970 Male: 7,850 Female: 8,120

Estimated Total in Surrounding Area: 27,600

Labor Force Estimates

Annual Avg. Employment	2009
Civilian Labor Force.....	165,560
Unemployment.....	13,980
%Unemployment Rate.....	8.4
Total Employment.....	151,580

Per Capita Income

Year	Amount
2007	\$36,943.00

Retail Sales

Year	Amount
2010	\$5,160,419,759

County 10-Year Manufacturing Growth

Years: 2000-2009	New Plants	Expansions
Number Projects:	26	380
Total Investments:	\$1,202,830,000	\$1,060,276,847

UTILITIES**Electricity**

Electric Power System: Chattanooga Electric Power Board

Gas

Gas Supplier: Chattanooga Gas Company

Water

Water Supplier: Tennessee American Water

Capacity: 65 MGD

Current Consumption: 39 MGD

Storage Capacity: 24,821,150 MG

Sewer

Sewer Provider: City of Chattanooga

Type of Treatment: Primary-Secondary

Capacity: 140 MGD

Current Usage: 70 MGD

% City Sewer Coverage: 95.0

% Storm Sewer Coverage: 100.0

Chattanooga

LARGEST COMPANIES IN HAMILTON COUNTY (by Employment Size)
--

Firm Name	Products/ Services	Total Employees	Union Affiliations
Blue Cross Blue Shield of Tennessee	Health Care Insurance	4498	
Hamilton County Department of Education	School System	4362	
Erlanger Health System	Hospital	3841	
Tennessee Valley Authority	Utility - Electric Service	3429	
McKee Foods Corporation	Snack Cakes	3200	
Memorial Health Care System	Health Care	2891	
UnumProvident Corporation	Insurance	2800	
City of Chattanooga	Government	2311	
CIGNA Health Care	Insurance	1850	
Pilgrim	Poultry Slaughtering Processing	1850	
Hamilton County Government	Government	1743	
U.S. Xpress Enterprises	Transportation Services	1659	
Convergys Corportion	Out-sourced customer service	1500	
Astec Industries	Asphalt and Dust Collectors	1212	
Parkridge Medical Center	Healthcare - Hospital	1075	
The University of Tennessee at Chattanooga	University	1027	
Hutcheson Medical Center	Hospital	881	
Chattanooga General Services	Industrial Svcs. Outsourcing/Facilities Mdt.	800	
T-Mobile	Telecommunications	792	
Orange Grove Center	Center for Developmentally Disabled	727	
United States Postal Service	U.S. Postal Services	719	
Kenco Group, Inc.	Warehousing	638	
Johnson Mental Health Center	Behavioral Health Services	600	
Golden Gallon, LLC	Covenience Stores	592	
Alstom Power	Industrial Utility Boilers and Related Fabrication	585	
Mueller Company	Gate Valves	562	
Chattanooga State Tech. Community College	Two Year State College	549	
Covenant Transport	Trucking	534	
Propex, Inc.	Carpet Backing/Technical Textiles	509	
Olan Mills	Photographic Lab and Studio	498	
Koch Foods, LLC	Poultry Slaughtering Processing	460	
Moccasin Bend Mental Health Inst.	Psychiatric Hospital	446	

4 of 5

THOMAS R. CARTER STATEMENT OF QUALIFICATIONS

345 PHILLIPS ROAD • JASPER, TN 37347 • TELEPHONE (W)(423) 942-5160 (M)(423) 785-6290

EXPERIENCE

CARTER APPRAISAL SERVICES

Independent Fee Appraiser, 1992 to Present

Responsibilities: Perform various types of real estate appraisal reports for local and regional lending institutions, including residential, commercial, industrial, farm, and special purpose properties. • Appraisal of acquisition, disposal, right-of-way, and easement tracts associated with various state projects. FHA approved appraisers list. Requires maintaining an advanced knowledge of real estate appraisal standards, practices and techniques.

TENNESSEE VALLEY AUTHORITY

Realty Specialist, 1997 to 2006

Responsibilities: Perform various types of real estate appraisal reports, title reports, and buying assignments associated with TVA acquisition of easements or reservoir properties. • Requires maintaining an advanced knowledge of real estate standards, practices, and techniques. Duties include appraisals, negotiations, and title work associated with partial acquisitions. Valuation testimony in federal court proceedings.

METROPOLITAN GOVERNMENT CITY OF NASHVILLE AND DAVIDSON COUNTY ASSESSOR OF PROPERTY

Residential Appraiser II, 1996 to 1997

Responsibilities: Review and reevaluate local property records for accuracy and consistency • Analyze sales data for reappraisal • Interprets and applies state and local laws pertaining to property appraisal and assessment • Prepares and defends county appraisals of real property at state & local hearings • Develop rates and schedules for residential property.

RUTHERFORD COUNTY PROPERTY ASSESSOR OFFICE

Appraisal Supervisor & Commercial/Industrial Appraiser, 1992 to 1996

Responsibilities: Supervises, directs and evaluates assigned staff • Supervise appraisal and review of all residential, commercial, industrial and rural real property • Interprets and applies state and local laws pertaining to property appraisal and assessment • Prepares and defends county appraisals of real property at state & local hearings • Develop rates & schedules for income producing property • Use of advanced appraisal techniques for unconventional and advanced commercial appraisals.

STATE OF TENNESSEE, DIVISION OF PROPERTY ASSESSMENT

Appraisal Analyst, 1987 - 1992

Responsibilities: Assisted local government in update of rates & schedules for evaluation • Trained personnel in reevaluation & review of local property records • Monitored records of local government for accuracy & consistency • Performed statistical analysis of sales data for reevaluation purposes.

UNITED NATIONAL REAL ESTATE

Sales Broker, 1984 to 1986

Responsibilities: Listed and sold residential, rural and commercial property • Prepared development feasibility analysis for local investors/developers • Assisted in the purchase, development and marketing of properties for local investors.

AFFILIATIONS

MEMBER: APPRAISAL INSTITUTE MEMBER: INTERNATIONAL RIGHT OF WAY ASSOCIATION

COMMISSIONER: TENNESSEE REAL ESTATE APPRAISER COMMISSION

THOMAS R. CARTER STATEMENT OF QUALIFICATIONS

345 PHILLIPS ROAD • JASPER, TN 37347 • TELEPHONE (W)(423) 942-5160 (M)(423) 785-6290

EDUCATION

APPRAISAL INSTITUTE

Completed Course Work

Sales Comparison Adjustments For Residential Properties Advanced Residential Report Writing
Real Estate Finance, Statistics, & Valuation Modeling USPAP Standards & Ethics
Valuation of Conservation Easements Basic Income Approach Advanced Income Approach
Uniform Appraisal Standards for Federal Land Acquisitions

INTERNATIONAL RIGHT OF WAY ASSOCIATION

Completed Course Work

Appraisal Theory and Principles Appraisal of Partial Acquisitions USPAP Standards & Ethics
Advanced Residential Relocation Assistance Skills of Expert Testimony

COMMERCIAL REAL ESTATE INVESTMENT INSTITUTE

Completed Course Work

Market Analysis Financial Analysis Investment Analysis User Decision Analysis

UNIVERSITY OF TENNESSEE CENTER FOR GOVERNMENT TRAINING

Completed Course Work:

County Budget Workshop	Communication Skills	Risk Management
Managing For Productivity	Personnel Management	Stress Management
Effective Writing Skills	Records Management	Coping with Difficult People

INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS

Completed Course Work:

Fundamentals of Appraisals	Appraisal of Land	USPAP Standards & Ethics
Industrial Property Appraisal	Residential Property Appraisal	
Income Producing Property	Assessment Administration	
Income Approach to Valuation	Advanced Income Approach to Valuation	

STATE OF TENNESSEE, DIVISION OF PROPERTY ASSESSMENT

Completed Course Work:

Laws and Essentials	Basic Mapping
Ratio Study Workshop	Advanced Mapping
CAAS Terminal Operations	Marshall Swift Commercial Cost Seminar

TENNESSEE REAL ESTATE EDUCATIONAL SYSTEM (TREES)

Completed Course Work:

Real Estate Finance	Office Broker Management
Real Estate Appraisal	Standards of Professional Practice

MIDDLE TENNESSEE STATE UNIVERSITY

Business Management Major 1977 to 1981

PROFESSIONAL CERTIFICATIONS

- **CERTIFIED GENERAL APPRAISER (CGA)**
Tennessee Department of Commerce and Insurance
- **TENNESSEE CERTIFIED ASSESSOR (TCA)**
Tennessee State Board of Equalization
- **CERTIFIED PUBLIC ADMINISTRATOR (CPA)**
U.T. Center for Government Training
- **CERTIFIED T.R.E.E.S. GRADUATE (CTG)**
Tennessee Real Estate Educational System



ATTN:CARTER APPRAISAL SERVICE
THOMAS R CARTER
345 PHILLIPS ROAD
JASPER TN 37347

