

RESOLUTION

No. _____

A RESOLUTION TO MAKE CERTAIN FINDINGS RELATING TO THE UTC FIVE, LLC PROJECT, TO DELEGATE CERTAIN AUTHORITY TO THE HEALTH, EDUCATIONAL, AND HOUSING FACILITY BOARD, AND TO AUTHORIZE THE MAYOR TO ENTER INTO AND EXECUTE AN AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES.

WHEREAS, pursuant to Tennessee Code Annotated, Section 7-53-305(b) the City of Chattanooga (the "City") is permitted to delegate to The Health, Educational, and Housing Facility Board of the City of Chattanooga (the "Board") the authority to negotiate and accept payments in lieu of ad valorem taxes from lessees of the Board upon a finding by the City that such payments are deemed to be in furtherance of the Board's public purposes; and

WHEREAS, UTC Five, LLC (the "Company") is contemplating the construction of two (2) four (4) story buildings at 500 Lindsay Street containing apartments with mixed sizes of sixteen (16) efficiencies, twenty-four (24) one (1) bedroom, and twenty-four (24) two (2) bedroom units (collectively, the "Project") and because of the substantial economic benefits to the City and Hamilton County resulting from the Project, has asked the Board and the City Council to approve payments in lieu of ad valorem taxes; and

WHEREAS, the Council has determined that payments in lieu of ad valorem taxes from such a project would be in furtherance of the Board's public purposes as set forth within Chapter 53 of Title 7 of the Tennessee Code Annotated;

NOW, THEREFORE, BE IT RESOLVED BY THIS COUNCIL:

That we do hereby find that the Project is in the best interest of the City, and that payments in lieu of ad valorem taxes derived therefrom would be in furtherance of the Board's public purposes; and

That, having made such a finding in this instance, we do hereby delegate to the Board the authority to negotiate and accept payments in lieu of ad valorem taxes from the Company, it being further noted that this delegation is for this purpose and this project only; and

That the Mayor is hereby authorized to enter into an Agreement for Payments In Lieu Of Ad Valorem Taxes in substantially the form attached hereto, with such changes thereto as he shall approve; and,

BE IT FURTHER RESOLVED THAT THIS RESOLUTION TAKE EFFECT FROM AND AFTER ITS PASSAGE, THE PUBLIC WELFARE REQUIRING IT.

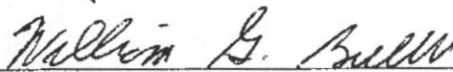
RESOLUTION

A RESOLUTION RECOMMENDING A PILOT TERM OF TEN (10) YEARS WITH A FOUR (4) YEAR PHASE IN PERIOD (TWENTY PERCENT (20%) EACH YEAR) TO UTC FIVE, LLC FOR THE CONSTRUCTION OF TWO (2) FOUR (4) STORY BUILDINGS AT 500 LINDSAY STREET CONTAINING APARTMENTS WITH MIXED SIZES OF SIXTEEN (16) EFFICIENCIES, TWENTY-FOUR (24) ONE (1) BEDROOM, AND TWENTY-FOUR (24) TWO (2) BEDROOM UNITS, BASED ON THE PILOT APPLICATION SUBMITTED TO RIVERCITY COMPANY.

NOW THEREFORE, BE IT RESOLVED BY THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, That it is hereby recommending a PILOT term of ten (10) years with a four (4) year phase in period (20% each year) to UTC Five, LLC for the construction of two (2) four (4) story buildings at 500 Lindsay Street containing apartments with mixed sizes of sixteen (16) efficiencies, twenty-four (24) one (1) bedroom, and twenty-four (24) two (2) bedroom units, based on the PILOT application submitted to RiverCity Company.

ADOPTED: December 19, 2014

HEALTH, EDUCATIONAL AND HOUSING FACILITY
BOARD OF THE CITY OF CHATTANOOGA



William G. Bulls, III, *Chairman*

ATTEST:


Stefanie D. Crowe, *Secretary*



Tuesday, December 9, 2014

Mr. Phil Noblet
**THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD
OF THE CITY OF CHATTANOOGA, TENNESSEE (HEB)**
100 E. 11th Street, Suite 200
Chattanooga, TN 37402

Re: Recommendation of Residential PILOT
500 Lindsay Street Apartments - UTC Five, LLC

Dear Phil,

UTC Five, LLC (Company) has presented application to River City Company, requesting an Agreement for Payments In Lieu of Ad Valorem Taxes (PILOT) for 500 Lindsay Street Apartments (Project). The Project is within the PILOT Boundary and consists of new construction of residential rental units. Information as follows:

Parcel ID:	135M G 008
Size:	58,000 SF
Unit Mix:	
Efficiency	16
1BR	24
2BR	24
Current Assessment:	\$166,320
City Taxes:	\$3,840.33
County Taxes:	\$4,599.08
Investment:	\$7,967,730
Start Construction:	March, 2015
Rent Requirements:	Exceeds the 20% Low/Moderate Income Requirements 25% of the units will rent at \$750/month

Based on our review of the application and the above information, the Project is in compliance with the PILOT Eligibility Requirements. River City Company is recommending HEB **Approval** of this Project for a PILOT Term of 10 years, with a four year phase-in period (20% each year).

Sincerely,

Jim Williamson,
Vice President, Planning & Development

cc: Kim White

P.I.L.O.T. APPLICATION FOR
500 Lindsay Street Apartments
500 Lindsay Street
Chattanooga, Tennessee
November 14, 2014



APPLICATION FOR CHATTANOOGA PILOT PROGRAM

1. *State the name, address, and telephone number of applying entity.*

UTC FIVE, LLC
926 Oakland Avenue
Rock Hill, SC
29730
(423) 201-4512

2. *Provide background information about the applicant and guarantors, including development experience, if any, and all other relevant information this organization may need to consider while reviewing the application. State the names of the applying entity's representative and any other financial guarantors of the Project and their addresses and telephone numbers if different from above. Describe the corporate or partnership structure as application.*

Applicant

Walk2Campus Holdings, LLC
605 Lindsay St
Chattanooga, TN 37403
(423) 201-4512
Attn: Roe Elam (Market Manager)

Company description

UTC FIVE, LLC is a wholly owned subsidiary of Walk2Campus Holdings, LLC. Walk2Campus Holdings, LLC (trade name is Walk2Campus Properties) owns and operates off-campus student housing in seven college communities. Founded in 2004 in Farmville, Virginia (home of Longwood University), Walk2Campus currently owns over 100 properties and has approximately 2,000 tenants. Each of these properties is less than 1/4 mile from their respective college campuses - well within the "fabric" of the school environment. Developing or acquiring property in close proximity to campus is at the core of the Walk2Campus business plan.

Since its founding, the company has restored or constructed dozens of residential buildings. These projects have been done with a mindset of respecting the particular neighborhood's architectural context and character. Walk2Campus has developed four ground up apartment buildings that range in size from 8 units to 60 units. W2C recently served as the development director and partner with Longwood University in the construction of a \$30MM residence hall and commons building.

Currently, Walk2Campus owns eight properties in Chattanooga. Each of the properties was acquired and subsequently renovated. Most recently, W2C renovated the old Women's Hospital at 863 McCallie Ave. In all, Walk2Campus has invested more than \$10MM in Chattanooga - close to 60% of which has been in the form of property reinvestment or full scale renovation. W2C has 185 tenants in Chattanooga - the majority of which are UTC students.

Walk2Campus Holdings is owned by a core of equity investors, which include members of the senior management team. Walk2Campus is governed by a Board of Directors, comprised of eight equity investors. The company is based out of Rock Hill, South Carolina and has local offices in each of its seven markets. Walk2Campus manages all of its real estate holdings with local property managers, leasing assistants, and maintenance technicians.

Debt Partner

BB&T Corporation
901 East Byrd Street
West Tower, 6th Floor
Richmond, VA

23219
(804) 787-1226
Attn: Susan Raheer

Description

BB&T is one of the largest financial services holding companies in the U.S. with \$187 billion in assets and market capitalization of \$26.8 billion, as of Sept. 30, 2014. Based in Winston-Salem, N.C., the company operates 1,842 financial centers in 12 states and Washington, D.C., and offers a full range of consumer and commercial banking, securities brokerage, asset management, mortgage and insurance products and services. A Fortune 500 company, BB&T is consistently recognized for outstanding client satisfaction by the U.S. Small Business Administration, Greenwich Associates and others.

3. *Briefly describes the proposed Project. Include in this section:*

Project Description

a. *The square footage of the building/land area to be constructed.*

500 Lindsay Street project will consist of two buildings – each of which will be four stories tall. The smaller of the two buildings will sit on the lower side of the lot and will be approximately 16,000 SF. The upper building, which will sit at the corner of 5th Street and Lindsay Street, will be approximately 42,000 SF. The property totals .70 acres.

b. *The number of residential units.*

64 apartment units

c. *Attach architectural drawings and any available history on the subject.*

See attached

d. *All other information need to fully explain the project.*

500 Lindsay Street sits at the intersection of 5th Street and Lindsay Street on Brabson Hill – the second highest point in downtown Chattanooga. Given the proximity to both downtown and UTC's campus, Walk2Campus expects the development to attract both students and young professionals. The property is also located in a historic neighborhood with a mixture of residential and commercial uses. The intention is for the building's architecture to complement the surrounding neighborhood while also adding a component to the expanding urban fabric that is growing in and around downtown Chattanooga.

The plan calls for constructing two 4-story buildings with approximately 28 surface parking spaces in between. The buildings will be clad with a combination of brick and hardie board panels and siding. The sidewalks along 5th Street and Lindsay Street that front the buildings will receive new streetscaping with street lights and street trees. As for the apartments themselves, there will be a mix of sizes with 16 efficiencies, 24-one bedroom, and 24-two bedroom units.

e. *All other non-residential uses of the property.*

None

f. *The expected rent to be charged on the apartments (i.e. size of unit/monthly rent)*

	Efficiencies	1 Bedroom	2 Bedroom	Total
Number of Units	16	24	24	64
Average Unit Size	420 SF	555 SF	788 SF	675 SF
Average Unit Rent	\$750	\$835	\$1,200	\$1,050

g. *Are there are any barriers to elderly occupancy?*

None

h. *The number, if any, of units that will meet the Handicap Building Codes and Standards ("HBCS") and the Americans with Disabilities Act ("ADS") requirements?*

There are two Type "A" Units and 58 Type "B" Units

4. *State the location of the proposed project by street address and legal description.*
Address: 500 Lindsay Street

Tax Map ID#: 135M G 008

Legal Description:

Tract One: Known as 518 Lindsay Street; Map and Parcel No. 135M-G-008

Being the north fifty (50) feet of Lot Five, Block "B", Long's Addition on Lindsay Street, more particularly described as follows: Beginning at a point in the east line of Lindsay Street, which point is located 172-1/2 feet north of the intersection of Lindsay Street and Vine Street (which point is also the northwestern corner of the tract of ground conveyed by J.A. Graham and wife, to Ida May Wills by deed dated June 24, 1910, and registered in Book "X", Volume 11, Page 401, in the Register's Office of Hamilton County, Tennessee; thence eastwardly, along the northern line of the said Wills property and said line extended, 100 feet to a point in a west line of the property conveyed by the Title Guaranty and Trust Company of Chattanooga, Trustee, to Helen Wright Gregg by Trustee's Deed dated January 20, 1940, and registered in Book 791, Page 663, in the said Register's Office; thence northwardly, along a west line of the said Helen Wright Gregg property, 50 feet to a point in the south line of the property conveyed by Thulie T. Whitaker and husband to John Thompson Whitaker by deed dated January 25, 1927, and registered in Book "L" Volume 21, Page 206, in said Register's Office; thence westwardly, along the south line of said Whitaker property, 100 feet to a point in the east line of Lindsay Street; thence southwardly, along the east line of Lindsay Street, 50 feet to the point of the beginning.

Tract Two: Known as 514 Lindsay Street; Map and Parcel No. 135M-G-009

The south sixty (60) feet of Lot Six (6) and the south sixty (60) feet of the west sixty (60) feet of Lot Eight (8), Block B, Long's Addition. Said part of lots form one tract of ground fronting 60 feet on the east line of Lindsay Street, and extending back eastwardly, between parallel lines, 160 feet.

Tract Three: Known as 500 Lindsay Street; Map and Parcel No 135M-G-010

Beginning at the intersection of the north line of east Fifth Street and the east line of Lindsay Street; thence South along the east line of Lindsay Street 162 feet; thence East 120 feet; thence North 60 feet; thence West 20 feet; thence North 102.5 feet to the south line of East Fifth Street; thence west along the line of East Fifth Street 100 feet to the beginning.

- a. *Name of the property owner at the time of application submittal.*
UTC FIVE, LLC
926 Oakland Avenue
Rock Hill, SC
29730
- b. *If the Applicant does not presently own the Property, does the Applicant have a valid option to purchase the property?*
We currently own the building
- c. *Describe any and all existing financing, options and liens on the Property.*
None
5. *State the estimated Project cost broken down by component (i.e. land, buildings, equipment, soft costs, etc)*
See attached Project cost estimate.
6. *State the proposed time schedule for the Project including the dates anticipated for the following:*
- a. *Closing the loan or contributing financing availability.*
The loan to be closed on or about December 15, 2014
- b. *First expenditure of funds with regard to the project.*
During due diligence period – Jan 2014

- c. *Anticipated date of construction will begin.*
Construction Start: March 1, 2015
 - d. *Anticipated completion date.*
Completion Date: June 1, 2016
7. *Name any of the following that will be involved with the Project (with the address and phone numbers):*
- a. *Counsel for the Applicant*
Miller Martin PLLC
Attn: Mark Smith
832 Georgia Ave
Suite 1000
Chattanooga, TN
37402
(423) 756-6600
 - b. *Architects and Engineers*
Mitchell Mathews Architects and Planners
300 Twin Sycamores Lane
Charlottesville, VA
22903
(434) 979-7550

March Adams & Associates
310 Dodds Avenue
Chattanooga, TN
37404
 - c. *Contractor for project*
GenTech Construction LLC
820 Broad Street, Suite 200
Chattanooga, TN
37402
(423) 267-3373
 - d. *Other Professionals*
 - e. *Does the Applicant or any guarantor have any previous or ongoing relationship with any Board Member or legal counsel of the Board? If so, please describe in detail.*
N/A
8. *Please disclose whether any applicant, guarantor or any other person involved with the project is currently engaged in any civil or criminal proceeding. Also disclose whether any individual involved with the project has ever been charged or convicted of any felony or currently is under indictment. Please supply detailed information.*
N/A

Additional information required for the Payment in Lieu of Taxes Program (the "PILOT")


- 1. *State law requires that title to the projects be conveyed to one of the local industrial development boards or the city health and education board (the "Board") in order for it to grant payments in lieu of taxes; the Board to which title is conveyed then leases the property to the applicant or entity designated by the applicant. Indicate who the lessee will be for the Project.*

Lessee
UTC FIVE, LLC
926 Oakland Ave
Rock Hill, SC 29730

- a. *State the tax parcel number for all property involved with the Project and the current assessed value of the Property.*
Tax parcel: 135M G 008
Assessed Value: \$415,800
 - b. *Are any assessments presently under appeal? If so, describe the status of the appeal.*
No
 - c. *Will the Project result in the subdivision of any present tax parcel?*
No. The site has been consolidated into one parcel.
2. *Provide the following information about the loan or proposed loan for the Project.*
- a. *Name, address, and phone number of lender and contact person with lender*
BB&T Corporation
901 East Byrd Street
West Tower, 6th Floor
Richmond, VA
23219
(804) 787-1226
Attn: Susan Raheer
 - b. *Amount of loan.*
\$5,250,000
 - c. *Attach proposed loan terms.*
See attached EXHIBIT 'C'

This application is made in order to induce The RiverCity Company to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to The RiverCity Company in its consideration of the applicant is included. The applicant acknowledges that it has reviewed the descriptions of The RiverCity Company financial program for which it is applying and agrees to comply with those policies. The applicants shall also be required to show a good faith effort with regard to the employment of minority contractors. The applicant acknowledges and agrees that the Lease Agreement and Agreement for Payments In Lieu of Ad Valorem Taxes shall not be executed until the Design Center approves the plans for the project.

COMPANY

By: UTC FIVE, LLC 

Name: Roe Elam

Title: Manager

Date: November 20, 2014

EXHIBIT A - ARCHITECTURAL DRAWINGS

See attached

EXHIBIT B

<u>Project Budget</u>	<u>Cost Estimate</u>	
<u>Developer Site Costs</u>		
Acquisition and Closing costs	715,850	
Phase 1 Environmental	5,000	
Lead Paint/Asbestos Inspection	3,000	
Asbestos Remediation	25,000	
Total Site Costs		\$748,850
<u>Soft Costs</u>		
Architect Fee	220,000	
Engineering (Structural, Fire, MEP, Electric)	41,500	
Engineering (Civil)	20,000	
Engineering (Geotech)	6,380	
Landscape Architect	4,000	
Furnishings	10,000	
Utilities/Permits	25,000	
Builder's Risk	30,000	
Marketing	15,000	
Legal	25,000	
Capitalized Interest	75,000	
W2CH Developer Costs (allocation)	88,000	
Total Soft Costs		\$559,880
<u>Hard Costs</u>		
Construction Costs	6,225,000	
Contingency	434,000	
Total Hard Costs		\$6,659,000
Total Project Cost		\$7,967,730

EXHIBIT C

PROPOSED LOAN TERMS

Lender:	BB&T
Permanent Loan Amount:	\$5,250,000
Interest Rate:	One Month LIBOR Rate plus 2.25%
Term:	84 Months
Other:	Principle and interest paid monthly amortized over 25 years

**AGREEMENT FOR PAYMENTS IN LIEU
OF AD VALOREM TAXES**

THIS AGREEMENT is made and entered into as of the ___ day of _____, 2015, by and among THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE (the “Board”); UTC FIVE, LLC, a Tennessee limited liability company (the “Company”); the CITY OF CHATTANOOGA (the “City”); and HAMILTON COUNTY (the “County”) and is joined in, for purposes of evidencing their acceptance of the agency relationship established herein, by WILLIAM F. HULLANDER and his successors, acting in the capacity of HAMILTON COUNTY TRUSTEE (“Trustee”), and by WILLIAM C. BENNETT and his successors, acting in the capacity of HAMILTON COUNTY ASSESSOR OF PROPERTY (“Assessor”).

W I T N E S S E T H:

WHEREAS, the Company is contemplating the construction of two (2) four (4) story buildings at 500 Lindsay Street containing apartments with mixed sizes of sixteen (16) efficiencies, twenty-four (24) one (1) bedroom, and twenty-four (24) two (2) bedroom units (collectively, the “Project”), and has requested the Board’s assistance in the financing of the Project; and

WHEREAS, substantial public welfare benefits to the City and County will be derived from the Project; and

WHEREAS, the Board has agreed to take title to certain real and personal property that constitutes the Project, as described in Exhibit “A” attached hereto (the “Property”), which Property is to be owned by the Board and leased to the Company; and

WHEREAS, because the Property is to be owned by the Board, which is a public corporation organized under the provisions of Tennessee Code Annotated, §48-101-301, et seq., all such property will be exempt from ad valorem property taxes (“property taxes”) normally paid to the City and to the County, so long as the Property is owned by the Board, pursuant to the provisions of Tennessee Code Annotated, §48-101-312; and

WHEREAS, for the public benefit of the citizens of the City and the County, the Board has requested that the Company make certain payments to the Board in lieu of the payment of property taxes that would otherwise be payable on the Property; and

WHEREAS, the Company has agreed to make such payments to the Board in lieu of the property taxes otherwise payable on the Property (the “In Lieu Payments”), as more particularly set forth hereinafter; and

WHEREAS, the Board has been authorized to receive the In Lieu Payments in lieu of property taxes by resolutions adopted by the City and the County, acting through their duly elected Council and Commission, respectively, which resolutions delegate to the Board the authority to accept the In Lieu Payments upon compliance with certain terms and conditions; and

WHEREAS, the Company and the Board have agreed that all In Lieu Payments made to the Board by the Company shall be paid to the Trustee, who shall disburse such amounts to the general funds of the City and the County in accordance with the requirements specified herein; and

WHEREAS, the Board wishes to designate the City Treasurer and the County Assessor as its agents to appraise the Property and assess a percentage of its value in the manner specified herein; and

WHEREAS, the Board wishes to designate the Trustee as its agent to receive the In Lieu Payments in accordance with the terms of this Agreement;

NOW, THEREFORE, IN CONSIDERATION OF the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. Designation of Assessor; Appraisal and Assessment of Property. The Board hereby designates the Assessor as its agent to appraise and assess the Property. The Assessor shall appraise and assess the Property in accordance with the Constitution and laws of the State of Tennessee as though the Property were subject to property taxes. The Assessor shall give the Trustee, the City Treasurer, the Board, and the Company written notice of any changes in appraisals of the Property in the same manner that notices are given to owners of taxable property. The Assessor shall make available to the Board and the Company all records relating to the appraisal and assessment of the Property.

2. Designation of Trustee; Computation and Billing of Payments In Lieu of Taxes. The Board hereby designates the Trustee as its agent to compute the amounts of the In Lieu Payments, to receive such payments from the Company and to disburse such payments to the City and the County. On or about October 1 of each year during the term of this agreement, the Trustee shall compute the taxes which would be payable on the Property if it were subject to property taxes, in accordance with the Constitution and laws of the State of Tennessee and in accordance with the appraisal and assessment of the Assessor. Each year hereunder, the Trustee shall send the Board and the Company a bill for appropriate amounts of In Lieu Payments (the "Tax Bill").

3. Payments in Lieu of Taxes. After receipt of the Tax Bill, the Company shall pay to the Trustee the amounts indicated on the Tax Bill in accordance with the amount set forth below in Paragraph 4. The In Lieu Payments shall be made by the Company in lieu of the property taxes which would otherwise be payable on the Property if it were subject to property taxes.

4. Amount of Payments by the Company. For each of the years 2016 to 2025, the Company shall make In Lieu Payments to the City and County with respect to the Property in an amount equal to the annual ad valorem property tax assessed against the Property for the year 2015 (the “Base Taxes”) plus any increased assessed value for the amount of the Hamilton County Schools portion of the property taxes that would be due on the Property during tax years 2016 through 2025 if it were subject to taxation (the “School Portion”). For the years 2026 to 2029, the Base Taxes owed to the City and County shall be phased in to full taxation in tax year 2030 by increasing the In Lieu Payments made to the City and County by the following percentages:

Year	City General Fund	County General Fund	County School Fund
2015 - 2026	0%	0%	100%
2026	20% of 2026 assessment	20% of 2026 assessment	100%
2027	40% of 2027 assessment	40% of 2027 assessment	100%
2028	60% of 2028 assessment	60% of 2028 assessment	100%
2029	80% of 2029 assessment	80% of 2029 assessment	100%
2030	100% of 2030 assessment	1000% of 2030 assessment	100%

During such years 2026 to 2029, the Company shall continue to pay the School Portion, attributable to the Hamilton County Schools. For any periods before or after such 14-year period that the Property is owned by the Board, the Company shall make In Lieu Payments in an amount, as determined by the Assessor and the Trustee, equal to one hundred percent (100%) of the amount of taxes that would have been payable on the Property if it were subject to property taxes.

5. Penalties and Late Charges. The Company shall make the In Lieu Payments for each year before March 1 of the following year. All In Lieu Payments to the City and County shall be subject to penalties, late charges, fees and interest charges as follows:

(a) If the Company fails to make any In Lieu Payment when due, then a late charge shall be charged and shall also be immediately due and payable. The late charge shall be in the amount of one and one-half percent (1-1/2%) of the owed amount, for each month that each payment has been unpaid. Such one and one-half percent (1-1/2%) per month late charge amount shall accumulate each month and be payable so long as there remains any outstanding unpaid amount.

(b) If the Company should fail to pay all amounts and late charges due as provided hereinabove, then the Board, the City or the County may bring suit in the Chancery Court of Hamilton County to seek to recover the In Lieu Payments due, late charges, expenses and costs of collection in addition to reasonable attorneys' fees.

(c) If the Company should fail to reserve for lease at least Twenty (20%) percent of the available units in the Project to persons whose income does not exceed Eighty (80%) percent of the area median income as annually defined in the most recent guidelines published by the Department of Housing and Urban Development, then the City and the County reserve the right but are not obligated to adjust the terms and conditions of the tax abatement granted to the Company under this Agreement for the Tax Abatement Period by requiring the Company to pay an additional amount of the In Lieu Payments on the Property. The City and the County may then require the Company to pay an amount up to the difference between the amounts of the In Lieu Payments required pursuant to Paragraph 4 of this Agreement and the amounts that the Company would have paid using the pro-rated percentage of the affordable housing units associated with the Tax Abatement Period. The County and the City shall look solely to the Company for any repayment obligations.

6. Disbursements by the Treasurer and Trustee. All sums received by the Treasurer pursuant to Paragraph 4 for the benefit of the City general fund shall be disbursed to the general funds of the City in accordance with this paragraph and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All sums received by the Trustee pursuant to Paragraph 4 for the benefit of the County general fund shall be disbursed to the general fund of the County in accordance with this paragraph and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All such sums received by the Treasurer shall be placed into an account for the use and benefit of the City. All such sums received by the Trustee shall be divided into an account for the use and benefit of the County. The account for the use and benefit of the City shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the City, and the account for the use and benefit of the County shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the County. All sums received by the Trustee pursuant to Paragraph 4 for the benefit of the County school system shall be disbursed to the County and thereafter deposited into an account for the educational use and benefit of the County schools. The parties acknowledge and agree that all disbursements to the City and County pursuant to this Agreement are in furtherance of the Board's purposes as set forth in Tennessee Code Annotated § 7-53-305.

7. Contest by the Company. The Company shall have the right to contest the appraisal or assessment of the Property by the Assessor and the computation by the Trustee of the amount of the In Lieu Payment. If the Company contests any such appraisal or assessment, then it shall present evidence to the Assessor in favor of its position. Likewise, if the Company contests any

such computation, it shall present evidence to the Trustee in favor of its position. If the In Lieu Payments being contested shall be or become due and payable, the Company shall make such payments under protest. The Company and the Assessor or the Trustee, as the case may be, shall negotiate in good faith to resolve any disputes as to appraisal, assessment or computation. If the Company and the Assessor or the Trustee are unable to resolve a dispute, then the Company may file suit in the Chancery Court of Hamilton County to ask that the provisions of this Agreement, including those covering appraisal, assessment and computation, be construed or applied to the relevant facts by the Chancery Court in order to resolve such dispute.

8. Lien on Property. Any amounts which remain payable under this Agreement shall become a lien on the Property, and such lien shall be enforceable against the Property in the event that any payment owing hereunder is not timely made in accordance with this Agreement.

9. Term. This Agreement shall become effective on the date that the Board attains title to the Property and shall continue for so long as the Board holds title to any of the Property or the Company has made all payments required hereunder, whichever shall later occur.

10. Leasehold Taxation. If the leasehold interest of the Company should be subject to ad valorem taxation, then any amounts assessed as taxes thereon shall be credited against any In Lieu Payments due hereunder. The Company agrees to cooperate fully with the Assessor in supplying information for completion of leasehold taxation questionnaires with respect to the Property.

11. Stormwater Fees. The Company shall be responsible for all stormwater fees assessed by the City of Chattanooga against the Real Property.

12. Notices, etc. All notices and other communications provided for hereunder shall be written (including facsimile transmission and telex), and mailed or sent via facsimile transmission

or delivered, if to the City or the Board, c/o Mr. Phillip A. Noblett, Suite 200, 100 E. 11th Street, Chattanooga, Tennessee 37402; if to the County, c/o Mr. Rheubin M. Taylor, County Attorney, Hamilton County Government, Room 204, County Courthouse, Chattanooga, Tennessee 37402-1956; if to the Company, 926 Oakland Avenue, Rock Hill, South Carolina 29730; if to the Trustee, at his address at Hamilton County Courthouse, Chattanooga, Tennessee 37402; and if to the Assessor, at his address at Hamilton County Courthouse, Chattanooga, Tennessee 37402; or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall, when mailed by registered and certified mail, return receipt requested, Express Mail, or facsimile, be effective when deposited in the mails or if sent upon facsimile transmission, confirmed electronically, respectively, addressed as aforesaid.

13. No Waiver; Remedies. No failure on the part of any party hereto, and no delay in exercising any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement are cumulative and are not exclusive of any remedies provided by law.

14. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court or jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions of this Agreement.

15. No Liability of Board's Officers. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any incorporator, member, director or officer, as such, of the Board, whether past, present or future, either directly or through the Board. Any and all personal liability of every nature, whether at common law or in

equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the parties and signatories hereto and to their respective successors and assigns.

17. Governing Law. The Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee.

18. Amendments. This Agreement may be amended only in writing, signed by each of the parties hereto, except that the Trustee and the Assessor shall not be required to join in amendments unless such amendments affect their respective duties hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and date first above written.

ATTEST:

By: _____
Secretary

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE

By: _____
Chairman

UTC FIVE, LLC

By: _____
Title: _____

CITY OF CHATTANOOGA, TENNESSEE

By: _____
Mayor

HAMILTON COUNTY, TENNESSEE

By: _____
County Mayor

WILLIAM F. HULLANDER

By: _____
Hamilton County Trustee

WILLIAM C. BENNETT

By: _____
Hamilton County Assessor of Property

EXHIBIT "A"
TO AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES

REAL PROPERTY

IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, STATE OF TENNESSEE:

Map and Parcel Nos. 135M-G-008, 135M-G-009 and 135M-G-010.

PERSONAL PROPERTY

All personal property used by the Company in connection with its housing facility located on the real property described above.

**AGREEMENT FOR PAYMENTS IN LIEU
OF AD VALOREM TAXES**

THIS AGREEMENT is made and entered into as of the ___ day of _____, 2015, by and among THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE (the “Board”); UTC FIVE, LLC, a Tennessee limited liability company (the “Company”); the CITY OF CHATTANOOGA (the “City”); and HAMILTON COUNTY (the “County”) and is joined in, for purposes of evidencing their acceptance of the agency relationship established herein, by WILLIAM F. HULLANDER and his successors, acting in the capacity of HAMILTON COUNTY TRUSTEE (“Trustee”), and by WILLIAM C. BENNETT and his successors, acting in the capacity of HAMILTON COUNTY ASSESSOR OF PROPERTY (“Assessor”).

W I T N E S S E T H:

WHEREAS, the Company is contemplating the construction of two (2) four (4) story buildings at 500 Lindsay Street containing apartments with mixed sizes of sixteen (16) efficiencies, twenty-four (24) one (1) bedroom, and twenty-four (24) two (2) bedroom units (collectively, the “Project”), and has requested the Board’s assistance in the financing of the Project; and

WHEREAS, substantial public welfare benefits to the City and County will be derived from the Project; and

WHEREAS, the Board has agreed to take title to certain real and personal property that constitutes the Project, as described in Exhibit “A” attached hereto (the “Property”), which Property is to be owned by the Board and leased to the Company; and

WHEREAS, because the Property is to be owned by the Board, which is a public corporation organized under the provisions of Tennessee Code Annotated, §48-101-301, et seq., all such property will be exempt from ad valorem property taxes (“property taxes”) normally paid to the City and to the County, so long as the Property is owned by the Board, pursuant to the provisions of Tennessee Code Annotated, §48-101-312; and

WHEREAS, for the public benefit of the citizens of the City and the County, the Board has requested that the Company make certain payments to the Board in lieu of the payment of property taxes that would otherwise be payable on the Property; and

WHEREAS, the Company has agreed to make such payments to the Board in lieu of the property taxes otherwise payable on the Property (the “In Lieu Payments”), as more particularly set forth hereinafter; and

WHEREAS, the Board has been authorized to receive the In Lieu Payments in lieu of property taxes by resolutions adopted by the City and the County, acting through their duly elected Council and Commission, respectively, which resolutions delegate to the Board the authority to accept the In Lieu Payments upon compliance with certain terms and conditions; and

WHEREAS, the Company and the Board have agreed that all In Lieu Payments made to the Board by the Company shall be paid to the Trustee, who shall disburse such amounts to the general funds of the City and the County in accordance with the requirements specified herein; and

WHEREAS, the Board wishes to designate the City Treasurer and the County Assessor as its agents to appraise the Property and assess a percentage of its value in the manner specified herein; and

WHEREAS, the Board wishes to designate the Trustee as its agent to receive the In Lieu Payments in accordance with the terms of this Agreement;

NOW, THEREFORE, IN CONSIDERATION OF the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. Designation of Assessor; Appraisal and Assessment of Property. The Board hereby designates the Assessor as its agent to appraise and assess the Property. The Assessor shall appraise and assess the Property in accordance with the Constitution and laws of the State of Tennessee as though the Property were subject to property taxes. The Assessor shall give the Trustee, the City Treasurer, the Board, and the Company written notice of any changes in appraisals of the Property in the same manner that notices are given to owners of taxable property. The Assessor shall make available to the Board and the Company all records relating to the appraisal and assessment of the Property.

2. Designation of Trustee; Computation and Billing of Payments In Lieu of Taxes. The Board hereby designates the Trustee as its agent to compute the amounts of the In Lieu Payments, to receive such payments from the Company and to disburse such payments to the City and the County. On or about October 1 of each year during the term of this agreement, the Trustee shall compute the taxes which would be payable on the Property if it were subject to property taxes, in accordance with the Constitution and laws of the State of Tennessee and in accordance with the appraisal and assessment of the Assessor. Each year hereunder, the Trustee shall send the Board and the Company a bill for appropriate amounts of In Lieu Payments (the "Tax Bill").

3. Payments in Lieu of Taxes. After receipt of the Tax Bill, the Company shall pay to the Trustee the amounts indicated on the Tax Bill in accordance with the amount set forth below in Paragraph 4. The In Lieu Payments shall be made by the Company in lieu of the property taxes which would otherwise be payable on the Property if it were subject to property taxes.

4. Amount of Payments by the Company.

(A) Land. For each of the years 2016 and thereafter, the Company shall make payments

with respect to the Property in an amount equal to one hundred percent (100%) of all City and County annual ad valorem property taxes levied on the value of the land of the associated Property. The intent is for the City and County to continue receiving throughout the term of this Agreement all taxes assessed as to the value of the land exclusive of the improvements.

(B) Improvements. After construction is completed and the Assessor of Property has reassessed the then improved Property, the Company shall make In Lieu Payments in the amount required to satisfy the Hamilton County Schools portion of the property taxes that would be due on the Property (as improved) if it were subject to taxation (the “School Portion”), which the parties acknowledge and agree currently equates to 27.1% of the amount of the total City and County taxes that would have been payable on the Property if it were subject to property taxes. In Lieu Payments on the improvements will be as follows:

Year	City General Fund (1)	County General Fund (1)	County School Fund (1)
2016 - 2025	0%	0%	100%
2026	20%	20%	100%
2027	40%	40%	100%
2028	60%	60%	100%
2029	80%	80%	100%
2030	100%	100%	100%

(1) – The above percentages refer to the percent of the amount of taxes that would have been payable on the Property if it were subject to property taxes.

As noted above, during such years 2026 to 2029, the Company shall continue to pay the School Portion attributable to the Hamilton County Schools. For any periods before or after such 14-year period that the Property is owned by the Board, the Company shall make In Lieu Payments in an amount, as determined by the Assessor and the Trustee, equal to one hundred percent (100%) of the amount of taxes that would have been payable on the Property if it were subject to property

taxes.

5. Penalties and Late Charges. The Company shall make the In Lieu Payments for each year before March 1 of the following year. All In Lieu Payments to the City and County shall be subject to penalties, late charges, fees and interest charges as follows:

(a) If the Company fails to make any In Lieu Payment when due, then a late charge shall be charged and shall also be immediately due and payable. The late charge shall be in the amount of one and one-half percent (1-1/2%) of the owed amount, for each month that each payment has been unpaid. Such one and one-half percent (1-1/2%) per month late charge amount shall accumulate each month and be payable so long as there remains any outstanding unpaid amount.

(b) If the Company should fail to pay all amounts and late charges due as provided hereinabove, then the Board, the City or the County may bring suit in the Chancery Court of Hamilton County to seek to recover the In Lieu Payments due, late charges, expenses and costs of collection in addition to reasonable attorneys' fees.

(c) If the Company should fail to reserve for lease at least Twenty (20%) percent of the available units in the Project to persons whose income does not exceed Eighty (80%) percent of the area median income as annually defined in the most recent guidelines published by the Department of Housing and Urban Development, then the City and the County reserve the right but are not obligated to adjust the terms and conditions of the tax abatement granted to the Company under this Agreement for the Tax Abatement Period by requiring the Company to pay an additional amount of the In Lieu Payments on the Property. The City and the County may then require the Company to pay an amount up to the difference between the amounts of the In Lieu Payments required pursuant to Paragraph 4 of this Agreement and the amounts that the Company would have

paid using the pro-rated percentage of the affordable housing units associated with the Tax Abatement Period. The County and the City shall look solely to the Company for any repayment obligations.

6. Disbursements by the Treasurer and Trustee. All sums received by the Treasurer pursuant to Paragraph 4 for the benefit of the City general fund shall be disbursed to the general funds of the City in accordance with this paragraph and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All sums received by the Trustee pursuant to Paragraph 4 for the benefit of the County general fund shall be disbursed to the general fund of the County in accordance with this paragraph and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All such sums received by the Treasurer shall be placed into an account for the use and benefit of the City. All such sums received by the Trustee shall be divided into an account for the use and benefit of the County. The account for the use and benefit of the City shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the City, and the account for the use and benefit of the County shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the County. All sums received by the Trustee pursuant to Paragraph 4 for the benefit of the County school system shall be disbursed to the County and thereafter deposited into an account for the educational use and benefit of the County schools. The parties acknowledge and agree that all disbursements to the City and County pursuant to this Agreement are in furtherance of the Board's purposes as set forth in Tennessee Code Annotated § 7-53-305.

7. Contest by the Company. The Company shall have the right to contest the appraisal or assessment of the Property by the Assessor and the computation by the Trustee of the amount of the In Lieu Payment. If the Company contests any such appraisal or assessment, then it shall present evidence to the Assessor in favor of its position. Likewise, if the Company contests any such computation, it shall present evidence to the Trustee in favor of its position. If the In Lieu Payments being contested shall be or become due and payable, the Company shall make such payments under protest. The Company and the Assessor or the Trustee, as the case may be, shall negotiate in good faith to resolve any disputes as to appraisal, assessment or computation. If the Company and the Assessor or the Trustee are unable to resolve a dispute, then the Company may file suit in the Chancery Court of Hamilton County to ask that the provisions of this Agreement, including those covering appraisal, assessment and computation, be construed or applied to the relevant facts by the Chancery Court in order to resolve such dispute.

8. Lien on Property. Any amounts which remain payable under this Agreement shall become a lien on the Property, and such lien shall be enforceable against the Property in the event that any payment owing hereunder is not timely made in accordance with this Agreement.

9. Term. This Agreement shall become effective on the date that the Board attains title to the Property and shall continue for so long as the Board holds title to any of the Property or the Company has made all payments required hereunder, whichever shall later occur.

10. Leasehold Taxation. If the leasehold interest of the Company should be subject to ad valorem taxation, then any amounts assessed as taxes thereon shall be credited against any In Lieu Payments due hereunder. The Company agrees to cooperate fully with the Assessor in supplying information for completion of leasehold taxation questionnaires with respect to the Property.

11. Stormwater Fees. The Company shall be responsible for all stormwater fees assessed by the City of Chattanooga against the Real Property.

12. Notices, etc. All notices and other communications provided for hereunder shall be written (including facsimile transmission and telex), and mailed or sent via facsimile transmission or delivered, if to the City or the Board, c/o Mr. Phillip A. Noblett, Suite 200, 100 E. 11th Street, Chattanooga, Tennessee 37402; if to the County, c/o Mr. Rheubin M. Taylor, County Attorney, Hamilton County Government, Room 204, County Courthouse, Chattanooga, Tennessee 37402-1956; if to the Company, 926 Oakland Avenue, Rock Hill, South Carolina 29730; if to the Trustee, at his address at Hamilton County Courthouse, Chattanooga, Tennessee 37402; and if to the Assessor, at his address at Hamilton County Courthouse, Chattanooga, Tennessee 37402; or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall, when mailed by registered and certified mail, return receipt requested, Express Mail, or facsimile, be effective when deposited in the mails or if sent upon facsimile transmission, confirmed electronically, respectively, addressed as aforesaid.

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[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and date first above written.

ATTEST:

By: _____
Secretary

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE

By: _____
Chairman

UTC FIVE, LLC

By: _____
Title: _____

CITY OF CHATTANOOGA, TENNESSEE

By: _____
Mayor

HAMILTON COUNTY, TENNESSEE

By: _____
County Mayor

WILLIAM F. HULLANDER

By: _____
Hamilton County Trustee

WILLIAM C. BENNETT

By: _____
Hamilton County Assessor of Property

EXHIBIT "A"
TO AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES

REAL PROPERTY

IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, STATE OF TENNESSEE:

Map and Parcel Nos. 135M-G-008, 135M-G-009 and 135M-G-010.

PERSONAL PROPERTY

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