

# **AGENDA**

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

**Monday, April 7, 2025 @ 11:00 AM**

1. Call meeting to order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Minutes approval for the March 3, 2025, monthly meeting.
4. Recognition of any person wishing to address the Board.

5. **FINANCE REPORT**

Presentation by Eleanor Liu of Programs Summary and VW Grants Financial Progress Report.

6. **PILOT POLICIES AND PROCEDURES**

A resolution of the Board of Directors of the Industrial Development Board of the City of Chattanooga approving policies and procedures for Payment-in-Lieu-of-Tax transactions.

7. **NOVONIX PILOT**

A resolution authorizing the Industrial Development Board of the City of Chattanooga to enter into and execute that certain a “Real Estate Purchase and Sale Agreement” relative to the purchase of approximately 182.39 acres known as the Special Legislative Area, Main Manufacturing Area, Parcel 1.02, 182.39 acres, of the Enterprise South Industrial Park and to execute necessary closing documents and take title to certain real and personal property in connection with the Novonix Enterprise South LLC Project, to lease such property to Novonix Enterprise South LLC, to enter into an Agreement for Payments in Lieu of Ad Valorem Taxes, and to execute other documents related to the property’s enrollment in the Voluntary Cleanup and Oversight Assistance Program with the Tennessee Department of Environment and Conservation.

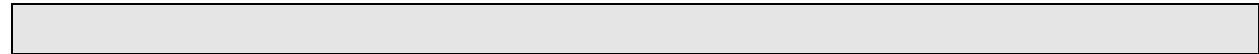
8. Other Business – Discussion Items.
9. Adjournment.



**INDUSTRIAL DEVELOPMENT BOARD  
MONTHLY MEETING MINUTES  
John P. Franklin Sr. City Council Building  
Assembly Room  
Chattanooga, Tennessee  
for  
Monday, March 3, 2025  
11:00 AM**

Present were Kerry Hayes (Chair), Althea Jones (Vice-Chair), Gordon Parker (Secretary), Jim Floyd (Assistant Secretary), Ray Adkins, Jimmy F. Rodgers, Jr., Nadia Kain, Melody Shekari, and Marcus Cade-Johnson.

Also Present were: Attorney for the Board, Phillip A. Noblett; Helen Burns Sharp (ATM); Gail Hart (Real Property); Adam Myers (Chamber of Commerce); Janice Gooden (CALEB); Eleanor Liu and Javaid Majid (Finance); Charita Allen (Workforce Development); and Richard Beeland and Kim Narramore (Economic Development).



Chairman Hayes called the meeting to order, confirmed the meeting was duly advertised, and established that a quorum was present to conduct business.



**MONTHLY MEETING OF FEBRUARY 3, 2025 – MINUTES APPROVAL**

On motion of Mr. Rodgers, seconded by Mr. Parker, the minutes of the February 3, 2025, monthly meeting were unanimously approved as written.



## PUBLIC COMMENTS

Ms. Helen Burns Sharp (ATM) made comments. Ms. Sharp had a handout for the Board which is attached to these minutes. Ms. Sharp is elated that we have good PILOT policies and kudos to Ms. Allen and the City Council for spending a lot of quality time deliberating both at the meetings and individually. They were given a good product, but they made it better. The Council deferred the policies at five or six meetings to get it to the point where it is now.

In the beginning, Ms. Sharp and/or the Board may have been confused regarding the sequence because had this been on the IDB's agenda for two years and then all of sudden it was on the Council agenda. The sequence makes sense. When you go back and think about it, this is what we have on TIFs, and like in the fall of 2022, the Council made changes to TIF policies. The Board spent three or four months making those policies better and sending them back to the Council, who likes all of your recommendations. This probably is the correct sequence to set the initial policy and opportunity to make it better and not start from scratch the way the Council had to.

Ms. Sharp said that maybe the IDB may want to take a look at the target industry list which is still way too broad. Ms. Sharp would like to make it a little bit more Chattanooga centric rather than it seems like we have the Chamber and the state list and had trouble imagining the company would not be on the target industry list as it is now and hoped it would be more strategic in its own industry sectors. This is complicated with AI and implications with them.

As you recall, from this very podium, Ms. Sharp expressed her reservations about the matrix and calmed down quite a bit from a couple of years ago but thinks it is a very useful tool. The matrix now is much better than the matrix that the Board was looking at. It has really got some teeth in it and some of the eligibility for bonus points has been clarified. It is a much tighter, better document. The matrix is a great tool. Ms. Sharp's concern is that she predicts we are going to have some projects that do not fit the matrix that the City may want to fund and there are going to be some projects that maybe the points do add up. Basically, what we created is sort of a corporate entitlement program that if you get this number of points here and number of points here, and bonus points here, you get a PILOT. Ms. Sharp asked the question that there are some companies that have good working citizens and pay our fair share of property taxes. Ms. Sharp does not think they will be forced, but the expectation is that any business that meets the criteria will get a PILOT. You might think that is fine.

Ms. Sharp felt like in the past and thinks Ms. Allen is working on this on an application form that we need to do a better job of vetting on the front end. It is more than adding up points. We need to look at the company. We have been in the past giving PILOTs to companies that two years later file for bankruptcy. Maybe that could have been predicted or maybe if we had looked at it more carefully, we would think is this a company that is something we really want to invest in and maybe we think by giving them a PILOT it might put them over the hump.

Ms. Sharp recommends that the Board spend some time talking about the role of the Chamber of Commerce. The Board is probably aware that the City and County provide the Chamber with \$1.2 million total each year for the economic development program and a lot of administration for the PILOT program. Ms. Sharp believes in the community benefits from the Chamber's insights and expertise; however, Ms. Sharp believes in an agreement between the City and the Chamber should specify that the Chamber's role in PILOTs is to facilitate, not to create policy.

The Chamber's overall mission focuses on business advocacy. They are a player that should be – Ms. Sharp was feeling pretty good about this until yesterday she happened to see in the legal notice in the Times-Free Press that the Chamber, which is a private organization, had a public notice about a meeting that they are having at their office next Monday afternoon and their Economic Development Department and Novonix are going to make a presentation about the Novonix PILOT. You may be aware that Novonix has a current PILOT and has been wanting a new PILOT for \$55 million which would be the second largest after Volkswagen and the Council raised some questions about it because they were doing some layoffs where their current plants are.

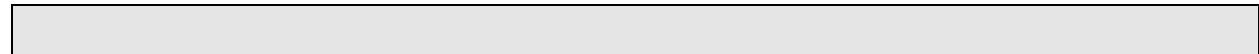
It seems like a wonderful company and a great fit, and Ms. Sharp has written editorial pieces of proving Novonix. This is nothing against them, but it just struck Ms. Sharp as kind of odd why is the Chamber holding a meeting at their office, why is not this meeting here or at the courthouse, and also Ms. Sharp thinks if the elected officials were there, it needs to be advertised as a meeting of the City Council and the County Commission and it was not. Ms. Sharp thinks there are some sunshine law things. Ms. Sharp does not think there is any ill intent but it just raises questions and this board's meetings are not flooding with members of the public, why would it be at the Chamber and maybe whoever set it up thought well we need a neutral site because we have the County and City facilities.

The Board hosted the Hamilton County IDB a year ago regarding the stadium. There have been some meetings and it seems like that meeting should have been a public entity and should have been advertised for it. That is an example that we need to clarify what the Chamber's role is. Ms. Sharp imagines that the Chamber was asked to do this. When we are talking about a \$15 million tax break and we are talking about it at the Chamber office, late on a Monday afternoon, it is kind of a head scratcher. They should invite the IDB. Ms. Sharp thinks the Board will get their own presentation on Novonix and maybe this is just the kickoff. It felt a little weird and reinforced her feeling that maybe we need to clarify the roles.

Ms. Sharp says that the Board will see a whole lot less of her. Ms. Sharp did not intend to get so involved but got involved in the Black Creek TIF in 2012 and this is 2025. We now have TIF policies and PILOT policies, and we have a good City Council, and we have a great IDB Board. Things have changed so much for the better since Ms. Sharp started. Ms. Sharp thanked the Board for their time and expertise and hopes the Board will look at these policies.

Mr. Rodgers had a question for Ms. Sharp. Mr. Rodgers asked, given Ms. Sharp's background and interest in this area, Mr. Rodgers wanted to get Ms. Sharp's thoughts of PILOT policies that the Council approved. Specifically, what role do you see as a practical matter the IDB has? Is it anything other than a rubber stamp? Ms. Sharp said that one of the things Ms. Sharp thinks the Council did do, they felt this way because of hearing from their constituents that we want the Board involved in the PILOT process. Ms. Sharp thinks the IDB role is sort of what it has always been. Ms. Sharp does not think it is any less. If the Board is comfortable with your role, and Ms. Sharp always thought the Board was more comfortable because the Council believes it is in the best interest of the people of Chattanooga, and the Board did their thing with it. Ms. Sharp does not think this is anything to worry about. Ms. Sharp was concerned about the delegation about trying to take the Council out of the loop, but the Council is back in the loop, and thinks it is acting in the loop the way it used to be, and the IDB's role is what it has been.

Ms. Janice Gooden spoke and represents CALEB. Ms. Gooden was not going to speak because Ms. Sharp covered quite a bit, but in response to Mr. Rodgers' question, what Ms. Gooden sees going forward we need to focus on the process. Ms. Gooden does not see the IDB working independently. There needs to be more communication in the process. Not that you rubber stamp as you say, but Ms. Gooden has seen previously, it just looks like we are working in silos. Not in agreement. That is what Ms. Gooden would like to see; better communication.



### **DISCUSSION – PILOT POLICIES AND PROCEDURES**

Chairman Hayes said that the City Council did approve policies and procedures for Payments in Lieu of Ad Valorem Taxes transactions at their February 18<sup>th</sup> meeting. That version changed from the last presentation the Board received. Before we vote on the resolution which will occur at our next monthly meeting, Ms. Allen will give a presentation on exactly what the Council approved and maybe address Mr. Rodgers' question about the role of this Board.

Attorney Noblett said that the good thing that is involved in the policies and procedures is the purpose section. As we talked about previously, this body was created as a separate governmental entity under Tennessee law, it was created by the City of Chattanooga for the purpose of specifically helping the citizens of this City. The reason that it is a separate body is because the Board does things based upon the taxation here that the City would not be able to do under state law. The Board will have to have ownership and control of property which involves a PILOT process for that to occur, otherwise, these folks would be having to pay the full amount of the taxation that is due on the property. It has to be something that the City believes is an important project to go forth. That is the reason that you have procedures, matrix, review, and process on the application on the front end before it ever gets to this Board to try to make sure it is a worthwhile project. This is good for the City and County where we have big developments coming into the area and that is the Board's purpose under state law.

Ms. Charita Allen gave the presentation. It has been a long process. The City Council approved Version #15. The last version this Board saw was Version #8. Ms. Allen went over some of the highlights that have been added since the last time this was presented to the Board.

Just to reiterate what Attorney Noblett said, this is an improvement incentive. With that in mind, it is discretionary, meaning it is not statutory. We have some programs that are statutory. For example, the Growing Small Business Initiative, if you meet all of the requirements that are laid out in that particular resolution that was created by City Council and moved to the IDB, that is statutory. If you meet the eligibility, you meet the number of jobs that were created; the City is able to verify and document that those jobs were created, you are statutorily eligible. You are in the targeted business. Statutorily you are eligible for that. This is discretionary. You could meet all of these requirements and still not get a PILOT because it is discretionary. It is up to the Mayors and the City Council to decide whether a particular business is going to be awarded an incentive.

Typically, what happens is, if a company comes to either the Chamber, City, or the County and is interested in a particular PILOT incentive, there is a vetting process that we go through. Sometimes, they do not move forward in the process. That is where it is discretionary. With that in mind, we have the policies, keeping in mind for the past 15 or so years, we have been operating the standards around which we move forward these incentives, but this is actually sort of codifying the particular policies that we will be using moving forward.

This outlines the purpose of both the IDB, City, and if the County decides to participate, the County's role in moving forward. On this version, all delegation to the IDB which we call transactional PILOTs which means certain industries, PILOTs that are a certain amount, PILOTs for a particular term, all of that has been removed. The delegation to the IDB is no longer in these policies.

Regarding eligible project, there is an Exhibit "D" that is included with the policies, one of the things we are making sure going forward, is that as we are approving documents moving forward, all of the applicable attachments and exhibits are included with the policies as they move forward. You will not move forward to reading just about the PILOT policies and there is no attachment page. Attachment "D" we will go over when we get to the end, but this outlines the targeted industry sectors into to reiterate, we have state targeted industries based on the different strengths of the different areas of the state, and we have local targeted sectors targeting industries that were decided on by both the City and County in cooperation with the Chamber, and the Chamber putting together its strategic plan. There is a five-year strategic plan and annual strategic plan. As part of that, you have both City and County involvement, but there are also other local entities that are in the economic development ecosystem that are also pulling together those strategies in those target sectors. Those are attached and were not in this the last time.

There were no changes from the previous version regarding financing, ground leases, personal property, and the but-for piece. With regard to expansion of existing facilities, we closed a couple of provisions from previous standards so that companies are not able to come back and add existing expansions to previously approved PILOTs. What happens is that they expand, the PILOT is for this project and the future expansion, but they have to exercise that expansion within a certain timeframe. If that does not happen, they have to come back and make an application for that second expansion altogether.

This is a section where we start to get into sort of what we are calling the matrix. The matrix is attached and will see that shortly. We are looking at the additions from the last time, on this particular one, they will fall under Exhibit “A” the matrix and when we get to Item “D”, we talk about to provide apprenticeship programs for project construction, that was in there, and we have Board agrees to a program to promote local hiring. That was an addition.

We did hear from Councilwoman Dotley who asked to address the concerns from the local labor folks who showed up at the previous meeting that wanted to know how we were going to encourage local sourcing for construction jobs during the construction process. Recognizing that a PILOT is building a facility or renovating facility will come in. Typically, the first two years of a project or the construction period. Historically, we do not incentivize construction jobs. We incentivize the W-2 jobs that are going on with the job creation for the entity. Historically, we can track those jobs and monitor with the Department of Labor for the creation and maintenance of those jobs for the duration of the PILOT, which is a little different on the construction jobs. We added the promote local hiring provision on that.

With regard to the application in Section 4, we will see on Exhibit “C” where we talk about the application process. We did add additional questions to the application and have gone from a one page application to a four page application where we are asking questions about – in the previous 12 months, previous time period and looking forward to anticipating making any job relocations or layoffs, and if so, what are those. What we are doing is asking the company at the front end, it does not mean they might not be eligible for a PILOT, it means we need them to disclose this information on the front end so we have all the information, City and County, to make a decision on whether to move forward with a particular item.

We talk about the process for approving PILOTs in an effort to shorten the approval process. We were able to go from six steps to five. What we did was work with the City Council to have moving forward, a company will make application, the company will then present their PILOT during the Economic Development Committee meeting, which historically has happened, and then historically, there was also a seven (7) day waiting period, and a public hearing which put us off schedule with our approval along with the County Commission’s timeline approval.

What we have done is the Council said they are willing to have the Economic Development Committee meeting serve as the public hearing. We are only able to do that if staff provide all the documents necessary a week before the Economic Development Committee meeting, which is now serving also as the public hearing, those documents have to be provided and posted. Moving forward, if a company is going to present that to the Economic Development Committee, the public will be able to go to the Chattanooga.gov website, click on the Stay Informed Tab, there is a drop down that says Agendas, click on that drop down, and when they click on the Agenda, there will be a hyperlink that will say Economic Development Committee and Public Hearing for whatever that particular PILOT project is. All that will be advertised ahead of time. Historically, we have not provided that. What that means is on the back end, the company has to have all of the information for us, we have to have all of the legal agreements drafted and finalized, and we have to have all of the presentations done for the public hearing and the Economic Development Committee. That puts it back in line with the County agenda process and the County voting process. That has changed differently and we are working to move forward on that.

Board Member Shekari asked last time about the IDB's role in looking at PILOTs. What will happen moving forward and this will be in Exhibit "C" where it outlines the process, is once the public hearing happens at the City Council level, the staff will then send the IDB members a link to that particular hearing on all of the associated documents, and any comments that the IDB members have on that particular PILOT item, should be communicated back to your respective representative from the Council that appointed you to this Board, and they will then ask staff to respond to the public so we are getting your input through that process through the City Council. Which means, there will be discussion of the item before the vote. Sometimes that does not happen at City Council. City Council will hear a presentation that will serve as the public hearing, IDB will get the information and if the IDB has any questions, it goes to the respective Council member, the Council member will ask that question the day of vote. The staff will have to respond to those questions, and the City Council will vote. It will then go to County Commission for vote. That is a provision that we were able to put in without adding another voting step in taking it back up to the six steps to approve a PILOT.

The very last one is, and we are on step #5, second paragraph on Exhibit "A", the last matrix is adding a customized reporting document for each PILOT that is approved. Historically, what has happened is, having the agreement get signed, the Chamber submits a report, and the company responds to the Chamber's report. Because the project was so individually tailored, moving forward there will be an agreement and a reporting document. If the company knows up front what will be asked of them from a reporting point, and the community will know up front what is being asked. That will be attached to the actual agenda item when an agreement comes to the City Council for vote, the accompanying report will be there. The report will typically look like jobs, wages, capital investment, if there are any special considerations, if they commit to making local job hires, they will be asked about that every year during the period of the PILOT. If they committed to training programs, apprenticeships, childcare facilities on site, all of those will then become part of their tailored reporting document, and staff will report that every year.

With regard to the reporting piece because City Council Vice-Chair Hill wanted to make some modifications to the reporting process. She asked that the policy fee approve any modification or amendment of these policies must be approved by the City and the IDB. If the City Council decides it wants to amend the policies, those amendments would come to the IDB for approval moving forward. Historically, that has not happened. Every three years there should be a review of these policies by both the City and IDB as well. Those were provisions added since the last time we presented to this Board. That was under Section 10, Modifications and Reconsideration. Keeping in mind, these policies can be amended at any time by the City Council, but the thought is that every three years we should take a look at PILOT policies.

This is where we start looking at exhibits with the matrix and the points associated with it. The special factors fall in here and those did not change except for a local community cooperation there is a maximum of one point and that is the demonstration of a hiring plan to promote local hiring of construction workers for the project. That is new since the last presentation.



In the application, we are asking for a narrative of the project, environmental concerns related to it, whether they have existing locations, whether they would be expanding here or purchasing additional locations. We have not made any changes to this since Version #8. Exhibit "C" is a summary of the PILOT application process. This is a process that the Chamber of Commerce as the City's designee implements on behalf of both the City and the County. No. 5 is where we talk about the inclusion of the IDB's questions as it relates to policies or projects before the projects are finally approved. No. 5 has been an addition since the last time.

This is a map of our process. The very top starts with an inquiry process and goes into the application process, then the approval process, then the reporting process. If you look at the four different layers, that is what we go through the process in vetting, reviewing, approving, reporting a PILOT on any sort of regular basis.

Targeted industries are the local targeted industries and sectors. Those are based on the assets that we have here in the Chattanooga region, and are also based on opportunities for additional job creation and investment here in the area. The last one is the state targeted industries recognizing that there are times when the state will improve a state incentive or project and ask for local cooperation. That local cooperation could look like a PILOT. It could look like a PILOT with a financial incentive for it. It could look like a PILOT with no financial incentive but provides sometimes support to the project.

Chairman Hayes said that Mr. Adkins had a question about recovering abated funds in the event that certain hiring and capital investment targets are not met. Mr. Adkins asked if a company is awarded a PILOT and if they fail to live up to the agreement, how does the City recover its tax that it lost? Ms. Allen said that the PILOTs are monitored annually by both the City's Finance Department, the County, and there is a County Auditor that also monitors all PILOTs within the County recognizing there are some City of Chattanooga PILOTs and there are County PILOTs that are outside of the City limits. There is an auditor that monitors all of that in cooperation with the County Trustee and the Assessor's Office. They will issue invoices to companies for additional fees related to PILOTs or repayment of fees for PILOTs. The City does not do that. The County facilitates working with the Assessor.

Attorney Noblett said that the recipient also has to file a form with the State of Tennessee each year showing that they are meeting the requirements of that PILOT. Ms. Allen does not know if they added that question to the application. That will be part of the reporting process. When they get their report, there will be a question that asks whether they submitted their report to the state and will list the state statute that they are complying with.

Mr. Rodgers asked Ms. Allen if she could help the Board understand under these policies what role do you view the IDB? What is the IDB's role or summary? From a state statute standpoint, the IDB has to take title to the property whether it is real or tangible. Whether it is real property or personal property in order for the project to move forward. Those lease agreements happen separately. For instance, if the City Council and County Commission approve the final agreement, and the associated leases with that come forward to the IDB for approval. Ms. Allen sees the IDB's role in asking questions of the City Council members to make sure all of your questions are asked and answered before the lease payment documents come over to this Board.

Mr. Rodgers asked if there is any scenario by which something comes over to us from the City Council where you can envision any of us voting no? Ms. Allen said yes, absolutely. It does not have to be a unanimous vote. What would be the basis under these policies as they have been approved? Ms. Allen said she is not sure how to answer that question. Fair enough.

Attorney Noblett said that he would tell the Board members to vote for your conscience regardless in that regard because you are an individual member appointed to this body and he represents both the City Council and the City of Chattanooga periodically and is trying to make sure which hat he has on, but he does respect the members of this Board of what you believe is appropriate in your own conscience. That is the advice Attorney Noblett would give.

Ms. Shekari said there is a state law that is probably going to be passed today that is going to be limited and it is very unclear if it applies to PILOTs and city entities or not. Ms. Shekari is interested to know what the conversation has been because for everyone's benefit it is a state law that basically says that if they are getting money from the state in economic development, they cannot also agree to other contractual obligations with certain groups, community benefits agreements, things like that but whether we fall into that or not, is a little bit (inaudible) and was wondering if you had thought about that and with the City Council, will it change what you are able to do?

Ms. Allen said that the City staff were not involved in any of those conversations. Nor was the Chamber of Commerce, nor was the County. The way we view it and the way we read the legislation as it related to community benefits, it was for those items that those community benefit PILOTs or requirements were not directly related to the job creation piece. It would be the equivalent of saying we are incentivizing providing state grants for a company to create jobs, it is accompanying a City/County PILOT for job creation, but we are going to ask them to partner with an organization to create a park. Is the park integral to the creation of those jobs or operation of that business? Yes or no. And if it's not, then that would not be an enforceable community benefit requirement. If it is, we are going to ask this company to create apprenticeship or assist with the creation of a computer lab at a particular school that is in close proximity to the project. Those investments on behalf of the company directly impact on their ability to create jobs and create pathways to help them fill their talent pipeline that we would think would be allowable and enforceable as opposed to creating something that is not related to the creation of those jobs.

Attorney Noblett said that this is only Version #15, and we may have more versions as you go depending on the changes in the law. Ms. Allen said in our version currently the only piece that might cause pause would be on the matrix on the item related to there is one specific item related to community benefits agreements. If you are looking at this chart, the second row for community benefits agreements there is a point for that depending on what those agreements and requirements are that might not be enforceable moving forward. But again, if they are, requests that assist with building the talent pipeline, building a talent pool, and creating pathways and apprenticeships, we feel like that would be allowed and could be enforced. Ms. Allen's understanding is that it is about not being able to enforce community benefits for (inaudible).

Attorney Noblett said to remember in this process we need to have an educational session since we have so many folks that are new on the board and we will do that now that we have a PILOT policy. The other aspect of this is that under state law, the IDB is the owner of the property during the time of a PILOT process. There is actually a deed that goes to the IDB at that time and there is a responsibility for resolving issues that come up with the land during the term. The reason that it is important to Attorney Noblett is that we have to send information back to TDEC involving Brownfield issues on properties. There is a report that will be required to be filed by the property owner of those properties while that is going on. You have a lot of developments here that involve Brownfield properties and there are reports that will be required to be sent back to the Tennessee Department of Environment and Conservation each year to make sure you are not doing something to mess things up. Remember that obligation during the 15 year term of the PILOT process requires obligations of the Board as owners of the property. You will see more of that going on.

Mr. Rodgers thanked Ms. Allen and Mr. Freeman for their efforts in getting us to this point and getting the PILOT policies through. This has been a long time coming and appreciate your involvement and help there. Ms. Allen would like to thank ATM and CALEB for their assistance and constantly reading all of the documents and pointing out the items we are missing.

Chairman Hayes asked Ms. Allen what exactly will the Board be asked to vote on when we meet next month? Ms. Allen said next month we will bring this item back to the Board but not as a discussion item but as a voting item for this Board to vote to adopt these PILOT policies.

Mr. Rodgers said he does not see the statutory authority on which we vote. As far as do we have authority to vote up or down on PILOT policies? With TIFs we clearly do. Mr. Rodgers does not see it and maybe Mr. Noblett could correct him. He does not think it is a voting item.

Attorney Noblett said that it does not have to be, but if you are going to be following a process it makes good sense to be able to vote in the process you are going to proceed under. The Council have adopted this by resolution at this point in time for the Board to follow and needs the Board's input into the procedures that are involved. Going forward, if you are going to follow this policy, it makes good sense to adopt it by resolution. The Board is a separate entity.



There being no further business, a motion was made by Ms. Jones, seconded by Mr. Rodgers, and the meeting adjourned at 11:45 AM.

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**GORDON PARKER, *Secretary***

APPROVED:

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**KERRY HAYES, *Chair***

# FINALLY, WRITTEN RULES FOR CITY'S PILOT PROGRAM

Chattanooga Times Free Press · 22 Feb 2025 · Helen Burns Sharp founded Accountability for Taxpayer Money (ATM), a public interest advocacy group.

Did you feel it? Chattanooga experienced a seismic event on Feb. 18, 2025, around 5:30 p.m. It occurred not because of an earthquake but because the City Council adopted written policies for its Payment-In-Lieu-Of-Tax (PILOT) program.



Since 1985, the city has used the PILOT program to lower property taxes for specific businesses, purportedly in exchange for promised jobs, investments and fair wages. However, until the recent council action, no one understood how these decisions were made and whether the businesses were being held accountable.

When property taxes are forgiven, the city's general fund, which is the primary funding source for essential services like fire, police and parks, receives less revenue. Last year alone, PILOTs resulted in a \$27 million combined hit to the city and county general funds. Many PILOT agreements last from 10 to 30 years.

In seven recent Council meetings, members discussed and modified a proposed document. The legislative body gave a master class in deliberation and civility. If Chattanoogaans were to watch these council meetings on the city's YouTube channel, they would come away impressed with the time district representatives devoted to this complicated topic and realize the breadth and depth of the issues they deal with every week. Council members rejected the original Chamber of Commerce proposal to remove the council from the approval process for most PILOTs. They included policies clarifying that school taxes must be paid in full and that companies must pay their annual storm-water fee.

The council recognized that some PILOT applications may require a more thorough analysis, so it added a policy allowing an independent third-party review.

The executive branch played a significant role in facilitating these PILOT policies. Mayor Tim Kelly is the first mayor in Chattanooga's history to acknowledge the need for written policies. He asked the city's economic development staff to collaborate with the chamber and community groups such as CALEB to create draft policies that would be submitted to the City Council and Industrial Development Board (IDB).

Thank you, mayor and council, for this major milestone in good government.

Here are some candidates for a "watch" list when these policies are amended:

› Revisit the Target Industry List, which seems very broad. Why not concentrate on Chattanooga-centric businesses that would be game-changers and catalysts for more

**business locations?**

› Eligibility and subsidy amounts are based on the number of points an applicant scores on a matrix. Is it wise to put the PILOT program on “autopilot”? Instead, use the matrix as a tool, not as the sole “decider.” Third-party review can help with vetting complex projects.

› Improve the “but-for” language intended to determine whether a tax break is a determining factor in location decisions. Business basics like skilled labor force, location, transportation and utilities usually drive these decisions. State and local taxes make up only 1.2% of a typical company’s cost of doing business; PILOT applicants may try to convince our economic development team that their decisions will be based primarily on local property taxes.

› Define the role of the Chamber of Commerce. The city and county provide the chamber with \$1.2 million each year, and the community benefits from its insights and expertise. However, an agreement should specify that the chamber’s role in PILOTs is to facilitate, not to create policy. The chamber’s overall mission focuses on business advocacy, so granting it a broader role in PILOTs would be like letting a fox guard the hen house.

**CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD**  
**ECD - VOLKSWAGEN INCENTIVE PROJECT**  
**VW FUNDING PROGRESS SUMMARY**  
**As of Mar 27, 2025**

FIRST MOU	Final Grant Budget Amount	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent, Encumbered & Contingencies	Grant Status
6.1 Site Preparation - State	92,919,998	92,919,998	-	-	100.00%	Ended 6/30/2015
6.2 Infrastructure - State	72,795,525	72,795,525	-	-	100.00%	Ended 6/30/2015
7.4 Training Facility - State	39,995,942	39,995,942	-	-	100.00%	Ended 6/30/2015
9.10 Marketing & Public Relations - State	1,965,905	1,965,905	-	-	100.00%	Ended 4/30/2017
<b>TOTAL STATE FUNDING</b>	<b>207,677,370</b>	<b>207,677,370</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	

6.2 Infrastructure - Local (Hamilton County & City of Chattanooga)	40,000,000	40,000,000	-	-	100.00%	Ended 2/26/2025
9.5 Welcome Center - Local (VW decided not to build it)	-	-	-	-	N/A	
<b>TOTAL LOCAL FUNDING</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	

<b>TOTAL FUNDING</b>	<b>247,677,370</b>	<b>247,677,369</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	
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SECOND MOU	Final Grant Budget Amount	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent, Encumbered & Contingencies	Grant Status
3.1 Facility Development - State	168,877,867	168,877,867	-	-	100.00%	Ended 3/6/2020
<b>TOTAL STATE FUNDING</b>	<b>168,877,867</b>	<b>168,877,867</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	

VW SUV - Local (Hamilton County & City of Chattanooga)	52,500,000	52,284,571	-	215,429	99.59%	Ongoing
<b>TOTAL LOCAL FUNDING</b>	<b>52,500,000</b>	<b>52,284,571</b>	<b>-</b>	<b>215,429</b>	<b>99.59%</b>	

<b>TOTAL FUNDING</b>	<b>221,377,867</b>	<b>221,162,438</b>	<b>-</b>	<b>215,429</b>	<b>99.90%</b>	
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THIRD MOU & LETTER OF INTENT (LOI)	Final Grant Budget Amount	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent, Encumbered & Contingencies	Grant Status
Electric Vehicle Expansion - State	50,000,000	50,000,000	-	-	100.0%	Ended 1/10/2024
<b>TOTAL STATE FUNDING</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>-</b>	<b>-</b>	<b>100.0%</b>	

Electric Vehicle Expansion (Hamilton County & City of Chattanooga)	5,000,000	-	-	5,000,000	0.00%	Ongoing
<b>TOTAL LOCAL FUNDING</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>0.00%</b>	

<b>TOTAL FUNDING</b>	<b>55,000,000</b>	<b>50,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>90.91%</b>	
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FIRST MOU, SECOND MOU, THIRD MOU & LOI	Final Grant Budget Amount	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent, Encumbered & Contingencies	Grant Status
<b>TOTAL FUNDING</b>	<b>524,055,237</b>	<b>518,839,807</b>	<b>-</b>	<b>5,215,429</b>	<b>99.00%</b>	

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

**CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD**  
**ECD - VOLKSWAGEN INCENTIVE PROJECT**  
**VW FUNDING PROGRESS SUMMARY**  
**As of Mar 27, 2025**

FIRST MOU	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Contract Amount	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
6.1 Site Preparation - State <sup>1</sup>	79,614,864	16,405,000	96,019,864	(3,099,867)	92,919,998	92,919,998	-	92,919,998	-	-	100.00%	100.00%
6.2 Infrastructure - State <sup>1</sup>	70,000,000	2,795,525	72,795,525	-	72,795,525	72,795,525	-	72,795,525	-	-	100.00%	100.00%
7.4 Training Facility - State <sup>1</sup>	40,000,000	-	40,000,000	(4,058)	39,995,942	39,995,942	-	39,995,942	-	-	100.00%	100.00%
9.10 Marketing & Public Relations - State <sup>1</sup>	1,966,200	(275)	1,965,925	(20)	1,965,905	1,965,905	-	1,965,905	-	-	100.00%	100.00%
<b>TOTAL STATE FUNDING</b>	<b>191,581,064</b>	<b>19,200,250</b>	<b>210,781,314</b>	<b>(3,103,945)</b>	<b>207,677,370</b>	<b>207,677,370</b>	<b>-</b>	<b>207,677,370</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>
6.2 Infrastructure - Local <sup>2</sup>	40,000,000	-	40,000,000	N/A	40,000,000	39,946,743	53,256	40,000,000	-	-	100.00%	100.00%
9.5 Welcome Center - Local	6,000,000	(6,000,000)	-	-	-	-	-	-	-	-	N/A	N/A
<b>TOTAL LOCAL FUNDING</b>	<b>46,000,000</b>	<b>(6,000,000)</b>	<b>40,000,000</b>	<b>-</b>	<b>40,000,000</b>	<b>39,946,743</b>	<b>53,256</b>	<b>40,000,000</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>
<b>TOTAL IDB FUNDING FOR FIRST MOU</b>	<b>237,581,064</b>	<b>13,200,250</b>	<b>250,781,314</b>	<b>(3,103,945)</b>	<b>247,677,370</b>	<b>247,624,113</b>	<b>53,256</b>	<b>247,677,369</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>

<sup>1</sup> State grant 6.1, 6.2, and 7.4 ended on 6/30/2015; State grant 9.10 ended on 4/30/2017. Total of these four State grants per grant contract is \$210,781,314. \$3,103,945 was not used.

<sup>2</sup> Total local infrastructure does not include 6.3 Public roads and 6.4 Railway Lines as they are not managed by the IDB.

<sup>3</sup> Local grant ended on 2/26/2025

SECOND MOU	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Total Amended Budget	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
3.1 Facility Development - State <sup>3</sup>	165,778,000	3,099,867	168,877,867	N/A	168,877,867	168,877,867	-	168,877,867	-	-	100.00%	100.00%
<b>TOTAL STATE FUNDING</b>	<b>165,778,000</b>	<b>3,099,867</b>	<b>168,877,867</b>	<b>N/A</b>	<b>168,877,867</b>	<b>168,877,867</b>	<b>-</b>	<b>168,877,867</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>
VW SUV - Local	52,500,000	-	52,500,000	N/A	52,500,000	52,048,430	236,141	52,284,571	-	215,429	99.59%	99.59%
<b>TOTAL LOCAL FUNDING</b>	<b>52,500,000</b>	<b>-</b>	<b>52,500,000</b>	<b>N/A</b>	<b>52,500,000</b>	<b>52,048,430</b>	<b>236,141</b>	<b>52,284,571</b>	<b>-</b>	<b>215,429</b>	<b>99.59%</b>	<b>99.59%</b>
<b>TOTAL IDB FUNDING FOR SECOND MOU</b>	<b>218,278,000</b>	<b>3,099,867</b>	<b>221,377,867</b>	<b>N/A</b>	<b>221,377,867</b>	<b>220,926,297</b>	<b>236,141</b>	<b>221,162,438</b>	<b>-</b>	<b>215,429</b>	<b>99.90%</b>	<b>99.90%</b>

<sup>3</sup> State grant 3.1 ended on 3/6/2020

THIRD MOU	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Total Amended Budget	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
Electric Vehicle Expansion <sup>4</sup>	50,000,000	-	50,000,000	N/A	50,000,000	50,000,000	-	50,000,000	-	-	100.0%	100.0%
<b>TOTAL STATE FUNDING</b>	<b>50,000,000</b>	<b>-</b>	<b>50,000,000</b>	<b>N/A</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>-</b>	<b>50,000,000</b>	<b>-</b>	<b>-</b>	<b>100.0%</b>	<b>100.0%</b>
Electric Vehicle Expansion	5,000,000	-	5,000,000	N/A	5,000,000	-	-	-	-	5,000,000	0.00%	0.00%
<b>TOTAL LOCAL FUNDING</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>N/A</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>0.00%</b>	<b>0.00%</b>
<b>TOTAL IDB FUNDING FOR THIRD MOU</b>	<b>55,000,000</b>	<b>-</b>	<b>55,000,000</b>	<b>N/A</b>	<b>55,000,000</b>	<b>50,000,000</b>	<b>-</b>	<b>50,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>90.91%</b>	<b>90.91%</b>

<sup>4</sup> State grant ended on 1/10/2024

FIRST & SECOND & THIRD MOU & LOI	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Total Amended Budget	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
<b>TOTAL IDB FUNDING FOR FIRST &amp; SECOND &amp; THIRD MOU</b>	<b>510,859,064</b>	<b>16,300,117</b>	<b>527,159,181</b>	<b>(3,103,945)</b>	<b>524,055,237</b>	<b>518,550,410</b>	<b>289,397</b>	<b>518,839,807</b>	<b>-</b>	<b>5,215,429</b>	<b>99.00%</b>	<b>99.00%</b>

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.



CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD  
 ECD - VOLKSWAGEN INCENTIVE PROJECT  
 STATE FUNDING PROGRESS REPORT - FIRST MOU  
 As of Mar 27, 2025

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Contract Amount	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Dec 2031, 2024	Change in Encumbrances	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
<b>GRANT ENDED 6/30/2015</b>														
<b>6.1 SITE PREPARATION</b>														
Clearing, Grubbing & Mass Grading	1,664,957	-	1,664,957	-	1,664,957	1,664,957	-	1,664,957	-	-	-	-	100%	100%
Grubbing & Erosion Control	2,704,391	-	2,704,391	(110,911)	2,593,480	2,593,480	-	2,593,480	-	-	-	-	100%	100%
Fine Grading (Site Pad)	50,428,531	8,949,529	59,378,060	(312,448)	59,065,612	59,065,612	-	59,065,612	-	-	-	-	100%	100%
Stone Pad	7,483,865	-	7,483,865	-	7,483,865	7,483,865	-	7,483,865	-	-	-	-	100%	100%
Stream Relocation	5,436,511	-	5,436,511	83,275	5,519,786	5,519,786	-	5,519,786	-	-	-	-	100%	100%
Detention Pond	997,907	3,604,471	4,602,378	(1,424,905)	3,177,473	3,177,473	-	3,177,473	-	-	-	-	100%	100%
North Area	-	2,358,855	2,358,855	(1,613,304)	745,551	745,551	-	745,551	-	-	-	-	100%	100%
Construction Access Roads	718,565	-	718,565	-	718,565	718,565	-	718,565	-	-	-	-	100%	100%
Rammed Aggregate Piers	1,874,615	-	1,874,615	-	1,874,615	1,874,615	-	1,874,615	-	-	-	-	100%	100%
Design, RPR, Survey, Testing, Project Support	8,305,522	1,492,145	9,797,667	278,426	10,076,093	10,076,093	-	10,076,093	-	-	-	-	100%	100%
<b>TOTAL 6.1 SITE PREPARATION *</b>	<b>79,614,864</b>	<b>16,405,000</b>	<b>96,019,864</b>	<b>(3,099,867)</b>	<b>92,919,998</b>	<b>92,919,998</b>	<b>-</b>	<b>92,919,998</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>100%</b>
<b>GRANT ENDED 6/30/2015</b>														
<b>6.2 INFRASTRUCTURE</b>														
VW Test Track	1,915,000	-	1,915,000	(9,482)	1,905,518	1,905,518	-	1,905,518	-	-	-	-	100%	100%
VW Electric Transformer Station	10,945,000	-	10,945,000	(9,690)	10,935,310	10,935,310	-	10,935,310	-	-	-	-	100%	100%
VW Mixing Yard	10,025,000	-	10,025,000	1,819,244	11,844,244	11,844,244	-	11,844,244	-	-	-	-	100%	100%
VW Parking Lots for Employees	12,700,000	2,091,000	14,791,000	(1,613,586)	13,177,414	13,177,414	-	13,177,414	-	-	-	-	100%	100%
VW Tank Farm (Fluids Storage) & Utilities	30,445,000	-	30,445,000	(17,473)	30,427,527	30,427,527	-	30,427,527	-	-	-	-	100%	100%
VW Planning, Engineering, Etc	3,970,000	245,855	4,215,855	(38,079)	4,177,776	4,177,776	-	4,177,776	-	-	-	-	100%	100%
North Area Grading	-	368,145	368,145	(130,935)	237,210	237,210	-	237,210	-	-	-	-	100%	100%
North Area Non-reimbursable	-	90,525	90,525	-	90,525	90,525	-	90,525	-	-	-	-	100%	100%
<b>TOTAL 6.2 INFRASTRUCTURE</b>	<b>70,000,000</b>	<b>2,795,525</b>	<b>72,795,525</b>	<b>-</b>	<b>72,795,525</b>	<b>72,795,525</b>	<b>-</b>	<b>72,795,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>100%</b>
<b>Subtotal State (6.1 &amp; 6.2)</b>	<b>149,614,864</b>	<b>19,200,525</b>	<b>168,815,389</b>	<b>(3,099,867)</b>	<b>165,715,523</b>	<b>165,715,522</b>	<b>-</b>	<b>165,715,522</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>100%</b>

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD  
 ECD - VOLKSWAGEN INCENTIVE PROJECT  
 STATE FUNDING PROGRESS REPORT - FIRST MOU  
 As of Mar 27, 2025

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Contract Amount	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Dec 2031, 2024	Change in Encumbrances	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
<b>7.4 TRAINING FACILITY</b> ----- GRANT ENDED 6/30/2015 -----														
Training Center	22,900,000	148,110	23,048,110	-	23,048,110	23,048,110	-	23,048,110	-	-	-	-	100%	100%
Equipment for Training Center	13,500,000	(327,889)	13,172,111	(4,058)	13,168,053	13,168,053	-	13,168,053	-	-	-	-	100%	100%
Related Planning Cost	3,600,000	179,779	3,779,779	-	3,779,779	3,779,779	-	3,779,779	-	-	-	-	100%	100%
<b>Total 7.4 ST. TRAINING FACILITY</b>	<b>40,000,000</b>	<b>-</b>	<b>40,000,000</b>	<b>(4,058)</b>	<b>39,995,942</b>	<b>39,995,942</b>	<b>-</b>	<b>39,995,942</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>100%</b>
<b>9.10 MARKETING &amp; PUBLIC RELATIONS</b> ----- GRANT ENDED 4/30/2017 -----														
9.10 Visitor's Center **	200,000	(275)	199,725	-	199,725	199,725	-	199,725	-	-	-	-	100%	100%
9.10 Capital Purchase (Roof Sign)	239,580	(30,460)	209,120	-	209,120	209,120	-	209,120	-	-	-	-	100%	100%
9.10 Capital Purchase & Professional Fees (Admin & Planning)	26,620	(15,204)	11,416	(20)	11,397	11,397	-	11,397	-	-	-	-	100%	100%
9.10 Professional Fees, Grant & Award (Education partnership)	1,500,000	(500,000)	1,000,000	-	1,000,000	1,000,000	-	1,000,000	-	-	-	-	100%	100%
9.10 Salaries, Benefits & Taxes (Plant Tours)	-	27,117	27,117	-	27,117	27,117	-	27,117	-	-	-	-	100%	100%
9.10 Professional Fees, Grants & Award (Marketing Expenses)	-	518,547	518,547	-	518,547	518,547	-	518,547	-	-	-	-	100%	100%
<b>Total 9.10 MARKETING &amp; PUBLIC RELATIONS</b>	<b>1,966,200</b>	<b>(275)</b>	<b>1,965,925</b>	<b>(20)</b>	<b>1,965,905</b>	<b>1,965,905</b>	<b>-</b>	<b>1,965,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>100%</b>
<b>TOTAL ALL STATE FUNDS</b>	<b>191,581,064</b>	<b>19,200,250</b>	<b>210,781,314</b>	<b>(3,103,945)</b>	<b>207,677,370</b>	<b>207,677,370</b>	<b>-</b>	<b>207,677,370</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>100%</b>

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

**CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD**  
**ECD - VOLKSWAGEN INCENTIVE PROJECT**  
**LOCAL FUNDING PROGRESS REPORT - FIRST MOU**  
**As of Mar 27, 2025**

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Dec 2031, 2024	Change in Encumbrances	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
VW Streets, Lanes, etc., including Helipad	8,345,835	-	8,345,835	8,345,835	-	8,345,835	-	-	-	-	100.00%	100.00%
VW Railroads, Loading Dept	10,080,801	-	10,080,801	10,080,801	-	10,080,801	-	-	-	-	100.00%	100.00%
VW Fire Dept Building, garage and equipment	3,070,609	-	3,070,609	3,070,609	-	3,070,609	-	-	-	-	100.00%	100.00%
VW Construction Lanes	1,640,533	-	1,640,533	1,640,533	-	1,640,533	-	-	-	-	100.00%	100.00%
VW Guard House and Fence	1,310,219	-	1,310,219	1,310,219	-	1,310,219	-	-	-	-	100.00%	100.00%
Drive Around Property	553,714	-	553,714	553,714	-	553,714	-	-	-	-	100.00%	100.00%
Scrap Yard	118,933	-	118,933	118,933	-	118,933	-	-	-	-	100.00%	100.00%
VW Water, Waste & Stormwater	6,093,236	-	6,093,236	6,093,236	-	6,093,236	-	-	-	-	100.00%	100.00%
VW Gas, Telecom, Power (Additional Utility Infra)	1,120,472	-	1,120,472	1,120,472	-	1,120,472	-	-	-	-	100.00%	100.00%
VW Planning, Engineering, Etc	7,665,648	-	7,665,648	7,612,392	53,256	7,665,648	-	-	-	-	100.00%	100.00%
<b>TOTAL 6.2 INFRASTRUCTURE - LOCAL FUNDING</b>	<b>40,000,000</b>	<b>-</b>	<b>40,000,000</b>	<b>39,946,743</b>	<b>53,256</b>	<b>40,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>

----- GRANT ENDED 2/26/2025 -----

Welcome Center	6,000,000	(6,000,000)	-	-	-	-	-	-	-	-	N/A	N/A
<b>TOTAL 9.5 OTHER LOCAL FUNDING</b>	<b>6,000,000</b>	<b>(6,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>N/A</b>
<b>TOTAL LOCAL FUNDINGS (Managed by IDB) *</b>	<b>46,000,000</b>	<b>(6,000,000)</b>	<b>40,000,000</b>	<b>39,946,743</b>	<b>53,256</b>	<b>40,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

\* Total local infrastructure does not include 6.3 Public roads and 6.4 Railway Lines as they are not managed by the IDB.

## Changes Since Prior Report - FIRST MOU

As of Mar 27, 2025

		Expenditures		Encumbrances		Change		
		This Report	Last Report	This Report	Last Report	Expenditures	Encumbrances	Comments
Z10101	Clearing, Grubbing & Mass Grading	1,664,957	1,664,957	-	-	-	-	
Z10102	Grubbing & Erosion Control	2,593,480	2,593,480	-	-	-	-	
Z10103	Fine Grading (Site Pad)	59,065,612	59,065,612	-	-	-	-	
Z10104	Stone Pad	7,483,865	7,483,865	-	-	-	-	
Z10105	Stream Relocation	5,519,786	5,519,786	-	-	-	-	
Z10106	Detention Pond	3,177,473	3,177,473	-	-	-	-	
Z10107	North Area	745,551	745,551	-	-	-	-	
Z10109	Construction Access Roads	718,565	718,565	-	-	-	-	
Z10110	Rammed Aggregate Piers	1,874,615	1,874,615	-	-	-	-	
Z10111	Design, RPR, Survey, Testing & Project Support	10,076,093	10,076,093	-	-	-	-	
<b>TOTAL 6.1 SITE PREPARATION</b>		<b>92,919,998</b>	<b>92,919,998</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	Grant ended 6/30/2015
Z10301	VW Test Track	1,905,518	1,905,518	-	-	-	-	
Z10306	VW Electric Transformer Station	10,935,310	10,935,310	-	-	-	-	
Z10307	VW Mixing Yard	11,844,244	11,844,244	-	-	-	-	
Z10308	VW Parking Lots for Employees	13,177,414	13,177,414	-	-	-	-	
Z10312	VW Tank Farm (Fluids Storage) & Utilities	30,427,527	30,427,527	-	-	-	-	
Z10315	VW Planning, Engineering, Etc	4,177,776	4,177,776	-	-	-	-	
Z10316	North Area Grading	237,210	237,210	-	-	-	-	
Z10317	North Area Non-reimbursable	90,525	90,525	-	-	-	-	
<b>TOTAL 6.2 INFRASTRUCTURE</b>		<b>72,795,525</b>	<b>72,795,525</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	Grant ended 6/30/2015
Z10601	Training Center	23,048,110	23,048,110	-	-	-	-	
Z10602	Equipment for Training Ctr	13,168,053	13,168,053	-	-	-	-	
Z10603	Related Planning Cost	3,779,779	3,779,779	-	-	-	-	
<b>TOTAL 7.4 ST. TRAINING FACILITY</b>		<b>39,995,942</b>	<b>39,995,942</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	Grant ended 6/30/2015
Z00701	Visitor's Center	199,725	199,725	-	-	-	-	
Z00702								
Z00703	Capital Purchase (Roof Sign)	209,120	209,120	-	-	-	-	
Z00704	Capital Purchase & Professional Fees (Admin & Planning)	11,397	11,397	-	-	-	-	
Z00705	Professional Fees, Grant & Award (Education partnership)	1,000,000	1,000,000	-	-	-	-	
Z00706	Salaries, Benefits & Taxes (Plant Tours)	27,117	27,117	-	-	-	-	
Z00707	Professional Fees, Grants & Award (Marketing Expenses)	518,547	518,547	-	-	-	-	
<b>TOTAL 9.10 MARKETING &amp; PUBLIC RELATIONS</b>		<b>1,965,905</b>	<b>1,965,905</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	Grant ended 4/30/2017

Changes Since Prior Report - FIRST MOU								
As of Mar 27, 2025								
		Expenditures		Encumbrances		Change		
		This Report	Last Report	This Report	Last Report	Expenditures	Encumbrances	Comments
Z10401	VW Streets, Lanes, etc., including Helipad	8,345,835	8,345,835	-	-	-	-	
Z10402	VW Railroads, Loading Dept	10,080,801	10,080,801	-	-	-	-	
Z10403	VW Fire Dept Building, garage and equipment	3,070,609	3,070,609	-	-	-	-	
Z10404	VW Construction Lanes	1,640,533	1,640,533	-	-	-	-	
Z10405	VW Guard House and Fence	1,310,219	1,310,219	-	-	-	-	
Z10409	VW Drive Around Property	553,714	553,714	-	-	-	-	
Z10411	VW Scrap Yard	118,933	118,933	-	-	-	-	
Z10412	VW Water, Waste & Stormwater	6,093,236	6,093,236	-	-	-	-	
Z10413	VW Gas, Telecom, Power (Additional Utility Infra)	1,120,472	1,120,472	-	-	-	-	
Z10415	VW Planning, Engineering, Etc	7,665,648	7,612,392	-	-	53,256.00	-	
<b>TOTAL 6.2 INFRASTRUCT LOCAL FUNDING</b>		<b>40,000,000</b>	<b>39,946,743</b>	<b>-</b>	<b>-</b>	<b>53,256</b>	<b>-</b>	
Z00801	Welcome Center	-	-	-	-	-	-	
<b>TOTAL 9.5 WELCOME CTR LOCAL FUNDING</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>		<b>247,677,369</b>	<b>247,624,113</b>	<b>-</b>	<b>-</b>	<b>53,256</b>	<b>-</b>	

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD  
 ECD - VOLKSWAGEN INCENTIVE PROJECT  
 STATE FUNDING PROGRESS REPORT - SECOND MOU  
 As of Mar 27, 2025

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Dec 2031, 2024	Change in Encumbrances	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
Infrastructure I	22,271,000	6,649,804	28,920,804	24,714,941	-	24,714,941	-	-	-	4,205,863	85.46%	85.46%
Manufacturing Equipment	140,635,000	(677,937)	139,957,063	144,162,926	-	144,162,926	-	-	-	(4,205,863)	103.01%	103.01%
<b>TOTAL 3.1 FACILITY DEVELOPMENT</b>	<b>165,778,000</b>	<b>3,099,867</b>	<b>168,877,867</b>	<b>168,877,867</b>	-	<b>168,877,867</b>	-	-	-	-	100.00%	<b>100.00%</b>
<b>TOTAL STATE FUNDS</b>	<b>165,778,000</b>	<b>3,099,867</b>	<b>168,877,867</b>	<b>168,877,867</b>	-	<b>168,877,867</b>	-	-	-	-	<b>100.00%</b>	<b>100.00%</b>

----- GRANT ENDED 3/6/2020 -----

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD  
 ECD - VOLKSWAGEN INCENTIVE PROJECT  
 LOCAL FUNDING PROGRESS REPORT - SECOND MOU  
 As of Mar 27, 2025

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Dec 2031, 2024	Change in Encumbrances	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
Major Underground Additions	723,725	(267,894)	455,831	455,831	-	455,831	-	-	-	-	100.00%	100.00%
Paint Shop Capacity Increase	1,344,385	241,357	1,585,742	1,585,742	-	1,585,742	-	-	-	-	100.00%	100.00%
Production and Logistics Building Addition	22,802,333	207,197	23,009,530	23,009,530	-	23,009,530	-	-	-	-	100.00%	100.00%
Assembly Finish Building Extension & Infra.	8,590,958	295,658	8,886,616	8,886,616	-	8,886,616	-	-	-	-	100.00%	100.00%
Technical Center Pilot Program Extension	4,968,082	(253,229)	4,714,853	4,714,853	-	4,714,853	-	-	-	-	100.00%	100.00%
Body Shop Robots Fixtures Integration	2,460,223	2,979,843	5,440,066	5,420,707	-	5,420,707	-	-	-	19,359	99.64%	99.64%
VW SUV B Planning Costs	7,425,329	578,553	8,003,882	7,863,634	-	7,863,634	-	-	-	140,248	98.25%	98.25%
VW SUV B Contingency	1,085,098	(1,085,098)	-	-	-	-	-	-	-	-	0.00%	0.00%
VW SUV B Site Preparation	3,099,867	(2,696,387)	403,480	111,517	236,141	347,658	-	-	-	55,822	86.16%	86.16%
<b>TOTAL 6.1 VW SUV - LOCAL FUNDING</b>	<b>52,500,000</b>	<b>-</b>	<b>52,500,000</b>	<b>52,048,430</b>	<b>236,141</b>	<b>52,284,571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,429</b>	<b>99.59%</b>	<b>99.59%</b>
<b>TOTAL LOCAL FUNDINGS (Managed by IDB)</b>	<b>52,500,000</b>	<b>-</b>	<b>52,500,000</b>	<b>52,048,430</b>	<b>236,141</b>	<b>52,284,571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>215,429</b>	<b>99.59%</b>	<b>99.59%</b>

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

Changes Since Prior Report - SECOND MOU								
As of Mar 27, 2025								
		Expenditures		Encumbrances		Change		
		This Report	Last Report	This Report	Last Report	Expenditures	Encumbrances	Comments
Z01001	Infrastructure I	24,714,941.48	24,714,941.48	-	-	-	-	
Z01003	Manufacturing Equipment	144,162,925.72	144,162,925.72	-	-	-	-	
<b>TOTAL 3.1 FACILITY DEVELOPMENT - STATE</b>		<b>168,877,867</b>	<b>168,877,867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	Grant ended 3/6/2020
Z00902	Major Underground Additions	455,831.00	455,831.00	-	-	-	-	
Z00904	Paint Shop Capacity Increase	1,585,741.95	1,585,741.95	-	-	-	-	
Z00905	Production and Logistics Building Addition	23,009,530.27	23,009,530.27	-	-	-	-	
Z00906	Assembly Finish Building Extension & Infra.	8,886,616.12	8,886,616.12	-	-	-	-	
Z00907	Technical Center Pilot Program Extension	4,714,852.72	4,714,852.72	-	-	-	-	
Z00913	Body Shop Robots Fixtures Integration	5,420,706.50	5,420,706.50	-	-	-	-	
Z00918	VW SUV B Planning Costs	7,863,634.37	7,863,634.37	-	-	-	-	
Z00919	VW SUV B Contingency	-	-	-	-	-	-	
Z00920	VW SUV B Site Preparation	347,658.09	111,517.33	-	-	236,140.76	-	
<b>TOTAL 1.1 VW SUV - LOCAL FUNDING</b>		<b>52,284,571</b>	<b>52,048,430</b>	<b>-</b>	<b>-</b>	<b>236,140.76</b>	<b>-</b>	
<b>Contingency</b>								
		<b>This Report</b>	<b>Last Report</b>	<b>Change</b>	<b>Comments</b>			
Z00919	VW SUV B Contingency	-	-	-				
<b>TOTAL</b>		<b>221,162,438</b>	<b>220,926,297</b>	<b>-</b>	<b>-</b>	<b>236,141</b>	<b>-</b>	



CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD  
 ECD - VOLKSWAGEN INCENTIVE PROJECT  
 STATE FUNDING PROGRESS REPORT - THIRD MOU  
 As of Mar 27, 2025

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Dec 2031, 2024	Change in Encumbrances	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
State 3rd MOU Electric Vehicle Expansion	50,000,000	-	50,000,000	50,000,000	-	50,000,000	-	-	-	-	100.00%	100.00%
<b>TOTAL STATE FUNDING</b>	<b>50,000,000</b>	<b>-</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>-</b>	<b>50,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100.00%</b>	<b>100.00%</b>

----- GRANT ENDED 1/10/2024 -----

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD  
 ECD - VOLKSWAGEN INCENTIVE PROJECT  
 LOCAL FUNDING PROGRESS REPORT - THIRD MOU  
 As of Mar 27, 2025

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Grant Budget Amount	PJTD Expenditures As of Dec 31, 2024	Current Expenditures	PJTD Expenditures As of Mar 27, 2025	Encumbrances As of Dec 2031, 2024	Change in Encumbrances	Encumbrances As of Mar 27, 2025	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	% Spent, Encumbered & Contingencies
Local 3rd MOU Electric Vehicle Expansion	5,000,000	-	5,000,000	-	-	-	-	-	-	5,000,000	0.0%	0.0%
<b>TOTAL LOCAL FUNDING</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>0.00%</b>	<b>0.00%</b>
<b>TOTAL LOCAL FUNDINGS (Managed by IDB)</b>	<b>5,000,000</b>	<b>-</b>	<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>0.00%</b>	<b>0.00%</b>

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

Changes Since Prior Report - THIRD MOU								
As of Mar 27, 2025								
		Expenditures		Encumbrances		Change		
		This Report	Last Report	This Report	Last Report	Expenditures	Encumbrances	Comments
Z11302	State 3rd MOU Electric Vehicle Expansion	50,000,000.00	50,000,000.00	-	-	-	-	
<b>TOTAL STATE FUNDING</b>		<b>50,000,000</b>	<b>50,000,000</b>	-	-	-	-	Grant ended 1/10/2024
Z11301'	Local 3rd MOU Electric Vehicle Expansion	-	-	-	-	-	-	
<b>TOTAL LOCAL FUNDING</b>		-	-	-	-	-	-	



**IDB - TAX INCREMENT FINANCING (TIF) SUMMARY**

PJTD EBS & CLOUD (Since inception)

As of 3/27/2025

Acct	Description	NR09	NR09	NR23	NR24		NR25		NR27		TOTAL
		Black Creek Tax Payments Z00302	MLK Tax Payments Z00311	East Chatt Rising Tax Payments Z00316	N. River Com. Ctr. Tax Payments Z00319	Developer Z00320	Sports Authority Tax Payments Z00321	Developer	The Bend Area Tax Payments Z00322	Developer	
101101	Interfund Cash		101,410.44	1,449.18	1,500.00			-	8,000.00		112,359.62
513143	TIF Application Fee	-	1,500.00	-	1,500.00	-	-	-	8,000.00	-	11,000.00
523109	<sup>1</sup> Ham Co TIF Payment	1,449,547.59	819,752.55	22,364.79	-	-	-	-	-	-	2,291,664.93
524106	<sup>1</sup> City TIF Payment	3,200,851.92	1,363,575.78	52,790.80	-	-	-	-	-	-	4,617,218.50
536122	<sup>2</sup> TIF Admin Fee (City)	-	104,703.66	1,449.18	-	-	-	-	-	-	106,152.84
536123	IDB TIF Developer Project Revenue	-	-	-	-	8,754,000.00	-	-	-	-	8,754,000.00
782211	<sup>3</sup> Interest expense	-	-	54,446.77	-	-	-	-	-	-	54,446.77
782215	IDB TIF Developer Project Expense	-	-	-	-	8,754,000.00	-	-	-	-	8,754,000.00
782601	TIF Agency	4,041,763.96	1,944,126.76	14,768.04	-	-	-	-	-	-	6,000,658.76
782602	TIF Administrative Fee to Chattanooga	104,611.81	54,569.64	1,377.64	-	-	-	-	-	-	160,559.09
782604	TIF Debt Service Allocation to Chattanooga	301,856.08	157,265.97	(1,406.54)	-	-	-	-	-	-	457,715.51
782605	TIF Refuse Pickup to Chattanooga	137,667.18	-	5,144.19	-	-	-	-	-	-	142,811.37
782603	TIF Administrative Fee to Hamilton Co	46,071.73	22,970.88	589.64	-	-	-	-	-	-	69,632.25
782606	TIF Trustee Fee to Hamilton Co	18,428.70	9,188.35	235.85	-	-	-	-	-	-	27,852.90
	Operating income (loss)	0.05	101,410.39	1,449.18	1,500.00	-	-	-	8,000.00	-	112,359.62
			-	-	-	-	-	-	-	-	
	Hamilton County Payments	1,385,047.16	787,593.32	21,539.30	-	-	-	-	-	-	2,194,179.78
	City Payment	2,656,716.85	1,156,533.42	47,675.51	-	-	-	-	-	-	3,860,925.78
	Total Payments to developer	4,041,764.01	1,944,126.74	69,214.81	-	-	-	-	-	-	6,055,105.56

<sup>1</sup> Effective FY23 only recrd the net payments receive from County and City (no more grossing up)

<sup>2</sup> Effecting FY23 IDB receives City's 5% admin fees (excluding Black Creek TIF)

<sup>3</sup> Initiated by the letter from the State Comptroller's Office, East Chattanooga TIF unpaid interest expenses \$313,557.05 is removed from the Finance Repor

# IDB - e2i2 Program Summary

As of 3/27/2025

NR26'                    Z00323.'  
 Project Number: N10029  
 Project Name: IDB-E2I2 SSO Abatement Program  
 Award Number: FY24-N10029-524201  
 Award Name: FY24-N10029-Transfer from City of Chattanooga

Acct	Description	7/1/2023 - 6/30/2024 ADJ-2024'	7/1/2024 - 6/30/2025 MAR-2025'	Project Budget	Encumbrance	Since inception Actual
101101	Interfund Cash	409,946.00	-			-
125101	AR Accruals	333,489.00	-			-
125105'	AR Miscellaneous	-	-			-
201101	Accounts Payable	(409,946.00)	(8,042,200.64)			(8,042,200.64)
201103	AP Miscellaneous	-	-			-
212197	PPM Miscellaneous Clearing Account (Debit)	4,550,423.00	6,008,238.69			6,008,238.69
212198	PPM Miscellaneous Clearing Account (Credit)	(4,550,423.00)	(6,008,238.69)			(6,008,238.69)
524201	Reimbursement from City of Chattanooga	4,883,912.00	1,124,326.69			6,008,238.69
761117	CIP Sanitary Sewer Construction	4,883,912.00	8,654,804.64	153,087,868.00	139,037,428.67	13,538,716.64
761103	CIP Engineer's Easement Negotiations	-	4,325.00			4,325.00
761101	CIP Expense	-	507,397.69			507,397.69
781301	Fees, Licenses, & Permits	-	-			-
	Total Expenses					14,050,439.33
	Operating income (loss)	-	(8,042,200.64)			(8,042,200.64)

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA APPROVING POLICIES AND PROCEDURES FOR PAYMENT-IN-LIEU-OF-TAX TRANSACTIONS.**

**WHEREAS**, the Industrial Development Board of the City of Chattanooga (the “Board”) is duly incorporated pursuant to Sections 7-53-101, *et seq.*, Tennessee Code Annotated; and

**WHEREAS**, pursuant to Tenn. Code Ann. § 7-53-305(b), the Board is authorized to negotiate and receive from any lessee of the Board payments in lieu of ad valorem taxes (“PILOT Payments”) in exchange for leasing certain real and personal properties, thereby serving a public purpose; and

**WHEREAS**, in furtherance of such public purposes and in order to promote economic growth in the City of Chattanooga (the “City”), the City has caused to be prepared certain Policies and Procedures for Payment-in-lieu-of-Tax Transactions (the “Policies and Procedures”), a copy of which is attached hereto as Exhibit A, relating to certain types of projects described in the Policies and Procedures; and

**WHEREAS**, pursuant to and subject to the limitations of the Policies and Procedures, after a public hearing, and approval by the City Council of the City (the “Council”), the Board will be authorized to accept from lessees PILOT Payments; and

**WHEREAS**, on February 18, 2025, the Council found that the acceptance by the Board of PILOT Payments from lessees, consistent with the Policies and Procedures, is in furtherance of the public purposes of the Board as defined in Tenn. Code Ann. § 7-53-305 and approved the Policies and Procedures; and

**WHEREAS**, the Board desires to also approve the Policies and Procedures in order to provide a framework for applicants seeking to enter into transactions involving PILOT Payments with the Board.

**NOW THEREFORE, BE IT RESOLVED** by the Board of Directors of the Industrial Development Board of the City of Chattanooga:

**RESOLVED**, that the acceptance by the Board of PILOT Payments from lessees consistent with the Policies and Procedures is in furtherance of the public purposes of the Board as defined in Tenn. Code Ann. § 7-53-305; and further

**RESOLVED**, that the Board hereby approves the Policies and Procedures; and further

**RESOLVED**, that the Board shall comply with the provisions of the Policies and Procedures in connection with the negotiation and acceptance of PILOT Payments from lessees unless otherwise authorized by Council; and further

**RESOLVED**, that the officers of the Board are hereby authorized to take all appropriate actions in compliance with the Policies and Procedures in considering applications for transactions involving PILOT Payments.

I hereby certify that attached hereto is a resolution of the Industrial Development Board of the City of Chattanooga, duly and lawfully adopted by its Board of Directors on April 7, 2025, at a meeting at which a quorum was acting throughout and I furthermore certify that such resolution has not been amended or modified in any respect.

**INDUSTRIAL DEVELOPMENT BOARD OF THE  
CITY OF CHATTANOOGA**

By: \_\_\_\_\_  
Name: Kerry Hayes  
Title: Chair

ATTEST:

\_\_\_\_\_  
Gordon Parker, Secretary



EXHIBIT A

POLICIES AND PROCEDURES

(attached)

46688168.2

**The Industrial Development Board  
of the City of Chattanooga**

**Policies and Procedures for  
Payment-in-lieu-of-Tax Transactions**

**Section I. General Purpose and Eligible Projects<sup>\*</sup>**

**1. Purpose.** The City of Chattanooga, Tennessee (the “City”) is committed to improving the local business environment and economy. In furtherance of this objective, the City has previously formed The Industrial Development Board of the City of Chattanooga (the “IDB”). The IDB is a public nonprofit corporation established pursuant to the Tennessee Industrial Development Corporation Act (the “Act”), Tenn. Code Ann. §§7-53-101 et seq. The IDB’s statutory purposes include financing, owning and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and in particular, in the City.

In furtherance of such purposes and in order to promote economic growth in the City, the City has caused to be prepared these Policies and Procedures (these “Policies”) in order for the City and the IDB to consider and approve certain requests from Applicants to make payments in lieu of taxes (“PILOTs”) to the IDB instead of paying property taxes to the relevant taxing authority. Additionally, these Policies will inform potential Applicants for PILOT incentives of the specific criteria that the City and the IDB will consider in evaluating Applications for PILOT incentives and the process that will be undertaken with respect to such incentives. PILOTs are generally less than regular property taxes and lower the property tax expense for a business that is locating or expanding in the City. For purposes of these Policies, an incentive provided by the IDB through a PILOT that results in a PILOT that is less than the property taxes that otherwise would be payable with respect to the applicable property is referred to herein as a “PILOT incentive.”

The City will not negotiate any PILOT incentive that would result in a reduction of the amounts that Hamilton County, Tennessee (the “County”) would otherwise receive as property taxes unless (i) the County has approved the terms of the particular PILOT incentive with respect to property taxes that otherwise would be payable to the County or (ii) the County Commission of the County has approved a resolution authorizing the IDB to negotiate PILOT incentives on the terms provided in these Policies. While the decision as to PILOT incentive as to County taxes will ultimately be made by County Commission, it is not expected that any PILOT incentive would affect the payment of amounts equal to the school portion of County property taxes.

These Policies shall not be construed to require the City or the IDB to approve a PILOT incentive for any Person. Granting a PILOT incentive as to City property taxes, whether such PILOT incentive is within the parameters of these Policies or beyond the scope of these Policies, is solely within the discretion of the City Council and the IDB.

**2. Eligible Projects.** The Act defines the types of projects as to which the IDB is authorized to undertake and for which the IDB is legally authorized to enter into a PILOT transaction.

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<sup>\*</sup> Capitalized terms used in these Policies and Procedures that are not otherwise defined shall have the meanings given to such terms in Section VIII.

Notwithstanding the broad list of such projects in the Act, the City will only approve PILOT incentives for the IDB to undertake for the following types of projects:

- a. Industrial facilities that manufacture, assemble, process or fabricate agricultural, mining or other products.
- b. Distribution facilities that receive and distribute goods.
- c. Office buildings and service facilities.

In addition to the foregoing limitation, any project must also be in a target industry sector as defined by the current five-year strategic plan of the Chattanooga Area Chamber of Commerce (the “Chamber”) or as defined by the Tennessee Department of Economic and Community Development (the “State ECD”). The current lists of target industry sectors, as of the approval of these Policies, of the Chamber and State ECD are collectively attached hereto as **Exhibit D**.

Additionally, structured parking facilities that support an otherwise eligible project or support a development project in areas designated by the City as focus areas for redevelopment will also be eligible projects under these Policies.

**Section II. Overview of PILOT Structure**

Property tax abatement in Tennessee cannot be achieved solely by legislative or administrative action of the City because of certain limitations in the Tennessee Constitution. In other words, the City Council cannot unilaterally grant tax abatement. In order to implement tax abatement for a specific project, and to permit an Applicant to reduce its property taxes by making PILOTs, the Project (as such term is defined in Section VIII) must be conveyed to the IDB and leased back to the Applicant. The following is a general description of the terms of a typical PILOT transaction.

**1. Conveyance to the IDB.** To implement a PILOT transaction, the IDB must take title to the Project. The conveyance to the IDB is usually consummated by the Applicant’s execution and delivery to the IDB of a deed conveying any real property to the IDB and a bill of sale conveying any personal property to the IDB.

**2. Lease and PILOT Agreement.** Upon the conveyance of property, the IDB simultaneously enters into a lease agreement and an agreement with respect to PILOTs (the “PILOT Agreement”) with the Applicant whereby the Applicant leases the conveyed property from the IDB and the Applicant agrees to make PILOTs to the IDB. The lease will be a “triple net lease” whereby the Applicant is responsible for all maintenance, repair, taxes, and insurance. Other than such commitments and the PILOTs, the rent under such a lease is nominal, and the lease is generally not considered a true lease for federal tax purposes (i.e. tax ownership remains with the lessee). The lease and the PILOT Agreement will contain specific provisions as to a number of matters including the following:

- a. **Payment-in-Lieu Taxes** — Because the property is exempt from property taxation while owned by the IDB, the IDB and the Applicant will agree upon a schedule of PILOTs to be paid under the PILOT Agreement. Such schedule will be determined in the manner shown in **Exhibit A**.
- b. **Purchase Option** — In the lease, the IDB will grant to the Applicant the right to purchase the Project at any time during the term of the lease by payment of a nominal sum. Upon such a purchase, the PILOT incentive and the lease shall terminate.

- c. **Additional Improvements and Equipment** — The PILOT incentive will only be applicable to the initial Project as described in the Lease and not to additional improvements made (such as expansions) or equipment added after the initial Project is placed in service. Any PILOT incentive as to an expansion or equipment acquired after the Project is placed in service would be considered by the City under a separate Application made by the lessee.
- d. **Adjustments to PILOTs** — The PILOT Agreement will provide that if the Applicant does not achieve the employment, capital investment and average wages projected in the Applicant’s Application, the Applicant’s PILOT will be increased on an annual basis to reflect Applicant’s actual results as described in more detail in Section V.
- e. **Indemnity/Insurance** — The lease will require the Applicant to indemnify the IDB for all matters relating to the Project (except matters resulting from the gross negligence or willful misconduct of the IDB) and maintain certain insurance (including commercial liability insurance, casualty insurance and workers’ compensation insurance) with respect to the Project. If the Applicant typically self insures as to certain risks, the IDB may consider allowing the Applicant to self insure those same risks, but the IDB, in its discretion and upon the advice of its counsel, may require insurance.
- f. **Limited liability of IDB** — Any liability of the IDB under the lease shall be limited to its interest in the leased Project.
- g. **Assignment and Subletting** — The Applicant will not have the right to sublet the Project or any part thereof or assign or otherwise transfer its rights under any PILOT incentive except with the prior written consent of the IDB upon the terms provided in the lease and PILOT Agreement.
- h. **Stormwater Fees** — In no event shall any PILOT incentive affect the payment of stormwater fees to the City relating to any Project.

**3. Financing** — In many cases, the Applicant will need to use the property leased from the IDB as collateral for financing. The lease will provide that the IDB will cooperate with the Applicant and its lender in assuring the lender that the lender has a first priority lien on the leased property provided that the documentation does not place any obligation or liability on the IDB beyond its interest in the Project.

**4. Ground Leases** — If the Project is located on property that is the subject of a ground lease, a PILOT incentive can still be achieved, but the documentation will need to include a sublease to the IDB of the ground lease.

**5. Personal Property** — The IDB can offer tax abatements for personal property as well as real property for eligible Projects through a PILOT incentive. Any personal property can be leased pursuant to the same lease as any real property or pursuant to a separate lease. If the real property and personal property that constitute a Project would otherwise be owned by separate entities, separate leases will be used, and both such entities should jointly be the Applicant for the PILOT incentive. The lease will require the Applicant to clearly identify the personal property that is included under the lease and to provide annual bills of sale under which personal property is conveyed to the IDB. Personal property shall not include inventory or other similar assets.

**6. Requirement of Economic Inducement** — A PILOT incentive is intended to be an inducement for a new or existing business to commence or expand its business operations, and to induce businesses to create jobs in the City. If a business has already made a decision to undertake a Project without the City’s adopting a delegation resolution relating to the PILOT incentive, then, in such event, the PILOT incentive did not constitute an inducement or incentive for the Applicant’s decision to undertake the Project. If an Applicant has already contracted for or made binding arrangements to accomplish any of the foregoing prior to submitting its Application to the City, and there is no condition in any such contract related to the granting of the PILOT incentive, then a PILOT incentive will not be available for the Project. Additionally, for real estate development projects where the incentive is intended to assist the developer in obtaining a minimum projected rate of return so that the project is viable, the City or IDB may require an analysis by an independent third party confirming that the requested incentive does not exceed the amount necessary for the developer to achieve a reasonable rate of return based upon market conditions.

**7. Expansions of Existing Facilities.** If the Applicant’s proposed Project relates to the expansion of a facility (an “Expansion”), the PILOT incentive will apply only to the Expansion. If the Expansion is on the same tax parcel as an existing facility, the entire tax parcel will need to be conveyed to the IDB, and the lessee will agree to make PILOTs equal to the taxes that would otherwise have been assessed on the existing facility plus the PILOT payment, if any, related to the Expansion. For purposes of clarification, existing businesses operating in City are eligible to apply for a PILOT incentive under these Policies with respect to any Expansion of the existing business. For purposes of the information provided in an Application for an Expansion, the information provided therein as to the projections requested therein shall relate only to the Expansion and not the existing business, although Applicants for Expansion are encouraged to provide additional information regarding the Applicant’s existing business.

**8. Commencement of Lease Term; Project Completion.** The term for a PILOT incentive relating to each Project determined in accordance with **Exhibit A** shall commence not later than the first full calendar year after completion of the Project. A Project shall generally be deemed completed when it is placed in service for the purposes for which the Project is being undertaken. The PILOT lease will establish an outside date for the completion of the Project based upon an Applicant’s anticipated completion date, subject to excusable delay, provided that the completion date shall not exceed three years unless the Applicant demonstrates unusual factors as to a Project that require an extended completion date.

### **Section III. Criteria for Determining Term and Amount of PILOT**

The term of a PILOT incentive will be determined by reference to the factors listed in **Exhibit A** attached hereto. **Exhibit A** generally provides that each eligible project will be evaluated based upon three factors described below and that points will be awarded (or deducted) as to each factor. In most cases, unless otherwise determined by City Council, the term of the PILOT will equate to a year for each point awarded. The maximum amount of points that can be awarded will be 15 points, and therefore the maximum term of a PILOT will generally be 15 years. However, additional points, up to 5 may be awarded for the special factors described below and in **Exhibit A**. With such special factor points, the maximum term of the PILOT would be 20 years. The percent of tax abatement achieved through the use of the PILOT is also set forth on **Exhibit A**.

As more particularly described in **Exhibit A**, the three general factors to be considered in determining the term of PILOTs for eligible Projects are:

- a. Jobs. An important factor will be the number of jobs that are created due to the proposed Project. The Applicant must anticipate creating at least 100 new jobs to be considered for a PILOT incentive.
- b. Wages. Another important factor to be considered will be the average wages to be paid by the Applicants and whether such average wage encourages economic mobility. An Applicant's projected average wage for the additional jobs created by a Project must be no less than 80% of the current annual Hamilton County average wage as reported by the US Bureau of Labor Statistics.
- c. Capital Investment. The capital investment made by an Applicant in the land, building, site preparation, equipment and any other capital assets relating to the Project will be another factor considered by the IDB. An Applicant for a PILOT incentive for a manufacturing or distribution facilities must project at least a \$20 million capital investment, and an Applicant for a PILOT incentive for office or service facilities must project at least a \$5 million capital investment.

In addition to these three general factors, and after the establishment of the base term of the PILOT incentive, the City and IDB may, in their discretion, give special consideration to, and award additional incentive points to, an Applicant under **Exhibit A** attached hereto, if the Applicant clearly demonstrates that any of the following special factors should be considered: (a) construction or renovation in connection with the Project results in building design and equipment that significantly reduces energy consumption as supported by evidence of commitment to obtain LEED Certification or an equivalent standard of attainment; (b) the proposed Project will be located in or directly adjacent to a specially designated economic development area (as described below) identified or certified by the federal or state government or the City or County; (c) community benefit commitments as described in **Exhibit A**; (d) the Applicant agrees to provide a specific and measurable community benefit commitment by providing career pathways and upskilling opportunities for employees, creating apprenticeships or workforce development programs in partnership with the local community, utilizing contractors and suppliers from economically disadvantaged backgrounds, or supporting talent and education initiatives through partnerships with Hamilton County Schools and local higher-education institutions; and/or agrees to provide apprenticeship programs for project construction or agrees to a program to promote local hiring; (e) the Applicant agrees to provide to its employees at the Project unique substantive work benefits (health care services, extraordinary paid sick leave, childcare services, etc.); or (f) an Applicant demonstrates industry leading or otherwise exceptional performance in promoting the rights and welfare of employees and local communities. A demonstrated pattern of poor corporate and environmental practices and/or violations of law by an Applicant or any of its principal owners or similar considerations shall be grounds for not approving or recommending any Application. A specially designated economic development area includes a renewal community zone as defined by HUD; federal empowerment zone; state enterprise zone; opportunity zone; new markets tax credit eligible census tracts; such other similar zones indicating economic distress or disadvantage as may be designated by the federal, state or local governments; or a remediated Brownfield site identified by the Environmental Protection Agency or Tennessee Department of Environment and Conservation.

#### **Section IV. PILOT Application**

**1. Application.** Any person desiring that the City and the IDB consider a PILOT incentive shall complete and submit the Application to the IDB, through the staff of the City Designee, for a PILOT incentive in the form attached hereto as **Exhibit B**. The Application shall be filed with the City Designee no later than 30 days prior to the date on which a Public Hearing is requested to be held

concerning the Application and the proposed Project. A summary of the process for PILOT Applications is outlined in **Exhibit C**.

After submitting its Application, the Applicant should expect completion of a preliminary review of the Application by staff of the City Designee and the City (and the County if County taxes will be affected by the PILOT incentive) within two weeks after submitting same. Upon completion of the preliminary staff review, and upon the Applicant responding to any additional requests for information from staff, staff shall submit the Application to the City Council for consideration. The Economic Development Committee of City Council will hold a public Hearing during its next regularly scheduled meeting (or a special called meeting if the City Council desires) relating to the Application and the Project. Following such public Hearing, at the next scheduled meeting of City Council, City Council may approve or disapprove the Application, and if approved, adopt a delegation resolution authorizing the IDB to implement the PILOT incentive. City staff will then advise the IDB that it may proceed with documentation relating to the incentive. The IDB will then instruct an attorney designated by it to prepare the lease, PILOT Agreement and other documentation relating to the incentive. An Applicant should retain its own legal counsel in connection with the documentation of the PILOT incentive. No PILOT incentive shall be effective until the IDB and the Applicant have approved all documentation and such documentation has been executed.

**2. No Obligation.** Nothing within these guidelines shall imply or suggest that the City, the IDB or any political subdivision of the State of Tennessee is under any obligation to provide a PILOT incentive in any amount or value to any Applicant.

## **Section V. Post-Closing Monitoring and Non-Compliance Payments**

Through the use of the PILOT incentive, the IDB intends to produce measurable improvements to the economy of the City. Accordingly, each PILOT Agreement with an Applicant will contain certain provisions to assure that the PILOT incentive is consistent with the job creation, wage levels and capital expenditures actually accomplished, and not just projected, by the Applicant. The IDB will annually evaluate each Project receiving a PILOT incentive to measure whether levels of job creation, wages and capital investment projected in the Applicant's Application have been achieved.

In order to assist the IDB in such evaluation, the Applicant shall agree in the PILOT Agreement to provide to the IDB and the City administration certain information annually in the manner described in the PILOT Agreement, which information shall include, but not be limited to, the information regarding the Applicant's then current number of jobs, wages and capital investment. The form of an annual report to be filed with the IDB and the City will be attached as an exhibit to the PILOT Agreement. Failure to maintain at least 50% of projected job levels for two consecutive years shall also be an event of default under the PILOT lease. The City administration will report to City Council at least annually on compliance with PILOT Agreements based upon such reports and will provide a copy of such report to the County.

If any such report or other information obtained by the IDB reveals that the Applicant has not met the projections in the Applicant's Application, the IDB will have such remedies as are provided in the PILOT Agreement. The specific remedies will be set out in the PILOT Agreement, but, generally, if an Applicant fails in any year to meet the 90% of its job or capital expenditure projections or 100% of its average wage projections as submitted in its Application for a Project and upon which the PILOT term and amount was determined, the Applicant should expect that the Applicant's PILOT incentive would be proportionately reduced in that year.

The Applicant's lease and PILOT Agreement may provide for phased-in compliance consistent with the Applicant's projections, if approved by the City and the IDB, provided that the Applicant's projections must be fully met by the fifth full calendar year after the completion of any Project.

If an Applicant is awarded any incentive points pursuant to **Exhibit A** for the special factors described in Section III, the Applicant will be deemed in default under the PILOT Agreement if the Applicant does not achieve the such special factors to the extent such special factors can be objectively monitored. Such a default could result in the termination of the PILOT Agreement and/or the term of the PILOT Agreement may be shortened as described in **Exhibit A**.

A representative of each Applicant that receives a PILOT incentive shall be required to provide an in-person presentation to City Council at least annually regarding the status of the project as to which the incentive relates and such other matters as may be requested by City Council. Such presentation shall be at a strategic planning session designated by City Council for such purpose.

### **Section VI. Fees Payable to the IDB for Projects Requesting Incentives**

**1. Application Fee.** An Application fee of \$1,000 must accompany any Application. The Application fee is non-refundable.

**2. Expenses.** The Applicant will pay any and all costs related to Applicant's Application of PILOT incentive including, but not limited to, the IDB's attorney fees and any recording fees. The IDB's approved attorney shall prepare the necessary documentation for the PILOT incentive. The IDB's attorney's fees shall be paid at closing, provided, however, in the event a PILOT incentive closing does not occur for any reason or is delayed for an extended period, the Applicant agrees to pay all of the above mentioned fees and expenses of the IDB at such time.

**3. Economic Development Payments.** For each calendar year in which an Applicant makes a PILOT as to a Project that is less than the taxes that would otherwise be payable with respect to the Project, the Applicant shall also pay a fee, which is referred to herein as the "Economic Development Payment." The Economic Development Payment shall be calculated in the manner provided in the PILOT Agreement but shall generally equal 15% of the amount that would otherwise be payable as taxes with respect to the Project to the City's general fund if the PILOT incentive was not in effect (with a commensurate payment to the County if the County's property taxes are affected by the PILOT incentive).

**4. Amendments.** Applicant shall be responsible for any and all costs associated with amendments to any PILOT incentive documents or to any other documents or agreements associated with the PILOT incentive, including any documents relating to Applicant's financing.

### **Section VII. Conflicts of Interest and Ethical Standards**

Each member of the City Council and director of the IDB shall be responsible for disclosing any material interest which he or she may have in or with an Applicant or any proposed Project. Any member of the City Council or director of the IDB having any material interest in a project or a financial or family relationship with an Applicant or sponsor or financing source for a Project shall submit to the City Attorney a representation of that interest, and the City Attorney shall make a preliminary determination of whether the City Council member or IDB director should recuse himself/herself from consideration of the Application. In the event the City Council member or IDB director disagrees with the decision of the City Attorney, then the City Attorney shall submit the potential conflict of interest to the City Council or IDB, as the case may be, for final determination, which shall be made in accordance with the applicable laws regarding conflicts of interest. If recusal is deemed appropriate, the City Council or IDB, as the case



may be, will then consider the Application without participation from the City Council member or IDB director who has been recused.

No City Council member or director of the IDB shall disclose confidential information acquired by him or her in the course of his or her official duties as a City Council member or director of the IDB nor use such information to further his or her personal interests.

### **Section VIII. Definitions**

For purposes of these Policies, the following terms shall have the following meanings:

“**Applicant**” means the Person applying to the City and the IDB to enter into a lease with the IDB that would include a PILOT incentive with respect to a Project.

“**Application**” means the Application submitted to the City and the IDB by an Applicant to receive a PILOT incentive.

“**City Designee**” means the Chattanooga Area Chamber of Commerce or such other entity as is designated from time to time by City Council to undertake the duties of the City Designee under these Policies. All references in **Exhibit C** to these Policies to the Chamber shall be deemed to be references to the City Designee.

“**Economic Development Payment**” means the payments described in Section VI(3), which will be made to the IDB on behalf of the City and, if applicable, to the County if County property taxes are affected by the PILOT incentive.

“**Payment-In-Lieu-of Taxes**” or “**PILOT**” means payments established by the IDB to be made in lieu of ad valorem taxes with respect to a Project.

“**Person**” means any individual or entity.

“**Project**” means buildings, structures, machinery, equipment, or land identified in the Application and described in the lease from the IDB to the Applicant. The Project may include the addition of the buildings, structures, machinery, or equipment that is committed by the Applicant to be started within three years (or such later date as may be approved by the City upon special circumstances demonstrated by the Applicant not to exceed five years) of the PILOT Agreement. Any expansion undertaken beyond the approved implementation period will require a new Application to be filed at the time said expansion is planned as is described in Section II above.

“**Public Hearing**” for the PILOT incentive means a hearing conducted at a publicly-noticed time-certain meeting of the City Council or a committee thereof with applicable documents posted on the City’s and/or IDB’s website for review and comment by the general public.

### **Section IX. Miscellaneous**

These Policies shall not be construed to create any type of contract or agreement between the City or the IDB and any third party, including any Applicant. Notwithstanding any provision of these Policies to the contrary, the City and the IDB retain the right, in their sole discretion, to not approve any Application for a PILOT incentive. If any Applicant does not enter into a lease with respect to a proposed Project within one year of the initial approval by City Council of the Applicant’s Application for a PILOT incentive, that Applicant’s Application shall be deemed to be withdrawn, and the Applicant

shall be required to resubmit a new Application if the Applicant wants the City to continue to consider the Applicant's Project for a PILOT incentive.

**Section X. Modifications and Reconsideration**

Any modification or amendment of these Policies must be approved by the City and by the IDB. The City Council will conduct a full review and reassessment of these Policies and their effectiveness and impact on the City not later than three years (3) years from the approval of these Policies, and upon such review and reassessment, City Council and the IDB may amend or rescind these Policies or leave these Policies in effect.

EXHIBIT A

**CRITERIA USED TO DETERMINE ELIGIBILITY FOR  
AND TERM AND AMOUNT OF PILOT INCENTIVE**

**Overview.** The term and amount of a PILOT incentive for any Project will be based upon the number of incentive points for a particular Project in accordance with Section III of these Policies and this Exhibit. A minimum of four incentive points is required to be eligible for a PILOT incentive for a Project, and each Project must be projected to create at least 100 jobs and have average annual wages not less than 80% of average annual wage in Hamilton County. The term and amount of a PILOT will be based on the amount of points awarded with one point representing one year of abatement. Special factors may also be considered pursuant to Section III of the Policies and Procedures and pursuant to the chart below that may result in up to five additional points (and five additional years of a PILOT term). The maximum period for a PILOT incentive as to any portion of a Project, prior to any extension based upon special factors, is fifteen (15) years unless otherwise approved by the City Council. The factors that will be used in determining the number of incentive points and the term and amount of the PILOT incentive are shown on the chart and information on the following page.

**MATRIX FOR DETERMINING INCENTIVE POINTS**

Jobs	Points	Wages	Points	Investment	Points
Projected number of new jobs that will be created by Applicant.		Projected average annual wage for full-time employees at Project (rounded to nearest percentage) as percentage of the US Bureau of Labor Statistics for Hamilton County, TN. <sup>1</sup>		Projected real and personal property investment for Project	
100	1.0	80 – 90%	-2.0	\$5,000,000+	0.5
150	1.5	90 – 94%	-1.0	\$10,000,000+	1.0
200	2.0	95 – 99%	-0.5	\$15,000,000+	1.5
250	2.5	100 – 104%	1.0	\$20,000,000+	2.0
300	3.0	105 – 109%	1.5	\$30,000,000+	3.0
350	3.5	110 – 114%	2.0	\$40,000,000+	3.5
400	4.0	115 – 119%	2.5	\$50,000,000+	4.0
450	4.5	120 – 124%	3.0	\$75,000,000+	5.0
500+	5.0	125 – 129%	3.5		
		130 – 134%	4.0		
		135 – 139%	4.5		
		140 – 144%	5.0		
		145 – 149%	5.5		
		150 – 159%	6.0		
		160%+	7.0		

<sup>1</sup>US Bureau of Labor Statistics – Quarterly Census of Employment and Wages (<https://www.bls.gov/cew/>); Hamilton County’s 2023 average annual wage for private industry was \$64,959.

**Term and Amount of PILOT Incentive Based Upon General Factors Described Above** – The term of the PILOT incentive shall be based upon the number of incentive points awarded as described above with each incentive point equating to one year of abatement. The PILOT incentive shall effectively provide for a percentage of property tax abatement (excluding County school taxes) consistent with the following schedule:

- Year 1: 100% abatement
- Year 2: 75% abatement
- Year 3: 60% abatement
- Year 4 and beyond: 50% abatement

This schedule is subject to the PILOT agreement that sets forth the actual terms of the PILOT incentive, including the payment by the Applicant of economic development fees.

The term of the PILOT incentive may be extended up to an additional five (5) years after the term is otherwise established based upon the general factors set forth above. So, for example, if an Applicant would receive a 13-year term of a PILOT based upon the general factors set forth above, the Applicant may receive up to an additional five (5) years of PILOT incentive based upon the special factors set forth below, with each point equating to an additional year in the term of the PILOT incentive.

Special Factors to Determine PILOT Duration	
Special consideration factors identified in Section III of the Policies (the following factors are intended to align with such Section). <sup>2</sup>	Available Points
Meeting Energy Efficiency and Sustainability Standards <ul style="list-style-type: none"> <li>• LEED Silver (or equivalent as determined by City Engineer)</li> <li>• LEED Gold (or equivalent as determined by City Engineer)</li> <li>• LEED Platinum (or equivalent as determined by City Engineer)</li> </ul> (a) Construction or renovation in connection with the Project results in building design and equipment that significantly reduces energy consumption. Documentation of LEED Certification or an equivalent standard of attainment shall be required	Maximum Points 1.5  0.5 1.0 1.5
Location in a Specially Designated Economic Development Zone  (b) The proposed Project will be located in or directly	Maximum 3 Points  1 Point: Federal Empowerment Zones, HUB Zones,

<p>adjacent to a specially designated economic development area (as described below) identified or certified by the federal or state government or the City or County; A specially designated economic development area includes a renewal community zone as defined by HUD; federal empowerment zone; state enterprise zone; opportunity zone; new markets tax credit eligible census tracts,; such other similar zones indicating economic distress or disadvantage as may be designated by the federal, state or local governments; or a remediated Brownfield site identified by the Environmental Protection Agency or Tennessee Department of Environment and Conservation.</p>	<p>NMTC, Opportunity Zones, and other similar disadvantaged zones, Urban Renewal Communities, remediated Brownfield site</p> <p>2 Points: Brownfield Site, Active Brownfield with a voluntary cleanup agreement</p> <p>3 Points:</p> <ul style="list-style-type: none"> <li>• Targeted Local Sites</li> <li>• EDA Recompete Census Tracts</li> <li>• Enterprise South Industrial Park</li> <li>• City/County Industrial Parks</li> <li>• Eastgate/Airport/Airport Road</li> <li>• Rossville Blvd Corridor</li> </ul>
<p>Community Benefit Commitments</p>	<p>Maximum 1 Point</p> <ul style="list-style-type: none"> <li>• Participation in a third party executed Community Benefits Agreement.</li> <li>• Documented agreed-upon Community Benefits included in the PILOT Agreement</li> </ul>
<p>Local Community Cooperation</p> <p>(c) the Applicant agrees to provide a specific and measurable community benefit commitment by providing career pathways and upskilling opportunities for employees, creating apprenticeships or workforce development programs in partnership with the local community, utilizing contractors and suppliers from economically disadvantaged backgrounds, or supporting talent and education initiatives through partnerships with Hamilton County Schools and local higher-education institutions; and/or agrees to provide apprenticeship programs for project construction or agrees to a program to promote local hiring</p>	<p>Maximum 1 Point</p> <ul style="list-style-type: none"> <li>• Partnership with Hamilton County Schools career and technical education, and workforce development programs.</li> <li>• Demonstration of a hiring plan to promote the local hiring of construction workers for the Project</li> </ul>
<p>Unique Employee Benefits and Apprentice Programs</p> <p>(d) the Applicant agrees to provide to its employees substantive work benefits to local employees (health, paid sick leave, childcare services, etc.)</p>	<p>Maximum 1 Point</p> <ul style="list-style-type: none"> <li>• On-site childcare</li> <li>• On-site health clinic</li> </ul>
<p>Exceptional Corporate Stewardship</p> <p>(e) an Applicant demonstrates industry leading or otherwise exceptional performance in promoting the rights and welfare of employees and local communities</p>	<p>Maximum 1 Point</p> <ul style="list-style-type: none"> <li>• Certified B Corporation</li> </ul>

If an Applicant is awarded any incentive points based upon the foregoing special factors and fails to comply with the commitments that were the basis for the award of those incentive points, (a) if the failure

occurs prior to the completion of the Project, the term of the PILOT incentive will be shortened to reflect that the special factor(s) are not applicable and (b) if the failure occurs after the completion of the Project, a default shall be deemed to have occurred under the PILOT Agreement.

**EXHIBIT B**

**Application for PILOT Incentive**

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**The Industrial Development Board of the City of Chattanooga**

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1. Company name (Applicant): \_\_\_\_\_  
Mailing address: \_\_\_\_\_  
\_\_\_\_\_  
Website: \_\_\_\_\_  
Federal Employer ID Number: \_\_\_\_\_  
Legal status: Sole Proprietorship \_\_\_\_ Corporation \_\_\_\_ Partnership \_\_\_\_ LLC \_\_\_\_  
If entity, state of formation: \_\_\_\_\_
2. Contact for this project: \_\_\_\_\_  
Title: \_\_\_\_\_  
Mailing address: \_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-mail address: \_\_\_\_\_
3. Provide a narrative description of the proposed project, including activities to be performed and a list of products to be produced and/or services to be provided:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



4. Does the Application currently own the real property on which the proposed project will be located?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

If the answer is yes, please provide a copy of the deed to the property.

If Applicant is not the owner, what is the relationship between owner and Applicant?

\_\_\_\_\_

If the Applicant has a contract to purchase the property, please provide a copy of the contract. Any proprietary terms can be redacted.

Street Address of the proposed project: \_\_\_\_\_

\_\_\_\_\_

Tax Parcel ID Number (s): \_\_\_\_\_

5. Does the Applicant's project and requested PILOT incentive comply in all respects with the Policies and Procedures relating to Payment-in-lieu-of-Tax Transactions that have been approved by the IDB and the City?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

If the answer is no, please attach a detailed explanation as to why the project or requested incentive does not comply with such Policies and Procedures.

6. Is the real estate located within corporate limits of the City of Chattanooga?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

7. What is the projected amount of real estate capital investment and personal property capital investment for the project?

Real property: \_\_\_\_\_ Personal Property: \_\_\_\_\_

Please provide a budget for the project showing in reasonable detail the items to be included in the capital investment for the project.

8. Is the Applicant aware of any environmental conditions affecting the proposed project location?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

If yes, please attach a description of such environmental condition. If an environmental site assessment has been prepared with respect to the project site, please provide a copy of such assessment.

9. Has the Applicant been fined or entered into a judgment or consent decree with respect to any violation of any environmental law or regulation during the past 36 months?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

If yes, please attach a description of the circumstances resulting in such fine, judgment or decree.

10. Does the Applicant expect to finance all or a portion of the costs of the project?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

If yes, will the lender have a lien on the project?

If yes, please identify the lender: \_\_\_\_\_

Address: \_\_\_\_\_

Contact: \_\_\_\_\_

11. Does Applicant know of any proposed or pending mergers or acquisitions by or affecting Applicant or of any other materially significant event in any way affecting Applicant?

\_\_\_\_ Yes \_\_\_\_ No

If yes, please provide brief description: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

12. Is Applicant currently considering any layoffs or employment reductions or has the Applicant undertaken any layoffs or employment reductions during the previous 12 months?

\_\_\_\_ Yes \_\_\_\_ No

If yes, please provide brief description of the scope of the layoffs and reason for the occurrence of such layoffs or the consideration thereof: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

13. Is the Applicant in full compliance with all terms of any grant or other economic development incentive that Applicant has received?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

If no, please attach a description of such noncompliance and the reasons therefor.

14. Is the Applicant considering other locations for its Project outside the City of Chattanooga?

Yes: \_\_\_\_\_ No: \_\_\_\_\_

15. Provide a brief description of any building being constructed as part of the Project including size and construction type:

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(Attach any site plans, building plans and architectural renderings that are available.)

16. If Applicant is requesting the award of incentive points for any of the special factors described in Section III of the Policies and Procedures, please provide such information as the Applicant deems relevant to substantiate such request. Applicant may attach such additional information as Applicant deems appropriate:

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17. Estimated start date for construction: \_\_\_\_\_

Estimated completion date for construction: \_\_\_\_\_

Estimated date for start-up of operations: \_\_\_\_\_

18. Job Creation – How many new jobs are projected to be created by the proposed project? \_\_\_\_\_. If the jobs to be created at the project are not expected to all be created as of the time of completion of the project, please attach a chart showing how many jobs are expected to be created upon the completion of the project and as of the end of the three calendar years after completion of the project.

19. Average Annual Wage – Please provide the projected average annual wage for the full-time employees at the project: \$\_\_\_\_\_.

20. Types of Jobs Created – Please attach a chart to this Application showing the types of jobs expected to be created by classification and the expected wages for such job classification in substantially the format shown below.

<b>Position Title</b>	<b># Positions</b>	<b>Hourly \$ Rate</b>	<b>Position \$ Total</b>

Total Employees			

In

completing the foregoing chart, the projected number of positions should be based upon full-time employees. A full-term employee should be offered at least 1,600 annual hours of work and be offered benefits. The hourly rate is calculated using base pay only. No overtime, bonuses, discretionary incentive payments and benefits are to be used.

By submitting this Application, Applicant agrees to provide, upon request, such financial information about the Applicant as may be reasonably requested by the IDB or City Designee staff, including financial statements.

This Application is made in order to induce the City and the IDB to provide a PILOT incentive to Applicant, and Applicant confirms that the PILOT incentive is a material inducement for the Applicant to undertake the Project in the City. Applicant represents and warrants that the statements contained herein or attached hereto are true and correct to be best of its knowledge.

If Applicant is granted a PILOT incentive or any other incentives as a result of this Application, Applicant agrees to report annually to the IDB such information as may be required in the documentation evidencing the incentive.

Applicant specifically agrees, in connection with the submission of this Application, to pay all reasonable costs, fees and expenses incurred by the IDB, including attorneys’ fees, whether or not any PILOT incentives are granted, as a result of Applicant submitting this Application.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Name of Applicant

By: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT C

### Summary of PILOT Application Process

1. Before submitting an Application, an Applicant should arrange a pre-application conference with the Chattanooga Area Chamber of Commerce to discuss the Application process and whether the Applicant's Project may qualify for a PILOT incentive. If the Applicant's Project may qualify for a PILOT incentive, the Applicant may submit the Application and supporting documentation to the Chamber's staff.
2. The Chamber's staff will perform all necessary due diligence and prepare a report to the economic development staff representatives of the City (and the County if the County's property taxes will be affected by the requested PILOT incentive). The Chamber's staff will provide the City and the County, if applicable, the recommended terms of the PILOT incentive based on these Policies. If the Chamber's staff determines that an economic impact analysis would be helpful to its analysis of a Project, the Chamber may procure an economic impact analysis from a firm with recognized expertise in public sector economic analysis.
3. Prior to submitting an Application to the City Council and IDB for consideration, the Chamber's staff shall consider input from the City Mayor and staff (and the County Mayor and staff if the County's property taxes will be affected by the requested PILOT incentive). Also, prior to submitting an Application to the City Council and the IDB for consideration, the Chamber's staff shall provide to the Applicant a term sheet setting forth the Chamber's recommendation as to the proposed PILOT incentive, if any, to be submitted to the City Council.
4. If the proposed PILOT incentive is acceptable to the Applicant, the Chamber's staff shall submit the Application and a proposed PILOT Agreement to the City Council for initial consideration. Such information shall be submitted to City Council not less than 7 days prior to the Public Hearing on the Application.
5. The City Council will consider the Application and an appropriate delegation resolution at a duly called meeting. Prior to such consideration, the City Council, through its Economic Development Committee, will conduct a Public Hearing with respect to the Application, thereby providing members of the public an opportunity to comment on the proposed Application and the proposed PILOT incentive. The City staff shall give notice to the directors of the IDB of such hearing and shall provide electronic access to the directors of the IDB to all materials being presented to the City Council. The directors of the IDB, following such hearing, are encouraged to provide any comments any such director may have related to the PILOT incentive to the director's designated City Council member prior to City Council taking action on the PILOT Incentive. After the Public Hearing, the City Council may either (i) accept the Application and adopt a delegation resolution that will specify the term of the PILOT incentive consistent with these Policies or (ii) decide to not proceed further with the requested PILOT incentive.
6. Once the City Council provides a delegation resolution relating to a PILOT incentive to the IDB, the IDB will retain counsel to draft the relevant PILOT documentation. Such documentation, in substantially final form, shall be submitted to the IDB at a subsequent meeting of the IDB for consideration and, if appropriate, approval.
7. If the Applicant's request for a PILOT incentive does not comply in all respect with the Policies to which this Exhibit is attached, the Chamber's staff shall submit the Application, along with a report and recommendation, to the City Council for consideration. Such submission shall include (i) all supporting documentation; (ii) an explanation as to why the requested PILOT incentive does not comply with the Policies; and (iii) a report of the Chamber's staff and the City's

economic development staff as to the potential economic impact of the Project, whether the PILOT incentive is an inducement for the Project, and a recommendation as to whether to approve the Application. If the County's property taxes would be affected by the proposed PILOT incentive, the Application will also be submitted to the County Commission as is set forth in the Policies. As with all Applications, the City Council or a committee thereof will hold a Public Hearing as to the Application. City Council may then decide whether to waive the terms of these Policies, as requested, and adopt a delegation resolution.

8. If after the approval of an Application but before the final PILOT documentation is executed, (i) the Project's scope, location, or purpose changes, (ii) the Applicant receives tax incentives from another governmental entity that were not disclosed when the Application was considered, or (iii) any other change occurs that would materially affect the information in the Application, the City Council or IDB may reconsider the Application after notice to the Applicant and modify or revoke its prior approval.
9. A diagram showing the various steps described above as well as more details regarding the PILOT approval process is attached hereto.

# Exhibit C: City of Chattanooga PILOT Approval Process

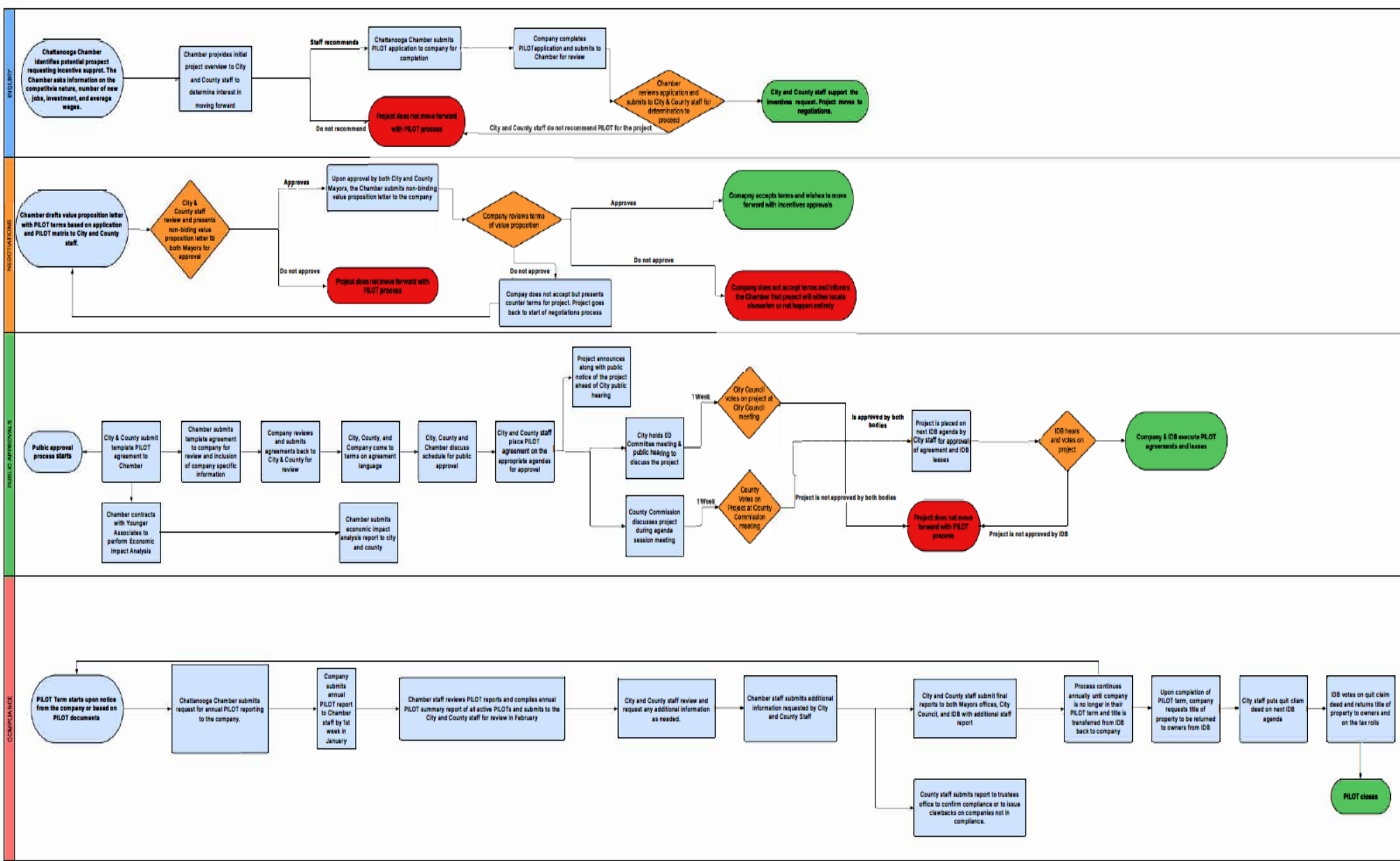


EXHIBIT D

Target Industries

# TARGET INDUSTRIES

Chattanooga Area Chamber of Commerce Climbs Higher Strategic Plan – July 1, 2024 – June 30, 2029

- Advanced Manufacturing
  - Electric vehicles
  - Machinery manufacturing
  - Outdoor products
  - Specialty food
- Professional Services
  - Freight Services
  - Headquarters
  - Back Office
  - Creative Media
- Future Technology
  - Quantum computing
  - Biomedical Devices
  - Circular economy/clean tech
  - Smart City technology
  - Industrial design, engineering & robotics
- Software & Information Technology





# TARGET INDUSTRIES

Tennessee Department of Economic & Community Development

- Advanced Manufacturing
- Aerospace & Defense
- Appliances & Electrical
- Automotive
- Chemicals
- Distribution & Logistics
- Food & Beverage
- Healthcare & Life Sciences
- HQ, Finance & Tech
- Rubber, Ceramics, & Glass



36850647.15

## **A RESOLUTION**

AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO ENTER INTO AND EXECUTE THAT CERTAIN A “REAL ESTATE PURCHASE AND SALE AGREEMENT” RELATIVE TO THE PURCHASE OF APPROXIMATELY 182.39 ACRES KNOWN AS THE SPECIAL LEGISLATIVE AREA, MAIN MANUFACTURING AREA, PARCEL 1.02, 182.39 ACRES, OF THE ENTERPRISE SOUTH INDUSTRIAL PARK AND TO EXECUTE NECESSARY CLOSING DOCUMENTS AND TAKE TITLE TO CERTAIN REAL AND PERSONAL PROPERTY IN CONNECTION WITH THE NOVONIX ENTERPRISE SOUTH LLC PROJECT, TO LEASE SUCH PROPERTY TO NOVONIX ENTERPRISE SOUTH LLC, TO ENTER INTO AN AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES, AND TO EXECUTE OTHER DOCUMENTS RELATED TO THE PROPERTY’S ENROLLMENT IN THE VOLUNTARY CLEANUP AND OVERSIGHT ASSISTANCE PROGRAM WITH THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION.

WHEREAS, Novonix Enterprise South LLC, directly or through one or more related entities (together, the “Company”) is contemplating the construction, acquisition, improvement and equipping of manufacturing facilities and operations (collectively, the “Project”) in the City of Chattanooga (the “City”) and Hamilton County (the “County”); and

WHEREAS, the Company desires to purchase 182.39 acres (more or less, subject to survey), known as the Special Legislative Area, Main Manufacturing Area, Parcel 1.02 in Enterprise South Industrial Park (the “Property”) from the City and the County; and

WHEREAS, a “Real Estate Purchase and Sale Agreement” has been presented by the Company for the development of the Project on the Property, in accordance with the attached or similar documents; and

WHEREAS, the Company has requested that upon the closing contemplated by the Real Estate Purchase and Sale Agreement (the “Purchase Agreement”), The Industrial Development Board of the City of Chattanooga, Tennessee (the “Board”) agree to take title to the real and personal property comprising the Project (the “Leased Property”) and to lease the personal property portion of the Leased Property to the Company pursuant to a certain lease agreement (the

“Personal Property Lease”) in substantially the form presented to the Board, and to lease the real property portion of the Leased Property to the Company pursuant to a certain lease agreement (the “Real Property Lease” and together with the Personal Property Lease, the “Lease Agreements”), in substantially the form presented to the Board; and

WHEREAS, the Hamilton County Board of Commissioners and the Chattanooga City Council have delegated to the Board the authority to negotiate and accept payments in lieu of ad valorem property taxes from the Company; and

WHEREAS, the ownership of the Leased Property and the leasing thereof to the Company are within the powers of the Board as described in T.C.A. Section 7-53-302, and the provision for payments in lieu of ad valorem property taxes on the Leased Property is within the powers of the Board as described in T.C.A. Section 7-53-305; and

WHEREAS, the forms of the Agreement for Payments In Lieu of Ad Valorem Taxes (the “PILOT Agreement”) and a form of each of the Lease Agreements has been presented to the Board for approval in connection with this Project;

NOW, THEREFORE, BE IT RESOLVED by The Industrial Development Board of the City of Chattanooga, as follows:

Section 1. The appropriate officers of the Board are hereby authorized to execute the Purchase Agreement on behalf of the Board and to take such further actions as shall be appropriate or necessary in carrying out the intent of this resolution, including execution of necessary closing documents and accepting title to the Property upon payment of the sale price by the Company at closing.

Section 2. The Board agrees to accept title to the Leased Property and to lease the personal property portion of the Leased Property and the real property portion of the Leased

Property pursuant to the terms of the Lease Agreements, in substantially the form presented to this meeting, with such changes therein as shall be approved by the Chairman or Vice Chairman of the Board.

Section 3. Pursuant to the delegation made by the City and the County, the Board agrees to enter into the PILOT Agreement with the Company in substantially the form presented to this meeting, with such changes therein as shall be approved by the Chairman or Vice Chairman of the Board.

Section 4. The appropriate officers of the Board are hereby authorized to execute each of the Lease Agreements and the PILOT Agreement on behalf of the Board and to take such further actions as shall be appropriate or necessary in carrying out the intent of this resolution.

Section 5. Prior to or in connection with the execution of the Lease Agreements, the Chairman, or the Chairman's designee, may, upon the Company's request, enter into or consent to such documents as are necessary to consummate the financing and/or development of the Project in the same manner and to the same extent provided under Section 9.02 of the Lease Agreements; provided that any such transaction or approval must be expressly non-recourse to the Board beyond its interest in the Project and related property and must further satisfy the requirements of Section 8.01 of the Lease Agreements with respect to the immunities provided to members of the Board.

Section 6. The Chairman or the Chairman's designee may further, upon the Company's request, enter into or consent to such other agreements or other documents as are necessary to include the real property portion of the Leased Property in the State of Tennessee Brownfield Voluntary Oversight and Assistance Program, including, but not limited to a notice of

land use restrictions, provided that such documents are in such form or forms as may be approved by counsel to the Board.

Approved this 7th day of April, 2025

THE INDUSTRIAL DEVELOPMENT BOARD OF  
THE CITY OF CHATTANOOGA

By: \_\_\_\_\_

Name: Kerry Hayes

Title: Chair

ATTEST:

\_\_\_\_\_  
Gordon Parker, Secretary

**LEASE AGREEMENT**  
**(Personal Property)**

**THIS LEASE AGREEMENT**, made and entered as of the \_\_\_\_ day of \_\_\_\_\_, 202\_\_, by and between **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA**, a public corporation duly created and existing under the laws of the State of Tennessee (the “Board”), and **NOVONIX ENTERPRISE SOUTH LLC**, a Delaware limited liability company (the “Company”).

**WITNESSETH:**

In consideration of the respective covenants and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Board and the Company agree as follows:

**ARTICLE I**  
**DEFINITIONS**

Section 1.01. Definitions. The following terms when used in this Agreement, unless the context shall clearly indicate another or different meaning or intent, shall be construed as follows:

“Act” means the Tennessee Industrial Development Corporations Act of 1955, Chapter 210 of the Public Acts of 1955, as codified in Tennessee Code Annotated Sections 7-53-101 et seq., as heretofore amended and as hereafter amended from time to time.

“Act of Bankruptcy” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Company or the Board under any applicable bankruptcy, insolvency or similar law as now or hereafter in effect.

“Agreement” means this Lease Agreement as it now exists and as it may hereafter be amended.

“City” means the City of Chattanooga, Tennessee.

“County” means Hamilton County, Tennessee.

The terms “default” and “event of default” mean any occurrence or event specified in Section 10.01 hereof.

“Lender” means any person or entity providing financing to the Company for the acquisition, construction or equipping of the Project, including \_\_\_\_\_, as an initial Lender.

The term “pending” with respect to any proceedings commenced by an Act of Bankruptcy means that such proceedings have not been dismissed, or are subject to further appeal.

“Permitted Encumbrances” means liens, licenses or other restrictions of record on the Project created by or with the consent of the Company.

“PILOT Agreement” means the Agreement for Payments in Lieu of Ad Valorem Taxes entered into by and among the Board, the Company, the City and the County, as at any time amended or restated.

“Project” means all machinery, equipment and related personal property acquired, installed or placed into service by the Company on the real property identified in Exhibit “A” during the Five-Year Period (as defined in the PILOT Agreement) or in connection with a Phase 2 Expansion (as defined in the PILOT Agreement, together with all replacements thereof and substitutions therefor, provided that such replacements and substitutions are for personal property investments made during the Five-Year Period or the Phase 2 Expansion, as applicable.

## ARTICLE II CERTIFICATIONS

Section 2.01. Certifications by Board. The Board makes the following certifications as the basis for the undertakings on its part herein contained:

(a) The Board is a public corporation of the State of Tennessee, duly organized and existing under the provisions of the Act. The Act authorizes the Board to acquire land, buildings, machinery and equipment and related facilities and to own, lease and dispose of the same for the purpose of maintaining and increasing employment opportunities by promoting industry, trade and commerce and by inducing manufacturing, industrial and commercial enterprises to locate in or remain in the State of Tennessee. The Board is authorized to act in furtherance of such purposes in the City and the County.

(b) The Board has found and does hereby declare that the acquisition, construction and equipping of the Project and the leasing of the same to the Company will increase employment in the City and the County, and will be in furtherance of the public purposes for which the Board was created.

(c) The Board has been induced to enter into this undertaking by the promise of the Company to acquire and install the property comprising the Project and to facilitate further investment and the creation of jobs in connection with a manufacturing operation on the real property identified in Exhibit “A”.

(d) There are no actions, suits, proceedings, inquiries or investigations pending, or to the knowledge of the Board threatened, against or affecting the Board in any court or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the transactions contemplated by this Agreement or which, in any way, would materially and adversely affect the validity or enforceability of this Agreement or any agreement or instrument to which the Board is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby.

Section 2.02. Certifications by Company. The Company makes the following certifications as the basis for the undertakings on its part herein contained:

(a) The Company is a limited liability company formed under the laws of the State of Delaware, in good standing under its formation documents, with full power and authority

to enter into this Agreement and to perform all obligations contained herein and therein, and has, by proper corporate action, been duly authorized to execute and deliver this Agreement and, when executed and delivered by the parties thereto, this Agreement will constitute the valid and binding obligation of the Company enforceable in accordance with its terms.

(b) The agreement of the Board to own the Project and lease it to the Company induced the Company to locate the Project in the State of Tennessee, which will increase employment in the State of Tennessee.

(c) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated herein by the Company, nor the fulfillment of or compliance with the terms and conditions of this Agreement, does or will conflict with or result in a breach of the terms, conditions or provisions of any restriction or internal governing document of the Company or any agreement or instrument to which the Company is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree to which it is subject, or constitutes a default under any of the foregoing or, except as contemplated hereby, results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Company under the terms of any instrument or agreement.

(d) There are no proceedings pending, or to the knowledge of the Company threatened, against or affecting the Company in any court or before any governmental authority, arbitration board or tribunal which involve the possibility of materially and adversely affecting the properties, business, prospects, profits or condition (financial or otherwise) of the Company, or the ability of the Company to perform its obligations under this Agreement. The Company is not in default with respect to an order of any court, governmental authority, arbitration board or tribunal.

(e) No event has occurred and no condition exists with respect to the Company that would constitute an “event of default” under this Agreement, or which, with the lapse of time or with the giving of notice, or both, would become such an “event of default.”

### ARTICLE III LEASING CLAUSES; WARRANTY OF TITLE

Section 3.01. Lease of Project. The Board hereby leases to the Company, and the Company hereby leases from the Board, the Project, for the consideration set forth in Section 5.03 hereof and in accordance with the provisions of this Agreement.

Section 3.02. Title. The Board will obtain upon the acquisition thereof good and marketable title to the Project, free from all encumbrances other than the Permitted Encumbrances.

Section 3.03. Quiet Enjoyment. Subject to the following sentence and to the limitation of the liability of the Board contained herein, the Board covenants and agrees that it will warrant and defend the Company in the quiet enjoyment and peaceable possession of the Project, free from all claims of all persons whatsoever except for claims arising from the Permitted Encumbrances, throughout the Lease Term (as hereinafter defined), so long as the Company shall perform the covenants, conditions and agreements to be performed by it hereunder, or so long as the period for remedying any default in such performance shall not have expired. If the Board shall at any time



be called upon to defend the title to said property for claims not created by, through or for the Board, it shall not be required to incur any costs or expenses in connection therewith unless indemnified to its satisfaction against all such costs and expenses.

ARTICLE IV  
ACQUISITION, CONSTRUCTION AND INSTALLATION OF PROJECT

Section 4.01. Agreement to Acquire, Construct and Install Project. The Company agrees that:

- (a) It will cause title in and to the Project to be vested in the Board, subject to Permitted Encumbrances.
- (b) It will acquire, construct and install the Project in the name of and on behalf of the Board.
- (c) It will complete the acquisition, construction and equipping of the Project as promptly as is commercially reasonable and practicable.

ARTICLE V  
EFFECTIVE DATE; DURATION OF LEASE TERM; CONSIDERATION

Section 5.01. Effective Date of this Agreement; Duration of Lease Term. This Agreement shall become effective upon its delivery, and the leasehold estate created hereunder shall then begin, and, subject to the other provisions of this Agreement, shall expire at midnight, December 31 of the year in which the Tax Abatement Period (as defined under the PILOT Agreement) expires, and shall thereafter continue on a month to month basis until terminated by either party on at least thirty (30) days' prior written notice (the "Lease Term").

Section 5.02. Delivery and Acceptance of Possession. The Board agrees to deliver to the Company sole and exclusive possession of the Project, and the Company agrees to accept possession of the Project upon such delivery.

Section 5.03. Consideration for Lease. In consideration of the lease granted hereunder the Company agrees to:

- (a) Acquire, construct and install the Project as described in Section 4.01 hereof;
- (b) Operate the Project for its own benefit and thereby indirectly for the benefit of the citizens of the County and the City; and
- (c) Make the payments required under the PILOT Agreement.

ARTICLE VI  
MAINTENANCE; MODIFICATION; TAXES AND INSURANCE

Section 6.01. Maintenance and Modification of Project by Company. The Company agrees that throughout the Lease Term it will, at no expense to the Board, keep the Project (i) in as reasonably safe condition as its operations shall permit, and (ii) in good repair and in good operating condition, normal wear and tear and obsolescence excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 6.02. Removal of Machinery and Equipment Included in Project. The Board shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary machinery or equipment constituting a part of the Project. In any instance where the Company in its sole discretion determines that any items of such machinery or equipment have become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary, the Company may remove such items of machinery or equipment and (on behalf of the Board) sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Board therefor.

Section 6.03. Taxes, Other Governmental Charges and Utility Charges. The Board and the Company acknowledge that under present law the Project will be exempt from taxation in the State of Tennessee. The Company will pay, as the same become lawfully due and payable, (i) all taxes and governmental charges of any kind whatsoever upon or with respect to the Project and (ii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project.

The Company may, at its own expense and in its own name, in good faith contest any such taxes, assessments or other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom. The Board will cooperate fully with the Company in any such contest.

Section 6.04. Maintenance of Insurance. Throughout the term of this Agreement, the Company shall keep the Project continuously insured against such risks as are customarily insured against with respect to property similar to the Project by businesses of like size and type (other than business interruption insurance), paying as the same become due all premiums in respect thereto. The Company shall also maintain commercial liability insurance with respect to all operations in connection with the Project with such limits as are reasonably acceptable to the Board and with the Board being named as an additional insured with respect to any such insurance. The Company will also maintain workers' compensation insurance with respect to its operations in connection with the Project. Upon the execution of this Agreement and at least annually thereafter, the Company shall provide to the Board certificates of insurance evidencing that the insurance required by this Section is in full force and effect.

Section 6.05. Indemnification of Board. The Company shall and hereby agrees to indemnify and save the Board and its officers, directors, agents, servants and employees (the "Indemnified Parties") harmless from and against all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the

Project or relating to the Project in any manner during the term of this Agreement, and against and from all claims arising during the term of this Agreement, from:

- (a) any condition of the Project;
- (b) any breach or default on the part of the Company in the performance of any its obligations under this Agreement;
- (c) any act of negligence of the Company or of any agents, contractors, servants, employees or licensees of the Company or of any assignee or sublessee of the Company; and
- (d) any claim arising from the Permitted Encumbrances or any other lien against the Project not created by the Board.

The Company shall indemnify and save the Indemnified Parties harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought thereon, and, upon notice from the Board, the Company shall defend the Indemnified Parties or any of them in any such action or proceeding.

Notwithstanding the foregoing or anything in this Agreement to the contrary, the Company shall not be required to indemnify any of the Indemnified Parties (i) in the event of any acts of gross negligence or willful misconduct or intentional misconduct of any of the Indemnified Parties; or (ii) for any claim or liabilities which the Company and the Indemnified Parties were not given an opportunity to contest as a result of the Board's failure to give the Company notice of such claim.

Section 6.06. Board Expenses. In addition to other payments required to be made by the Company hereunder, the Company shall pay any reasonable expenses not specifically mentioned herein which are incurred by the Board in connection with the Project or this Agreement, other than the Board's attorneys' fees incurred in connection with the negotiation and execution of this Agreement.

Section 6.07. Depreciation and Investment Credit. The Board covenants and agrees that depreciation expenses and investment tax credit, if any, with respect to the Project shall be made available to the Company, and the Board will fully cooperate with the Company in any effort by the Company to avail itself of any such depreciation expenses or investment tax credit, but the Board shall have no responsibility or liability for failure of the Company to receive any such expenses or credits.

## ARTICLE VII DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.01. Damage and Destruction. If during the Lease Term, the Project is damaged by fire or other casualty, the Board shall cause the proceeds received by it from insurance to be paid to the Company for application in one or both of the following ways, as shall be determined by the Company:

- (a) Repair, rebuilding or restoration of the property damaged.
- (b) Reimbursement to the Company for loss in value of its interest in the Project.

Section 7.02. Condemnation of Project. If title in and to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Board shall cause the proceeds received by it from any award made in such eminent domain proceeding to be paid to the Company for application in one or more of the following ways, as shall be determined by the Company:

- (a) Restoration of the Project to substantially the same condition as existed prior to the exercise of said power of eminent domain.
- (b) Acquisition, by construction or otherwise, of other property having substantially the same use and utility as the property taken in such proceedings (which property will be deemed a part of the Project available for use by the Company under this Agreement).
- (c) Reimbursement to the Company for loss in value of its interest in the Project.

The Board shall cooperate fully with the Company, at no expense to the Board with all expenses being paid by the Company, in the handling and conduct of any prospective or pending eminent domain proceeding with respect to the Project or any part thereof and shall, to the extent it may lawfully do so, permit the Company to litigate in any such proceeding in the name and on behalf of the Board. In no event will the Board voluntarily settle, or consent to the settlement of, any prospective or pending eminent domain proceeding with respect to the Project or any part thereof without the written consent of the Company.

## ARTICLE VIII SPECIAL COVENANTS

Section 8.01. No Warranty of Condition or Suitability by Board. The Board makes no warranty, either express or implied, as to the condition of the Project or that it will be suitable for the purposes or needs of the Company. The Company releases the Board from, agree that the Board shall not be liable for, and agree to hold the Board and its officers, directors, agents, servants and employees harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project or the use thereof. The members of the board of directors of the Board shall incur no liability either individually or collectively by reason of the obligations undertaken by the Board hereunder.

Section 8.02. Identification of Machinery and Equipment Included in Project. The Company will at all times maintain in its permanent records a complete list of the machinery and equipment constituting a part of the Project, which will specifically identify each item of such machinery and equipment as being property of the Board and shall convey any personal property to the Board by bill of sale to the extent the Company desires any such personal property to be included in the Project for purposes of this Agreement. As to any personal property conveyed in

substitution or replacement of other personal property, the Company shall identify the personal property being substituted or replaced in connection with such conveyance.

ARTICLE IX  
ASSIGNMENT, SUBLEASING, PLEDGING AND SELLING

Section 9.01. Assignment or Subleasing. This Agreement may be assigned (including collateral assignments, leasehold mortgages and similar pledges) and the Project be subleased, as a whole or in part, by the Company without the prior written consent of the Board provided that:

(a) No assignment shall relieve the Company from primary liability for any of its obligations hereunder, and, in the event of any such assignment, the Company shall continue to remain primarily liable for performance and observance of the agreements on its part herein provided to be performed and observed by it to the same extent as though no assignment had been made; and

(b) The assignee or sublessee shall assume the obligations of the Company hereunder to the extent of the interest assigned or subleased.

Notwithstanding anything else stated herein (including conditions (a) and (b) above), the Board hereby consents to any assignment, sale or transfer of all or any portion of the Company's rights in the Project in connection with a permitted assignment under the PILOT Agreement.

Section 9.02. Financing Approvals and Consents. The Board shall cooperate with the Company, to the extent reasonable and at no additional cost to the Board, in consummating any financing related to the Project or the Company's operations. Without limitation of the foregoing, the Chairman of the Board, or the Chairman's designee, may, upon the Company's request, enter into or consent to such documents as are necessary to consummate such financing including, without limitation, security agreements, estoppel certificates, subordination and non-disturbance agreements, affidavits, certificates, and other financing documents provided that any such documents are expressly non-recourse to the Board beyond its interest in the Project. Any such document shall further be subject to the provisions of Section 8.01 with respect to the immunities provided to members of the Board.

Section 9.03. Restrictions on Sale of Project by Board. The Board agrees that, except for transactions effected in accordance with Section 11.03 or pursuant to a request from the Company, it will not sell, assign, mortgage, transfer or convey the Project during the Lease Term or create or suffer to be created any debt, lien or charge on the rents, revenues or receipts arising out of or in connection with its ownership of the Project, and it will not take any other action which may reasonably be construed as tending to cause or induce the levy or assessment of ad valorem taxes; provided, that if the laws of the State of Tennessee at the time shall permit, nothing contained in this Section shall prevent the consolidation of the Board with, or merger into, or transfer of the Property as an entirety to, any public corporation whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning, leasing and selling of the Project; provided that (a) such consolidation, merger or transfer shall be authorized by the governing body of the City, and (b) this Agreement shall be binding upon such public corporation, either by operation of applicable law and/or the assumption thereof by such public corporation,

and enforceable against such public corporation in accordance with the terms and conditions hereof as the successor-in-interest to the Board hereunder.

ARTICLE X  
EVENTS OF DEFAULT AND REMEDIES

Section 10.01. Events of Default Defined. The following shall be “events of default” under this Agreement, and the terms “event of default” or “default” shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Board or the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder or under the PILOT Agreement, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the defaulting party by the other party, unless the one giving notice shall agree in writing to an extension of such time prior to its expiration. If a failure under this Section 10.01(a) is such that it cannot with due diligence be corrected within such thirty (30) day period, it shall not constitute an event of default if appropriate corrective action is instituted within the applicable period and diligently pursued until the default is corrected, provided that this sentence shall not apply to any requirement to make any monetary payment or to maintain insurance.

(b) A voluntary Act of Bankruptcy or an Act of Bankruptcy which, if resulting from the filing or commencement of involuntary proceedings against the Company or the Board, is not dismissed or discharged within sixty (60) days of the filing or commencement thereof.

The foregoing provisions of subsection (a) of this Section are subject to the following limitations: if by reasons of force majeure, the Board or the Company is unable in whole or in part to carry out the agreements on its part herein referred to, the failure to perform such agreements due to such inability shall not constitute an event of default nor shall it become an event of default upon appropriate notification or the passage of this stated period of time. The term “force majeure” as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; act of public enemies; orders of any kind of the government of the United States of America or of the State of Tennessee or any of their respective departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; pandemics or epidemics; landslides; lightning; earthquakes; fires, hurricanes, tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Board or the Company. The Board and the Company agree, however, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Board or the Company, as the case may be and the Board and the Company shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Board or the Company, unfavorable to it. This paragraph shall not excuse the Company from making any payment hereunder or maintaining insurance to the extent required hereunder.

Section 10.02. Remedies on Default. Whenever any event of default referred to in Section 10.01 hereof shall have occurred and be subsisting, the Board or the Company, as the case may be, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant under this Agreement, and upon an event of default of the Company that is not cured as provided above, the Board may terminate this Agreement upon not less than ninety (90) days after giving written notice of termination to Company. This termination right is subject to Company's option pursuant to Section 11.02, and at any time during the Lease Term or within 180 days after the expiration of the Lease Term, Company may exercise its option in Section 11.02 without regard to whether an event of default has occurred.

Section 10.03. Notice to Lender; Additional Rights to Cure. If a Lender shall have given the Board, before a specific event of default shall have occurred hereunder, a written notice specifying the name and mailing address of the Lender, then notwithstanding the provisions of Section 10.02, Board shall not terminate this Agreement by reason of the occurrence of an event of default unless Board shall have given the Lender a copy of its notice to Company of such event of default addressed to the mailing address last furnished by the Lender, and such event of default shall not have been cured by such Lender within the time permitted herein (which such time period, with respect to Lender, shall begin upon receipt of the notice to the Lender), provided that the Lender shall have the right to extend the period of time for the curing of any such event of default (other than making any payment hereunder or maintaining insurance to the extent required hereunder) for an additional period of thirty (30) days from the expiration of the Lender's initial thirty (30) day period, if the event of default is such that it cannot with due diligence be corrected within such additional thirty (30) day period, then it shall not constitute an event of default if appropriate corrective action is instituted by the Lender within the applicable period and diligently pursued until the default is corrected.

## ARTICLE XI OPTIONS IN FAVOR OF COMPANY

Section 11.01. Options to Terminate. The Company shall have the following options to cancel or terminate the term of this Agreement:

(a) At any time, the Company may terminate the Lease Term by giving written notice to the Board of such termination and may purchase the Project as provided below.

(b) At any time, the Company may terminate this Agreement as to a part of the Project by giving written notice to the Board of such termination and may purchase such portion of the Project as provided below, and such termination shall forthwith become effective as to that part of the Project.

Section 11.02. Option to Purchase Project. At any time during the Lease Term and for 180 days after the termination or expiration of the Lease Term or termination of this Agreement as to a part of the Project, the Company shall have, and is hereby granted, the option to purchase the Project or that part of the Project as to which the Agreement has been terminated, as the case may be, for the purchase price, in each case, of One Dollar (\$1.00) plus all amounts that are due or have accrued under this Agreement (if all of the Project is purchased). This option may be exercised

whether or not the Company is in default hereunder, and this option shall survive termination of this Agreement.

Section 11.03. Conveyance on Exercise of Option. Upon exercise of the option granted above, the Board will, upon receipt of the purchase price, deliver to the Company documents conveying to the Company title to the Project or part of the Project, as the case shall be, by appropriate bills of sale, subject only to:

(a) those liens and encumbrances, if any, to which title to said property was subject when conveyed to the Board;

(b) those liens and encumbrances created by or with the consent of the Company; and

(c) those liens and encumbrances resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Agreement.

ARTICLE XII  
MISCELLANEOUS

Section 12.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by first class United States mail, postage prepaid, or sent by email with confirmation of receipt, addressed as follows:

Board	The Industrial Development Board of the City of Chattanooga 100 E. 11 <sup>th</sup> Street, Suite 200 Chattanooga, Tennessee 37402 Attention: Phillip A. Noblett Email: <a href="mailto:pnoblett@chattanooga.gov">pnoblett@chattanooga.gov</a>
Company	Novonix Enterprise South LLC 353 Corporate Place Chattanooga, Tennessee 37419 Attention: Rashda M. Buttar Email: <a href="mailto:rashda@novonixgroup.com">rashda@novonixgroup.com</a>
With a copy to:	Miller & Martin PLLC Suite 1200 Volunteer Building 832 Georgia Avenue Chattanooga, Tennessee 37402 Attention: Mark W. Smith Email: <a href="mailto:mark.smith@millermartin.com">mark.smith@millermartin.com</a>



Lender:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Email: \_\_\_\_\_

Any such person may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communication shall be sent.

Section 12.02. Amendment. This Agreement may be amended only in writing signed by the Board and the Company. If a Lender shall have given the Board, before the execution of an amendment, a written notice specifying the name and mailing address of the Lender, then any amendment shall further require the prior written consent of the Lender.

Section 12.03. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Company, the Board, and their respective successors and assigns.

Section 12.04. Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.05. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.06. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope, extent or intent of any provision or Section hereof.

Section 12.07. Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Tennessee.

Section 12.08. Prohibition on Boycott of Israel. The Company certifies that it is not currently engaged in, and will not for the duration of this Agreement, engage in a boycott of Israel as defined by Tenn. Code Ann. § 12-4-119.

***[Signature Page Follows]***

**IN WITNESS WHEREOF**, the Board and the Company have caused this Agreement to be duly executed in their respective corporate names, all as of the date first above written.

BOARD:

THE INDUSTRIAL DEVELOPMENT BOARD OF  
THE CITY OF CHATTANOOGA

ATTEST:

By: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairman

COMPANY:

NOVONIX ENTERPRISE SOUTH LLC, a Delaware  
limited liability company

By: \_\_\_\_\_  
\_\_\_\_\_

Title: Authorized Person

**EXHIBIT “A”**  
**PROPERTY DESCRIPTION**

The Project shall include all machinery, equipment and other tangible personal property that is installed or otherwise located on or about or used in connection with the real property described below during the Five-Year Period (as defined in the PILOT Agreement) or in connection with a Phase 2 Expansion (as defined in the PILOT Agreement), together with replacements therefor and substitutions therefor (provided that such replacements and substitutions are for personal property investments made during the Five-Year Period or the Phase 2 Expansion, as applicable), in connection with the Company’s facilities and operations on such property.

For purposes of this Exhibit, the “real property” includes the following real property together with all expansions and improvements to be constructed on such property:

[INSERT LEGAL DESCRIPTION]

Notwithstanding the foregoing, the personal property subject to this Agreement does not include any personal property that is already in service at any operations of the Company in the City and the County as of the effective date of this Agreement or any personal property that is subject to that certain Agreement for Payments In Lieu of Taxes between the City, the County, the Board, Novonix Anode Materials LLC and Novonix 1029, LLC dated July 28, 2021.

This Instrument Prepared By:  
Miller & Martin PLLC (MWS)  
Suite 1200 Volunteer Building  
832 Georgia Avenue  
Chattanooga, TN 37402

**LEASE AGREEMENT**  
**(Real Estate)**

**THIS LEASE AGREEMENT**, made and entered as of the \_\_\_ day of \_\_\_\_\_, 202\_\_\_, by and between **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA**, a public corporation duly created and existing under the laws of the State of Tennessee (the "Board"), and **NOVONIX ENTERPRISE SOUTH LLC**, a Delaware limited liability company (the "Company").

**WITNESSETH:**

In consideration of the respective covenants and agreements hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Board and the Company agree as follows:

**ARTICLE I**  
**DEFINITIONS**

Section 1.01. Definitions. The following terms when used in this Agreement, unless the context shall clearly indicate another or different meaning or intent, shall be construed as follows:

"Act" means the Tennessee Industrial Development Corporations Act of 1955, Chapter 210 of the Public Acts of 1955, as codified in Tennessee Code Annotated Sections 7-53-101 et seq., as heretofore amended and as hereafter amended from time to time.

"Act of Bankruptcy" means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Company or the Board under any applicable bankruptcy, insolvency or similar law as now or hereafter in effect.

"Agreement" means this Lease Agreement as it now exists and as it may hereafter be amended.

"City" means the City of Chattanooga, Tennessee.

"County" means Hamilton County, Tennessee.

The terms "default" and "event of default" mean any occurrence or event specified in Section 10.01 hereof.

“Lender” means any person or entity providing financing to the Company for the acquisition, construction or equipping of the Project, including \_\_\_\_\_, as an initial Lender.

The term "pending" with respect to any proceedings commenced by an Act of Bankruptcy means that such proceedings have not been dismissed, or are subject to further appeal.

"Permitted Encumbrances" means liens, assignments, easements, licenses or other restrictions of record as of the date of this Agreement on the Property as more fully described on Exhibit "B" attached hereto.

"PILOT Agreement" means the Agreement for Payments in Lieu of Ad Valorem Taxes of even date herewith entered into by and among the Board, the Company, the City and the County, as at any time amended or restated.

"Project" means, for purposes of this Agreement unless the context otherwise requires, the expansions and improvements to be constructed by the Company on the Property during the Five-Year Period (as defined in the PILOT Agreement) or in connection with a Phase 2 Expansion (as defined in the PILOT Agreement), together with all additions thereto, replacements thereof and substitutions therefor.

"Property" means the land described in Exhibit "A", together with all easements and appurtenances thereto and all improvements located thereon, the expansions and improvements comprising the Project hereafter constructed thereon, and any easements required for the construction, operation and maintenance thereof.

## ARTICLE II CERTIFICATIONS

Section 2.01. Certifications by Board. The Board makes the following certifications as the basis for the undertakings on its part herein contained:

(a) The Board is a public corporation of the State of Tennessee, duly organized and existing under the provisions of the Act. The Act authorizes the Board to acquire land, buildings, machinery and equipment and related facilities and to own, lease and dispose of the same for the purpose of maintaining and increasing employment opportunities by promoting industry, trade and commerce and by inducing manufacturing, industrial and commercial enterprises to locate in or remain in the State of Tennessee. The Board is authorized to act in furtherance of such purposes in the City and the County.

(b) The Board has found and does hereby declare that the acquisition, construction and installation of the Project and the leasing of the Property to the Company will increase employment in the City and the County, and will be in furtherance of the public purposes for which the Board was created.

(c) The Board has been induced to enter into this undertaking by the promise of the Company to improve the Property and to facilitate further investment and the creation of jobs in connection with a manufacturing operation on the Property.

(d) There are no actions, suits, proceedings, inquiries or investigations pending, or to the knowledge of the Board threatened, against or affecting the Board in any court or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the transactions contemplated by this Agreement or which, in any way, would materially and adversely affect the validity or enforceability of this Agreement or any agreement or instrument to which the Board is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby.

Section 2.02. Certifications by Company. The Company makes the following certifications as the basis for the undertakings on its part herein contained:

(a) The Company is a limited liability company formed under the laws of the State of Delaware, in good standing under its formation documents, with full power and authority to enter into this Agreement and to perform all obligations contained herein and therein, and has, by proper corporate action, been duly authorized to execute and deliver this Agreement and, when executed and delivered by the parties thereto, this Agreement will constitute the valid and binding obligation of the Company enforceable in accordance with its terms.

(b) The agreement of the Board to own the Property and lease it to the Company induced the Company to locate the Project in the State of Tennessee, which will increase employment in the State of Tennessee.

(c) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated herein by the Company, nor the fulfillment of or compliance with the terms and conditions of this Agreement, does or will conflict with or result in a breach of the terms, conditions or provisions of any restriction or internal governing document of the Company or any agreement or instrument to which the Company is now a party or by which it is bound, or any existing law, rule, regulation, judgment, order or decree to which it is subject, or constitutes a default under any of the foregoing or, except as contemplated hereby, results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Company under the terms of any instrument or agreement.

(d) There are no proceedings pending, or to the knowledge of the Company threatened, against or affecting the Company in any court or before any governmental authority, arbitration board or tribunal which involve the possibility of materially and adversely affecting the properties, business, prospects, profits or condition (financial or otherwise) of the Company, or the ability of the Company to perform its obligations under this Agreement. The Company is not in default with respect to an order of any court, governmental authority, arbitration board or tribunal.

(e) No event has occurred, and no condition exists with respect to the Company that would constitute an "event of default" under this Agreement, or which, with the lapse of time or with the giving of notice, or both, would become such an "event of default."

ARTICLE III  
LEASING CLAUSES; WARRANTY OF TITLE

Section 3.01. Lease of Property. The Board hereby leases to the Company, and the Company hereby leases from the Board, the Property, for the consideration set forth in Section 5.03 hereof and in accordance with the provisions of this Agreement.

Section 3.02. Title. The Board will obtain upon the acquisition thereof good and marketable title to the Property, free from all encumbrances other than the Permitted Encumbrances.

Section 3.03. Quiet Enjoyment. Subject to the following sentence and to the limitation of liability of the Board contained herein, the Board covenants and agrees that it will warrant and defend the Company in the quiet enjoyment and peaceable possession of the Property, free from all claims of all persons whatsoever except for claims arising from the Permitted Encumbrances, throughout the Lease Term (as hereinafter defined), so long as the Company shall perform the covenants, conditions and agreements to be performed by it hereunder, or so long as the period for remedying any default in such performance shall not have expired. If the Board shall at any time be called upon to defend the title to said Property for claims not created by, through or for the Board, it shall not be required to incur any costs or expenses in connection therewith unless indemnified to its satisfaction against all such costs and expenses.

ARTICLE IV  
ACQUISITION, CONSTRUCTION AND INSTALLATION OF PROJECT

Section 4.01. Agreement to Construct, Install, and Complete Project. The Company agrees that:

- (a) It will cause title in and to the Property to be vested in the Board, subject to the Permitted Encumbrances.
- (b) It will construct and install the Project in the name of and on behalf of the Board.
- (c) It will complete the construction and installation of the Project as promptly as is commercially reasonable and practicable.

ARTICLE V  
EFFECTIVE DATE; DURATION OF LEASE TERM; CONSIDERATION

Section 5.01. Effective Date of this Agreement; Duration of Lease Term. This Agreement shall become effective upon its delivery, and the leasehold estate created hereunder shall then begin, and, subject to the other provisions of this Agreement, shall expire at midnight, December 31 of the year in which the Tax Abatement Period (as defined under the PILOT Agreement) expires, and shall thereafter continue on a month to month basis until terminated by either party on at least thirty (30) days' prior written notice (the "Lease Term").



Section 5.02. Delivery and Acceptance of Possession. The Board agrees to deliver to the Company sole and exclusive possession of the Property, and the Company agrees to accept possession of the Property upon such delivery.

Section 5.03. Consideration for Lease. In consideration of the lease granted hereunder the Company agrees to:

- (a) Cause title in and to the Property to be vested in the Board;
- (b) Construct and install the Project as described in Section 4.01 hereof;
- (c) Operate the Project and the other improvements on the Property for its own benefit and thereby indirectly for the benefit of the citizens of the County and the City; and
- (d) Make the payments required under the PILOT Agreement.

ARTICLE VI  
MAINTENANCE; MODIFICATION; TAXES AND INSURANCE

Section 6.01. Maintenance and Modification of Property by Company. The Company agrees that throughout the Lease Term it will, at its no expense to the Board keep the Property (i) in as reasonably safe condition as its operations shall permit, and (ii) in good repair and in good operating condition, normal wear and tear and obsolescence excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

Section 6.02. Removal of Machinery and Equipment Included in Project. The Board shall not be under any obligation to renew, repair or replace any inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary machinery or equipment located on the Property. In any instance where the Company in its sole discretion determines that any items of such machinery or equipment installed or placed into service by the Company have become inadequate, obsolete, worn-out, unsuitable, undesirable or unnecessary, the Company may (on behalf of the Board) remove such items of machinery or equipment and sell, trade-in, exchange or otherwise dispose of them (as a whole or in part) without any responsibility or accountability to the Board therefor.

Section 6.03. Taxes, Other Governmental Charges and Utility Charges. The Board and the Company acknowledge that under present law the Property will be exempt from taxation in the State of Tennessee. The Company will pay, as the same become lawfully due and payable, (i) all taxes and governmental charges of any kind whatsoever upon or with respect to the Property, and (ii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Property.

The Company may, at its own expense and in its own name, in good faith contest any such taxes, assessments or other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom. The Board will cooperate fully with the Company in any such contest.

Section 6.04. Maintenance of Insurance. Throughout the term of this Agreement, the Company shall keep the Property continuously insured against such risks as are customarily insured against with respect to property similar to the Property by businesses of like size and type (other than business interruption insurance), paying as the same become due all premiums in respect thereto. The Company shall also maintain commercial liability insurance with respect to all operations on the Property with such limits as are reasonably acceptable to the Board and with the Board being named as an additional insured with respect to any such insurance. The Company will also maintain workers' compensation insurance with respect to its operations on the Property. Upon the execution of this Agreement and at least annually thereafter, the Company shall provide to the Board certificates of insurance evidencing that the insurance required by this Section is in full force and effect.

Section 6.05. Indemnification of Board. The Company shall and hereby agrees to indemnify and save the Board and its officers, directors, agents, servants and employees (the "Indemnified Parties") harmless from and against all claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on, the Property or relating to the Property in any manner during the term of this Agreement, and against and from all claims arising during the term of this Agreement, from:

(a) any condition of the Property whatsoever, including any environmental contamination on or under the Property or the presence of any hazardous or regulated material on, under or about the Property;

(b) any breach or default on the part of the Company in the performance of any its obligations under this Agreement;

(c) any act of negligence of the Company or of any agents, contractors, servants, employees or licensees of the Company or of any assignee or sublessee of the Company; and

(d) any claim arising from the Permitted Encumbrances or any other lien against the Property not created by the Board.

The Company shall indemnify and save the Indemnified Parties harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought thereon, and, upon notice from the Board, the Company shall defend the Indemnified Parties or any of them in any such action or proceeding.

Notwithstanding the foregoing or anything in this Agreement to the contrary, the Company shall not be required to indemnify any of the Indemnified Parties (i) in the event of any acts of gross negligence or willful misconduct or intentional misconduct of any of the Indemnified Parties; (ii) for any claim or liabilities which the Company and the Indemnified Parties were not given an opportunity to contest as a result of the Board's failure to give the Company notice of such claim or liability; or (iii) in the event of any violation of the Brownfield Voluntary Cleanup Oversight and Assistance Agreements dated [INSERT DATES AND PARTIES] by any of the Indemnified Parties or any party thereto other than the Company; and provided further that nothing in this Agreement shall operate to waive, limit or release any claim that Company may have or

may assert through the Board pursuant to the Quitclaim Deeds from the United States of America, acting by and through the Administrator of General Services Administration (“GSA”) dated April 15, 2005, recorded in Book 7497, Page 631 and Page 485, in the Register’s Office of Hamilton County, Tennessee (“ROHC”), as amended by CERCLA Warranty Amendment to Quitclaim Deeds Granting CERCLA Covenant and Discharging Land Use Regulations from the GSA effective December 13, 2023 and recorded in Book 13520, Page 128 in the ROHC, and as further amended by the additional CERCLA Warranty Amendment, effective [INSERT DATE] and recorded in Book \_\_\_\_, Page \_\_\_\_ in the ROHC.<sup>1</sup>

Section 6.06. Board Expenses. In addition to other payments required to be made by the Company hereunder, the Company shall pay any reasonable expenses not specifically mentioned herein which are incurred by the Board in connection with the Property or this Agreement, other than the Board’s attorneys’ fees incurred in connection with the negotiation and execution of this Agreement.

Section 6.07. Depreciation and Investment Credit. The Board covenants and agrees that depreciation expenses and investment tax credit, if any, with respect to the Property shall be made available to the Company, and the Board will fully cooperate with the Company in any effort by the Company to avail itself of any such depreciation expenses or investment tax credit, but the Board shall have no responsibility or liability for failure of the Company to receive any such expenses or credits.

## ARTICLE VII DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.01. Damage and Destruction. If during the Lease Term, the Property is damaged by fire or other casualty, the Board shall cause the proceeds received by it from insurance to be paid to the Company for application in one or both of the following ways, as shall be determined by the Company:

- (a) Repair, rebuilding or restoration of the property damaged.
- (b) Reimbursement to the Company for loss in value of its interest in the Property.

Section 7.02. Condemnation of Property. If title in and to, or the temporary use of, the Property or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, the Board shall cause the proceeds received by it from any award made in such eminent domain proceeding to be paid to the Company for application in one or more of the following ways, as shall be determined by the Company:

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<sup>1</sup> Drafting note: This provision will be further refined to acknowledge and preserve the ability of Novonix to access and utilize the various CERCLA warranties and other environmental protections from the Army and/or GSA, which will be developed as part of the purchase and sale transaction.

(a) Restoration of the Property to substantially the same condition as existed prior to the exercise of said power of eminent domain.

(b) Acquisition, by construction or otherwise, of other property having substantially the same use and utility as the property taken in such proceedings (which property will be deemed a part of the Property available for use by the Company under this Agreement).

(c) Reimbursement to the Company for loss in value of its interest in the Property.

The Board shall cooperate fully with the Company, at no expense to the Board with all expenses being paid by the Company, in the handling and conduct of any prospective or pending eminent domain proceeding with respect to the Property or any part thereof and shall, to the extent it may lawfully do so, permit the Company to litigate in any such proceeding in the name and on behalf of the Board. In no event will the Board voluntarily settle, or consent to the settlement of, any prospective or pending eminent domain proceeding with respect to the Property or any part thereof without the written consent of the Company.

#### ARTICLE VIII SPECIAL COVENANTS

Section 8.01. No Warranty of Condition or Suitability by Board. The Board makes no warranty, either express or implied, as to the condition of the Property or that it will be suitable for the purposes or needs of the Company. The Company releases the Board from, agrees that the Board shall not be liable for, and agrees to hold the Board and its officers, directors, agents, servants and employees harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Property or the use thereof. The members of the board of directors of the Board shall incur no liability either individually or collectively by reason of the obligations undertaken by the Board hereunder.

#### ARTICLE IX ASSIGNMENT, SUBLEASING, PLEDGING AND SELLING

Section 9.01. Assignment or Subleasing. This Agreement may be assigned (including collateral assignments, leasehold mortgages and similar pledges) and the Property may be subleased, as a whole or in part, by the Company without the prior written consent of the Board provided that:

(a) No assignment shall relieve the Company from primary liability for any of its obligations hereunder, and, in the event of any such assignment, the Company shall continue to remain primarily liable for performance and observance of the agreements on its part herein provided to be performed and observed by it to the same extent as though no assignment had been made; and

(b) The assignee or sublessee shall assume the obligations of the Company hereunder to the extent of the interest assigned or subleased.

Notwithstanding anything else stated herein (including conditions (a) and (b) above), the Board

hereby consents to any assignment, sale or transfer of all or any portion of the Company's rights in the Property in connection with a permitted assignment under the PILOT Agreement.

Section 9.02. Financing Approvals and Consents. The Board shall cooperate with the Company, to the extent reasonable and at no additional cost to the Board, in consummating any financing related to the Project, the Property or other improvements on the Property. Without limitation of the foregoing, the Chairman of the Board, or the Chairman's designee, may, upon the Company's request, enter into or consent to such documents as are necessary to consummate such financing including, without limitation, deeds of trust, estoppel certificates, subordination and non-disturbance agreements, affidavits, certificates, and other financing documents, provided that any such documents are expressly non-recourse to the Board beyond its interest in the Property. Any such document shall further be subject to the provisions of Section 8.01 with respect to the immunities provided to members of the Board.

Section 9.03. Cooperation. The Board shall cooperate with the Company, to the extent reasonable and at no additional cost to the Board, in connection with development approvals and requirements and related activities for the Project and the development of the Property. Without limitation of the foregoing, the Chairman of the Board, or the Chairman's designee, may, upon the Company's request, execute zoning, rezoning and variance applications and any subdivision plats, easements or other documents as may be required or useful in connection with the Project or the development of the Property, provided that any such documents are expressly non-recourse to the Board beyond its interest in the Property. Any such document shall further be subject to the provisions of Section 8.01 with respect to the immunities provided to members of the Board.

Section 9.04. Restrictions on Sale of Property by Board. The Board agrees that, except for transactions effected in accordance with Section 11.03 or pursuant to a request from the Company, it will not sell, assign, mortgage, transfer or convey the Property during the Lease Term or create or suffer to be created any debt, lien or charge on the rents, revenues or receipts arising out of or in connection with its ownership of the Property, and it will not take any other action which may reasonably be construed as tending to cause or induce the levy or assessment of ad valorem taxes; provided, that if the laws of the State of Tennessee at the time shall permit, nothing contained in this Section shall prevent the consolidation of the Board with, or merger into, or transfer of the Property as an entirety to, any public corporation whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning, leasing and selling of the Property; provided that (a) such consolidation, merger or transfer shall be authorized by the governing body of the City, and (b) this Agreement shall be binding upon such public corporation, either by operation of applicable law and/or the assumption thereof by such public corporation, and enforceable against such public corporation in accordance with the terms and conditions hereof as the successor-in-interest to the Board hereunder.

## ARTICLE X EVENTS OF DEFAULT AND REMEDIES

Section 10.01. Events of Default Defined. The following shall be "events of default" under this Agreement, and the terms "event of default" or "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

(a) Failure by the Board or the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder or under the PILOT Agreement, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the defaulting party by the other party, unless the one giving notice shall agree in writing to an extension of such time prior to its expiration. If a failure under this Section 10.01(a) is such that it cannot with due diligence be corrected within such thirty (30) day period, it shall not constitute an event of default if appropriate corrective action is instituted within the applicable period and diligently pursued until the default is corrected, provided that this sentence shall not apply to any requirement to make any monetary payment or to maintain insurance.

(b) A voluntary Act of Bankruptcy or an Act of Bankruptcy which, if resulting from the filing or commencement of involuntary proceedings against the Company or the Board, is not dismissed or discharged within sixty (60) days of the filing or commencement thereof.

The foregoing provisions of subsection (a) of this Section are subject to the following limitations: if by reasons of force majeure, the Board or the Company is unable in whole or in part to carry out the agreements on its part herein referred to, the failure to perform such agreements due to such inability shall not constitute an event of default nor shall it become an event of default upon appropriate notification or the passage of this stated period of time. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; act of public enemies; orders of any kind of the government of the United States of America or of the State of Tennessee or any of their respective departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; pandemics or epidemics; landslides; lightning; earthquakes; fires, hurricanes, tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Board or the Company. The Board and the Company agree, however, to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Board or the Company, as the case may be and the Board and the Company shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the Board or the Company, unfavorable to it. This paragraph shall not excuse the Company from making any payment hereunder or maintaining insurance to the extent required hereunder.

Section 10.02. Remedies on Default. Whenever any event of default referred to in Section 10.01 hereof shall have occurred and be subsisting, the Board or the Company, as the case may be, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant under this Agreement, and upon an event of default of the Company that is not cured as provided above, the Board may terminate this Agreement upon not less than ninety (90) days after giving written notice of termination to Company. This termination right is subject to Company's option pursuant to Section 11.02, and at any time during the Lease Term or within 180 days after the expiration of

the Lease Term, Company may exercise its option in Section 11.02 without regard to whether an event of default has occurred.

Section 10.03. Notice to Lender; Additional Rights to Cure. If a Lender shall have given the Board, before a specific event of default shall have occurred hereunder, a written notice specifying the name and mailing address of the Lender, then notwithstanding the provisions of Section 10.02, Board shall not terminate this Agreement by reason of the occurrence of an event of default unless Board shall have given the Lender a copy of its notice to Company of such event of default addressed to the mailing address last furnished by the Lender, and such event of default shall not have been cured by such Lender within the time permitted herein (which such time period, with respect to Lender, shall begin upon receipt of the notice to the Lender), provided that the Lender shall have the right to extend the period of time for the curing of any such event of default (other than making any payment hereunder or maintaining insurance to the extent required hereunder) for an additional period of thirty (30) days from the expiration of the Lender's initial thirty (30) day period, if the event of default is such that it cannot with due diligence be corrected within such additional thirty (30) day period, then it shall not constitute an event of default if appropriate corrective action is instituted by the Lender within the applicable period and diligently pursued until the default is corrected.

## ARTICLE XI OPTIONS IN FAVOR OF COMPANY

Section 11.01. Options to Terminate. The Company shall have the following options to cancel or terminate the term of this Agreement:

(a) At any time, the Company may terminate the Lease Term by giving written notice to the Board of such termination and may purchase the Property as provided below.

(b) At any time, the Company may terminate this Agreement as to a part of the Property by giving written notice to the Board of such termination and may purchase such portion of the Property as provided below, and such termination shall forthwith become effective as to that part of the Property.

Section 11.02. Option to Purchase Property. At any time during the Lease Term and for 180 days after the termination or expiration of the Lease Term or termination of this Agreement as to a portion of the Property, the Company shall have, and is hereby granted, the option to purchase the Property or that part of the Property as to which the Agreement has been terminated, as the case may be, for the purchase price, in each case, of One Dollar (\$1.00) plus all amounts that are due or have accrued under this Agreement (if all of the Property is purchased). This option may be exercised whether or not the Company is in default hereunder, and this option shall survive termination of this Agreement.

Section 11.03. Conveyance on Exercise of Option. Upon exercise of the option granted above, the Board will, upon receipt of the purchase price, deliver to the Company documents conveying to the Company title to the Property or part of the Property, as the case shall be, by appropriate deeds and bills of sale, subject only to:

(a) those liens and encumbrances, if any, to which title to said property was subject when conveyed to the Board;

(b) those liens and encumbrances created by or with the consent of the Company; and

(c) those liens and encumbrances resulting from the failure of the Company to perform or observe any of the agreements on its part contained in this Agreement.

ARTICLE XII  
MISCELLANEOUS

Section 12.01. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by first class United States mail, postage prepaid, or sent by email with confirmation of receipt addressed as follows:

Board	The Industrial Development Board of the City of Chattanooga 100 E. 11 <sup>th</sup> Street, Suite 200 Chattanooga, Tennessee 37402 Attention: Phillip A. Noblett Email: <a href="mailto:pnoblett@chattanooga.gov">pnoblett@chattanooga.gov</a>
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Company	Novonix Enterprise South LLC 353 Corporate Place Chattanooga, Tennessee 37419 Attention: Rashda M. Buttar Email: <a href="mailto:rashda@novonixgroup.com">rashda@novonixgroup.com</a>
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With a copy to:	Miller & Martin PLLC Suite 1200 Volunteer Building 832 Georgia Avenue Chattanooga, Tennessee 37402 Attention: Mark W. Smith Email: <a href="mailto:mark.smith@millermartin.com">mark.smith@millermartin.com</a>
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Lender:	_____ _____ _____ Attention: _____ Email: _____
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Any such person may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communication shall be sent.



Section 12.02. Amendment. This Agreement may be amended only in writing, signed by the Board and the Company. If a Lender shall have given the Board, before the execution of an amendment, a written notice specifying the name and mailing address of the Lender, then any amendment shall further require the prior written consent of the Lender.

Section 12.03. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Company, the Board, and their respective successors and assigns.

Section 12.04. Severability. If any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.05. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.06. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope, extent or intent of any provision or Section hereof.

Section 12.07. Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Tennessee.

Section 12.08. Prohibition on Boycott of Israel. The Company certifies that it is not currently engaged in, and will not for the duration of this Agreement, engage in a boycott of Israel as defined by Tenn. Code Ann. § 12-4-119.

**IN WITNESS WHEREOF**, the Board and the Company have caused this Agreement to be duly executed in their respective corporate names, all as of the date first above written.

BOARD:

THE INDUSTRIAL DEVELOPMENT BOARD  
OF  
THE CITY OF CHATTANOOGA

ATTEST:

By: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairman

STATE OF TENNESSEE :  
COUNTY OF HAMILTON :

Personally appeared before me, \_\_\_\_\_, Notary Public,  
\_\_\_\_\_ and \_\_\_\_\_,  
with whom I am personally acquainted, and who acknowledged that they executed the within instrument for the purposes therein contained, and who further acknowledged that they are the Chairman and Secretary of the Board, **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA**, and are authorized by the Board to execute this instrument on behalf of the Maker.

WITNESS my hand, at office, this \_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

COMPANY:

NOVONIX ENTERPRISE SOUTH LLC

By: \_\_\_\_\_  
\_\_\_\_\_, Authorized Person

STATE OF TENNESSEE :  
COUNTY OF HAMILTON :

Personally appeared before me, \_\_\_\_\_, Notary Public,  
\_\_\_\_\_, with whom I am personally acquainted, and who acknowledged  
that he executed the within instrument for the purposes therein contained, and who further  
acknowledged that he is an Authorized Person of NOVONIX ENTERPRISE SOUTH LLC, a  
Delaware limited liability company (the "Company") and is authorized by the Company to execute  
this instrument on its behalf.

WITNESS my hand, at office, this \_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_

**EXHIBIT "A"**  
**PROPERTY**

**EXHIBIT "B"**

**PERMITTED ENCUMBRANCES**

RESOLUTION NO. 32421

A RESOLUTION TO MAKE CERTAIN FINDINGS RELATING TO THE NOVONIX ENTERPRISE SOUTH LLC PROJECT, TO AUTHORIZE THE CITY MAYOR TO ENTER INTO AND EXECUTE A “REAL ESTATE PURCHASE AND SALE AGREEMENT” RELATIVE TO THE SALE OF APPROXIMATELY 182.39 ACRES KNOWN AS THE SPECIAL LEGISLATIVE AREA, MAIN MANUFACTURING AREA, PARCEL 1.02, 182.39 ACRES, OF THE ENTERPRISE SOUTH INDUSTRIAL PARK AND AUTHORIZING THE CITY MAYOR TO EXECUTE A DEED AND OTHER NECESSARY CLOSING DOCUMENTS CONVEYING SAID PROPERTY TO THE PURCHASER IDENTIFIED IN THE SALE AGREEMENTS DEFINED BELOW UPON THE SALE PRICE BY THE PURCHASER, TO DELEGATE CERTAIN AUTHORITY TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, AND TO AUTHORIZE THE MAYOR TO ENTER INTO AND EXECUTE AN AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES.

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WHEREAS, Hamilton County (the “County”) and the City of Chattanooga (the “City”) jointly own certain property identified as party of State Tax Map No. 130 also known as party of the Enterprise South Industrial Park; and

WHEREAS, a proposal has been presented in which Novonix Enterprise South LLC, directly or through one or more related entities (together, the “Company”) desires to purchase 182.39 acres (more or less, subject to survey), known as the Special Legislative Area, Main Manufacturing Area, Parcel 1.02 in Enterprise South Industrial Park (the “Property”) at the average purchase price of \$25,000.00 per acre (\$4,559,750.00); and

WHEREAS, a “Real Estate Purchase and Sale Agreement” and proposal have been presented by the Company, in accordance with the attached or similar documents; and

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

WHEREAS, the Company is contemplating the acquisition, improvement and equipping of manufacturing facilities and operations in the City and County, and, because of the substantial economic benefits to the City and County resulting from the project, has asked the Corporation and the City Council to approve payments in lieu of ad valorem taxes; and

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

WHEREAS, it is in the best interest of the City to accept said offer for the continued economic growth of the City;

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That the Mayor is hereby authorized to enter into and execute the "Real Estate Purchase and Sale Agreement" relative to the Property, in substantially the form attached hereto, with such changes as he shall approve (the "Sale Agreement"), and that the Mayor is further authorized to execute a deed, other necessary closing documents and any other agreement, certificate or other document in connection with the transactions contemplated by the Sale Agreement; and

That we do hereby find that the project referenced above 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 Corporation's public purposes; and

That, having made such a finding in this instance, we do hereby delegate to the Corporation 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 with the Company, in substantially the form attached hereto, with such changes thereto as he shall approve; and

That the Mayor and other officials of the City are hereby authorized to execute such other agreements, certificates or documents and to take such further actions as may be necessary to consummate the transactions approved in this Resolution.

ADOPTED: March 11, 2025

/mem



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

**THIS AGREEMENT** (the "Agreement") is made and entered into as of this the [30<sup>th</sup> day of June, 2025,<sup>1</sup>] by and among **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA** (the "Board"); **NOVONIX ENTERPRISE SOUTH LLC** (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** (the "Trustee"), and by **MARTY HAYNES and his successors, acting in the capacity of HAMILTON COUNTY ASSESSOR OF PROPERTY** (the "Assessor").

**WITNESSETH:**

**WHEREAS**, the Company is contemplating (i) the acquisition of an interest in and the improvement of certain real property in Chattanooga, Hamilton County, Tennessee, as more particularly described on Exhibit A attached hereto (the "Real Property"); and (ii) the acquisition of machinery, equipment and other personal property (including replacements of such property), as more particularly described on Exhibit B attached hereto and incorporated herein (the "Personal Property") (the initial interest in the Real Property and the new improvements to the Real Property during the Five Year Period (defined below) and the Personal Property shall be referred to as the "Project"), resulting in an investment of at least \$1 billion and the creation of at least 500 full-time jobs which jobs shall have an average annual wage (excluding benefits) equal to at least \$61,000.00 (collectively the "Investment, Jobs and Wage Projection") on or before [June 30, 2030] (the "Five Year Period"); and

**WHEREAS**, the Company has requested the Board's assistance with the Project; and

**WHEREAS**, substantial economic benefits to the City and County economies will be derived from the Project; and

**WHEREAS**, the Board agrees to hold title to the Real Property and the Personal Property, together with all additions thereto, replacements thereof, and substitutions therefor (collectively, the "Property") and to lease the Property to the Company pursuant to those certain Lease Agreements (each, a "Lease" and, collectively, the "Leases"), based on the documents dated of even date herewith, between the Board and 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, § 7-53-101, *et seq.*, the Property will be exempt from ad valorem property taxes ("property taxes") normally paid to the

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<sup>1</sup> Drafting note: This draft assumes that Novonix will acquire a leasehold interest in the underlying real property as of June 30, 2025. In the event that the actual closing of the real estate transaction is accelerated or delayed, the dates in this agreement will be extended to correlate to the actual closing date. Several other dates that are connected to the effective date are bracketed below and will be similarly adjusted based on the actual closing date.

City and to the County, so long as the Property is owned by the Board, pursuant to the provisions of Tennessee Code Annotated, § 7-53-305; 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, including, without limitation, the requirement that the Board collect and expend such payments in furtherance of the public purposes for which the Board was created; 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 City of Chattanooga Treasurer (the "Treasurer") and the Trustee, who shall disburse such amounts to the City and the County in accordance with the requirements specified herein; and

**WHEREAS**, the Board wishes to designate the Assessor as its agent to appraise the Property and assess a percentage of its value in the manner specified herein; and

**WHEREAS**, the Board wishes to designate the Treasurer and the Trustee as its agents 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 Treasurer, the Trustee, 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 Treasurer and the Trustee and as its agents 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 Treasurer and 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 Treasurer and the Trustee shall send the Board and the Company bills 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 Treasurer and the Trustee the amounts indicated on the Tax Bills for its Property, which amounts shall be determined in accordance with the provisions set forth below in Section 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. The City and the County have agreed to a fifteen (15) year tax abatement period beginning, at the written election of the Company, as of January 1 of the year in which the Project is Substantially Complete (if notice of such election is delivered to the City and County on or before September 1 of such year) or as of January 1 of the year following the year in which the Project is Substantially Complete, but in no event later than January 1, 2031 (as applicable, the "PILOT Start Date"). For purposes of this Agreement "Substantially Complete" means the stage of construction progress of the Project when all material components of the original manufacturing facility are open for business under a temporary certificate of occupancy or a final certificate of occupancy.

For the fifteen (15) year period beginning as of the PILOT Start Date (the "Tax Abatement Period"), the Company shall make In Lieu Payments with respect to the Project in an amount, as determined by the Assessor, the Treasurer and the Trustee, equal to the following percentage of the taxes that would have been payable on the Project if it were subject to property taxes for the respective years shown:

Year	City General Fund	County General Fund	County School Fund
Year 1	0%	0%	100%
Year 2	25%	25%	100%
Year 3	40%	40%	100%
Year 4	50%	50%	100%
Year 5	50%	50%	100%
Year 6	50%	50%	100%
Year 7	50%	50%	100%
Year 8	50%	50%	100%
Year 9	50%	50%	100%
Year 10	50%	50%	100%
Year 11	50%	50%	100%
Year 12	50%	50%	100%
Year 13	50%	50%	100%
Year 14	50%	50%	100%
Year 15	50%	50%	100%
Year 16 & thereafter	100%	100%	100%

For example, if the initial manufacturing facility is Substantially Complete as of July 1, 2028, the Company may elect a PILOT Start Date of either January 1, 2028 or January 1, 2029. In the case the Company elects a January 1, 2029 PILOT Start Date, "Year 1" in the above chart would be 2029, and the Tax Abatement Period would include years 2029 - 2044.

For the avoidance of doubt, the parties intend that the Company shall make (i) In Lieu Payments in an amount equal to one hundred percent (100%) of all ad valorem taxes that would be dedicated to the support of the County school system, which the Company and County acknowledge and agree currently equates to 45.22% of the amount of the total County taxes that would have been payable on the Project if it were subject to property taxes (the "School Portion"), and (ii) In Lieu Payments in an amount equal to the above graduated amounts for all other ad valorem taxes of County that would have been payable on the Project if it were subject to property taxes, excluding the educational portion of the County ad valorem taxes.

For any portion of the Property other than the Project, the Company shall make In Lieu Payments in an amount, as determined by the Assessor, the Treasurer and the Trustee, equal to one hundred percent (100%) of the amount of taxes that would have been payable on this portion of the Property if it were subject to property taxes.

For any periods before the Tax Abatement Period or after the Tax Abatement Period that the Property is owned by the Board and leased to the Company, the Company shall make In Lieu Payments in an amount, as determined by the Assessor, the Treasurer and the Trustee, equal to one hundred percent (100%) of the amount of taxes that would have been payable on the Project if it were subject to property taxes.

Notwithstanding the above, any amounts assessed and paid as property taxes against the Property shall be credited against any In Lieu Payments due under this Agreement.

## 5. Optional Expansion.

(a) Phase 2 Expansion. The Company shall have the option, but not the obligation, to undertake a second phase of the Project, which would increase the Company's expected investment in the Real Property and the Personal Property to approximately \$2,100,000,000.00 and would involve the creation of approximately 675 additional new, full-time jobs (a "Phase 2 Expansion"). To make such an election, the Company must give written notice of its election to undertake a Phase 2 Expansion to the City, County and Board at any time on or before [June 30, 2029]. The Company shall also be required to commence construction of the Phase 2 Expansion on or before [June 30, 2030].

(b) In the event the Company undertakes and commences construction of the Phase 2 Expansion in accordance with the requirements of subsection (a), above, the Company's investment in the Phase 2 Expansion shall be eligible to utilize the In Lieu Payment percentages set forth in Section 4 for the remainder of the Tax Abatement Period in the same manner and to the same extent as such percentages apply to the Project, provided that the percentages shall not apply to the Phase 2 Expansion until the earlier of (i) January 1 of the year following the year when all material components of the Phase 2 Expansion are open for business under a temporary certificate of occupancy or a final certificate of occupancy or (ii) January 1,

2036. The Phase 2 Expansion will also be subject to the economic development lease payments required under Section 10 in the same manner and to the same extent as such payments apply to the Project.

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

(a) If a Company fails to make its 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. Additional late charges of one and one-half percent (1-1/2%) of the amount shall accumulate and become immediately due and payable upon the expiration of each subsequent thirty (30) day period when there remains any outstanding unpaid amount.

(b) If a 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 against the Company 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.

7. Minimum Requirements; Annual Review; Increase in Amount of In Lieu Payments. The Company covenants as follows for the benefits included in this Agreement:

(a) Minimum Requirements. The Company must meet one hundred percent (100%) of the Minimum Job Requirement and one hundred percent (100%) of the Minimum Investment Requirement by the end of the Five Year Period (the "Determination Date") and during each calendar year thereafter during the Tax Abatement Period. For purposes of this Section, the "Minimum Jobs Requirement" equals 400 full-time jobs, and the "Minimum Investment" equals \$800,000,000. For purposes of meeting the Minimum Jobs Requirement, the Company may also include full-time jobs created by the Company and by Novonix Anode Materials LLC ("NAM") at facilities of the Company in the City and at other facilities of NAM in the City whose primary responsibility is to support operations at the Project (or in the case of non-production personnel, the operations of the Company or NAM as a whole), but the Company may not include any jobs created by NAM that are used by NAM at any time to satisfy minimum job requirements under that certain Agreement for Payments In Lieu of Taxes between the City, the County, the Board, NAM and Novonix 1029, LLC dated July 28, 2021, including any such jobs that are later transferred to the Company.

(b) Annual Employment Review. If the Company fails to achieve the Minimum Jobs Requirement during the calendar year immediately following the Determination Date or during in any calendar year thereafter during the Tax Abatement Period, the City and the County reserve the right but are not obligated to increase the amount of the general fund In Lieu Payments applicable to the Project for the same calendar year in which such failure occurs by a percentage equal to 100% less the "Company's Job Performance" for such calendar year (the "Job In Lieu Payment Percentage Increase"). The "Company's Job Performance" for any calendar year means the proportion, expressed as a percentage, that the average number of full-time jobs actually maintained by the Company (and NAM in accordance with subsection (a)) bears to the Minimum

Job Requirement. For purposes of determining compliance with the Minimum Job Requirement, the Company may only include the total number of full-time jobs that have a blended average wage (excluding benefits) of \$61,000, as calculated across the total number of jobs reported for determining compliance divided by the total wages associated with all such jobs (including, for clarity, individual jobs that have wages of less than \$61,000 so long as the total blended average wages associated with the total number of reported jobs equals or exceeds \$61,000). In no event shall the Company's annual General Fund In Lieu Payments exceed one hundred percent (100%) of the general fund taxes that would be assessed against the Project if it were subject to general fund taxes.

**Example 1:**

Total number of full-time jobs as of December 31, 2034 = 500

Minimum Job Requirement = 400

No increase in In Lieu Payments for 2034

(Minimum Job Requirement has been exceeded)

**Example 2:**

Total number of full-time jobs as of December 31, 2034 = 380

Minimum Job Requirement = 400

Job Performance = 95%

Job In Lieu Payment Percentage Increase for 2034 = 5%

(In Lieu Payment Percentages for the City General Fund and the County General Fund may be increased by 5%, and in this example, assuming 2034 is year 4 of this Agreement, the In Lieu Payment Percentage for 2034 for the City General Fund and for the County General Fund may be increased from the current requirement of 50% to 55%)

(c) Annual Investment Review. If the Company fails to achieve the Minimum Investment Requirement during the calendar year immediately following the Determination Date or during in any calendar year thereafter during the Tax Abatement Period, the City and the County reserve the right but are not obligated to increase the amount of the general fund In Lieu Payments applicable to the Project for the same calendar year in which such failure occurs by a percentage equal to 100% less the "Company's Investment Performance" for such calendar year (the "Investment In Lieu Payment Percentage Increase"). The "Company's Investment Performance" for any calendar year means the proportion, expressed as a percentage, that the actual aggregate capital investment made by the Company through the end of such calendar year, including all capital investment made in the preceding calendar years in connection with the Project, bears to the Minimum Investment Requirement. In no event shall the Company's annual General Fund In Lieu Payments exceed one hundred percent (100%) of the general fund taxes that would be assessed against the Project if it were subject to general fund taxes.

**Example 3:**

Total amount of capital investment through December 31, 2034 =  
\$1,000,000,000.00

Minimum Investment Requirement = \$800,000,000.00

No increase in In Lieu Payments for 2034 (Minimum Investment Requirement has been exceeded)

**Example 4:**

Total amount of capital investment through December 31, 2034 = \$720,000,000.00

Minimum Investment Requirement = \$800,000,000.00

Companies' Investment Performance = 90%

Investment In Lieu Payment Percentage Increase for 2034 = 10%

(In Lieu Payment Percentages for the City General Fund and the County General Fund may be increased by 10%, and in this example, assuming 2034 is year 4 of this Agreement, the In Lieu Payment Percentage for 2034 for the City General Fund and for the County General Fund may be increased from the current requirement of 50% to 60%)

Such formula shall be evaluated on an annual basis until the Minimum Investment Requirement has been met or exceeded, whereupon no further evaluations or increase in the amount of the In Lieu Payments pursuant to this Section 7(c) shall occur.

(d) Single Adjustment Regarding Tax Abatement; Issuance of Supplemental Bill to the Company. If both the annual employment review under Section 7(b) and the investment review under Section 7(c) for any calendar year indicate an increase in the In Lieu Payments for the same calendar year in which such failure occurs, and if the City and the County elect to increase the In Lieu Payments for such calendar year, then the City and the County shall determine whether the increase under Section 7(b) or Section 7(c) shall apply, which shall be the sole remedy for a shortfall in the Investment, Jobs and Wage Projection. The increase under Section 7(b) and Section 7(c) shall not be combined. If the City and the County increase the amount of the In Lieu Payments pursuant to the annual employment review under Section 7(b) for any calendar year, then they may not, in the same year, also increase the amount of the In Lieu Payments pursuant to Section 7(c), and vice versa. For example, using Examples 2 and 4 shown above, the City and the County may elect to either (i) increase the amount of the In Lieu Payments to the City General Fund and the County General Fund under Section 7(b) by 5% or (ii) increase the amount of the In Lieu Payments to the City General Fund and the County General Fund under Section 7(c) by 10%. In accordance with the foregoing and once a determination has been made of the Jobs In Lieu Payment Percentage Increase or the Investment In Lieu Payment Percentage Increase, whichever is determined to be applicable, the Trustee shall compute the amount of the additional In Lieu Payment resulting therefrom and will issue a supplemental bill to the Company for that payment.

(e) Adjustments to Minimum Jobs Requirement and Minimum Investment – Phase 2 Expansion. In the event the Company undertakes and commences construction of the Phase 2 Expansion in accordance with the requirements of Section 5(a), above,

then as of [January 1, 2036], the "Minimum Jobs Requirement" for purposes of Section 7(b) will increase from 400 full-time jobs to 940 full-time jobs, and the "Minimum Investment" for purposes of Section 7(c) will increase from \$800,000,000.00 to \$1,680,000,000.

(f) Project Closure. In the event the Project closes or moves from the City and/or the County during the Tax Abatement Period, the City and the County reserve the right to immediately terminate the tax abatements provided by this Agreement and require the partial repayment of amounts from the Company that would have been payable on the Property during the Tax Abatement Period as if it were subject to property taxes. The provisions of this subsection (e) shall be the sole remedy for a closure or relocation of the Project.

8. Community Benefit Obligations.

(a) The Company will make good faith efforts, in consultation with the City, County and Chattanooga Area Chamber of Commerce (the "Chamber") to develop collaborative research programs with the University of Tennessee at Chattanooga's (UTC) College of Engineering & Computer Science and collaborations between UTC and the company's current university programs.

(b) The Company will make good faith efforts, in consultation with the City, County and Chamber to publicize available job opportunities at the Project so as to maximize the opportunities for qualified residents of Hamilton County, Tennessee to seek and gain employment at the Project.

(c) The Company will make good faith efforts, in consultation with the City, County and Chamber, to publicize available construction and service contract opportunities at the Project so as to maximize the opportunities for qualified contractors located in Hamilton County, Tennessee to seek and gain contracts in connection with the Project.

(d) The Company will make good faith efforts to encourage the employment of ex-offenders through organizations such as Project Return or through internal hiring policies.

(e) The Company will make good faith efforts to provide financial education and/or planning training or information for all new full-time employees that highlights the opportunities to participate in the Company's retirement plan and the benefits of participating in the plan.

9. Disbursements by the Treasurer and Trustee. All sums received by the Treasurer pursuant to Section 3 for the benefit of the City shall be disbursed to the appropriate funds of the City in accordance with this Section 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 Section 3 for the benefit of the County (other than the School Portion which shall be paid to the School Fund) shall be disbursed to the appropriate fund of the County in accordance with this Section 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 for the benefit of the County shall be placed 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 Section 3 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.

10. Economic Development Lease Payments.

(a) For each calendar year in which the In Lieu Payment Percentage as to the City General Fund and as to the County General Fund (see chart in Section 4) is less than 100%, an Economic Development Payment equal to 15% of the property taxes for the City and the County, respectively, that would otherwise be payable for such year on the Project if it were subject to property taxes as calculated by the Treasurer and Trustee pursuant to Section 2, above, shall be computed and collected by the Treasurer and Trustee; provided, however, in no event shall the total of the Company's annual In Lieu Payments plus the Economic Development Payment to the City and the County exceed one hundred percent (100%) of the respective City and County taxes that would be assessed against the Project if it were subject to property taxes. Beginning in "Year 1" of the chart set forth in Section 4, this Economic Development Payment will be paid for each year that the Property is owned by the Board through and including "Year 15" if the In Lieu Payment Percentage as to the City General Fund and as to the County General Fund (see chart in Section 4) for such calendar year is less than 100%. If the Board's ownership ceases during any calendar year, then that year's Economic Development Payment will be prorated, but in no event shall the total of the Company's prorated tax payments, prorated City and County In Lieu Payments plus the prorated Economic Development Fee exceed one hundred percent (100%) of the prorated City and County property taxes that would be assessed against the Project if it were subject to City and County taxes. The Trustee shall add the Economic Development Payment as a separate line item on the Tax Bill, and the Company shall pay the Economic Development Payment for each such year during the term before March 1 of the following year. Any failure to pay the Economic Development Payment on or before March 1 shall result in penalties and late charges calculated in the same manner as penalties and late charges are calculated for In Lieu Payments under this Agreement.

(b) The Trustee shall not deduct any part of the Economic Development Payment from the School Portion of the In Lieu Payments. As the Company makes Economic Development Payments to the County from time to time, the Trustee shall disburse the County's Economic Development Payment in accordance with the following provisions:

(i) The first \$5,000,000 of the County's Economic Development Payment shall be retained by the County and deposited in a fund for payment or reimbursement of capital expenditures incurred by the County in connection with the construction and/or equipping of a Chattanooga area high school to

support workforce development and career and technical education;

- (ii) The next \$1,650,000.00 of the County's Economic Development Payment shall be paid over to the Board for deposit in a special dedicated account (the "Project Fund") that may only be used for Project Purposes (as defined below); and
- (iii) Any remaining amounts of the County's Economic Development Payment following the uses outlined in paragraphs (i) and then (ii), above, will be retained by the County.

(c) As the Company makes Economic Development Payments to the City from time to time, the Treasurer shall disburse the City's Economic Development Payment in accordance with the following provisions:

- (i) Each year, the Treasurer will disburse a portion of the City's Economic Development Payment to the Board in an amount equal to the amount retained by or paid over by the County in accordance with subsection (b)(i) and (ii), above, during the same year, and the Board will deposit such funds into the Project Fund for use for Project Purposes; and
- (ii) Any remaining amounts of the City's Economic Development Payment following the uses outlined in paragraph (i), above, will be retained by the City.

The intent of the foregoing provisions is to ensure that funds allocated for the purposes outlined in subsection (b)(i) and (ii) and for the purposes outlined in subsection (c)(i) will be provided on an annual basis in an amount that is evenly divided between the City and the County. By way of example, if the amount of the County's Economic Development Payment that is retained by or paid over to the County in accordance with subsection (b)(i) and (ii), above, is \$100,000 in a specific year, an equal amount \$100,000 of the City's Economic Development Payment in that year will be disbursed to the Board and deposited in the Project Fund.

(d) The Board will disburse funds deposited in the Project Fund pursuant to subsection (b)(ii) for use for such Project Purposes as may be requested by the Company and approved from time to time by the Mayor of the County, which approval shall not be unreasonably withheld. The Board will disburse funds deposited in the Project Fund pursuant to subsection (c)(i) for use for such Project Purposes as may be requested by the Company and approved from time to time by the Mayor of the City, which approval shall not be unreasonably withheld. For any disbursements from the Project Fund that reimburse the Company for

expenditures made by the Company for Project Purposes, the Company may, in the alternative, elect to receive a credit against the obligation to pay City or County Economic Development Payments or a refund of such payments to the extent of the approved disbursements.

(e) For the purpose of this Section 10, "Project Purposes" shall mean (i) infrastructure, workforce training, employee recruitment, outreach to underemployed and unemployed individuals, and removing employment barriers for citizens of the City and the County; (ii) upgrades to sewer facilities in connection with the Project, improvements to Ferdinand Piech Way in connection with the Project, rail improvements in connection with the Project, and improvements to Hickory Valley Road in connection with the Project; (iii) marketing campaigns to attract workers for Chattanooga's manufacturing sector; (iv) improved public transportation service to Enterprise South Industrial Park; (v) support of public, private and public-private childcare and early learning facilities in Enterprise South Industrial Park; and (vi) support of the development of an advanced manufacturing workforce training center in collaboration with Gateway High School and potentially other schools in the area. In the event that the Company proceeds with a Phase 2 Expansion, the "Project Purposes" shall include any of the foregoing purposes in connection with the Phase 2 Expansion, and shall also include further site work, utility improvements, and other infrastructure improvements in connection with the Phase 2 Expansion.

(f) Increase in Payments – Phase 2 Expansion. In the event the Company undertakes and commences construction of the Phase 2 Expansion in accordance with the requirements of Section 5(a), above, the maximum amount of the County's Economic Development Payment to be paid over to the Board under Section 10(b)(ii) shall be increased from \$1,650,000.00 to \$4,850,000.00, and the maximum amount of the City's corresponding obligation under Section 10(c)(i) will be increased in a similar amount so that the City's maximum obligation is increased from \$6,650,000.00 to \$9,850,000.00, provided, however, that if all material components of the Phase 2 Expansion are not open for business under a temporary certificate of occupancy or a final certificate of occupancy as of January 1, 2036, the obligations of the Board, the City and the County under this subsection (f) shall cease and be of no further force or effect.

11. Contest by the Company. The Company shall have the right to contest the appraisal or assessment of the Property by the Assessor, the computation by the Treasurer and the Trustee of the amount of the In Lieu Payment and the calculation of the Economic Development Payments. If the Company contests any such appraisal or assessment, then it shall present evidence to the Assessor in favor of its position. If the In Lieu Payments, or the Economic Development Payments, as applicable, being contested shall be or become due and payable, the Company shall make such payments under protest. The Company and the Assessor, the Treasurer or the Trustee, as the case may be, shall negotiate in good faith for a period not to exceed sixty (60) days to resolve any disputes as to appraisal, assessment or computation of the In Lieu Payment or the Economic Development Payments, as applicable. If the Company and the Assessor, the Treasurer or the Trustee, as the case may be, 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.

12. Lien on the 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.

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

14. Leasehold Taxation. The Board, the City, the County, the Treasurer, the Trustee and the Assessor acknowledge and agree that the Company's real and personal property leasehold interests in the Property under the Lease shall not be subject to assessment for ad valorem tax purposes. If the leasehold interests of the Company in the Property should be subject to ad valorem taxation for any year hereunder, then any amounts assessed as taxes thereon shall be credited against any In Lieu of Tax Payments and Economic Development Payments paid under this Agreement and carried forward from year to year until fully utilized.

15. 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 addressed as follows:

Board:	The Industrial Development Board of the City of Chattanooga 100 E. 11 <sup>th</sup> Street, Suite 200 Chattanooga, Tennessee 37402 Attention: Phil Noblett
The City:	Phillip A. Noblett City Attorney City of Chattanooga 100 E. 11 <sup>th</sup> Street, Suite 200 Chattanooga, Tennessee 37402
The County:	Rheubin M. Taylor County Attorney Hamilton County Government Room 204, County Courthouse Chattanooga, Tennessee 37402
Company:	Novonix Enterprise South LLC 353 Corporate Place Chattanooga, Tennessee 37419 Attention: Rashda M. Buttar

With a Copy to:	Miller & Martin PLLC 832 Georgia Avenue Suite 1200, Volunteer Building Chattanooga, Tennessee 37402 Attention: Mark W. Smith
The Assessor	Hamilton County Assessor of Property Hamilton County Courthouse Chattanooga, Tennessee 37402
The Treasurer:	City of Chattanooga Treasurer 101 East 11 <sup>th</sup> Street Chattanooga, TN 37402
The Trustee:	Hamilton County Trustee Hamilton County Courthouse Chattanooga, Tennessee 37402

Any such person may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communication shall be sent. 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.

16. 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.

17. 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.

18. No Liability of Board, City and County Officers. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any incorporator, member, official, director or officer, as such, of the Board, the City or the County, whether past, present or future, either directly or through the Board, the City or the County. 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.

19. Assignment.

(a) Except in the event of the conveyance of all or a portion of the Property or all or a portion of a leasehold interest in the Property as a result of a foreclosure or

deed in lieu of foreclosure or except as otherwise provided in this Section, the Company may only assign this Agreement, or any part hereof, with the prior consent of the Mayor of the City, the Mayor of the County, and the Board. The Mayor of the City, the Mayor of the County and/or the Board shall not withhold such consent upon the occurrence of all of the following conditions: (i) there is no default under this Agreement at the time of the assignment, (ii) all requirements of the Company under this Agreement have been satisfied as of the date of the assignment, and (iii) any assignee agrees to provide proof of sufficient assets to fund the Company's portion of the business plan for the Project and agrees to be bound by the terms of this Agreement from and after the date of assignment (the "Consent Requirements"). If the Company provides the Mayor of the City, the Mayor of the County and the Board (x) a certificate of an officer of the Company certifying that the requirements of (i) and (ii) have been satisfied and (y) proof of sufficient assets to fund the business plan for the Project and a copy of an assignment and assumption agreement pursuant to which the assignee agrees to be bound by the terms of this Agreement, the Mayor of the City, the Mayor of the County and the Board shall each have the option, upon at least seven (7) days' prior notice to the Company, to meet with a representative of the Company within forty-five (45) days of receipt of the Company's certificate for purposes of determining whether the Company has satisfied the Consent Requirements. Unless the Mayor of the City, the Mayor of the County and the Board meet with the Company and all state in writing within such forty-five (45) day period that the Company has not satisfied the Consent Requirements, the Company may assign this Agreement in accordance with the terms and conditions described in the Company's certificate without any further action of the Mayor of the City, the Mayor of the County and/or the Board. In the event that the Mayor of the City, the Mayor of the County and the Board timely state in writing that the Company has not satisfied the Consent Requirements, the Company and the assignee may, upon the Company's request, appear before the City Council of the City, the Board of Commissioners of the County and the Board to request approval of such assignment pursuant to the terms of this Section, which consents shall not be unreasonably withheld. Upon satisfaction of the requirements of this Section, the assignment shall relieve the Company from liability for any of its obligations hereunder as of the effective date of the assignment.

(b) Notwithstanding the provisions of subsection (a), above, and notwithstanding any other provision in this Agreement or the applicable Lease to the contrary, a Company may make a collateral assignment of all or any portion of its interests in this Agreement, its Lease and its portion of the Property for the benefit of one or more banks or other lenders that, from time to time, provide financing to the Company. Nothing in this Agreement or the applicable Lease shall in any way restrict any sale or transfer of the leasehold interest and other interests of the Company in its portion of the Property pursuant to a judicial or non-judicial foreclosure sale as a result of the exercise of any one or more lender's rights under the applicable loan documents. The City, the County and the Board shall cooperate with the Company, to the extent reasonable and at no additional cost to the City, County or Board, in consummating any financing for the Company that involves a pledge or assignment of the Company's interests in this Agreement, the Lease or its portion of the Property. Without limitation of the foregoing, the Mayor of the City, the Mayor of the County, and the Chairman of the Board, or any of their respective designees, are authorized, upon the Company's request, enter into or consent to such documents as are necessary to consummate such financing including, without limitation, consents to assignment, deeds of trust, estoppel certificates, subordination and non-disturbance agreements, affidavits and certificates, provided

that any such documents are expressly non-recourse to the City, County and Board beyond the Board's interest in the Property.

20. 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.

21. Prohibition on Boycott of Israel. The Company certifies that it is not currently engaged in and will not, for the duration of this Agreement, engage in a boycott of Israel as defined by Tenn. Code Ann. § 12-4-119.

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

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

24. Annual Report.

(a) On or before January 31 of each year this Agreement is in effect, the Company shall provide a report to the Mayor of the City and to the Mayor of the County summarizing its investment in the Property, including a list of the cost of all investments in the Property (with supporting evidence if requested) and the development and operation of the Project for purposes of analyzing the Company's progress in achieving the Investment, Jobs and Wage Projection. An independent audit of these certifications may occur if requested by the City or County during any calendar year of this Agreement.

(b) The Company shall comply with the annual reporting requirements applicable to agreements for payments in lieu of taxes as set forth in Tenn. Code Ann. § 7-53-305(e). Additional information regarding these requirements is currently available at <https://comptroller.tn.gov/boards/state-board-of-equalization/sboe-services/property-tax-incentive-programs/pilot-reporting.html>.

25. Stormwater Fees. In addition to the other requirements under this Agreement, the Company shall be responsible for all stormwater fees assessed by the City against the Real Property within the City limits.

[ Signature Pages Follow ]

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

ATTEST:

**THE INDUSTRIAL DEVELOPMENT BOARD  
OF THE CITY OF CHATTANOOGA**

By: \_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Chairman



**NOVONIX ENTERPRISE SOUTH LLC**

By: \_\_\_\_\_  
\_\_\_\_\_, Authorized Person

**CITY OF CHATTANOOGA, TENNESSEE**

By: \_\_\_\_\_  
Mayor

**HAMILTON COUNTY, TENNESSEE**

By: \_\_\_\_\_  
County Mayor

**WILLIAM F. HULLANDER**

By: \_\_\_\_\_  
Hamilton County Trustee

**MARTY HAYNES**

By: \_\_\_\_\_  
Hamilton County Assessor of Property

**EXHIBIT "A"**  
**TO PILOT AGREEMENT**

**REAL PROPERTY**

The Real Property includes the following real property together with all expansions and improvements to be constructed by the Company on such property:

**EXHIBIT "B"**  
**TO PILOT AGREEMENT**

**PERSONAL PROPERTY**

The Project shall include all machinery, equipment and other tangible personal property that is installed or otherwise located on or about or used in connection with the real property described in Exhibit A attached to this Agreement on or before [June 30, 2030], together with replacements thereof and substitutions therefor, in connection with the Company's facilities and operations on such property. Notwithstanding the foregoing, the personal property subject to this Agreement does not include any personal property that is already in service at any operations of the Company in the City and the County as of the effective date of the Agreement or any personal property that is subject to that certain Agreement for Payments In Lieu of Taxes between the City, the County, the Board, NAM and Novonix 1029, LLC dated July 28, 2021.

**REAL ESTATE PURCHASE AND SALE AGREEMENT**

**THIS REAL ESTATE PURCHASE AND SALE AGREEMENT** (this “Agreement”) is entered into so as to be effective as of the \_\_\_\_ day of \_\_\_\_\_, 2025 (“Effective Date”), by and among the **CITY OF CHATTANOOGA** and **HAMILTON COUNTY, TENNESSEE**, political subdivisions of the State of Tennessee (collectively “Sellers”) and **NOVONIX ENTERPRISE SOUTH LLC**, a Delaware limited liability company (“Purchaser”).

FOR AND IN CONSIDERATION OF the premises set forth herein, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Defined Terms. The following terms which are used in this Agreement are defined and have the meanings set forth in this Section 1:

(a) Approved Use. The use of the Improvements by Purchaser for battery-grade synthetic graphite manufacturing for electric vehicle batteries and grid energy storage application.

(b) Closing. The conveyance of the Property by Sellers to Purchaser (or, alternatively in accordance with Section 12 below, to the IDB) pursuant to a fully executed limited warranty deed (“Deed”) which is in form and content reasonably acceptable to Purchaser and the Title Company so that the Title Company can insure fee simple title to the Property in the name of Purchaser (or the IDB), free and clear of all liens and encumbrances except for the Permitted Exceptions (as defined herein). The other conditions precedent to the Closing are set forth in Section 18 hereof.

(c) Earnest Money. The sum of One Hundred Fifty Thousand and No/100 Dollars (\$150,000.00).

(d) Effective Date. The date on which the last of the parties to this Agreement executes this Agreement, which date is to be set forth in the first paragraph of this Agreement.

(e) Escrow Agent. Jones Title Company, LLC, which also will serve as the title company (“Title Company”) insuring to Purchaser fee simple title to the Property.

(f) Feasibility Period. The period of time for Purchaser’s examination of the Property hereunder which commences on the Effective Date of this Agreement and expires not later than one hundred eighty (180) days thereafter (the “Initial Feasibility Period”), the terms of which, including the right to extend the expiration of the term thereof, are set forth in Section 6 hereof.

(g) Force Majeure. As used herein, the term “Force Majeure” shall mean a material delay beyond the reasonable control of the delayed party, which delay arises as a result of pandemics, epidemics, or any other public health emergency, or as a result of strikes, lockouts,

labor troubles, Act of God, failure of power, unavailability of any utility service, restrictive governmental laws or regulations, riots, insurrections, the act, the failure to act, or default of another party, war, or other reason beyond Sellers' or Purchaser's control.

(h) IDB. The Industrial Development Board of the City of Chattanooga, a public corporation created and existing under the laws of the State of Tennessee.

(i) Improvements. The building structures, truck and other vehicular entrances, driveways, parking areas, railway spurs, landscaping and other infrastructure that are anticipated to be constructed by Purchaser on the Property generally in accordance with the Site Plan.

(j) Property. The approximately 182.39-acre parcel of real property and improvements located at Enterprise South Industrial Park in the city of Chattanooga, Hamilton County, Tennessee, together with all easement rights and privileges appurtenant thereto, and which is more particularly shown as the "Special Legislative Area, Main Manufacturing Area, Parcel 1.02, 182.39 acres" on Exhibit "A" and is more particularly described on Exhibit "A-1", both as attached to and made a part of this Agreement.

(k) Purchaser Financing Parties. Any lender or group of lenders to the Purchaser providing construction or permanent financing for the acquisition, development, construction or operation of the Property (including the Improvements).

(l) Quitclaim Deed. Collectively, the Quitclaim Deeds from the United States of America, acting by and through the Administrator of General Services Administration ("GSA") to Sellers dated April 15, 2005, recorded in Book 7497, Pages 485 and 631, in the Register's Office of Hamilton County, Tennessee ("ROHC"), as amended by CERCLA Warranty Amendment to Quitclaim Deeds Granting CERCLA Covenant and Discharging Land Use Regulations from the GSA effective December 13, 2023 and recorded in Book 13520, Page 128 in the ROHC.

(m) Restrictive Covenants. The Declaration of Covenants and Restrictions for Enterprise South Industrial Park dated April 2, 2004, recorded in Book 7085, Page 299, in the ROHC, if applicable.

(n) Site Plan. The preliminary site plan showing the proposed Improvements and their locations on the Property, a copy of which is attached hereto as Exhibit "B".

2. Sale of Property. In accordance with and subject to the terms and conditions of this Agreement, at Closing Sellers shall sell, and Purchaser shall purchase, in fee simple, the Property for the development and operation of the Improvements for the Approved Use. In accordance with Section 12 below, at Purchaser's option, title to the Property will be conveyed at Closing from Sellers to the IDB, which will lease the Property to Purchaser.

3. Purchase Price for the Property and Price Per Acre. The amount of the purchase price ("Purchase Price") for the Property is Four Million Five Hundred Fifty-Nine Thousand, Seven Hundred Fifty and No/100 Dollars (\$4,559,750.00) calculated by Sellers and Purchaser by multiplying the sum of Twenty-Five Thousand and No/100 Dollars (\$25,000.00) (per acre) times

the total number of acres which comprise the Property, as determined in accordance with the Survey under Section 7(b) below.

4. Earnest Money. Within five (5) business days after the Effective Date of this Agreement, Purchaser will pay to Escrow Agent the Earnest Money in good funds, to be held as earnest money hereunder in an interest-bearing account, all of which will be nonrefundable upon the Effective Date of this Agreement and opening of escrow, except as provided hereinafter. In the event Purchaser terminates this Agreement and is due a refund of the Earnest Money, such funds will be refunded to Purchaser, less \$50 paid to each Seller as independent consideration for this Agreement.

5. Restrictive Covenants.

(a) Sellers agree that at Closing, they will enter into a waiver, in form and substance reasonably acceptable to Purchaser and Purchaser Financing Parties (and to be negotiated in good faith during the Feasibility Period as such may be extended), waiving, to the extent applicable to the Property, the provisions of (i) Section 2.1 (Right of Reversion), (ii) Section 3.1 (Speculation Prohibition), and (iii) Section 3.2 (Right of First Refusal), in each case, of the Restrictive Covenants, such waiver conditioned on the Purchaser commencing site preparation work on the Property within ninety (90) days after the Closing ("Site Works Commencement Deadline"), and commencing construction of the Improvements on the Property within three hundred sixty-five (365) days after the Closing ("Construction Commencement Deadline"), and, such construction is pursued to substantial completion (as determined by the Purchaser in its sole discretion) within thirty-six (36) months after the Construction Commencement Deadline, using commercially reasonable efforts; it being understood and agreed that each of the Site Works Commencement Deadline and Construction Commencement Deadline (x) may be extended with the Sellers' consent, which consent not to be unreasonably withheld, conditioned (including for no additional consideration) or delayed and (y) shall be automatically extended in connection with an event of Force Majeure, with no further action by Sellers. This Section shall expressly survive Closing and the delivery of the Deed.

(b) Sellers further agree that, pursuant to Section 2.3 (Subordination) of the Restrictive Covenants, they will subordinate, in form and substance reasonably acceptable to Purchaser and Purchaser Financing Parties (and to be negotiated in good faith during the Feasibility Period as such may be extended), any applicable rights of Sellers under the Restrictive Covenants, including but not limited to Section 2.1 (Right of Reversion) and Section 3.1 (Speculation Prohibition) of the Restrictive Covenants to the rights of the Purchaser Financing Parties.

(c) At the Closing, Purchaser shall grant to the Sellers (or the IDB, as defined below) a right of first refusal ("ROFR") (the form of which to be negotiated in good faith during the Feasibility Period as such may be extended), in lieu of Section 3.2 (Right of Refusal) in the Restrictive Covenants pursuant to which Purchaser shall agree not to sell the Property to an unaffiliated third party if at least Phase 1 of the improvements thereto (as defined below) have not been completed in accordance with Section 5.1(a), without giving Sellers (or the IDB) written notice of the terms of such sale and the right to purchase the Property from Purchaser on the same terms. Such ROFR shall be set forth in a recordable document in form and substance reasonably



acceptable to Sellers (or the IDB), Purchaser and Purchaser Financing Parties, executed by Purchaser and to be recorded in the ROHC. Sellers agree that they will subordinate their rights and interests under the ROFR to the rights and interests of the Purchaser Financing Parties. Sellers further agree that a foreclosure by the Purchaser Financing Parties shall not constitute a violation of the ROFR described in this Agreement or any of the Restrictive Covenants. Sellers also agree to timely enter into any documents, instruments or other agreements to effectuate or evidence the waivers and subordination set forth in this Section 5 as may be reasonably requested by Purchaser Financing Parties.

6. Purchaser's Feasibility Period. Purchaser shall have until the expiration of the Feasibility Period to examine the Property and all matters relating thereto. If such day falls on a weekend or holiday, then the Feasibility Period will expire on the next-following business day. The matters included in the examination of the Property shall be, without limitation, the status of title and survey as described in Section 7 and the determination by Purchaser in its sole discretion that (i) the Property is suitable for Purchaser's intended use, including without limitation, assessment of title, surveying, platting, preparation of the Site Plan, environment and wetlands analysis, tree surveys, soil borings, site engineering and access; and (ii) the financing and capital resources that Purchaser intends to use to acquire, develop and operate the Property is satisfactory and acceptable to Purchaser in all respects. Sellers will reasonably cooperate with Purchaser in making its examination and timely will furnish to Purchaser any materials relating to the Property which are known by Sellers to be in their possession. Notwithstanding the foregoing, the Initial Feasibility Period shall automatically extend by one (1) day for each day beyond the stated Initial Feasibility Period for each day that the United States Department of the Army, its agents, contractors, and assigns, are delayed in the Remediation (as defined in Section 8(b) below) and Sellers are delayed in the Clearing and Grading (as defined in Section 10(h) below) beyond the Initial Feasibility Period (the "Automatic Extension"), and, in addition to the Automatic Extension, if any, Purchaser will have one (1) option at its sole discretion to extend the Feasibility Period by one hundred fifty (150) days (the "Feasibility Period Extension"). To exercise the Feasibility Period Extension, Purchaser shall provide written notice to Seller prior to the then expiration of the Feasibility Period and deposit the sum of Fifty Thousand and No/100 Dollars (\$50,000) of additional Earnest Money with Escrow Agent (the "Additional Earnest Money") within three (3) business days of such notice. For avoidance of doubt, no Additional Earnest Money will be due in the event of an Automatic Extension. The Additional Earnest Money will be credited to the Purchase Price at Closing. Purchaser shall notify Sellers in writing prior to the expiration of the Initial Feasibility Period, Automatic Extension, or the Feasibility Period Extension, if applicable, as to whether Purchaser elects to proceed to the Closing of the Property or terminate this Agreement as to the Property, which Purchaser may elect to do in its sole discretion. If Purchaser fails to provide such notice prior to the expiration of the Initial Feasibility Period, Automatic Extension, or the Feasibility Period Extension, if applicable, then this Agreement shall automatically remain in full force and effect. If this Agreement is terminated pursuant to this Section 6 as to the Property, Purchaser shall recover the Earnest Money, together with all interest accrued thereon, less \$50 paid to each Seller as independent consideration for this Agreement. If Purchaser does not terminate this Agreement as to the Property prior to the expiration of the Feasibility Period, Automatic Extension, or the Feasibility Period Extension, if applicable, then the Earnest Money shall be nonrefundable except as set forth herein.

During the Feasibility Period, Automatic Extension, and the Feasibility Period Extension, if applicable, Sellers will use reasonable efforts to assist Purchaser with respect to (i) developing strategies and solutions to mitigate wetlands and other environmental issues which may be adversely affected by the construction of the Improvements; and (ii) a waiver of the requirement of a pre-development tree survey of the Property under Section 8.1(d) of the Restrictive Covenants.

By notice to Sellers, Purchaser will have the unilateral right, at its sole discretion to reduce the term of the Feasibility Period, Automatic Extension, and/or the Feasibility Period Extension.

7. Title and Survey Review.

(a) Promptly after the Effective Date, Purchaser shall cause title to the Property to be examined by the Title Company and shall request that the Title Company issue a commitment for an ALTA owner's policy of title insurance, a copy of which will be furnished to Sellers (the "Title Commitment").

(b) Within thirty (30) days after the Effective Date, Sellers shall, at Sellers' expense, obtain from Barge Design Solutions, Inc., a final ALTA/ACSM boundary and topographical survey of the Property prepared in conformance with Purchaser's and Title Company's reasonable survey requirements (the "Survey").

(c) If (i) the Title Commitment indicates: (A) that Sellers do not have marketable, indefeasible title to the Property in fee simple, or (B) the Property is subject to any defects, liens, encumbrances, encroachments, easements, rights-of-way, covenants, reservations, or restrictions which are not reasonably acceptable to Purchaser other than the Restrictive Covenants and Quitclaim Deed; or if (ii) the Survey (x) is for good cause not acceptable to the Title Company, or (y) shows the boundaries or acreage of the Property are insufficient for the Approved Use and the Improvements, or (z) shows easements, encroachments or other adverse conditions which are not reasonably acceptable to Purchaser; then Purchaser shall, within ten (10) business days after its receipt of the latter of the Title Commitment or the Survey but prior to the expiration of the Feasibility Period (including any extension thereof), give Sellers written notice thereof (the "Objection Notice"). The matters that are set forth in the Objection Notice are hereinafter referred to as "Title Objections".

(d) Sellers shall notify Purchaser within ten (10) business days of receipt of the Objection Notice of its intended action in regard to satisfying or remedying the Title Objections. If Sellers elect to satisfy or remedy the Title Objections, but have not notified Purchaser in writing within such ten (10) business days of its intent to satisfy or remedy all Title Objections, or if Sellers elect not to satisfy or remedy the Title Objections, then Purchaser may, by written notice within ten (10) business days after the expiration of said ten (10) business day period, either (i) terminate this Agreement as to the Property; or (ii) elect to waive its objection to any uncured Title Objections and to proceed to close the purchase of the Property without reduction in the Purchase Price. The Closing may, if necessary, and only by written consent of both Purchaser and Sellers, be adjourned for such time period as is necessary to accommodate the notice periods set forth in this Section 7. Any exceptions shown on the Title Commitment or the Survey to which Purchaser does not object

as herein provided, and any exceptions to which Purchaser waives its objections by written notice, shall be deemed approved by Purchaser and shall be “Permitted Exceptions”.

8. Purchaser’s Access to the Property.

(a) Purchaser, its agents, engineers, surveyors and other representatives (including potential Purchaser Financing Parties) shall have the right, during the term of this Agreement, to enter upon the Property to inspect, examine, survey the Property, conduct engineering, geophysical, and/or environmental and wetlands assessments and tests of the Property, and otherwise to do that which, in the opinion of Purchaser, is necessary to determine the boundaries and acreage of the Property, the suitability of the Property for the Approved Use, and the physical condition of the Property, all in accordance with Section 10 below. Subject to the provisions of Section 8(b), such evaluations may include but are not limited to, soil sampling, soil borings, vapor sampling, groundwater sampling, including drilling, installing, maintaining, operating and removing groundwater monitoring wells. Purchaser agrees to indemnify and hold Sellers harmless from and against any damage to persons or property, costs (including attorneys’ fees), liabilities, claims, damages or suits arising directly from Purchaser’s inspection and testing of the Property, which indemnity shall survive Closing and delivery of the Deed or the termination of this Agreement. Additionally, prior to accessing the Property, Purchaser shall obtain commercial liability insurance in an amount not less than One Million and No/100 Dollars (\$1,000,000) listing Sellers as additional insureds and shall provide a Certificate of Insurance evidencing the same to Sellers.

(b) Three areas of the Property as shown on Exhibit “C” and more particularly described on Exhibit “C-1”, attached to and made a part of this Agreement (the “Remediation Areas”), have been found to be impacted by foundry sand that was not due to the actions of Sellers upon the Property. GSA on behalf of the United States Department of the Army has awarded a contract for the remediation of the foundry sand to a third party vendor. Purchaser acknowledges and agrees that the Remediation Areas have been excluded from the CERCLA Warranty described in Section 1(l) above and that Purchaser may not access, test or disturb the Remediation Areas, pursuant to the Quitclaim Deed, until the remediation is complete, as determined by GSA and to be evidenced by an additional CERCLA Warranty Amendment to Quitclaim Deeds to be recorded in the ROHC (the “Additional Quitclaim Deed”) providing CERCLA warranties to the Remediation Areas (the “Remediation”). Sellers agree to put forth their best efforts to cause GSA to execute, deliver and record such Additional Quitclaim Deed and to have the CERCLA warranties therein and in the Quitclaim Deed to extend to Sellers “and their successors or assigns” as soon as possible after the completion of such work on the Remediation Areas. If such “successors and assigns” are not included in the Additional Quitclaim Deed, Sellers shall execute and deliver at Closing an agreement to enforce the CERCLA warranties in the Quitclaim Deed and Additional Quitclaim Deed on behalf of Purchaser (a “CERCLA Enforcement Agreement”) in form and substance reasonably satisfactory to Purchaser and at Purchaser’s cost. Purchaser acknowledges and agrees that certain restrictions set forth in the Quitclaim Deed remain enforceable after Closing, will not be discharged by the Additional Quitclaim Deed, and are required to be incorporated into the Deed.

9. NO REPRESENTATIONS AND WARRANTIES/RELEASE.

(a) BY ENTERING INTO THIS AGREEMENT, PURCHASER REPRESENTS AND WARRANTS THAT IT HAS PERFORMED (AND PURCHASER REPRESENTS AND WARRANTS TO SELLERS THAT PURCHASER IS CAPABLE OF PERFORMING) AN INDEPENDENT INVESTIGATION, ANALYSIS AND EVALUATION OF THE PROPERTY. PRIOR TO THE EXPIRATION OF THE FEASIBILITY PERIOD (AS MAY BE EXTENDED PURSUANT TO THIS AGREEMENT), PURCHASER SHALL DETERMINE, SUBJECT TO THE TERMS AND CONDITIONS OF THIS AGREEMENT, THAT THE PROPERTY IS ACCEPTABLE TO PURCHASER. PRIOR TO THE EXPIRATION OF THE FEASIBILITY PERIOD (INCLUDING ANY EXTENSION THEREOF), PURCHASER SHALL CONDUCT ITS OWN THOROUGH AND INDEPENDENT INSPECTION, INVESTIGATION, ANALYSIS AND EVALUATION OF ALL INSTRUMENTS, RECORDS AND DOCUMENTS WHICH PURCHASER DETERMINES TO BE APPROPRIATE OR ADVISABLE TO REVIEW IN CONNECTION WITH PURCHASER'S ACQUISITION OF THE PROPERTY AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

(b) PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT PURCHASER HAS SUBSTANTIAL EXPERIENCE WITH REAL PROPERTY AND ITS OPERATIONS, AND THAT PURCHASER WILL ACQUIRE THE PROPERTY IN "AS IS, WHERE IS, WITH ALL FAULTS" CONDITION, AND SOLELY IN RELIANCE ON PURCHASER'S OWN INSPECTION AND EXAMINATION AND SELLERS' REPRESENTATIONS AND WARRANTIES EXPRESSLY CONTAINED HEREIN, IF ANY.

(c) EXCEPT AS TO THOSE REPRESENTATIONS, WARRANTIES AND CONDITIONS EXPRESSLY SET FORTH IN THIS AGREEMENT, IF ANY, AND THE CONVEYANCE DOCUMENTS, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT SELLERS MAKE NO REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND, NATURE OR SORT, EXPRESS OR IMPLIED, WITH RESPECT TO THE PHYSICAL CONDITION, PAST, PRESENT OR FUTURE OPERATION AND/OR PERFORMANCE, OR VALUE, OF THE PROPERTY AND THAT SELLERS CONVEY THE PROPERTY TO PURCHASER "AS IS AND WHERE IS, WITH ALL FAULTS," AND PURCHASER ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN AND THE CONVEYANCE DOCUMENTS, SELLERS MAKE NO REPRESENTATIONS, GUARANTIES OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, AS TO THE QUALITY, CHARACTER, EXTENT, PERFORMANCE, CONDITION OR SUITABILITY OF THE PROPERTY FOR ANY PURPOSE.

(d) PURCHASER'S INSPECTION, INVESTIGATION AND SURVEY OF THE PROPERTY SHALL BE IN LIEU OF ANY NOTICE OR DISCLOSURE REQUIRED BY ANY APPLICABLE HEALTH AND SAFETY CODE, OR BY ANY OTHER PROVISION OF APPLICABLE LAW, RULE OR REGULATION, INCLUDING LAWS REQUIRING DISCLOSURE BY SELLERS OF FLOOD, FIRE, MOLD, SEISMIC HAZARDS, LEAD PAINT, LANDSLIDE AND LIQUEFACTION, OTHER GEOLOGICAL HAZARDS, RAILROAD AND OTHER UTILITY ACCESS, SOIL CONDITIONS AND OTHER CONDITIONS WHICH MAY AFFECT THE USE OF THE PROPERTY, AND PURCHASER HEREBY WAIVES ANY REQUIREMENT FOR A NOTICE PURSUANT TO THOSE PROVISIONS AND HEREBY

ACKNOWLEDGES AND AGREES THAT IT WILL CONDUCT ITS OWN INSPECTIONS AND REVIEWS WITH RESPECT TO ALL MATTERS COVERED THEREBY, AND, EXCEPT WITH RESPECT TO FRAUD, HEREBY RELEASES SELLER FROM LIABILITY IN CONNECTION WITH ANY SUCH MATTERS.

(e) FURTHERMORE, EXCEPT AS TO THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE CONVEYANCE DOCUMENTS, AND TO THE EXTENT ASSIGNABLE, THE CERCLA WARRANTIES IN THE QUITCLAIM DEED AND THE ADDITIONAL QUITCLAIM DEED, PURCHASER ACKNOWLEDGES THAT SELLERS MAKE NO, AND HAVE MADE NO, REPRESENTATIONS OR WARRANTIES IN CONNECTION WITH THE PRESENCE OR INTEGRATION OF HAZARDOUS MATERIALS UPON OR WITHIN THE PROPERTY. IN THAT REGARD, PURCHASER HAS, PRIOR TO CLOSING, CONDUCTED ITS OWN INVESTIGATIONS TO DETERMINE IF THE PROPERTY CONTAINS ANY HAZARDOUS MATERIALS OR TOXIC WASTE, MATERIALS, DISCHARGE, DUMPING OR CONTAMINATION, WHETHER SOIL, GROUNDWATER OR OTHERWISE, WHICH VIOLATES ANY FEDERAL, STATE, LOCAL OR OTHER GOVERNMENTAL LAW, REGULATION OR ORDER OR REQUIRES REPORTING TO ANY GOVERNMENTAL AUTHORITY. EXCEPT AS TO THOSE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT AND THE CONVEYANCE DOCUMENTS AND EXCEPT WITH RESPECT TO FRAUD, PURCHASER, FOR ITSELF AND ITS OWNERS, SUCCESSORS AND ASSIGNS, HEREBY RELEASES AND FOREVER DISCHARGES SELLERS, AND SELLERS' PAST, PRESENT AND FUTURE MEMBERS, PARTNERS, AFFILIATES, EMPLOYEES, AGENTS, ATTORNEYS, ASSIGNS, AND SUCCESSORS-IN-INTEREST, FROM ALL PAST, PRESENT AND FUTURE CLAIMS, DEMANDS, OBLIGATIONS, LOSSES AND CAUSES OF ACTION OF ANY NATURE WHATSOEVER, WHETHER NOW KNOWN OR UNKNOWN, DIRECT OR INDIRECT, FORESEEN OR UNFORESEEN, SUSPECTED OR UNSUSPECTED, WHICH ARE BASED UPON OR ARISE OUT OF OR IN CONNECTION WITH THE CONDITION OF THE PROPERTY AND, WITH RESPECT TO THE PRESENCE OF ANY HAZARDOUS MATERIALS, ANY ENVIRONMENTAL DAMAGES OR ENVIRONMENTAL REQUIREMENTS, INCLUDING THE PHYSICAL, STRUCTURAL, GEOLOGICAL, MECHANICAL AND ENVIRONMENTAL (SURFACE AND SUBSURFACE) CONDITION OF THE PROPERTY (INCLUDING THE IMPROVEMENTS THEREON) OR ANY LAW OR REGULATION RELATING TO HAZARDOUS MATERIALS. WITHOUT LIMITING THE FOREGOING, THIS RELEASE SPECIFICALLY APPLIES TO ALL LOSSES AND CLAIMS ARISING UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT OF 1986, (42 U.S.C. SECTIONS 9601 ET SEQ.), THE RESOURCES CONSERVATION AND RECOVERY ACT OF 1976, (42 U.S.C. SECTIONS 6901 ET SEQ.), THE CLEAN WATER ACT, (33 U.S.C. SECTIONS 466 ET SEQ.), THE SAFE DRINKING WATER ACT, (14 U.S.C. SECTION 1401-1450), THE HAZARDOUS MATERIALS TRANSPORTATION ACT, (49 U.S.C. SECTIONS 1801 ET SEQ.), THE TOXIC SUBSTANCE CONTROL ACT, (15 U.S.C. SECTIONS 2601-2629), AND ANY OTHER FEDERAL, STATE OR LOCAL LAW OF SIMILAR EFFECT, AS WELL AS ANY AND ALL COMMON LAW CLAIMS.

BY INITIALING THIS CLAUSE BELOW, PURCHASER ACKNOWLEDGES THAT THIS SECTION HAS BEEN READ AND FULLY UNDERSTOOD, AND THAT PURCHASER HAS HAD THE CHANCE TO ASK QUESTIONS OF ITS COUNSEL ABOUT ITS MEANING AND SIGNIFICANCE.

\_\_\_\_\_  
PURCHASER'S SIGNATURE

10. Conditions Precedent. The Purchaser's obligation to close under this Agreement shall be conditioned on the satisfaction and fulfillment of the following conditions precedent ("Conditions Precedent"), on or prior to the respective dates set forth hereinafter:

(a) Investigations. Except as may be otherwise expressly provided in this Agreement, Purchaser acknowledges that Sellers are conveying the Property to Purchaser in an "AS IS" condition, and Purchaser shall rely upon its own inspection and investigation in determining whether to proceed with this transaction. During the Feasibility Period (including any extension thereof), Purchaser, and Purchaser's agents, subject to the provisions of Section 8, will have the right to enter onto the Property and to have the Property inspected, surveyed, evaluated, analyzed, tested, appraised and assessed for any matter whatsoever, at Purchaser's sole cost and expense, including but not limited to (i) soil conditions on the Property; (ii) the location of flood plains on the Property; (iii) the presence of wetlands, including any required mitigation; (iv) the presence of environmental contamination on the Property; (v) health and safety conditions; (vi) access to existing and contemplated utilities; (vii) signage; (viii) zoning and compliance with other laws, codes and ordinances; (ix) suitability for the Approved Use; and (x) any other matter germane to Purchaser's interest in the Property and/or the operation thereof. The foregoing shall include the right of Purchaser, at its expense, to conduct such environmental site evaluations of the Property as Purchaser deems appropriate, including but not limited to, Phase I and (subject to the provisions of this Section 10(a)), Phase II environmental site assessments and baseline environmental assessments (collectively, the "Site Investigation Evaluations"). Copies of all reports for the Site Investigation Evaluations, when and if completed, will be delivered to Sellers prior to the expiration of the Feasibility Period (including any extension thereof), and if Purchaser terminates this Agreement, the originals of such reports will be delivered to Sellers upon request. Any inspections and testing under this Section 10 shall be performed by companies selected by Purchaser. If any of the investigations are not satisfactory to Purchaser, for any reason whatsoever, then Purchaser shall have the right to terminate this Agreement in accordance with Section 6 above. Purchaser will not conduct any drilling or other invasive or structural testing, including a Phase II environmental assessment, without representative(s) of Sellers having the opportunity to be present, and Purchaser shall give Sellers reasonable advance notice thereof, and without the written consent of Sellers, which consent will not be unreasonably withheld, conditioned, or delayed. Purchaser will be responsible for promptly repairing any damage to the Property that is caused by Purchaser, its employees, agents, or contractors.

(b) Property Reports. Within three (3) business days after the Effective Date, Sellers shall deliver to Purchaser all of the items listed on the attached Exhibit "D" (collectively, the "Property Reports"), to the extent in Sellers' possession. Sellers agree to cooperate with Purchaser to have the Property Reports updated, renewed or certified to Purchaser, at Purchaser's

cost, if so desired by Purchaser. If any of the information disclosed in the Property Reports is not satisfactory to Purchaser, for any reason whatsoever, then Purchaser shall have the right to terminate this Agreement in accordance with Section 6 above. If this Agreement is terminated for any reason other than Sellers' default, Purchaser promptly will return the Property Reports to Sellers.

(c) Utilities. To the extent water, sanitary and storm sewer, electric, natural gas, internet and telephone lines and other utilities are not available at the boundary of the Property or in the right-of-way or access drive adjacent to the Property, Sellers, at their sole cost and expense and during the Feasibility Period (including any extension thereof), shall extend such utilities to the boundary of the Property in locations reasonably acceptable to Purchaser. If not currently available, Sellers shall be responsible for the installation of lines to connect the foregoing utilities in accordance with applicable utility company and governmental requirements and shall pay the cost thereof. To the extent necessary, Sellers will provide Purchaser with all necessary construction and permanent easements for such utilities without charge in order for Purchaser to install and maintain such easements.

(d) Brownfield Voluntary Cleanup Oversight and Assistance Program. During the Feasibility Period (including any extension thereof), Sellers will cause the execution of a Brownfield Voluntary Cleanup Oversight and Assistance Agreement ("Brownfield Agreement") by and among Purchaser, the IDB, and the Tennessee Department of Environment and Conservation ("TDEC") in form and substance reasonably acceptable to Purchaser, and the approval by TDEC of Purchaser's soil management plan for the construction and development of the Property. Purchaser acknowledges and agrees that the Property may be subject to Land Use Restrictions, if required by TDEC, to be recorded at or before Closing. The form of the Land Use Restrictions, if required, will also be reasonably acceptable to Purchaser.

(e) CERCLA Warranty. During the Feasibility Period (including any extension thereof), GSA shall have executed and delivered the Additional Quitclaim Deed described in Section 8(b) above in form reasonably acceptable to Purchaser.

(f) Governmental Incentives. During the Feasibility Period (including any extension thereof), Purchaser will apply for, attempt to obtain or seek new or existing governmental incentives, tax abatements, grants, incentives, benefits, entitlements, approvals or permits related to the Approved Use of the Property, or which Purchaser otherwise deems necessary or desirable, in Purchaser's sole discretion, in order to utilize the Property for the Approved Use (collectively, "Governmental Incentives"), including without limitation, the PILOT described in Section 12 below. Purchaser's obligations to close under this Agreement shall be expressly contingent on Purchaser's receipt of all such Governmental Incentives, including, but not limited to, the PILOT and other incentives from the City of Chattanooga and Hamilton County, and the Tennessee Valley Authority ("TVA"), all on terms satisfactory to Purchaser in its sole discretion. Sellers agree that, during the term of this Agreement, Sellers will reasonably cooperate with (and will not oppose), any applications that Purchaser, at its sole expense, desires to submit to any governmental authorities in connection with obtaining any such Governmental Incentives or information in furtherance of the Approved Use. If, at any time prior to the expiration of the Feasibility Period (including any extension thereof), Purchaser determines that it cannot obtain the Governmental

Incentives on terms and conditions acceptable to Purchaser, in Purchaser's sole discretion, then Purchaser shall have the right to terminate this Agreement in accordance with Section 6 above.

(g) Governmental Approvals. Purchaser's receipt during the Feasibility Period (including any extension thereof) of all governmental, zoning, architectural, design, and building code approvals and permits necessary or desirable for Purchaser's operation of the Property for the Approved Use, including, but not limited to, special use permits, demolition permits, stormwater and site preparation permits, construction emissions air permits, site plan approval, and land disturbance permits (collectively, "Governmental Approvals"). Such Governmental Approvals shall include, but are not limited to, site plan, zoning, special use and any other approvals desired by Purchaser of the Property by governmental bodies or agencies that have jurisdiction over or otherwise govern the Property. Sellers agree that, during the term of this Agreement, Sellers reasonably will sign and support (and will not oppose) any applications that Purchaser desires to submit to any governmental authorities in connection with obtaining any such Governmental Approvals or information in furtherance of Purchaser's intended use and development of the Property. Purchaser shall use reasonable commercial efforts to obtain the Governmental Approvals during the term of the Agreement. If Purchaser is unable to obtain all desired Governmental Approvals for the Approved Use on terms and conditions reasonably acceptable to Purchaser, in its sole discretion, then Purchaser shall have the right to terminate this Agreement in accordance with Section 6 above.

(h) Financing. Purchaser's receipt during the Feasibility Period (including any extension thereof) of all approvals for financing from Purchaser's Financing Parties, in form and substance satisfactory to Purchaser, including assurance that funds from such financing and from any equity offering reasonably acceptable to Purchaser will be available at Closing hereunder.

(i) Sellers' Site Clearing. From and after the Effective Date, Sellers will reasonably cooperate with Purchaser to establish a plan for Sellers' completion, at their expense, of tree, brush and vegetation clearing and grubbing, and preliminary grading work and removal of the buildings, structures and other improvements currently or previously located thereon (collectively "Clearing and Grading"). The scope of work included in the Clearing and Grading, including work previously performed, generally is described on Exhibit "E", but Seller's cost for such Clearing and Grading shall not exceed a total of \$7,000,000. The contractor selected by Sellers and the contract under which the Clearing and Grading is to be completed shall be approved by Purchaser, such approval not to be unreasonably withheld, conditioned or delayed. Sellers will complete the Clearing and Grading no later than the expiration of the Feasibility Period as may be extended, absent a Force Majeure event.

(j) Off-Site Improvements. Purchaser's receipt during the Feasibility Period (including any extension thereof) of written assurances and/or commitments which are acceptable to Purchaser and Purchaser Financing Parties in their sole discretion, with respect to the planning, implementation and payment for the following:

- (i) Confirmation that the sewer pump station, which will serve the Property is adequate to serve Purchaser's intended initial ("Phase 1") use of the Property (as generally outlined on Exhibit B attached



hereto), together with reasonable assurance that upgrades to the pump station will be timely made by the City to accommodate Purchaser's potential expansion (Phase 2) of its facilities on the Property (as generally outlined on **Exhibit B** attached hereto) provided that Purchaser provides Sellers at least 12 months' advance notice of its intent to expand;

- (ii) Improvements to the railway lines to provide access to the Property, in the location generally shown on **Exhibit B** attached hereto, to be completed by the Hamilton County Rail Authority not later than **December 31, 2027**, so that the Property is adequately served by rail for the Approved Use; and
- (iii) Improvements to Ferdinand Piech Way, a public right of way, by the Tennessee Department of Transportation and/or the Chattanooga Department of Transportation, including additional turn lanes between Highway 58 and both entrances generally as shown on **Exhibit "F"** attached hereto, and to be completed not later than **December 31, 2027**, so that the Property is adequately served for construction, passenger and freight vehicular traffic.

If any of the Conditions Precedent in subsection (c), (i) or (j) above are not satisfied prior to the expiration of the Feasibility Period (including any extension thereof) and Purchaser nevertheless agrees to proceed to Closing and then, unless waived in writing by Purchaser, Sellers will, at Closing, reaffirm their obligation(s) to satisfy such remaining Condition(s) Precedent in a written document in form and substance reasonably acceptable to Purchaser and Purchaser Financing Parties unless the Conditions Precedent have been satisfied by Closing; provided, however, that Purchaser acknowledges that any funds for the off-site improvements in subsections (j)(ii) and (j)(iii) above shall come from either the State of Tennessee or from reimbursements to Purchaser from Economic Development Payments made by Purchaser to the City or County under the PILOT Documents (as defined below.)

11. Sellers' Approvals. Sellers and Purchaser agree that prior to the expiration of the Feasibility Period (including any extension thereof), Purchaser will prepare in final form the Site Plan for the Approved Use. Upon Purchaser's finalization of the plans and specifications for the Improvements (collectively "Improvements Specs") for any portion of the Property, and prior to the commencement of construction thereon, Purchaser will obtain the written approval thereof from the Enterprise South Industrial Park Development Review Committee, which has been created pursuant to the terms of the Restrictive Covenants. Such approval will be based upon the general conformity of the Improvements Specs with the Site Plan and their suitability for the Approved Use, and which will not be unreasonably withheld, conditioned or delayed.

12. PILOT. Purchaser represents that it intends to effect the acquisition of the Property by entering into a lease with the IDB under a Payment In Lieu of Taxes arrangement ("PILOT"), subject to approval by the IDB, under which the IDB will take legal title to the Property and lease the Property to Purchaser. Copies of the PILOT Agreement and the PILOT lease between Purchaser (or its proposed assignee) and the IDB are attached hereto as **Exhibits "G"** and **"H"**

(collectively “PILOT Documents”). The Purchase Price will be paid at Closing in the form of prepaid rental under the terms of the PILOT Documents. If requested by Purchaser, such PILOT Documents shall include a subordination of the IDB’s rights and interest in the Property to the lien of any acquisition, development or permanent financing obtained by Purchaser from the Purchaser Financing Parties and IDB shall timely enter into any documents, consents, instruments and other agreements as requested by Purchaser or Purchaser Financing Parties to effectuate the same. By its execution of the Joinder attached hereto within thirty (30) days after the Effective Date, the IDB shall acknowledge this Agreement and its intention to take title to the Property and enter the PILOT Documents at Closing.

13. Expenses. The cost of preparing the Deed and the cost of a standard owner’s title policy (excluding the cost of endorsements unless required to correct existing deficiencies in title) shall be paid by Sellers, along with the cost of the Survey (as provided in Section 7(b) and Section 9(b) hereof). Purchaser shall pay for the cost of all of Purchaser’s due diligence, other than the Survey, any costs associated with Purchaser’s financing, recording of the Deed and PILOT Documents to the extent recordable, the Tennessee transfer tax, if applicable, and any title endorsements other than as set forth above. Purchaser and Sellers shall each pay their own attorneys’ fees in connection with this transaction. All other escrow fees shall be divided equally between Sellers and Purchaser.

14. Risk of Loss. The risk of loss or damage to the Property from fire, flood, windstorm or other casualty until delivery of the Deed to Purchaser or the IDB for the Property is assumed by Sellers. Risk of loss or damage to the Property upon and after delivery of the Deed to Purchaser or the IDB is assumed by Purchaser. If, before the date of Closing, any condemnation (taking by eminent domain) proceeding is or has been commenced solely with respect to the Property or any casualty results in damage to the Property or improvements thereon, Purchaser shall have the option of either terminating this Agreement or of completing the purchase contemplated herein. In the event Purchaser shall elect to terminate this Agreement, Purchaser shall be entitled to the return of all Earnest Money and all parties shall be relieved and discharged of any further liability hereunder (except as specified in Section 8). If, however, Purchaser shall elect to complete this transaction, there shall be no reduction in the Purchase Price and Purchaser shall be entitled, in the case of fire or other casualty, to receive from the insurance carrier all insurance proceeds or, in the case of condemnation, to receive the entire award for the Property or the portion thereof so taken. Sellers shall execute and deliver to Purchaser at Closing all proper instruments for the assignment and collection of such proceeds and awards.

15. Sellers’ Representations and Warranties.

- (a) Sellers represent and warrant to Purchaser that:
  - (i) Sellers have the authority to execute this Agreement and to perform their obligations hereunder. The persons executing this Agreement on behalf of Sellers are duly authorized to do so;
  - (ii) Sellers have received no written notice concerning the Property from any governmental authority stating that the Property is

currently in violation of any federal, state, county, or city statute, ordinance, code, rule, or regulation which remains uncured other than as disclosed in the Quitclaim Deed;

- (iii) There is no pending litigation affecting the Property;
- (iv) Sellers have not used the Property for the disposal or dumping of, nor, during Sellers' ownership, to Sellers' knowledge, has there been any spillage, seepage, or uncontrolled loss on, or filtration from or onto the Property of any hazardous materials (as defined under local, state, or federal law), other than as disclosed in the Quitclaim Deed; and
- (v) There are no unpaid charges or fees affecting the Property which would result in a lien on the Property or otherwise be binding upon or be charged to Purchaser after Closing.

(b) Survival of Representations and Warranties. The representations and warranties in this Section 15 will be deemed made on and as of the Effective Date and also as of the date of Closing with the same force and effect as if made at that time. The representations and warranties survive Closing for a period of one (1) year (the "Survival Period"), at which time they terminate unless there is a claim for breach thereof which has been instituted within the Survival Period.

16. Sellers' Covenants. Sellers covenant with Purchaser as follows:

- (a) Except as permitted by this Agreement, Sellers shall not encumber or permit the encumbrance of the Property with liens or encumbrances creating a cloud on title
- (b) Until Closing, Sellers will comply in all material respects with all laws, statutes, rules and regulations that are applicable to the Property.

17. Purchaser's Representations, Warranties, and Covenants.

- (a) Purchaser represents and warrants to Sellers, which representations and warranties are also deemed to be made on and as of the date of Closing:
  - (i) Purchaser is a limited liability company, validly existing and in good standing under the laws of the state of Delaware, and is, to the extent necessary, qualified to do business in the state of Tennessee;
  - (ii) Purchaser has the authority to execute this Agreement and to perform its obligations under this Agreement. The person executing this Agreement on behalf of Purchaser is duly authorized to do so;
  - (iii) There are no attachments, executions, assigns for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or

under other debtor relief laws contemplated by, pending, or threatened against Purchaser;

- (iv) Purchaser is in compliance with the requirements of Executive Order No. 133224, 66 Fed. Reg. 49079 (Sept. 25, 2001) (the “Order”) and other similar requirements contained in the rules and regulations of the Office of Foreign Assets Control, Department of the Treasury (“OFAC”) and in any enabling legislation or other Executive Orders or regulations in respect thereof (the Order and such other rules, regulations, legislation, or orders are collectively called the “Orders”); and
- (v) Purchaser (A) is not listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Orders (such lists are collectively referred to as the “Lists”); (B) has not been determined by competent authority to be subject to the prohibitions contained in the Orders; or (C) is not owned or controlled by, or acts for or on behalf of, any person or entity on the Lists or any other person or entity who has been determined by competent authority to be subject to the prohibitions contained in the Orders.

(b) Survival of Representations and Warranties. The representations and warranties in this Section 17 will be deemed made on and as of the Effective Date and also as of the date of Closing with the same force and effect as if made at that time. The representations and warranties survive Closing for the Survival Period, at which time they terminate unless there is a claim for breach thereof which has been instituted within the Survival Period.

18. Closing.

(a) If Purchaser has not terminated this Agreement by the expiration of the Feasibility Period (including any extension thereof), the Closing of the Property will occur within Sixty (60) days following such expiration of the Feasibility Period (including any extension thereof).

(b) At the Closing for the Property, Sellers shall deliver the following:

- (i) The fully executed Deed for the Property in form and content reasonably acceptable to Purchaser and the Title Company and subject to no exceptions that are not Permitted Exceptions in accordance with Section 7(d) hereof or as otherwise permitted in accordance with Section 16(a) hereof.

- (ii) A fully executed recordable waiver of Sections 2.1, 3.1 and 3.2 of the Restrictive Covenants in accordance with the terms of Section 5 hereof.
  - (iii) A fully executed subordination (to the extent provided in Section 5 hereof) of the terms of Sections 2.1, Section 3.1 and 3.2 of the Restrictive Covenants to the terms of Purchaser's construction and permanent financing, in form and content reasonably acceptable to Purchaser and the Title Company, provided, however, that if, as of the Closing, such financing is not in place, Sellers will timely deliver such subordination in connection with such financing and prior to Purchaser's commencement of vertical construction of improvements on the Property for which the subordination is requested. The covenants of this section are agreed to survive Closing for a period of the Survival Period.
  - (iv) An affidavit to the Title Company enabling it to issue its final title insurance policy without exception for mechanic's or materialmen's liens, parties in possession, or unrecorded leases.
  - (v) A fully-executed CERCLA Enforcement Agreement.
  - (vi) Instruments reasonably satisfactory to Purchaser and the Title Company reflecting the proper authority of Sellers to consummate the transactions contemplated by this Agreement.
  - (vii) An affidavit with respect to the Property, which is subject to the Closing, that (i) there is no pending condemnation or similar proceeding or other pending or threatened litigation or administrative action, and (ii) no third party has any right to occupy (other than as set forth in the Quitclaim Deed, the Additional Quitclaim Deed and the Brownfield Agreement), use or acquire the Property.
  - (viii) A closing statement setting forth the source and disposition of the Purchase Price and all other funds transferred at Closing ("Closing Statement").
  - (ix) Any other documents or instruments reasonably necessary to close the transactions under this Agreement that are subject to the Closing.
- (c) At the Closing of the Property, Purchaser shall deliver:
- (i) Payment in cash of the Purchase Price in the manner set forth in Section 11, giving credit for the Earnest Money, Additional Earnest Money, if applicable, and any allocations and prorations set forth in this Agreement.

- (ii) Executed copies of the PILOT Documents.
- (iii) Executed counterpart to the waiver in accordance with Section 5(a) hereof.
- (iv) The executed ROFR in recordable form in accordance with Section 5(c) hereof.
- (v) Counterpart to the Closing Statement;
- (vi) Any other documents or instruments reasonably necessary to close the transfer of the title to the Property.

(d) Possession and title of the Property shall pass to Purchaser or the IDB (as provided in Section 12 hereof) at the Closing of the Property.

(e) Either party may elect to close by overnight courier or hand delivery of all documents required to effect the Closing, through the Title Company.

19. Default.

(a) In the event that Purchaser defaults under the terms of this Agreement prior to Closing and Sellers have not defaulted, Sellers shall be entitled to receive the Earnest Money, any Additional Earnest Money, and any interest earned thereon, as agreed upon liquidated damages, and the parties shall be relieved from any further liability hereunder except under the provisions of Section 8. Purchaser and Sellers specifically acknowledge and agree that the damage to Sellers from Purchaser's breach hereunder would be difficult or impossible to accurately determine, that the Earnest Money (if previously paid to Escrow Agent), and interest earned thereon is a reasonable estimate of Sellers' damages, and that the retention by Sellers of the Earnest Money, any Additional Earnest Money and interest earned thereon does not constitute a penalty. The Sellers waive the right to assert the defense of lack of mutuality in any action for specific performance instituted by the Purchaser.

(b) In the event Sellers default under the terms of this Agreement prior to Closing and Purchaser has not defaulted, Purchaser shall be entitled, at Purchaser's option:

- (i) to compel Sellers to convey the Property by a suit for specific performance and to recover all costs incidental to such suit; or
- (ii) to declare this Agreement terminated as to the Property. Upon any such declaration, Purchaser shall be entitled to receive the Earnest Money, any Additional Earnest Money, and interest earned thereon, if any, and any out-of-pocket expenses paid for Purchaser's third-party contractors, consultants, and engineers, (not to exceed \$100,000.00) and the parties shall thereafter be relieved from any further liability hereunder.

(c) In the event of default, the non-defaulting party shall have the right to recover from the defaulting party all costs and expenses incurred in enforcing this Agreement, including reasonable attorney's fees.

20. Broker. Purchaser and Sellers represent and warrant to each other that they have not dealt with any broker, consultant, finder, or like agent who might be entitled to any compensation in connection with the sale of the Property to Purchaser. No broker has authority to bind either party to this Agreement. Sellers and Purchaser do each hereby indemnify and agree to hold one another harmless from and against any and all causes, claims, demands, losses, liabilities, commissions, settlements, judgments, damages, expenses and fees (including reasonable attorneys' fees and court costs) in connection with any claim for commissions, fees, compensation or other charges relating in any way to this transaction, or the consummation thereof, which may be made by any person, firm or entity as a result of any of Sellers' or Purchaser's acts or the acts of Sellers' or Purchaser's representatives.

21. Assignment. Purchaser may assign this Agreement and any rights hereunder only to an affiliate of Purchaser and may collaterally assign this Agreement to a Purchaser Financing Party. Purchaser shall remain liable for all obligations hereunder. Purchaser also may assign this Agreement on a non-recourse basis to the IDB in order to facilitate Purchaser's utilization of certain of the Governmental Incentives.

22. Notices. Any notice required or permitted to be given to a party under this Agreement, shall be in writing and shall be deemed given: (i) on the day it is delivered personally (with receipt); or (ii) the day after it is deposited with a nationally-recognized courier service for next day delivery; or (iii) three (3) days after it is deposited in the U.S. certified mail, postage prepaid, return receipt requested, addressed as follows:

To Purchaser:                      Novonix Enterprise South LLC  
   353 Corporate Place  
   Chattanooga, TN 37419  
   Attention: Darcy MacDougald, Rashda M. Buttar and Tricia Smith  
   Email: darcy@novonixgroup.com  
                        rashda@novonixgroup.com  
                        tricia.smith@novonixgroup.com

With a copy to:                      Miller & Martin PLLC  
   Attention: James M. Haley IV and Mark Smith  
   Suite 1200 Volunteer Building  
   832 Georgia Avenue  
   Chattanooga, TN 37402  
   Email: james.haley@millermartin.com  
                        mark.smith@millermartin.com

To Sellers: Hamilton County, Tennessee  
c/o Lynn Mansfield, Real Property Manager  
Hamilton County Real Property Office  
4005 Cromwell Road  
Chattanooga, TN 37421  
Email: lynnm@hamiltontn.gov

City of Chattanooga  
c/o ECD Real Property  
101 E. 11<sup>th</sup> Street, Suite G-18  
Chattanooga, TN 37402  
Email: ghart@chattanooga.gov  
and: jfreeman@chattanooga.gov

With a copy to: Rheubin M. Taylor, Esq.  
Hamilton County Attorney  
204 Hamilton County Courthouse  
625 Georgia Avenue  
Chattanooga, TN 37402  
Email: rmtaylor@mail.hamiltontn.gov

Office of the City Attorney  
100 E. 11th Street, Suite 200  
Chattanooga, TN 37402  
Email: vmalueg@chattanooga.gov

Either party may, from time to time, change its address by written notice to the other party at its then current address.

23. Escrow Agent.

(a) The Earnest Money shall be held by the Escrow Agent until Closing or sooner termination of this Agreement, and Escrow Agent shall pay over the interest or income earned thereon, if any, to the party entitled to the Earnest Money, and the party receiving such interest or income shall pay any income taxes due thereon. In the event Closing shall occur in accordance with the provisions of this Agreement, then, Sellers and Purchaser shall deliver to Escrow Agent written instructions directing Escrow Agent to deliver the Earnest Money to Sellers in accordance with the signed Settlement Statement.

(b) If for any reason Closing does not occur pursuant to the provisions of this Agreement, and either party makes a written demand upon Escrow Agent, by registered or certified mail (return receipt optional), or overnight mail carrier, for the payment of the Earnest Money and any other sums previously paid to Escrow Agent, then Escrow Agent shall give written notice in accordance with the provisions hereof to the other party of the receipt of such demand. If Escrow Agent does not receive a written objection from the other party to the proposed payment of the Earnest Money and any other sums previously paid to Escrow Agent pursuant to the aforesaid



demand within ten (10) days after the delivery of such notice by Escrow Agent, Escrow Agent is hereby authorized to make such payment in accordance with the aforesaid demand.

(c) If Escrow Agent receives written objection from the other party to the proposed payment of the Earnest Money and any other sums previously paid to Escrow Agent pursuant to the aforesaid demand within such ten (10) day period, or if for any other reason Escrow Agent in good faith shall elect not to make such payment, Escrow Agent shall continue to hold the Earnest Money and any other sums previously paid to Escrow Agent until otherwise directed by written instructions from Sellers and Purchaser or a final judgment of a court of competent jurisdiction. Escrow Agent shall have the right at any time to deposit the Earnest Money and any other sums previously paid to Escrow Agent with the clerk of any court of competent jurisdiction in Hamilton County, Tennessee, and Escrow Agent shall give written notice of such deposit to the Sellers and the Purchaser, and upon such deposit being made, Escrow Agent shall be discharged from all obligations and responsibilities hereunder.

(d) The parties acknowledge that Escrow Agent is acting solely as a stakeholder at their request and for their convenience, that Escrow Agent may act upon any writing believed by it in good faith to be genuine and to be signed and presented by the proper person and the Escrow Agent shall not be deemed to be the agent of either of the parties, and that Escrow Agent shall not be liable to either of the parties for any act or omission on its part unless taken or suffered in bad faith, in willful disregard of this Agreement or involving gross negligence.

(e) Escrow Agent shall have no duties or responsibilities except as set forth herein. Escrow Agent shall not be bound by any modification of the Agreement unless the same is in writing and signed by the Purchaser and Sellers and if Escrow Agent's duties hereunder are affected, unless Escrow Agent shall have given prior written consent thereto. The Sellers and Purchaser hereby jointly and severally indemnify and hold the Escrow Agent harmless from and against all costs, claims and expenses (including reasonable attorney's fees) incurred in connection with the performance by the Escrow Agent of its duties in accordance with the provisions of this section of this Agreement.

24. Force Majeure. If Purchaser is delayed or hindered in or prevented from the performance of its obligations by Force Majeure, then the time periods for Purchaser's performance hereunder will be extended for a period equivalent to the period of such delay. Financial inability to perform will not be deemed to be a cause beyond the control of Purchaser.

25. Survival. The terms and provisions of this Agreement will survive the Closing and remain in full force and effect until they expire in accordance with their terms.

26. Miscellaneous.

(a) Entire Agreement; Amendment. This Agreement constitutes the entire agreement between Sellers and Purchaser, and no change in or supplement to this Agreement may be made except by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

(b) Binding Effect. The covenants and agreements contained in this Agreement shall be binding upon and inure to the benefit of Sellers and Purchaser and their respective successors and assigns.

(c) Construction. This Agreement shall be construed without reference to the titles of the various paragraph headings herein contained, which are inserted for convenience of reference only. Both Sellers and Purchaser have had the opportunity to be represented by legal counsel in negotiating this Agreement, thus this Agreement shall be construed without inference of drafting by either Sellers or Purchaser.

(d) Counterparts. This Agreement may be executed in any number of counterparts, any one or all of which shall constitute the agreement of the parties.

(e) Time is of the Essence. Time is of the essence of this Agreement and each provision hereof. Any reference to a number of “days” herein shall be a reference to “calendar days” unless an express reference in said provision is made to “business days”. For the purposes hereof, “business day” means any day other than a Saturday or Sunday, or other day on which commercial banks are authorized or required to close under the laws of the state of Tennessee. If the date on which either Purchaser or Sellers is required to take action under this Agreement is not a business day (as defined herein), the action shall be taken on the next succeeding business day.

(f) Partial Invalidity; Waiver. If any portion of this Agreement is held invalid or inoperative, then so far as is reasonable and possible the remainder of this Agreement shall be deemed valid and operative, and effect shall be given to the intent manifested by the portion held invalid or inoperative. The failure by either party to enforce against the other any term or provision of this Agreement shall be deemed not to be a waiver of such party’s right to enforce against the other party the same or any other such term or provision.

(g) Governing Law. This Agreement will be interpreted under and governed and enforced according to the laws of Tennessee which are applicable to contracts executed wholly within that state.

(h) Confidential Information. Sellers and Purchaser will coordinate any and all announcements regarding the Closing to the extent allowed by Tennessee law.

**[SIGNATURES ON FOLLOWING PAGE]**

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

**PURCHASER:**

**NOVONIX ENTERPRISE SOUTH LLC**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

*[Signature Pages Continue]*

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

**SELLER:**

**HAMILTON COUNTY, TENNESSEE, a  
political subdivision of the state of Tennessee**

By: \_\_\_\_\_  
Weston Wamp, County Mayor

*[Signature Pages Continue]*

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

**SELLER:**

**CITY OF CHATTANOOGA, TENNESSEE**

By: \_\_\_\_\_  
Tim Kelly, Mayor

*[Signature Pages Continue]*

The undersigned has signed this Agreement to acknowledge its receipt of the Earnest Money and its agreement to hold and disburse the Earnest Money in accordance with the terms of this Agreement.

**JONES TITLE COMPANY, LLC**

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**JOINDER**

The undersigned hereby acknowledges the Agreement and its intention to comply with the actions required of it under Section 10(d) – Brownfield Agreement, and Section 12 – taking title and entering the PILOT Documents; provided that such actions do not impose any liability or cost to the IDB or any of its officers or agents.

**Industrial Development Board of the City of Chattanooga**

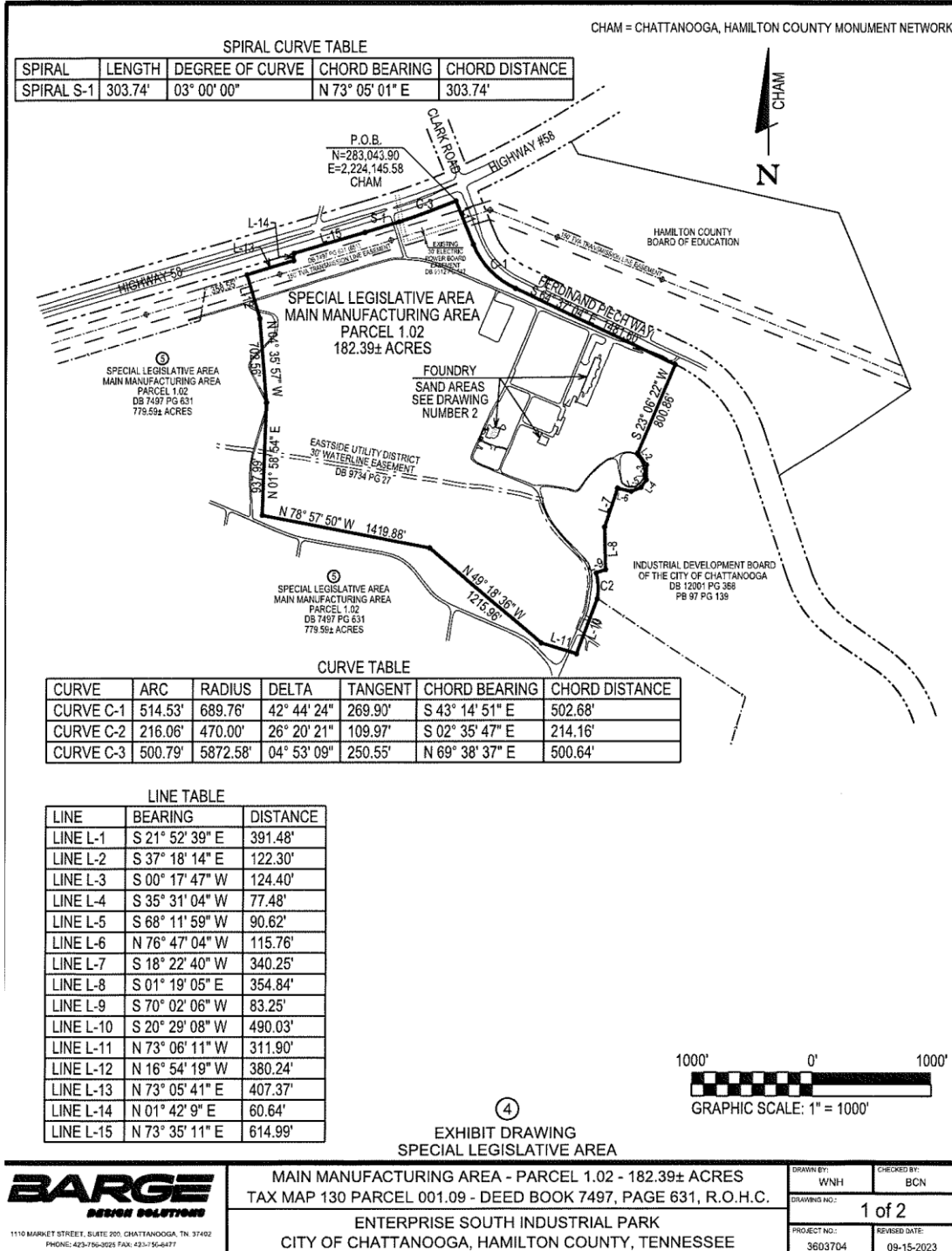
By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## **EXHIBITS TO REAL ESTATE PURCHASE AGREEMENT**

The photographs and renderings that are included in the following exhibits are conceptual and may vary from the final approved Site Plan and plans and specifications for the Improvements. Additionally, the dimensions of the renderings are not necessarily drawn to scale.

## EXHIBIT "A"

### SPECIAL LEGISLATIVE AREA, MAIN MANUFACTURING AREA, PARCEL 1.02, 182.39±ACRES





**EXHIBIT "A-1"**

**LEGAL DESCRIPTION**

**SPECIAL LEGISLATIVE AREA, MAIN MANUFACTURING AREA, PARCEL 1.02,  
182.39±ACRES**

BEING the Northern portion of the property described as the Main Manufacturing Area in Deed Book 7497, Page 631 (see page 647) in the Register's Office of Hamilton County, Tennessee, property shown on Tax Map 130 being Parcel 001.09, located in the Enterprise South Industrial Park, City of Chattanooga, Hamilton County, Tennessee, being more particularly described as follows:

BEGINNING at a point where the Southern margin of Highway 58 and the Western margin of Ferdinand Piech Way intersect, said point being at Tennessee State Grid Coordinates of North=283,043.90 and East=2,224,145.58, coordinates based on the City of Chattanooga/Hamilton County Monument Network System (CHAM System) all bearings are based on said system, all distances are horizontal ground;

THENCE South 21 degrees, 52 minutes, 39 seconds East for a distance of 391.48 feet along the Western margin of Ferdinand Piech Way to the point of curvature;

THENCE with a curve to the left (counterclockwise) along the Southwestern margin of Ferdinand Piech Way an arc distance of 514.53 feet, having a radius of 689.76 feet, a delta angle of 42 degrees, 44 minutes, 24 seconds and a chord bearing of South 43 degrees, 14 minutes, 51 seconds East and a chord distance of 502.68 feet to the point of tangency;

THENCE South 64 degrees, 37 minutes, 04 seconds East for a distance of 1481.60 feet along the Southern margin of Ferdinand Piech Way to a point;

THENCE South 23 degrees, 06 minutes, 22 seconds West for a distance of 800.86 feet to a point;

THENCE South 37 degrees, 18 minutes, 14 seconds East for a distance of 122.30 feet to a point;

THENCE South 00 degrees, 17 minutes, 47 seconds West for a distance of 124.40 feet to a point;

THENCE South 35 degrees, 31 minutes, 04 seconds West for a distance of 77.48 feet to a point;

THENCE South 68 degrees, 11 minutes, 59 seconds West for a distance of 90.62 feet to a point;

THENCE North 76 degrees, 47 minutes, 04 seconds West for a distance of 115.76 feet to a point;

THENCE South 18 degrees, 22 minutes, 40 seconds West for a distance of 340.25 feet to a point;

THENCE South 01 degrees, 19 minutes, 05 seconds East for a distance of 354.84 feet to a point;

THENCE South 70 degrees, 02 minutes, 06 seconds West for a distance of 83.25 feet to a point on curve;

THENCE with a curve to the right (clockwise) an arc distance of 216.06 feet, having a radius of 470.00 feet, a delta angle of 26 degrees, 20 minutes, 21 seconds and a chord bearing of South 02 degrees, 35 minutes, 47 seconds East and a chord distance of 214.16 feet to the point of tangency;

THENCE South 20 degrees, 29 minutes, 08 seconds West for a distance of 490.03 feet to a point;

THENCE North 73 degrees, 06 minutes, 11 seconds West for a distance of 311.90 feet to a point;

THENCE North 49 degrees, 18 minutes, 36 seconds West for a distance of 1215.96 feet to a point;

THENCE North 78 degrees, 57 minutes, 50 seconds West for a distance of 1419.88 feet to a point;

THENCE North 01 degrees, 58 minutes, 54 seconds East for a distance of 937.99 feet to a point;

THENCE North 04 degrees, 35 minutes, 57 seconds West for a distance of 702.56 feet to a point;

THENCE North 16 degrees, 54 minutes, 19 seconds West for a distance of 380.24 feet to a point;

THENCE North 73 degrees, 05 minutes, 41 seconds East for a distance of 407.37 feet to a point;

THENCE North 01 degrees, 42 minutes, 09 seconds East for a distance of 60.64 feet to a point located on the Southern margin of Highway 58;

THENCE North 73 degrees, 35 minutes, 11 seconds East for a distance of 614.99 feet along the Southern margin of Highway 58 to the beginning of a spiral curve;

THENCE with a spiral curve to the left (counterclockwise) along the Southern margin of Highway 58 a total length of 303.74 feet, having a degree of curve of 03 degrees, 00 minutes, 00 seconds, a chord bearing of North 73 degrees, 05 minutes, 01 seconds East and a chord distance of 303.74 feet to the end of spiral curve;

THENCE with a curve to the left (counterclockwise) an arc distance of 500.79 feet, having a radius of 5872.58 feet, a delta angle of 04 degrees, 53 minutes, 09 seconds and a chord bearing of North 69 degrees, 38 minutes, 37 seconds East and a chord distance of 500.64 feet to the POINT OF BEGINNING.

SUBJECT to a TVA Transmission Line Easement described in Deed Book 7497, Page 631 (see page 651) R.O.H.C.;

SUBJECT to an Eastside Utility District Waterline Easement, 30 feet in width described in Deed Book 9734, Page 27, R.O.H.C.;

SUBJECT to an Electric Power Board Easement, 30 feet in with described in Deed Book 9312, Page 587, R.O.H.C.;

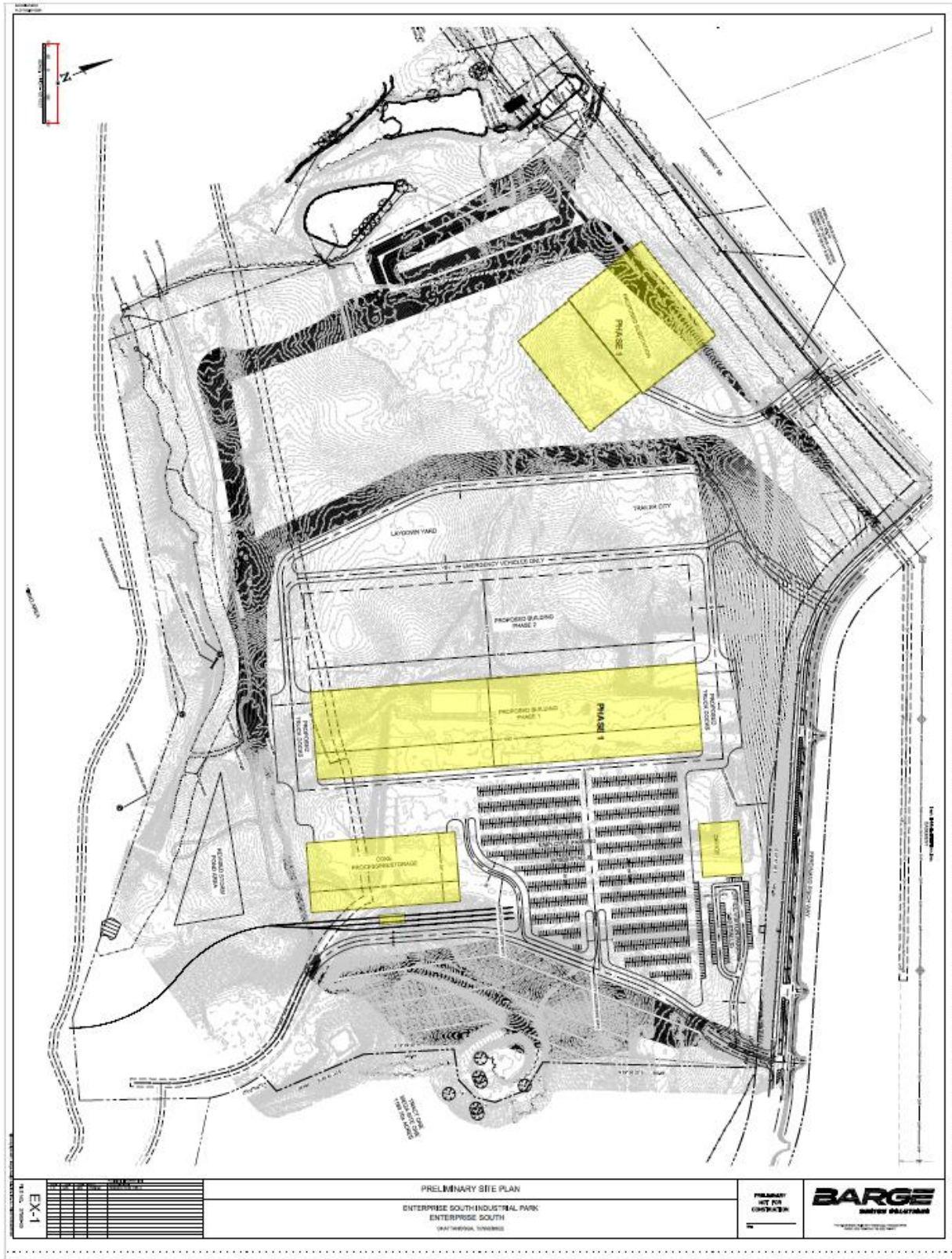
SUBJECT to a Slope Easement, described in Deed Book 9823, Page 96, R.O.H.C.;

SUBJECT to a Drainage Easement, described in Deed Book 9823, Page 96, R.O.H.C.;

SAID portion of the Special Legislative Area, Main Manufacturing Area herein described contains 182.39 acres, less and except the 3 Foundry Sand Areas described below, all as shown on the attached drawing prepared by Barge Design Solutions, having project number 3603704.

# EXHIBIT "B"

## SITE PLAN



**EXHIBIT "C"**

**SITE PLAN SHOWING REMEDIATION AREAS**

## **EXHIBIT "C-1"**

### **DESCRIPTION OF REMEDIATION AREAS**

#### **FOUNDRY SAND AREA 1**

BEING Foundry Sand Area 1, located on the Special Legislative Area, Main Manufacturing Area, Parcel 1.02, 182.39± acre tract, which is a part of the Main Manufacturing Area described in Deed Book 7497, Page 631, in the Register's Office of Hamilton County, Tennessee, property is shown on Tax Map 130, being Parcel 001.09, located in the Enterprise South Industrial Park, City of Chattanooga, Hamilton County, Tennessee, sand Foundry Sand Area 1 being more particularly described as follows:

COMMENCING at a point located on the Southern margin of Ferdinand Piech Way and marking the Northeast corner of the Main Manufacturing Area, Northern Portion, being at Tennessee State Grid Coordinates of North=281,679.36 and East=2,225,974.45, coordinates based on the City of Chattanooga I Hamilton County Monument Network System (CHAM System) all bearings are based on said system, all distances are horizontal ground;

THENCE North 64 degrees, 37 minutes, 04 seconds West for a distance of 571.39 feet along the Southern margin of Ferdinand Piech Way to a point;

THENCE South 25 degrees, 22 minutes, 56 seconds West for a distance of 194.75 feet to the POINT OF BEGINNING;

THENCE South 22 degrees, 35 minutes, 00 seconds West for a distance of 380.00 feet to a point;

THENCE North 67 degrees, 25 minutes, 00 seconds West for a distance of 60.00 feet to a point;

THENCE North 22 degrees, 35 minutes, 00 seconds East for a distance of 380.00 feet to a point;

THENCE South 67 degrees, 25 minutes, 00 seconds East for a distance of 60.00 feet to the POINT OF BEGINNING.

SAID Foundry Sand Area 1 herein described contains 22,800 square feet, more or less, or 0.52 acres, more or less, as shown on the attached drawing prepared by Barge Design Solutions, having project number 3603704.

#### **FOUNDRY SAND AREA 2**

BEING Foundry Sand Area 2, located on the Special Legislative Area, Main Manufacturing Area, Parcel 1.02, 182.39± acre tract, which is a part of the Main Manufacturing Area described in Deed Book 7497, Page 631, in the Register's Office of Hamilton County, Tennessee, property is shown on Tax Map 130, being Parcel 001.09, located in the Enterprise South Industrial Park, City of Chattanooga, Hamilton County, Tennessee, sand Foundry Sand Area 1 being more particularly described as follows:

COMMENCING at a point located on the Southern margin of Ferdinand Piech Way and marking the Northeast corner of the Main Manufacturing Area, Northern Portion, being at Tennessee State Grid Coordinates of North=281,679.36 and East=2,225,974.45, coordinates based on the City of Chattanooga I Hamilton County Monument Network System (CHAM System) all bearings are based on said system, all distances are horizontal ground;

THENCE North 64 degrees, 37 minutes, 04 seconds West for a distance of 693.16 feet along the Southern margin of Ferdinand Piech Way to a point;

THENCE South 25 degrees, 22 minutes, 56 seconds West for a distance of 1009.96 feet to the POINT OF BEGINNING;

THENCE South 23 degrees, 09 minutes, 46 seconds West for a distance of 65.00 feet to a point;

THENCE North 66 degrees, 24 minutes, 37 seconds West for a distance of 77.59 feet to a point;

THENCE North 23 degrees, 45 minutes, 31 seconds East for a distance of 80.90 feet to a point;

THENCE South 54 degrees, 43 minutes, 16 seconds East for a distance of 78.49 feet to the POINT OF BEGINNING.

SAID Foundry Sand Area 2 herein described contains 5,633 square feet, more or less, or 0.13 acres, more or less, as shown on the attached drawing prepared by Barge Design Solutions, having project number 3603704.

### **FOUNDRY SAND AREA 3**

BEING Foundry Sand Area 3, located on the Special Legislative Area, Main Manufacturing Area, Parcel 1.02, 182.39± acre tract, which is a part of the Main Manufacturing Area described in Deed Book 7497, Page 631, in the Register's Office of Hamilton County, Tennessee, property is shown on Tax Map 130, being Parcel 001.09, located in the Enterprise South Industrial Park, City of Chattanooga, Hamilton County, Tennessee, sand Foundry Sand Area 1 being more particularly described as follows:

COMMENCING at a point located on the Southern margin of Ferdinand Piech Way and marking the Northeast corner of the Main Manufacturing Area, Northern Portion, being at Tennessee State Grid Coordinates of North=281,679.36 and East=2,225,974.45, coordinates based on the City of Chattanooga I Hamilton County Monument Network System (CHAM System) all bearings are based on said system, all distances are horizontal ground;

THENCE North 64 degrees, 37 minutes, 04 seconds West for a distance of 1074.72 feet along the Southern margin of Ferdinand Piech Way to a point;

THENCE South 25 degrees, 22 minutes, 56 seconds West for a distance of 1065.21 feet to the POINT OF BEGINNING;

THENCE South 22 degrees, 52 minutes, 30 seconds East for a distance of 33.86 feet to a point;

THENCE South 47 degrees, 33 minutes, 08 seconds West for a distance of 121.74 feet to a point;  
THENCE North 85 degrees, 52 minutes, 47 seconds West for a distance of 39.87 feet to a point;  
THENCE North 66 degrees, 34 minutes, 33 seconds West for a distance of 39.07 feet to a point;  
THENCE North 12 degrees, 31 minutes, 47 seconds East for a distance of 97.51 feet to a point;  
THENCE South 89 degrees, 54 minutes, 08 seconds East for a distance of 131.13 feet to the POINT  
OF BEGINNING.

SAID Foundry Sand Area 3 herein described contains 13,434 square feet, more or less, or 0.31 acres, more or less, as shown on the attached drawing prepared by Barge Design Solutions, having project number 3603704.



**EXHIBIT “D”**

**PROPERTY REPORTS**

All documents known by Sellers as of the Effective Date to be in Sellers’ possession or control, or in the possession of their third party contractors, pertaining to the Property and which might be necessary or beneficial to complete Purchaser’s investigation and inspection of the Property, including without limiting the generality of the foregoing, engineering, geotechnical, or environmental reports, title policies and surveys, and contracts, easements and licenses applicable thereto.

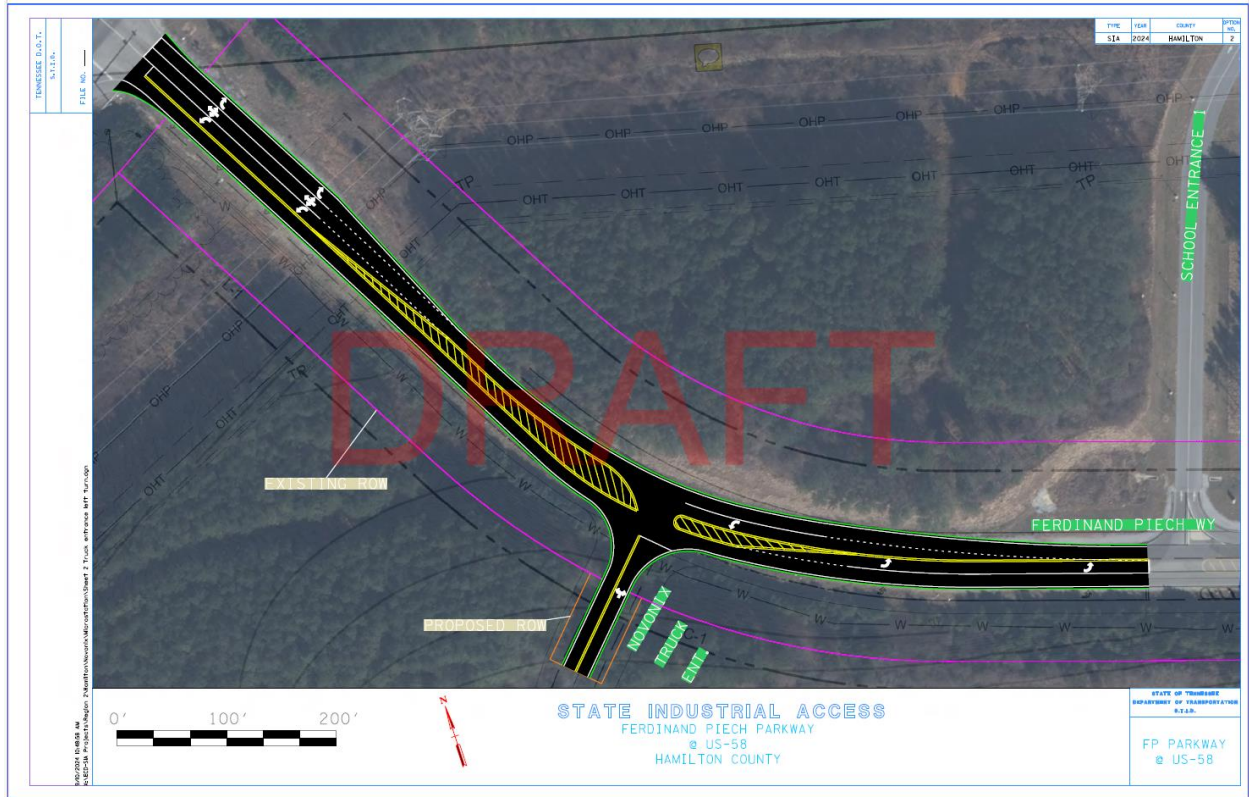
## **EXHIBIT “E”**

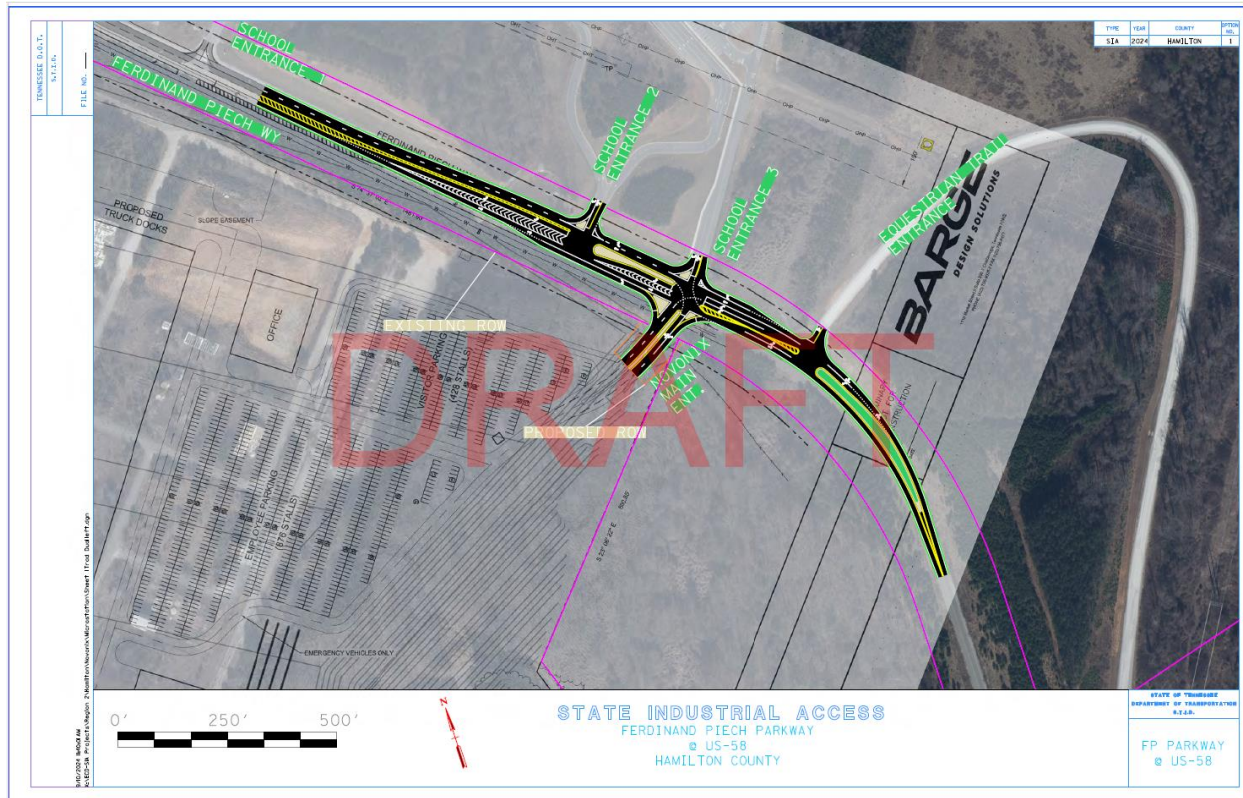
### **Scope of Work Included in the Clearing and Grading**

Building and foundation demolition, including asbestos, foundry sand and lead paint abatement and removal, universal waste handling and disposal, clearing of the entire Property including select hand clearing, grubbing only the areas necessary for earthwork operations, pavement demolition, power demolition, substation demolition, water line demolition, sewer line demolition, earthwork for the initial sediment basins and diversion ditches including fill placement in the non-jurisdictional drainage valleys with underdrains, initial erosion control measures including construction exits and concrete washout, silt fencing, installation of the outlet control structures, emergency overflows, forebay berms and all other appurtenances for the sediment basins, outlet protection, erosion control channel matting and temporary and permanent seeding of all disturbed areas on the Property.

**EXHIBIT "F"**

**FERDINAND PEICH ROAD IMPROVEMENTS**





TITLE	YEAR	COUNTY	SPRIN. NO.
SIA	2024	HAMILTON	1

TENSASSEE DIST.  
 DIST. NO. \_\_\_\_\_  
 FILE NO. \_\_\_\_\_

8/30/2024 10:00 AM  
 PROJECT: State Industrial Access - Ferdinand Piech Parkway  
 DRAWING: State Industrial Access - Ferdinand Piech Parkway



**STATE INDUSTRIAL ACCESS**  
 FERDINAND PIECH PARKWAY  
 @ US-58  
 HAMILTON COUNTY

**BARGE**  
 DESIGN SOLUTIONS  
10000 W. STATE ST. SUITE 1000  
 HAMILTON, TN 37130  
 (615) 891-1111

STATE OF TENNESSEE  
 DEPARTMENT OF TRANSPORTATION  
 R.E.S.

FP PARKWAY  
 @ US-58

**EXHIBIT “G”**  
**PILOT AGREEMENT**

**EXHIBIT “H”**  
**PILOT LEASES**