

December 29, 2013  
Ref. No. RFP

**PURCHASING DEPARTMENT  
101 EAST 11<sup>th</sup> STREET, STE. G-13  
CHATTANOOGA, TENNESSEE 37402  
CITY HALL**

**Request for Proposals for the City of Chattanooga, TN**

*Proposals will be received at 101 East 11<sup>th</sup> Street, Suite G-13, Chattanooga, TN 37402 until 4:00 p.m. E.S.T. on Thursday, January 9<sup>th</sup>, 2014.*

**Requisition No.: RFP –  
Ordering Dept.: General Services / Real Property  
Buyer: David Carmody / carmody\_d@chattanooga.gov  
Phone No.: 423-757-5184  
Fax No.: 423 757-5201**

\*\*\*\*\*

**Items Being Purchased: The property and structures located at 2021 and 2029 East 23<sup>rd</sup> Street and identified as tax map number 156G-B-014.**

\*\*\*\*\*

**\*\*\*NON-MANDATORY PRE-BID CONFERENCE WILL BE\*\*\*  
HELD AT THE PROPERTY AT 2:00 P.M. ON  
THURSDAY, JANUARY 2, 2014**

\*\*\*\*\*

**\*\*\*REQUEST FOR PROPOSALS MUST BE RECEIVED\*\*\*  
NO LATER THAN  
4:00 PM E.S.T. on Thursday, January 9, 2014**

\*\*\*\*\*

The City of Chattanooga reserves the right to reject any and/or all proposals, waive any informalities in the proposals received, and to accept any proposal which in its opinion may be for the best interest of the City.

The City of Chattanooga will be non-discriminatory in the purchase of all goods and services on the basis of race, color or national origin.

\*\*\*\*\*

The City of Chattanooga (COC) Terms and Conditions posted on Website are applicable:  
[http://www.chattanooga.gov/Gen\\_Serv/4060\\_StandardTermsandConditions.htm](http://www.chattanooga.gov/Gen_Serv/4060_StandardTermsandConditions.htm)

**NOTE: ALL PROPOSALS MUST BE SIGNED.**  
All proposals received are subject to the terms and conditions contained herein and as listed in the above referenced website. The undersigned Offeror acknowledges having received, reviewed, and agrees to be bound to these terms and conditions, unless specific written exceptions are otherwise stated.

**PURCHASE OF PROPERTY AND STRUCTURES  
IDENTIFIED AS TAX MAP NUMBER 156G-B-014  
WITH ASSIGNED ADDRESSES OF  
2029 E. 23RD STREET (FREE STANDING MAINTENANCE BUILDING AT REAR OF PROPERTY)  
2021 E. 23RD STREET (ALL OTHER STRUCTURES LOCATED ON THE PROPERTY)**

**CITY OF CHATTANOOGA, TENNESSEE**

The City of Chattanooga, hereinafter called the "City", is requesting qualified firm(s) to submit Formal Proposals for **THE PURCHASE OF PROPERTY AND STRUCTURES IDENTIFIED AS TAX MAP NUMBER 156G-B-014, known as 2021 and 2029 E. 23<sup>rd</sup> Street**, as set forth in the Request for Proposal.

Proposals shall be submitted to David Carmody, Purchasing Manager, City of Chattanooga, 101 East 11<sup>th</sup> Street, Suite G13, Chattanooga, Tennessee 37402, by no later than 4:00 p.m. EDT, on Thursday, January 09, 2014.

**\*\*\*A Non-Mandatory Pre-Bid Conference will be held at the  
Property site at 2:00 p.m. on Thursday, January 2, 2014\*\*\***

Interested firms may request a copy in writing of a Request for Proposal from:

City of Chattanooga, Purchasing Division  
David Carmody, Purchasing Manager  
[carmody\\_d@chattanooga.gov](mailto:carmody_d@chattanooga.gov)  
101 East 11<sup>th</sup> Street, Suite G13  
Chattanooga, Tennessee 37402  
Phone: (423) 757-5184  
Fax: (423) 757-7201

Requests for Proposals are available for pickup from 8:00 am until 4:30 pm, Monday through Friday, or can be viewed on the City of Chattanooga website, by visiting [www.chattanooga.gov](http://www.chattanooga.gov)



# REQUEST FOR PROPOSAL

## **PURCHASE OF THE PROPERTY AND STRUCTURES IDENTIFIED AS TAX MAP NUMBER 156G-B-014 2021 AND 2029 EAST 23RD STREET**

City of Chattanooga, Tennessee  
RFP [Click here to enter text.](#)

December 29, 2013



## PURPOSE

The City is requesting qualified firms to submit Formal Proposals for the purchase of the property and structures located at 2021 and 2029 East 23<sup>rd</sup> Street, Chattanooga, TN, and identified as tax map number 156G-B-014. The property consists of approximately 4.6 acres, zoned M-1, a two-story administration building with a single-story wing, an attached high-bay recreation building and a large free-standing maintenance building. The legal description of the property is recorded in Deed Book P7, Page 399. Additional information can be found in the attached appraisal.

It is the intent of the City to enter into a Purchase and Sale Agreement for the subject property in “as is” condition.

During the Request for Proposal submission time period and at other subsequent times necessary, the subject property can be inspected by the proposer and the proposer will be allowed to perform any surveys and engineering test required by the proposer upon written requests at the sole cost of the proposer. The proposer shall hold harmless the property owners from any loss or damage to the property arising from the process of conducting such engineering tests, surveys and inspections. To make arrangements to visit the site, contact David Carmody at 423-757-5184 or [carmody\\_d@chattanooga.gov](mailto:carmody_d@chattanooga.gov).

## Background Information

Since 1903, the City of Chattanooga and Hamilton County have owned this prime M-1 property with easy access to Interstate 24. The property was leased to the U.S. Army and the reserve center was constructed in the 1960's. The property is currently vacant. An Environmental Report was completed in 2012 and will be made available upon request.

The scope of work for the Project will include, but not be limited to the following items:

1. All Firms submitting Formal Proposals are responsible for attending a **pre-bid walkthrough**, and verification that such Proposal submitted is in full compliance with all laws, rules and regulations which may be applicable on the date of submittal.
2. Proposal shall be for the Purchase of the property and structures located at 2021 and 2029 East 23<sup>rd</sup> Street, Chattanooga, TN and identified as tax map number 156G-B-014.
3. Purchase and Sale Agreement shall be entered into by the Proposer and City of Chattanooga/Hamilton County contingent upon approval of acceptance of the proposal of the Chattanooga City Council and the Hamilton County Commission.

## CITY SUPPLIED SERVICES

The City will provide the following:

The City will provide a designated representative for communication related to this RFP.

The City will provide all interested firms with access to the facilities for this Project for the purpose of preparing proposals.

## PROPOSAL INFORMATION

Proposals must include all items listed below to be considered complete and evaluated. In order to help review each submission, City is asking that all Proposals be organized according to the following format:

1. Title Page
  - a. Letter of Interest and Introduction
  - b. List of any conditions or exceptions to the Request for Proposal



2. Table of Contents
3. Bid Form
  - a. Total Proposed Price for entire scope of services
4. Staff Assignments
  - a. Name and contact information of proposer.
  - b. Provide history, ownership, organization, and background of the firm including:
    - i. Names of partners and officers owning a 10% or greater share of the firm
    - ii. Clearly describe the organization of the firm, including: parent company, joint venture, subsidiaries, state of incorporation, etc. and include the length of time operating under such organization
    - iii. Identify and lawsuits or litigation, permit violations, and contract disputes that the firm was or is currently involved in and provide an explanation of each.

The City will not bear liability for any costs incurred in the preparation and delivery of proposals, nor is the City authorized to compensate firms submitting proposals for the Project.

#### REQUEST FOR PROPOSAL ADDENDUM

Receipt of all Addenda to this Request for Proposal, if any, must be acknowledged by attaching a signed copy of each Addendum to the RFP and listing each Addendum included in the Proposal on the Bid Form and attaching such to the front of the sealed RFP envelope. All Addenda shall become part of the requirements of this Request for Proposal as if originally included herein. Failure to acknowledge receipt of an Addendum both on the Bid Form and by attachment to the Proposal, as set forth herein, may result in rejection of the entire Proposal. All Addenda will be posted on the City's website and firms may obtain a copy of Addenda, at no charge, during the City business hours of 8:00 am until 4:30 pm, Monday through Friday from:

City of Chattanooga, Purchasing Division  
 David Carmody, Purchasing Manager  
 carmody\_d@chattanooga.gov  
 101 East 11<sup>th</sup> Street, Suite G13  
 Chattanooga, Tennessee 37402  
 Phone: (423) 757-5184  
 Fax: (423) 757-7201

#### RESERVATION OF CITY RIGHTS

In connection with the Request for Proposal and Project, the City of Chattanooga reserves all rights available to it under all applicable laws, including without limitation, and with or without cause, and with or without notice, the right to:

1. Reject any and all Proposals.
2. Reject any and all Proposals from any firm that is in arrears or is in default to the City of Chattanooga upon any debt or Contract, or that is a defaulter, as surety or otherwise, upon any obligation to the City of Chattanooga, or had failed to perform faithfully any previous Contract with the City of Chattanooga and, if requested, must present within **forty-eight (48) hours** evidence satisfactory to the City of performance ability and possession of necessary facilities, pecuniary resources and adequate insurance to comply with the terms of the Request for Proposal.
3. Cancel this Request for Proposal in whole or in part at any time prior to the execution of a contract by the City, without incurring any cost obligations or liabilities.



4. Issue addenda, supplements, and modifications to this Request for Proposal and to revise and modify, at any time before the Submittal Opening Date, the factors and/or weights of factors, if applicable, the City will consider in evaluating Proposals and to otherwise revise or expand its evaluation methodology as set forth herein.
5. Change the RFP Submittal Opening Date.
6. Investigate the qualifications of any firm and, if required, request additional information concerning contents of its Proposal, and additional evidence of qualifications.
7. Terminate evaluations of Proposals at any time.
8. Disclose information contained in a Proposal to the public as set forth herein.
9. Waive deficiencies in a Proposal, accept and review a nonconforming Proposal, or seek clarifications or supplements to a Proposal as permitted by law and according to City of Chattanooga purchasing practices and procedures.
10. Exercise any other right reserved or afforded to the City of Chattanooga under this Request for Proposal and to modify the Request for Proposal process in its sole discretion to address applicable laws, codes, or ordinances and to operate in the best interest of the City of Chattanooga.

#### GENERAL CONDITIONS

The following general rules and conditions apply to all purchases by the City and shall become a definite part of this Request for Proposal, unless otherwise specified therein. Proposers, or their authorized representatives, are expected to fully inform themselves as to the conditions, requirements and specifications before submitting Proposals in response to this Request for Proposal; failure to do so will be at the Proposer's own risk and he cannot secure relief on the plea of error.

Subject to State and City laws, and all rules, regulations and limitations imposed by legislation of the Federal Government, bids or proposals on all advertisements and invitations issued by the City and the Office of the City Purchasing Agent will bind Proposers to all applicable conditions and requirements set forth herein, unless otherwise specified in this Request for Proposal.

1. Proposals shall be submitted only on the forms provided by the City of Chattanooga. The Proposer shall submit **two (2) copies** signed and sealed, in the envelope provided by the City for that purpose.
2. A written request for the withdrawal of a proposal or any part thereof shall be granted if the request is received by the City of Chattanooga prior to the specified time of opening. Proposals submitted may not be amended or withdrawn after the specified time of the Submittal Opening.
3. Proposals received after the specified time of the Submittal opening will not be accepted.
4. Proposals must be submitted in the special mailing envelope, contained in all RFP packages which are supplied to all prospective Proposers. In the event that the Proposal contains bulky subject material, the special mailing envelope must be firmly affixed to any other package being used.
5. All information required by the Request for Proposal must be supplied to constitute a proper proposal.
6. Unless specified otherwise, all Formal Proposals submitted shall be binding for **forty-five (45) calendar days** following Submittal Opening date, unless the Proposer, upon request of the City, agrees to an extension.
7. Qualified Proposals are subject to rejection in whole or in part.
8. Proposers shall abide by and comply with the requirements of the Request for Proposal and shall not attempt to take advantage of any obvious error or omission therein, but shall fully complete every part of the Project in accordance with the Request for Proposal and requirements as set forth herein.
9. City of Chattanooga is Tax Exempt.



10. The Proposer certifies that his proposal is made without any previous understanding, agreement or connection with any person, firm, or corporation making a proposal for the same project without prior knowledge of competitive prices, and is in all respects fair, without outside control, collusion, fraud or otherwise illegal action.
11. All identical proposals submitted to the City as a result of advertised procurement for materials, supplies, equipment or services exceeding \$1,000.00 in total amount shall, at the discretion of the City, be reported to the Attorney General of the United States in accordance with Form DJ-1510 and the Presidential Order dated April 24, 1961 for possible violation and enforcement of antitrust laws.
12. The City may, at their sole discretion and in writing, waive or modify one or more of these General Conditions and Instructions that are inapplicable or inappropriate for a particular contract or purchase. A request for a waiver of or modification of any such condition or instruction shall be submitted to the City, in writing, together with supporting justification for any waiver or modification.
13. No Proposal will be accepted from, or Contract awarded to, any person, firm or corporation that is in arrears or is in default to the City of Chattanooga upon any debt or Contract, or that is a defaulter, as surety or otherwise, upon any obligation to said City of Chattanooga, or had failed to perform faithfully any previous Contract with the City of Chattanooga. The Proposer, if requested, must present within 48 hours evidence satisfactory to the City of performance ability and possession of necessary facilities, pecuniary resources and adequate insurance to comply with the terms, requirements, drawings and specifications as set forth herein.

#### NOTICE OF ACCEPTANCE

Following the review of all Proposals, and upon the recommendation of the Review Committee, the City may, at its sole option, reject all Proposals or elect to proceed with the Project. In the event that the City elects to proceed with the Project, the City will issue a written Notice of Acceptance to the Successful Proposer and enter into a contract therewith.



# THE HAISTEN GROUP, INC.

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1200 Market Street  
Chattanooga, TN 37402

Phone: 423-899-1928  
Fax: 423-899-1929

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## INVOICE

February 22, 2013

The City of Chattanooga  
ATTN: Dan Thornton  
100 East 11th Street - Suite 101  
Chattanooga, TN 37402

**Reference to:** Real Estate Appraisal Services

Our file Number: 12111503  
23rd Street Reserve Center  
East 23rd Street  
Chattanooga, TN 37404  
Current Owner: Hamilton County and City of Chattanooga

**Amount Due: \$2,000.00**

**Terms:** Net 30 days

**Make check payable to:**

The Haisten Group, Inc.  
1200 Market Street  
Chattanooga, TN 37402  
Federal ID# 62-1062836

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# Summary Appraisal Report

Of Real Estate

23rd Street Reserve Center

East 23rd Street  
Chattanooga, TN 37404

For

Dan Thornton  
The City of Chattanooga  
100 East 11th Street - Suite 101  
Chattanooga, TN 37402

Date of Report: February 18, 2013

Date of Valuation: February 18, 2013

By

William C. Haisten, III

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The Haisten Group, Inc.

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1200 Market Street  
Chattanooga, Tennessee 37402

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# THE HAISTEN GROUP, INC.

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1200 Market Street  
Chattanooga, TN 37402

Phone: 423-899-1928  
Fax: 423-899-1929

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February 18, 2013

Dan Thornton  
The City of Chattanooga  
100 East 11th Street - Suite 101  
Chattanooga, TN 37402

Reference to: 23rd Street Reserve Center  
East 23rd Street  
Chattanooga, TN 37404  
Current Owner: Hamilton County and City of Chattanooga

Dear Dan Thornton,

As requested, I have made an inspection and prepared a summary appraisal report of the above referenced property, for the purpose of estimating the market value of the "Fee Simple" interest. The data relevant to the value of the property, the methods of valuation, as well as the contingent and limiting conditions that apply, are stated in the body of this report. Please note that:

- This appraisal was made in accordance with the client's appraisal requirements.
- To the best of my knowledge, this report conforms to the current requirements prescribed by the Uniform Standard of Professional Appraisal Practice of the Appraisal Standards Board of the Appraisal Foundation (as required by the Institutions Reform, Recovery and Enforcement Act - FIRREA).
- The person signing this report has the knowledge and experience to complete the assignment competently.
- The person signing the report is duly licensed by the appropriate state under certificate number CG-2458.

This appraisal is made "As Is". If after reading this report, you have any questions or comments, please call. In my opinion, the market value of the "Fee Simple" ownership rights existing in the above referenced property, as of the date of the appraisal, is as follows:

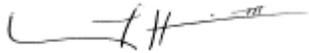
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**Date of value estimate:** February 18, 2013

**Estimated value "As Is":** \$600,000

**Exposure Time:** 6 to 12 months

Respectfully submitted,



William C. Haisten, III  
Appraiser  
TN CG-2458  
Expiration: April 30, 2013

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**PART I:**  
**INTRODUCTION**

## Table of Contents

<b>PART I: INTRODUCTION</b>	<b>2</b>
Table of Contents	2
Appraisal Information Summary	3
Subject Property Description	4
Subject Property Photographs	5
Scope of Work	11
Appraisal Certification	12
<b>PART II: FACTUAL DATA</b>	<b>13</b>
Purpose of Appraisal	14
Function of Appraisal	14
Scope Of Assignment And Reporting Process	14
Property Rights Appraised	16
Intended Use and User of Appraisal	16
Market Value Definition	16
Date of Value Estimate	17
Date of Property Inspection	17
Identification of the Property	17
History of the Property	18
Appraisal Analysis and Report Type	18
<b>PART III: ANALYSIS AND CONCLUSIONS</b>	<b>19</b>
Macro Area Analysis	20
Property Description and Productivity Analysis	48
Improvement Analysis:	51
Zoning and Land Use	53
Taxes and Assessment Analysis	53
Highest and Best Use Analysis	54
Valuation Process	57
<b>Cost Approach</b>	<b>60</b>
<b>Income Approach</b>	<b>80</b>
<b>Reconciliation and Final Estimate of Value</b>	<b>81</b>
<b>Addenda</b>	<b>83</b>
Contingent and Limiting Conditions	84
Statement of Qualifications	86

### Appraisal Information Summary

**Property Type:** Flex Shell Space  
**Location:** East 23rd Street

**Client and Intended Users of Appraisal:** The intended users are the appropriate authorities and/or representatives of The City of Chattanooga.

**Date of appraisal report:** February 18, 2013  
**Date of value:** February 18, 2013

**Real Estate Interest Appraised:** Fee Simple  
**Census tract:** 13.00  
**Site size:** 200,376 square feet  
**Gross Building Area:** 35,349 square feet  
**Zoning designation:** M-1  
**F.E.M.A. flood map number:** 47065C0344F and 47065C0343F  
**F.E.M.A. flood map date:** November 7, 2002  
**F.E.M.A. flood map area designation:** AE  
**Marketing Time:** 6 to 12 months  
**Exposure time:** 6 to 12 months  
**Estimated Land Value:** Not Applied  
**Indicated Value by Cost Approach:** Not Applied  
**Indicated Value by Sales Comparison Approach:** \$600,000  
**Indicated Value by Income Approach:** Not Applied  
**Final Estimate of "As Is" Value:** \$600,000

### **Subject Property Description**

The subject property is located at the intersection of East 23<sup>rd</sup> and South Willow Streets, approximately 1,100 feet from the Interstate 24/4<sup>th</sup> Avenue interchange. The subject site contains approximately 200,376 square feet, 4.60 acres, with approximately 385 feet of frontage feet along E. 23<sup>rd</sup> Street and an average depth of 365 feet. The site is irregularly shaped, L or flag shaped. Visibility and access are considered good as the topography is basically level. The subject site is zoned M-1 and does conform to the requirements for that zoning regulation. According to the Hamilton County GIS Internet Mapping Service and InterFlood Map Panel numbers 47065C0344F and 47065C0343F dated November 7, 2002, the site is considered to be in the 100-year flood zone.

The subject property is a former Army Reserve Center constructed in 1963. The property features two buildings, a main office/classroom building and a repair garage building located in the rear of the site. The main building features two floors. The first floor features 15 offices, 2 classrooms, 3 workstation rooms, a vault, a boiler room, a kitchen, 2 document preparation rooms, a men's and women's restroom and a drill hall/gymnasium. The repair garage building features 6 offices, 3 storage rooms, 6 large classrooms and a men's restroom. The vehicle repair building features three service bays, three offices, a battery storage room, a large parts storage room, a men and women's restroom and two storage rooms.

**Subject Property Photographs**













## **Scope of Work**

The client, The City of Chattanooga, requested the appraiser provide a market value of the subject property “as is” considering the fee simple interests. In valuing the subject property the appraiser considered the Sales Comparison Approach only.

The Cost Approach was not considered due to the age of the improvements, which were constructed in 1963. The Cost Approach is typically most accurate when valuing recently constructed or proposed facilities due to the fact that recently constructed or proposed facilities have little to no depreciation.

The Income Capitalization Approach was not utilized due to the limited rental comparables for flex retail/office shell spaces. Comparable rental rates in the area were for finished retail/office spaces not shell space, similar to the subject. Therefore the income capitalization approach was not considered to provide a credible value for the subject property.

In order to determine if the subject property’s land as vacant may be worth more than the subject as improved with the current improvements the subject land was valued as vacant. Therefore three vacant land sales were utilized in determining the value of the land. In valuing the subject “as is” the appraiser utilized six shell sales in the immediate and surrounding area and adjusted them accordingly to arrive at a market value via the Sales Comparison Approach.

## Appraisal Certification

**WE CERTIFY THAT**, to the best of our knowledge and belief:

- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased, professional analyses, opinions, or conclusions in, or the use of, this report.
- ◆ We have no present or prospective interest in the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- ◆ Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- ◆ We do not have the required expertise for determining the presence or absence of hazardous substances, such as all toxic materials, wastes, pollutants, or contaminants including (asbestos, PCB, UFFI, radon, lead based paints, or other raw materials, chemicals, or gases) used in the construction or otherwise on the property at the time of the inspection. We assume no responsibility for the studies, which would be required to determine the presence or absence of such substances. We also do not assume the responsibility for loss as the result of the presence of such substances.
- ◆ The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey or analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since, we do not have any direct evidence of a possible non-compliance with the requirements of the ADA, we did not consider this.
- ◆ We have made a personal inspection of the subject property.
- ◆ This report was prepared in conformance with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, and in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
- ◆ As of the date of this report, I, William C. Haisten, III, have completed the requirements of the Continuing Education Program of the Appraisal Institute.
- ◆ This report is subject to review by duly authorized representatives of the Appraisal Institute.
- ◆ I certify, as the appraiser, that I have completed all aspects of this valuation, including reconciling my opinion of value, free of influence from the client, client's representative, borrower, or any other party to the transaction.
- ◆ I have no current or prospective interest in the subject property or the parties involved; and no services were performed by the appraiser within the three year period immediately preceding acceptance of this assignment, as an appraiser or in any capacity.
- ◆ As of the date of this report, I, William C. Haisten, III, have completed the requirements under the licensing law of the State of Tennessee.
- ◆ Others providing assistance in this report, Paul Ferris, Jennifer Luy and Susan Chastain.

Respectfully submitted,



William C. Haisten, III  
Appraiser  
TN CG-2458  
Expiration: April 30, 2013

**PART II:**  
**FACTUAL DATA**

**Purpose of  
Appraisal**

The purpose of this appraisal is to estimate the “As Is” value of the Fee Simple interest of the property described, under the reporting requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), as defined by the Appraisal Foundation.

**Function of  
Appraisal**

The function of this report is to assist The City of Chattanooga with market value of the subject property.

**Scope Of  
Assignment And  
Reporting Process**

This is a “Summary Appraisal Report” which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation.

The scope of this appraisal has been to collect, confirm, and report data. Other general market data and conditions have been considered. Consideration has been given the property’s zoning and surrounding improvements and neighborhood. The work performed for this assignment included:

- ◆ An inspection of the property being appraised, as well as the neighborhood in which it is located. During the inspection, an inventory of the property attributes was collected based on visual observation. (NOTE: This inspection should not be construed with a professional engineers report concerning the condition of the building, structural integrity, or condition of any mechanical items. If the client has concerns of this type, a professional engineer’s inspection and report are recommended. This inspection is made only for observation of property attributes).
- ◆ Investigated public records for the property’s zoning, flood hazard area classification, property tax assessor’s records, for attributes of the property.
- ◆ Consideration of the highest and best use of the land and property as vacant and improved.

- ◆ Investigated comparable sales of similar improved properties, made a comparative analysis, which would lead to completion of the Sales Comparison Approach to Value.
- ◆ Reconciling the value indications from the appropriate approaches to value into a final value opinion for the subject property; all as of the effective date of this report.
- ◆ Preparation of a written report.

**Property Rights  
Appraised**

The property rights appraised in the appraisal are those rights known as “Fee simple”.

“Fee simple” interest is defined as: “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”<sup>1</sup>

**Intended Use and  
User of Appraisal**

The intended use of the appraisal is to assist the client, The City of Chattanooga, with a decision on the property regarding market value of the subject property. The City of Chattanooga is expected to use the report as a guide for market value.

This appraisal is being supplied by the appraiser to the lender/client listed above. A buyer and/or seller should make no reliance thereon, and there are no warranties expressed or implied or guarantees. The analysis contained herein is for the purposes of the client and the client alone. A buyer and/or seller should make their own analysis or rely upon their own independent judgment.

**Market Value  
Definition**

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

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

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<sup>1</sup> The Dictionary of Real Estate Appraisal, Fifth edition, The Appraisal Institute, Chicago, Illinois (U.S., 2010), page 78

(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”<sup>2</sup>

**Date of Value Estimate**

The market value estimated in this appraisal report is applicable as of: February 18, 2013.

**Date of Property Inspection**

The inspection of the subject property occurred on February 18, 2013.

**Identification of the Property**

The property that is the subject of this report is identified as:

Reference:	23rd Street Reserve Center Flex Shell Space
Street address:	East 23rd Street Chattanooga, TN 37404
County:	Hamilton
Legal:	Army Reserve NW1/4 SEC35 T2 R4W
Current owner:	Hamilton County and City of Chattanooga
County Map and Parcel Number:	156G-B-014

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<sup>2</sup> Uniform Standards of Professional Appraisal Practice 2010-2011, page A-105

## **History of the Property**

The Uniform Standards of Professional Appraisal Practice requires a statement of the sales history of the subject property for the 3 years prior to the appraisal date. There are no sales of the subject property in the past 3 years.

## **Appraisal Analysis and Report Type**

The Appraisal Standards Board controls the process of making an appraisal of a parcel of real estate. The Board issues rules and guidelines from which all appraisals and resulting reports are made. The process of administration of those rules and guidelines is addressed to the Real Estate Appraiser Commission of each respective state. The Appraisal Standards Board issues the rules and guidelines in the form of a document update published each year by The Appraisal Foundation. That document is entitled “The Uniform Standards of Professional Appraisal Practice” (USPAP).

The appraisal process is composed of several distinctive steps that appraisers follow to gain a thorough understanding of the property and factors that affect its value.

There are three types of reports under each appraisal type: Self-Contained, Summary, and Restricted. The following definitions have been adopted for each type of report:

- ◆ Self-Contained: A written report prepared under Standards Rule 2-2(a).
- ◆ Summary: A written report prepared under Standards Rule 2-2(b).
- ◆ Restricted Use: A written report prepared under Standards Rule 2-2(c).

This is a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser’s opinion of value. Supporting documentation that is not provided with the report concerning the data, reasoning and analyses is retained in the appraiser’s file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. This appraiser is not responsible for unauthorized use of this report.

**PART III:**

**ANALYSIS AND**

**CONCLUSIONS**

## Macro Area Analysis

Chattanooga is situated on the Tennessee River in the southeast corner of Tennessee. The Chattanooga area is centrally located between several major urban-industrial areas of the Southeastern United States. Birmingham, AL is approximately 147 miles to the southwest; Nashville, TN is 135 miles to the northwest and Knoxville, TN is approximately 112 miles to the northeast. The growing industrial concentration in the lower Tennessee Valley -- Decatur, AL, Huntsville, AL and the Muscle Shoals, AL area -- is about 110 miles to the west. Atlanta, GA, the principal distribution and service center of the southeast, is only 118 miles south of Chattanooga.

The Chattanooga area's central location and its transportation facilities combine to give the area's businesses and individuals short haul rail and highway delivery to nearly one-half of the nation's population. Chattanooga is the hub of a thriving economic region and its geographic location has profited over the past 25 years by improvement of water, highways and air transportation.

Plans are underway to continue improvements to Chattanooga in the future with the revitalization of the downtown riverfront area. Among the most significant developments that have occurred within the last twenty years in Chattanooga, along side the Tennessee River, is the completion of the Tennessee Aquarium in May of 1992. The Tennessee Aquarium, one of the largest in the nation devoted to freshwater species, provides Chattanooga with a significant tourist attraction that draws several thousand people every year to the river city. The construction of the Tennessee Aquarium has been the beginning of a new era in Chattanooga history.

Chattanooga has recently completed a whole new phase of major development that could have monumental effects upon Chattanooga and its immediate and long-term future. This development was titled the 21<sup>st</sup> Century Waterfront Plan. The Plan combined \$69 million in public financing with \$51 million dollars in private donations to create a \$120 million dollar redevelopment of the Chattanooga waterfront on both the north and south banks of the Tennessee River. Along the south bank, developments that have recently been completed include additions to the Tennessee Aquarium, the Hunter Museum of American Art, the Creative Discovery Museum, the River Pier, as well as new road and dock upgrades along Ross's Landing. Developments along the northern bank of the Tennessee River included a 22-acre conversion of industrial property for an interactive wetlands park connected by a passive boardwalk to Coolidge Park, a popular riverfront recreation area. The completion of the 21<sup>st</sup> Century Waterfront Plan was celebrated in May 2005. However, several private developments are in the process of being planned and constructed that will aid in continuing growth in the area for the foreseeable future.

Due to Chattanooga and its surrounding area's central location, stable government and sound economic base there is great expectations that this healthy city will grow and prosper for years into the future.

### **Chattanooga Metropolitan Statistical Area (MSA)**

Chattanooga, located in Hamilton County, Tennessee is the center of a six-county Metropolitan Statistical Area (MSA) composed of Hamilton, Marion and Sequatchie counties in Tennessee, and Catoosa, Dade, and Walker counties in Georgia. The total population of the Chattanooga MSA increased by 5.0% between 2005 and 2010, from 502,842 to 528,143. The Hamilton County area extends to and along the borders of Sequatchie, Catoosa, Walker, Rhea, and Bradley Counties. Chattanooga, Cleveland, Collegedale, Ft. Oglethorpe, Lookout Mountain, Signal Mountain, Soddy-Daisy, and Walden are the cities and towns in Hamilton County.

Counties in the Chattanooga MSA:

<b>Area in Square Miles</b>	
Hamilton County*	543
Marion County	500
Sequatchie County	266
Catoosa County	162
Dade County	174
Walker County	446
<b>Total</b>	<b>2,091</b>

### **Hamilton County Analysis**

#### ***Population Base***

According to the Federal Census Bureau, the population of Hamilton County increased 6.0%, from 323,740 to 337,294 between 2005 and 2010. In a 2010 U.S. Census Bureau estimate, 78.4% of the population were 18 years of age or older. Of the municipalities in Hamilton County, Chattanooga ranks number one in population. The total number of households in the Chattanooga MSA in 2010 is 298,218.

<b>Population Estimates</b>					
<b>Year</b>	<b>Chattanooga</b>	<b>Hamilton Co.</b>	<b>Chattanooga MSA*</b>	<b>50 Mile Radius</b>	<b>100 Mile Radius</b>
2005	165,927	323,740	502,842	1,034,187	5,713,540
2006	168,293	328,551	510,542	1,034,025	5,816,469
2007	169,847	331,117	515,810	1,047,177	5,949,769
2008	170,819	334,123	520,089	1,060,581	6,126,730
2009	171,349	337,175	524,303	1,107,374	6,263,531
2010	167,674	337,294	528,143	Not Recorded	Not Recorded

**Source:** U.S. Census Bureau and DemographicsNow

### ***Employment***

The Hamilton County area is susceptible to the effects of unemployment and economic volatility stemming from the influence of the core city of Chattanooga that is the center for most major employers. While the presence of Chattanooga MSA employers typically provides a stability factor, unavailable in many other areas, the region has established a diverse economic base and is now subject to economic pressures from slowdowns in many sectors. In 2011, the Chattanooga MSA had a total reported Labor Force of 262,177 and an Unemployment Rate of 8.3%.

While Chattanooga is one of the nation's oldest manufacturing cities with a total of 13.8% of its whole employment in that sector, the service industry has become the leader of employment in the Chattanooga MSA. However, there is no single dominating industry. The non-agricultural employment by industry is:

<b>Business Demographics</b>		
<b><i>Industry</i></b>	<b><i>Chattanooga</i></b>	<b><i>Hamilton County</i></b>
Services	34.4%	34.6%
Manufacturing	13.8%	12.5%
Retail Trade	18.5%	17.7%
Finance, Insurance and Real Estate	6.8%	7.3%
Wholesale Trade	5.5%	5.5%
Agriculture/Forestry/Fishing	1.0%	0.9%
Transportation/Public Utilities	7.2%	7.9%
Construction	6.1%	6.1%

*Source: County Business Patterns*

Several major corporations and companies have located their headquarters in Chattanooga; they include Unum Provident Corporation, Constar International, Brach & Brock Candy Company, Dixie Yarns, Blue Cross/Blue Shield of Tennessee, and the Krystal Company. The area is also headquarters for the Division of Power of the Tennessee Valley Authority, the largest utility in the United States. Below is a list of Chattanooga's largest employers:

<b>Largest Employers</b>	
<b>Company Name</b>	<b>Primary Business/Local Function</b>
ADC Systems Integration	Engineer, Furnish and Install Telecommunications Equipment
Alstom Power	Manufactures Industrial Utility Boilers & Related Fabricated Metal Products
Arcade Marketing, Inc.	Printing and Sampling
Astec Industries, Inc.	Manufactures Asphalt and Dust Collectors
Aster, Inc.	Machinery
BellSouth	Telephone Communications
Bi Lo	Retail Grocery
BlueCross/BlueShield of Tennessee	Insurance Provider
Brach's Confection	Candy Manufacturer
Burner Systems International, Inc.	Manufactures Gas Burners
Candlewick Yarns	Manufactures Yarns
Chattanooga Choo-Choo	Hotel & Tourist Attraction
Chattanooga Coca-Cola Bottling Company	Manufactures Soft Drinks/Wholesale Distributor
Chattanooga General Services	Out-Sourcing/Facilities Management
Chattanooga Group, Inc.	Manufactures Physical Therapy Equipment
Chattanooga Publishing	Newspaper
Chattanooga State Technical College	Two Year State College
Chattem, Inc.	Health & Beauty Aids
CIGNA Health Care	Health Care Provider
City of Chattanooga	Government
Colonial Baking Company of Chattanooga	Manufactures Bread and Rolls
Colorspectrum, Inc.	Manufactures Processed Yarn
Convergys Corporation	Telemarketing
Covenant Transport, Inc.	Trucking/Product Distribution
ConAgra Poultry Company	Process Boiler Chickens
Dillard Construction Company	Power Line Construction & Maintenance
The Dixie Group	Manufactures Carpet
DuPont Company/Kordsa, Inc.	Manufactures Synthetic Yarn
EPB Telecommunications	Electric Power Utility
Erlanger Health Systems	Hospital
First Tennessee Bank	National Bank
Hamilton County Department of Education	Elementary and Secondary Schools
Hamilton County Government	Government
Harrison Direct, Inc.	Third Party Fulfillment
The Health Center at Standifer Place	Nursing Home, Residential Care and Retirement

Hutcheson Medical	Hospital
Johnson Mental Health Care	Behavioral Health Services
Kenco Group, Inc.	Warehousing
Komatsu America International, Co.	Heavy Equipment Manufacturer
Krystal Company	Restaurants
McKee Foods Corporation	Cakes and Cookies Manufacturer
Memorial Health Care System	Health Care Provider
Metropolitan Security	Security
Miller Industries Towing Equipment	Manufactures Towing Equipment
Mohawk Industries	Manufactures Synthetic Carpet Yarn
Nabisco, Inc.	Candy Packager & Distributor
North American Royalties, Inc.	Foundry & Oil Exploration
Olan Mills	Photography
Orange Grove Center	Center for Developmentally Disabled
Parkridge Medical Center	Health Care Provider
Regions Bank	Bank
Roper Corporation	Manufactures Home Appliances
Rossville/Chromatex	Manufactures Upholstery Fabric
Shaw Industries, Inc	Carpet Manufacturer
Siskin Hospital	Physical Rehabilitation Hospital
Siskin Steel & Supply Company, Inc.	Steel Wholesaler
Southern Adventist College	University
Southern Champion Tray, LP	Manufactures Folding Cartons
Steward, Inc.	Manufactures Electronic Components
SunTrust Bank	National Bank
Synthetic Industries	Manufactures Carpet Backing/Technical Textiles
Tecumseh Products Company	Manufactures 2 and 4 Cycle Engines
Tennessee Valley Authority	Electric Service Utility
The Pantry/Kangaroo	Convenience Stores
TN Department of Transportation	Government, Transportation
Top Flight, Inc.	Manufactures School Supplies, Envelopes
Unum Provident Corporation	Insurance Provider
University of TN at Chattanooga	College
U.S. Pipe and Foundry	Manufactures Iron Fittings, Valves & Hydrants
U.S. Xpress Enterprises Inc.	Transportation Services
United States Postal Service	U.S. Postal Service
Vulcan Construction Materials	Manufactures Construction Materials
Yates Bleachery Company	Textile Dyeing and Finishing

Economic advantages such as ample utilities, an efficient transportation system, abundant natural resources, a trained labor force and centralized location make Hamilton County a diversified and profitable business location.

### ***Retail Sales***

Retail sales are an indicator of the viability of an area's economic base. In addition, retail sales reflect both changes in population and the propensity of area inhabitants to buy retail goods. The foregoing schedules data shows retail sales in Hamilton County.

<b>Hamilton County Retail Sales</b>		
Year	Sales	% Change
2004	\$4,649,304,570	
2005	\$4,942,891,984	6.3%
2006	\$5,328,367,912	7.8%
2007	\$5,468,539,905	2.6%
2008	\$5,438,410,222	-0.6%
2009	\$4,754,562,263	-12.6%
2010	\$5,160,419,759	9%
2011	\$5,539,994,960	7%

### ***Transportation***

Chattanooga is within just one day's drive of almost one-third of the major US cities and nearly 70 million people due to its proximity to U.S. Interstates 24, 75 and 59. Water transportation systems make Chattanooga an even more important land port. The TVA system of locks and dams, and the Tennessee Tombigbee Waterway, saves days, miles and dollars on shipments to and from ports along the Tennessee, Ohio, Missouri, and Mississippi Rivers, as well as the Gulf of Mexico. There are three public port terminals on the Tennessee River in this area.

Air service at Chattanooga's Metropolitan Airport is provided by a number of national and regional commuter air carriers offering passenger and cargo service to all major cities in the country. Commercial airline service includes Atlantic Southeast Airlines, Atlantic Coast, American Eagle, Comair, Continental Airlines, Delta Connection, U.S. Airways Express, Allegiant Air and Vision Air. As of January 1, 2012, Chattanooga's Metropolitan Airport had a total of 304,016 enplanements and 307,870 deplanements.

Rail transportation in Chattanooga is served by divisions of the Norfolk Southern Railway System and two divisions of the CSX Transportation System. Switching and piggyback facilities are available throughout the area.

The Chattanooga Area Regional Transportation Authority (ARTA) provides regularly scheduled public bus transportation for the Chattanooga area. ARTA also operates a vanpool service for individuals to lease for trips to and from the workplace. ARTA's concern for air quality led to the implementation of an electric transit system. This places ARTA and Chattanooga in the forefront of electric vehicle research and use worldwide. ARTA's commitment to electric, battery-powered mass transit corresponds with Chattanooga's goal to become a center for environmental technology and commerce.

*Utilities*

<b>Electricity</b>	
Supplier	Electric Power Board of Chattanooga
Source	Tennessee Valley Authority
Electric Customers	165,136
Peak Demand	12,000 Megawatts
<b>Natural Gas</b>	
Supplier	Chattanooga Gas Company
Source	East TN Natural Gas & Southern Natural Gas Company
Peak Demand	125,000mcf per day
<b>Treated Water</b>	
Supplier	Tennessee American Water Company
Source	Tennessee River
Water Customers	70,000
System Capacity	65 million gallons per day
Peak Demand	452 million gallons per day
<b>Sewer</b>	
Supplier	Moccasin Bend Treatment Plant
Total Treatment Capacity	140 million gallons per day
Daily Usage	61 million gallons per day
Solid Waste Disposal Available	N/A

### ***Education***

Education in the Chattanooga area has always been a top priority. With the merging of city and county schools, a new approach to education in Chattanooga, over 40,000 students in the Chattanooga area are serviced by an education system that boasts 78 public schools. This five-year-old approach to education was introduced by the Public Education Foundation, one of the largest foundations of its kind nationwide that has sought to improve the way we educate in our local public schools. A sign of Chattanooga's commitment to education is the addition of two new elementary schools within the past five years, the first in downtown Chattanooga and another in the Ooltewah area of Chattanooga.

<b>Public Schools Hamilton County Schools 2012-2013</b>	
Student Enrollment	42,705
Teacher Number	2,925
Elementary Schools	44
Middle School/High Schools	12/20
Special School Programs	10
Vocational/Technical Centers	0 (Offered in HS)
Per Pupil Expenditure	\$9,398
Student/Teacher Ratio	1:14

In addition to Chattanooga's innovative public school system, approximately 11,720 students receive their education in the 41 private and parochial schools available in the area. A handful of these private institutions have been providing an education that has been recognized on a national level for over a century, most notably The McCallie School, Baylor School and Girls Preparatory School.

Several colleges and universities represent an excellent higher education system in the Chattanooga area. These schools include University of Tennessee at Chattanooga (UTC), Chattanooga State Technical Community College, Bryan College, Covenant College, Lee University, Southern Adventist University and Tennessee Temple University. The University of Tennessee at Chattanooga, the largest in the area, is a major campus within the University of Tennessee system. Fall enrollment for 2011 was 11,438 students with 70 undergraduate degree-programs and 30 graduate degree-programs.

### ***Volkswagen Manufacturing Plant/Enterprise South Industrial Park***

Enterprise South Industrial Park is considered to be Chattanooga, Tennessee's premier major industrial park that has been built on the 6,000 + acres of the former Volunteer Army Ammunition Plant (VAAP). In 2000, after the VAAP was inactive from 1977 to 1999, development of the Enterprise South began. When completed with the appropriate infrastructure, Enterprise South will include 3,000 developable acres and include an interchange from Interstate 75 that will lead directly into the park.

Enterprise South contains the first certified Automotive Megasite in Tennessee and the fourth to be certified in the Tennessee Valley. The property was certified by McCallum Sweeney Consulting of Greenville, South Carolina, an independent firm commissioned by TVA. The megasite, a large industrial property suitable for major automotive manufacturing, has 1,600 developable acres surrounded by a 2,800-acre buffer to the east and a 128-acre buffer to the west.

Volkswagen Chattanooga Assembly Plant began production in April 2011, was formally inaugurated in May 2011 and is expected to employ approximately 2,000 people once fully operational. The plant has a projected annual production of 150,000 cars beginning with a version of the 2012 Passat, tailored to the US market. The entire facility includes approximately 1,900,000 square feet and includes a body shop, paint shop, assembly facility a Market Delivery Options building, technical testing center, employee training facility with classrooms, an apprentice-training school and a full-size practice paint booth, a supplier park for either companies and a 32,000 square foot healthcare center with a gym, childcare facilities and medical services. As of December 2011, the plant became the first auto plant in the world to receive a LEED platinum certification.

Industry officials report that in addition to the 2,000 jobs created by the manufacturing plant, between 5,000 to 10,000 jobs will be created when suppliers relocate to the area as needed for support of the main manufacturing plant. The local business and real estate community anticipates that the addition of a major automobile manufacturer such as Volkswagen will only help grow all economies within the Chattanooga MSA.

### ***Gestamp Corporation to Build New Facility in Chattanooga***

Gestamp Corporation was the first supplier to follow Volkswagen at Enterprise South industrial park. The 225,000 square foot plant with approximately 230 employees provides Volkswagen with stamped parts and welded assemblies on its 49.7 acre site.

In addition, Gestamp, a global supplier, provides a wide range of technologies and products for many other automotive companies including Mercedes, Renault-Nissan, PSA Peugeot Citroen, Chrysler, GM, BMW and Toyota, among others. The newly established facility will support and extend Gestamp's ability to supply its broad base of customers.

Gestamp Corporation is the first 'tier 1' auto supplier to follow Volkswagen to Chattanooga. Gestamp is headquartered in Michigan and is a subsidiary of Gestamp Automocion, a privately held company based in Madrid, Spain. Gestamp generates \$7 billion in sales each year through manufacturing operations at 75 sites all over the world. Gestamp supplies Volkswagen in various countries in Europe and is presently building new plant in Russia, India and Argentina which will supply Volkswagen.

#### ***Wacker Chemie AG, Solar Plant Project***

An announcement on February 25, 2009 introduced Wacker Chemie AG, based in Munich, Germany company, as a company that plans to construct a new facility in Bradley County with an estimated capital investment of \$1 billion and initial employment of approximately 650 highly skilled workers. The plant will be commissioned in 2013 and the first volumes will be available in early 2014.

The new facility will produce hyperpure polycrystalline silicon, a key component in photovoltaics for solar energy and semiconductors for the electronics industry.

The facility is located on an approximately 550-acre Greenfield site near the Hiwassee Industrial Park in the Charleston community of Bradley County.

To accommodate the project, the Tennessee Department of Transportation with assistance from the Department of Economic and Community Development built a new industrial access road from Lauderdale Memorial Highway to Old Lower River Road.

The Wacker Polysilicon Division of Wacker Chemie AG is currently the world's second largest producer of hyperpure polycrystalline silicon. The size of the site, the availability of reliable power from the Tennessee Valley Authority (TVA), the supply of chlorine from the adjacent Olin Corporation facility and excellent transportation infrastructure made north Bradley County an attractive location.

This will be a centralized location for jobs for constituents in not just Bradley County but in Hamilton, Polk, McMinn and Meigs counties as well.

### ***Amazon.com***

Amazon has built two huge distribution centers in Southeast Tennessee, one in Chattanooga at Enterprise South industrial park and one in Cleveland, TN. Amazon is creating upwards of 5,000 full-time jobs as well as seasonal jobs. At least \$64 million in annual payroll is being injected into the area.

Both distribution centers are 1 million-square-foot distribution centers, about the size of Hamilton Place Mall, at a \$139 million investment. Already the size of 17 football fields, work is starting on an expansion that will add onto an existing second-level mezzanine and boost floor space to about 28 football fields.

Computer stations are set up along the conveyor lines to permit personnel to scan and process the wide array of items that go through the facility and are for sale on the website of what has become the world's No. 1 Internet retailer. Goods are shipped all over the country.

Governor Phil Bredesen termed Amazon's announcement "a strong endorsement of Tennessee's business climate."

### ***Whirlpool Corporation***

Whirlpool Corporation built a 1,000,000 square foot, \$200 million LEED-certified manufacturing facility in Cleveland, TN that produces built-in, premium cooking products. Work has started on a new 400,000 square foot distribution center with an exterior overhead conveyor to the plant. In addition, the company plans to begin work in the next year on a 41,000-square-foot facility for research and development and for engineering. The facilities are located at Benton Pike and Michigan Avenue.

The new energy efficient facility replaces the existing 100-year old manufacturing place located at 740 King Edward Avenue, SE. Whirlpool has invested \$120 million in the new facility and employs 1,500 people in Bradley County and plans to bring on about 130 more due to the new plant.

Jeff Fettig, chairman and chief executive officer for Whirlpool Corporation said, "These new facilities will offer improvements in productivity, energy efficiency, overall employee experience and will allow us to more efficiently produce our premium cooking products."





## Demographic and Income Profile - Appraisal Version

2017 E 23rd St, Chattanooga, TN, 37404  
 Drive Time: 5 minutes

Prepared by Will Haisten  
 Latitude: 35.019121  
 Longitude: -85.262821

Summary	2000	2010	2015			
Population	33,445	34,621	35,351			
Households	13,867	14,309	14,653			
Families	7,870	7,635	7,650			
Average Household Size	2.28	2.28	2.28			
Owner Occupied Housing Units	6,444	6,502	6,590			
Renter Occupied Housing Units	7,423	7,807	8,063			
Median Age	35.3	37.1	37.9			
Trends: 2010 - 2015 Annual Rate	Area	State	National			
Population	0.42%	1.02%	0.76%			
Households	0.48%	1.10%	0.78%			
Families	0.04%	0.92%	0.64%			
Owner HHs	0.27%	1.14%	0.82%			
Median Household Income	2.80%	2.48%	2.36%			
Households by Income	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
<\$15,000	4,459	32.0%	3,695	25.8%	3,472	23.7%
\$15,000 - \$24,999	2,671	19.1%	2,215	15.5%	2,085	14.2%
\$25,000 - \$34,999	1,960	14.0%	1,717	12.0%	1,610	11.0%
\$35,000 - \$49,999	2,103	15.1%	2,422	16.9%	2,050	14.0%
\$50,000 - \$74,999	1,679	12.0%	2,214	15.5%	3,147	21.5%
\$75,000 - \$99,999	530	3.8%	1,197	8.4%	1,261	8.6%
\$100,000 - \$149,999	316	2.3%	439	3.1%	528	3.6%
\$150,000 - \$199,999	91	0.7%	210	1.5%	253	1.7%
\$200,000+	147	1.1%	200	1.4%	248	1.7%
Median Household Income	\$24,311		\$31,307		\$35,938	
Average Household Income	\$35,294		\$42,988		\$46,945	
Per Capita Income	\$14,861		\$18,239		\$19,966	
Population by Age	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	2,164	6.5%	2,221	6.4%	2,254	6.4%
5 - 9	2,245	6.7%	2,177	6.3%	2,177	6.2%
10 - 14	2,230	6.7%	2,079	6.0%	2,181	6.2%
15 - 19	2,442	7.3%	2,565	7.4%	2,434	6.9%
20 - 24	2,816	8.4%	2,861	8.3%	2,893	8.2%
25 - 34	4,709	14.1%	4,493	13.0%	4,520	12.8%
35 - 44	4,757	14.2%	4,326	12.5%	4,319	12.2%
45 - 54	4,342	13.0%	4,765	13.8%	4,363	12.3%
55 - 64	2,688	8.0%	4,019	11.6%	4,381	12.4%
65 - 74	2,436	7.3%	2,400	6.9%	3,149	8.9%
75 - 84	1,849	5.5%	1,725	5.0%	1,692	4.8%
85+	766	2.3%	991	2.9%	989	2.8%

Data Note: Income is expressed in current dollars

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Est. forecasts for 2010 and 2015.

February 22, 2013

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Page 1 of 6

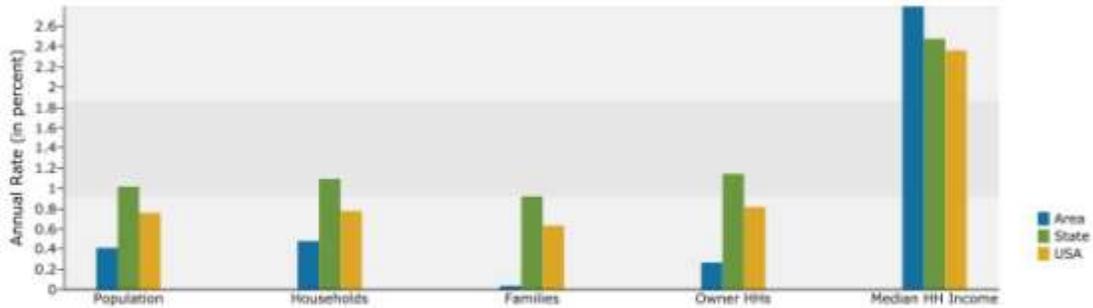


## Demographic and Income Profile - Appraisal Version

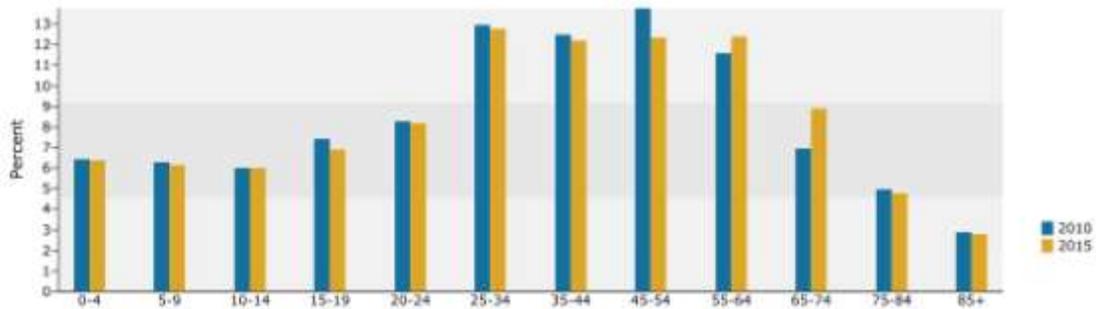
2017 E 23rd St, Chattanooga, TN, 37404  
 Drive Time: 5 minutes

Prepared by Will Haisten  
 Latitude: 35.019121  
 Longitude: -85.282821

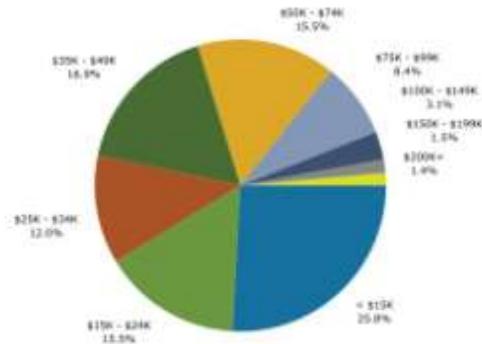
### Trends 2010-2015



### Population by Age



### 2010 Household Income



Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Est forecasts for 2010 and 2015.

February 22, 2013



## Demographic and Income Profile - Appraisal Version

2017 E 23rd St, Chattanooga, TN, 37404  
 Drive Time: 10 minutes

Prepared by Will Haisten  
 Latitude: 35.019121  
 Longitude: -85.262821

Summary	2000	2010	2015			
Population	129,630	134,076	136,972			
Households	54,977	57,244	58,686			
Families	32,847	32,503	32,717			
Average Household Size	2.28	2.26	2.25			
Owner Occupied Housing Units	29,612	30,406	31,007			
Renter Occupied Housing Units	25,365	26,838	27,679			
Median Age	36.1	38.3	39.1			
Trends: 2010 - 2015 Annual Rate	Area	State	National			
Population	0.43%	1.02%	0.76%			
Households	0.50%	1.10%	0.78%			
Families	0.13%	0.92%	0.64%			
Owner HHs	0.39%	1.14%	0.82%			
Median Household Income	2.79%	2.48%	2.36%			
Households by Income	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
<\$15,000	14,701	26.7%	12,041	21.0%	11,041	18.8%
\$15,000 - \$24,999	9,960	18.1%	7,151	12.5%	6,589	11.2%
\$25,000 - \$34,999	8,024	14.6%	7,013	12.3%	6,186	10.5%
\$35,000 - \$49,999	8,750	15.9%	9,689	16.9%	8,295	14.1%
\$50,000 - \$74,999	8,152	14.8%	10,318	18.0%	14,154	24.1%
\$75,000 - \$99,999	2,644	4.8%	6,633	11.6%	6,903	11.8%
\$100,000 - \$149,999	1,669	3.0%	2,565	4.5%	3,285	5.6%
\$150,000 - \$199,999	414	0.8%	920	1.6%	1,117	1.9%
\$200,000+	688	1.3%	915	1.6%	1,119	1.9%
Median Household Income	\$28,190		\$38,454		\$44,126	
Average Household Income	\$39,430		\$49,432		\$54,056	
Per Capita Income	\$17,005		\$21,540		\$23,647	
Population by Age	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	8,118	6.3%	8,340	6.2%	8,398	6.1%
5 - 9	8,585	6.6%	8,179	6.1%	8,227	6.0%
10 - 14	8,446	6.5%	7,739	5.8%	8,094	5.9%
15 - 19	8,680	6.7%	8,966	6.7%	8,468	6.2%
20 - 24	10,351	8.0%	10,343	7.7%	10,449	7.6%
25 - 34	18,597	14.3%	17,934	13.4%	17,936	13.1%
35 - 44	18,440	14.2%	16,954	12.6%	16,931	12.4%
45 - 54	17,013	13.1%	18,397	13.7%	17,073	12.5%
55 - 64	11,473	8.9%	16,173	12.1%	17,562	12.8%
65 - 74	10,051	7.8%	10,156	7.6%	12,893	9.4%
75 - 84	7,213	5.6%	7,246	5.4%	7,199	5.3%
85+	2,662	2.1%	3,649	2.7%	3,740	2.7%

Data Note: Income is expressed in current dollars

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Est forecasts for 2010 and 2015.

February 22, 2013

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Page 3 of 6

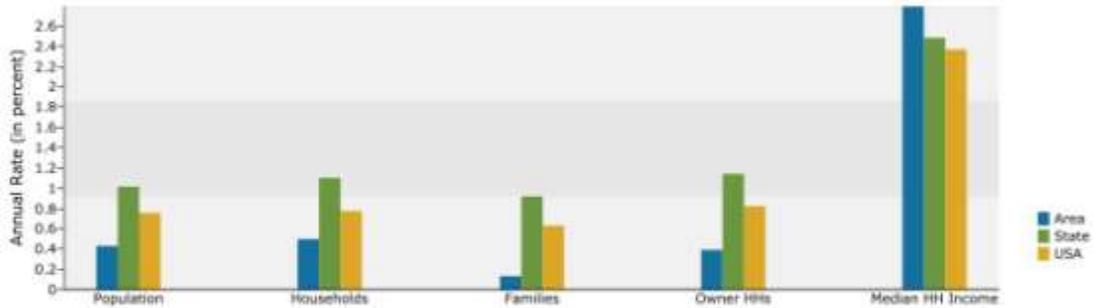


## Demographic and Income Profile - Appraisal Version

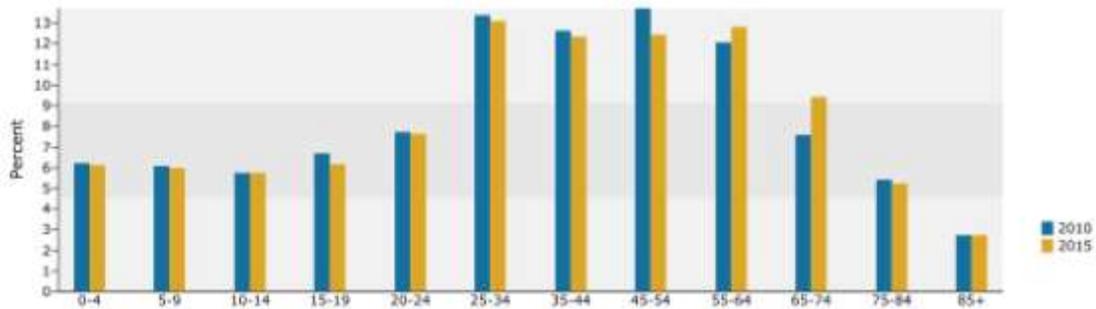
2017 E 23rd St, Chattanooga, TN, 37404  
 Drive Time: 10 minutes

Prepared by Will Haisten  
 Latitude: 35.019121  
 Longitude: -85.262821

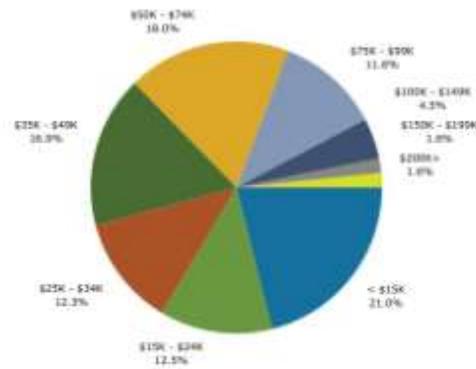
### Trends 2010-2015



### Population by Age



### 2010 Household Income



Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Est forecasts for 2010 and 2015.

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Page 4 of 6



## Demographic and Income Profile - Appraisal Version

2017 E 23rd St, Chattanooga, TN, 37404  
 Drive Time: 15 minutes

Prepared by Will Haisten  
 Latitude: 35.019121  
 Longitude: -85.262821

Summary	2000	2010	2015			
Population	215,356	231,407	239,415			
Households	91,083	98,848	102,709			
Families	56,312	58,493	59,807			
Average Household Size	2.29	2.27	2.26			
Owner Occupied Housing Units	53,296	57,236	59,268			
Renter Occupied Housing Units	37,787	41,612	43,441			
Median Age	37.1	39.4	40.1			
Trends: 2010 - 2015 Annual Rate	Area	State	National			
Population	0.68%	1.02%	0.76%			
Households	0.77%	1.10%	0.78%			
Families	0.45%	0.92%	0.64%			
Owner HHs	0.70%	1.14%	0.82%			
Median Household Income	3.23%	2.48%	2.36%			
Households by Income	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
<\$15,000	20,301	22.3%	16,586	16.8%	14,987	14.6%
\$15,000 - \$24,999	15,068	16.5%	10,768	10.9%	9,812	9.6%
\$25,000 - \$34,999	13,320	14.6%	11,437	11.6%	9,940	9.7%
\$35,000 - \$49,999	15,697	17.2%	17,437	17.6%	14,785	14.4%
\$50,000 - \$74,999	15,062	16.5%	19,567	19.8%	26,762	26.1%
\$75,000 - \$99,999	5,739	6.3%	13,152	13.3%	13,948	13.6%
\$100,000 - \$149,999	3,686	4.0%	6,055	6.1%	7,726	7.5%
\$150,000 - \$199,999	946	1.0%	1,949	2.0%	2,422	2.4%
\$200,000+	1,416	1.6%	1,897	1.9%	2,327	2.3%
Median Household Income	\$32,438		\$43,661		\$51,186	
Average Household Income	\$44,794		\$55,578		\$60,846	
Per Capita Income	\$19,250		\$24,150		\$26,553	
Population by Age	2000		2010		2015	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	13,153	6.1%	13,980	6.0%	14,213	5.9%
5 - 9	13,760	6.4%	13,718	5.9%	14,038	5.9%
10 - 14	13,675	6.4%	13,328	5.8%	14,049	5.9%
15 - 19	13,726	6.4%	14,510	6.3%	14,149	5.9%
20 - 24	16,130	7.5%	15,874	6.9%	16,314	6.8%
25 - 34	30,613	14.2%	31,115	13.4%	30,989	12.9%
35 - 44	31,453	14.6%	29,971	13.0%	30,849	12.9%
45 - 54	28,971	13.5%	32,561	14.1%	30,747	12.8%
55 - 64	19,978	9.3%	28,630	12.4%	31,173	13.0%
65 - 74	17,473	8.1%	18,197	7.9%	23,129	9.7%
75 - 84	11,970	5.6%	13,166	5.7%	13,099	5.5%
85+	4,454	2.1%	6,357	2.7%	6,666	2.8%

Data Note: Income is expressed in current dollars

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Est forecasts for 2010 and 2015.

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Page 5 of 6

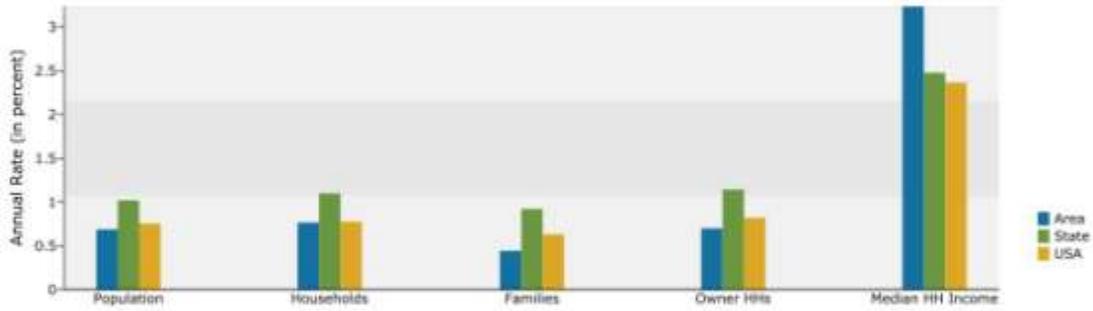


## Demographic and Income Profile - Appraisal Version

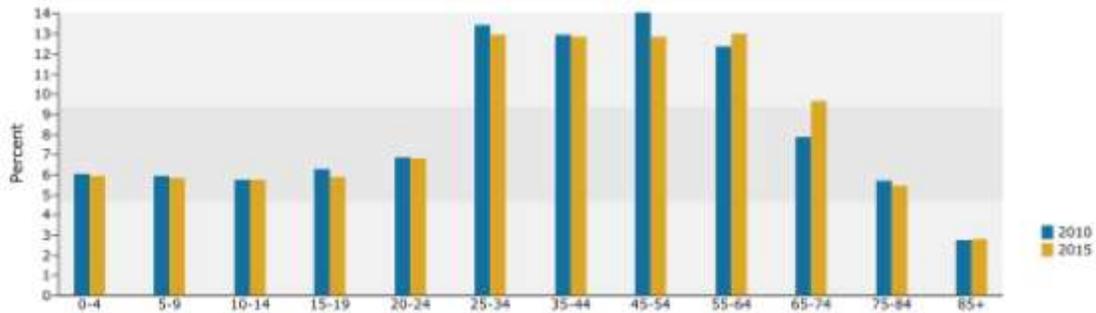
2017 E 23rd St, Chattanooga, TN, 37404  
 Drive Time: 15 minutes

Prepared by Will Haisten  
 Latitude: 35.019121  
 Longitude: -85.262821

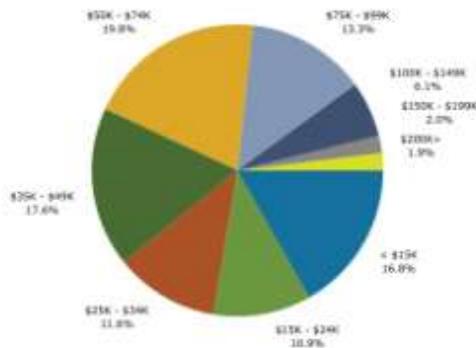
Trends 2010-2015



Population by Age



2010 Household Income



Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Est forecasts for 2010 and 2015.

February 22, 2013



2017 E 23rd St, Chattanooga,...

## Market Profile - Appraisal Version

Prepared by Will Haisten

Latitude: 35.019121  
 Longitude: -85.282821

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
2000 Total Population	33,445	129,630	215,356
2000 Group Quarters	1,794	4,308	6,385
2010 Total Population	34,621	134,076	231,407
2015 Total Population	35,351	136,972	239,415
2010 - 2015 Annual Rate	0.42%	0.43%	0.68%
2000 Households	13,867	54,977	91,083
2000 Average Household Size	2.28	2.28	2.29
2010 Households	14,309	57,244	98,848
2010 Average Household Size	2.28	2.26	2.27
2015 Households	14,653	58,686	102,709
2015 Average Household Size	2.28	2.25	2.26
2010 - 2015 Annual Rate	0.48%	0.5%	0.77%
2000 Families	7,870	32,847	56,312
2000 Average Family Size	3.01	2.93	2.91
2010 Families	7,635	32,503	58,493
2010 Average Family Size	3.1	2.97	2.93
2015 Families	7,650	32,717	59,807
2015 Average Family Size	3.12	2.98	2.94
2010 - 2015 Annual Rate	0.04%	0.13%	0.45%
2000 Housing Units	15,782	61,112	99,941
Owner Occupied Housing Units	40.8%	48.5%	53.3%
Renter Occupied Housing Units	47.0%	41.5%	37.8%
Vacant Housing Units	12.2%	10.0%	8.9%
2010 Housing Units	17,034	66,108	112,096
Owner Occupied Housing Units	38.2%	46.0%	51.1%
Renter Occupied Housing Units	45.8%	40.6%	37.1%
Vacant Housing Units	16.0%	13.4%	11.8%
2015 Housing Units	17,878	69,157	118,582
Owner Occupied Housing Units	36.9%	44.8%	50.0%
Renter Occupied Housing Units	45.1%	40.0%	36.8%
Vacant Housing Units	18.0%	15.1%	13.4%
<b>Median Household Income</b>			
2000	\$24,311	\$28,190	\$32,438
2010	\$31,307	\$38,454	\$43,661
2015	\$35,938	\$44,126	\$51,186
<b>Median Home Value</b>			
2000	\$65,516	\$70,603	\$79,000
2010	\$85,150	\$92,471	\$104,824
2015	\$101,538	\$109,120	\$121,874
<b>Per Capita Income</b>			
2000	\$14,861	\$17,005	\$19,250
2010	\$18,239	\$21,540	\$24,150
2015	\$19,966	\$23,647	\$26,553
<b>Median Age</b>			
2000	35.3	36.1	37.1
2010	37.1	38.3	39.4
2015	37.9	39.1	40.1

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by total population. Detail may not sum to totals due to rounding.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015. Esri converted 1990 Census data into 2000 geography.



2017 E 23rd St, Chattanooga,...

## Market Profile - Appraisal Version

Prepared by Will Haisten

Latitude: 35.019121  
 Longitude: -85.282821

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>2000 Households by Income</b>			
 Household Income Base	13,956	55,002	91,235
< \$15,000	32.0%	26.7%	22.3%
\$15,000 - \$24,999	19.1%	18.1%	16.5%
\$25,000 - \$34,999	14.0%	14.6%	14.6%
\$35,000 - \$49,999	15.1%	15.9%	17.2%
\$50,000 - \$74,999	12.0%	14.8%	16.5%
\$75,000 - \$99,999	3.8%	4.8%	6.3%
\$100,000 - \$149,999	2.3%	3.0%	4.0%
\$150,000 - \$199,999	0.7%	0.8%	1.0%
\$200,000+	1.1%	1.3%	1.6%
Average Household Income	\$35,294	\$39,430	\$44,794
<b>2010 Households by Income</b>			
Household Income Base	14,309	57,245	98,848
< \$15,000	25.8%	21.0%	16.8%
\$15,000 - \$24,999	15.5%	12.5%	10.9%
\$25,000 - \$34,999	12.0%	12.3%	11.6%
\$35,000 - \$49,999	16.9%	16.9%	17.6%
\$50,000 - \$74,999	15.5%	18.0%	19.8%
\$75,000 - \$99,999	8.4%	11.6%	13.3%
\$100,000 - \$149,999	3.1%	4.5%	6.1%
\$150,000 - \$199,999	1.5%	1.6%	2.0%
\$200,000+	1.4%	1.6%	1.9%
Average Household Income	\$42,988	\$49,432	\$55,578
<b>2015 Households by Income</b>			
Household Income Base	14,654	58,689	102,709
< \$15,000	23.7%	18.8%	14.6%
\$15,000 - \$24,999	14.2%	11.2%	9.6%
\$25,000 - \$34,999	11.0%	10.5%	9.7%
\$35,000 - \$49,999	14.0%	14.1%	14.4%
\$50,000 - \$74,999	21.5%	24.1%	26.1%
\$75,000 - \$99,999	8.6%	11.8%	13.6%
\$100,000 - \$149,999	3.6%	5.6%	7.5%
\$150,000 - \$199,999	1.7%	1.9%	2.4%
\$200,000+	1.7%	1.9%	2.3%
Average Household Income	\$46,945	\$54,056	\$60,846
<b>2000 Owner Occupied HUs by Value</b>			
Total	6,413	29,578	53,501
<\$50,000	34.5%	25.4%	19.7%
\$50,000 - 99,999	48.2%	53.6%	51.0%
\$100,000 - 149,999	11.8%	12.4%	16.8%
\$150,000 - 199,999	3.1%	4.2%	5.8%
\$200,000 - \$299,999	1.6%	2.4%	3.5%
\$300,000 - 499,999	0.6%	1.2%	2.0%
\$500,000 - 999,999	0.1%	0.5%	1.0%
\$1,000,000+	0.1%	0.3%	0.3%
Average Home Value	\$75,966	\$87,717	\$102,133
<b>2000 Specified Renter Occupied HUs by Contract Rent</b>			
Total	7,483	25,251	37,452
With Cash Rent	95.3%	95.4%	95.1%
No Cash Rent	4.7%	4.6%	4.9%
Median Rent	\$336	\$362	\$399
Average Rent	\$350	\$369	\$414

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest, dividends, net rents, pensions, SSI and welfare payments, child support and alimony. Specified Renter Occupied HUs exclude houses on 10+ acres. Average Rent excludes units paying no cash rent.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing, Esri forecasts for 2010 and 2015.



2017 E 23rd St, Chattanooga,...

## Market Profile - Appraisal Version

Prepared by Will Haisten

Latitude: 35.019121  
 Longitude: -85.282821

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>2000 Population by Age</b>			
 Total	33,444	129,629	215,356
0 - 4	6.5%	6.3%	6.1%
5 - 9	6.7%	6.6%	6.4%
10 - 14	6.7%	6.5%	6.3%
15 - 19	7.3%	6.7%	6.4%
20 - 24	8.4%	8.0%	7.5%
25 - 34	14.1%	14.3%	14.2%
35 - 44	14.2%	14.2%	14.6%
45 - 54	13.0%	13.1%	13.5%
55 - 64	8.0%	8.9%	9.3%
65 - 74	7.3%	7.8%	8.1%
75 - 84	5.5%	5.6%	5.6%
85+	2.3%	2.1%	2.1%
18+	76.6%	77.0%	77.5%
<b>2010 Population by Age</b>			
Total	34,622	134,077	231,407
0 - 4	6.4%	6.2%	6.0%
5 - 9	6.3%	6.1%	5.9%
10 - 14	6.0%	5.8%	5.8%
15 - 19	7.4%	6.7%	6.3%
20 - 24	8.3%	7.7%	6.9%
25 - 34	13.0%	13.4%	13.4%
35 - 44	12.5%	12.6%	13.0%
45 - 54	13.8%	13.7%	14.1%
55 - 64	11.6%	12.1%	12.4%
65 - 74	6.9%	7.6%	7.9%
75 - 84	5.0%	5.4%	5.7%
85+	2.9%	2.7%	2.7%
18+	77.6%	78.3%	78.8%
<b>2015 Population by Age</b>			
Total	35,353	136,970	239,415
0 - 4	6.4%	6.1%	5.9%
5 - 9	6.2%	6.0%	5.9%
10 - 14	6.2%	5.9%	5.9%
15 - 19	6.9%	6.2%	5.9%
20 - 24	8.2%	7.6%	6.8%
25 - 34	12.8%	13.1%	12.9%
35 - 44	12.2%	12.4%	12.9%
45 - 54	12.3%	12.5%	12.8%
55 - 64	12.4%	12.8%	13.0%
65 - 74	8.9%	9.4%	9.7%
75 - 84	4.8%	5.3%	5.5%
85+	2.8%	2.7%	2.8%
18+	77.9%	78.7%	79.0%
<b>2000 Population by Sex</b>			
Males	47.8%	47.0%	47.2%
Females	52.2%	53.0%	52.8%
<b>2010 Population by Sex</b>			
Males	48.2%	47.4%	47.7%
Females	51.8%	52.6%	52.3%
<b>2015 Population by Sex</b>			
Males	48.4%	47.6%	47.9%
Females	51.6%	52.4%	52.1%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015.



2017 E 23rd St, Chattanooga,...

## Market Profile - Appraisal Version

Prepared by Will Haisten

Latitude: 35.019121  
 Longitude: -85.282821

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>2010 Population 15+ by Marital Status</b>			
Total	28,144	109,819	190,381
Never Married	35.4%	31.4%	28.4%
Married	39.4%	42.5%	46.8%
Widowed	9.6%	9.0%	8.7%
Divorced	15.6%	17.1%	16.0%
<b>2000 Population 16+ by Employment Status</b>			
Total	26,489	103,034	172,441
In Labor Force	57.9%	61.3%	62.4%
Civilian Employed	51.5%	56.1%	58.2%
Civilian Unemployed	6.5%	5.1%	4.1%
In Armed Forces	0.0%	0.1%	0.1%
Not in Labor Force	42.1%	38.7%	37.6%
<b>2010 Civilian Population 16+ in Labor Force</b>			
Civilian Employed	83.9%	86.5%	88.3%
Civilian Unemployed	16.1%	13.5%	11.7%
<b>2015 Civilian Population 16+ in Labor Force</b>			
Civilian Employed	87.2%	89.3%	90.8%
Civilian Unemployed	12.8%	10.7%	9.2%
<b>2000 Females 16+ by Employment Status and Age of Children</b>			
Total	14,102	55,692	92,932
Own Children < 6 Only	6.5%	6.7%	6.7%
Employed/in Armed Forces	3.0%	3.8%	3.9%
Unemployed	1.2%	0.7%	0.6%
Not in Labor Force	2.2%	2.2%	2.2%
Own Children < 6 and 6-17 Only	5.3%	5.1%	4.8%
Employed/in Armed Forces	2.0%	2.8%	2.7%
Unemployed	0.6%	0.4%	0.3%
Not in Labor Force	2.8%	1.9%	1.8%
Own Children 6-17 Only	13.1%	14.0%	14.5%
Employed/in Armed Forces	8.9%	10.1%	10.6%
Unemployed	0.7%	0.6%	0.5%
Not in Labor Force	3.6%	3.2%	3.4%
No Own Children < 18	75.1%	74.1%	74.0%
Employed/in Armed Forces	31.8%	33.8%	34.7%
Unemployed	3.8%	3.3%	2.8%
Not in Labor Force	39.5%	37.1%	36.4%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010 and 2015.



2017 E 23rd St, Chattanooga,...

## Market Profile - Appraisal Version

Prepared by Will Haisten

Latitude: 35.019121  
 Longitude: -85.282821

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>2010 Employed Population 16+ by Industry</b>			
 Total	12,955	55,500	100,266
Agriculture/Mining	0.2%	0.3%	0.3%
Construction	5.6%	5.3%	5.3%
Manufacturing	13.2%	12.2%	11.4%
Wholesale Trade	3.9%	3.7%	3.8%
Retail Trade	10.7%	11.0%	11.7%
Transportation/Utilities	3.9%	4.8%	5.2%
Information	1.2%	1.4%	1.4%
Finance/Insurance/Real Estate	7.8%	8.8%	9.4%
Services	50.4%	48.7%	47.7%
Public Administration	3.1%	3.9%	3.8%
<b>2010 Employed Population 16+ by Occupation</b>			
Total	12,957	55,503	100,266
White Collar	48.2%	54.0%	58.3%
Management/Business/Financial	7.9%	9.8%	11.5%
Professional	16.8%	18.7%	20.4%
Sales	10.5%	11.4%	12.4%
Administrative Support	12.9%	14.2%	14.0%
Services	26.0%	21.5%	18.9%
Blue Collar	25.8%	24.5%	22.8%
Farming/Forestry/Fishing	0.3%	0.2%	0.1%
Construction/Extraction	5.5%	4.9%	4.8%
Installation/Maintenance/Repair	1.9%	2.5%	2.8%
Production	9.7%	8.5%	7.6%
Transportation/Material Moving	8.4%	8.4%	7.5%
<b>2000 Workers 16+ by Means of Transportation to Work</b>			
 Total	13,387	56,683	98,401
Drove Alone - Car, Truck, or Van	69.7%	77.7%	81.1%
Carpooled - Car, Truck, or Van	17.6%	14.3%	12.6%
Public Transportation	4.7%	2.4%	1.4%
Walked	4.5%	2.6%	1.9%
Other Means	1.7%	1.1%	0.9%
Worked at Home	1.8%	1.9%	2.1%
<b>2000 Workers 16+ by Travel Time to Work</b>			
Total	13,387	56,683	98,401
Did Not Work at Home	98.2%	98.1%	97.9%
Less than 5 minutes	2.5%	2.5%	2.5%
5 to 9 minutes	12.8%	11.6%	10.3%
10 to 19 minutes	46.8%	44.0%	41.2%
20 to 24 minutes	16.5%	18.0%	19.4%
25 to 34 minutes	12.2%	14.1%	16.4%
35 to 44 minutes	2.0%	2.2%	2.4%
45 to 59 minutes	2.0%	2.4%	2.5%
60 to 89 minutes	2.0%	1.9%	1.6%
90 or more minutes	1.4%	1.4%	1.5%
Worked at Home	1.8%	1.9%	2.1%
Average Travel Time to Work (in min)	18.8	19.6	20.1
<b>2000 Households by Vehicles Available</b>			
Total	13,902	54,903	91,077
None	20.6%	14.5%	11.0%
1	40.7%	41.0%	39.0%
2	28.2%	31.5%	34.7%
3	6.9%	9.3%	11.0%
4	2.1%	2.4%	2.9%
5+	1.5%	1.4%	1.4%
Average Number of Vehicles Available	1.4	1.5	1.6

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010.



2017 E 23rd St, Chattanooga,...

## Market Profile - Appraisal Version

Prepared by Will Haisten

Latitude: 35.019121  
 Longitude: -85.282821

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>2000 Households by Type</b>			
 Total	13,866	54,977	91,083
Family Households	56.8%	59.7%	61.8%
Married-couple Family	31.8%	36.5%	41.9%
With Related Children	13.0%	14.6%	16.7%
Other Family (No Spouse)	24.9%	23.2%	19.9%
With Related Children	15.6%	14.8%	12.6%
Nonfamily Households	43.2%	40.3%	38.2%
Householder Living Alone	36.9%	34.4%	32.6%
Householder Not Living Alone	6.4%	5.9%	5.6%
Households with Related Children	28.6%	29.4%	29.3%
Households with Persons 65+	28.0%	26.9%	26.7%
<b>2000 Households by Size</b>			
Total	13,867	54,977	91,083
1 Person Household	36.9%	34.4%	32.6%
2 Person Household	29.6%	32.4%	33.7%
3 Person Household	15.2%	15.9%	16.2%
4 Person Household	9.6%	10.1%	10.7%
5 Person Household	5.1%	4.5%	4.4%
6 Person Household	2.1%	1.7%	1.6%
7+ Person Household	1.6%	1.0%	0.9%
<b>2000 Households by Year Householder Moved In</b>			
Total	13,902	54,904	91,077
Moved in 1999 to March 2000	22.9%	22.1%	22.0%
Moved in 1995 to 1998	28.7%	26.8%	26.8%
Moved in 1990 to 1994	13.5%	14.2%	14.6%
Moved in 1980 to 1989	13.9%	13.5%	13.5%
Moved in 1970 to 1979	8.1%	10.1%	10.0%
Moved in 1969 or Earlier	12.9%	13.3%	13.0%
Median Year Householder Moved In	1995	1995	1995
<b>2000 Housing Units by Units in Structure</b>			
 Total	15,815	60,925	99,904
1, Detached	55.9%	59.9%	62.3%
1, Attached	3.0%	2.8%	3.0%
2	12.9%	10.3%	8.1%
3 or 4	7.7%	5.3%	4.6%
5 to 9	7.2%	7.0%	6.4%
10 to 19	4.1%	4.3%	4.3%
20+	8.5%	7.6%	7.6%
Mobile Home	0.7%	2.9%	3.7%
Other	0.0%	0.0%	0.1%
<b>2000 Housing Units by Year Structure Built</b>			
Total	15,803	60,964	99,904
1999 to March 2000	0.2%	0.8%	1.5%
1995 to 1998	2.0%	2.8%	4.9%
1990 to 1994	1.9%	2.8%	4.4%
1980 to 1989	5.3%	8.4%	11.3%
1970 to 1979	10.1%	14.4%	16.8%
1969 or Earlier	80.5%	70.8%	61.2%
Median Year Structure Built	1954	1959	1964

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing.



2017 E 23rd St, Chattanooga,...

## Market Profile - Appraisal Version

Prepared by Will Haisten

Latitude: 35.019121  
 Longitude: -85.282821

Drive Time: 5, 10, 15 Minutes

	5 minutes	10 minutes	15 minutes
<b>2000 Population 3+ by School Enrollment</b>			
 Total	32,204	124,616	207,669
Enrolled in Nursery/Preschool	1.7%	1.8%	1.9%
Enrolled in Kindergarten	1.5%	1.5%	1.4%
Enrolled in Grade 1-8	11.8%	11.1%	10.7%
Enrolled in Grade 9-12	4.8%	4.9%	4.8%
Enrolled in College	6.3%	5.7%	5.2%
Enrolled in Grad/Prof School	0.7%	0.8%	0.7%
Not Enrolled in School	73.3%	74.1%	75.2%
<b>2010 Population 25+ by Educational Attainment</b>			
Total	22,718	90,508	159,997
Less than 9th Grade	8.1%	6.5%	5.6%
9th - 12th Grade, No Diploma	16.7%	14.4%	12.3%
High School Graduate	33.9%	33.1%	31.4%
Some College, No Degree	19.9%	21.9%	22.6%
Associate Degree	5.2%	5.5%	6.2%
Bachelor's Degree	10.5%	12.1%	14.5%
Graduate/Professional Degree	5.8%	6.5%	7.4%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. Esri forecasts for 2010.



2017 E 23rd St, Chattanooga,...

Drive Time: 5, 10, 15 Minutes

## Market Profile - Appraisal Version

Prepared by Will Haisten

Latitude: 35.019121  
 Longitude: -85.282821

	5 minutes	10 minutes	15 minutes
<b>Top 3 Tapestry Segments</b>			
1.	Home Town	Great Expectations	Great Expectations
2.	Modest Income Homes	Modest Income Homes	Rustbelt Retirees
3.	Great Expectations	Home Town	Old and Newcomers



**2010 Consumer Spending** shows the amount spent on a variety of goods and services by households that reside in the market area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue.

Apparel & Services: Total \$	\$15,317,797	\$69,395,679	\$133,511,827
Average Spent	\$1,070.50	\$1,212.28	\$1,350.68
Spending Potential Index	45	51	56
Computers & Accessories: Total \$	\$1,951,138	\$8,919,082	\$17,292,487
Average Spent	\$136.36	\$155.81	\$174.94
Spending Potential Index	62	71	79
Education: Total \$	\$11,436,291	\$51,276,741	\$98,894,664
Average Spent	\$799.24	\$895.76	\$1,000.47
Spending Potential Index	66	73	82
Entertainment/Recreation: Total \$	\$28,526,069	\$132,261,748	\$258,196,777
Average Spent	\$1,993.58	\$2,310.49	\$2,612.06
Spending Potential Index	62	72	81
Food at Home: Total \$	\$42,188,632	\$191,432,479	\$365,996,814
Average Spent	\$2,948.40	\$3,344.15	\$3,702.62
Spending Potential Index	66	75	83
Food Away from Home: Total \$	\$29,645,965	\$134,953,131	\$259,658,567
Average Spent	\$2,071.84	\$2,357.51	\$2,626.85
Spending Potential Index	64	73	82
Health Care: Total \$	\$35,014,861	\$162,608,520	\$313,748,845
Average Spent	\$2,447.05	\$2,840.62	\$3,174.05
Spending Potential Index	66	76	85
HH Furnishings & Equipment: Total \$	\$15,448,605	\$71,681,970	\$140,396,952
Average Spent	\$1,079.64	\$1,252.22	\$1,420.33
Spending Potential Index	52	61	69
Investments: Total \$	\$13,097,773	\$63,590,225	\$128,785,070
Average Spent	\$915.35	\$1,110.86	\$1,302.86
Spending Potential Index	53	64	75
Retail Goods: Total \$	\$213,377,231	\$984,646,372	\$1,910,428,876
Average Spent	\$14,912.10	\$17,200.87	\$19,326.94
Spending Potential Index	60	69	78
Shelter: Total \$	\$137,313,426	\$627,243,831	\$1,218,289,029
Average Spent	\$9,596.30	\$10,957.37	\$12,324.87
Spending Potential Index	61	69	78
TV/Video/Sound Equipment: Total \$	\$11,727,741	\$53,104,701	\$101,542,563
Average Spent	\$819.61	\$927.69	\$1,027.26
Spending Potential Index	66	75	83
Travel: Total \$	\$15,053,100	\$70,964,568	\$141,377,768
Average Spent	\$1,052.00	\$1,239.69	\$1,430.25
Spending Potential Index	58	65	76
Vehicle Maintenance & Repairs: Total \$	\$8,486,240	\$39,025,145	\$75,582,347
Average Spent	\$593.07	\$681.73	\$764.63
Spending Potential Index	63	72	81

**Data Note:** The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

**Source:** Consumer Spending data are derived from the 2005 and 2006 Consumer Expenditure Surveys, Bureau of Labor Statistics.



## Census 2010 Summary Profile

2017 E 23rd St, Chattanooga, TN, 37404  
 Drive Time: 5 minutes

Prepared by Will Haisten  
 Latitude: 35.019121042  
 Longitude: -85.28282067

<b>Households by Type</b>		
Total	8,678	100.0%
Households with 1 Person	2,986	34.4%
Households with 2+ People	5,692	65.6%
Family Households	4,859	56.0%
Husband-wife Families	2,343	27.0%
With Own Children	897	10.3%
Other Family (No Spouse Present)	2,516	29.0%
With Own Children	1,281	14.8%
Nonfamily Households	833	9.6%
All Households with Children	2,696	31.1%
Multigenerational Households	506	5.8%
Unmarried Partner Households	668	7.7%
Male-female	594	6.8%
Same-sex	74	0.9%
Average Household Size	2.49	
<b>Family Households by Size</b>		
Total	4,860	100.0%
2 People	1,848	38.0%
3 People	1,188	24.4%
4 People	823	16.9%
5 People	442	9.1%
6 People	275	5.7%
7+ People	284	5.8%
Average Family Size	3.23	
<b>Nonfamily Households by Size</b>		
Total	3,819	100.0%
1 Person	2,986	78.2%
2 People	600	15.7%
3 People	129	3.4%
4 People	54	1.4%
5 People	24	0.6%
6 People	18	0.5%
7+ People	8	0.2%
Average Nonfamily Size	1.27	
<b>Population by Relationship and Household Type</b>		
Total	22,622	100.0%
In Households	21,581	95.4%
In Family Households	16,737	74.0%
Householder	4,811	21.3%
Spouse	2,312	10.2%
Child	6,968	30.8%
Other relative	1,621	7.2%
Nonrelative	1,026	4.5%
In Nonfamily Households	4,844	21.4%
In Group Quarters	1,041	4.6%
Institutionalized Population	239	1.1%
Noninstitutionalized Population	802	3.5%

**Data Note:** Households with children include any households with people under age 18, related or not. Multigenerational households are families with 3 or more parent-child relationships. Unmarried partner households are usually classified as nonfamily households unless there is another member of the household related to the householder. Multigenerational and unmarried partner households are reported only to the tract level. Esri estimated block group data, which is used to estimate polygons or non-standard geography. Average family size includes nonrelatives.  
**Source:** U.S. Census Bureau, Census 2010 Summary File 1.

February 22, 2013

### Area/Neighborhood Summary

<b>Population Trend:</b>	Stable to slightly increasing
<b>Range in Improvement Ages:</b>	0 to 50 years and average quality
<b>Public Transportation:</b>	Not applicable
<b>Development Built-up:</b>	Built-up: 98%
<b>Maintenance/Condition:</b>	Average
<b>Property Compatibility:</b>	Average
<b>Appeal/Appearance:</b>	Average
<b>Protection/ Adverse Influence:</b>	Average
<b>Development Potential:</b>	Average
<b>Rental Demand:</b>	Average 5% to 15% vacancy
<b>Transportation/ Access:</b>	Average
<b>Police / Fire:</b>	Average
<b>Supply/ Demand:</b>	Balanced
<b>Development Trend:</b>	Slow but steady
<b>Value Trend:</b>	Stable
<b>Population Trend:</b>	Slight, steady, upward trend
<b>Employment Stability:</b>	Average
<b>Vacancy Trend:</b>	Steady and minimal
<b>Change in Land Use:</b>	Unlikely

## Property Description and Productivity Analysis

### Site Data and Analysis:

The subject property is located known on the county property assessor records as 156G-B-014. It is located on East 23rd Street in Chattanooga. A summary of the individual aspects of the site is listed as follows:

<i>Total site size:</i>	200,376 square feet
<i>Site dimensions:</i>	The subject site is roughly 385 x 620 (Irregular)
<i>Site Coverage Ratio:</i>	13%
<i>Street frontage and access:</i>	The site has 385 frontage feet along East 23rd Street.
<i>Curbs and Gutters:</i>	There are concrete curbs on the subject street, the drainage is provided through storm sewers.
<i>Topography:</i>	Basically level
<i>Shape of Tract:</i>	Irregular
<i>Corner Influence:</i>	Yes
<i>Parking:</i>	146 Marked Spaces
<i>Site lighting:</i>	Street Lighting
<i>Walks and landscaping:</i>	Typical for the market
<i>Sidewalks:</i>	Public sidewalks are available on both subject street fronts.
<i>Easement:</i>	None noted that influence property value, typical utility easements appear to exist.
<i>Encroachments:</i>	None noted from site visit, encroachments subject to survey.
<i>Surface drainage:</i>	Appears adequate with no noticed standing water
<i>Subsurface conditions:</i>	It is assumed that there are no hidden or unapparent conditions to the property, soil, or subsoil, which would render them more or less valuable. Subsurface oil, gas or mineral rights were not considered in this report unless otherwise stated.

***F.E.M.A. Flood Map Data:*** The subject is located on F.E.M.A. Panel #47065C0344F and 47065C0343F dated November 7, 2002. According to this map, the subject is in the 100-year floodplain as it lies within flood zone AE.

***Utilities:*** The utilities to the site are as follows:

Sewer: Public  
Water: Tennessee American Water Company  
Electric: Electric Power Board  
Natural Gas: Chattanooga Gas  
Phone: AT & T  
Police and Fire: City of Chattanooga

***Supply of Vacant Tracts:*** The subject neighborhood is 98% built up, minimal land available for development.

***Demand for Vacant Tracts:*** The supply-demand factors seem to be in balance at this time.

***Traffic Pattern/Volume:*** Along E. 23rd Street Average Annual Daily Traffic (AADT) counts are approximately 7,957; a moderately traveled thoroughfare.

***Nearby Attractions:*** The 4th Avenue and Interstate 24 interchange is located approximately 1,100 feet from the subject property.

***Neighboring Property Uses:*** Along East 23rd Street land uses are primarily commercial.

***Zoning:*** The property is zoned M-1.

***Allowable Uses in the District:*** M-1 - open zone; not allowed are Cemeteries, Dwellings, or Junkyards

***Recognized Detrimental Conditions of Site:*** A phase I and II is recommended due to the automotive repair facility in the rear of the site having been active for over 40 years.

***Overall site analysis conclusions:*** The subject property is located at the intersection of South Willow Street and East 23rd Street in an area surrounded by other

commercial properties to the south, east and west and by residential properties to the north. Visibility and access are considered good as the topography is basically level. The subject site is zoned M-1 and does conform to the requirements for that zoning regulation. According to the Hamilton County GIS Internet Mapping Service and InterFlood Map Panel numbers 47065C0344F and 47065C0343F dated November 7, 2002, the site is considered to be in the 100-year flood zone.

### **Improvement Analysis:**

The following is a description of the subject improvements. The information on the building is based upon physical inspection of the site and improvements. The improvement dimensions are from personal measurement of all structures on site. The salient construction specifics are summarized as follows:

#### **General Description**

General Property Type:	Flex Shell Space
Specific Property Type:	Flex Building
Number of Buildings:	2
Year Built:	1963
Number of Stories:	2
Gross Building Area:	35,349 square feet
Net Rentable Area:	35,349 square feet
Design and Functionality:	Average
Construction Class:	Class C
Construction Quality:	Average workmanship and materials

#### **Exterior Construction**

Footings:	Concrete
Foundation Walls:	Concrete Block
Sub-Floor Construction:	Concrete Slab
Framing:	Concrete Block and Brick
Exterior Wall Material:	Brick
Roof Construction:	Rubber Membrane on Metal and Wood Joists and Wood Plank and Metal Clad
Windows:	Aluminum and Metal Frame
Exterior Doors:	Aluminum Frame

#### **Mechanical Description**

Heating System:	Ceiling Mounted Gas Units, Boiler System
Cooling System:	Central Electrical Roof Mounted Units, Electric Window Units
Plumbing:	Copper and PVC
Electrical Service:	Adequate
Elevator Service:	None Noted
Fire Protection:	No Built-In Sprinkler System

### **Interior Description**

Building Layout:	The subject property is a former Army Reserve Center. The main building features two floors. The first floor features 15 offices, 2 classrooms, 3 workstation rooms, a vault, a boiler room, a kitchen, 2 document preparation rooms, a men's and women's restroom and a drill hall/gymnasium. The second floor features 6 offices, 3 storage rooms, 6 large classrooms and a men's restroom. The vehicle repair building features three service bays, three offices, a battery storage room, a large parts storage room, a men and women's restroom and two storage rooms.
Ceilings:	Acoustic Ceiling Tile and Open Wood Framing
Lighting:	Recessed Florescent, Florescent Strip and High Bay Lighting
Partitions and Interior Walls:	Drywall, Plaster and Ceramic Tile
Trim:	Wood and Metal
Floor Cover:	Finished Concrete, Vinyl Tile, Ceramic Tile and Hardwood
Interior Doors:	Solid Wood and Hollow Metal
Restrooms:	Two sets of Men and Women's Restrooms

### **Site Improvements**

Parking:	146 Marked Spaces
Parking Ratio:	4.13 Marked Spaces per 1,000 SF of Gross Building Area
Outside Lighting:	Street Lighting
Onsite Landscaping:	Typical for the market
Signage:	Potential

### **Physical Condition**

Year Built:	1963
Effective Age:	40 years
Expected Total Useful Life:	55 years
Remaining Useful Life:	15 years
Condition:	Average
Past Maintenance:	Average
Deferred Maintenance:	None Noted
Overall Rating of Improvements:	Average
Functional Utility	The subject does not suffer from any functional obsolescence.
External Influences	There are no external factors that affect the marketability of the subject property as of the date of the appraisal.
Comments on Condition:	The subject is in average to below average condition.
Summary	The subject property is a former Army Reserve Center with several offices and classrooms as well as a vehicle repair building in the rear

## **Z o n i n g   a n d   L a n d   U s e**

### **Allowable uses:**

The zoning classification of the subject is M-1.

### **Analysis and conclusions:**

The zoning board for the district where the subject property is located has approved the property for the existing building. The building meets all the regulations for size, type, use, parking, drainage, and building size.

## **T a x e s   a n d   A s s e s s m e n t   A n a l y s i s**

Real estate being used for commercial purposes in the State of Tennessee is taxed at 40% of tax appraised value. The county tax assessor makes the property tax appraisal. The governing body of the county sets the respective tax rates each year by October 1<sup>st</sup>. The property is then taxed in arrears for the previous year. Each piece of property located outside the corporate city limits is taxed at a base rate. Any properties situated within the corporate city limits are taxed at an additional rate by the city government. The breakdowns for the different tax rates that apply in are listed in the table below.

The current property tax information for the subject property is as follows:

Property Tax Assessment Year Applicable	2012
Current Property Tax Appraisal	\$207,000.00
Current Property Tax Assessment Rate	5.0742
Current Tax Assessment	\$0.00
Current Total Property Tax Burden	\$0.00

### **Conclusions on property taxes and assessment analysis**

The subject property is currently taxed as an improved property in such a manner that it is reasonably consistent with other similar type properties within the same taxing district. The taxing district makes an effort toward equitable taxation. In the case of the subject property, it appears that the tax assessment is within a reasonable proximity to that of other similar properties.

## Highest and Best Use Analysis

The principal of highest and best use is defined as:

“That reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest value.”<sup>3</sup>

The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

1. Permissible Use (Legal) - what uses are permitted by zoning and deed restrictions on the site in question?
2. Possible Use- to what uses is it physically possible to put the site in question?
3. Feasible Use-, which possible and permissible uses will produce any net return to the owner of the site?
4. Highest and best Use- among the feasible uses, which use will produce the highest net return or the highest present worth?

The highest and best use may be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact, to be found.

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be most probable use. In the context of investment value an alternative term would be most profitable use.

The highest and best use for the unimproved property may be different from the highest and best use of the improved property. This will be true when the improvement is not an appropriate use and yet makes a contribution to total property value in excess of the value of the site.

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<sup>3</sup> The Appraisal of Real Estate, 13<sup>th</sup> edition, The Appraisal Institute, Chicago, Illinois, (U.S. 2008), pages 277-278.

### **Highest and Best Use as Vacant:**

**Legal:** If the subject site were vacant and available for use, the current zoning would be the legal restraint on what improvements could be placed on the site. The subject site has M-1 zoning which allows for a wide variety of uses including open zone; not allowed are cemeteries, dwellings, or junkyards. The subject does conform to the current zoning guidelines. The subject appears to meet all the requirements under the M-1 zoning classification.

**Physically Possible:** The size, shape, and terrain of the appraised site are conducive for all types of development. The utilities serving the subject site are adequate for most uses, and the property is clearly visible from East 23rd Street, and the accessibility to the rest of the Chattanooga Flex Shell Space market is average. The appraiser estimates that the subject width of approximately 385 feet is sufficient to allow development. The subject's physical aspects do not impose apparent physical limitations on development for the above legally permissible uses. The physical aspects of the site do not impose any known adverse constraints on its developments. The subject site is considered to have good size and could possibly have a higher value if subdivided into smaller retail/fast food tracts, but in order to value the subject site "as is" the site was valued as a whole and not subdivided. The site dimensions and visibility make hotel development a strong possibility but after interviewing a hotel developer representing several national brands it was determined that the site may not have a future for hotel development for a national brand and several independent hotel operators already exist on 23<sup>rd</sup> Street.

**Financially Feasible:** Financially feasible refers to legal uses which are physically possible and have a sufficient demand to produce a positive return. Once the physically possible and legally permissible potential land uses have been determined, the next step in estimating the highest and best use is to determine which uses are economically feasible. With consideration to the highest legal use as allowed by the zoning regulations and what could be physically placed on the site without any unreasonable hindrance, the consideration must be given to the financial consequences of building other uses on the site. The returns to the investor can be tested to establish which would return the most to the site. The financial return is tested and an analysis is made of a cash-on-cash return of the legal uses. The cost of operations of the possible property types is approximately the same on a percentage basis.

The subject was a former Army Reserve Center and is located on E. 23<sup>rd</sup> Street. Because of the former use and current layout of the building the highest and best use is considered to be a flex shell as the building could be converted into a number of uses; these uses include an office conversion, industrial use or trade school.

**Maximally Productive:** An additional use which must be considered as a part of the “highest and best as if vacant” is the possibility of the property being left vacant and held for speculative investment. This would only be the choice of uses if there were no present demand for the use that meets the other test. This is not the case in the present real estate market where the subject property is situated. As stated in the market analysis of this report, the economy of the area is fairly stagnant with no new developments being constructed and/or rented. Site exposure also plays a significant role as E. 23<sup>rd</sup> Street has a history as a fairly significant thoroughfare, though Average Annual Daily Traffic counts are below 10,000 vehicles per day which is low for a five lane roadway. The area is not in high demand which obviously has a major affect on the overall value.

#### **Highest and Best Use Summary**

The subject neighborhood is a community location within Chattanooga.

Considering these factors, the highest and best use of the subject as though vacant is for an office, retail or industrial use in accordance with the zoning and current improvements.

Considering these factors, the highest and best use of the subject as improved is for office, retail or industrial use in accordance with the zoning and current improvements.

## V a l u a t i o n   P r o c e s s

“The valuation process is a systematic set of procedures an appraiser follows to provide answers to a client’s questions about real property value.”<sup>4</sup>

Valuation is a term used interchangeably with appraisal. Real estate markets are a function of the location in which they are located. The overall market environment can have a profound effect on the manner in which buyers and sellers perform the act of transferring property rights.

Considerations made by the participants are generally based on certain fundamental principles.

Those principles and their definitions are as follows:

**Anticipation:** The perception that value is created by the expectation of benefits to be derived in the future. Value is created by the anticipation of future benefits.

**Change:** The result of the cause and effect relationship among the forces that influence real property value.

**Supply and Demand:** In economic theory, the principle of supply and demand states that the price of a commodity, good, or service varies directly, but not necessarily proportionately, with demand and inversely, but not necessarily proportionately with supply. Thus, an increase in the supply of an item or decrease in the demand for an item tends to reduce the equilibrium price; the opposite conditions produce an opposite effect. The relationship between supply and demand may not be directly proportional, but the interaction of these forces is fundamental to economic theory. The interaction of suppliers and demanders, or sellers and buyers, constitutes a market.

**Competition:** Between purchasers or tenants, the interactive efforts of two or more potential buyers or tenants to make a sale or secure a lease; between sellers or landlords, the interactive efforts of two or more potential sellers or landlords to complete a sale or lease; among competitive properties, the level of productivity and amenities or benefits characteristic of each property considering the advantageous or disadvantageous position of the property relative to the competitors.

**Substitution:** The appraisal principle that states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price attracts the greatest

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<sup>4</sup> The Appraisal of Real Estate, 13<sup>th</sup> edition, The Appraisal Institute, Chicago, Illinois (U.S., 2008), page 129

demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based.

**Balance:** The principle that real property value is created and sustained when contrasting, opposing, or interacting elements are in a state of equilibrium.

**Contribution:** The concept that the value of a particular component is measured in terms of its contribution to the value of the whole property or as the amount that its absence would detract from the value of the whole.

**Surplus productivity:** The net income that remains after the cost of various agents of production have been paid.

**Conformity:** The appraisal principal that real property value is created and sustained when the characteristics of a property conform to the demands of its market.

**Externalities:** The principle economies outside a property have a positive effect on its value while diseconomies outside a property have a negative effect upon its value.”<sup>5</sup>.

The valuation of the subject property is made on the basis of the real estate, consisting of land and improvements. Both the market participants as well as the real estate appraiser take the affects of the fundamental principles listed above into consideration. In arriving at an estimate of value, the appraisal considers the three approaches normally employed in accepted real estate practice, namely (**see \* next page**):

**The Cost Approach** wherein the land is appraised as if vacant and available for development to its highest and best use. To this result is added the improvements estimated cost of reproduction new less depreciation accruing from all causes.

**The Income Approach** which requires a study of the earnings capacity of the real estate, and the conversion of such net income into value by means of a capitalization process.

**The Sales Comparison Approach**, involving an analysis of the sale of other property having similar improvements, and a comparison of such data with the property appraised, giving due consideration to the elements of dissimilarity.

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<sup>5</sup> The Appraisal of Real Estate, 12<sup>th</sup> edition, The Appraisal Institute, Chicago, Illinois (U.S., 2001), p. 34-42.

**\*I did not apply the Cost and Income Approaches because they were not considered applicable to arrive at a credible result. I applied the Sales Comparison Approach, which is necessary for a result given the intended use, property characteristics and type of value sought.**

**Historical Background:** “The appraisal procedures that are now identified as the three approaches to value were developed after the stock market crash of 1929. The economic crisis that ensued had an immediate impact on the appraisal practices of the time. The collapse of the real estate market in the 1930s seemed to discredit the notion that market price is central to value”<sup>6</sup>.

This appraisal involves the valuation of a Flex Shell Space. The subject property is located on East 23rd Street in Chattanooga in an area of commercial development. The subject is being appraised on the basis of its value “As Is”.

The Sales Comparison Approach is applicable to all property types and is considered very reliable when there are a sufficient number of recent sales to create a value pattern in the market. We were fortunate in finding comparables of similar properties, which provided us with good reliable sales data. Since the subject property is owner-occupied and properties similar to the subject are not typically leased in the subject market, the Income Approach is not applicable to the current appraisal. The Cost Approach is typically only useful in valuing proposed or newly constructed properties due to the difficulty of accurately estimating depreciation. Since the subject property was constructed in 1920, the Cost Approach was not considered. Also, due to the strength of comparable sales the Sales Comparison Approach was the only approach considered in determining the final overall value of the subject and is considered to have reached a credible result. Therefore, the appraiser has relied upon the Sales Comparison Approach.

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<sup>6</sup> The Appraisal of Real Estate, 11<sup>th</sup> edition, The Appraisal Institute, Chicago, Illinois (U.S., 1996), p. 337.

## Cost Approach

The Cost Approach is based upon the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility.

The procedure for estimating the value via the Cost Approach begins by estimating the value of the subject site at its highest and best use, as if vacant. This value estimate is based upon a market analysis of recent comparable sales or listings of vacant land similar to the subject. The next step involved is estimating the current replacement cost of the improvements, including appropriate soft costs and entrepreneurial profit, which reflects the return a developer would require for his time and equity investment. Estimated accrued depreciation is then deducted from the estimated total replacement cost new and the resulting contributory value of the improvements is added to the estimated land value to produce a value indication by the Cost Approach.

The Cost Approach typically only provides a credible value for newly constructed or proposed facilities due to the difficulty of accurately estimating depreciation. The Cost Approach was not considered applicable to arrive at a credible opinion of value.

## **Sales Comparison Approach**

The Sales Comparison Approach is an appraisal technique which measures the reaction of buyers and sellers in the marketplace through the analysis of recent transactions that are considered to be similar to the property appraised. The appraiser has researched the subject market area in an effort to locate both vacant land sales and improved flex shell sales considered to be comparable to the subject. The vacant land sales were utilized in order to determine if the subject's land may be worth more than the subject with the improvements. Flex shell space sales were utilized to value the subject "as is".

On subsequent pages are detailed descriptions of these transactions.

## Vacant Land Analysis

### Land Sale #1

**Location:** 3250 8th Avenue  
**Legal Description:** As recorded in Public Records, Hamilton, TN  
**Tax ID #:** 168B-K-002  
**Seller:** Broad Street Partners, LLC  
**Purchaser:** City of Chattanooga Tennessee  
**Sale Date:** June 01, 2012  
**Sale Price:** \$81,000.00  
**Financing:** Cash to seller, conventional financing  
**Verification By:** Courthouse Retrieval System/Register of Deeds  
**Site Description:** The site is rectangular with approximately 335 front feet along 8th Avenue. According to the Hamilton County Property Appraisers office, the site contains 73,332 square feet.  
**Zoning:** M-1  
**Analysis:** \$1.10 per square foot

### Land Sale #2

**Location:** 2321 South Hickory Street  
**Legal Description:** As recorded in Public Records, Hamilton, TN  
**Tax ID #:** 156H-B-8.02  
**Seller:** A & W Investment Property, LLC  
**Purchaser:** Shea Properties, LLC  
**Sale Date:** July 09, 2012  
**Sale Price:** \$160,000.00  
**Financing:** Cash to seller, conventional financing  
**Verification By:** Courthouse Retrieval System/Register of Deeds  
**Site Description:** The site is rectangular with approximately 180 front feet along South Hickory Street. According to the Hamilton County Property Appraisers office, the site contains 135,000 square feet.  
**Zoning:** M-1 (3/4); M-3 (1/4)  
**Analysis:** \$1.19 per square foot

**Land Sale #3**

**Location:** 4924 Rossville Boulevard  
**Legal Description:** As recorded in Public Records, Hamilton, TN  
**Tax ID #:** 168O C 1.01, 14, 15 & 16  
**Seller:** The Miller Davis Group, Inc.  
**Purchaser:** Flagship Chattanooga Investments, LLC  
**Sale Date:** January 10, 2013  
**Sale Price:** \$250,000.00  
**Financing:** Cash to seller, conventional financing  
**Verification By:** Courthouse Retrieval System/Register of Deeds  
**Site Description:** The site is Irregular with approximately 254.8 front feet along Rossville Boulevard. According to the Hamilton County Property Appraisers office, the site contains 67,954 square feet.  
**Zoning:** C-2  
**Analysis:** \$3.68 per square foot

## Land Value - Sales Comparison Approach to Value

<b>Land Sales</b>				
	<b>Subject</b>	<b>Sale #1</b>	<b>Sale #2</b>	<b>Sale #3</b>
Location:	East 23rd Street Chattanooga, TN	3250 8th Avenue Chattanooga, TN	2321 South Hickory Street Chattanooga, TN	4924 Rossville Boulevard Chattanooga, TN
A. P. N.	156G-B-014	168B-K-002	156H-B-8.02	168O C 1.01, 14, 15 & 16
Sale Price:	N/A	\$81,000	\$160,000	\$250,000
Sale Date:	N/A	6/1/2012	7/9/2012	1/10/2013
Land Size:	200,376	73,332	135,000	67,954
<b>Price/SF:</b>	n/a	<b>\$ 1.10</b>	<b>\$ 1.19</b>	<b>\$ 3.68</b>

<b>Transaction Adjustments</b>				
Property Rights Conveyed		0%	0%	0%
Financing Terms		0%	0%	0%
Conditions of Sale		0%	0%	0%
Expenditures Immediately After Purchase		0%	0%	0%
Market Conditions		0%	0%	0%

<b>Net Other Adjustments</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
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<b>Adjusted Price/SF</b>	<b>\$ 1.10</b>	<b>\$ 1.19</b>	<b>\$ 3.68</b>
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<b>Property Adjustments:</b>				
Location		0%	0%	0%
Size		-20%	-10%	-20%
Shape		0%	0%	0%
Frontage		0%	0%	0%
Access		0%	0%	0%
Exposure		25%	15%	-20%
Functional Utility		0%	0%	0%
Zoning		0%	0%	0%
Flood Zone		-5%	0%	-5%

<b>Net Other Adjustments</b>	<b>0%</b>	<b>5%</b>	<b>-45%</b>
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<b>Final Adjusted Price/SF</b>	<b>\$ 1.10</b>	<b>\$ 1.24</b>	<b>\$ 2.02</b>
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<b>Subject Value Estimate:</b>			
Subject Size	X	Price/Land Unit	= Value
200,376	X	\$1.75	<b>\$350,658.00</b>
			<b>\$350,000.00</b>

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### **Land Sale Adjustment Explanations:**

Each sale is compared with the subject and an adjustment is made to each sale based on differences between the two. By breaking out each sale into a common denominator such as price per square foot, a more relevant comparison may be made.

**Percentage adjustments:** Each adjustment is made on a percentage basis. If the sale is inferior to the subject, a positive percentage adjustment is applied. If the sale is superior to the subject, a negative adjustment is applied. The adjustment process is the opposite though when dealing with the size of the land, because larger properties usually sell for a lower price per square foot than smaller properties. Therefore if a comparable land sale is larger than the subject a positive adjustment is made to increase the price per square foot of the comparable sale to align it more with the subject, while on the other hand if the comparable land sale is smaller than the subject a negative adjustment is made. Of course, if the comparable sales are similar to the subject for all practical purposes, no adjustment is necessary. After all relative comparison factors are compared; the final adjusted price per unit is used as an indicator of value for the subject

**Size** – Sales one, two and three were inferior in size as compared to the subject. If a comparable sale is larger than the subject a positive adjustment is made to increase the price per unit of the comparable sale to align it more with the subject, while on the other hand if the comparable sale is smaller than the subject a negative adjustment is made. Of course, if the comparable sales are similar to the subject for all practical purposes, no adjustment is necessary.

**Exposure** – The subject site according to the Tennessee Department of Transportation experiences Average Annual Daily Traffic (AADT) counts of 7,957 vehicles. Sales one and two were considered inferior to the subject in exposure as AADT counts on their respective streets were less than that of the subject. Sales three was considered superior to the subject as Rossville Avenue had significantly higher AADT counts.

**Flood Zone** – The subject is located in the 100 year flood zone while sales one and three were not. Sale two is similar to the subject, while sales one and three were superior.

### Final Value Analysis - Sales Comparison Approach

Ranges of Value	Low	Mean	High
Gross Price	\$81,000	\$163,667	\$250,000
Land Area	67,954	92,095	135,000
\$/SF	\$1.10	\$1.99	\$3.68
Adjusted \$/SF	\$1.10	\$1.45	\$2.02

Subject Total Square Feet	200,376
X Adjusted Value/PSF	\$1.75
Value Indication By Market Approach:	\$350,658

<b>ROUNDED TO:</b>	<b>\$350,000</b>
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### **Sales Comparison Approach Conclusions – As Is Value**

The subject property as improved was compared to three vacant land sales having similar characteristics and located in comparable alternative locations. The sales were chosen based upon similarity of use, timeliness of sales activity and location issues.

The subject is valued toward the upper end of the comparable range due to its location and frontage on E. 23<sup>rd</sup> Street; a unit value of \$1.75 per square foot was applied to indicate the “as is” market value to the subject as follows:

$$200,376 \text{ SF} \times \$1.75/\text{SF} = \$350,658$$

**Say: \$350,000®**

## “As Is” Analysis

### Comparable Sale #1



LOCATION:	1912 South Willow Street
DATE:	July 31, 2012
TAX MAP:	156G-D-007, 008, 009, 040
LOCATION:	Similar to Subject
CONSTRUCTION:	Class C
FEATURES:	Located near the intersection of 19th Street and South Willow Street
PROPERTY DESCRIPTION:	The improvements consist of an elementary school building built in 1936. The building contains 34,180 total square feet. The site is irregular in shape and has 62,553 square feet of area.
PRICE:	\$380,000.00
UNIT PRICE:	\$11.12 per square foot
TERMS:	Cash to seller – conventional financing
CONDITION:	Inferior to Subject
ZONING:	R-4 & R-2
LAND SIZE:	62,553 square feet
VERIFICATION:	Courthouse Retrieval System/Register of Deeds

Comparable Sale #2



LOCATION:	201 West Main Street
DATE:	August 31, 2011
TAX MAP:	145L A 005 & 006
LOCATION:	Superior to Subject
CONSTRUCTION:	Class C
FEATURES:	Located at the intersection of Cowart Street and West Main Street
PROPERTY DESCRIPTION:	The improvements consist of an office/warehouse/shell building built in 1907. The building contains 84,920 total square feet. The site is rectangular in shape and has 35,750 square feet of area.
PRICE:	\$1,300,000.00
UNIT PRICE:	\$15.31 per square foot
TERMS:	Cash to seller – conventional financing
CONDITION:	Inferior to Subject
ZONING:	M-1
LAND SIZE:	35,750 square feet
VERIFICATION:	Courthouse Retrieval System/Register of Deeds

Comparable Sale #3



LOCATION:	3720 Amnicola Highway
DATE:	July 15, 2011
TAX MAP:	127D-B-002
LOCATION:	Superior to Subject
CONSTRUCTION:	Class C
FEATURES:	Located across from Lost Mound Drive off of Amnicola Highway
PROPERTY DESCRIPTION:	The improvements consist of an industrial flex building built in 1984. The building contains 45,400 total square feet. The site is rectangular in shape and has 156,816 square feet of area.
PRICE:	\$795,000.00
UNIT PRICE:	\$17.51 per square foot
TERMS:	Cash to seller – conventional financing
CONDITION:	Similar to Subject
ZONING:	M-1
LAND SIZE:	156,816 square feet
VERIFICATION:	Courthouse Retrieval System/Register of Deeds

Comparable Sale #4



LOCATION:	4749 Highway 58
DATE:	April 20, 2009
TAX MAP:	129B D 001 and 006
LOCATION:	Superior to Subject
CONSTRUCTION:	Class C
FEATURES:	Located near the intersection of Oakwood Drive and Webb Road
PROPERTY DESCRIPTION:	The improvements consist of a retail flex building built in 1972. The building contains 26,700 total square feet. The site is irregular in shape and has 63,764 square feet of area.
PRICE:	\$750,000.00
UNIT PRICE:	\$28.09 per square foot
TERMS:	Cash to seller – conventional financing
CONDITION:	Similar to Subject
ZONING:	C-2
LAND SIZE:	63,764 square feet
VERIFICATION:	Courthouse Retrieval System/Register of Deeds

Comparable Sale #5



LOCATION:	6425 Lee Highway
DATE:	May 30, 2012
TAX MAP:	148K-A-002.11
LOCATION:	Superior to Subject
CONSTRUCTION:	Class C
FEATURES:	Located near the interchange of Highway 153 and Lee Highway
PROPERTY DESCRIPTION:	The improvements consist of a big box flex building built in 1986. The building contains 38,556 total square feet. The site is rectangular in shape and has 130,680 square feet of area.
PRICE:	\$1,350,000.00
UNIT PRICE:	\$35.01 per square foot
TERMS:	Cash to seller – conventional financing
CONDITION:	Superior to Subject
ZONING:	C-2
LAND SIZE:	130,680 square feet
VERIFICATION:	Courthouse Retrieval System/Register of Deeds

Comparable Sale #6



LOCATION:	863 McCallie Avenue
DATE:	Pending
TAX MAP:	146H-E-001
LOCATION:	Superior to Subject
CONSTRUCTION:	Class C
FEATURES:	Located near the intersection of Fortwood Place and McCallie Avenue
PROPERTY DESCRIPTION:	The improvements consist of a Retail/office/warehouse building built in 1945. The building contains 18,046 total square feet. The site is rectangular in shape and has 29,800 square feet of area.
PRICE:	\$652,000.00
UNIT PRICE:	\$36.13 per square foot
TERMS:	Cash to seller – conventional financing
CONDITION:	Inferior to Subject
ZONING:	C-2
LAND SIZE:	29,800 square feet
VERIFICATION:	Courthouse Retrieval System/Register of Deeds

## Improved Sales Analysis

Property	Subject	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5	Sale No. 6
Address	East 23rd Street Chattanooga, TN	1912 South Willow Street Chattanooga, TN	201 West Main Street Chattanooga, TN	3720 Amnicola Highway Chattanooga, TN	4749 Highway 58 Chattanooga, TN	6425 Lee Highway Chattanooga, TN	863 McCallie Avenue Chattanooga, TN
Property Type	Flex Space/Shell	Flex Space/Shell	Office/Warehouse/ Shell	Industrial Flex Shell	Retail Flex Shell	Big Box Flex Shell	Flex/Shell
Buyer	N/A	Cart Enterprises, LLC	201 Main Street, LLC	AKI, Inc.	FDA Development LLC	Congress of Churches and	Sale Pending
Seller	N/A	Little Red School House, LLC	James and Marianne Cooper III	McKee Foods Corporation	Bernard and Grace Wheeler	DZD LLC	McHoldings, LLC
Sale Date	N/A	July-12	August-11	July-11	April-09	May-12	Sale Pending
Recorded ORB/PG	N/A	9706/279	9468/179	9436/225	8907/887	9662/23	Sale Pending
Sale Price	N/A	\$380,000	\$1,300,000	\$795,000	\$750,000	\$1,350,000	\$652,000
Terms of Sale	N/A	Cash to Seller, market financing	Cash to Seller	Cash to Seller, market financing	Cash to Seller, market financing	Cash to Seller, market financing	Cash to Seller, market financing
Site Size (SF)	200,376	62,553	35,750	156,816	63,764	130,680	29,800
Building Size (SF)	35,349	34,180	84,920	45,400	26,700	38,556	18,046
Site Coverage Ratio	13%	30%	57%	29%	42%	30%	40%
Number of Buildings	2	1	1	1	2	1	1
Year Built	1963	1936	1907	1984	1972	1986	1945
Construction	Class C	Class C	Class C	Class C	Class C	Class C	Class C
Condition	Average	Inferior	Inferior	Similar	Similar	Superior	Inferior
Location	Average	Similar	Superior	Superior	Superior	Superior	Superior
AADT (Traffic Counts)	7,957	7,750	6,173	34,058	32,184	17,264	11,344
Quality of Constr.	Average	average	Average	Average	Average	Average	Average
Sale \$/Sf of Bldg Area	N/A	\$ 11.12	\$ 15.31	\$ 17.51	\$ 28.09	\$ 35.01	\$ 36.13

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## Sales Adjustments

<b>Sales</b>							
	<b>Subject</b>	<b>Sale #1</b>	<b>Sale #2</b>	<b>Sale #3</b>	<b>Sale #4</b>	<b>Sale #5</b>	<b>Sale #6</b>
Location:	East 23rd Street Chattanooga, TN	1912 South Willow Street Chattanooga, TN	201 West Main Street Chattanooga, TN	3720 Amnicola Highway Chattanooga, TN	4749 Highway 58 Chattanooga, TN	6425 Lee Highway Chattanooga, TN	863 McCallie Avenue Chattanooga, TN
Terms of Sale	N/A	Cash to Seller, market financing	Cash to Seller	Cash to Seller, market financing	Cash to Seller, market financing	Cash to Seller, market financing	Cash to Seller, market financing
Sale Date	N/A	July-12	August-11	July-11	April-09	May-12	Sale Pending
Sale Price	N/A	\$380,000	\$1,300,000	\$795,000	\$750,000	\$1,350,000	\$652,000
Size (SF)	35,349	34,180	84,920	45,400	26,700	38,556	18,046
Price/SF:	n/a	<b>\$11.12</b>	<b>\$15.31</b>	<b>\$17.51</b>	<b>\$28.09</b>	<b>\$35.01</b>	<b>\$36.13</b>

<b>Transaction Adjustment</b>							
Property Rights Conveyed		0%	0%	0%	0%	0%	0%
Financing Terms		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Expenditures Immediately After Purchase		0%	0%	0%	0%	0%	0%
Market Conditions		0%	0%	0%	-5%	0%	-15%

Net Other Adjustments		<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>-5%</b>	<b>0%</b>	<b>-15%</b>
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<b>Adjusted Price/SF</b>		<b>\$11.12</b>	<b>\$15.31</b>	<b>\$17.51</b>	<b>\$26.69</b>	<b>\$35.01</b>	<b>\$30.71</b>
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<b>Property Adjustments:</b>							
Location		0%	-25%	-25%	-25%	-25%	-25%
Size		0%	15%	5%	-5%	0%	-15%
Shape		0%	0%	0%	0%	0%	0%
Frontage		0%	0%	0%	0%	0%	0%
Access		0%	0%	0%	0%	0%	0%
Exposure		0%	0%	-15%	-15%	-10%	-5%
Functional Utility		0%	0%	0%	0%	0%	0%
Zoning		0%	0%	0%	0%	0%	0%
Condition		50%	40%	0%	0%	-15%	15%
Construction		0%	0%	0%	0%	0%	0%
Site Coverage Ratio		5%	20%	5%	10%	5%	10%

Net Other Adjustments		<b>55%</b>	<b>50%</b>	<b>-30%</b>	<b>-35%</b>	<b>-45%</b>	<b>-20%</b>
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<b>Final Adjusted Price/SF</b>		<b>\$17.23</b>	<b>\$22.96</b>	<b>\$12.26</b>	<b>\$17.35</b>	<b>\$19.26</b>	<b>\$24.57</b>
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### Final Value Analysis - Sales Comparison Approach

Ranges of Value	Low	Mean	High
Gross Price	\$380,000	\$871,167	\$1,350,000
Land Area	29,800	79,894	156,816
Building Area	18,046	41,300	84,920
\$/SF Building	\$11.12	\$23.86	\$36.13
Adjusted \$/SF Building	\$12.26	\$18.94	\$24.57

Subject Total Square Feet	35,349
X Adjusted Value/PSF	\$17.00
Value Indication By Market Approach:	\$600,933

<b>ROUNDED TO:</b>	<b>\$600,000</b>
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## **Adjustment Explanations**

**Market Conditions** – The real estate market is still experiencing slightly negative to somewhat stabilized trends as it relates to before the National Recession which began in 2008 where annual appreciation of real estate was considered commonplace. Real estate values were consistently negative between 2006 and 2009 as the real estate market corrected itself. Therefore negative market condition adjustments for property's that sold from 2006 – 2009 have been made in the above analysis because in this period per square foot sale prices were higher than what they are currently. Sale four sold in 2009 and was adjusted for market conditions. No paired sales or single properties that sold in 2009 and again in 2013 were located in order to provide an indication of percentage adjustment. But because of the current market being somewhat depressed from what it was in 2009 some recognition of that market depression needed to be acknowledged, therefore a 5% adjustment was utilized due to market values between 2010 and 2013 being somewhat consistent as seen in capitalization rates provided by realtorates.com. The average surveyed rates in the 1<sup>st</sup> Quarter of 2010 for all retail facilities was 10.07% while the 1<sup>st</sup> Quarter for 2013 exhibited an average surveyed rate of 9.98%, a difference of 0.89%.

Sale six was adjusted for a market conditions due to it being listed as a pending sale. The broker involved in the sale indicated that this facility would sale approximately 15% below listing price; therefore sale six was negatively adjusted 15%.

**Location** – Sale one was similar in location as compared to the subject. Sales two, three, four, five and six were superior to the subject in location. The varying location of sales two, three, four, five and six all featured retail lease rates of between \$9.00 to \$11.00 per square foot under NNN terms. The subject would feature NNN retail lease rates between \$6.00 and \$8.00 per square foot. Therefore a 25% negative adjustment was made to sales two, three, four, five and six.

**Size** – Sales one and five were similar in size as compared to the subject. Sales two and three were superior to the subject in size while sales four and six were inferior to the subject. If a comparable sale is larger than the subject a positive adjustment is made to increase the price per unit of the comparable sale to align it more with the subject, while on the other hand if the comparable sale is smaller than the subject a negative adjustment is made. Of course, if the comparable sales are similar to the subject for all practical purposes, no adjustment is necessary.

**Exposure** – Sales one and two were considered similar to the subject in exposure. Sales three, four, five and six were considered superior to the subject due to their high visibility on major thoroughfares.

**Condition** – Sales one, two and six were considered inferior in condition as compared to the subject. Sales three and four were considered similar to the subject in condition while sale five was considered superior to the subject.

**Site Coverage Ratio** – The ratio of a building’s footprint to the size of the site is the site coverage ratio. The subject’s improvements covered approximately 13% of the subject site, which could allow for the availability of a building addition or additional parking. All sales one, two, three, four, five and six exhibited higher site coverage ratios as compared to the subject and were therefore considered inferior to the subject as there was less availability of land for additional uses.

### **Sales Comparison Approach Conclusions – As Is Value**

The subject property as improved was compared to six sales of improved flex shell space properties having similar characteristics and located in comparable alternative locations. The sales were chosen based upon similarity of use, timeliness of sales activity and location issues.

Giving weighted average to all of the comparables, a unit value of \$17.00 per square foot was applied to indicate the “as is” market value to the subject as follows:

$$35,349 \text{ SF} \times \$17.00/\text{SF} = \$600,933$$

**Say: \$600,000®**

## **Income Approach**

The value developed by the Income Approach is based on the present worth of the expected future income flows. Its premise is that a prudent investor will pay no more for the property than he would for another investment of similar risk and cash flow characteristics. This approach is most applicable on an investor owned type income producing property.

The present appraisal situation deals with the valuation of a flex shell space. The subject property is located on East 23rd Street in an area of limited development. The subject is being appraised on the basis of its value "As Is". I did not apply the Income Approach because it was not considered applicable to arrive at a credible result.

## Reconciliation and Final Estimate of Value

The process of reconciliation on an appraisal report is the review of each method of valuation process and, with consideration to the strengths and weaknesses of each; a judgment is made as to the final estimate of value. The approaches used to estimate the “As Is” Market value of the subject property include the Sales Comparison Approach. The value indicated by each approach and the final estimate of market value is as follows:

Estimated Value By Cost Approach:	Not Applied
Estimated Value By Sales Comparison Approach:	\$600,000
Estimated Value By Income Approach:	Not Applied

**Typical Purchaser:** Small investor.

The subject is being appraised on the basis of its value “As Is”.

The Sales Comparison Approach is applicable to all property types and is considered very reliable when there are a sufficient number of recent sales to create a value pattern in the market. We were fortunate in finding comparables of similar properties, which provided us with good reliable sales data.

Since the subject property is owner-occupied and properties similar to the subject are not typically leased in the subject market, the Income Approach is not applicable to the current appraisal.

The Cost Approach is typically only useful in valuing proposed or newly constructed properties due to the difficulty of accurately estimating depreciation. The Cost Approach was not considered.

Due to the strength of comparable sales the Sales Comparison Approach was the only approach considered in determining the final overall value of the subject and is considered to have reached a credible result. Therefore, the appraiser has relied upon the Sales Comparison Approach. The Sales Comparison Approach was the only approach to value considered to arrive at a final value estimate and is considered to have achieved a credible result due to the strength of the sales comparables.

Therefore, with a weighted average reliance placed on the Sales Comparison Approach, it is the appraiser's opinion that the "As Is" market value of the subject property, as of February 18, 2013 was:

**\$600,000**

**SIX HUNDRED THOUSAND DOLLARS**

## **Addenda**

## **C o n t i n g e n t   a n d   L i m i t i n g   C o n d i t i o n s**

The market value set forth in this appraisal report is subject to the following contingent and limiting conditions.

1. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title hereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The various sketches, maps, plats, and exhibits in this report are included for illustration purposes only, to assist the reader in visualizing the property and are not necessarily drawn to scale. The Appraiser has made no survey of the property.
5. The Appraiser, by reason of this report, is not required to give further consultation or testimony or attendance in court, with reference to the property in question, unless arrangements have been previously made a reasonable time in advance.
6. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
7. The Appraiser assumes that there are no hidden or un-apparent conditions of the property, subsoil, or structure, which would render it more or less valuable. The Appraisers assume no responsibility for such conditions, or for obtaining engineering studies that may be required to discover such factors.
8. Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, the Appraiser gives no responsibility for accuracy or warranty of such items.
9. Possession of this report, or a copy thereof, does not carry with it the right of publication.
10. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
11. That the date of value to which the opinions expressed in this report apply is set forth in this report. The Appraiser assumes no responsibility for economic or physical factors occurring at some later date, which may affect the opinions herein stated. The forecast, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
12. That no claim is intended to be expressed for matters of expertise, which would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. The Appraiser claims no expertise in areas such as, (but not limited to), legal, structural, pest control, mechanical, etc.
13. That the Appraiser has personally inspected the subject property, and finds no obvious evidence of structural deficiencies except as stated in this report; however, no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

14. Unless otherwise stated in the report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.
  
15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a conformity survey of the property and a detailed a detailed analysis of the requirements the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.
  
16. Acceptance of and/or use of this appraisal report constitute acceptance of the foregoing general assumptions and limiting conditions.

---

**Statement of Qualifications**  
***Qualifications of William C. Haisten, III***

**Business Address**

The Haisten Group, Inc.  
1200 Market Street  
Chattanooga, TN 37402  
Telephone: (423) 899-1928, x615  
Email: [whaisteniii@thehaistengroup.com](mailto:whaisteniii@thehaistengroup.com)

**Education**

Graduated University of Tennessee: BA Political Science 2000

**Appraisal Institute – Course:**

#110-Appraisal Principles	1999
#120-Appraisal Procedures	1999
#310-Basic Income Capitalization	2003
#320-General Applications	2003
#510-Advanced Income Capitalization	2004
#810-Computer-Enhanced Cash Flow Modeling	2004
#410-7-Hour National USPAP Update	2005
#400-General Market Analysis and Highest & Best Use	2008
#410-National USPAP	2008
#530-Advanced Sales Comparison and Cost Approaches	2009
#540-Report Writing and Valuation Analysis	2009
#550-Advanced Applications	2010

**Appraisal Institute Examinations successfully completed:**

Exam I110	1999	Exam 400G	2008
Exam I120	1999	Exam I401N	2008
Exam I310	2003	Exam II530	2009
Exam I320	2003	Exam II540	2009
Exam II510	2004	Exam II550	2010
Exam SE810	2004		
Exam I400	2005		

**Experience**

Appraiser – The Haisten Group, Inc.	2002-Present
Woodford & Associates	1999

**Professional Affiliations, Membership and Licenses:**

Associate Member of the Appraisal Institute (No. 402825)  
State Certified Real Estate Appraiser – State of Tennessee, License No. CG-2458  
State Certified Real Estate Appraiser – State of Georgia, License No. CG-322580

**Appraisals of most properties in Tennessee and Georgia including:**

Shopping Centers  
Self Storage Facilities  
General and Medical Office Buildings  
Industrial Buildings and Sites  
Special Use Properties  
Multi-Family Facilities  
Quick Service Restaurants

# BINDER OF INSURANCE

22067

Named Insured: **Haisten Group, Inc. (The)**

Mailing Address: **1200 Market Street  
Chattanooga, TN 37402**

Term of this Binder **August 18,2011** To **August 18,2012** or upon policy issuance

Type of Coverage **Professional Liability**

Limit of Liability: **\$1,000,000 each claim / \$1,000,000 aggregate  
\$5,000 deductible each claim**

Premium and rate if applicable **\$6,625.00** Plus TN Surplus Line Tax + \$75 Admin. Fee

Special Conditions **N/A**  
Retrodate: **6/18/1979**

Insurer(s): **Underwriters at Lloyd's, London**

Policy No. **MPL1162245.11**

Acting on the instructions of the Producer shown below, Alexander J. Wayne Associates, Inc. has bound coverage as describer above. This Binder is issued in accordance with confirmation from the Insurer(s) to evidence coverage until such time that policies are issued. Nothing contained herein shall be construed to be an actual insurance policy. Coverage as evidenced here shall follow the terms of the policy to be issued by the Insurer(s).

Producer: **John P. Pearl & Associates, Ltd.**  
Address: **1200 E. Glen Ave.  
Peoria Heights, IL 61616-5438**

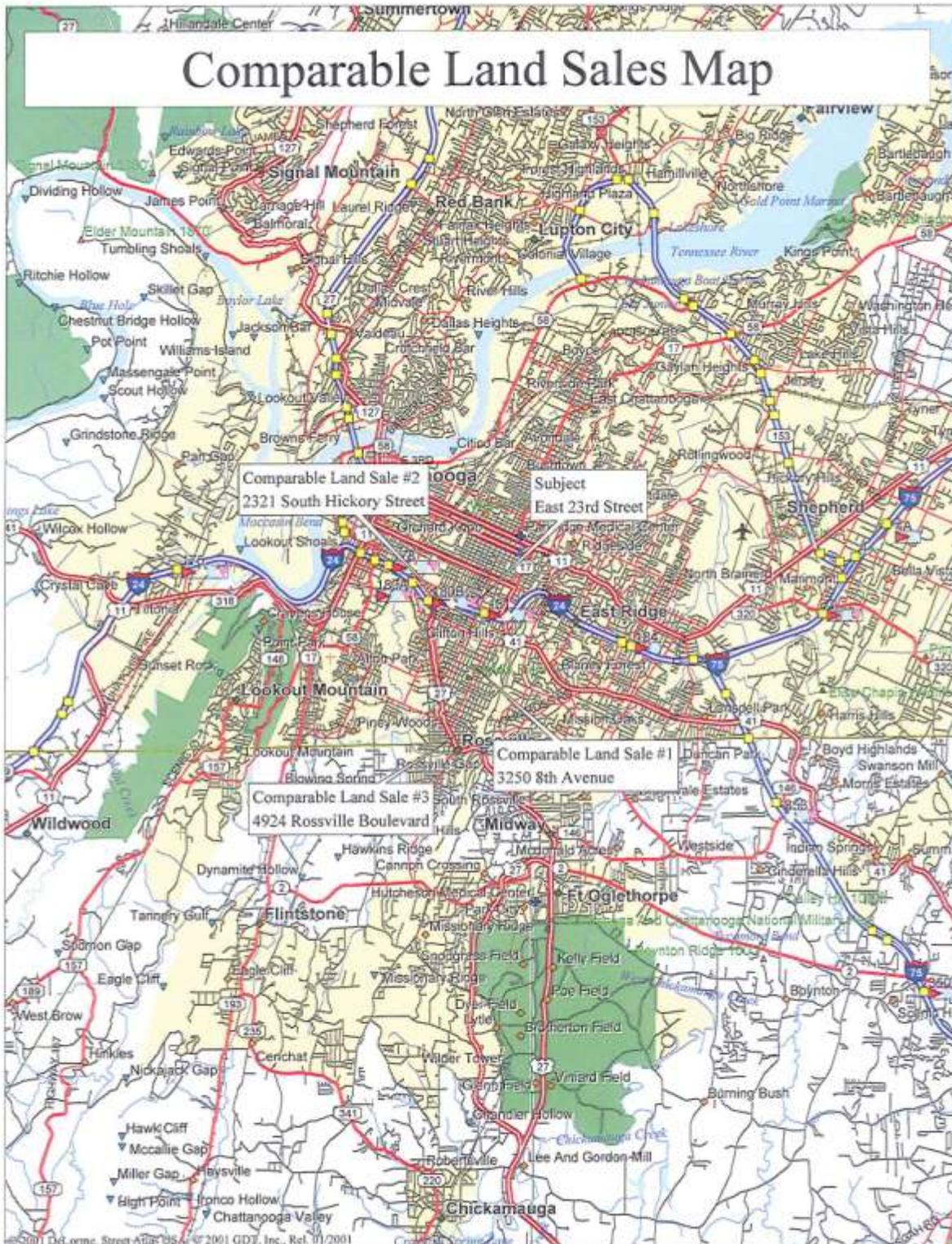
Signed



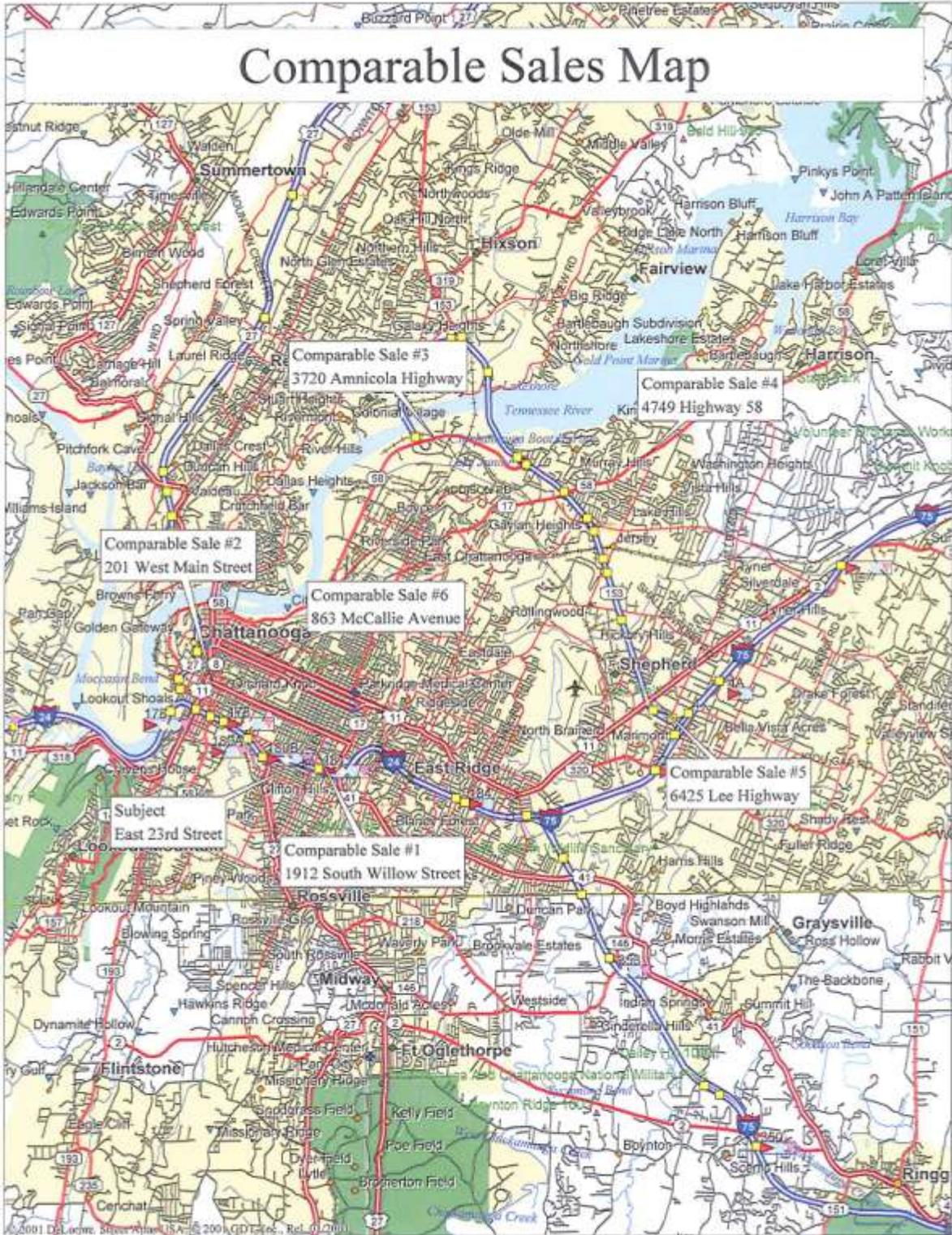
for *Alexander J. Wayne and Associates Inc*  
2551 N. Clark Street., Suite 601  
Chicago, Illinois 60614  
(773) 328-0500; Fax: (773) 328-0508

Dated: **August 09,2011**

# Comparable Land Sales Map



# Comparable Sales Map





Friday, February 22, 2013

**Property Report**

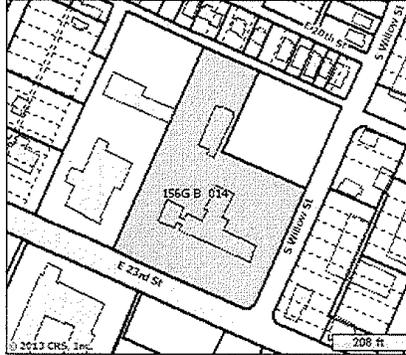
E 23Rd St, TN  
Hamilton County, TN parcel# 156G B 014

Property Report

**Location**  
**Property Address** E 23Rd St  
TN  
**Subdivision**  
**County** Hamilton County, TN  
**Current Owner Name** Hamilton Co Chatt City Of  
**Mailing Address** County Court House  
Chattanooga, TN 37402

**Property Summary**  
**Property Type** City Exempt  
**Land Use** Governmental Functions And Ser  
**Improvement Type**  
**Square Feet**

**General Parcel Information**  
**Parcel/Tax ID** 156G B 014  
**Alternate Parcel ID**  
**Account Number**  
**District/Ward** 1  
**2010 Census Trct/Blk** 26/2



Sales History through 02/05/2013

Date	Amount	Buyer/Owners	Buyer/Owners 2	Instrument	Quality	Book/Page or Document#
01/01/1903		Hamilton Co & Chatt City Of				P7/399
01/01/1903						N7/274

Tax Assessment

Appraisals	Amount	Taxes	Amount	Jurisdiction	Rate
<b>Tax Year</b> 2012		<b>City Taxes</b>	\$0	Chattanooga	2.3090
<b>Appraised Land</b>	\$207,000	<b>County Taxes</b>	\$0	Hamilton	2.7652
<b>Appraised Improvements</b>	\$0	<b>Total Taxes</b>	\$0		
<b>Total Tax Appraisal</b>	\$207,000	<b>Exempt Amount</b>			
<b>Total Assessment</b>	\$0	<b>Exempt Reason</b>			

Mortgage History  
No mortgages were found for this parcel.

Property Characteristics: Building  
No Buildings were found for this parcel.

Property Characteristics: Extra Features  
No extra features were found for this parcel.

**Property Characteristics: Lot**  
**Land Use** Governmental Functions And Ser  
**Block/Lot**  
**Latitude/Longitude** 35.019376°/-85.281233°  
**Lot Dimensions** 408.59X620IR  
**Lot Square Feet** 200.375  
**Acreage** 4.60

**Property Characteristics: Utilities/Area**  
**Gas Source**  
**Electric Source**  
**Water Source**  
**Sewer Source**  
**Zoning Code**  
**Owner Type**  
**Road Type**  
**Topography**  
**District Trend**  
**Special School District 1**  
**Special School District 2**

**Legal Description**  
**Subdivision**  
**Block/Lot**  
**District/Ward** 1  
**Plat Book/Page Description** Army Reserve Nw1/4 Sec35 T2 R4w

E 23Rd St, TN  
Hamilton County, TN parcel# 156G B 014

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Information Deemed Reliable But Not Guaranteed.  
Contact Us at (800) 374-7488 ext 3 for Help.



**Hamilton County Trustee**  
**Property Tax Inquiry**

Bill Hullander - Hamilton County Trustee  
 210 Courthouse @ 625 Georgia Ave.  
 Chattanooga, TN 37402  
 Phone: (423) 209-7270 Fax: (209) 209-7271  
 New Office Hours: Mon - Fri 7:30am-4:30pm except these holidays

**Hamilton County Tennessee**

*A great place to work and live.*

- [Trustee Home](#)
- [Satellite Location Directions](#)
- [General Property Tax FAQs](#)
- [Pay Your Property Tax Online](#)
- [2012 Property Tax Rates](#)
- [Email the Trustee](#)

- [2012 Tax Roll File](#)
- [Trustee File Download](#)
- [Delinquent File Download](#)

**Property Details**

**Printing Tips**

<b>State Grid</b>	156G B 014
<b>District</b>	Chattanooga (1)
<b>Property Address</b>	E 23RD ST
<b>Owner Names</b>	HAMILTON CO & CHATT CITY OF
<b>Mailing Address</b>	COUNTY COURT HOUSE CHATTANOOGA TN, 37402

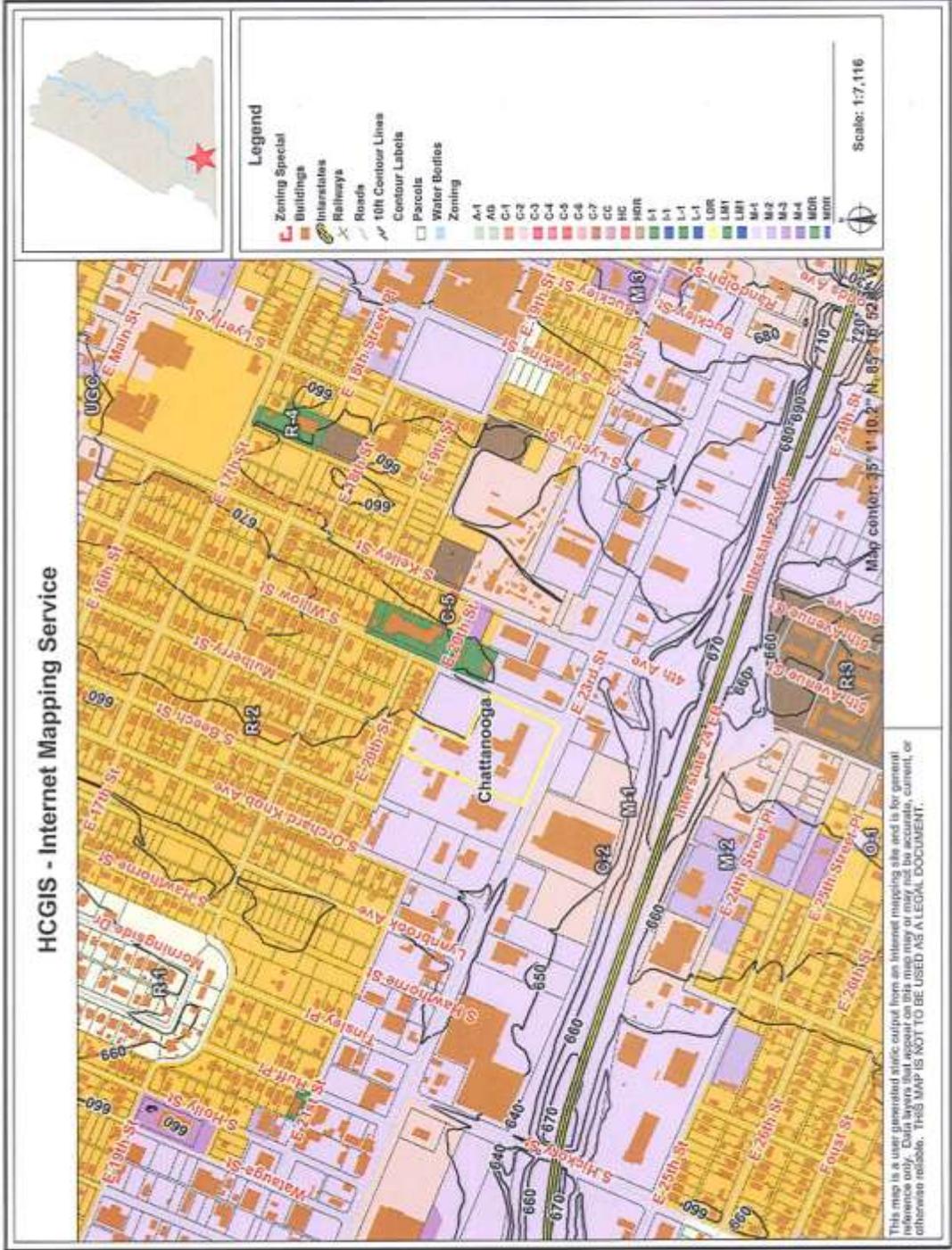
\*\* Please Contact (423) 209-7270 for Total Due.

• Red totals indicate Interest/Penalty Due included

**Other Links**

- [County Officials & Departments](#)
- [Hamilton County Assessor](#)
- [Hamilton County Register Of Deeds](#)

Send any suggestions about this site to [County Webmaster](#)  
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# InterFlood

Instant flood maps and data

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## Flood data

**USPS Address:** 23rd Street  
Chattanooga TN 37404

**Community Name:** CHATTANOOGA,CTY/HAMILTON  
CO

**Community #:** 0072

**County:**

**Census Tract:** 47065-0013.00

**Flood Zone:** AE

## Flood map color options

InterFlood has access to over 111,000 current FEMA flood maps. And with most (not all), you can customize their color, which makes them more appealing and highlights their zones.

**Current Color:**



CHANGE COLOR

To customize colors, make sure you're using Chrome or Internet Explorer rather than Firefox or Safari.

### Here's your flood map(s)

Since it's possible for a property to be located on more than one flood map ([tell me why](#)), you may see more than one link below. In most cases, the first link will be the best map. When you click a link, the corresponding flood map will be displayed.



[Flood Map #1 for 23rd Street](#)

Map Panel: 47065C0344F - Map Date: 11/07/2002



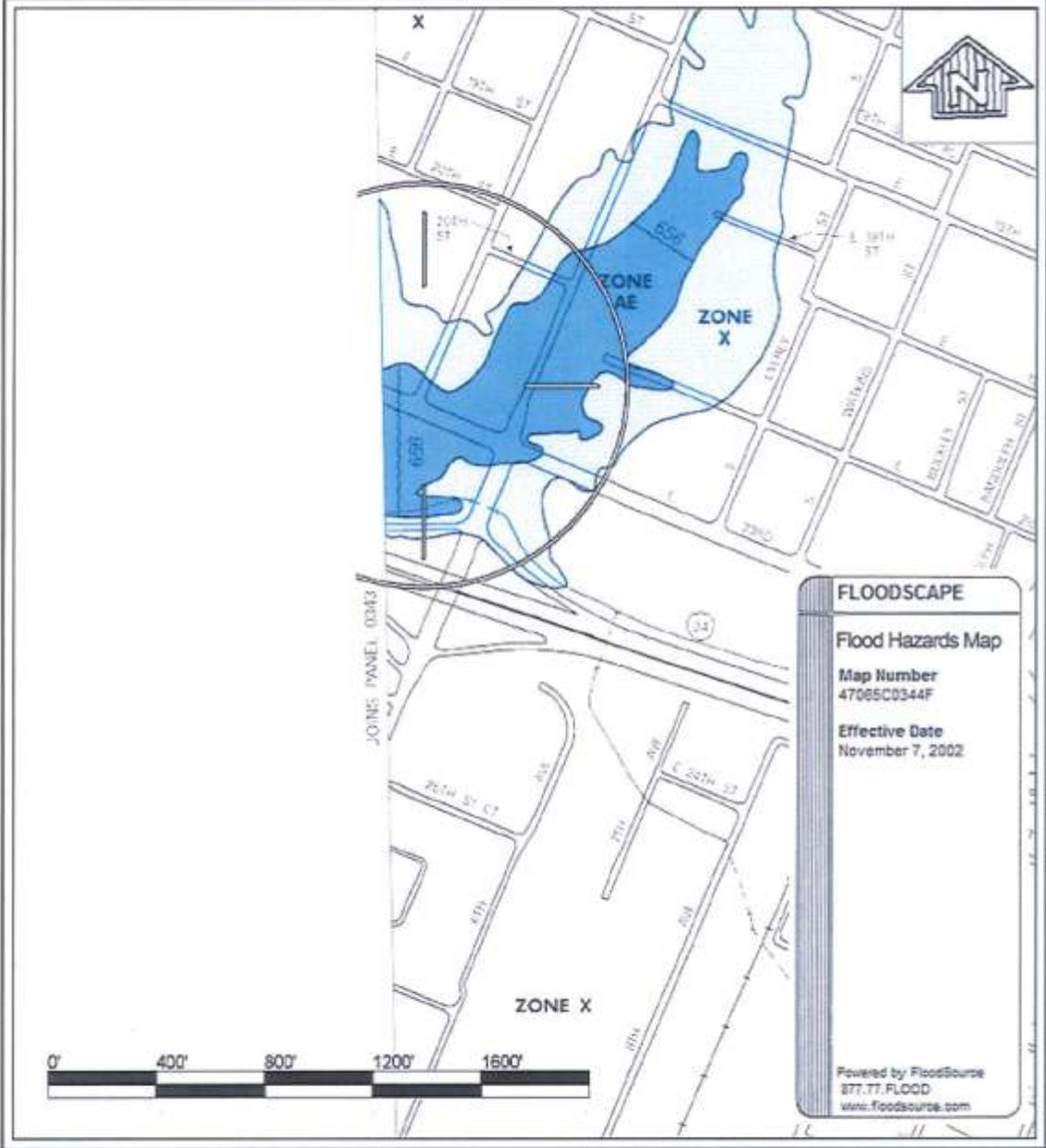
[Flood Map #2 for 23rd Street](#)

Map Panel: 47065C0343F - Map Date: 11/07/2002

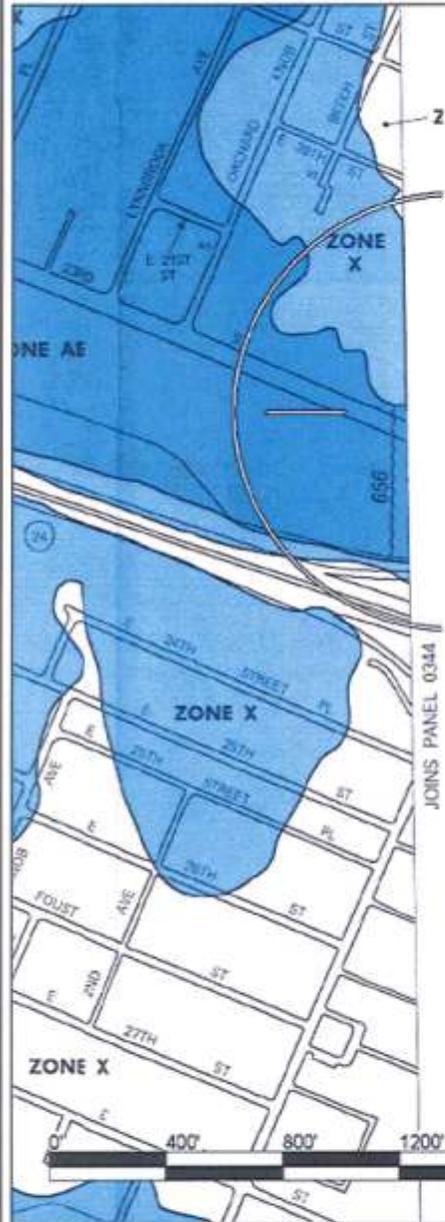


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© 1998-2012 SourcePrise and/or FloodSource Corporations. All rights reserved. Patents 6,651,326 and 6,676,815. Other patents pending. For info: info@floodsource.com.



**FLOODSCAPE**  
Flood Hazards Map  
Map Number  
47065C0343F  
Effective Date  
November 7, 2002

Powered by FloodSource  
877.77.FLOOD  
www.floodsource.com

© 1999-2012 SourcePress and/or FloodSource Corporations. All rights reserved. Patents 6,851,328 and 6,878,615. Other patents pending. For info: info@floodsource.com.



**Cookeville**  
1053 Oak Hill Drive  
Cookeville, TN 38501  
f: 877-884-6775  
t: 931-432-5552

**Chattanooga**  
535 Chestnut Street  
Suite F-4  
Chattanooga, TN 37402  
f: 877-884-6775  
t: 423-468-1105

**Greater Nashville**  
1319 Central Court  
Hermitage, TN 37076  
f: 877-884-6775  
t: 615-866-4115

**Memphis**  
1661 International Place Dr.  
Suite 400  
Memphis, TN 38120  
f: 877-884-6775  
t: 901-854-4111

**ISO 9001**

February 29, 2012

Mr. Paul Peterson  
Environmental Specialist  
81<sup>st</sup> RSC, USAR  
1525 Marion Ave.  
Fort Jackson, SC 29207-6807

**RE: Asbestos Containing Material Surveys**  
US Army Reserve Center  
2021 East 23<sup>rd</sup> Street  
Chattanooga, TN  
Project Number 08-03629-0

Mr. Peterson:

PM Environmental, Inc. (PM) is providing The U.S. Army Reserve 81<sup>st</sup> RSC with the asbestos containing building material (ACBM) re-inspection survey that was conducted on February 16<sup>th</sup> 2012 for the above referenced location. The re-inspection survey was performed by Frost Environmental Services, LLC (FES) under the direction of PM. The initial survey was performed by Environmental Enterprise Group, Inc (EEG) on December 1, 2001

### Summary

FES performed the inspection, using the initial inspection report provide by the 81<sup>st</sup> RSC and prepared by EEG in December of 2001, identifying the building materials sampled, and inspecting for materials not previously identified.

A total of eight (8) homogeneous areas were sampled for suspect ACBM that were not previously identified in the EEG report. Of the eight (8) samples that were analyzed only one (1) was identified as positive for ACBM and it was a whiter flex duct connector in building 3. The other seven (7) samples collected were of ceiling tiles and gray mastic caulking and none of those samples analyzed tested positive for ACBM.

The following is a list of ACM identified:

**Building 1 – Main Reserve Center**

<b>Homogenous Area</b>	<b>MATERIAL (TYPE)</b>	<b>FUNCTIONAL SPACE</b>	<b>QUANTITY</b>
H-1	Black Mastic Under 12" Brown & White Floor Tile	Throughout	7617sqft
H-2	Caulking, White	Around interior windows and doors	40lnft
H-3	Floor Tile & Mastic, 12", Black	Throughout	6964sqft
H-4	Pipe Insulation Air-cell, Gray*	Boiler Room and Drill Hall	100lnft boiler rm 150lnft drill hall
H-5	TSI, Fitting, Mudded*	Boiler Room and Drill Hall	20 fittings
H-12	Window Glaze	Drill Hall – Original Windows	1098lnft
H-10	Fire Doors (Assumed ACM)	Throughout	144sqft
<b>Assumed</b>	<b>Metal Coated Panels (Assumed ACM)</b>	<b>Front entrance above windows</b>	<b>200sqft</b>

***TSI insulation had been removed within the pipe chases. TSI was still present within the boiler room and the drill hall.***

**Building 2 – Maintenance Building**

<b>Homogenous Area</b>	<b>MATERIAL (TYPE)</b>	<b>FUNCTIONAL SPACE</b>	<b>QUANTITY</b>
H-4	Pipe Insulation Air-cell, Gray	Throughout	212lnft
H-5	TSI, Fitting, Mudded	Throughout	10sqft
H-12	Window Glaze	Original Windows	208lnft
H-15	12" White floor tile and black mastic	Offices	407sqft
H-16	White Caulking	Exterior windows	300lnft
H-17	12" Gray /w White & Brown streaks and mastic	Office Area	63sqft
<b>FES-4</b>	<b>White Flex Duct Connector</b>	<b>Vent Hood in Shop</b>	<b>10lnft</b>

***The flex duct connector was not identified during the 2001 asbestos inspection.***

### Building 3 – Training Addition

Homogenous Area	MATERIAL (TYPE)	FUNCTIONAL SPACE	QUANTITY
H-15	12" White floor tile and black mastic	Training rooms	2958sqft
H-17	12" Gray /w White & Brown streaks and mastic	Training rooms	2958lnft
H-16	White Caulking	Exterior windows	32sqft

***Window caulking had been previously identified, however it appears new windows have been installed after the 2001 survey. A pipe chase was located under the training addition; however it could not be accessed.***

### Conclusions and Recommendations

Based on our review of the ACBM re-inspection, the following conclusions are presented: Following the re-inspection several materials were identified as ACBM. If the materials are to be disturbed, they must be removed by a qualified asbestos abatement contractor. Removal should be performed by State of Tennessee Certified contractor and workers. During any abatement activity PM recommends daily air monitoring.

For any materials remaining in place, PM recommends maintaining an Operations and Maintenance Plan. All the identified ACBM appeared to be in good condition except for one small section of Thermal System Insulation (TSI) in the Main Building Boiler Room and does not represent a problem unless disturbed.

We have attached the Frost Environmental Services, LLC report detailing the findings. If you have any questions, please feel free to call.

Sincerely,



L. Gregory Stephenson, P.G.  
Regional Manager

Cc:

**Asbestos Survey Re-Inspection  
US Army Reserve Center  
2021 East 23<sup>rd</sup> Street  
Chattanooga Tennessee**

**Prepared for:**

**PM Environmental, Inc  
1053 Oak Hill Drive  
Cookeville, TN 38501**

**Prepared by:**

**Frost Environmental Services, LLC  
101 Ash Court  
Hendersonville, Tennessee 37075  
[www.frostenvironmental.com](http://www.frostenvironmental.com)**

**February 2012**

**Asbestos Survey Re-Inspection  
US Army Reserve Center  
2021 East 23<sup>rd</sup> Street  
Chattanooga Tennessee**

**Prepared for:**

**PM Environmental, Inc  
1053 Oak Hill Drive  
Cookeville, TN 38501**

**Prepared by:**

**Frost Environmental Services, LLC  
101 Ash Court  
Hendersonville, Tennessee 37075  
[www.frostenvironmental.com](http://www.frostenvironmental.com)**



---

**Seth Frost**

**February 2012**

## TABLE OF CONTENTS

- 1.0 EXECUTIVE SUMMARY**
  - 1.1 Asbestos-Containing Material Summary**
- 2.0 INTRODUCTIONS**
- 3.0 ASBESTOS SURVEY FINDINGS**
  - 3.1 ACM Survey Findings**
    - 3.1.1 Asbestos Containing Materials**
    - 3.1.2 Non Asbestos Containing Materials**
  - 3.2 Asbestos Survey Protocol**
- 4.0 CONCLUSIONS AND RECOMMENDATIONS**

## APPENDICES

- Appendix A Asbestos Laboratory Analytical Report
- Appendix B Photos
- Appendix C Certifications

- 1.0 EXECUTIVE SUMMARY**
-

Frost Environmental Services, LLC (FES) was retained by PM Environmental to perform a re-inspection survey for Asbestos Containing Materials (ACM) of the US Army Reserve Center located at 2021 East 23<sup>rd</sup> Street in Chattanooga Tennessee. The purpose of the re-inspection was to inspect previously identified asbestos containing materials and sample materials not identified within the exterior and interior of the building. The initial survey was performed by Environmental Enterprise Group, Inc (EEG) on December 1, 2001.

The purpose of the re-inspection was to identify ACM's in the buildings previously identified and to identify materials that had not been sampled. Sampling consisted of building materials within the interior and exterior of the building that had not been previously sampled. During the inspection, FES identified the ACM materials in the 2001 asbestos survey, identified some of the materials that had been removed, and collected or assumed a few materials that had not been sampled during the initial inspection.

The site consisted of three buildings: Building 1 – Main Reserve Center, Building 2 – Maintenance Shop, and Building 3 – Training Center Addition. All three buildings were re-inspected.

### 1.1 Asbestos-Containing Material Summary

FES performed the inspection, using the initial inspection report, identifying the building materials sampled, and inspecting for materials not previously identified. The following is a list of ACM identified:

#### Building 1 – Main Reserve Center

Homogenous Area	MATERIAL (TYPE)	FUNCTIONAL SPACE	QUANTITY
H-1	Black Mastic Under 12" Brown & White Floor Tile	Throughout	7617sqft
H-2	Caulking, White	Around interior windows and doors	40Inft
H-3	Floor Tile & Mastic, 12", Black	Throughout	6964sqft
H-4	Pipe Insulation Air-cell, Gray*	Boiler Room and Drill Hall	100Inft boiler rm 150Inft drill hall
H-5	TSI, Fitting, Mudded*	Boiler Room and Drill Hall	20 fittings
H-12	Window Glaze	Drill Hall – Original Windows	1098Inft
H-10	Fire Doors (Assumed ACM)	Throughout	144sqft
Assumed	Metal Coated Panels (Assumed ACM)	Front entrance above windows	200sqft

## 1.1 Asbestos-Containing Material Summary (Continued)

### Building 1 – Main Reserve Center (Continued)

TSI insulation had been removed within the pipe chases. TSI was still present within the boiler room and the drill hall.

### Building 2 – Maintenance Building

Homogenous Area	MATERIAL (TYPE)	FUNCTIONAL SPACE	QUANTITY
H-4	Pipe Insulation Air-cell, Gray	Throughout	212lnft
H-5	TSI, Fitting, Mudded	Throughout	10sqft
H-12	Window Glaze	Original Windows	208lnft
H-15	12" White floor tile and black mastic	Offices	407sqft
H-16	White Caulking	Exterior windows	300lnft
H-17	12" Gray /w White & Brown streaks and mastic	Office Area	63sqft
<b>FES-4</b>	<b>White Flex Duct Connector</b>	<b>Vent Hood in Shop</b>	<b>10lnft</b>

The flex duct connector was not identified during the 2001 asbestos inspection.

### Building 3 – Training Addition

Homogenous Area	MATERIAL (TYPE)	FUNCTIONAL SPACE	QUANTITY
H-15	12" White floor tile and black mastic	Training rooms	2958sqft
H-17	12" Gray /w White & Brown streaks and mastic	Training rooms	2958lnft
H-16	White Caulking	Exterior windows	32sqft

Window caulking had been previously identified, however new windows have been installed after the 2001 survey. A pipe chase was located under the training addition, however it could not be accessed.

## 2.0 INTRODUCTIONS

Frost Environmental Services, LLC (FES) was retained by PM Environmental to perform a re-inspection survey for Asbestos Containing Materials (ACM) of the US Army Reserve Center located at 2021 East 23<sup>rd</sup> Street in Chattanooga Tennessee. The purpose of the re-inspection was to inspect previously identified asbestos containing materials and sample materials not identified within the exterior and interior of the building. The initial survey was performed by Environmental Enterprise Group, Inc (EEG) on December 1, 2001.

## 3.0 ASBESTOS SURVEY FINDINGS

The ACM inspection was performed in accordance with Environmental Protection Agency (EPA) / Asbestos Hazard Emergency Response Act (AHERA), and Occupational Health and Safety Association (OSHA) Protocols. Seth Frost performed the inspection, on February 16<sup>th</sup>, 2012. Appropriate certification documents are located in Appendix C of this report.

### 3.1 ACM Survey Findings

#### 3.1.1 Asbestos Containing Materials

The site consisted of three (3) buildings. All building were re-inspected. FES identified all previously sampled materials. In addition one additional material was confirmed and ACM and one (1) material was assumed ACM.

#### Building 1 – Main Reserve Center

Homogenous Area	MATERIAL (TYPE)	FUNCTIONAL SPACE	QUANTITY
H-1	Black Mastic Under 12" Brown & White Floor Tile	Throughout	7617sqft
H-2	Caulking, White	Around interior windows and doors	40lnft
H-3	Floor Tile & Mastic, 12", Black	Throughout	6964sqft
H-4	Pipe Insulation Air-cell, Gray*	Boiler Room and Drill Hall	100lnft boiler rm 150lnft drill hall
H-5	TSI, Fitting, Mudded*	Boiler Room and Drill Hall	20 fittings
H-12	Window Glaze	Drill Hall – Original Windows	1098lnft
H-10	Fire Doors (Assumed ACM)	Throughout	144sqft
Assumed	Metal Coated Panels (Assumed ACM)	Front entrance above windows	200sqft

## 1.1 Asbestos-Containing Material Summary (Continued)

### Building 1 – Main Reserve Center (Continued)

TSI insulation had been removed within the pipe chases. TSI was still present within the boiler room and the drill hall.

### Building 2 – Maintenance Building

Homogenous Area	MATERIAL (TYPE)	FUNCTIONAL SPACE	QUANTITY
H-4	Pipe Insulation Air-cell, Gray	Throughout	212lnft
H-5	TSI, Fitting, Mudded	Throughout	10sqft
H-12	Window Glaze	Original Windows	208lnft
H-15	12" White floor tile and black mastic	Offices	407sqft
H-16	White Caulking	Exterior windows	300lnft
H-17	12" Gray /w White & Brown streaks and mastic	Office Area	63sqft
<b>FES-4</b>	<b>White Flex Duct Connector</b>	<b>Vent Hood in Shop</b>	<b>10lnft</b>

The flex duct connector was not identified during the 2001 asbestos inspection.

### Building 3 – Training Addition

Homogenous Area	MATERIAL (TYPE)	FUNCTIONAL SPACE	QUANTITY
H-15	12" White floor tile and black mastic	Training rooms	2958sqft
H-17	12" Gray /w White & Brown streaks and mastic	Training rooms	2958lnft
H-16	White Caulking	Exterior windows	32sqft

Window caulking had been previously identified, however new windows have been installed after the 2001 survey. A pipe chase was located under the training addition, however it could not be accessed.

### 3.1.2 Non Asbestos Containing Materials

The following materials were determined not to be asbestos containing materials within each building.

#### Building 1 – Main Reserve Center

**Asbestos Free.** Asbestos was not detected in the following homogeneous areas:

- H-6: MISC, FLOOR TILE & MASTIC, 12", Gray w/gray & white streaks
- H-7: MISC, SHEETROCK/MUD, White
- H-8: MISC, GROUT, CERAMIC TILE, Gray
- H-9: SURFACING, PLASTER, White
- H-11: MISC, SHEET FLOORING, Beige & blue marbling
- H-13: MISC, ROOFING, TAR AND GRAVEL, Black
- H-14: MISC, CAULKING, Gray

#### Building 2 – Maintenance Building

**Asbestos Free.** Asbestos was not detected in the following homogeneous areas:

- H-7: MISC, SHEETROCK/MUD, White
- H-18: MISC, FLOOR TILE & MASTIC, 12", Black w/white streaks

#### Building 3 – Training Addition

**Asbestos Free.** Asbestos was not detected in the following homogeneous areas:

- H-7: MISC, SHEETROCK/MUD, White

**Additional Non ACM materials** FES collected samples of eight (8) samples that were determined not to be ACM.

**Gray window caulking** – interior new windows throughout Main Building and Training building.

**Ceiling Tiles** - throughout Main Building and Training building.

**Gray HVAC Duct Mastic** – Above Drop Ceiling

### **3.2 Asbestos Survey Protocol**

Samples were given a unique numeric identification. Samples were placed in a sealed container, sample was documented on a chain of custody and sent to a qualified laboratory for analysis.

The technique used for sampling the suspected materials was designed to minimize possible fiber release and in turn possible contamination of surrounding areas. All representative "suspect" materials sampled, were collected in accordance with the EPA's AHERA and "Guidance for Controlling Asbestos Containing Material in Buildings" (EPA 560 / 6-85-024, June 1985).

The sample location was sprayed with an amended water mixture. Then, a sample of the material was collected and properly stored in a labeled airtight container. A chain of custody form was completed for all bulk samples collected and subsequently delivered to a qualified laboratory for analysis using Polarized Light Microscopy (PLM).

Suspect ACM was inspected to determine the condition of the material and touched to determine its friability. A friable material is defined as a material that can be crumbled, or reduced to powder by hand pressure. A friable material has a higher potential of becoming airborne during disturbance.

FES personnel utilized PPE as deemed appropriate for each sampling event. Wet methods were employed during the collection of bulk samples.

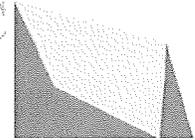
### **4.0 CONCLUSIONS AND RECOMMENDATIONS**

Following the inspection several materials were identified as ACM or assumed to be ACM. If the materials are to be disturbed, they must be removed by a qualified asbestos abatement contractor. Removal should be performed by State of Tennessee Certified contractor and workers. During any abatement activity FES recommends daily air monitoring. For any materials remaining in place, FES recommends maintaining an Operations and Maintenance Plan.

Appendix A Asbestos Laboratory Analytical Report

# FROST ENVIRONMENTAL SERVICES, LLC

101 Ash Court, Hendersonville, Tennessee 37075  
 (615) 562-2669 office • (615)-473-9047 cell • email support@frostenvllc.com



## POLARIZED LIGHT MICROSCOPY (PLM) LABORATORY ANALYSIS REPORT (EPA/600/R-93/116 (June 1993))

CLIENT: PM Environmental

*Date Received: 2/16/12*

PROJECT: US Army Reserve Center

*Date Analyzed: 2/20/12*

PROJECT LOCATION: 2021 E 23rd St, Chattanooga TN

*Date Reported: 2/21/12*

ANAYLST: Seth Frost

Sample Number	Location	Material Description	Binder (Non-Fibrous) Material	Non-Asbestos Fiber	Asbestos Type & Percent
FES-1A	Throughout Building 1 & 2	4x2 Ceiling Tile	25	60-Cellulose/15-Glass	None Detected
FES-1B	Throughout Building 1 & 2	4x2 Ceiling Tile	25	60-Cellulose/15-Glass	None Detected
FES-1C	Throughout Building 1 & 2	4x2 Ceiling Tile	25	60-Cellulose/15-Glass	None Detected
FES-2A	Exterior Windows Building 1 & 2 Offices	Gray Mastic Caulking	100	None Detected	None Detected
FES-2B	Exterior Windows Building 1 & 2 Offices	Gray Mastic Caulking	100	None Detected	None Detected
FES-3A	HVAC Metal Ducts - Above Drop Ceiling	Gray Mastic Coating	100	None Detected	None Detected
FES-3B	HVAC Metal Ducts - Above Drop Ceiling	Gray Mastic Coating	100	None Detected	None Detected
FES-4A	Building 3, Hood Exhaust Duct	White Flex duct Connector	10	20-Cellulose	70-Chrysotile

Asbestos containing material (ACM) is defined as any material containing more than one percent asbestos. Analysis was performed using "EPA/600/R-93/116 (June 1993), Test Method for the Determination of Asbestos in Bulk Building Materials."

## Appendix B Photos

Main Reserve Center



Damaged TSI Fitting



ACM TSI



ACM TSI



Assumed Fire door



White Caulking



Assumed Asbestos Panels



Window Caulk



TSI Piping

### Training Addition

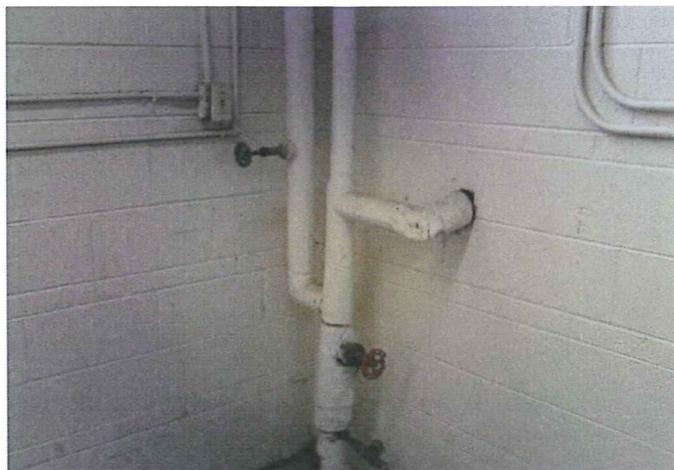


White Caulking



Floor tile and mastic

### Maintenance Shop



TSI Pipe



TSI Pipe



ACM Flex Duct



Pipe Fitting



ACM tile and mastic



ACM Tile and mastic



ACM Window Caulk

## Appendix C Certifications



**THE STATE OF TENNESSEE**  
 Department of Environment and Conservation Toxic Substances Program

401 Church Street 5th Floor L&C Tower Nashville TN 37243

By virtue of the authority vested in me, I hereby accredit:

**Frost Environmental Services, LLC**

101 Ash Court Hendersonville TN, 37075

to conduct **ASBESTOS ACTIVITIES** in schools or public and commercial buildings in Tennessee. This firm is responsible for compliance with the applicable requirements of Rule 1200-01-20.

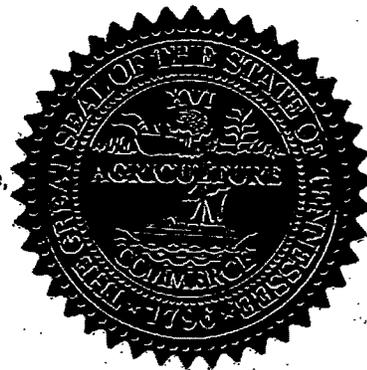
Discipline	Type	Accreditation Number	Effective Date	Expiration Date
Accreditation	Re-Accreditation	A-F-720-17583	December 01, 2011	December 31, 2012

Given under my hand and the Seal of the State of Tennessee in Nashville,

This 14th Day of December 2011

*J. M. Apple*

Mike Apple, Director  
 Division of Solid Waste Management



CN-1324

RDA-1320



## THE STATE OF TENNESSEE

Department of Environment and Conservation  
Solid & Hazardous Waste Management  
Toxic Substances Program

401 Church Street 5th Floor L&C Tower Nashville TN 37243

By virtue of the authority vested in me, I hereby accredit:

### Seth D. Frost

101 Ash Court Hendersonville TN, 37075



to conduct **ASBESTOS ACTIVITIES** in the following discipline(s) in schools or public and commercial buildings in Tennessee. This individual is responsible for compliance with the applicable requirements of Rule 1200-01-20.

Note: In order for this Tennessee issued accreditation to remain valid through the expiration date, the individual must maintain current applicable accredited refresher training course(s).

Discipline	Type	Accreditation Number	Effective Date	Expiration Date
Inspector	Re-Accreditation	A-I-47879-16854	October 11, 2011	November 30, 2012
Project Monitor	Re-Accreditation	A-PM-47879-16853	October 11, 2011	November 30, 2012

Given under my hand and the Seal of the State of Tennessee in Nashville.

This 11 Day of October 2011

Mike Apple, Director  
Division of Solid Waste Management

CN-1324 (Rev 8/10)



RDA - 1320