

**INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF EAST RIDGE, TENNESSEE**

AGENDA

April 20, 2023

5:00 pm EDT

1. Call to Order
2. Prayer & Pledge of Allegiance
3. Roll Call
4. Approval of Minutes
 - Minutes – February 16, 2023
5. Old Business: None
6. New Business:
 - a. Resolution 2023-04/20-01: Discuss/take action on approving a PILOT Agreement and PILOT Lease Agreement for Personal and Real Property with Textile Printing Company related to property located at 6205 Ringgold Road.
7. Adjourn

**MINUTES OF THE
INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF EAST RIDGE**

**February 16, 2023
5:00 p.m.**

The East Ridge Industrial Development Board met pursuant to notice on February 16, 2023, 5:00 pm at East Ridge City Hall. Chairperson Tuggle called the meeting to order.

Vice Chairperson Lance gave the invocation. All joined in the Pledge of Allegiance to the Flag.

Present were: Chairperson Tuggle, Vice Chairperson Lance, Boardmember Cocke, Boardmember Ezell, and Boardmember Jones. Boardmember Pamplin and Boardmember Ramey were not present.

City Attorney Litchford and City Recorder Middleton were also present.

Approval of Minutes January 26, 2023: Boardmember Cocke made a motion, seconded by Boardmember Jones, to approve the minutes. Roll call vote: Vice Chairperson Lance - yes, Boardmember Cocke - yes, Boardmember Ezell - abstain, Boardmember Jones – yes, Chairperson Tuggle – yes. Motion approved.

Old Business: None

New Business:

Resolution 2023-02/16-01: Discuss/Take Action on Approving a Development Agreement Relating to the Border Region Retail Tourism Development District Relative to Kelley X-Ray Co., 1500 Fruitland Drive, East Ridge, Tennessee

City Attorney Litchford stated this property has a zero-base line. Mr. Kelly has provided renderings of the building and he has expanded the floor space by more than 35%. This business sells x-ray equipment at retail and will generate state sales tax. In year one, he is projecting \$2.3 million in sales with a 2% growth over the next 24 years. Mr. Litchford stated that \$2.4 million will come back to the City in border region revenue. Mr. Kelley has invested approximately \$855,000. The recommendation from IDB is a split of 30% for the developer and 70% for the City. No one came forward from the audience to discuss the matter. Vice Chairperson Lance made a motion, seconded by Boardmember Ezell, to approve Resolution No. 2023-02/16-01. The vote was unanimous. Motion approved.

Being no further business, the meeting was adjourned.

RESOLUTION 2023-04/20-01

A RESOLUTION OF THE EAST RIDGE INDUSTRIAL DEVELOPMENT BOARD MAKING CERTAIN FINDINGS RELATING TO THE TEXTILE PRINTING COMPANY PROJECT AND AUTHORIZING THE BOARD TO TAKE TITLE TO CERTAIN REAL AND PERSONAL PROPERTY IN CONNECTION WITH THE TEXTILE PRINTING COMPANY PROJECT, TO LEASE SUCH PROPERTY AND TO ENTER INTO AN AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES WITH TEXTILE PRINTING COMPANY.

WHEREAS, Textile Printing Company and its affiliate Rawter Realty Limited Partnership (together, the “Companies”) are undertaking the improvement of certain real property in East Ridge, Hamilton County, Tennessee and the acquisition of machinery, equipment and other personal property, resulting in an investment of at least \$21 million and the creation of at least 90 full-time jobs which jobs shall have an average annual wage (excluding benefits) equal to at least \$48,800.00 (collectively, the “Project”); and

WHEREAS, the Companies have requested that The Industrial Development Board of the City of East Ridge (the “Board”) agree to take title to the real and personal property comprising the Project (the “Leased Property”) and to lease the Leased Property to the Companies pursuant to certain lease agreements (the “Leases”) in substantially the forms presented to the Board; and

WHEREAS, the Hamilton County Board of Commissioners and the East Ridge City Council have been asked to delegate to the Board the authority to negotiate and accept payments in lieu of ad valorem property taxes from the Company; and

WHEREAS, the ownership of the Leased Property and the leasing thereof to the Companies are within the powers of the Board as described in T.C.A. Section 7-53-302, and the

provision for payments in lieu of ad valorem property taxes on the Leased Property is within the powers of the Board as described in T.C.A. Section 7-53-305; and

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

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

Section 1. The Board agrees to accept title to the Leased Property and to lease the Leased Property to the Companies pursuant to the terms of the Leases, in substantially the forms presented to this meeting, with such changes therein as shall be approved by the Chairman or Vice Chairman of the Board.

Section 2. Subject to a delegation made by the City of East Ridge and Hamilton County, the Board agrees to enter into the PILOT Agreement with the Companies in substantially the form presented to this meeting, with such changes therein as shall be approved by the Chairman or Vice Chairman of the Board.

Section 3. The appropriate officers of the Board are hereby authorized to execute the Leases and the PILOT Agreement on behalf of the Board and to take such further actions as shall be appropriate or necessary in carrying out the intent of this resolution.

Approved this _____ day of _____, 2023.

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF EAST RIDGE

By: _____

Title: _____



PILOT Incentive Project Summary
 City of East Ridge, Hamilton County, TN

Company/Applicant:	TPC Printing & Packaging
Capital Investment:	\$ 21,000,000
Jobs:	90
Annual Average Wage:	\$ 48,880
PILOT Length: (Years)	5
Total Tax Due: (City & County)	\$ 1,058,813
Total Tax & Other Incentives:	\$ 516,421
Total Local Benefit:	\$ 2,207,253
Benefit/Cost Ratio:	4.27

Economic Development Payments:

Fees Paid to City	\$	56,929
Fees Paid to County	\$	101,894
Total Fees Paid by Company:	\$	158,823

Payments in Lieu of Tax:

Payments Made to City During PILOT	\$	118,781
Payments Made to County During PILOT	\$	116,470
Payments Made in Lieu of School Taxes	\$	307,141
Total Taxes Paid During PILOT Period	\$	542,392

Total Fees and Taxes Paid \$ 701,215

Incentives:

City & County Contributions	\$	-
City Taxes Abated	\$	260,745
County Taxes Abated	\$	255,676
Total Incentive to Company	\$	516,421

Net Incentive to Company: (Incentives Less Fees Paid) \$ 357,598

City of East Ridge, Hamilton County, TN
 TPC Printing & Packaging
 Economic Impact and Benefit/Cost Analysis

Annual Impact of Operations	Year 1	Year 2	Year 3	Year 4	Year 5	5-Year Total
Employment, Direct	90	90	90	90	90	90
Wages & Benefits, Direct ¹	\$ 5,718,960	\$ 5,718,960	\$ 5,718,960	\$ 5,718,960	\$ 5,718,960	\$ 28,594,800
Employment Multiplier ²	1.8228	1.8228	1.8228	1.8228	1.8228	
Total Employment	164	164	164	164	164	164
Employment, Indirect (Full-Time Equivalent)	74	74	74	74	74	74
Hamilton County Projected Annual Average Wage ³	\$ 59,775	\$ 59,775	\$ 59,775	\$ 59,775	\$ 59,775	
Wages, Indirect	\$ 4,423,350	\$ 4,423,350	\$ 4,423,350	\$ 4,423,350	\$ 4,423,350	\$ 22,116,750
Total Wages & Benefits	\$ 10,142,310	\$ 50,711,550				
Local Sales Tax Revenue from Wages ⁴ (Indirect)	\$ 114,786	\$ 114,786	\$ 114,786	\$ 114,786	\$ 114,786	\$ 573,930
Other Local Tax Revenue ⁵ (Indirect)	\$ 24,564	\$ 24,564	\$ 24,564	\$ 24,564	\$ 24,564	\$ 122,820
Indirect Residential/Commercial Property Tax Revenue ⁶	\$ 135,741	\$ 135,741	\$ 135,741	\$ 135,741	\$ 135,741	\$ 678,705
Total Tax Revenue	\$ 275,091	\$ 1,375,455				

**City of East Ridge, Hamilton County, TN
 TPC Printing & Packaging
 Economic Impact and Benefit/Cost Analysis**

One Time Expansion Impact		
Total Capital Investment	\$	21,000,000
Building - Real Property	\$	10,000,000
Economic Impact Multiplier ⁷		1.7846
Economic Impact	\$	17,846,000
Equipment Purchase/Set-up - Personal Property	\$	11,000,000
Economic Impact Multiplier ⁸		1.6459
Economic Impact	\$	18,104,900
Total Economic Impact	\$	35,950,900
Final Demand Employment Multiplier ⁹		7.5715
Jobs Supported During Construction Period*		159
Hamilton County Projected Annual Average Wage ³	\$	59,775
Wages Paid to Jobs Supported During the Construction Period	\$	9,504,225
Local Sales Tax Revenue from Wages ⁴ (Indirect)	\$	107,564
Other Local Tax Revenue ⁵ (Indirect)	\$	23,019
Total Indirect Tax Revenue from Wages Paid During Construction Peri	\$	130,583

**Represents the total number of jobs supported during the construction period. If the construction period is 2 years the annual average employment would be 80 per year. These jobs are considered transient and, in theory, would disappear after the construction and set-up period is complete.*

**Hamilton County, TN
TPC Printing & Packaging
Tax Schedule**

Full Property Value:	Real Property						
	Assessed Value	Hamilton County Tax Due: (\$1.2257 per \$100 value)	% of taxes paid	Payment Made in Lieu of Tax	Taxes Abated	School Taxes Paid (1.0116 per \$100 Value)	Economic Development Payment (15%)
\$ 10,000,000							
Year 1 - 2023	\$ 4,000,000	\$ 49,028	0%	\$ -	\$ 49,028	\$ 40,464	\$ 13,424
Year 2 - 2024	\$ 4,000,000	\$ 49,028	25%	\$ 12,257	\$ 36,771	\$ 40,464	\$ 13,424
Year 3 - 2025	\$ 4,000,000	\$ 49,028	40%	\$ 19,611	\$ 29,417	\$ 40,464	\$ 13,424
Year 4 - 2026	\$ 4,000,000	\$ 49,028	50%	\$ 24,514	\$ 24,514	\$ 40,464	\$ 13,424
Year 5 - 2027	\$ 4,000,000	\$ 49,028	50%	\$ 24,514	\$ 24,514	\$ 40,464	\$ 13,424
Total		\$ 245,140		\$ 80,896	\$ 164,244	\$ 202,320	\$ 67,120

Total Taxes Abated:	\$ 164,244
Total Fees Paid:	\$ 67,120
Total School Taxes Paid:	\$ 202,320
Total Payments Made in Lieu of Tax:	\$ 80,896
Total Fees and Taxes paid During the PILOT Period:	\$ 350,336

**City of East Ridge, TN
TPC Printing & Packaging
Tax Schedule**

Full Property Value:	Real Property					
\$ 10,000,000	Assessed Value	East Ridge Tax Due: (\$1.25 per \$100 value)	% of taxes paid	Payment Made in Lieu of Tax	Taxes Abated	Economic Development Payment (15%)
Year 1 - 2023	\$ 4,000,000	\$ 50,000	0%	\$ -	\$ 50,000	\$ 7,500
Year 2 - 2024	\$ 4,000,000	\$ 50,000	25%	\$ 12,500	\$ 37,500	\$ 7,500
Year 3 - 2025	\$ 4,000,000	\$ 50,000	40%	\$ 20,000	\$ 30,000	\$ 7,500
Year 4 - 2026	\$ 4,000,000	\$ 50,000	50%	\$ 25,000	\$ 25,000	\$ 7,500
Year 5 - 2027	\$ 4,000,000	\$ 50,000	50%	\$ 25,000	\$ 25,000	\$ 7,500
Total		\$ 250,000		\$ 82,500	\$ 167,500	\$ 37,500

Total Taxes Abated:	\$ 167,500
Total Fees Paid:	\$ 37,500
Total Payments Made in Lieu of Tax:	\$ 82,500
Total Fees and Taxes paid During the PILOT Period:	\$ 120,000

**Hamilton County, TN
TPC Printing & Packaging
Tax Schedule**

Full Property Value:		Personal Property						
\$ 11,000,000	Depreciation Rate	Assessed Value	Hamilton County Tax Due: (\$1.2257 per \$100 value)	% of taxes paid	Payment Made In Lieu of Tax	Taxes Abated	School Taxes Paid (1.0116 per \$100 Value)	Economic Development Payment (15%)
Year 1 - 2023	0.88	\$ 2,904,000	\$ 35,594	0%	\$ -	\$ 35,594	\$ 29,377	\$ 9,746
Year 2 - 2024	0.75	\$ 2,475,000	\$ 30,336	25%	\$ 7,584	\$ 22,752	\$ 25,037	\$ 8,306
Year 3 - 2025	0.63	\$ 2,079,000	\$ 25,482	40%	\$ 10,193	\$ 15,289	\$ 21,031	\$ 6,977
Year 4 - 2026	0.50	\$ 1,650,000	\$ 20,224	50%	\$ 10,112	\$ 10,112	\$ 16,691	\$ 5,537
Year 5 - 2027	0.38	\$ 1,254,000	\$ 15,370	50%	\$ 7,685	\$ 7,685	\$ 12,685	\$ 4,208
Total			\$ 127,006		\$ 35,574	\$ 91,432	\$ 104,821	\$ 34,774

Total Taxes Abated:	\$ 91,432
Total Fees Paid:	\$ 34,774
Total School Taxes Paid:	\$ 104,821
Total Payments Made in Lieu of Tax:	\$ 35,574
Total Fees and Taxes paid During the PILOT Period:	\$ 175,169

**City of East Ridge, TN
TPC Printing & Packaging
Tax Schedule**

Full Property Value:		Personal Property					
\$ 11,000,000	Depreciation Rate	Assessed Value	East Ridge Tax Due: (\$1.25 per \$100 value)	% of taxes paid	Payment Made in Lieu of Tax	Taxes Abated	Economic Development Payment (15%)
Year 1 - 2023	0.88	\$ 2,904,000	\$ 36,300	0%	\$ -	\$ 36,300	\$ 5,445
Year 2 - 2024	0.75	\$ 2,475,000	\$ 30,938	25%	\$ 7,735	\$ 23,203	\$ 4,641
Year 3 - 2025	0.63	\$ 2,079,000	\$ 25,988	40%	\$ 10,395	\$ 15,593	\$ 3,898
Year 4 - 2026	0.50	\$ 1,650,000	\$ 20,625	50%	\$ 10,313	\$ 10,312	\$ 3,094
Year 5 - 2027	0.38	\$ 1,254,000	\$ 15,675	50%	\$ 7,838	\$ 7,837	\$ 2,351
Total			\$ 129,526		\$ 36,281	\$ 93,245	\$ 19,429

Total Taxes Abated: \$ 93,245

Total Fees Paid: \$ 19,429

Total Payments Made in Lieu of Tax: \$ 36,281

Total Fees and Taxes paid During the PILOT Period: \$ 55,710

**City of East Ridge, Hamilton County, TN
TPC Printing & Packaging
Economic Impact and Benefit/Cost Analysis**

Payback Summary		
PILOT Term (years)		5
Taxes Forgone		
City of East Ridge	\$	260,745
Hamilton County	\$	255,676
	Total \$	516,421
Hard Costs		
City of East Ridge	\$	-
Hamilton County	\$	-
	Total \$	-
Taxes Forgone and Hard Costs		
City of East Ridge	\$	260,745
Hamilton County	\$	255,676
	Total Taxes Forgone and Hard Costs \$	516,421
Economic Development Fees Paid to City/County		
City of East Ridge	\$	56,929
Hamilton County	\$	101,894
	Total \$	158,823
Tax Revenues From Construction & Set-Up	\$	130,583
Tax Revenues From Operations During PILOT Period	\$	1,375,455
School Tax Revenues Paid During PILOT Period	\$	307,141
Payments Received in Lieu of Tax		
City of East Ridge	\$	118,781
Hamilton County	\$	116,470
	Total \$	235,251
Total Tax Revenues & Fees Received During PILOT Period	\$	2,207,253
Benefit/Cost Ratio		4.27

Projected Costs:

Hard Costs

None.

Opportunity Costs

Local government is requested to forgo for a period of years the opportunity to collect taxes on site improvement, building, and industrial equipment that are a part of the project.

Benefit/Cost Ratio: The sum of tax revenues from construction, operations and property during the PILOT period divided by the total taxes forgone and hard costs.

Notes for TPC Expansion Project Impact Analysis

1. Calculation is based on the project's annual average wage provided by the company plus a 30% allowance for benefits.
2. U.S. Bureau of Economic Analysis, RIMS II, direct effect employment multiplier for printing for Hamilton County, Tennessee. This multiplier represents the total number of jobs supported in all industries for each additional job created in the specified industry.
3. Based upon data from Tennessee Department of Labor; Annual Average Wage for Hamilton County, 2021 with a 1.5% inflation factor applied for 2022.
4. U.S. Department of Labor, "Consumer Expenditure Survey, Southern US" 2020; factor applied to determine the rate of indirect or "downstream" expenditures on sales taxable goods and services at the Hamilton County/City of East Ridge local option tax rate of .0225.
5. Based upon July 2020 - June 2021 collections of business, alcohol, motor vehicle and other local taxes compared to sales tax for Hamilton County.
6. Indirect property tax is based on the new direct jobs created by the company. For this calculation, it is assumed that 65% of the direct jobs reside in Hamilton County and represent one household per job. The 2022 median home value is utilized as a proxy for residential property value, to determine property tax generated per job. The residential assessment rate of 25% is utilized for all residences, including those in multifamily buildings assessed at 40%, and a combined Hamilton County (\$2.2373) and City of East Ridge (\$1.25) tax rate of \$3.4873 per \$100 of assessed value is used to project the annual tax per job. The property tax from new or expanded commercial property that is generated indirectly from economic activity associated with the jobs supported by the company is not projected.
7. U.S. Bureau of Economic Analysis, RIMS II final demand aggregate output multiplier for construction for Hamilton County, Tennessee. This multiplier represents the total dollar change in output that occurs in all industries for each dollar of additional output by the specified industry.
8. U.S. Bureau of Economic Analysis, RIMS II final demand aggregate output multiplier for wholesale trade for Hamilton County, Tennessee.
9. U.S. Bureau of Economic Analysis, RIMS II direct effect aggregate employment multiplier for construction for Hamilton County, Tennessee. This multiplier represents the total number of jobs that are supported in all industries for each \$1 million of output delivered by the specified industry.

* Constant 2022 dollars. No tax rate increases are assumed. The 2012/2020 RIMS II Multipliers from the U.S. Bureau of Economic Analysis are utilized in this analysis.



**INCENTIVE APPLICATION
For Chattanooga and Hamilton County Tennessee**

Company Information

Company Name: Textile Printing Company
Contact and Title: Kurt A Schmissrauter Executive Vice President
Address: PO Box 9296
City and Zip: Chattanooga 37412
Telephone: 423 894-1110 office 423 400-4248 cell
E-mail: kurts@tpcpackaging.com
Fax: 423 899-4665

Estimated Value of New Investments within Five Years

Estimated Real Property Investment: \$10,000,000
Estimated Personal Property Investment: \$11,000,000

Estimated Job Creation within Five Years

Current total full-time employment in Hamilton County, TN: 150
(Baseline employment figure to which all additional jobs will be compared.)

Estimated No. of New Jobs Created: 80-100

Average Wages of New Jobs Over Five Years

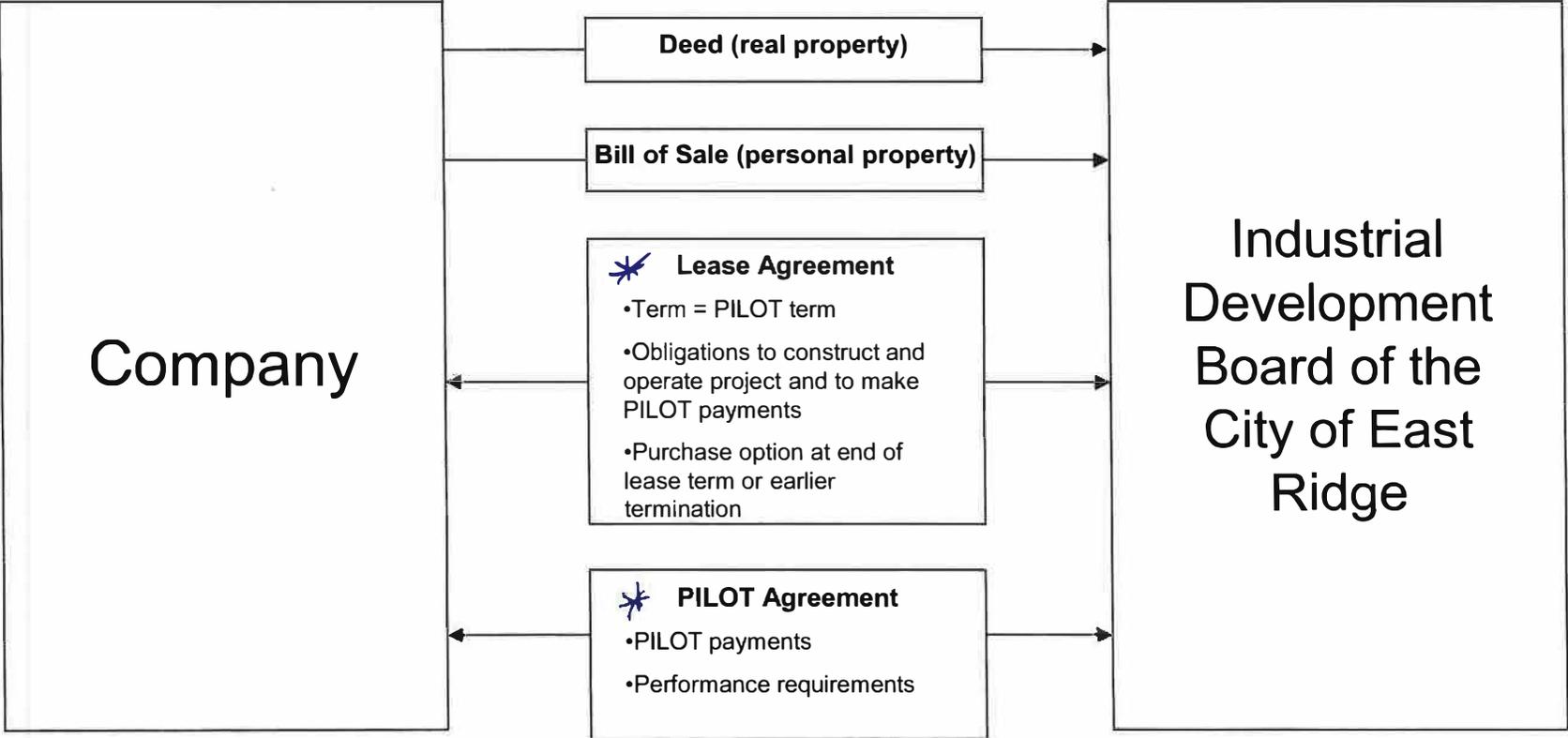
Average Wages¹ of New Jobs: \$22.00 to \$25.00

¹ Wages may include cash bonuses and anticipated overtime but do not include fringe benefits such as insurance.

Complete information should be submitted to:

Mr. J. Steven Hiatt, Director of Existing Business
Chattanooga Area Chamber of Commerce
811 Broad Street, Suite 100 Chattanooga, TN 37402
PHONE: (423) 763-4333 FAX: (423) 763-4044
EMAIL: shiatt@chattanoogachamber.com

Simple PILOT Transaction





October 31, 2022

CONFIDENTIAL

Mr. Kurt Schmissrauter
Executive Vice President
TPC Printing & Packaging
PO Box 9296
East Ridge, TN 37412

Dear Kurt:

On behalf of the City of East Ridge and Hamilton County, we are excited to have the opportunity to present the following proposal to you for the expansion of TPC's printing and packaging operations.

Thriving legacy businesses like TPC represent enduring history and an exciting future for our economy and are a major reason East Ridge and Hamilton County will remain a great place to live, work and play. We are especially excited about the potential expansion of TPC and because we are committed to growing quality companies such as yours, we are offering the following incentive:

Incentive	Estimated Value to Company
Payment in Lieu of Taxes on net new Real and Personal Property Investments for five (5) years ¹	\$357,600

The above commitments are based on the following project parameters:

- TPC Printing & Packaging will invest at least \$10 million in new real property and \$11 million in new personal property within five years and create at least 90 new, full-time jobs.
- The average wage of these jobs, excluding benefits, will be equal to or greater than \$48,880 annually.
- TPC agrees that if the minimum job and investment commitments are not fulfilled, East Ridge and Hamilton County shall have the right to amend the terms of the tax abatement accordingly, including the partial repayment of the abated taxes.
- TPC agrees to pay the non-abated taxes as a Payment-in-Lieu-of-Tax (PILOT) which includes school taxes, non-abated taxes and an economic development fee to the Industrial Development Authority.

Mr. Kurt Schmissrauter
October 31, 2022
Page 2

- TPC agrees to annually report on the status of the above-mentioned performance goals for the duration of the PILOT.
- This PILOT commitment must be executed within six months of the date of this letter.

We want to reiterate our excitement about this opportunity and are fully confident that you will find East Ridge and Hamilton County to be the ideal location for this proposed facility expansion.

Please contact me for clarification or for further information as the need arises.

Sincerely,



Charles Wood, CEcD
Vice President of Economic Development

cc: Hamilton County Mayor Weston Wamp
City of East Ridge Mayor Brian Williams
Chris Dorsey, East Ridge City Manager
Mrs. Hilda Murray, Executive Vice President

¹ TPC Printing & Packaging would be eligible for a Payment in Lieu of Taxes (PILOT) on net, new personal and real property investments for a period of five years subject to final approval by the Hamilton County Board of Commissioners and the East Ridge City Council. Tax exemption based on a minimum commitment by TPC to reach projections for jobs, investment and payroll (90 new jobs, \$10 million in new real property, \$11 million in new personal property and average annual wages of at least \$48,880, excluding benefits). The county and city shall reserve the right to 1) cease the tax abatement for any remaining years of the term should TPC not reach its commitment and/or 2) require the partial repayment of the taxes abated from previous years should TPC relocate from East Ridge/Hamilton County, or otherwise close, during the term of the PILOT.

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

THIS AGREEMENT (the "Agreement") is made and entered into as of this the ____ day of _____, 2023, by and among **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF EAST RIDGE** (the "Board"); **TEXTILE PRINTING COMPANY** and **RAWTER REALTY LIMITED PARTNERSHIP**, a Tennessee limited partnership (together, the "Companies" and each a "Company"); the **CITY OF EAST RIDGE** (the "City"); and **HAMILTON COUNTY** (the "County") and is joined in, for purposes of evidencing their acceptance of the agency relationship established herein, by **WILLIAM F. HULLANDER** and his successors, acting in the capacity of **HAMILTON COUNTY TRUSTEE** (the "Trustee"), and by **MARTY HAYNES** and his successors, acting in the capacity of **HAMILTON COUNTY ASSESSOR OF PROPERTY** (the "Assessor").

WITNESSETH:

WHEREAS, the Companies are contemplating (i) the improvement of certain real property in East Ridge, Hamilton County, Tennessee, as more particularly described on Exhibit A attached hereto (the "Real Property"); and (ii) the acquisition of machinery, equipment and other personal property (including replacements of such property), as more particularly described on Exhibit B attached hereto and incorporated herein (the "Personal Property") (the Personal Property and the new improvements to Real Property shall be referred to as the "Project"), resulting in an investment of at least \$21 million and the creation of at least 90 full-time jobs which jobs shall have an average annual wage (excluding benefits) equal to at least \$48,800.00 (collectively the "Investment, Jobs and Wage Projection") between March 1, 2022 and March 1, 2026; and

WHEREAS, the Companies have requested the Board's assistance with the Project; and

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

WHEREAS, the Board has agreed to hold title to the Real Property and the Personal Property, together with all additions thereto, replacements thereof, and substitutions therefor (collectively, the "Property") and to lease the Property to the Companies pursuant to those certain Lease Agreements (the "Leases"), dated of even date herewith, between the Board and each Company; and

WHEREAS, because the Property is to be owned by the Board, which is a public corporation organized under the provisions of Tennessee Code Annotated, § 7-53-101, *et seq.*, the Property will be exempt from ad valorem property taxes ("property taxes") normally paid to the City and to the County, so long as the Property is owned by the Board, pursuant to the provisions of Tennessee Code Annotated, § 7-53-305; and

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

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

WHEREAS, the Board has been authorized to receive the In Lieu Payments in lieu of property taxes by resolutions adopted by the City and the County, acting through its duly elected Council and Commission, respectively, which resolutions delegate to the Board the authority to accept the In Lieu Payments upon compliance with certain terms and conditions, including, without limitation, the requirement that the Board collect and expend such payments in furtherance of the public purposes for which the Board was created; and

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

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

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

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

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

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

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

4. Amount of Payments by the Companies. The Companies shall have the option, upon no less than ninety (90) days' prior written notification to the Board, the County and the City, to begin the five (5) year tax abatement period as of (i) January 1, 2027; or (ii) January 1 of any prior calendar year (the "PILOT Start Date"). In the event that the Companies do not exercise the option set forth in the preceding sentence, the PILOT Start Date shall automatically be January 1, 2027. For the five (5) year period beginning as of the PILOT Start Date (the "Tax Abatement Period"), the Companies shall make In Lieu Payments with respect to its respective portion of the Project in an amount, as determined by the Assessor and the Trustee, equal to the following percentage of the taxes that would have been payable on the portion of the Project if it were subject to property taxes for the respective years shown:

Year	City General Fund	County General Fund	County School Fund
Year 1	0%	0%	100%
Year 2	25%	25%	100%
Year 3	40%	40%	100%
Year 4	50%	50%	100%
Year 5	50%	50%	100%

For example, if the PILOT Start Date is January 1, 2025, and "Year 1" in the above chart would be 2025, and the Tax Abatement Period would include years 2025 - 2029.

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

For any portion of the Property other than the Project, the Companies shall make In Lieu Payments in an amount, as determined by the Assessor and the Trustee, equal to one hundred percent (100%) of the amount of taxes that would have been payable on such portion of the Property if it were subject to property taxes. For the avoidance of doubt, the parties intend that the reduced In Lieu Payments under this Agreement shall only apply to the new investment in the Property that is undertaken pursuant to this Agreement.

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

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

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

(a) If a Company fails to make its In Lieu Payment when due, then a late charge shall be charged and shall also be immediately due and payable. The late charge shall be in the amount of one and one-half percent (1-1/2%) of the owed amount. Additional late charges of one and one-half percent (1-1/2%) of the amount shall accumulate and become immediately due and payable upon the expiration of each subsequent thirty (30) day period when there remains any outstanding unpaid amount.

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

6. Minimum Requirements; Annual Review; Increase in Amount of In Lieu Payments. The Companies covenant as follows for the benefits included in this Agreement:

(a) Minimum Requirements. The Companies must meet one hundred percent (100%) of the Minimum Job Requirement and one hundred percent (100%) of the Minimum Investment Requirement by March 1, 2026 (the "Determination Date") and during each calendar year thereafter during the Tax Abatement Period. For purposes of this Section, the "Minimum Jobs Requirement" equals seventy-two (72) full-time jobs, and the "Minimum Investment" equals Sixteen Million Eight Hundred Thousand Dollars (\$16,800,000). For purposes of meeting the Minimum Investment Requirement and the Minimum Jobs Requirement, the Companies may also include jobs created and capital expenditures made at other facilities of the Companies in the County in connection with the Project.

(b) Annual Employment Review. If the Companies fail to achieve the Minimum Jobs Requirement during the calendar year immediately following the Determination Date or during in any calendar year thereafter during the Tax Abatement Period, the City and the County reserve the right but are not obligated to increase the amount of the general fund In Lieu Payments applicable to the Project for the same calendar year in which such failure occurs by a percentage equal to 100% less the "Companies' Job Performance" for such calendar year (the "Job In Lieu Payment Percentage Increase"). The "Companies' Job Performance" for any calendar year means the proportion, expressed as a percentage, that the average number of full-time jobs actually maintained by the Companies bears to the Minimum Job Requirement. In no event shall the Companies' annual General Fund In Lieu Payments exceed one hundred percent (100%) of the general fund taxes that would be assessed against the Project if it were subject to general fund taxes.

Example 1:

Total number of full-time jobs as of March 1, 2026 = 100

Minimum Job Requirement = 72

No increase in In Lieu Payments for 2026

(Minimum Job Requirement has been exceeded)

Example 2:

Total number of full-time jobs as of March 1, 2026 = 65

Minimum Job Requirement = 72

Companies' Job Performance = 90.3%

Job In Lieu Payment Percentage Increase for 2026 = 9.7%

(In Lieu Payment Percentages for 2026 for the City General Fund and the County General Fund may be increased by 9.7%, and in this example, assuming 2026 is Year 2 of this Agreement, the In Lieu Payment Percentage for 2026 for the City General Fund and the County General Fund may be increased from the current requirement of 25% to 34.7%)

(c) Annual Investment Review. If the Companies fail to achieve the Minimum Investment Requirement by March 1, 2026 or during in any calendar year thereafter during the Tax Abatement Period, the City and the County reserve the right but are not obligated to increase the amount of the general fund In Lieu Payments applicable to the Project for the same calendar year in which such failure occurs by a percentage equal to 100% less the " Companies' Investment Performance" for such calendar year (the "Investment In Lieu Payment Percentage Increase"). The " Companies' Investment Performance" for any calendar year means the proportion, expressed as a percentage, that the actual aggregate capital investment made by the Companies through the end of such calendar year, including all capital investment made in the preceding calendar years in connection with the Project, bears to the Minimum Investment Requirement. In no event shall the Companies' annual General Fund In Lieu Payments exceed one hundred percent (100%) of the general fund taxes that would be assessed against the Project if it were subject to general fund taxes.

Example 3:

Total amount of capital investment through March 1, 2026 = \$22,000,000

Minimum Investment Requirement = \$16,800,000

No increase in In Lieu Payments for 2026 (Minimum Investment Requirement has been exceeded)

Example 4:

Total amount of capital investment through March 1, 2026 = \$15,000,000

Minimum Investment Requirement = \$16,800,000

Companies' Investment Performance = 89.30%

Investment In Lieu Payment Percentage Increase for 2026 = 10.7%

(In Lieu Payment Percentages for 2026 for the City General Fund and the County General Fund may be increased by 10.7%, and in this example, assuming 2026 is Year 2 of this Agreement, the In Lieu Payment Percentage for 2026 for the City General Fund and the County General Fund may be increased from the current requirement of 25% to 35.7%)

Such formula shall be evaluated on an annual basis until the Minimum Investment Requirement has been met or exceeded, whereupon no further evaluations or increase in the amount of the In Lieu Payments pursuant to this Section 6(c) shall occur.

(d) Single Adjustment Regarding Tax Abatement; Issuance of Supplemental Bill to the Companies. If both the annual employment review under Section 6(b) and the investment review under Section 6(c) for any calendar year indicate an increase in the In Lieu Payments for the same calendar year in which such failure occurs, and if the City and/or County elects to increase the In Lieu Payments for such calendar year, then the City and/or County shall determine whether the increase under Section 6(b) or Section 6(c) shall apply, which shall be the sole remedy for a shortfall in the Investment, Jobs and Wage Projection. The increase under Section 6(b) and Section 6(c) shall not be combined. If the City and/or County increases the amount of the In Lieu Payments pursuant to the annual employment review under Section 6(b) for any calendar year, then they may not, in the same year, also increase the amount of the In Lieu Payments pursuant to Section 6(c), and vice versa. For example, using Examples 2 and 4 shown above, the City and/or County may elect to either (i) increase the amount of the In Lieu Payments to the City General Fund and/or County General Fund under Section 6(b) by 9.7% or (ii) increase the amount of the In Lieu Payments to the City General Fund and/or County General Fund under Section 6(c) by 10.7%. In accordance with the foregoing and once a determination has been made of the Jobs In Lieu Payment Percentage Increase or the Investment In Lieu Payment Percentage Increase, whichever is determined to be applicable, the Trustee shall compute the amount of the additional In Lieu Payment resulting therefrom and will issue a supplemental bill to the Companies for that payment.

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

7. Disbursements by the Trustee. All sums received by the Trustee pursuant to Section 3 for the benefit of the City general fund shall be disbursed to the general funds of the City in accordance with this section and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All sums received by the

Trustee pursuant to Section 3 for the benefit of the County general fund shall be disbursed to the general fund of the County in accordance with this section and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All such sums received by the Trustee for the benefit of the City shall be placed into an account for the use and benefit of the City. All such sums received by the Trustee for the benefit of the County shall be placed into an account for the use and benefit of the County. The account for the use and benefit of the City shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the City, and the account for the use and benefit of the County shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the County. All sums received by the Trustee pursuant to Section 3 for the benefit of the County school system shall be disbursed to the County and thereafter deposited into an account for the educational use and benefit of the County schools. The parties acknowledge and agree that all disbursements to the City and County pursuant to this Agreement are in furtherance of the Board's purposes as set forth in Tennessee Code Annotated § 7-53-305.

8. Economic Development Lease Payments to City and County. For each calendar year in which the In Lieu Payment Percentage as to the City General Fund and as to the County General Fund (see chart in Section 4) is less than 100%, an Economic Development Payment to the City and to the County equal to 15% of their respective general fund property taxes (but, for clarity, expressly excluding the School Portion) that would otherwise be payable for such year on the Project if it were subject to property taxes as calculated by the Trustee pursuant to Section 2 above, shall be computed and collected by the Trustee; provided, however, in no event shall the total of the Companies' annual City General Fund and County General Fund In Lieu Payments plus the Economic Development Payment to the City and the County exceed one hundred percent (100%) of the respective City and County general fund taxes that would be assessed against the Project if it were subject to general fund taxes. Beginning in "Year 1" of the chart set forth in Section 4, this Economic Development Payment will be paid for each year that the Property is owned by the Board through and including "Year 5" if the In Lieu Payment Percentage as to the City General Fund and as to the County General Fund (see chart in Section 4) for such calendar year is less than 100%. If the Board's ownership ceases during any calendar year, then that year's Economic Development Payment will be prorated, but in no event shall the total of the Companies prorated tax payments, prorated City and County In Lieu Payments plus the prorated Economic Development Fee exceed one hundred percent (100%) of the prorated City and County property taxes that would be assessed against the Project if it were subject to City and County taxes. The Trustee shall add the Economic Development Payment as a separate line item on the Tax Bill, and the Companies shall pay their respective portions of the Economic Development Payment for each such year during the term before March 1 of the following year. Any failure to pay the Economic Development Payment on or before March 1 shall result in penalties and late charges calculated in the same manner as penalties and late charges are calculated for In Lieu Payments under this Agreement.

The Trustee shall not deduct any part of the Economic Development Payment from the School Portion of the In Lieu Payments. The Trustee shall disburse the County's Economic Development Payment to the County and shall disburse the City's Economic Development Payment to the City.

9. Contest by the Companies. The Companies shall have the right to contest the appraisal or assessment of the Property by the Assessor, the computation by the Trustee of the amount of the In Lieu Payment and the calculation of the Economic Development Payments. If a Company contests any such appraisal or assessment, then it shall present evidence to the Assessor in favor of its position. If the In Lieu Payments, or the Economic Development Payments, as applicable, being contested shall be or become due and payable, the Company shall make such payments under protest. The Company and the Assessor, or the Trustee, as the case may be, shall negotiate in good faith for a period not to exceed sixty (60) days to resolve any disputes as to appraisal, assessment or computation of the In Lieu Payment or the Economic Development Payments, as applicable. If the Company and the Assessor, or the Trustee, as the case may be, are unable to resolve a dispute, then the Company may file suit in the Chancery Court of Hamilton County to ask that the provisions of this Agreement, including those covering appraisal, assessment and computation, be construed or applied to the relevant facts by the Chancery Court in order to resolve such dispute.

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

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

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

13. Notices, etc. All notices and other communications provided for hereunder shall be written (including facsimile transmission and telex), and mailed or sent via facsimile transmission or delivered addressed as follows:

The City:	Mark W. Litchford Litchford, Pearce & Associates P.O. Box 8127 Chattanooga, Tennessee 37414
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The County:	Rheubin M. Taylor County Attorney Hamilton County Government Room 204, County Courthouse Chattanooga, Tennessee 37402
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Companies: Textile Printing Company
6107 Ringgold Road
East Ridge, Tennessee 37412
Attention: Kurt Schmissrauter

Rawter Realty Limited Partnership
6107 Ringgold Road
East Ridge, Tennessee 37412
Attention: Kurt Schmissrauter

With a Copy to: Miller & Martin PLLC
832 Georgia Avenue
Suite 1200, Volunteer Building
Chattanooga, Tennessee 37402
Attention: Thomas L. Hayslett, III

The Assessor Hamilton County Assessor of Property
Hamilton County Courthouse
Chattanooga, Tennessee 37402

The Trustee: Hamilton County Trustee
Hamilton County Courthouse
Chattanooga, Tennessee 37402

Any such person may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communication shall be sent. All such notices and communications shall, when mailed by registered and certified mail, return receipt requested, Express Mail, or facsimile, be effective when deposited in the mails or if sent upon facsimile transmission, confirmed electronically, respectively, addressed as aforesaid.

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

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

16. No Liability of Board, City and County Officers. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any incorporator, member, official, director or officer, as such, of the Board, the City or the County, whether past, present or future, either directly or through the Board, the City or the County. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer,

as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement

17. Assignment.

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

(b) Notwithstanding the provisions of subsection (a), above, and notwithstanding any other provision in this Agreement or the applicable Lease to the contrary, each Company may make a collateral assignment of all or any portion of its interests in this Agreement, its Lease and its portion of the Property for the benefit of one or more banks or other lenders that, from time to time, provide financing to the Company. Nothing in this Agreement or the applicable Lease shall in any way restrict any sale or transfer of the leasehold interest and other interests of a Company in its portion of the Property pursuant to a judicial or non-judicial foreclosure sale as a result of the exercise of any one or more lender's rights under the applicable loan documents. The City, the County and the Board shall cooperate with each Company, to the extent reasonable and at no additional cost to the City, County or Board, in consummating any financing for the Company that involves a pledge or assignment of each Company's interests in

this Agreement, the Lease or its portion of the Property. Without limitation of the foregoing, the Mayor of the City, the Mayor of the County, and the Chairman of the Board, or any of their respective designees, are authorized, upon the Company's request, enter into or consent to such documents as are necessary to consummate such financing including, without limitation, consents to assignment, deeds of trust, estoppel certificates, subordination and non-disturbance agreements, affidavits and certificates, provided that any such documents are expressly non-recourse to the City, County and Board beyond the Board's interest in the Property.

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

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

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

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

22. Reporting.

(a) On or before January 31 of each year this Agreement is in effect, the Companies shall provide a report to the Mayor of the County summarizing its investment in the Property and the development and operation of the Project for purposes of analyzing the Companies' progress in achieving the Investment, Jobs and Wage Projection.

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

23. Stormwater Fees. The Companies shall be responsible for all stormwater fees assessed by the City against the Property, as applicable.

[Signature Pages Follow]

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

ATTEST:

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF EAST RIDGE**

By: _____
Secretary

By: _____
Chairman

TEXTILE PRINTING COMPANY,
a Tennessee Corporation

By: _____

Name: _____

Title: _____

**RAWTER REALTY LIMITED
PARTNERSHIP,**
a Tennessee Limited Partnership

By: _____

Name: _____

Title: _____

CITY EAST RIDGE, TENNESSEE

By: _____
Mayor

HAMILTON COUNTY, TENNESSEE

By: _____
County Mayor

WILLIAM F. HULLANDER

By: _____
Hamilton County Trustee

MARTY HAYNES

By: _____
Hamilton County Assessor of Property

EXHIBIT "A"
TO PILOT AGREEMENT

REAL PROPERTY

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

Lot Two (2), Textile Printing Company Subdivision, as shown by plat of record in Plat Book 100, Page 178, in the Register's Office of Hamilton County, Tennessee.

TOGETHER WITH AND SUBJECT TO rights described in that Declaration of Easement granted by Rawter Realty Limited Partnership, a Tennessee limited partnership, in instrument recorded in Book 13203, Page 744, in the said Register's Office.

FOR PRIOR TITLE, see Deed from East Ridge Fellowship Church, a Tennessee corporation, successor by name change of East Ridge Evangelical Methodist Church, a Tennessee corporation, to Rawter Realty Limited Partnership, a Tennessee limited partnership, executed April 19, 2007 and recorded on April 24, 2007 in Book 8315, Page 752, in the Register's Office of Hamilton County, Tennessee.

(6205 Ringgold Rd, East Ridge, TN 37412; Tax Parcel No. 169L-F-040)

EXHIBIT "B"
TO PILOT AGREEMENT

PERSONAL PROPERTY

The Project shall include all machinery, equipment and other tangible personal property that is installed or otherwise located on or about or used in connection with the real property described in Exhibit A attached to this Agreement between March 1, 2022 and March 1, 2026, together with replacements thereof and substitutions therefor, in connection with the Companies' facilities and operations on such property. The personal property shall also include all machinery, equipment and other tangible personal property that is installed or otherwise located on or about or used at or on any other owned or leased real property in Hamilton County, Tennessee between March 1, 2022 and March 1, 2026 where the Companies conduct operations including, without limitation, the Companies facilities and operations at 6107 Ringgold Rd, East Ridge, TN 37412 (Tax Parcel No. 169L-F-042).

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

LEASE AGREEMENT

(Real Property)

THIS LEASE AGREEMENT, made and entered into as of the _____ day of _____, 20___, by and among **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF EAST RIDGE** (the "Board"), a public corporation duly created and existing under the laws of the State of Tennessee; and **RAWTER REALTY LIMITED PARTNERSHIP**, a Tennessee limited partnership (the "Company").

WITNESSETH:

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

ARTICLE I DEFINITIONS

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

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

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

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

"Board" means The Industrial Development Board of the City of East Ridge, a public corporation duly created and existing under the Act, and its successors and assigns.

"City" means the City of East Ridge, Tennessee.

"County" means Hamilton County, Tennessee.

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

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

"Permitted Encumbrances" means liens, easements, licenses or other restrictions of record as of the date of this Agreement on the Real Property (defined below).

"PILOT Agreement" means the Agreement for Payments in Lieu of Ad Valorem Taxes entered into of even date herewith by and among the Board, the Company, Textile Printing Company, the City and the County.

"Project" means the (i) the expansion of the Company's manufacturing facility and other real property improvements on the Real Property between March 1, 2022 and March 1, 2026.

"Property" means that certain real property located in the City of East Ridge, Hamilton County, Tennessee, as more particularly described on Exhibit A attached hereto, together with all real property improvements located thereon.

ARTICLE II CERTIFICATIONS

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

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

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

(c) The Board has been induced to enter into this undertaking by the promises of the Company to construct, equip and operate an expansion of its manufacturing facility in the City and in the State of Tennessee.

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

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

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

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

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

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

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

**ARTICLE III
LEASING CLAUSES; WARRANTY OF TITLE**

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

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

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

**ARTICLE IV
ACQUISITION, CONSTRUCTION AND INSTALLATION OF PROJECT**

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

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

**ARTICLE V
EFFECTIVE DATE; DURATION OF LEASE TERM; CONSIDERATION**

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

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

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

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

ARTICLE VI
MAINTENANCE: MODIFICATION: TAXES AND INSURANCE

Section 6.01 Maintenance and Modification of Property by Company. The Company agrees that throughout the term of this Agreement it will, at its own expense, keep the Property (i) in as reasonably safe condition as its operations shall permit, and (ii) in good repair and in good operating condition, normal wear and tear and obsolescence excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

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

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

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

Section 6.04 Maintenance of Insurance. Throughout the term of this Agreement, the Company shall keep the Property continuously insured against such risks and in such amounts as are reasonably determined by the Company. The Company shall pay all premiums in respect to such coverages as the same become due.

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

- (a) any condition of the Project caused by the Company;
- (b) any breach or default on the part of the Company in the performance of any its obligations under this Agreement;
- (c) any act of negligence of the Company or of any agents, contractors, servants, employees or licensees of the Company; and

- (d) any claim arising from the Permitted Encumbrances.

The Company shall indemnify and save the Board and its officers, directors, agents, servants and employees harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought thereon, and, upon notice from the Board, the Company shall defend the Board and any such officer, director, agent, servant or employee or any of them in any such action or proceeding.

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

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

ARTICLE VII DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.01 Damage and Destruction. If during the term hereof the Property is damaged by fire or other casualty, the Board shall cause the proceeds received by it from insurance to be paid to the Company.

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

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

ARTICLE VIII SPECIAL COVENANTS

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

use thereof. The members of the Board of Directors of the Board shall incur no liability either individually or collectively by reason of the obligations undertaken by the Board hereunder.

ARTICLE IX ASSIGNMENT, SUBLEASING, PLEDGING AND SELLING

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

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

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

In furtherance of the foregoing, the Board hereby consents to the sublease of the Property and the Project to Textile Printing Company.

Section 9.02 Restrictions on Sale of the Property by Board. The Board agrees that, except for transactions effected in accordance with Section 11.03 hereof or pursuant to a request from the Company, it will not sell, assign, mortgage, transfer or convey the Property during the Lease Term or create or suffer to be created any debt, lien or charge on the rents, revenues or receipts arising out of or in connection with its ownership of the Property, and it will not take any other action which may reasonably be construed as tending to cause or induce the levy or assessment of ad valorem taxes; provided, that if the laws of the State of Tennessee at the time shall permit, nothing contained in this Section shall prevent the consolidation of the Board with, or merger into, or transfer of the Property as an entirety to, any public corporation whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning, leasing and selling of the Property; provided that such consolidation, merger or transfer shall be authorized by the governing body of the City.

ARTICLE X EVENTS OF DEFAULT AND REMEDIES

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

(a) Failure by the Board or the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied is given to the defaulting party by the other party, unless the one giving notice shall agree in writing to an extension of such time prior to its expiration. If a failure under this Section 10.01(a) is such that

it can be corrected but not within the applicable period, it shall not constitute an event of default if appropriate corrective action is instituted within the applicable period and diligently pursued until the default is corrected.

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

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

Section 10.02 Remedies on Default. Whenever any event of default referred to in Section 10.01 hereof shall have occurred and be subsisting, the Board or the Company, as the case may be, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

ARTICLE XI OPTIONS IN FAVOR OF COMPANY

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

(a) At any time, the Company may terminate the Lease Term by giving written notice to the Board of such termination.

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

Section 12.02 Amendment. This Agreement may be amended only in writing, signed by the Board and the Company.

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

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

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

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

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

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

[Signatures Appear on the Following Page]

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

BOARD:

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF EAST RIDGE

ATTEST

By: _____
Secretary

By: _____
Chairman

STATE OF TENNESSEE :
COUNTY OF HAMILTON :

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

WITNESS my hand, at office, this ____ day of _____, 2023.

Notary Public
My Commission Expires: _____

[Signatures Continued on Following Page]

COMPANY:

RAWTER REALTY LIMITED PARTNERSHIP

By: _____

Title: _____

STATE OF TENNESSEE :

COUNTY OF HAMILTON :

Personally appeared before me, _____, Notary Public, _____, with whom I am personally acquainted, and who acknowledged that he executed the within instrument for the purposes therein contained, and who further acknowledged that he is the _____ of **RAWTER REALTY LIMITED PARTNERSHIP**, and is authorized by the Company to execute this instrument on behalf of the Company.

WITNESS my hand, at office, this ____ day of _____, 2023.

Notary Public

My Commission Expires: _____

EXHIBIT "A"

REAL PROPERTY

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

Lot Two (2), Textile Printing Company Subdivision, as shown by plat of record in Plat Book 100, Page 178, in the Register's Office of Hamilton County, Tennessee.

TOGETHER WITH AND SUBJECT TO rights described in that Declaration of Easement granted by Rawter Realty Limited Partnership, a Tennessee limited partnership, in instrument recorded in Book 13203, Page 744, in the said Register's Office.

FOR PRIOR TITLE, see Deed from East Ridge Fellowship Church, a Tennessee corporation, successor by name change of East Ridge Evangelical Methodist Church, a Tennessee corporation, to Rawter Realty Limited Partnership, a Tennessee limited partnership, executed April 19, 2007 and recorded on April 24, 2007 in Book 8315, Page 752, in the Register's Office of Hamilton County, Tennessee.

(6205 Ringgold Rd, East Ridge, TN 37412; Tax Parcel No. 169L-F-040)

LEASE AGREEMENT

(Personal Property)

THIS LEASE AGREEMENT, made and entered into as of the _____ day of _____, 20____, by and among **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF EAST RIDGE** (the "Board"), a public corporation duly created and existing under the laws of the State of Tennessee; and **TEXTILE PRINTING COMPANY**, a Tennessee corporation (the "Company").

WITNESSETH:

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

ARTICLE I DEFINITIONS

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

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

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

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

"Board" means The Industrial Development Board of the City of East Ridge, a public corporation duly created and existing under the Act, and its successors and assigns.

"City" means the City of East Ridge, Tennessee.

"County" means Hamilton County, Tennessee.

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

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

"Permitted Encumbrances" means liens, easements, licenses or other restrictions of record as of the date of this Agreement on the Real Property (defined below).

"Personal Property" means all items of machinery, equipment and other tangible personal property that is acquired or placed in service by the Company and installed or otherwise located on or about or used in connection with the Real Property between March 1, 2022 and March 1, 2026, together with additions thereto, replacements thereof and substitutions therefor, in connection with the Company's operations. The Personal Property may include one or more distribution, delivery or other vehicles used in connection with the Project.

"PILOT Agreement" means the Agreement for Payments in Lieu of Ad Valorem Taxes entered into of even date herewith by and among the Board, the Company, Rawter Realty Limited Partnership, the City and the County.

"Project" means the acquisition and installation of the Personal Property on the Real Property or otherwise used in connection with the Real Property.

"Property" means the Personal Property.

"Real Property" means that certain real property located in the City of East Ridge, Hamilton County, Tennessee, as more particularly described on Exhibit A attached hereto, together with all real property improvements located thereon.

ARTICLE II CERTIFICATIONS

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

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

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

(c) The Board has been induced to enter into this undertaking by the promises of the Company to construct, equip and operate an expansion of its manufacturing facility in the City and in the State of Tennessee.

(d) There are no actions, suits, proceedings, inquiries or investigations pending, or to the knowledge of the Board threatened, against or affecting the Board in any court or before any governmental authority or arbitration board or tribunal, which involve the possibility of materially and adversely affecting the transactions contemplated by this Agreement or which, in any way, would materially and adversely affect the validity or enforceability of this Agreement or

any agreement or instrument to which the Board is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or thereby.

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

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

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

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

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

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

ARTICLE III LEASING CLAUSES; WARRANTY OF TITLE

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

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

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

ARTICLE IV ACQUISITION, CONSTRUCTION AND INSTALLATION OF PROJECT

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

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

ARTICLE V EFFECTIVE DATE; DURATION OF LEASE TERM; CONSIDERATION

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

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

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

- (a) Cause title to the Property to be vested in the Board and acquire, construct and install the Project as described in Section 4.01 hereof;

(b) Operate the Project and the other improvements on the Real Property for its own benefit and for the benefit of the citizens of the County and the City; and

(c) Make the payments required of it under the PILOT Agreement.

**ARTICLE VI
MAINTENANCE: MODIFICATION: TAXES AND INSURANCE**

Section 6.01 Maintenance and Modification of Property by Company. The Company agrees that throughout the term of this Agreement it will, at its own expense, keep the Property (i) in as reasonably safe condition as its operations shall permit, and (ii) in good repair and in good operating condition, normal wear and tear and obsolescence excepted, making from time to time all necessary repairs thereto and renewals and replacements thereof.

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

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

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

Section 6.04 Maintenance of Insurance. Throughout the term of this Agreement, the Company shall keep the Property continuously insured against such risks and in such amounts as are reasonably determined by the Company. The Company shall pay all premiums in respect to such coverages as the same become due.

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

(a) any condition of the Property caused by the Company;

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

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

(d) any claim arising from the Permitted Encumbrances.

The Company shall indemnify and save the Board and its officers, directors, agents, servants and employees harmless from and against all costs and expenses incurred in or in connection with any action or proceeding brought thereon, and, upon notice from the Board, the Company shall defend the Board and any such officer, director, agent, servant or employee or any of them in any such action or proceeding.

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

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

ARTICLE VII DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.01 Damage and Destruction. If during the term hereof the Property is damaged by fire or other casualty, the Board shall cause the proceeds received by it from insurance to be paid to the Company.

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

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

**ARTICLE VIII
SPECIAL COVENANTS**

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

Section 8.02 Identification of Machinery and Equipment Included in Project. The Company will at all times maintain in its permanent records a complete list of the machinery and equipment constituting a part of the Project, which will specifically identify each item of such machinery and equipment as being property of the Board.

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

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

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

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

Section 9.02 Restrictions on Sale of the Property by Board. The Board agrees that, except for transactions effected in accordance with Section 11.03 hereof or pursuant to a request from the Company, it will not sell, assign, mortgage, transfer or convey the Property during the Lease Term or create or suffer to be created any debt, lien or charge on the rents, revenues or receipts arising out of or in connection with its ownership of the Property, and it will not take any other action which may reasonably be construed as tending to cause or induce the levy or assessment of ad valorem taxes; provided, that if the laws of the State of Tennessee at the time shall permit, nothing contained in this Section shall prevent the consolidation of the Board with, or merger into, or transfer of the Property as an entirety to, any public corporation whose property and income are not subject to taxation and which has corporate authority to carry on the business of owning, leasing and selling of the Property; provided that such consolidation, merger or transfer shall be authorized by the governing body of the City.

ARTICLE X
EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

Section 10.02 Remedies on Default. Whenever any event of default referred to in Section 10.01 hereof shall have occurred and be subsisting, the Board or the Company, as the case may be, may take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement, or covenant under this Agreement.

**ARTICLE XI
OPTIONS IN FAVOR OF COMPANY**

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

(a) At any time, the Company may terminate the Lease Term by giving written notice to the Board of such termination.

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

Section 11.02 Option to Purchase Property. Upon termination or expiration of the Lease Term or termination of this Agreement as to all or a portion of the Property, the Company shall have, and is hereby granted, the continuing option to purchase the Property or that part of the Property as to which the Agreement has been terminated, as the case may be, for the purchase price, in each case, of One Dollar (\$1.00). This option may be exercised whether or not the Company is in default hereunder, and this option shall survive termination of this Agreement.

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

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

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

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

**ARTICLE XII
MISCELLANEOUS**

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

Board:	The Industrial Development Board of the City of East Ridge c/o Mark W. Litchford Litchford, Pearce & Associates P.O. Box 8127 Chattanooga, Tennessee 37414
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Company: Textile Printing Company
6107 Ringgold Road
East Ridge, Tennessee 37412
Attention: Kurt Schmissrauter

With a Copy to: Miller & Martin PLLC
832 Georgia Avenuc, Suite 1200
Chattanooga, Tennessee 37402
Attention: Mark W. Smith

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

Section 12.02 Amendment. This Agreement may be amended only in writing, signed by the Board and the Company.

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

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

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

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

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

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

[Signatures Appear on the Following Page]

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

BOARD:

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF EAST RIDGE

ATTEST

By: _____
Secretary

By: _____
Chairman

[Signatures Continued on Following Page]

COMPANY:

TEXTILE PRINTING COMPANY

By: _____

Title: _____

EXHIBIT "A"

REAL PROPERTY

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

Lot Two (2), Textile Printing Company Subdivision, as shown by plat of record in Plat Book 100, Page 178, in the Register's Office of Hamilton County, Tennessee.

TOGETHER WITH AND SUBJECT TO rights described in that Declaration of Easement granted by Rawter Realty Limited Partnership, a Tennessee limited partnership, in instrument recorded in Book 13203, Page 744, in the said Register's Office.

FOR PRIOR TITLE, see Deed from East Ridge Fellowship Church, a Tennessee corporation, successor by name change of East Ridge Evangelical Methodist Church, a Tennessee corporation, to Rawter Realty Limited Partnership, a Tennessee limited partnership, executed April 19, 2007 and recorded on April 24, 2007 in Book 8315, Page 752, in the Register's Office of Hamilton County, Tennessee.

(6205 Ringgold Rd, East Ridge, TN 37412; Tax Parcel No. 169L-F-040)

The Real Property also includes any other owned or leased real property in Hamilton County, Tennessee where the Company conduct operations including, without limitation, the Company's facilities and operations at 6107 Ringgold Rd, East Ridge, TN 37412 (Tax Parcel No. 169L-F-042).