

RESOLUTION NO. _____

A RESOLUTION APPROVING AN OFFER FOR THE PURCHASE OF REAL PROPERTY LOCATED AT 834 WEST INDUSTRY DRIVE AND APPROVING A PURCHASE AGREEMENT FOR THE SAME; AUTHORIZING THE LEASE OF THE REAL PROPERTY LOCATED AT 834 WEST INDUSTRY DRIVE AND APPROVING A LEASE AGREEMENT FOR THE SAEM; AND AUTHORIZING THE MAYOR TO EXECUTE ALL OTHER DOCUMENTS NECESSARY AND PROPER TO EFFECTUATE THE PURPOSE OF THIS RESOLUTION

WHEREAS, in order to meet permit requirements, the city needs to construct an equalization basin to store wet weather flow reducing the occurrence of sanitary sewer overflows; and

WHEREAS, upon evaluation it was determined that the real property located at 834 West Industry Drive, being further identified as Tax Parcel 045K D 054.20, was most suitable for the equalization basin based on its proximity to the wastewater treatment plant; and

WHEREAS, Kent & Sharon Anderson, the owners of the property are willing to sell the property to the city; and

WHEREAS, the city caused an appraisal of the property to be performed which estimated the value of the property at \$295,000.00; and

WHEREAS, the owners of the property have countered with a purchase price of \$400,000.00; and

WHEREAS, it is in the best interest of and a benefit to the city to accept the purchase price of \$400,000.00 in order to avoid the uncertainties of and devotion of resources necessary to acquire the property through adversarial proceedings; and

WHEREAS, the property owners have requested the city lease the property back to him until the end of 2024 for \$1.00 per month.

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN as follows:

SECTION I. That the Board incorporates the foregoing findings as though set forth herein in their entirety.

SECTION II. Upon consideration of the fair market value of the property and other pertinent factors, an offer of \$400,000.00 is approved for the purchase of 834 West Industry Drive, subject to such conditions as set out in the Agreement of Sale set out below.

SECTION II. That the mayor, or in his absence, incapacity, or failure to act, the vice-mayor, is authorized and directed to execute, in a form approved by the city attorney and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, the Purchase

Agreement with Kent & Sharon Anderson for the real property located at 834 West Industry Drive, to deliver the agreement and take any and all action as may be required on the part of the city to carry out, give effect to, and consummate the transactions contemplated by the agreement and this resolution, said agreement being as follows:

AGREEMENT

THIS PURCHASE AGREEMENT (herein "Agreement") made and entered into on the date of the notary acknowledgment of the Sellers's signature between **KENT and SHARON ANDERSON**, (hereinafter referred to as the "Sellers"), and **THE CITY OF KINGSPORT, TENNESSEE**, a municipality organized under the laws of the State of Tennessee (hereinafter referred to as the "Buyer").

WITNESSETH:

FOR AND IN CONSIDERATION of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, including specifically, without limitation, the receipt and sufficiency of which are hereby acknowledged, and in consideration of the mutual covenants contained herein, the parties hereby agree as follows:

1. SALE. Sellers agrees to sell, convey, assign, transfer and deliver to Buyer, and Buyer agrees to purchase, acquire and take from Sellers, subject to the terms and conditions of this Agreement that real property situate, lying and located at 834 West Industry Drive, Kingsport, Tennessee and being further identified as tax map 045K, group D, parcel 054.20, more particularly described on Exhibit A attached hereto and hereby made a part hereof, together with all improvements and fixtures situated thereon, if any, and also together with all hereditaments and appurtenances thereunto belonging or in any way appertaining (the "Real Property").

2. PURCHASE PRICE.

(a) Amount. The purchase price to be paid by Buyer to Sellers for the Real Property shall be Four Hundred Thousand and No/100 Dollars (\$400,000.00)

(b) Terms of Payment. Subject to the adjustment provided for herein the Purchase Price, less the prorated property taxes as of the date of closing, shall be paid by Buyer to Sellers in cash or certified funds payable to Sellers on the Closing Date.

3. CLOSING. The closing shall occur on or before December 30, 2023, (the "Closing Date"), at a time and location mutually agreed upon by the parties or, upon failure of the parties to agree, at a time and place specified by the Buyer (the "Closing"). Buyer and Sellers agree to deliver and execute such other documents as may be reasonable and necessary in the opinion of counsel for Sellers and Buyer to consummate and close the purchase and sale contemplated herein pursuant to the terms and provisions hereof.

4. SURVEY. Immediately upon the execution of this Agreement, Buyer shall, at Buyer's cost, cause a survey and surveyor's certificate, in form sufficient to remove the survey exception from the title insurance binder as more specifically provided in Section 5 hereof, to be prepared on the Real Property by a licensed surveyor acceptable to Buyer. The survey shall be made in accordance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title surveys for a Class A survey. Such survey shall show the total area of the Real Property in square feet, easements, if any, location of adjoining streets and rights of way, building setback lines, and such other details as may be required by Buyer. Once prepared, the survey description will replace Exhibit A and will become a part of this Agreement identified as Exhibit A-1, and such survey description shall be insurable (and shall be insured) by the title insurance company. If the survey (i) is for good cause not acceptable to Buyer's title insurance company; or (ii) shows the dimensions of the Real Property to be other than as set forth on Exhibit A; or (iii) shows any materially adverse conditions or matters affecting the Real Property which are not approved by Buyer, then Buyer, within twenty (20) days from receipt of such survey, shall notify Sellers in writing of Buyer's objections to the survey and Sellers shall thereupon have twenty (20) days to remove or cure such objections to the satisfaction of the Buyer and the title company. If Sellers fail to satisfy such objections with the time specified, Buyer shall have the right to (i) terminate this Agreement; (ii) extend the time period for removing or curing any objectionable item by written notice to Sellers or (iii) close this purchase and sale without reduction in the Purchase Price.

5. TITLE INSURANCE. Buyer, at its expense, shall secure an owner's title insurance commitment to issue a title insurance policy insuring Buyer's fee simple interest in the Real Property to the extent of the Purchase Price. The title insurance commitment will be issued by a reputable title insurance company chosen by Buyer and will contain exceptions only for real estate taxes and assessments for the current year which are not yet due and payable, and any other exceptions Buyer may approve in writing. If the commitment contains other exceptions, not acceptable to Buyer, then Buyer shall

so notify Sellers of such exceptions within twenty (20) days of Buyer's receipt of the commitment, and Sellers shall have twenty (20) days from receipt of the Buyer's objections, to resolve such exceptions to the satisfaction of the Buyer. If Sellers are unable to cure or resolve such exceptions to Buyer's satisfaction within the time specified, Buyer shall have the right to terminate this Agreement, extend the cure period, or proceed to close this Agreement. In the event Buyer elects to terminate this Agreement pursuant to this Section 5, then this Agreement shall be cancelled and thereafter neither Sellers nor Buyer shall have any continuing obligation to each other under this Agreement.

6. DEED AND TITLE.

(a) Sellers hereby agree to convey to Buyer a good and marketable fee simple title to the Real Property, without exceptions, except as expressly provided herein, by a good and valid general warranty deed, in statutory form, suitable for recordation. Title to the Real Property shall not be subject to any easements, encumbrances or other exceptions which Buyer, in its sole discretion, deems unacceptable.

(b) In the event, as of the Closing Date, Sellers are unable to convey marketable title to the Real Property due to defects in Seller's title, or Sellers are unable to convey title due to exceptions Buyer finds unacceptable, then Closing shall be postponed for a reasonable period of time not to exceed 30 days until Sellers shall remove said title defects or exceptions. If Sellers is unable to cure such title defects or exceptions within said 30 days, this Agreement shall be null and void and there shall be no further obligations between the parties. If Buyer shall waive such title defects or exceptions by so notifying the Sellers in writing, or if Sellers shall have cured such defects or exceptions, as provided herein, the obligations of the parties hereunder shall not be affected by reason thereof, there shall be no abatement or reduction of the Purchase Price, and this transaction shall be consummated in accordance with the terms and provisions of this Agreement, except that such title defects or exceptions that are waived by Buyer, if any, shall be set forth as exceptions in the deed.

7. FEASIBILITY STUDY AND INSPECTIONS. Each party, in its own discretion, shall determine that the property it is acquiring pursuant to this Agreement is suitable for the use for which it is being obtained. Each party shall each have the right, at its own expense, to conduct an inspection, environmental study or audit, a professional wetland delineation, professional floodplain analysis, grading and soil tests, feasibility and engineering studies, compaction and support studies, and any other inspections and/or tests that such party may deem necessary or advisable (hereinafter collectively the "Study") of the property it is acquiring for a period of sixty (60) days (hereinafter "Feasibility Period") after the Effective Date. The party conducting the Study and its agents, employees, contractors and representatives shall have at all reasonable times right of access to such property and shall be entitled to enter upon the property during the Feasibility Period in order to conduct the Study. Such activities of the Study shall not materially damage the property or unreasonably disrupt the other party's ongoing activity at the property. In the event of damage to or disruption of the property cause by the inspection or the Study, the inspecting party agrees to restore the property to substantially the same condition as existed prior to its access thereto. If as a result of such inspection or Study, the acquiring party determines in its sole and absolute discretion, that the property it is acquiring is unacceptable to that party for any reason whatsoever, such party shall have the unconditional right to terminate this Agreement, provided written notice of such is provided to the other party no later than ten (10) business days after the expiration of the Feasibility Period. If the terminating party provides written notice of cancellation to the other party no later than fifteen (15) business days after the expiration of the Feasibility Period, then this Agreement shall be cancelled, and thereafter neither party shall have any further liabilities, rights or obligations hereunder except those which expressly survive the termination of this Agreement.

8. CONDITION OF PROPERTY. There has been no storage, disposal, treatment or release of hazardous substances during the period of Sellers's ownership, and to the best of Sellers' knowledge, the Real Property has not been used, and is not presently being used, and will not through the Closing Date, be used for the storage or disposal of hazardous substances. (The term "hazardous substances" shall have the broadest meaning given under applicable state and federal law, including without limitation that given in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. section 9601 et seq.) Sellers are not aware of any facts, conditions or circumstances indicating any form of environmental contamination affecting any properties which are adjacent to the Real Property. There are no encumbrances, liens, or charges of any kind upon the Real Property that will not be satisfied and discharges in full by Sellers and released at or before Closing in a form satisfactory to Buyer. There are no contracts, agreements, or arrangements relating to the use and operation of the Real Property not disclosed herein. Sellers represent that there is no pending or threatened litigation that does or will materially and adversely affect the Real Property or its value.

9. CONDITIONS PRECEDENT.

Buyer's obligations pursuant to this Agreement are contingent upon and subject to the satisfaction, as of Closing, of each of the following conditions (any of which may be waived in whole or in part in writing by the Buyer at, or prior to Closing):

(1) The results of the title examination report and title insurance commitment described in Section 5 shall be acceptable to Buyer in its sole discretion as of Closing. There shall be no change in the matters reflected in the title insurance commitment described in Section 5 hereof, and there shall not exist any encumbrances or title defects affecting the Real Property not described in such title insurance commitment.

(2) All of the representations, warranties and conditions of Sellers set forth in this Agreement shall be true and correct as of the date hereof, and as of the Closing Date, and Sellers shall not, on or prior to Closing, have failed to meet, comply with or perform any conditions or obligations on Sellers's part required by the terms of this Agreement.

(3) There shall be no change in the matters reflected in the survey described in Section 4 hereof, and there shall not exist any easement, right of way, encroachment, conflict, or a protrusion with respect to the Real Property not shown on the survey.

If any condition specified in this Section 8 is not fully satisfied by Closing, or any extension thereof pursuant to this Agreement, Buyer may, at its option, waive such unsatisfactory condition precedent and consummate this Agreement, or may terminate this Agreement by written notice to Sellers, this Agreement shall be cancelled and thereafter neither Sellers nor Buyer shall have any continuing obligation to each other under this Agreement. It shall be the right of the Buyer at its sole discretion and upon written notice to the Sellers to terminate this Agreement at any time prior to the closing of the property if it shall deem the property not suitable for its needs, and upon such termination, this Agreement shall be cancelled and thereafter neither Sellers nor Buyer shall have any continuing obligation to each other under this Agreement.

10. NOTICE. Any notice or demand on either party hereunder shall be deemed to have been given when mailed to the other party by Certified Mail, Return Receipt Requested, postage prepaid at the addresses set forth below:

SELLERS:	Kent & Sharon Anderson	BUYER: City of Kingsport, Tennessee
	605 Green Meadow Drive	415 Broad Street
	Kingsport, TN 37663	Kingsport, TN 37660

11. PRORATIONS. All real estate taxes and assessments shall be prorated as of the Closing Date, using for such purpose the rate and valuation shown on the latest available tax notice.

12. EXPENSES OF SELLERS. In closing this transaction, Sellers shall be charged with the following:

- (a) The cost of preparation of the warranty deed;
- (b) The fees and expenses of any attorney or other advisor engaged by Sellers in connection with this transaction;
- (c) The commission or fees charged by any real estate broker or agent retained or used by the Sellers in connection with this transaction; and
- (d) All expenses incurred in connection with the release of any prior existing indebtedness, including without limitation any prepayment penalties; and
- (e) Prorated taxes.

13. EXPENSES OF BUYER. In closing this transaction, Buyer shall be charged with the following:

- (a) The cost of any title search and title insurance policy;
- (b) The cost of recording the deed and any transfer tax associated with such deed;
- (c) Any fees charged in connection with any attorney or other advisor engaged by Buyer in connection with this transaction; and
- (d) The cost of the survey provided pursuant to Section 4.

14. RISK OF LOSS. The risk of loss or damage to any of the Real Property described above by fire, vandalism, or other casualty shall remain with the Sellers until Closing. In the event of such loss before Closing, this Agreement shall be voidable at the option of Buyer. Should Buyer elect to continue with the purchase following such loss or damage before Closing, Buyer shall have the option to (a) negotiate an equitable reduction in the Purchase Price or (b) close this Agreement at the stated Purchase Price and accept all insurance funds and other monies payable to Sellers regarding such loss or damage. If action is necessary to recover under any casualty policy, Sellers shall cooperate with Buyer in bringing such action in Sellers's name and Sellers shall reimburse Buyer for the attorney's fees and other expenses incurred by Buyer to pursue such claim.

15. TIME IS OF THE ESSENCE. Time is of the essence to the performance of this Agreement.

16. MERGER CLAUSE. All understandings and agreements heretofore had between the parties are merged in this Agreement, which alone fully and completely expresses their agreement, and the

same is entered into after full investigation, neither party relying upon any statement, representation, express or implied warranties, guarantees, promises, statements, "setups", representation, or information, not embodied in this Agreement, made by the other, or by any agent, employee, servant, or other person representing or purporting to represent the Sellers. This Agreement contains the full agreement between the parties and there are no other contracts, express or implied, which are not stated herein.

17. POSSESSION. Delivery of possession of the Real Property shall occur at Closing.

18. CAPTIONS. The section headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement and are not to be considered in interpreting this Agreement.

19. ENTIRE AGREEMENT; MODIFICATIONS. This written Agreement constitutes the entire and complete agreement between the parties hereto and supersedes any prior oral or written agreements between the parties with respect to the Real Property. It is expressly agreed that there are no verbal understandings or agreements which in any way change the terms, covenants and conditions herein set forth, and that no modification of this Agreement and no waiver of any of its terms and conditions shall be effective unless in writing and duly executed by the parties hereto.

20. CONTROLLING LAW; VENUE. This Agreement has been made and entered into under the laws of the State of Tennessee, and said laws shall control the interpretation thereof. Venue for any litigation concerning this Agreement shall be filed in the state or federal courts for Sullivan County, Tennessee.

21. BINDING EFFECT. All covenants, agreements, warranties and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

22. FURTHER ACTS. Each party hereto agrees to do, execute, acknowledge and deliver all such further acts, assignments, transfers, assurances and instruments that may reasonably be required to fully effectuate the transactions contemplated in this Agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hands in duplicate originals the day and year first written above.

[Acknowledgements Deleted for Inclusion in this Resolution]

EXHIBIT A

Description of Real Property

Being Lot 2, containing 0.50 acre, more or less of the Subdivision of Myers & Myers Property as the same appears on plat of record in Plat Book 50, page 180 in the Register's Office for Sullivan County, Tennessee, to which reference is made for a more particular description. Being the same property conveyed to the party of the First Part by deed dated July 22, 1999 recorded in Deed Book 1444C, page 387, said Register's Office. Tax Map 061A; Group F, Parcel 10.00

SECTION IV. That the Mayor is further authorized to make such changes, approved by the mayor and city attorney, to the agreement set out herein that do not substantially alter the material provisions of the agreement, and the execution thereof by the mayor and the city attorney is conclusive evidence of the approval of such changes.

SECTION V. That a Lease Agreement with Kent Anderson for the real property located at 834 West Industry Drive, is approved.

SECTION VI. That the mayor, or in his absence, incapacity, or failure to act, the vice-mayor, is authorized and directed to execute, in a form approved by the city attorney and subject to the requirements of Article X, Section 10 of the Charter of the City of Kingsport, the Lease Agreement with Kent Anderson for the real property located at 834 West Industry Drive, to deliver the agreement and take any and all action as may be required on the part of the city to carry out, give effect to, and consummate the transactions contemplated by the agreement and this resolution, said agreement being as follows:

LEASE

This agreement (herein Lease) entered into the date of the acknowledgement of the LESSOR by and between the City of Kingsport, a Tennessee municipal corporation (herein LESSOR) and KENT ANDERSON (herein LESSEE).

WITNESSETH:

NOW, THEREFORE, in consideration of the premises and mutual covenants of the parties

contained herein the parties agree as follows:

SECTION 1. PREMISES. LESSOR in consideration of the rents to be paid and the covenants and agreements to be performed and observed by the LESSEE, does hereby lease to the LESSEE and the LESSEE does hereby lease and take from the LESSOR the following described property (herein Premises) and all improvements located thereon:

834 West Industry Drive
Tax Map 045K; Group D; Parcel 054.20

SECTION 2. LEASE TERM. The term of this Lease shall begin on _____, 2023 at noon and shall terminate on December 31st, 2024 at noon, unless sooner terminated as herein provided. This Lease may be terminated by either party for its convenience by giving written notice to the other party, at least ninety (90) days before the effective date of the termination for convenience. Such termination will not be deemed a breach of Lease by either party.

SECTION 3. RENT. LESSEE shall pay to LESSOR, without demand or deduction, as rent ONE and NO/100 (\$1.00) U.S. dollars per month beginning _____, 2023 and a like amount on the same day each month thereafter during the term of this Lease or any renewal term. All payments shall be made to LESSOR at City of Kingsport, 415 Broad Street, Kingsport, Tennessee 37660, Attention: Chief Financial Officer, or at such other place as is designated in writing by LESSOR. It is the intention of the LESSOR and LESSEE that the rent herein specified shall be strictly net to the LESSOR and that all taxes, insurance premiums, utilities, maintenance and repairs, and all other costs, charges, expenses, and obligations of every kind relating to the Premises which may arise or become due during the term of this Lease shall be paid by LESSEE and the LESSOR shall be indemnified by LESSEE and is hereby so indemnified by LESSEE against such costs, charges, expenses, and obligations.

SECTION 4. USE OF PREMISES. LESSEE shall use the Premises solely for the operation of vehicle repair business, included storage of supplies, vehicles and equipment, along with office and storage incident to the use as a vehicle repair business and for no other purpose or use. LESSEE agrees not to use the Premises in any way that may be unlawful, improper, noisy, offensive, or contrary to any applicable statute, regulation, ordinance or bylaw.

SECTION 5. UTILITIES. During the term of this Lease, the LESSEE shall be solely responsible for the payment of any and all utilities of the Premises, including, but not limited to, gas, electric, telephone, cable and any service fees required for the installation of these utilities. LESSEE shall also be solely responsible for the payment of any and all water bills, sewer bills and garbage collection costs concerning the Premises.

SECTION 6. CLEAN AND SANITARY CONDITION. During the term of the Lease, LESSEE shall keep and maintain the Premises and the surrounding area in a clean and sanitary condition at all times, free of all garbage and debris. All garbage and similar debris shall be deposited by LESSEE in facilities specifically for garbage collection. LESSEE shall further comply with all local ordinances and regulations imposed by the LESSOR relating to maintaining the Premises in a clean and sanitary condition and collection of garbage and similar debris.

SECTION 7. MAINTENANCE. It shall be LESSEE'S sole responsibility to keep and maintain the entire Premises, and every part thereof, in good condition and repair at all times during the term of the Lease, reasonable wear and tear excepted. LESSEE shall maintain the Premises in compliance with the laws of the state of Tennessee and in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector, or other proper officials of the governmental agencies having jurisdiction, at the sole cost and expense of LESSEE. LESSEE shall comply with all requirements of law, ordinance and otherwise, affecting the Premises. If LESSEE refuses or neglects to commence and to complete repairs promptly and adequately, LESSOR may declare the LESSEE in breach of this Lease. LESSEE shall, upon the expiration or termination of this Lease, surrender the Premises in good condition, broom clean, reasonable wear and tear excepted.

SECTION 8. COMPLIANCE WITH APPLICABLE LAWS. Throughout the term of this Lease, LESSEE shall, at its sole cost and expense, comply with all present and future laws, statutes, codes, ordinances, rules and regulations of the federal government, state of Tennessee, or City of Kingsport, restrictive covenants and all orders, decrees and like actions of any court of competent jurisdiction which may be applicable to the Premises.

SECTION 9. ALTERATIONS. The LESSEE shall have the right, at its sole expense, from time to time, to redecorate the Premises and to make such non-structural alterations and changes in such parts thereof as LESSEE shall deem expedient or necessary for its purposes; provided, however, that such alterations and changes shall neither impair the structural soundness nor diminish the value of the Premises and shall otherwise comply with the requirements of this Lease. LESSEE agrees to pay promptly when due the entire cost of any work done by it upon the Premises so that the Premises at all times shall be free of liens for labor and materials. LESSEE further agrees that in doing such

work that it shall employ materials of good quality and comply with all governmental requirements, and perform such work in a good and workmanlike manner. LESSEE agrees that it shall procure all necessary permits for making any repairs, alterations, or other improvements for installations, when applicable.

SECTION 10. SURRENDER OF PREMISES. On the expiration or earlier termination of this Lease pursuant to its terms, LESSEE shall peaceably and quietly leave and surrender the Premises to the LESSOR, in good order, condition and repair, broom clean, reasonable wear and tear excepted and free and clear of all liens.

SECTION 11. TAXES. LESSEE, in addition to the rent provided herein, shall pay to LESSOR as additional rent any and all real estate taxes, assessments, and other governmental levies and charges, general and special, ordinary or extraordinary, unforeseen or foreseen, of any kind which are assessed against or imposed in respect of the Premises.

SECTION 12. CONDITION OF PREMISES. LESSEE has examined the Premises and accepts the same in its present state and condition without any representations or warranties, express or implied, in fact or in law, by LESSOR as to the nature, condition or usability thereof, or as to the use or uses to which the Premises may be put.

SECTION 13. FIRE, CASUALTY, EMINENT DOMAIN. Should a substantial portion of the Premises, be substantially damaged by fire or other casualty, or be taken by eminent domain, LESSOR may elect to terminate this Lease. When such fire, casualty or taking renders the Premises substantially unsuitable for its intended use, a proportionate abatement of rent shall be made, and LESSEE may elect to terminate this Lease if: (a) LESSOR fails to give written notice within 30 days after said fire, casualty or taking of its intention to restore the Premises; or (b) LESSOR fails to restore the Premises to a condition substantially suitable for its intended use within 90 days after said fire, casualty or taking. Notwithstanding the foregoing, in the event of damage by fire or other casualty resulting from the carelessness, negligence, or intentional or other of improper conduct of LESSEE, its agents, employees, contractors or others acting on its behalf, or from the carelessness, negligence, or intentional or other conduct of LESSEE's customers, guest or visitors, LESSEE shall have the full liability and responsibility for repairing and/or rebuilding from such casualty loss and for other damages and losses incurred by LESSOR. LESSOR reserves all rights for damages or injury to the Premises for any taking by eminent domain, except for damage to LESSEE's property or equipment.

SECTION 14. FIRE INSURANCE. LESSEE shall not permit any use of the Premises which shall adversely affect or make voidable any insurance on the property of which the Premises are a part, or on the contents of said property, or which shall be contrary to any law, regulation or recommendation made by the state fire prevention agency, local fire department, LESSOR's insurer or any similar entity. LESSEE shall on demand reimburse LESSOR all extra insurance premiums caused by LESSEE's use of the Premises. LESSEE shall not vacate the Premises or permit same to be unoccupied other than during LESSEE's customary non-business days or hours, or cause or allow the utilities serving the Premises to be terminated.

SECTION 15. SIGNS. LESSEE shall not place or permit to be placed, any sign or signboards on the exterior or interior of the Premises unless they are in conformity with all applicable laws. The cost for all signs shall be borne by LESSEE.

SECTION 16. ASSIGNMENT OR SUBLEASE. LESSEE may not assign this Lease, sublet the Premises, in whole or in part, or allow another entity or individual to occupy the whole or any part of the Premises, without LESSOR's prior written consent, which may be withheld for any or no reason. If LESSEE notifies LESSOR in writing of its desire to assign this Lease or sublet the Premises, LESSOR shall have the option to terminate this Lease, at an effective date to be determined by LESSOR, upon written notice to LESSEE. Notwithstanding LESSOR's consent to any assignment or sublease, LESSEE and GUARANTOR shall remain liable to LESSOR for the payment of all rent and for the full performance of all covenants and conditions of this Lease.

SECTION 17. LESSOR'S ACCESS. LESSOR, its agents and designates, may examine and inspect the Premises at reasonable times and LESSEE shall provide LESSOR, if not already available, with a set of keys for the purpose of said examination, provided that LESSOR shall not thereby unreasonably interfere with the conduct of the LESSEE's business. LESSEE shall permit LESSOR to enter the Premises to inspect such repairs, improvements, alterations or additions thereto as may be required under the provisions of this Lease. LESSOR, its agents and designates, may at any reasonable time enter to show the Premises to others without creating any obligation or liability for LESSOR. In the event of an emergency, LESSOR, its agents and other representatives, may enter at any time, without notice and without the presence of LESSEE. No compensation shall be asked or claim made by Tenant by reason of any inconvenience or annoyance arising from anything that may be done in repairing, altering, working on or protecting the Premises or building, however the necessity may arise, but this Section 18 shall not be construed as imposing any duty on Landlord to

make any repairs, alterations or additions.

SECTION 18. LIABILITY. LESSEE shall, and does hereby, assume all risk of loss or injury to the property or person of all persons at any time coming upon the Premises during the term of this Lease. LESSEE shall be solely responsible as between LESSOR and LESSEE for deaths or personal injuries to all persons and damage to any property, including damage by fire or other casualty, occurring in or on the Premises and arising out of the use, control, condition or occupancy of the Premises by LESSEE, except for death, personal injuries or property damage directly resulting from the sole negligence of LESSOR. LESSEE agrees to indemnify and hold harmless LESSOR from any and all liability, including but not limited to costs, expenses, damages, causes of action, claims, judgments and attorney's fees caused by or in any way arising out of any of the aforesaid matters.

SECTION 19. INSURANCE. LESSEE shall, during the entire term of this Lease, keep in full force and effect at its own expense Comprehensive General Liability Coverage. At all times during the Term of this Lease, LESSEE shall maintain in full force and effect policies of contractual and comprehensive general liability insurance, including public liability and broad form property damage, for not less than \$1,000,000 for each occurrence involving bodily injury (including death), and \$1,000,000 for each occurrence involving damage to property. Such policy or policies shall name LESSOR as an additional insured thereunder. All of such insurance shall insure the performance by LESSEE of its indemnity agreement as to liability for injury to or death of persons and injury or damage to property. All of such insurance shall be primary and noncontributing with any insurance which may be carried by LESSOR and shall contain a provision that LESSOR, named or not named as an insured, shall nevertheless be entitled to recover under said policy for any loss, injury or damage to LESSOR, its agents and employees or the property of such persons, by reason of the negligence of LESSEE. Such policy shall expressly provide that such policy shall not be canceled or altered without thirty (30) days prior written notice to LESSOR. LESSOR shall be named as an additional insured on all such policies.

(a) Certificates of Insurance. As of the commencement of this Lease LESSEE shall provide LESSOR with a certificate of insurance for each policy required under this Lease showing that the coverages required hereunder are in force with premiums paid and that such policies are noncancellable and may not be materially modified except upon thirty (30) days prior notice to LESSOR (or, if such thirty (30) day period of notice is not obtainable on a commercially reasonable basis, upon such notice as is commercially reasonable).

(b) All insurance provided for in this Section 19, and all renewals thereof, shall be issued by responsible insurance companies authorized to do business in the State of Tennessee. If any insurer which has issued a policy of insurance required pursuant to this Lease becomes insolvent or the subject of any bankruptcy, receivership or similar proceeding, Lessee shall, in each instance, obtain a like policy issued by another insurer, which insurer and policy meet the requirements of this Lease.

(c) LESSEE's Release. LESSEE hereby release LESSOR from any and all liability and responsibility to anyone claiming any loss or damage to property arising from a risk insured against under the insurance required to be carried by LESSEE. To the extent obtainable, LESSEE's insurance policies shall include appropriate clauses waiving all rights of subrogation against LESSOR to LESSEE, with respect to losses payable under such policies.

(d) Use of Proceeds. Any Casualty Insurance Proceeds paid under any insurance policy of the character maintained by LESSOR shall belong solely to LESSOR for its use.

(e) Blanket Insurance. Nothing in this Section 19 shall prevent LESSEE from taking out insurance of the kind and in the amounts provided for herein under a blanket insurance policy or policies which can cover other improvements on the Premises. LESSEE shall be responsible for insurance for its equipment and supplies, and any casualty or fire insurance he desires to secure for his use.

SECTION 20. DEFAULT AND ACCELERATION OF RENT. In the event that (a) any assignment for the benefit of creditors, trust mortgage, receivership or other insolvency proceeding shall be made or instituted with respect to LESSEE or LESSEE's property or (b) LESSEE shall default in the observance or performance of any of LESSEE's covenants, agreements or obligations hereunder and such default shall not be corrected within 10 days after written notice thereof, then LESSOR shall have the right thereafter, while such default continues and without demand or further notice, to re-enter and take possession of the Premises, to declare the term of this Lease ended, and/or to remove LESSEE's effects, without being guilty of trespass or conversion, and without prejudice to any remedies which might be otherwise used for arrears of rent or other default or breach of the Lease. If LESSEE defaults in the payment of the security deposit, rent, taxes or substantial invoice from LESSOR or LESSOR's agent, and such default continues for 10 days after written notice thereof, and, because both parties agree that nonpayment of said sums when due is a substantial breach of the Lease, and, because the payment of rent in monthly installments is for the sole benefit and

convenience of LESSEE, then, in addition to any other remedies, the net present value of the entire balance of rent due hereunder as of the date of LESSOR's notice, using the published prime rate then in effect, shall immediately become due and payable as liquidated damages. No actions taken by LESSOR under this section shall terminate LESSEE's obligation to pay rent under this Lease, as liquidated damages or otherwise. Any sums received by LESSOR from or on behalf of LESSEE at any time shall be applied first to offset any unpaid invoice or other payment due to LESSOR and then to unpaid rent. LESSEE shall pay any invoice within 10 days after receipt. If any rent and/or other payment is not received by LESSOR when due, then LESSEE shall pay LESSOR a late charge for each past due payment equal to one percent of such overdue amount or \$35, whichever is greater. LESSEE shall also pay LESSOR interest at the rate of 18 percent per annum on any past due payment. In addition to the foregoing, if after default, a debt collector or an attorney (including any attorney of the Office of the City Attorney of LESSOR) is employed or directed to collect or enforce the monetary or other obligations evidenced by this Lease or to assist either LESSOR in connection with its exercise of any right, power, privilege, or remedy referred to herein, the parties hereby agree that the LESSEE shall pay promptly all costs incurred by LESSOR with respect to collection or enforcement including reasonable attorney's fees and court costs.

SECTION 21. WASTE OR NUISANCE. LESSEE shall not commit or suffer to be committed any waste upon the Premises, and LESSEE shall not use or permit the use of any medium that might constitute a nuisance.

SECTION 22. NOTICE. Any notice from LESSOR to LESSEE relating to the Premises or this Lease shall be deemed duly served when left at the Premises, or served by constable, or sent to the Premises or to the last address designated by notice in accordance with this section, by certified or registered mail, return receipt requested, postage prepaid, or by recognized courier service with a receipt therefor, addressed to LESSEE. Any notice from LESSEE to LESSOR relating to the Premises or this Lease shall be deemed duly served when served by constable, or delivered to LESSOR by certified or registered mail, return receipt requested, postage prepaid, or by recognized courier service with a receipt therefor, addressed to LESSOR at 415 Broad Street, Kingsport, Tennessee 37660, Attention City Attorney or at LESSOR's last designated address. No oral notice or representation shall have any force or effect. Time is of the essence in the service of any notice.

SECTION 23. OCCUPANCY. If LESSEE takes possession of the Premises prior to the start of the lease term, LESSEE shall perform and observe all of its covenants under this Lease from the date upon which it takes possession. If LESSEE continues to occupy, control or encumber all or any part of the Premises after the termination of this Lease without the written permission of LESSOR, LESSEE shall be liable to LESSOR for any and all loss, damages or expenses incurred by LESSOR, and all terms of this Lease shall continue to apply, except that use and occupancy payments shall be due in full monthly installments at a rate which shall be two times the greater of the monthly rent due under this Lease immediately prior to termination or LESSOR's then current published rent for the Premises, it being understood that such extended occupancy is a tenancy at sufferance, solely for the benefit and convenience of LESSEE and of greater rental value. LESSEE's control, occupancy or encumbrance of all or any part of the Premises beyond noon on the last day of any monthly rental period shall constitute LESSEE's occupancy for an entire additional month, and increased payment as provided in this section shall be due and payable immediately in advance. LESSOR's acceptance of any payments from LESSEE during such extended occupancy shall not alter LESSEE's status as a tenant at sufferance. LESSOR may require LESSEE to relocate to another similar facility at any time during the lease term upon prior written notice to LESSEE and on terms comparable to those herein, and LESSEE shall be liable to LESSOR for any loss, damages or expenses incurred by LESSOR if LESSEE fails to relocate as required herein.

SECTION 24. FIRE PREVENTION. LESSEE agrees to use every reasonable precaution against fire, to provide and maintain approved, labeled fire extinguishers, emergency lighting equipment and exit signs, and to complete any other modifications within the Premises as required or recommended by the Insurance Services Office (or successor organization), OSHA, the local fire department, LESSOR's insurer or any similar entity.

SECTION 25. ENVIRONMENTAL MATTERS. The term "hazardous substances," as used herein shall mean pollutants, contaminants, toxic or hazardous wastes or any other substances the use and/or the removal of which is restricted, prohibited, or penalized by any "environmental law," which term shall mean any federal, state or local law, ordinance or other statute of a governmental authority relating to pollution or protection of the environment. LESSEE hereby agrees that (a) no activity shall be conducted on the Premises that shall produce any hazardous substance; (b) the Premises shall not be used in any manner with the storage of any hazardous substances; (c) LESSEE shall not install or place upon the premises any underground or aboveground tanks of any type and shall not store, or allow the storage on the premises any gasoline, oil, diesel fuel or other petroleum products;

(d) LESSEE shall not allow any surface or subsurface conditions to exist or come into existence that constitutes or with the passage of time may constitute a public or private nuisance; and (e) LESSEE shall not permit any hazardous substances to be brought onto the Premises. If at any time during or after of the term of this Lease, the Premises are found to be in violation of any of the covenants set forth in this section due to acts or occurrences during the occupancy of LESSEE, or caused by LESSEE, then LESSEE shall diligently institute proper and thorough cleanup and remediation procedures at LESSEE's sole cost. LESSEE agrees to indemnify and hold LESSOR harmless from all claims, demands, actions, liabilities, costs, and expenses (including LESSOR's attorney fees), damages and obligations of any nature arising from or as a result of the use of the Premises by LESSEE. The foregoing indemnification and the responsibilities of LESSEE shall survive the termination or expiration of this Lease. LESSEE shall not use the Premises so as not to interfere in any way with the use and enjoyment of other portions of the same or neighboring buildings by others by reason of odors, smoke, exhaust, smells, vibrations, noise, pets, accumulation of garbage or trash, vermin or other pests, or otherwise, and shall at its expense employ a professional pest control service if determined necessary by LESSOR. LESSEE agrees to maintain effective devices for preventing damage to plumbing and heating equipment from deionized water, chemicals which may be present at the Premises. Notwithstanding the foregoing LESSEE can store vehicles in the building of the Premises, provided the Premises are not contaminated with hazardous substances.

SECTION 26. RESPONSIBILITY. Neither LESSOR nor OWNER shall be liable to anyone for, nor shall LESSEE's obligations under this Lease be reduced because of, loss or damage caused in any way by the use, leakage, seepage, flooding or escape of water or sewage in any form or from any source, by the interruption or cessation of any service rendered customarily to the Premises or building or agreed to by the terms of this Lease, by any accident, the making of repairs, alterations or improvements, labor difficulties, weather conditions, mechanical breakdowns, trouble or scarcity in obtaining fuel, electricity, service or supplies from the sources from which they are usually obtained, by any change in any utility or service provider, or by any cause beyond LESSOR's immediate control.

SECTION 27. SURRENDER. On or before the termination of this Lease, LESSEE shall remove all of LESSEE's goods and effects from the Premises, and shall deliver to LESSOR actual and exclusive possession of the Premises and all keys and locks thereto, all fixtures, equipment and workstations of any type connected therewith, and all alterations, additions and improvements made to or upon the Premises, whether completed by LESSEE, LESSOR or others, including but not limited to any offices, window blinds, floor coverings, computer floors, plumbing and plumbing fixtures, heating, ventilating and air conditioning equipment, ductwork, exhaust fans, water coolers, security, surveillance and fire protection systems, telecommunications and data wiring, telephone equipment, air and gas distribution piping, compressors, hoists, cabinets, counters, shelving, signs, electrical work, including but not limited to lighting fixtures of any type, wiring, conduit, EMT, transformers, generators, distribution panels, bus ducts, raceways, outlets and disconnects, and furnishings and equipment which have been bolted, welded, nailed, screwed, glued or otherwise attached to any wall, floor, ceiling, roof, pavement or ground, or which have been directly wired or plumbed to any portion of any building or other system serving the Premises, including but not limited to water supply, drainage, venting or air or gas distribution systems. Notwithstanding the foregoing LESSOR may prior to the termination or expiration of the term of the Lease remove compressors or spray booths and related equipment, or any items of a temporary nature installed by LESSEE during the term of this Lease. LESSEE shall deliver the Premises fully sanitized from any chemicals or other contaminants, broom clean, and in at least the same condition as they were at the commencement of the Lease or any prior lease between the parties for the Premises, or as they were modified during said term with LESSOR's written consent, reasonable wear and tear only excepted, and LESSEE shall be deemed to be encumbering the Premises until it delivers the Premises to LESSOR in the condition required under this Lease. Any of LESSEE's property that remains in the Premises upon termination of the Lease shall be deemed abandoned and shall be disposed of as LESSOR sees fit, with no liability to LESSEE for loss or damage thereto, and at the sole risk of LESSEE. LESSOR may remove and store any such property at LESSEE's expense; retain same under LESSOR's control; sell same at public or private sale (without notice) and apply the net proceeds of such sale to the payment of any sum due hereunder; or destroy same. In no case shall the Premises be deemed surrendered to LESSOR until the termination date provided herein or such other date as may be specified in a written agreement between the parties, notwithstanding the delivery of any keys to LESSOR.

SECTION 28. HOLDING OVER. In the event LESSEE occupies the Premises after the expiration or termination of this Lease with the consent of the LESSOR, express or implied, such possession shall be considered to be a tenancy from month to month, terminable on 30 days advance written notice

by either party. LESSEE shall continue to pay all charges as provided in this Lease, and shall be bound by all of the other terms and conditions of this Lease as if it was still in full force and effect.

SECTION 29. LOSS AND DAMAGE TO TENANT'S PROPERTY. LESSOR shall not be responsible or liable to LESSEE for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying adjoining premises or any part of the premises adjacent to the Premises or any part, or for any loss or damages resulting to the LESSEE or its property from bursting, stoppage or leaking of water, gas, sewer or steam pipes or for any damage or loss of property within the Premises from any cause whatsoever.

SECTION 30. NOTICE BY LESSEE. LESSEE shall give immediate notice to LESSOR in case of fire or accidents in the Premises or in the building of which the Premises are a part or of defects therein or in any fixtures or equipment.

SECTION 31. SUCCESSORS. All rights and liabilities herein given to, or imposed upon, the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors, and assigns of the said parties, except that LESSOR shall only be liable for obligations occurring while the owner of the Premises.. No rights, however, shall inure to the benefit of any assignee of LESSEE unless the assignment to such assignee has been approved by LESSOR in writing as provided in Section 17 herein.

SECTION 32. GENERAL. The following shall apply to this Lease:

(a) The invalidity or unenforceability of any clause or provision of this Lease shall not affect or render invalid or unenforceable any other clause or provision hereof;

(b) Any action or proceeding arising out of the subject matter of this Lease shall be brought by LESSEE within one year after the cause of action has occurred and only in a state court in Kingsport, Tennessee;

(c) This Lease is made and delivered in the state of Tennessee, and shall be interpreted, construed, and enforced in accordance with the laws thereof;

(d) This Lease is the result of negotiations between parties of equal bargaining strength, and when executed by both parties shall constitute the entire agreement between the parties, superseding all prior oral and written agreements, representations, statements and negotiations relating in any way to the subject matter herein. This Lease may not be extended or amended except by written agreement signed by both parties, or as otherwise provided herein, and no other subsequent oral or written representation shall have any effect hereon;

(e) Notwithstanding any other statements herein, LESSOR makes no warranty, express or implied, concerning the suitability of the Premises for LESSEE's intended use;

(f) LESSEE agrees that if LESSOR does not deliver possession of the Premises as herein provided for any reason, LESSOR shall not be liable for any damages to LESSEE for such failure, but LESSOR agrees to use reasonable efforts to deliver possession to LESSEE at the earliest practical date. A proportionate abatement of rent, excluding the cost of any amortized improvements to the Premises, for such time as LESSEE may be deprived of possession of the Premises shall be LESSEE's sole remedy, except where a delay in delivery is caused in any way by LESSEE;

(g) Neither the submission of this Lease or any amendment hereof, nor the acceptance of the security deposit and/or rent shall constitute a reservation of or option for the Premises, or an offer to lease, it being expressly understood and agreed that neither this Lease nor any amendment shall bind either party in any manner whatsoever unless and until it has been executed by both parties;

(h) LESSOR nor LESSEE shall be liable for any special, incidental, indirect or consequential damages, including but not limited to lost profits or loss of business, arising out of or in any manner connected with performance or nonperformance under this Lease, even if any party has knowledge of the possibility of such damages;

(i) The headings in this Lease are for convenience only and shall not be considered part of the terms hereof;

(j) No restriction, condition or other endorsement by LESSEE on any check, nor LESSOR's deposit of any full or partial payment, shall bind LESSOR in any way or limit LESSOR's rights under this Lease;

(k) LESSEE shall conform to all rules and regulations now or hereafter made by LESSOR for parking, for the care, use or alteration of the building, its facilities and approaches, and for the administration of this Lease, and shall not permit any employee or visitor to violate this or any other covenant or obligation of LESSEE;

(l) LESSEE's covenants under this Lease shall be independent of LESSOR's covenants, and LESSOR's failure to perform any of its covenants under this Lease, including a covenant constituting a significant inducement to LESSEE to enter into this Lease, shall not excuse the payment of rent or any other charges by LESSEE or allow LESSEE to terminate this Lease; and

(m) LESSOR and LESSEE hereby waive any and all rights to a jury trial in any proceeding

in any way arising out of the subject matter of this Lease.

SECTION 33. CONDEMNATION. The parties recognize that the Premises is adjacent to a road improvement project on Industry Drive. It is expected that the access from the Premises to Industry Drive will be changed during the term of this lease, and such access maybe reduced or limited. LESSEE waives any claim for any damages or compensation based on any claim of taking or inverse condemnation by the LESSEE caused by the road improvement project on Industry Drive, including damages or other compensation for partial or full destruction of or interference with the business of LESSEE. In the event of any taking the LESSOR shall be entitled to all compensation which may be paid for any such taking, and LESSEE waives all rights or claims incident to any such taking, and all compensation awarded or paid upon such taking shall belong to and be the property of the LESSOR.

SECTION 34. WAIVERS, ETC. No consent or waiver, express or implied, by LESSOR to or of any breach of any covenant, condition or duty of LESSEE shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition or duty. If LESSEE is several persons, corporations, or other legal entities, or a partnership, or some combination thereof, LESSEE's obligations are joint and several. Unless repugnant to the context, "LESSOR" and "LESSEE" mean the person or persons, natural or corporate, named above as LESSOR and as LESSEE respectively, and their respective heirs, executors, administrators, successors and assigns.

SECTION 35. TIME. Time is of the essence in this Lease.

SECTION 36. SURVIVAL OF TERMS. Wherever in this Lease either Tenant or Landlord shall have agreed or promised to perform certain acts or otherwise where the context of this Lease would require such performance to occur after the termination or expiration of the Lease, then those agreements and covenants shall survive the termination or expiration of the Lease and continue to bind Tenant and Landlord.

IN WITNESS WHEREOF, the Parties hereto executed this Lease in duplicate originals.

[Acknowledgements Deleted for Inclusion in this Resolution]

SECTION VII. That the mayor is further authorized to make such changes approved by the mayor and the city attorney to the agreement set out herein that do not substantially alter the material provisions of the agreement, and the execution thereof by the mayor and the city attorney is conclusive evidence of the approval of such changes.

SECTION VIII. That the board finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

SECTION IX. That this resolution shall take effect immediately upon its adoption, the public welfare requiring it.

ADOPTED this the 7th day of November, 2023.

PATRICK W. SHULL, MAYOR

ATTEST:

ANGELA MARSHALL, DEPUTY CITY RECORDER

APPROVED AS TO FORM:

RODNEY B. ROWLETT, III, CITY ATTORNEY