



Hamilton County Board of Commissioners

RESOLUTION

No. 606-26

A RESOLUTION TO MAKE CERTAIN FINDINGS RELATING TO THE ASTEC INDUSTRIES, INC. PROJECT, TO DELEGATE CERTAIN AUTHORITY TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, AND TO AUTHORIZE THE COUNTY MAYOR TO ENTER INTO AND EXECUTE AN AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES.

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

WHEREAS, Astec Industries, Inc., a Tennessee corporation, and three of its subsidiary corporations, Astec, Inc., a Tennessee corporation; Heatec, Inc., a Tennessee corporation, and Roadtec, Inc., a Tennessee corporation (such four corporations being collectively referred to herein as the "Company") are contemplating construction of improvements to, and the installation of machinery and equipment for, their office and manufacturing facilities in the County, and, because of the substantial economic benefits to the City of Chattanooga and the County resulting from the project, have asked the Corporation and the County to approve payments in lieu of ad valorem taxes; and

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

NOW, THEREFORE, BE IT RESOLVED BY THIS COMMISSION:

That we do hereby find that the Astec Industries, Inc. project referenced above is in the best interest of the County, and that payments in lieu of ad valorem taxes derived therefrom would be in furtherance of the Corporation's public purposes; and,

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

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

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

Content\_2936683\_1.DOC

MB: 310

PAGE: 60

Approved:

Rejected:

Approved:

Vetoed:

CERTIFICATION OF ACTION

Handwritten signatures and dates for County Clerk and County Mayor.

County Clerk

County Mayor

June 7, 2006

Date





**HAMILTON COUNTY GOVERNMENT  
OFFICE OF THE COUNTY ATTORNEY**

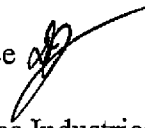
Room 204 County Courthouse  
Chattanooga, Tennessee 37402-1956  
Telephone (423) 209-6150  
Fax (423) 209-6151

Rheubin McGhee Taylor  
County Attorney

David Norton  
Assistant County Attorney

Mary Neill Southerland  
Assistant County Attorney


**MEMORANDUM**

**TO:** Debbie Rollins, County Clerk's Office  
**FROM:** Deborah Jefferson, County Attorney's Office   
**DATE:** March 1, 2007  
**RE:** Economic Development Agreement for Astec Industries, Inc., Heatec, Inc.,  
and Roadtec, Inc.  
(Pilot Agreement)

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For your records, please find the final executed copy of the Agreement between The Industrial Development Board of the City of Chattanooga; Astec Industries, Inc.; Heatec, Inc.; the City of Chattanooga, and Hamilton County, for Payments of Lieu Of Ad Valorem Taxes.

Enclosure

W. F. (Bill) Knowles, County Clerk  
**FILED on** 3-2-07  
Misc. Record Book File # 1653  
By , Dep. Clk.

**MILLER  
& MARTIN**  
PLLC  
ATTORNEYS AT LAW

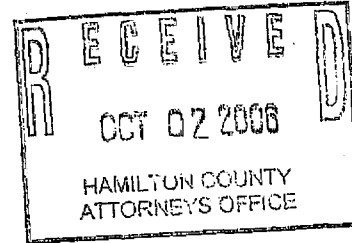
**FILE COPY**

SUITE 1000 VOLUNTEER BUILDING  
832 GEORGIA AVENUE  
CHATTANOOGA, TENNESSEE 37402-2289  
(423) 756-6600  
FAX (423) 785-8480

ALFRED E. SMITH, JR.  
Direct Dial (423) 785-8223  
Direct Fax (423) 321-1564  
asmith@millermartin.com

September 29, 2006

Office of the Comptroller  
Division of Property Assessments  
Suite 1400 (EDA Compliance)  
505 Deaderick Street  
Nashville TN 37243-0277  
Attention: Barry Monson



Re: Economic Development Agreement for Astec Industries, Inc., Astec, Inc., Heatec, Inc., and Roadtec, Inc.

Dear Mr. Monson:

Enclosed in accordance with the requirements of T.C.A. §4-17-301 et seq is a copy of an Agreement For Payments In Lieu Of Ad Valorem Taxes with respect to Astec Industries, Inc., Astec, Inc., Heatec, Inc., and Roadtec, Inc.

Sincerely yours,

Alfred E. Smith, Jr.

AES/gp  
Enclosure

- cc: Mr. Gary Heinemann (w/enclosure – original)  
Honorable Claude T. Ramsey, County Mayor (w/enclosure - copy)  
Honorable Ron Littlefield, Mayor (w/enclosure - copy)  
Ms. Susan Bedwell (w/enclosure - copy)  
Honorable William C. Bennett (w/enclosure - copy)  
Mr. James Gattis (w/enclosure - copy)  
Mr. Louis Wright (w/enclosure - copy)  
Ms. Daisy Madison (w/enclosure-copy)  
Mr. Randall L. Nelson (w/enclosures – two originals for City and IDB)  
Mr. Rheubin M. Taylor (w/enclosure – original for County)  
Mr. Steve Hiatt (w/enclosure – copy)

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

**THIS AGREEMENT** is made and entered into as of this 1st day of July, 2006, by and among **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA** (the "Board"); **ASTEC INDUSTRIES, INC.**, a Tennessee corporation and three of its subsidiary corporations, **ASTEC, INC.**, a Tennessee corporation; **HEATEC, INC.**, a Tennessee corporation, and **ROADTEC, INC.**, a Tennessee corporation (such four corporations being collectively referred to herein as the "Company"); the **CITY OF CHATTANOOGA** (the "City"); and **HAMILTON COUNTY** (the "County") and is joined in, for purposes of evidencing their acceptance of the agency relationship established herein, by **CARL E. LEVI** and his successors, acting in the capacity of **HAMILTON COUNTY TRUSTEE** ("Trustee"), and by **WILLIAM C. BENNETT** and his successors, acting in the capacity of **HAMILTON COUNTY ASSESSOR OF PROPERTY** ("Assessor").

**W I T N E S S E T H:**

**WHEREAS**, the Company is contemplating the construction of improvements to its real property and the acquisition of new machinery and equipment at various locations in Chattanooga, Hamilton County, Tennessee in connection with its manufacturing business (the "Project"), resulting in an investment of approximately \$13,590,000 and creation over a three-year period of approximately 66 jobs at an average annual wage rate at least equal to \$53,000 (the "Investment, Jobs and Payroll Projection"), and has requested the Board's assistance in the financing of 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 take title to property constituting the Project, as described in Exhibit "A" attached hereto (the "Property"), which Property is to be owned by the Board and leased to the Company; and

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

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

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

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

**WHEREAS**, the Company and the Board have agreed that all In Lieu Payments made to the Board by the Company shall be paid to the Trustee, who shall disburse such amounts to the

general funds of the City and the County in accordance with the requirements specified herein;  
and

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

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

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

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

2. Designation of Trustee; Computation and Billing of Payments In Lieu of Taxes. The Board hereby designates the Trustee its agent to compute the amounts of the In Lieu Payments, to receive such payments from the Company and to disburse such payments to the City and the County. On or about October 1 of said year, the Trustee shall compute the taxes which would be payable on the Property if it were subject to property taxes, in accordance with the Constitution and laws of the State of Tennessee and in accordance with the appraisal and

assessment of the Assessor. Each year hereunder, the Trustee shall send the Board and the Company a bill for appropriate amounts of In Lieu Payments (the "Tax Bill").

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

4. Amount of Payments by the Company. For any period hereunder occurring before January 1, 2007 or after December 31, 2017, and during which the Property is owned by the Board, the Company shall make In Lieu Payments in an amount, as determined by the Assessor and the Trustee, equal to the taxes that would have been payable on the Property if it were subject to property taxes. As to the portion of the Property constituting the Project, as defined above, for each of the years 2007 through 2017, the Company shall make In Lieu Payments in an amount equal to the following percentages of the taxes that would have been payable on the Property if it were subject to property taxes:

<u>Year(s)</u>	<u>Percentage</u>
2007	0%
2008	25%
2009	40%
2010-2017	50%

As to the portion of the Property that is not included in the Project, the Company shall make In Lieu Payments for the period of January 1, 2007 to December 31, 2017 in an amount equal to the taxes that would have been payable on such portion of the Property if it were subject to property taxes.

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

(a) If the Company fails to make any In Lieu Payment when due, and such failure to pay shall continue and not be fully paid within thirty (30) days after written notice of such non-payment has been provided, then a late charge shall be charged and shall also be immediately due and payable. The late charge shall be in the amount of one and one-half percent (1-1/2%) of the owed amount, for each month that each payment has been unpaid. Such one and one-half percent (1-1/2%) per month late charge amount shall accumulate each month and be payable so long as there remains any outstanding unpaid amount.

(b) If the Company should fail to pay all amounts and late charges due as provided hereinabove, then the Board, the City or the County may bring suit in the Chancery Court of Hamilton County to recover the In Lieu Payments due, late charges, expenses and costs of collection in addition to reasonable attorneys' fees. If the Company fails to achieve the Investment, Jobs and Payroll Projections, then the City and the County reserve the right to terminate the benefits of this Agreement for any years remaining hereunder. If the Company closes the Project or moves it from the County during the term hereof, the City and the County reserve the right to require the partial repayment of amounts that would have been payable on the Property if it were subject to property taxes.

6. Disbursements by Trustee. All sums received by the Trustee pursuant to Paragraph 3 shall be disbursed to the general funds of the City and the County in accordance with this paragraph and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All sums received shall be



divided into two (2) accounts, one for the use and benefit of the City and the other 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 disbursements to the general funds of the City and County shall be made by the Trustee subject to the requirement that all funds disbursed may be used by the City and the County only in furtherance of the public purposes of the Board, as described in Tennessee Code Annotated § 7-53-102.

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

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

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

10. Leasehold Taxation. If the leasehold interest of the Company should be subject to ad valorem taxation, then any amounts assessed as taxes thereon shall be credited against any In Lieu Payments due hereunder.

11. Notices, etc. All notices and other communications provided for hereunder shall be written (including facsimile transmission and telex), and mailed or sent via facsimile transmission or delivered, if to the City, c/o Mr. Randall L. Nelson, Suite 400, Pioneer Building, Chattanooga, Tennessee 37402; if to the County, Mr. Rheubin M. Taylor, County Attorney, Hamilton County Government, Room 204, County Courthouse, Chattanooga, Tennessee 37402; if to the Board, c/o Mr. Randall L. Nelson, Suite 400 Pioneer Building, 801 Broad Street, Chattanooga, Tennessee 37402; if to the Company, 1725 Shepard Road, Chattanooga, Tennessee 37421; if to the Trustee, at his address at Hamilton County Courthouse, Chattanooga, Tennessee 37402; and if to the Assessor, at his address at Hamilton County Courthouse, Chattanooga, Tennessee 37402; or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall, when mailed by registered and certified mail, return receipt requested, or facsimile, be effective when deposited in the mails or if sent upon facsimile transmission, confirmed electronically, respectively, addressed as aforesaid.

12. 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.

13. 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.

14. No Liability of Board's Officers. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any incorporator, member, director or officer, as such, of the Board, whether past, present or future, either directly or through the Board. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.


15. 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.

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

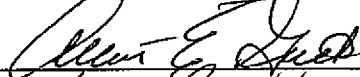
17. Amendments. This Agreement may be amended only in writing, signed by each of the parties hereto, except that the Trustee and the Assessor shall not be required to join in amendments unless such amendments affect their respective duties hereunder.

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

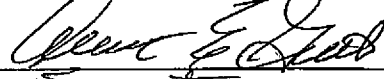
THE INDUSTRIAL DEVELOPMENT BOARD  
OF THE CITY OF CHATTANOOGA

By:   
Chairman


ASTECH INDUSTRIES, INC.

By:   
Title: Vice President

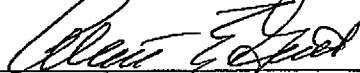
ASTECH, INC.

By:   
Title: Secretary

HEATEC, INC.

By:   
Title: Secretary

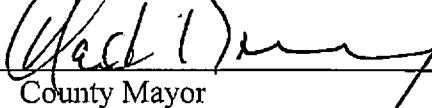
ROADTEC, INC.

By:   
Title: Secretary

CITY OF CHATTANOOGA, TENNESSEE

By:   
Mayor

HAMILTON COUNTY, TENNESSEE

By:   
County Mayor

CARL E. LEVI

By: *Carl E. Levi*  
Hamilton County Trustee

WILLIAM C. BENNETT

By: *William C Bennett*  
Hamilton County Assessor of  
Property

EXHIBIT "A"  
TO PILOT AGREEMENT FOR  
ASTEC INDUSTRIES, INC., ASTEC, INC.,  
HEATEC, INC. AND ROADTEC, INC.

REAL PROPERTY

IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, TENNESSEE:

TRACT 1 – (Astec, Inc.)

All that tract or parcel of land lying and being in the City of Chattanooga, Hamilton County, Tennessee and being shown as Lot 1 Astec, Inc. Subdivision by Plat recorded in Plat Book 81, Page 62 in the Hamilton County Register's Office.

Description is taken from the above-referenced plat.

For prior title see deeds recorded in Book 5974, Page 404; Book 5259, Page 823; Book 7687, Page 903; Book 7600, Page 102 and Book 7670, Page 238 in the Hamilton County Register's Office.

TRACT 2 – (Roadtec, Inc.)

All that parcel or tract of land lying and being in Hamilton County, Tennessee as more particularly described as Lot 1 on Plat recorded at Plat Book 43, Page 168, Register's Office of Hamilton County, Tennessee.

Legal description is taken from prior deed.

Being the same property conveyed by Warranty Deed recorded in Book 3683, Page 723, Register's Office of Hamilton County, Tennessee.

TRACT 3 – (Heatec, Inc.)

Lot One (1), Division of the Emma Wheeler Homes Project, as shown by plat recorded in Plat Book 43, page 199, in the Register's Office of Hamilton County, Tennessee, being more particularly described as follows: BEGINNING at a point in the East line of Wilson Road (formerly Royal Avenue), said point also being the Southwest corner of the Emma Wheeler Homes Project No. TN 4-8, as recorded in Deed Book 1442, page 40, Register's Office of Hamilton County, Tennessee; thence North Twenty-one (21) degrees Fifty-seven (57) minutes East, along said East line of Wilson Road, a distance of One Hundred Twenty-four and 14/100 (124.14) feet to a point; thence South Sixty-one (61) degrees Forty-six (46) minutes East along the South line of a Thirty (30) foot Sanitary Sewer Easement, a distance of One Thousand One Hundred Forty-three and 35/100 (1143.35) feet to appoint in the South line of said Emma Wheeler Homes Project; thence North Sixty-eight (68) degrees Zero (00) minutes West, along said South line of Emma Wheeler Homes Project, a distance of One Thousand One Hundred

Thirty-six and 48/100 (1136.48) feet to the point of beginning, all as shown on plat recorded in Plat Book 43, page 199, in the Register's Office of Hamilton County, Tennessee and containing 1.619 acres.

Legal description is taken from prior deed.

For prior title see deed recorded in Book 3780, Page 111 in the Register's Office of Hamilton County, Tennessee.

TRACT 4 – (Astec Industries, Inc.)

Lot One-A (1-A), Resubdivision of Lot One (1) James C. Berry Subdivision, as shown by plat recorded in Plat Book 50, page 230, in the Register's Office of Hamilton County, Tennessee.

Description is taken from prior deed.

Grantor's source of equitable title is a deed recorded in Book 6517, Page 74, in the Register's Office of Hamilton County, Tennessee.

**PERSONAL PROPERTY**

All new personal property installed by the Company during 2006-2009 in connection with its manufacturing and office facilities located on the real property described above.

### Cost Versus Benefit Analysis for Payment In Lieu of Ad Valorem Tax

Date: 07/20/06

Person Completing Form: Gary Heinemann

Title: Corporate Tax Manager

Lessor: IDB of the City of Chattanooga

Lessee: Astec Industries, Inc.

Lease Term	Term Beginning Date	07/01/06	Total Term Ending Date	12/31/17								
Step 1	66	x	\$53,000	=	\$3,498,000	x	2.0	=	\$6,996,000			
	Number of New Jobs		Average Annual Company		Direct Income		See Note 1		Direct & Indirect Income			
Step 2	\$3,498,000	+	\$34,784.00	=	101							
	Indirect Income		See Note 1		Number Indirect Jobs							
Step 3	\$6,996,000	x	0.107	=	\$748,572	x	0.647	=	\$484,326	x	0.282	\$211,097
	Direct & Indirect Income		See Note 1		New Total Annual State Tax		See Note 1		New Annual State Sales Tax		See Note 1	New Annual Local Sales Tax

Calculation Summary: Additional comments and information about costs or benefits associated with the project may be attached.

Total of New and Indirect Jobs	<u>167</u>	First Year PILOT Payment County:	<u>0</u>
Total of Direct and Indirect Income	<u>\$6,996,000</u>	First Year PILOT Payment City:	<u>0</u>
Total of New Annual State Sales Tax and New Annual Local Sales Tax	<u>\$748,572</u>	Total First Year PILOT:	<u>0</u>
<i>To be completed by Comptroller of Treasury</i>			
Market Value of Leased Real Property Improvements	<u>\$4,190,000</u>		
Market Value of Leased Machinery & Equipment	<u>\$9,400,000</u>		
Market Value of Leased Land	<u></u>		
Total Appraised Value:			
Total Assessed Value:			

Note 1 Economic factors and multipliers provided by University of Tennessee for Business and Economic Research