



Hamilton County Board of Commissioners

RESOLUTION

No. 1007-29

A RESOLUTION TO MAKE CERTAIN FINDINGS RELATING TO THE FEDEX GROUND PACKAGE SYSTEM, INC. PROJECT, TO DELEGATE CERTAIN AUTHORITY TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE, AND TO AUTHORIZE THE 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) the County of Hamilton (the "County") is permitted to delegate to The Industrial Development Board of the County of Hamilton, Tennessee (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, FedEx Ground Package System, Inc. (the "Company") is contemplating the acquisition and installation of certain machinery, equipment, and other personal property to be located in or about a package handling and distribution facility in Chattanooga, Hamilton County, Tennessee, (the "Project") and because of the substantial economic benefits to the City and Hamilton County resulting from the Project, has asked the Corporation and the County Council to approve payments in lieu of ad valorem taxes; and

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

NOW, THEREFORE, BE IT RESOLVED BY THIS COUNCIL:

That we do hereby find that the Project 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 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.

MB: 326

PAGE: 343

Approved:

CERTIFICATION OF ACTION

Rejected:

W. R. ...
County Clerk

Approved:

Clayton ...
County Mayor

Vetoed:

October 17, 2007

Date



AGREEMENT FOR PAYMENTS IN LIEU
OF AD VALOREM TAXES
(Personal Property)

THIS AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES (this "Agreement") is made and entered into as of this __ day of _____, 2007, by and among **THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE** (the "Board"); **FEDEX GROUND PACKAGE SYSTEM, INC.**, a Delaware corporation (the "FedEx Ground"); the **CITY OF CHATTANOOGA, TENNESSEE** (the "City"); and **HAMILTON COUNTY, TENNESSEE** (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, Scannell Properties #85, LLC, an Indiana limited liability company, is contemplating the acquisition of certain land in Chattanooga, Hamilton County, Tennessee, and the construction of a package handling and distribution facility thereon (collectively, the "Facility") for lease to FedEx Ground; and

WHEREAS, FedEx Ground is contemplating the installation of machinery, equipment and other personal property in and about the Facility (the "Project"), resulting in (a) an investment of approximately \$5 million in personal property and (b) the creation over a three-year period ending on December 31, 2011 of approximately 51 part-time positions with an average wage of \$15.56/hr. and approximately 32 independent contractor opportunities with an average gross income in the range of \$65,000 - \$90,000 per year (collectively, the "PILOT

Projections") and FedEx Ground has requested the Board's assistance with 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 all machinery, equipment and other tangible personal property acquired by FedEx Ground on or after February 8, 2007, and installed in, at or about the Facility, together with all additions thereto, replacements thereof, and substitutions thereof (the "Property") and to lease the Property to FedEx Ground; 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 all 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 FedEx Ground make certain payments to the Board in lieu of the payment of all property taxes that would otherwise be payable on the Property; and

WHEREAS, FedEx Ground has agreed to make such payments to the Board in lieu of all 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, FedEx Ground and the Board have agreed that all In Lieu Payments made to the Board by FedEx Ground 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 Trustee as 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 Project. The Board hereby designates the Assessor as its agent to appraise and assess the Project. The Assessor shall appraise and assess the Project in accordance with the Constitution and laws of the State of Tennessee as though the Project were subject to property taxes. The Assessor shall give the Trustee, the City Treasurer, the Board, Scannell and FedEx Ground notice of any changes in appraisals of the Project in the same manner that notices are given to owners of taxable property. The Assessor shall make available to the Board and Scannell all records relating to the appraisal and assessment of the Project.

2. Designation of Trustee; Computation and Billing of Payments In Lieu of Taxes. The Board hereby designates the Trustee as its agent to compute the amounts of the In Lieu Payments, to receive such payments from FedEx Ground 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 as if the Property 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 FedEx Ground bills for appropriate respective amounts of In Lieu Payments (the "Tax Bills").

3. Payments in Lieu of Taxes. After receipt of the Tax Bills, FedEx Ground shall pay to the Trustee the respective amounts indicated on the Tax Bills in accordance with the amounts set forth below in Paragraph 4. The In Lieu Payments shall be made by FedEx Ground 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. For any period hereunder occurring before January 1, 2009 or after December 31, 2016, and during which the Project (generally being the newly acquired personal property in connection with FedEx Ground's relocation to the Facility) is owned by the Board, FedEx Ground 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 Project if it were subject to property taxes. For each of the years 2009 through 2016, FedEx Ground shall make In Lieu Payments in an amount equal to the following percentages of the taxes that would have been payable on the Project if it were subject to property taxes for the respective years shown:

<u>Year(s)</u>	<u>Percentage</u>
2009	0%
2010	25%
2011	40%
2012	50%
2013	50%
2014	50%
2015	50%
2016	50%

5. Penalties and Late Charges. FedEx Ground 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 FedEx Ground 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 nonpayment 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 (1.5%) of the owed amount, for each month that each payment has been unpaid. Such one and one-half percent (1.5%) per month late charge amount shall accumulate each month and be payable so long as there remains any outstanding unpaid amount.

(b) If FedEx Ground 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.

6. PILOT Projections Reporting.

(a) In order to determine the extent to which FedEx Ground achieves the PILOT Projections upon which the In Lieu Payments have been calculated, FedEx Ground shall complete and deliver for each calendar year during the term of this Agreement an Annual Report

in the form attached hereto as Exhibit "A" commencing after completion of the first full calendar year during which In Lieu Payments were paid by FedEx Ground.

(b) If FedEx Ground fails to achieve the PILOT Projections, then the City and the County reserve the right to terminate the benefits of this Agreement for any years remaining hereunder.

(c) If FedEx Ground closes the Project or moves the Project from the County during the term hereof, the City and/or 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.

7. Disbursements by Trustee. All sums received by the Trustee pursuant to Paragraph 3 hereof 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.

8. Contest by FedEx Ground. FedEx Ground 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 FedEx Ground contests any such appraisal or assessment, then it shall present evidence to the Assessor in favor of its position. Likewise, if FedEx Ground contests any such payment 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, FedEx Ground shall make such payments under protest. FedEx Ground 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 FedEx Ground and the Assessor or the Trustee are unable to resolve a dispute, then FedEx Ground 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.

9. 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.

10. 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 until FedEx Ground has made all payments required hereunder, whichever shall later occur.

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

12. Notices. etc. All notices and other communications provided for hereunder shall be written (including facsimile transmission), and mailed via registered or certified mail or sent via facsimile transmission or delivered via overnight express carrier, to the following addresses:

If to the City: Mr. Randall L. Nelson
Suite 400, Pioneer Bank Building
Chattanooga, Tennessee 37402
Fax: 423/756-0737

If to the County: Mr. Rheubin M. Taylor
County Attorney
Hamilton County Government
Room 204
County Courthouse
Chattanooga, Tennessee 37402
Fax: 423/209-6151

If to the Board: Mr. Ross I. Schram III
Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C.
633 Chestnut Street, Suite 1800
Chattanooga, Tennessee 37450
Fax: 423/756-4801

If to FedEx Ground: FedEx Ground Package System, Inc.
1000 FedEx Drive
Moon Township, PA 15108
Attention: Scott DePoy, Esq.
Fax: 412/859-5450

With a Copy to: FedEx Ground Package System, Inc.
1000 FedEx Drive
Moon Township, PA 15108
Attention: Ms. Kimberly Barr
Fax: 412/859-5082

With a Copy to: FedEx Corporation
942 Shady Grove Road
Memphis, TN 38120
Attention: Vice President, Tax
Fax: 901/818-7247

With a Copy to: Brian L. Eftink, Esq.
Miller & Martin PLLC
Suite 1000, Volunteer Building
832 Georgia Avenue
Chattanooga, Tennessee 37402-2289
Fax: 423/321-1594

If to the Trustee: Trustee
Hamilton County Courthouse
Chattanooga, Tennessee 37402
Fax: _____

If to the Assessor: Assessor
Hamilton County Courthouse
Chattanooga, Tennessee 37402
Fax: _____

or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and communications shall be deemed delivered as follows: (i) when sent via facsimile, upon receipt of electronic confirmation, (ii) when mailing via Federal Express or other overnight courier service, one business day after mailing, and (iii) when depositing in the United States mail by registered or certified mail, postage prepaid, return receipt requested, three days after deposit.

13. 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.

14. 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.

15. 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.

16. 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.

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

18. 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.

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

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 COUNTY OF HAMILTON,
TENNESSEE

By: _____
Chairman

FEDEX GROUND PACKAGE SYSTEM, INC.

By: _____
Print Name: _____
Title: _____

CITY OF CHATTANOOGA, TENNESSEE

By: _____
Mayor

HAMILTON COUNTY, TENNESSEE

By: _____
County Mayor

CARL E. LEVI

By: _____
Hamilton County Trustee

WILLIAM C. BENNETT

By: _____
Hamilton County Assessor of Property

EXHIBIT "A"



CHATTANOOGA
AREA CHAMBER OF COMMERCE

**Annual Report for Payment-In-Lieu-of-Tax (PILOT) Program
for Chattanooga and Hamilton County Tennessee**

Company Information

Name: _____
Address: _____
City and Zip: _____
Company Contact: _____
Telephone: _____
E-mail: _____
Fax: _____

Company's Commitment (commitment agreement attached)

Real Property Investment Amount: _____
Personal Property Investment Amount: _____
Number of Net New Jobs: _____
Average Wages per New Job: _____

Capital Investment as of December 31, 20

Real Property Investment Amount: _____
Personal Property Investment Amount: _____

Job Creation as of December 31, 20

(Number of jobs at beginning of PILOT: _____)

No. of Net New Jobs Created: _____

Average Wages as of December 31, 20

Average Wages of New Jobs Above¹: _____

¹ Wages may include overtime, but must exclude benefits.

Comment on Progress Toward Performance Goals

Submit Completed Information To:

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

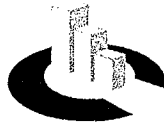
I certify that the information and attachments provided are true and accurate to the best of my knowledge and belief:

Print name and title of authorized representative of applicant

Signature Date

Phone Fax

EXHIBIT "B"



CHATTANOOGA
AREA CHAMBER OF COMMERCE

**Annual Report for Payment-In-Lieu-of-Tax (PILOT) Program
for Chattanooga and Hamilton County Tennessee**

Company Information

Name: _____
Address: _____
City and Zip: _____
Company Contact: _____
Telephone: _____
E-mail: _____
Fax: _____

Company's Commitment (commitment agreement attached)

Real Property Investment Amount: _____
Personal Property Investment Amount: _____
Number of Net New Jobs: _____
Average Wages per New Job: _____

Capital Investment as of December 31, 20

Real Property Investment Amount: _____
Personal Property Investment Amount: _____

Job Creation as of December 31, 20

(Number of jobs at beginning of PILOT: _____)

No. of Net New Jobs Created: _____

Average Wages as of December 31, 20

Average Wages of New Jobs Above¹: _____

¹ Wages may include overtime, but must exclude benefits.

Comment on Progress Toward Performance Goals

Submit Completed Information To:

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

I certify that the information and attachments provided are true and accurate to the best of my knowledge and belief:

Print name and title of authorized representative of applicant

Signature _____ Date _____

Phone _____ Fax _____