



Hamilton County Board of Commissioners RESOLUTION

No. 307-27

A RESOLUTION TO MAKE CERTAIN FINDINGS RELATING TO THE STEEL WAREHOUSE OF TENNESSEE, LLC/LJT TENNESSEE, LLC PROJECT, TO DELEGATE CERTAIN AUTHORITY TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE, 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 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, Steel Warehouse of Tennessee, LLC and LJT Tennessee, LLC (the "Companies") are contemplating the acquisition of additional land, the construction of improvements thereto and the installation of machinery and equipment, along with the expansion and equipping of the Companies' existing manufacturing facility in the Centre South/Riverport Industrial Park, and, because of the substantial economic benefits to the County and the City of Chattanooga resulting from the project, have asked the Corporation and the County Commission to approve payments in lieu of ad valorem taxes; and

WHEREAS, the Commission 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 Steel Warehouse of Tennessee, LLC/LJT Tennessee, LLC 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 Companies, 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

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MEB: 319
PAGE: 164

Approved: W.D. Roush
County Clerk

Approved: David Henry
County Mayor

Vetoed: March 21, 2007
Date



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

THIS AGREEMENT is made and entered into as of this 1st day of April, 2007, by and among **THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE** (the "Board"); **STEEL WAREHOUSE OF TENNESSEE, LLC**, a Tennessee limited liability company ("Steel Warehouse"); **LJT TENNESSEE, LLC**, a Tennessee limited liability company ("LJT"); 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").

WITNESSETH:

WHEREAS, LJT and Steel Warehouse (collectively, the "Companies") are contemplating the acquisition of additional land, the construction of improvements thereto and the installation of machinery and equipment, and are further contemplating the expansion and equipping of the existing manufacturing facility on property located in Chattanooga, Hamilton County, Tennessee (collectively the "Project"), resulting in (a) an investment of at least \$5.0 million in personal property and at least \$2.3 million in real property and (b) creation over a three-year period of at least 30 jobs at an average annual wage rate of at least \$42,500 (the "Investment, Jobs and Payroll Projection"), and the Companies have requested the Board's assistance in the financing of the Project; and

WHEREAS, substantial economic benefits to the Chattanooga 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, which property, together with certain personal property and that certain real property described as Lot 33 Revised Centre South Riverport Industrial Park, Plat Book 78, Page 162 in the Register's Office of Hamilton County (collectively, the "Property") is to be owned by the Board and leased to the Companies; 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 of Chattanooga and to the County, so long as the Property is owned by the Board, pursuant to the provisions of Tennessee Code Annotated, §7-53-305; and

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

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

WHEREAS, the Board has been authorized to receive the In Lieu Payments in lieu of property taxes by resolutions adopted by the City and the County, acting through 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 Companies and the Board have agreed that all In Lieu Payments made to the Board by the Companies shall be paid to the Trustee, who shall disburse such amounts to the 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 Companies notice of any changes in appraisals of the Property in the same manner that notices are given to owners of taxable property. The Assessor shall make available to the Board and the Companies all records relating to the appraisal and assessment of the Property.

2. Designation of Trustee; Computation and Billing of Payments In Lieu of Taxes. The Board hereby designates the Trustee its agent to compute the amounts of the In Lieu

Payments, to receive such payments from the Companies and to disburse such payments to the City and the County. On or about October 1 of 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 Companies bills for appropriate respective amounts of In Lieu Payments (the "Tax Bills").

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

4. Amount of Payments by the Companies. For any period hereunder occurring before January 1, 2008 or after December 31, 2013, and during which the Project (generally being the newly acquired land, the newly acquired personal property in connection with the Companies' 2007-2009 expansion, the new manufacturing building, and the expansion of a current manufacturing building) is owned by the Board, the Companies 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 2008 through 2013, the Companies 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>
2008	0%
2009	25%
2010	40%
2011-2013	50%

With respect to the portion of the Property other than the Project, the Companies shall make In Lieu Payments for the years 2008 – 2013 in an amount equal to the requirements under those certain Agreements for Payments in Lieu of Ad Valorem Taxes dated May 1, 2005 and April 1, 2006, as applicable. In all other cases, the Companies shall make In Lieu Payments for the years 2008 – 2013 in an amount equal to the taxes that would have been payable on this portion of the Property if it were subject to property taxes.

5. Penalties and Late Charges. The Companies 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 Companies fail 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 Companies 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 Companies fail 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 Companies close the Project or move 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. The Companies agree to file annual reports with the Mayors of the City and the County in order to substantiate their compliance with the Investment, Jobs and Payroll Projection.

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 Companies. The Companies 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 Companies contest any such appraisal or assessment,

then they shall present evidence to the Assessor in favor of their position. Likewise, if the Companies contest any such computation, they shall present evidence to the Trustee in favor of their position. If the In Lieu Payments being contested shall be or become due and payable, the Companies shall make such payments under protest. The Companies 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 Companies and the Assessor or the Trustee are unable to resolve a dispute, then either of the Companies 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 each of the Companies has made all payments required hereunder, whichever shall later occur.

10. Leasehold Taxation. If the leasehold interest of either of the Companies 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 Bank 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. Ross I. Schram III, Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C., 633 Chestnut Street, Suite 1800, Chattanooga, Tennessee 37450; if to Steel Warehouse or LJT, Attention: Mr. Michael Donnelly, Vice President and General Manager, 600 River Terminal Road, Chattanooga, Tennessee 37406 (with a copy in either case to Mr. Alfred E. Smith, Jr., Miller & Martin PLLC, Suite 1000, Volunteer Building, 832 Georgia Avenue; Chattanooga, Tennessee 37402); 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.

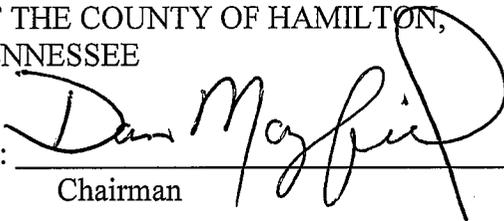
15. Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the parties and signatories hereto and to their respective successors and assigns.

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

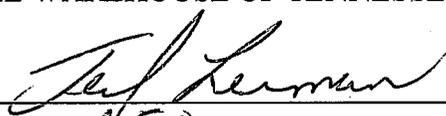
17. Amendments. This Agreement may be amended only in writing, signed by each of the parties hereto, except that the Trustee and the Assessor shall not be required to join in amendments unless such amendments affect their respective duties hereunder.

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

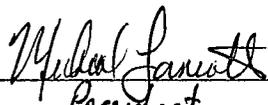
THE INDUSTRIAL DEVELOPMENT BOARD
OF THE COUNTY OF HAMILTON,
TENNESSEE

By: 
Chairman

STEEL WAREHOUSE OF TENNESSEE, LLC

By: 
Title: CFO

LJT TENNESSEE, LLC

By: 
Title: President

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"
TO PILOT AGREEMENT FOR
STEEL WAREHOUSE OF TENNESSEE, LLC
AND
LJT TENNESSEE, LLC

REAL PROPERTY

IN THE CITY OF CHATTANOOGA, HAMILTON COUNTY, TENNESSEE:

Lot Thirty-three (33), Centre South Riverport/Industrial Park, as shown on revised plat of record in Plat Book 84, Page 102, in the Register's Office of Hamilton County, Tennessee. Less and except those portions previously conveyed by Hamilton County, Tennessee, to the Industrial Development Board of the County of Hamilton, Tennessee: (i) dated December 8, 1993, and recorded in Book 4266, Page 264, in the Register's Office of Hamilton County, Tennessee, and (ii) dated August 10, 2005, and recorded in Book 7645, Page 293, in the Register's Office of Hamilton County, Tennessee.

TOGETHER WITH improvements made by the Companies to that certain real property described as Lot Thirty-three (33) Revised Centre South Riverport Industrial Park, Plat Book 78, Page 162 in the Register's Office of Hamilton County in connection with the 2007-2009 expansion.

PERSONAL PROPERTY

All new personal property used by the Companies in connection with the 2007-2009 expansion located on the Property.

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

Date:

Person Completing Form:

Title:

Lessor:

Lessee:

Lease Term	Term Beginning Date	January 1, 2008	Total Term Ending Date	December 31, 2013								
Step 1	30	x	\$42,500	=	\$1,275,000	x	2.0	=	\$2,550,000			
	Number of New Jobs		Average Annual Company		Direct Income		See Note 1		Direct & Indirect Income			
Step 2	\$1,275,000	+	\$ 34,784.00	=	36.65							
	Indirect Income		See Note 1		Number Indirect Jobs							
Step 3	\$2,550,000	x	0.107	=	\$272,850	x	0.647	=	\$176,534	x	0.282	\$49,783
	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	<input type="text" value="66.65"/>	
Total of Direct and Indirect Income	<input type="text" value="\$2,550,000"/>	
Total of New Annual State Sales Tax and New Annual Local Sales Tax	<input type="text" value="\$226,317"/>	
Market Value of Leased Real Property Improvements	<input type="text" value="\$2,300,000"/>	
Market Value of Leased Machinery & Equipment	<input type="text" value="\$5,000,000"/>	
Market Value of Leased Land	<input type="text" value="N/A"/>	
Total Appraised Value:	\$7,300,000	
Total Assessed Value:	\$2,420,000	

First Year PILOT Payment County:	<input type="text" value="0"/>
First year PILOT Payment City:	<input type="text" value="0"/>
Total First Year PILOT:	<input type="text" value="0"/>

To be completed by Comptroller of Treasury

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

RESOLUTION 307-27
CONTRACT COPY



**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
Arlene Hughes, County Mayor's Office
Susan Bedwell, County Trustee's Office
Susan Silvey, County Assessor's Office

FROM: Rheubin M. Taylor, County Attorney 

DATE: June 19, 2007

RE: Economic Development Agreement for Steel Warehouse of Tennessee,
LLC/LJT Tennessee, LLC

Enclosed, please find the final executed copy of the Agreement between The Industrial Development Board of the County of Hamilton; Steel Warehouse of Tennessee, LLC; LJT Tennessee, Inc; the City of Chattanooga, and Hamilton County.

The original is being sent to Debbie Rollins for the County Clerk's records.

Thank you for your continued assistance in these matters.

Enclosure

W. F. (Bill) Knowles, County Clerk
FILED on 7-9-07
Misc. Record Book File # _____
By , Dep. Clk.

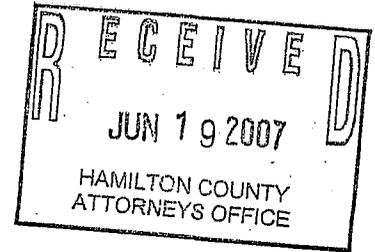
MILLER
& MARTIN
PLLC
ATTORNEYS AT LAW

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

June 18, 2007

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 Steel Warehouse of Tennessee, LLC/LJT
Tennessee, LLC*

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 Steel Warehouse of Tennessee, LLC/LJT Tennessee, LLC.

Sincerely yours,

Alfred Smith
9P
Alfred E. Smith, Jr.

AES/gp
Enclosure

cc: Mr. Michael Donnelly (w/enclosure-original for Steel/LJT)
Mr. Ross I. Schram III (w/enclosure – original for IDB)
Mr. Randall L. Nelson (w/enclosure – original for City)
Mr. Rheubin M. Taylor (w/enclosure – original for County)
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. Steve Hiatt (w/enclosure – copy)