



Hamilton County Board of Commissioners

RESOLUTION

No. 517-30

A RESOLUTION TO MAKE CERTAIN FINDINGS RELATING TO THE HOMESERVE USA CORP., TO DELEGATE CERTAIN AUTHORITY TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, AND TO AUTHORIZE THE COUNTY MAYOR, COUNTY ASSESSOR, AND COUNTY TRUSTEE 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 City of Chattanooga (the "Board") the authority to negotiate and accept payments in lieu of ad valorem taxes from lessees of the Board upon a finding by the County that such payments are deemed to be in furtherance of the Board's public purposes; and

WHEREAS, HomeServe USA Corporation (the "Company") is contemplating working with T. Gene Edwards (the "Developer") to cause the improvement of certain real property in Chattanooga, Hamilton County, Tennessee, the acquisition of certain machinery, equipment and other personal property resulting in an investment of at least \$5.7 million and the creation of at least 192 full-time jobs, which jobs shall have an average annual wage equal to at least \$39,250 (collectively, the "Project") and because of the substantial economic benefits to the City of Chattanooga and Hamilton County resulting from the Project, has asked the Board 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 Board'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 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 Board's public purposes; and

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

That the County Mayor, County Assessor, and County Trustee are hereby authorized to enter into an Agreement for Payments In Lieu Of Ad Valorem Taxes in substantially the form attached hereto, with such changes thereto as they shall approve.

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

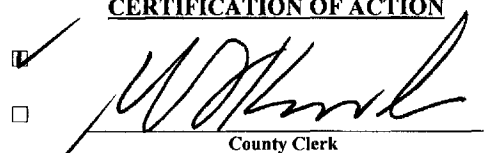
CERTIFICATION OF ACTION

Approved:



Rejected:




County Clerk

Approved:



Vetoed:




County Mayor

May 17, 2017

Date

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

THIS AGREEMENT (the "Agreement") is made and entered into as of this the ____ day of _____, 2017, by and among **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA** (the "Board"); **HOMESERVE USA CORP.** ("HomeServe"), and **T. GENE EDWARDS** ("Developer") (together, the "Companies" and each a "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 **WILLIAM F. HULLANDER and his successors, acting in the capacity of HAMILTON COUNTY TRUSTEE** (the "Trustee"), and by **MARTY HAYNES and his successors, acting in the capacity of HAMILTON COUNTY ASSESSOR OF PROPERTY** (the "Assessor").

WITNESSETH:

WHEREAS, HomeServe is contemplating (i) working with Developer to cause the improvement of certain real property (the "Real Property Improvements") in Chattanooga, Hamilton County, Tennessee, as more particularly described on Exhibit A attached hereto and incorporated herein on the existing real property described in Exhibit A (the "Existing Property") (the Real Property Improvements and the Existing Property shall be collectively referred to as the "Real Property"); and (ii) the acquisition of machinery, equipment and other personal property, as more particularly described on Exhibit B attached hereto and incorporated herein (the "Personal Property") (the Personal Property and the Real Property shall be collectively referred to as the "Property," and the Real Property Improvements and the Personal Property shall be referred to as the "Project"), resulting in an investment of at least \$5.7 million and the creation of at least 192 full-time jobs, which jobs shall have an average annual wage (excluding benefits) equal to at least \$39,250 between September 30, 2016 and December 31, 2021 (collectively the "Investment, Jobs and Wage Projection"), and has requested the Board's assistance with the Project; and

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

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

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

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

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

WHEREAS, the Board has been authorized to receive the In Lieu Payments in lieu of property taxes by resolutions adopted by the City and the County, acting through 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 City of Chattanooga Treasurer (the "Treasurer") and the Trustee, who shall disburse such amounts to the City and the County in accordance with the requirements specified herein; and

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

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

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

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

2. Designation of Trustee; Computation and Billing of Payments In Lieu of Taxes. The Board hereby designates the Treasurer and the Trustee and as its agents to compute the amounts of the In Lieu Payments, to receive such payments from the Companies and to disburse such payments to the City and the County. On or about October 1 of each year during the term of this Agreement, the Treasurer and 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 Treasurer and the Trustee shall send the Board and each Company bills for appropriate amounts of In Lieu Payments (the "Tax Bill").

3. Payments in Lieu of Taxes. After receipt of the Tax Bill, each Company shall pay to the Treasurer and the Trustee the amounts indicated on the Tax Bills which amounts shall be determined in accordance with the provisions set forth below in Section 4. The In Lieu Payments shall be made by each 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 Companies. For the five (5) year period covering and inclusive of years 2019 through 2023 (the "Tax Abatement Period"), each Company shall make In Lieu Payments with respect to its respective portion of the Project in an amount, as determined by the Assessor, the Treasurer and the Trustee, equal to the following percentage of the taxes that would have been payable on its portion of the Project if it were subject to property taxes for the respective years shown:

Year(s)	City General Fund	County General Fund	County School Fund
2019	0%	0%	100%
2020	25%	25%	100%
2021	40%	40%	100%
2022 - 2023	50%	50%	100%

For the avoidance of doubt, the parties intend that the Companies shall make (i) In Lieu Payments in an amount equal to one hundred percent (100%) of all ad valorem taxes that would be dedicated to the support of the County school system, which the Companies and County acknowledge and agree currently equates to 49.64% of the amount of the total County taxes that would have been payable on the Project if it were subject to property taxes (the "School Portion"), and (ii) In Lieu Payments in an amount equal to the above percentages of all other ad valorem taxes of the City and the County, excluding the educational portion of the County ad valorem taxes.

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

For any periods before the Tax Abatement Period or after the Tax Abatement Period that the Property is owned by the Board and leased to the Companies, the Companies shall make In Lieu Payments in an amount, as determined by the Assessor, the Treasurer and the Trustee, equal to one hundred percent (100%) of the amount of taxes that would have been payable on the Property if it were subject to property taxes, except to the extent that a portion of such Property is subject to another agreement for payments in lieu of taxes with the City, the County and the IDB.

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

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

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

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

6. Minimum Requirements; Annual Review; Increase in Amount of In Lieu Payments.

(a) Minimum Requirements. HomeServe must meet one hundred percent (100%) of the Minimum Job Requirement and the Companies must meet one hundred percent (100%) of the Minimum Investment Requirement by December 31, 2021 (the "Determination Date") and each calendar year thereafter during the Tax Abatement Period. For purposes of this Section, the "Minimum Jobs Requirement" equals one hundred fifty-four (154) full-time jobs (directly or through one or more staffing companies), and the "Minimum Investment" equals \$4,560,000.

(b) Annual Employment Review. If HomeServe fails to achieve the Minimum Jobs Requirement during the calendar year in which the Determination Date occurs or in any calendar year thereafter during the Tax Abatement Period, the City and the County shall increase the amount of the general fund In Lieu Payments applicable to the Project for the same calendar year in which such failure occurs by a percentage equal to 100% less the "HomeServe Job Performance" for such calendar year (the "Job In Lieu Payment Percentage Increase"). The "HomeServe Job Performance" for any calendar year means the proportion, expressed as a percentage, that the average number of full-time jobs actually maintained by HomeServe (directly or through one or more staffing companies) bears to the Minimum Job Requirement. In no event shall the Companies' annual General Fund In Lieu Payments exceed one hundred percent (100%) of the general fund taxes that would be assessed against the Project if it were subject to general fund taxes.

Example 1:

Total number of full-time jobs as of December 31, 2021 = 200

Minimum Job Requirement = 154

No increase in In Lieu Payments for 2021

(Minimum Job Requirement has been exceeded)

Example 2:

Total number of full-time jobs as of December 31, 2021 = 145

Minimum Job Requirement = 154

Companies' Job Performance = 94.2%

Job In Lieu Payment Percentage Increase for 2021 = 5.8%

(In Lieu Payment Percentages for 2021 for City General Fund and County General Fund may each be increased by 5.8%)

(c) Annual Investment Review. If the Companies fail to achieve the Minimum Investment Requirement during the calendar year in which the Determination Date occurs or in any calendar year thereafter during the Tax Abatement Period (until such time as the Companies achieve the Minimum Investment Requirement), the City and the County shall increase the amount of the general fund In Lieu Payments applicable to the Project for the same calendar year in which such failure occurs by a percentage equal to 100% less the "Companies' Investment Performance" for such calendar year (the "Investment In Lieu Payment Percentage Increase"). The "Companies' Investment Performance" for any calendar year means the proportion, expressed as a percentage, that the actual aggregate capital investment made by the Companies through the end of such calendar year, including all capital investment made in the preceding calendar years in connection with the Project, bears to the Minimum Investment Requirement. In no event shall the Companies' annual General Fund In Lieu Payments exceed one hundred percent (100%) of the general fund taxes that would be assessed against the Project if it were subject to general fund taxes.

Example 3:

Total amount of capital investment through December 31, 2021 = \$6,000,000

Minimum Investment Requirement = \$4,560,000

No increase in In Lieu Payments for 2021 (Minimum Investment Requirement has been exceeded)

Example 4:

Total amount of capital investment through December 31, 2021 = \$4,250,000

Minimum Investment Requirement = \$4,560,000

Companies' Investment Performance = 93.2%

Investment In Lieu Payment Percentage Increase for 2021 = 6.8%

(In Lieu Payment Percentages for 2021 for City General Fund and County General Fund may each be increased by 6.8%)

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

(d) Single Adjustment Regarding Tax Abatement; Issuance of Supplemental Bill to the Companies. If both the annual employment review under Section 6(b) and the investment review under Section 6(c) for any calendar year indicate an increase in the In Lieu

Payments for the same calendar year in which such failure occurs, and if the City and the County elect to increase the In Lieu Payments for such calendar year, then the City and the County shall determine whether the increase under Section 6(b) or Section 6(c) shall apply, which shall be the sole remedy for a shortfall in the Investment, Jobs and Wage Projection. The increase under Section 6(b) and Section 6(c) shall not be combined. If the City and the County increase the amount of the In Lieu Payments pursuant to the annual employment review under Section 6(b) for any calendar year, then they may not, in the same year, also increase the amount of the In Lieu Payments pursuant to Section 6(c), and vice versa. For example, using Examples 2 and 4 shown above, the City and the County may elect to either (i) increase the amount of the In Lieu Payments to the City General Fund and the County General Fund under Section 6(b) by 5.8% or (ii) increase the amount of the In Lieu Payments to the City General Fund and the County General Fund under Section 6(c) by 6.8%. In accordance with the foregoing and once a determination has been made of the Jobs In Lieu Payment Percentage Increase or the Investment In Lieu Payment Percentage Increase, whichever is determined to be applicable, the Treasurer and the Trustee shall compute the amount of the additional In Lieu Payment resulting therefrom and will issue a supplemental bill to the Companies for that payment.

(e) Project Closure. In the event the Project closes or moves from the County during prior to December 31, 2027, the City and the County reserve the right to immediately terminate the tax abatements provided by this Agreement and require the partial repayment of amounts that would have been payable on the Property during the Tax Abatement Period as if it were subject to property taxes giving credits for those payments made. The provisions of this subsection 6(e) shall be the sole remedy for a closure or relocation of the Project.

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

8. Economic Development Lease Payment

(a) City of Chattanooga. For each calendar year beginning with 2019 in which the In Lieu Payment Percentage as to the City General Fund (see chart in Section 4) is less than 100%, an economic development lease payment (an "Economic Development Payment") equal to 15% of the City property taxes that would otherwise be payable for such year on the Project if it were subject to property taxes (as calculated by the Treasurer pursuant to Section 2, above) shall be computed and collected by the Treasurer; provided, however, in no event shall the total of the Companies' annual City General Fund In Lieu Payments plus the Economic Development Payment to the City exceed one hundred percent (100%) of City general fund taxes that would be assessed against the Project if it were subject to general fund taxes. Beginning in 2019, this Economic Development Payment will be paid for each year that the Property is owned by the Board through and including 2023 if the In Lieu Payment Percentage as to the City General Fund (see chart in Section 4) for such calendar year is less than 100%. If the Board's ownership ceases during any calendar year, then that year's Economic Development Payment will be prorated but in no event shall the total of the Companies' prorated tax payments, prorated In Lieu Payments and the prorated Economic Development Fee exceed one hundred percent (100%) of City General Fund taxes that would be assessed against the Project if it were subject to general fund taxes. The Treasurer shall add the Economic Development Payment as a separate line item on the Tax Bill, and the Companies shall pay their respective portions of the Economic Development Payment for each such year during the term before March 1 of the following year. Any failure to pay the Economic Development Payment on or before March 1 shall result in penalties and late charges calculated in the same manner as penalties and late charges are calculated for In Lieu Payments under this Agreement.

The Treasurer shall disburse the City's Economic Development Payment to the City of Chattanooga's Industrial Development Board. The City of Chattanooga's Industrial Development Board shall hold such funds to be used for economic development purposes, as directed by the Mayor of the City.

(b) Hamilton County. For each calendar year beginning with 2019 in which the In Lieu Payment Percentage as to the County General Fund (see chart in Section 4) is less than 100%, an Economic Development Payment to the County equal to 12.53% of the County property taxes that would otherwise be payable for such year on the Project if it were subject to property taxes (as calculated by the Trustee pursuant to Section 2 above), shall be computed and collected by the Trustee; provided, however, in no event shall the total of the Companies' annual County In Lieu Payments plus the Economic Development Payment to the County exceed one hundred percent (100%) of the County property taxes that would be assessed against the Project if it were subject to County property taxes. Beginning in 2019, this Economic Development Payment will be paid for each year that the Property is owned by the Board through and including 2023 if the In Lieu Payment Percentage as to the County General Fund (see chart in Section 4) for such calendar year is less than 100%. If the Board's ownership ceases during any calendar year, then that year's Economic Development Payment will be prorated, but in no event shall the total of the Companies' prorated tax payments, prorated County In Lieu Payments plus the prorated Economic Development Fee exceed one hundred percent (100%) of the prorated County property taxes that would be assessed against the Project if it were subject to County property taxes. The Trustee shall add the Economic Development Payment as a separate line

item on the Tax Bill, and the Companies shall pay their respective portions of the Economic Development Payment for each such year during the term before March 1 of the following year. Any failure to pay the Economic Development Payment on or before March 1 shall result in penalties and late charges calculated in the same manner as penalties and late charges are calculated for In Lieu Payments under this Agreement.

The Trustee shall not deduct any part of the Economic Development Payment from the School Portion of the In Lieu Payments. The Trustee shall disburse the County's Economic Development Payment to the County, and the County shall hold such funds to be used for economic development purposes as directed by the Mayor of the County.

9. Contest by the Companies. The Companies shall each have the right to contest the appraisal or assessment of the Property by the Assessor, the computation by the Treasurer and the Trustee of the amount of the In Lieu Payment and the calculation of the Economic Development Payments. If the Companies contest any such appraisal or assessment, then it shall present evidence to the Assessor in favor of its position. If the In Lieu Payments, or the Economic Development Payments, as applicable, being contested shall be or become due and payable, the Companies shall make such payments under protest. The Companies and the Assessor, the Treasurer or the Trustee, as the case may be, shall negotiate in good faith for a period not to exceed sixty (60) days to resolve any disputes as to appraisal, assessment or computation of the In Lieu Payment or the Economic Development Payments, as applicable. If the Companies and the Assessor, the Treasurer or the Trustee, as the case may be, are unable to resolve a dispute, then 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.

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

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

12. Leasehold Taxation. The Board, the City, the County, the Treasurer, the Trustee and the Assessor acknowledge and agree that the Companies' personal property leasehold interest in the Personal Property under the Lease shall not be subject to assessment for ad valorem tax purposes. The Board, the City, the County, the Treasurer, the Trustee and the Assessor further acknowledge and agree that the Developer's real property leasehold interests in the property under the Lease is not expected to be subject to assessment for ad valorem tax purposes, as all amounts paid by the Companies, including without limitation, rent under the Lease, costs for maintenance, insurance, utilities, infrastructure, site preparation, acquisition, construction, and other costs for or in connection with the Project, cost of capital for or in connection with the Project, and obligations of the Companies under the Lease would, at the present time, be considered as rent payable under the Lease for purposes of determining the

Companies' leasehold interests. As a result, the actual or imputed rent for the real property portion of the Property is expected to equal or exceed the fair market rent for purposes of Tenn. Code Ann. § 67-5-605. If the leasehold interest of the Companies in the Property should be subject to ad valorem taxation for any year hereunder, then any amounts assessed as taxes thereon shall be credited against any In Lieu of Tax Payments and Economic Development Payments paid under this Agreement and carried forward from year to year until fully utilized. Additionally, in the event the Companies determine, in the exercise of reasonable discretion, that there is a possibility, notwithstanding the foregoing agreement, of a positive taxable leasehold interest in the Property, the Companies shall have the continuing option to require the Board take all reasonable steps, at no additional cost to the Board, to restructure this Agreement and the related Lease to eliminate the positive leasehold value and to deliver the same economic benefit to the Companies as is contemplated under this Agreement without the imposition of any ad valorem taxes on such leasehold value. Such options may include, but are not limited to, an arrangement by which the Board issues and the Companies purchase industrial revenue bonds to finance all or a portion of the Property, provided that such bonds shall be limited obligations of the Board and non-recourse to the City and the County.

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

Board or to the City:

Wade A. Hinton
City Attorney
City of Chattanooga
Suite 200, 100 E. 11th Street
Chattanooga, Tennessee 37402

The County:

Rheubin M. Taylor
County Attorney
Hamilton County Government
Room 204, County Courthouse
Chattanooga, Tennessee 37402

HomeServe:

John Kitzie
Chief Operating Officer
HomeServe USA Corp.
601 Merritt 7
6th Floor
Norwalk, CT 06851

With a Copy to:	Hilary E. Glassman, Esq General Counsel HomeServe USA Corp. 601 Merritt 7 6th Floor Norwalk, CT 06851
And a Copy to:	Miller & Martin PLLC 832 Georgia Avenue Suite 1200, Volunteer Building Chattanooga, Tennessee 37402 Attention: Mark W. Smith
Developer:	T. Gene Edwards and Judy A. Edwards 3279 Bandy Rd Ringgold GA 30736
With a Copy to:	Craig R Allen, Esq. Leitner Williams Dooley and Napolitan 200 W Martin Luther King, Suite 500 Chattanooga, TN 37402
The Assessor:	Hamilton County Assessor of Property Hamilton County Courthouse Chattanooga, Tennessee 37402
The Treasurer:	City of Chattanooga Treasurer 101 East 11 th Street Chattanooga, TN 37402
The Trustee:	Hamilton County Trustee Hamilton County Courthouse Chattanooga, Tennessee 37402

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

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

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

16. No Liability of Board'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.

17. Assignment; Change of Control.

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

(b) Except as provided in this Section, a Change in Control of HomeServe shall require the prior consent of the Mayor of the City, the Mayor of the County, and the Board. For purposes of this subsection, "Change of Control" means (a) the acquisition by any individual, entity or group other than a Related Party (defined below) of ownership of 50.1% or more of the capital stock or voting power of HomeServe, or (b) HomeServe consolidates with, or merges with or into, another entity whether pursuant to one or a series of transactions, where the Related Parties (defined below) own less than 49.9% of the outstanding capital stock or voting power, whether directly or indirectly, of the surviving entity immediately after such transaction or transactions. For purposes of this subsection, a "Related Party" shall include a direct or indirect parent of, subsidiary of or entity under common control with HomeServe, and the "Related Parties" shall include all such entities. The Mayor of the City, the Mayor of the County and/or the Board shall respond to a request for consent to a Change in Control within twenty (20) days and shall not unreasonably withhold such consent. If the Mayor of the City, the Mayor of the County and the Board do not object to the Change of Control within such twenty (20) day period, HomeServe may complete the Change of Control transaction.

(c) Notwithstanding the provisions of subsections (a) and (b), above, and notwithstanding any other provision in this Agreement or the Leases to the contrary, any Company may make a collateral assignment of all or any portion of its interests in this Agreement, the Lease and the Property for the benefit of one or more banks or other lenders that, from time to time, provide financing to one or more of the Companies. Nothing in this Agreement or the Leases shall in any way restrict any sale or transfer of the leasehold interests, and other interests, of each Company in the Property pursuant to a judicial or non-judicial foreclosure sale as a result of the exercise of any one or more lender's rights under the applicable loan documents. The City, the County and the Board shall cooperate with the Companies, to the extent reasonable and at no additional cost to the City, County or Board, in consummating any financing for one or more of the Companies that involves a pledge or assignment of such Companies' interests in this Agreement, the Lease or the Property. Without limitation of the foregoing, the Mayor of the City, the Mayor of the County, and the Chairman of the Board, or any of their respective designees, may, upon the Company's request, enter into or consent to such documents as are necessary to consummate such financing including, without limitation, additional consents to assignment, deeds of trust, estoppel certificates, subordination and non-disturbance agreements, affidavits and certificates, provided that any such documents are expressly non-recourse to the City, County and Board beyond the Board's interest in the Property.

(d) In the event that either Company undertakes an assignment other than as provided in subsections (a) or (c) or a Change of Control occurs with respect to HomeServe other than as provided in subsection (b), the assignment or Change of Control transaction shall not be a default under this Agreement, but the applicable Company shall lose the benefit of the reduced In Lieu Payment and shall thereafter be subject to a 100% In Lieu Payment until such time as it obtains the required consents under this Section.

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

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

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

21. Annual Report. On or before January 31 of each year this Agreement is in effect, the Companies shall provide a report to the Mayor of the City and the Mayor of the County summarizing its investment in the Property and the development and operation of the Project for purposes of analyzing the Companies' progress in achieving the Investment, Jobs and Wage Projection. An independent audit of the annual report may occur, but no more than once annually, if requested by the City or County during any calendar year of this Agreement.

22. Stormwater Fees. In addition to the above-described In Lieu of Tax Payments and Economic Development Fees, the Companies shall be responsible for all stormwater fees assessed by the City against the Property.

23. Rights of HomeServe; Limited Liability of Developer. For so long as HomeServe subleases the Real Property from Developer, HomeServe shall be jointly liable for the liabilities of Developer under this Agreement, and HomeServe shall join in and have the same rights and obligations with respect to the Real Property as Developer has under this Agreement. Developer shall have no rights or obligations under this Agreement with respect to the Personal Property under this Agreement, and Board shall look solely to HomeServe for the performance of such obligations.

24. Compliance with Laws. The Companies understand the relevant and applicable federal and state laws that apply to the terms and conditions of this Agreement and agree to comply with these relevant and applicable federal and state laws

[Signature Pages Follow]

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

ATTEST:

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CHATTANOOGA**

By: _____
Secretary

By: _____
Chairman

HOMESERVE USA CORP.,
a Pennsylvania corporation

By: _____

Name: _____

Title: _____

T. GENE EDWARDS

CITY OF CHATTANOOGA, TENNESSEE

By: _____
Mayor

HAMILTON COUNTY, TENNESSEE

By: _____
County Mayor

WILLIAM F. HULLANDER

By: _____
Hamilton County Trustee

MARTY HAYNES

By: _____
Hamilton County Assessor of Property

EXHIBIT "A"
TO PILOT AGREEMENT

REAL PROPERTY

The Real Property includes the Real Property Improvements and Existing Real Property set forth below:

REAL PROPERTY IMPROVEMENTS

The expansions and improvements to be constructed by the Companies on the Existing Real Property described below September 30, 2016 and December 31, 2021, together with additions thereto, replacements thereof and substitutions therefor.

EXISTING REAL PROPERTY

The following real property, as improved, comprising the Companies' operations and facilities at and about [STREET ADDRESS] in the City of Chattanooga, Tennessee:

[INSERT LEGAL DESCRIPTION]

EXHIBIT "B"
TO PILOT AGREEMENT

PERSONAL PROPERTY

During the Tax Abatement Period, the Project shall include all machinery, equipment and other tangible personal property that is installed or otherwise located on or about or used in connection with the real property described in Exhibit A attached to this Agreement between September 30, 2016 and December 31, 2021, together with replacements thereof and substitutions therefor, in connection with the Companies' facilities and operations on such property or at or about any other owned or leased real property in Hamilton County, Tennessee where HomeServe conducts operations.