

RESOLUTION NO. 26137

A RESOLUTION TO MAKE CERTAIN FINDINGS RELATING TO THE GESTAMP CHATTANOOGA, LLC 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 City of Chattanooga (the "City") is permitted to delegate to The Industrial Development Board of the County of Hamilton, Tennessee (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 City that such payments are deemed to be in furtherance of the Board's public purposes; and,

WHEREAS, Gestamp Chattanooga, LLC (the "Company") is contemplating the construction and equipping of a manufacturing facility in the Enterprise South Industrial Park in Chattanooga, Hamilton County, Tennessee, which will require the acquisition of real property and the construction of a plant and other improvements in the Enterprise South Industrial Park in Chattanooga, Hamilton County, Tennessee (the "New Facility") and the acquisition and installation of machinery and equipment at the New Facility, and, because of the substantial economic benefits to the City and Hamilton County resulting from the project, has asked the Board and the City Council to approve payments in lieu of ad valorem taxes; and

WHEREAS, the City Council 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 THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that we do hereby find that the Gestamp Chattanooga, LLC project referenced above is in the best interest of the City, and that payments in lieu of ad valorem taxes derived therefrom would be in furtherance of the Board's public purposes.

BE IT FURTHER RESOLVED, 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, it being further noted that this delegation is for this purpose and this project only.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized to enter into an Agreement for Payments In Lieu Of Ad Valorem Taxes substantially in the form attached hereto, with such changes thereto as he shall approve.

ADOPTED: November 17, 2009.

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

THIS AGREEMENT is made and entered into as of this ___ day of _____, 2009, by and among THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE (the "Board"); GESTAMP CHATTANOOGA, LLC, a Delaware limited liability company that is authorized to do business in Tennessee (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").

WITNESSETH:

WHEREAS, the Company is contemplating the acquisition of certain real property in the Enterprise South Industrial Park in Chattanooga, Hamilton County, Tennessee and the construction of a plant and other improvements on such real property (the "New Facility") and the acquisition and installation of machinery and equipment at the New Facility (collectively, the "Project"); and

WHEREAS, the Project will result in (i) a total capital investment of approximately \$90,300,000 over the term of this Agreement, and (ii) the creation of at least 230 new jobs during the three year period following the start of production at the New Facility, which jobs shall have an average annual salary (excluding benefits) equal to at least \$38,247 (collectively the "PILOT Projections"), and the Company 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 the equipment and other personal property constituting a part of the Project, as described in attached Exhibit "A" (the "Personal Property"), and to the real property and improvements constituting a part of the Project, as described in attached Exhibit "B" (the "Real Property and Improvements"); and

WHEREAS, the Board agrees to lease the Personal Property and the Real Property and Improvements (collectively, the "Property") to the Company or one of its affiliates or a company designated by the Company which agrees to construct the New Facility on the Real Property to the specifications of the Company (the "Leasing Company"), which Leasing Company will then sublease the New Facility 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., 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 Company make certain payments to the Board in lieu of the payment of property taxes that would otherwise be payable on the Property (the "In Lieu Payments"); and

WHEREAS, the Company has agreed to make 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 as 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 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 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. Any real or tangible personal property that is exempt from property taxes notwithstanding this Agreement shall not be subject to the In Lieu Payments provided herein. The Assessor shall give the Trustee, the City Treasurer, the Board, and the Company 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 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 as 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 each year during the term of this Agreement, 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. Property Acquired After the Term of this Agreement. Whenever during the term of this Agreement, the Company (or one of its affiliates or a Leasing Company designated by the Company) shall acquire any Property, the Board, upon written notice from the Company, will promptly take title to such Property and lease such Property to the Company or one of its affiliates or a Leasing Company designated by the Company, pursuant to the terms of the lease agreement to be entered into between the Board and the Company or one of its affiliates or a Leasing Company, as designated by the Company.

4. 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 which amounts shall be determined in accordance with the provisions set forth below in Paragraph 5. 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.

5. Amount of Payments by the Company. For any period occurring before January 1, 2010 or after December 31, 2023, 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 one hundred percent (100%) of the amount of taxes that would have been payable on the Property if it were subject to property taxes. For each of the years 2010 through 2023, the Company shall make In Lieu Payments in an amount determined by the Assessor and the Trustee equal to the following percentage of the taxes that would have been payable on the Property as if it were subject to property taxes for the respective years shown:

<u>Year</u>	<u>Percentage</u>
2010	29.2%
2011	46.9%
2012	57.5%
2013	64.6%
2014	64.6%
2015	64.6%
2016	64.6%
2017	64.6%
2018	64.6%
2019	64.6%
2020	64.6%
2021	64.6%
2022	64.6%
2023	64.6%

The parties acknowledge that the amount of property taxes to support the County schools currently represents twenty-nine and 20/100 percent (29.2%) of the total amount of the property taxes that would have been payable on the Property if the Property were subject to property taxes (the "Schools Portion") and further acknowledge that a portion of the In Lieu Payments for years 2010 through 2023 equal to the Schools Portion shall be directed by the Trustee to support the County school system.

6. 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, and/or fails to comply with the terms of this Agreement, then the Board, the City or the County may bring suit 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.

7. PILOT Projections Reporting.

(a) In order to determine the extent to which the Company achieves the PILOT Projections upon which the In Lieu Payments have been calculated, the Company shall complete and deliver for each calendar year during the term of this Agreement an Annual Report in the form attached hereto as Exhibit "C", commencing after completion of the first full calendar year during which In Lieu Payments are paid by the Company.

(b) If the Company 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 the Company moves the Project from the County during the term hereof, the County reserves the right to require the partial repayment of amounts that would have been payable on the Property if it were subject to County property taxes. If the Company moves the Project from the City during the term hereof, the City reserves the right to require the partial repayment of amounts that would have been payable on the Property if it were subject to City property taxes.

8. Disbursements by Trustee. All sums received by the Trustee pursuant to Paragraph 4 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.

9. 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.

10. 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.

11. 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.

12. Leasehold Taxation. The Board, the City, the County, the Trustee, and the Assessor covenant and agree that the personal property leasehold interest of the Company and any Company affiliate or Leasing Company in the Project shall not be subject to ad valorem taxation. The Board, the City, the County, the Trustee, and the Assessor further covenant and agree that the leasehold interest of the Company and any Company affiliate or Leasing Company in the Project shall have no assessed value for ad valorem tax purposes as all amounts paid by or on behalf of the Company (or such Company affiliate or Leasing Company) by the Board, the City, the County, the State of Tennessee, and certain agencies of or within the State of Tennessee for the Project, including without limitation, costs for maintenance, insurance, utilities, infrastructure, site preparation, acquisition, construction, equipment and furnishings costs for the Project shall be considered rent payable under the lease agreement with the Board for purposes of determining the value of the leasehold interest. As a result, the actual or imputed rent for the leased real property shall equal or exceed the fair market rent for the leased premises for purposes of Tennessee Code Annotated §67-5-605. In the event there is a valid determination that the real property leasehold interest is taxable for ad valorem tax purposes, any amounts assessed as taxes on the taxable leasehold interest shall be credited against any In Lieu Payments due under this Agreement.

13. Notices, etc. All notices and other communications provided for hereunder shall be written, and mailed via registered or certified mail or delivered via overnight express carrier or via hand delivery, to the following addresses:

If to the City: Mr. Michael McMahan
City of Chattanooga City Attorney's Office
100 East 11th Street, Suite 200
Chattanooga, Tennessee 37402

If to the County or the Board: Mr. Rheubin M. Taylor
County Attorney
Hamilton County Government
Room 204
County Courthouse
Chattanooga, Tennessee 37402-1956

If to the Company: Gestamp Chattanooga, LLC
2701 Troy Center Drive, Suite 150
Troy, Michigan 48084
Attention: James Barry, Chief Financial Officer
Nick Proctor, Chattanooga Plant Director

With a copy to: Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C.
1800 Republic Centre
633 Chestnut Street
Chattanooga, Tennessee 37450
Attention: Louann P. Smith, Esquire

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

If to the Assessor Assessor
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 be deemed delivered as follows, (i) when delivered via hand delivery or overnight courier service, upon the date of delivery, and (ii) when mailed by registered and certified mail, return receipt requested, three days after deposit in the mails, in each case 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. 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 Trustee and the Assessor shall not be required to join in amendments unless such amendments affect their respective duties hereunder.

21. 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.

[Signatures on following page.]

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: _____
Title: _____

GESTAMP CHATTANOOGA, LLC

By: _____
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"
TO PILOT AGREEMENT FOR
GESTAMP CHATTANOOGA, LLC

Personal Property

All equipment and other personal property to be installed at the manufacturing facilities to be constructed by the Company or its affiliate or a Leasing Company designated by the Company on the real property know as Lot 19-A and Lot 19-B on the West Campus of the Enterprise South Industrial Park, Chattanooga, Tennessee, during the term of the PILOT Agreement. (The Company has or will have an option to purchase Lot 19-B. The exercise of such option shall be in the sole discretion of the Company.)

EXHIBIT "B"
TO PILOT AGREEMENT FOR
GESTAMP CHATTANOOGA, LLC

Real Property and Improvements

The real property known as Lot 19-A and Lot 19-B on the West Campus of the Enterprise South Industrial Park, Chattanooga, Tennessee and all buildings and other improvements to be constructed, acquired and installed thereon by the Company or one of its affiliates or a Leasing Company designated by the Company in connection with the manufacturing facilities to be operated on such real property by the Company. (The Company has or will have an option to purchase Lot 19-B. The exercise of such option shall be in the sole discretion of the Company.)

EXHIBIT "C"
TO PILOT AGREEMENT FOR
GESTAMP CHATTANOOGA, LLC

PILOT Annual Report

[attached]