

ORDINANCE NO. 526
AN ORDINANCE APPROVING AN ABATEMENT AGREEMENT
WITH TENNESSEE RIVER, INCORPORATED

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HAMILTON as follows:

Section 1. The City Council (the "Council" of the City of Hamilton (the "city")), upon evidence duly presented to and considered by it, has found and determined, and does hereby find, determine and declare as follows:

- (a) Pursuant to and for the purposes expressed in Division 1 of Article 4 of Chapter 54 of Title 11 of the Code of Alabama 1975 (the "Enabling Law"), the City has caused to be incorporated The Industrial Development Board of the City of Hamilton (the "Board") as a public corporation.
- (b) The Board has filed with the City a certified copy of proceedings and resolutions of the Board held, taken and adopted on February 22, 1996, in which the Board has, pursuant to and for the purposes expressed in the Enabling Law and Chapter 9B of Title 40 of the Code of Alabama 1975 (the "Abatement Law"), (i) found and determined that it is necessary, desirable, in the public interest, and in furtherance of the purposes for which the Board was incorporated, to grant an abatement of all of the taxes allowed to be abated under the Abatement Law, for the maximum abatement or exemption period, with respect to an industrial manufacturing project (the "Project": to be acquired and constructed by the Board within the jurisdiction thereof for lease to and use by Tennessee River, Incorporated (the "User"), and (ii) authorized and approved an Abatement Agreement among the Board and the User providing for such abatement of such taxes with respect to such Project.

therewith the User has petitioned and applied pursuant to the Abatement Law for an Abatement of all taxes which may be abated pursuant thereto, for the maximum abatement or exemption period, with respect to the Project pursuant to the following petitions and applications:

Petition and Application on file

- (d) The Board has found and determined and the City hereby finds and determines that the foregoing petitions and applications contain information that permits a reasonable cost/benefit analysis to be made as to the proposed industrial development property and a determination of the maximum exemption period for the abatement of all taxes which may be abated under the Abatement Law with respect to the Project.
- (e) It is necessary, desirable, and in the public interest, for the City to approve, grant, ratify and confirm the abatement of all of the taxes allowed to be abated under the Abatement Law, including particularly and without limitation Section 40-9B-4 of the Code of Alabama 1975, with respect to the Project for the maximum abatement or exemption period.

Section 2. An Abatement Agreement between the City and the user, in substantially the following form and of substantially the following content, with such changes or additions thereto or deletions therefrom as the officers of the City executing the same shall approve, which approval shall be conclusively evidenced by such officer executing the same as hereinafter provided, is hereby approved, adopted, authorized, ratified and confirmed:

ABATEMENT AGREEMENT

The City of Hamilton (the "City") and Tennessee River, Incorporated, an Alabama corporation (the "User") hereby covenant and agree as follows:

This Agreement shall constitute an abatement agreement for the purposes of Chapter 9B of Title 40 of the Code of Alabama 1975 with respect to an industrial manufacturing project (the "Project") to be owned by the Industrial Development Board of the City of Hamilton (the "Board"). The Board shall lease the Project to the User. All terms, representations and conditions contained in the petitions and applications of the User to the Board and the City pursuant to said Chapter 9B with respect to this Agreement are hereby incorporated into and made a part of this agreement by this reference thereto. All terms used in this agreement in quotations shall have the meanings assigned thereto in said Chapter 9B.

The Project will be (i) "industrial development property" and "private use industrial property" and will consist of the real estate described on Exhibit A hereto and industrial plant buildings, structures, facilities, and related personal property to be acquired, constructed, and installed thereon and (ii) located in the City of Hamilton as a new project and not as a "major addition". The SIC Code for the User and the operations at the Project will be 2298 and will be such that each user and tenant of the Project will be an "industrial or research enterprise." No portion of the Project has been placed in service or operation.

As a result of the Project, the number of persons to be employed at the Project will be as follows over the next three years: year 1: 1 skilled, 74 unskilled; year 2: 5 skilled, 126 unskilled; year 3: 5 skilled, 126 unskilled, and the projected increase in payroll per year is expected to be as follows: year 1: \$886,080; year 2: \$3,660,800; year 3: \$5,992,480. The estimated amount of "construction related transaction taxes" with respect to the Project, assuming a total cost of \$1,700,000 for personalty, is approximately \$63,750, and the estimated amount of "non-education ad valorem taxes" with respect to the Project, assuming the market value of the Project is equal to an expected cost of \$3,500,000, is \$11,200 per year, or \$112,000 for 10 years (assuming no increase in value of realty or depreciation of personalty), and the estimated amount of "mortgage and recording taxes" is \$5,250.00

The City hereby abates with respect to the Project, to the maximum extent permitted by law, including without limitation the provisions of the said Chapter 9B, all "mortgage and recording taxes" all "non-educational ad valorem taxes", and all "construction related transaction taxes".

DATED this 9th day of April, 1996.

CITY OF HAMILTON

By: _____
Mayor

TENNESSEE RIVER, INCORPORATED

Bv: