

RESOLUTION NO. 28363

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD FOR THE CITY OF CHATTANOOGA, TENNESSEE, TO AMEND THE PILOT AGREEMENT WITH ALSTOM POWER, INC. TO REFLECT THE TERMS OF THE LETTER AGREEMENT DATED JULY 8, 2015, ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that it is hereby authorizing the Industrial Development Board for the City of Chattanooga, Tennessee, to amend the PILOT Agreement with Alstom Power, Inc. to reflect the terms of the Letter Agreement dated July 8, 2015, attached hereto and made a part hereof by reference.

ADOPTED: August 11, 2015.

/mem

July 8, 2015

Thomas J. Kehoe,
General Counsel TSUS
Alstom Power Inc.
200 Great Pond Drive
P. O. Box 500
Windsor, CT 06095

RE: PILOT Agreement

Dear Mr. Kehoe:

This letter agreement (“Agreement”) establishes and memorializes agreed upon terms Alstom Power Inc., a Delaware corporation (“Alstom”); Alstom Power Turbomachines LLC, a Delaware limited liability company (“Turbomachines” and, together with Alstom, the “Companies”); the City of Chattanooga, Tennessee (the “City”); and Hamilton County, Tennessee (the “County”) (collectively the “Parties”) regarding that certain PILOT Agreement executed on March 30, 2008 (“PILOT”).

The Parties desire to enter into this Agreement to affirm the Parties’ intent to work together to support the mission, goals, and initiatives of the PILOT Agreement. The Parties acknowledge that the Companies exceeded the capital investment targets set forth in the Pilot Agreement by 37%. With this in mind, the parties agree in principle to the following:

1. The tax abatement set forth in Section 8 of the PILOT shall be amended, and the tax abatement for the 2015 tax shall be adjusted to the following:

Companies shall adjust the tax payment on the property under the Lease Agreement of the total PILOT so that the In Lieu Payments shall be equal to what shall be a total effective tax rate of fifty percent (50%) of what is assessed and due to the City and the County. This amount will be inclusive of the ad valorem taxes currently dedicated to the County school fund.

Using the 2014 assessment as an example only, the total amount due for taxes for both the County and City was \$3,012,722, of which \$879,715 was designated for and paid to Hamilton County Schools leaving \$2,133,007 unpaid to the City (\$1,370,930) and County (\$762,077). Based on the new effective tax rate of fifty percent (50%), the Company would have paid the City approximately thirty percent (30%) of the unpaid \$1,370,930 and would have paid approximately thirty percent (30%) of the unpaid \$762,077 due the County.

Companies shall collectively make an advanced payment of Two Hundred Fifty Thousand Dollars (\$250,000.00) to the City and County not later than October 5, 2015 to be towards the tax payment coming due in February 2016. The Parties agree that the effective rate provided in this section of the Agreement shall remain in effect throughout the initial term of the PILOT.

2. If Turbomachines hires persons such that the number of jobs exceeds fifty percent (50%) of the target amount agreed upon in the PILOT, the Parties agree to reconsider the tax abatement. Such reconsideration could include the adjustment of the tax abatement such that the abatement is increased based on the percentage of employees hired that exceeds fifty percent (50%). Any adjustment of the tax abatement must be mutually agreed upon and evidenced in writing. This exception shall not apply to tax year 2015.

3. The Parties, or their successors, agree to convene no later than March 15, 2016 to review the status of the PILOT Agreement.

4. By signing this Agreement or any more definitive agreement as required by the PILOT Agreement, neither Party admits to any wrongdoing, fault or liability of any kind. This Agreement does not constitute an admission by Companies of any breach of the obligations under the PILOT. By this Agreement, the City and County fully and forever release and settle any and all claims, charges, damages, liabilities, obligations and the like of any and every nature whatsoever related to the PILOT Agreement, including those relating to payment of ad valorem taxes from the date of its inception through and including tax year 2015 (upon receipt by City and County of payment set forth herein), they have or may have had against the Companies. Except as specifically set forth herein, the PILOT Agreement remains in full force and effect according to the terms and conditions set forth therein.

5. The Parties acknowledge that this Agreement is subject to approval by the Chattanooga City Council, the Hamilton County Board of Commissioners, and the City of Chattanooga Industrial Development Board.

Please acknowledge your agreement to the terms set forth in this Agreement by signing where indicated below and returning a counterpart to the City and County.

The foregoing terms of this letter agreement are hereby accepted this _____ day of July, 2015.

Sincerely,

WADE A. HINTON
City Attorney

RHUEBIN M. TAYLOR
County Attorney

(signatures continued on following page)

ALSTOM POWER INC., a Delaware corporation

By: _____

Printed Name: _____

Title: _____

Alstom Turbomachines LLC, a Delaware limited liability company

By: _____

Printed Name: _____

Title: _____