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March 31, 2009

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 Provident Life & Accident Insurance Company*

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 Provident Life & Accident Insurance Company.

Sincerely yours,



Alfred E. Smith, Jr.

AES/gp
Enclosure

cc: Mr. Richard Meadows (w/enclosure – copy)
Mr. Wilson Haizlip (w/enclosure-original for Provident)
Mr. Michael A. McMahan (w/enclosure – originals for City and IDB)
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)

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

THIS AGREEMENT is made and entered into as of this the 1st day of April, 2009, by and among **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA** (the "Board"); **PROVIDENT LIFE & ACCIDENT INSURANCE COMPANY**, a Tennessee corporation ("Provident"); 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").

W I T N E S S E T H:

WHEREAS, Provident is contemplating the acquisition, construction and equipping of a five and one-half level parking garage for 1,450 cars on the block bounded by 4th, 5th, Walnut and Cherry Streets in Chattanooga, Hamilton County, Tennessee (the "Project"), and has requested the Board's assistance in the financing of the Project; and

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

WHEREAS, Provident expects (a) to invest approximately \$21,000,000 in the Project; (b) following construction of the Project, to make available 12.4 acres of existing surface parking lots north of 4th Street and east of Georgia Avenue for mixed use development by third parties; and (c) to make a portion of the former Electric Power Board lot located at 6th and Market and Cherry Streets available for public parking (collectively the "Performance Standards"); and

WHEREAS, the Board has agreed to take title to certain real property constituting a part of the Project, as described in Exhibit “A” attached hereto (the “Real Property”), and to certain personal property constituting a part of the Project, as described in Exhibit “B” attached hereto (the “Personal Property”) (collectively referred to herein as the “Property”), which Property is to be owned by the Board and leased to Provident; 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 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 Provident make certain payments to the Board in lieu of the payment of property taxes that would otherwise be payable on the Property; and

WHEREAS, Provident has 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, Provident and the Board have agreed that all In Lieu Payments made to the Board by Provident shall be paid to the Trustee, who shall disburse such amounts to 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 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. The Assessor shall give the Trustee, the City Treasurer, the Board, and Provident 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 Provident 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 Provident and to disburse such payments to 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 Provident a bill for appropriate amounts of In Lieu Payments (the "Tax Bill").

3. Payments in Lieu of Taxes. After receipt of the Tax Bill, Provident shall pay to the Trustee the amounts indicated on the Tax Bill in accordance with the amount set forth below in Paragraph 4. The In Lieu Payments shall be made by Provident 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 Provident. For each of the fifteen (15) calendar years following the year that the Project is completed, Provident shall make In Lieu Payments in an amount, as determined by the Assessor and the Trustee, equal to thirty percent (30%) of the amount of the taxes that would have been payable on the Property if it were subject to property taxes. For any periods before or after such fifteen (15) year period that the Property is owned by the Board, Provident 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.

5. Penalties and Late Charges. Provident 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 Provident 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 Provident 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 and/or a portion of the sums that would have been paid by Provident had there been no agreement, late charges, expenses and costs of collection in addition to reasonable attorneys' fees. If Provident fails to achieve the Performance Standards, then the City and the County reserve the right to terminate the benefits of this Agreement for any years remaining hereunder. If Provident moves from Hamilton County or closes its business during the term hereof, the City and 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.

6. Disbursements by Trustee. All sums received by the Trustee pursuant to Paragraph 3 shall be disbursed to 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 disbursements to the County shall be made by the Trustee subject to the requirement that all funds disbursed may be used by the County only in furtherance of the public purposes of the Board, as described in Tennessee Code Annotated §7-53-102.

7. Contest by Provident. Provident 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 Provident contests any such appraisal or assessment, then it shall present evidence to the Assessor in favor of its position. Likewise, if Provident 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, Provident shall make such payments under protest. Provident 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 Provident and the Assessor or the Trustee are unable to resolve a dispute, then Provident 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 Provident has made all payments required hereunder, whichever shall later occur.

10. Leasehold Taxation. If the leasehold interest of Provident should be subject to ad valorem taxation, then any amounts assessed as taxes thereon shall be credited against any In Lieu Payments due hereunder. Provident agrees to cooperate fully with the Assessor in supplying information for completion of leasehold taxation questionnaires with respect to the Property.

11. Stormwater Fees. Provident shall be responsible for all stormwater fees assessed by the City of Chattanooga against the Real Property.

12. 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 or the Board, c/o Mr. Michael A. McMahan, City Attorney, Suite 400, Pioneer Building, 801 Broad Street, Chattanooga, Tennessee 37402; if to the County, c/o Mr. Rheubin M. Taylor, County Attorney, Hamilton County Government, Room 204, County Courthouse, Chattanooga, Tennessee 37402-1956; if to Provident, Suite 120, One Fountain Square, Chattanooga, Tennessee 37402, Attention: Facilities Management; 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, Express Mail, or facsimile, be effective when deposited in the mails or if sent upon facsimile transmission, confirmed electronically, respectively, addressed as aforesaid.

13. 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.

14. 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.

15. 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.

16. 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.

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

18. 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.

19. Annual Report. On or before March 1 of each year this Agreement is in effect, Provident shall provide a report to the Mayor of the City and the Mayor of the County summarizing Provident's progress in achieving the Performance Standards.

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

[SIGNATURE PAGE FOLLOWS]

ATTEST:

By: James A. Melby
Secretary

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CHATTANOOGA

By: Frommel
Chairman

PROVIDENT LIFE & ACCIDENT INSURANCE
COMPANY

By: E. Michael Taylor
Title: VP Facilities Mgmt.

CITY OF CHATTANOOGA, TENNESSEE

By: [Signature]
Mayor

HAMILTON COUNTY, TENNESSEE

By: [Signature]
County Mayor

CARL E. LEVI

By: Carl E. Levi
Hamilton County Trustee

WILLIAM C. BENNETT

By: William C Bennett
Hamilton County Assessor of Property

EXHIBIT "A"

**TO PILOT AGREEMENT FOR
PROVIDENT LIFE & ACCIDENT INSURANCE COMPANY**

REAL PROPERTY

Tract 1:

Lot 2, Unum Group Subdivision, as shown on plat recorded in Plat Book 88, Page 121 in the Register's Office of Hamilton County, Tennessee.

Tract 2:

Located in the City of Chattanooga, Hamilton County, Tennessee, being a part of East 4th Street and Cherry Street, being more particularly described as follows:

Beginning at a 5/8" rebar on the south right of way line of East 4th Street, said rebar being located South 88 degrees 07 minutes 02 seconds West 172.73 feet from the intersection of the south right of way line of East 4th Street with the west right of way line of Walnut Street (60' right of way); thence continuing with said south right of way line and the northern line of Lot 2, Unum Group Subdivision, as shown of record in Plat Book 88, Page 121 in the Register's Office of Hamilton County, Tennessee, with a curve to the left having a delta angle of 80 degrees 31 minutes 49 seconds, a radius of 90.00 feet and a chord of South 47 degrees 51 minutes 08 seconds West 116.34 feet to a point at the back of sidewalk; thence along the back of sidewalk the following courses and distances: North 01 degree 35 minutes 18 seconds East 40.72 feet, with a curve to the right having a delta angle of 50 degrees 11 minutes 41 seconds, a radius of 14.41 feet and a chord of North 26 degrees 42 minutes 34 seconds East 12.22 feet, with a curve to the left having a delta angle of 62 degrees 53 minutes 06 seconds, a radius of 13.56 feet and a chord of North 20 degrees 21 minutes 59 seconds East 14.15 feet, with a curve to the left having a delta angle of 52 degrees 32 minutes 56 seconds, a radius of 13.78 feet and a chord of North 64 degrees 36 minutes 21 seconds East 12.20 feet, North 38 degrees 19 minutes 53 seconds East 3.60 feet, with a curve to the right having a delta angle of 49 degrees 49 minutes 22 seconds, a radius of 11.93 feet and a chord of North 63 degrees 14 minutes 35 seconds East 10.05 feet, North 88 degrees 09 minutes 16 seconds East 52.48 feet, South 01 degree 50 minutes 44 seconds East 1.08 feet to the point of beginning, containing 1,175 square feet, all as shown on survey by Hopkins Surveying Group, drawing number 2008-82-1, dated April 09, 2008, Revised April 15, 2008.

EXHIBIT "B"
TO PILOT AGREEMENT FOR
PROVIDENT LIFE & ACCIDENT INSURANCE COMPANY

PERSONAL PROPERTY

All new personal property used in connection with the real property described in Exhibit "A" above.

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

Date: 02/17/2009

Person Completing Form: Richard Meadows

Title: Director, Corporate Facilities Operations

Lessor: The Industrial Development Board of the City of Chattanooga

Lessee

Provident Life & Accident Insurance Company

Lease Term	Term Beginning Date	Total Term Ending Date	2011	2025	Direct Income	Indirect Income	Direct & Indirect Income		
Step 1	2,700 Existing Jobs*	50,000 Average Annual Company	X	=	135,000,000	X	2,0	=	270,000,000
Step 2	135,000,000	\$ 34,784.00	=	=	3,881 Number Indirect Jobs				
Step 3	270,000,000	0.107	X	=	28,890,000 New Total Annual State Tax	X	0.647	=	18,691,830
	Direct & Indirect Income	See Note 1				X	0.282		5,271,096

Calculation Summary:

Additional comments and information about costs or benefits associated with the project may be attached.

Total of New* and Indirect Jobs	2,700
Total of Direct and Indirect Income	\$270,000,000
Total of New* Annual State Sales Tax and New* Annual Local Sales Tax	\$23,962,926
Market Value of Leased Real Property Improvements	\$21,000,000
Market Value of Leased Machinery & Equipment	\$0
Market Value of Leased Land	\$2,967,500
Total Appraised Value:	\$10,504,728
Total Assessed Value:	\$4,201,891

First Year PILOT Payment County:	39,767
First Year PILOT Payment City:	27,749
Total First Year PILOT:	67,516

To be completed by Comptroller of Treasury

Note 1: Economic factors and multipliers provided by University of Tennessee for Business and Economic Research
 *Job retention, not new jobs