

ORDINANCE NO. BL2010- 750

An ordinance authorizing The Industrial Development Board of The Metropolitan Government of Nashville and Davidson County to negotiate and accept payments in lieu of ad valorem taxes with respect to HealthSpring, Inc.

WHEREAS, The Metropolitan Government of Nashville and Davidson County (hereafter referred to as "Metropolitan Government") is vitally interested in the economic welfare of its citizens and wishes to provide the necessary leadership to enhance this area's capabilities for growth and development; and,

WHEREAS, the provision of jobs to area citizens by local business is both necessary and vital to the economic well-being of the Metropolitan Government; and,

WHEREAS, pursuant to the Industrial Development Corporations Act, currently codified at Tenn. Code Ann. §§ 7-53-101 through 314 (such act, as heretofore or hereafter amended, the "Act"), the General Assembly of the State of Tennessee (the "General Assembly") has authorized the incorporation of public corporations known as "industrial development boards" in municipalities in the State of Tennessee (the "State"); and,

WHEREAS, The Industrial Development Board of The Metropolitan Government of Nashville and Davidson County (the "Board") has been duly organized and incorporated in compliance with the Act; and,

WHEREAS, the General Assembly has found and declared that the Board is performing a public function on behalf of the Metropolitan Government and that the Board is a public instrumentality of the Metropolitan Government; and,

WHEREAS, the Supreme Court of Tennessee (the "Supreme Court") has found that the Board is an agency or instrumentality of the Metropolitan Government; and,

WHEREAS, the Act expressly incorporates by reference the statement of public policy set forth in Section 3 of Chapter 209 of the Public Acts of 1955; and,

WHEREAS, Chapter 209 of the Public Acts of 1955 states that the declared purpose of the Act is to do that which the State welfare demands and that which the State public policy requires to alleviate the problems of unemployment, to raise family income, to provide a means by which the citizens of the community may promote and develop industry in their area so as to obtain a balanced economic development highly essential to the welfare of the State, and to promote the development of commercial, industrial, agricultural and manufacturing enterprises by the several municipalities so as to be given local benefits peculiar to each and general benefits to the entire State; and,

WHEREAS, the General Assembly also has declared that the purposes of the Act include maintaining and increasing employment opportunities by promoting industry, trade, and commerce

by inducing manufacturing, industrial, financial, service, and commercial enterprises to locate or remain in the State; and,

WHEREAS, the Supreme Court has held that the purposes of the Act includes the promotion of industry and the development of trade to provide against low wages and unemployment and that such purposes are public in nature; and,

WHEREAS, the Board is empowered pursuant to the Act to acquire, whether by purchase, exchange, gift, lease or otherwise, and to improve, maintain, equip and furnish, "projects" (as defined in the Act), and to lease such projects to others; and,

WHEREAS, HealthSpring, Inc. ("HealthSpring"), with facilities currently located at 44 Vantage Way, 545 Mainstream Drive and 601 Mainstream Drive in Nashville, Tennessee, is planning to work in conjunction with Southeast Venture, LLC ("Southeast") to finance the construction of HealthSpring's new consolidated campus at Metro Center that will be located at 530 Great Circle Road; and,

WHEREAS, the new campus at Metro Center will be constructed in two phases; the first phase will consist of one hundred one thousand five hundred ten (101,510) square feet of new construction and the second phase will consist of sixty-eight thousand four hundred ninety-six (68,496) square feet of new construction, to be completed in 2011 and 2012 respectively, ("the Project"); and,

WHEREAS, HealthSpring anticipates making a capital investment in the Project of sixteen million dollars ((\$16,000,000) in real property in Phase I and between twelve and fourteen million dollars (\$12,000,000 to \$14,000,000) in real property in Phase II along with twenty-three million dollars (\$23,000,000) in personal property, machinery, and equipment over the course of five (5) years; and,

WHEREAS, HealthSpring expects its capital expenditures within the boundaries of the Metropolitan Government to provide significant employment and other commercial opportunities for area citizens; and,

WHEREAS, pursuant to Tenn. Code Ann. § 7-53-305, all properties owned by the Board are exempt from ad valorem taxation in the State of Tennessee; and,

WHEREAS, pursuant to Tenn. Code Ann. § 7-53-305(b), the Metropolitan County Council (the "Council") has the power to delegate to the Board the authority to negotiate and accept from its lessees payments in lieu of ad valorem taxes, provided that such payments are in furtherance of the Board's public purposes; and,

WHEREAS, the benefits to the Metropolitan Government of the location of the Project within the boundaries of the Metropolitan Government, and in exercise of its powers above, will provide an opportunity for the Board to acquire, by purchase, exchange, gift or lease, property that will be used with respect to the Project, to lease that property to HealthSpring and/or Southeast, and to enter into one or more agreements with HealthSpring and/or Southeast to accept payments in lieu of *ad valorem* taxes with respect to the property; and,

WHEREAS, the Board may only negotiate and accept payments in lieu of ad valorem taxes with authorization from the Council; and

WHEREAS, it is in the interest and welfare of the citizens of the Metropolitan Government to delegate authority to the Board to negotiate and execute a payment-in-lieu-of-tax agreement with HealthSpring and/or Southeast.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1: That the Council of the Metropolitan Government finds that the Board's acceptance of payments in lieu of ad valorem taxes with respect to the Project is in furtherance of the Board's public purpose of maintaining and increasing employment opportunities, as set forth in Tenn. Code Ann. § 7-53-102, and the other public purposes described above.

Section 2: That the Metropolitan Government hereby delegates to the Board the authority to negotiate and accept payments in lieu of all personal property taxes with respect to the Project for a period of three years, beginning on the date that the Board enters into a lease with HealthSpring and/or Southeast with respect to the Project. The amount of the payment in lieu of personal property tax that shall be required with respect to each year under such arrangement shall be zero percent (0%) of the Standard Tax.

Section 3. That the Metropolitan Government further delegates to the Board the authority to negotiate and accept payments in lieu of all real property taxes with respect to the Project, for a period of ten years beginning on the date that the Board enters into a lease with HealthSpring and/or Southeast. The amount of the payment in lieu of real property tax that shall be required with respect to

- (a) Years 0-4 of such lease arrangement shall be zero percent (0%) of the Standard Tax;
- (b) Years 5-7 of such lease arrangement shall be forty percent (40%) of the Standard Tax;
- (c) Years 8-10 of such lease arrangement shall be sixty percent (60%) of the Standard Tax.

Section 4. That the term "Standard Tax" shall mean the amount of ad valorem real and personal property tax that HealthSpring and/or Southeast would be required to pay with respect to a given tax year with respect to the real and personal property that is then subject to the payment in lieu of tax arrangement authorized hereby if HealthSpring and/or Southeast owned such property. HealthSpring and/or Southeast shall be permitted to challenge the assessment of any real or personal property that is then subject to the payment in lieu of tax arrangement authorized hereby in the same manner as if HealthSpring and/or Southeast owned such property.

Section 5. (a) That the payment in lieu of tax arrangement authorized by this Ordinance shall apply to all real property and personal property comprising a portion of, or used at or in connection with the facilities located on the property known as the HealthSpring campus located at 530 Great Circle Road in Metro Center.

(b) That the payment in lieu of tax arrangement authorized by this Ordinance shall apply to all land, buildings, improvements, fixtures, construction in progress, equipment, furniture, and other

properties of any nature comprising a portion of, or used in connection with, facilities located on the property described above. Such arrangement shall apply to such facilities and such properties in their current scope and configuration and to all replacements, enhancements, additions, expansions, and improvements to such properties and facilities.

Section 6. That the final version of the payment in lieu of tax agreement authorized by this Ordinance must be approved as to legality by the Director of Law of the Metropolitan Government prior to being executed by the Board.

Section 7. That all ordinances or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

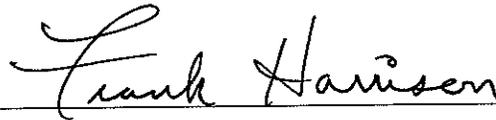
Section 8. That this Ordinance shall take effect from and after its final passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

RECOMMENDED BY:

INTRODUCED BY:



Alexia Poe
Director of the Mayor's Office of Economic
and Community Development



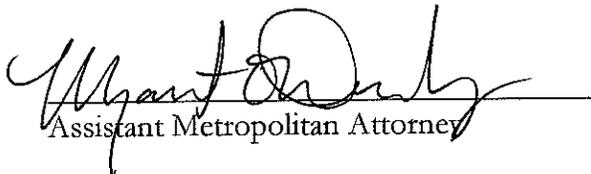
APPROVED AS TO AVAILABILITY OF
FUNDS:



Richard M. Riebeling
Director of Finance

Council Members

APPROVED AS TO FORM AND
LEGALITY:



Assistant Metropolitan Attorney