

STATE OF ALABAMA
COUNTY OF BLOUNT
TOWN OF SNEAD

ORDINANCE 2008-02

**A TAX ABATEMENT AGREEMENT BY AND BETWEEN THE TOWN
OF SNEAD AND QUALITY MILL PRODUCTS, LLC**

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF SNEAD, ALABAMA,
AS FOLLOWS:

This Agreement is made this the 14th day of January, 2008, by and between the Town of Snead, Alabama (the Granting Authority) and Quality Mill Products, LLC (the Company), its successors and assigns.

SECTION 1. WHEREAS, the Company's Standard Industrial Classification Code, 2541 meets the qualifications of an industrial or research enterprise in accordance with Section 40-9B-3(f) of the Code of Alabama, 1975, as amended; and

WHEREAS, the Company has announced plans for a new project located within the jurisdiction of the Granting Authority; and

WHEREAS, the Project is estimated to be completed by the 31st day of January, 2009; and

WHEREAS, the Project will be located in the County of Blount inside the Town limits of Snead, Alabama; and

WHEREAS, pursuant to the Tax Incentive Reform Act of 1992 (Section 40-9B-1 et seq. the Code of Alabama, 1975, as amended, the Company has requested from the Granting Authority an Abatement of all state and local non-educational ad valorem taxes, all construction related transaction, except those construction related transaction taxes levied for educational purposes or for capital improvements for education, and/or all mortgage and recording taxes; and

WHEREAS, the Granting Authority has considered the request of the Company and the completed applications filed with the Granting Authority by the Company, in connection with its request; and

WHEREAS, the Granting Authority has found the information contained in the Company's application to be sufficient to permit the Granting Authority to make a reasonable cost/benefit analysis of the proposed project and to determine the economic benefits to the community; and

WHEREAS, at its meeting held on the 14th day of January, 2008, the Granting Authority approved the Company's application for abatement of all stated and local non-educational ad valorem taxes, all construction related transaction taxes, except those construction related transaction taxes levied for educational purposes or for capital improvements for education, and/or all mortgage and recording taxes; and

WHEREAS, the Project will consist of private use industrial development property, which is composed of all real and related personal property to be acquired, constructed and installed thereon, as described in the Attachment hereto; and

WHEREAS, the private use industrial development property for which the abatement is applied is owned by the entity applying for the abatement; and

WHEREAS, for the purposes of abatement of all non-educational ad valorem taxes (if applicable), it has been determined that no portion of the Project has been placed in service or operation by the Company or by a related party, as defined in 26 U.S.C. Section 267, with respect to the Company prior to the Effective Date of this Agreement; and

WHEREAS, for the purposes of the abatement of all construction related transaction taxes (if applicable), no portion of the Project which has been requested for abatement has been purchased prior to the Effective Date of this Agreement; and

WHEREAS, the Project conducts trade or business as described in any of the following 1987 Standard Industrial Classification Major Groups 20 to 39, inclusive, 50 to 51, Industrial Group Number 737, or Industry Numbers 0724, 4613, 8731, 8733, or 8734, as set forth in the Standard Industrial Classification Manual published by the United States Government Office of Management and Budget; and

WHEREAS, if the Project is a major addition to the existing facility, the request for abatement of all state and local non-educational ad valorem taxes (if applicable) and/or all construction related transaction taxes (if applicable) does not include any capitalized repairs, rebuilds, maintenance, replacement equipment, or costs associated with the renovating or remodeling of the existing facilities of the property previously placed in service by the Company; and

WHEREAS, if the Project is a major addition an existing facility the addition equals the lesser of (1) thirty (30) percent of the original cost of the industrial property, or (2) Two Million (\$2,000,000.00) dollars; and

WHEREAS, the Company is duly qualified to do business in the State of Alabama, and has powers to enter into, and to perform and observe the agreements and covenants on its part contained in this Agreement; and

WHEREAS, the Granting Authority represents and warrants to the Company (1) that it has power under that constitution and laws of the State of Alabama (including particularly the provisions of the Act) to carry out provisions of this Agreement, (2) that the execution of this

Agreement on its behalf has been duly authorized by ordinance adopted by the governing body of the Granting Authority;

SECTION 2. NOW THEREFORE, the Granting Authority and the Company, in consideration of the mutual promises and benefits specified herein, hereby agree as follows:

1. In accordance with the Act, the Granting Authority hereby grants to the Company abatement from the liability for the following taxes as permitted by the Act:

X (a) Non-educational Ad Valorem Taxes: all ad valorem taxes that are not required to be used for educational purposes or for capital improvements for education:

X (b) Construction Related Transaction Taxes: the transaction taxes imposed by Chapter 23 of Title 40 of the Code of Alabama 1975 as amended, on the tangible personal property and taxable services to be incorporated into the Project, the cost of which may be added to capital account with respect to the Project, except for those local construction related transaction taxes levied for educational purposes or for capital improvements for education;

___ (c) Mortgage and Recording Taxes: all taxes imposed by Chapter 22 of Title 40 of the Code of Alabama 1975 relating to mortgages, deeds and documents relating to issuing or securing obligations and conveying title into or out of the Granting Authority with respect to the Project.

2. An estimate of the amount of the amount of tax abated pursuant to this Agreement is set forth below. The Granting Authority and the Company hereby acknowledge that this estimate reflects the amount of tax abated for the period stated, under current law, and that the actual abatement for such taxes may be for a greater or lesser amount depending upon the actual amount of such taxes levied during the abatement period stated.

X (a) If no bonds are to be issued, non-educational ad valorem taxes are expected to be approximately \$11,462.70 per year and the maximum period for such abatement shall be valid for a period of 5 year(s), beginning with the October 1 lien date next preceding the acquisition date of the abated property,

___ (b) If bonds are issued, non-educational property taxes are expected to be approximately \$_____ per year and the maximum period for such abatement shall be valid for a period of ___ year(s),

X (c) Construction related transaction taxes, except those construction related transaction taxes levied for educational purposes or for capital improvements for education, are expected to be approximately \$21,355.00, and such abatement shall not extend beyond the date the Project is placed in service.

___ (d) Mortgage and recording taxes are expected to be approximately \$_____.

3. The Company hereby makes the following good faith projections:

(a) Amount to be invested in the Project \$ 2,011,000.00;

(b) Number of individuals to be employed initially at the Project and in each of the succeeding years:

Initially 40 Year 1 75 Year 2 150 Year 3 150;

(c) Annual payroll initially at the Project and in each of the succeeding three years:

Initially \$1,070,000 Year 1 \$1,770,000 Year 2 \$3,270,000 Year 3 \$3,270,000;

4. The Company shall file with the Alabama Department of Revenue within 90 days after the date of the Meeting a copy of this Agreement as required by Section 40-9B-6 (c) of the Act.

5. COMPLIANCE. If the Company fails to comply with any provision in this Agreement or if any of the material statements contained herein or in the Application for abatement, are determined to have been misrepresented whether intentionally, negligently, or otherwise, the Granting Authority shall terminate this Agreement and take such equitable action available to it as if this Agreement had never existed. If it is determined that certain items, which are identified on the application form for abatement of taxes, are not in compliance with the Act or governing regulations, these items may be subject to taxation for all local and state taxing authorities.

6. BINDING AGREEMENT. Each party to this Agreement hereby represents and warrants that the person(s) executing this Agreement on behalf of the party is authorized to do so and that this Agreement shall be binding and enforceable when duly executed and delivered by each party. This Agreement shall be binding upon and inure to the benefit of each of the parties and their respective successors.

7. LIMITATIONS. Notwithstanding any provision contained herein to the contrary, this Agreement is limited solely to the abatement of (check all that apply):

X All State and Local non-educational property taxes;

X All construction related transaction taxes, except those construction related transaction taxes levied for educational purposes or for capital improvements for education, and/or

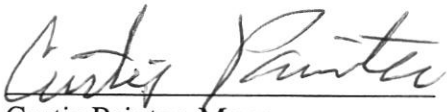
 All mortgage and recording taxes fees for the periods specified herein. Nothing in this Agreement shall be construed as a waiver by the Company of any greater benefits that the Project or any portion thereof may have available under provisions of the law other than the Act.

8. SEVERABILITY. This Agreement may be amended or terminated upon mutual consent of the Granting Authority and the Company. Any such amendment or termination shall not in any manner affect the rights and duties by and between the Company and the Granting Authority.

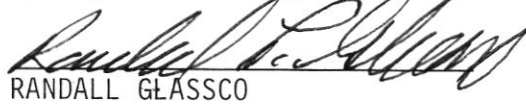
SECTION 3. ORDINANCES in conflict; all ordinances or parts of ordinances in conflict herewith are hereby repealed.

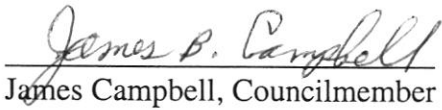
IT IS HEREBY ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF SNEAD, ALABAMA, that this ordinance shall become effective immediately on its passage and publication as required by law.

ADOPTED AND APPROVED THIS THE 14th DAY OF JANUARY, 2008.

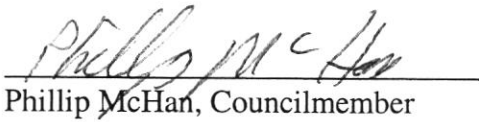

Curtis Painter, Mayor

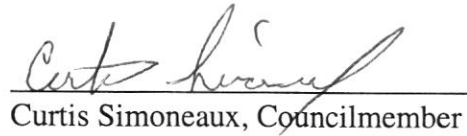
Quality Mill Products;


RANDALL GLASSCO


James Campbell, Councilmember


Ronnie Mack Kent, Councilmember


Phillip McHan, Councilmember


Curtis Simoneaux, Councilmember


Dale Snead, Councilmember

Attest: 
Rae Ware, Town Clerk