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FAYETTE COUNTY
INDUSTRIAL DEVELOPMENT BOARD

POLICY

PAYMENT IN LIEU-OF TAX (PILOT)

This policy was adopted and revised by the Fayette County Commission on September 28, 1999 at their regular session.

Section 1. General Purpose And Objectives

Fayette County, Tennessee is committed to the promotion of high quality development in all parts of the County and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the Fayette County Industrial Development Board will, on a case-by-case basis, give consideration to providing Payment-In-Lieu-of-Tax (PILOT) incentives as stimulation for economic development.

It is the policy of Fayette County that said consideration will be provided in accordance with the guidelines and criteria outlined in this Policy Manual. Nothing herein shall imply or suggest that Fayette County is under any obligation to provide a PILOT to any applicant. All applicants shall be considered on a case-by-case basis, and the decision to approve or deny a PILOT shall be at the discretion of the Fayette County Industrial Development Board (IDB).

The Fayette County Industrial Development Board was established by County government to assist in the financing of new business and industry and to promote local industrial expansion. The corporation was organized in accordance with the State of Tennessee Industrial Development Corporation Act. It is the Intention of this Board to conduct its activities consistent with the provisions of the Act and the intent of the County in establishing the Corporation. To this end, the IDB adopts the following guidelines for the consideration of applications for PILOT Incentives.

1. In accordance with the requirements of State law, the Board must find each project that is presented to the Board for action to be in the public interest and likely to increase employment within the State of Tennessee. The Board interprets this to mean that the project results in a net "increase in the number of Jobs within the Fayette County area (or a "net" savings of jobs which might otherwise be lost). Thus projects which could be located elsewhere if bond financing or PILOT incentives were not available will generally be approved subject to the financial and other requirements of the Board.
As an Initial qualification, the Industrial Development Board will require that any applicant seeking PILOT Incentives meet the requirement that at least 85% of its employees at the proposed Project must make at least $10 per hour. For qualified applicants, the Industrial Development Board will then evaluate projects for PILOT eligibility based primarily on the following performance standards:

   a. Number and type of jobs created  
   b. Annual base wage  
   c. Capital investment in real and personal property  
   d. Location of the project

All projects going before the Industrial Development Board will be evaluated based on their merits and will be scored consistent with the PILOT Evaluation Matrix.

The specific types of projects that may apply for and be considered for PILOT incentives, as long as the proposal otherwise meets the Boards criteria, are:

   A. Industrial Projects constructed to manufacture, assemble, process, fabricate and distribute agricultural, mining, or manufactured products.

   B. Pollution Control projects have been found by the legislature to be in the public Interest without regard to employment factors.

   C. Distribution Facilities constructed to receive and forward final goods to various locations.

   D. Office Buildings and Service Facilities constructed for a specific tenant who will occupy said building or facility for at least the term of the PILOT.

   E. Other Noncommercial Projects not defined above may be considered for PILOT on a case-by-case basis.

The following types of Projects shall not be considered by the Board:

   A. General Commercial Projects, Housing Projects, Retail Centers, and Entertainment and Recreation Facilities.

   B. Speculative development: This Policy shall not be construed to prevent Projects for single users, even though actual ownership of such Projects may reside in an entity or entities other than the user. Such cases shall be considered upon their individual merits, but in no event shall a Project owned by a party other than the primary user of the facility be considered unless: All of the Facility or a predefined percentage of the Facility will be used for the Project which is the subject of the PILOT Application. No
PILOT Application shall be approved if it would constitute an artifice or device to circumvent the Board’s requirement that "speculative" rental projects not be approved.

2. Each applicant In Its development, ownership and or operations of a project will be required to comply with all laws. Ordinances, orders, rules, regulations, and requirements of duly constituted public authorities, which are or shall become applicable to the Project, the repair and alteration thereof, and the use or manner of use of the Project.

3. It is the policy of the Fayette County Industrial Development Board to support economic development within the region by using the following goals:

   a. Increase job growth
   b. Increase personal per development capital Income
   c. Increase capital Investment and investment
   d. Create a balanced Industry mix
   e. Increase minority business
   f. Increase International trade
   g. Increase educational levels in local schools
   h. Public safety

Section II. PILOT Explanation/industrial Development Board Role

The following is a general description of a typical transaction involving the Industrial Development Board of Fayette County for the purpose of proving economic incentive agreements in the form of tax abatements on industry occupied real estate and Industry owned equipment.

1. Conveyance of Property to Board The Industrial Development Board (the "Board") agrees with the industry to take title to the land and building to be occupied by the industry. The conveyance is usually consummated by the Industry's execution and delivery to the Board of a warranty deed conveying the property to the Board.

2. Industrial Lease The Board simultaneously enters into a lease agreement with the Industry whereby the industry will lease the property from the Board. These leases are "triple net leases" whereby the industry is responsible for all maintenance, repair, taxes, insurance, etc. The lease will also contain specific provisions as to the following matters.

   a. Payment Lieu of Taxes Because the property is exempt from taxation while owned by the Board, the Board and the industry agree upon a schedule of tax abatements or "Payments in Lieu of Taxes" to be paid as rent under the Lease.
**b. Purchase Option** In the lease, the Board grants to the industry the right to purchase the property, at any time during the term of the lease by payment of an agreed Sum (say $10,000.00).

**c. Valuation Improvements** The tax abatements normally relate only to the valuation of the property, in its existing condition when sold to the Board or as represented to be made in the application. In the event the industry should later make additional capital improvements to the property, then the increased value of those improvements could result in additional Payments in Lieu of Taxes to cover the assessed valuation of those improvements.

**d. Employment Covenants** This lease will also require that certain minimum employment levels be maintained at the leased facility consistent with the representations of the Industry at the beginning of the transaction. Employment and gross wages are often a major inducement for the tax abatement; therefore, the Board would reserve the right to review employment information of the industry during the term of this lease and would have the right to review the abatement schedule in the event certain minimum employment levels are not maintained.

3. **Lender Financing** To the extent that the industry seeks to acquire property, plant or equipment using outside lenders for financing the acquisition of such property, then, the Board will cooperate with the industry and its lender to carry out the transactions provided that the documentation does not place an Inappropriate risk on the Board, its members or its properties.

4. **Equipment** The Board can accomplish tax abatements for new equipment for an Industry in a similar manner as that for real property and buildings. The industry, upon purchasing the equipment, executes a bill of sale of the equipment to the Board. The Board simultaneously executes an equipment lease to the industry (Lessee). The lease will have the purchase option provisions for the industry as well as the tax abatement schedule applicable to the equipment.

5. **Requirement of Economic Inducement** The tax abatements permitted by the Board are only effective if such abatements constitute a true incentive or inducement for the industry to commence or expand its manufacturing operations. If the industry has already made a decision to purchase and install new equipment without the Board's prior inducement, then, in such event, the tax abatements did not constitute an inducement or incentive for the industry’s decision to purchase the equipment. The same holds true for purchase or construction of a plant facility. If the industry has already contracted for or made binding arrangements to accomplish any of
the foregoing prior to the Board's involvement, the tax abatements will not be available unless such arrangements are conditioned upon the Board's involvement.

6. **New Construction** The Board is also able to assist industry in connection with "new construction" of a plant facility or building, however, this involves additional considerations such as construction agreements and construction loans in some cases. If industry intends to engage in new construction, then a specific structure or arrangement is required to accommodate this type of transaction.

7. **Board Fee** The Board has established a fee arrangement for defraying the costs and expenses of the Board for industrial transactions. This fee is based upon the amount of Board financing requested by industry and a schedule will be furnished upon request.

**Section III. Conflict of Interest**

To avoid conflicts of interests, no incentive will be approved if Board Counsel has a professional legal relationship with the Applicant or any Sponsors source of the financing other than (I) Incidental representations In connection with proposed financing or similar financing and/or (II) engaged as bond counsel in connection with the financing or similar financings, but the Board may waive this condition in appropriate circumstances. In the event of a conflict involving Board Counsel, special counsel shall be retained by the Board to represent it in connection with the particular Project being considered.

Each Board member shall be responsible for disclosing any material interest which he or she may have in or with an Applicant, Sponsor or financing source. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or Sponsor or financing source shall submit to the Board Counsel a representation of that interest, and Board Counsel shall advise both the Board and Board member whether the member needs to recuse himself or herself from consideration of the Application. Such recommendation of Board Counsel shall be conclusive. If recusal is recommended, the Board will then consider the Application without participation from the member or members who rescues themselves.
Section IV. Definitions

"A Fayette County Company" is one which has a principal office within the county limits.

"Contract Employee" means a person employed by a party other than the primary user of a facility who will directly benefit from the PILOT incentive, but who is assigned to work for the primary user of the facility as a regular and necessary member of the workforce and is responsible for duties and assignments required to meet production levels of the primary user.

"Expansion" means the addition of buildings, structures, machinery or equipment for the purpose of expanding a Project. The Expansion will be evaluated independently from the original Project, and shall require a new application.

"Facility" (or Facilities) means property improvements completed or in the process of construction which together comprise an integral Project, including real property and tangible personal property.

"Greenfields" means any undeveloped land which has previously only been utilized for agricultural and/or residential uses.

"Lease Term" means period of time in years the PILOT is in effect -- from commencement of the PILOT lease agreement (real and/or personal property) until the applicable annual anniversary of the lease agreement occurs.

"Fayette County Area" means the entire area of Fayette County, Tennessee.

"Modernization" means the replacement and/or upgrading of existing facilities which increases production, updates technology, or substantially lowers the cost of operation and extends the economic life of the facility.

"Payment-In-Lieu-of Taxes" (PILOT) means payments established by the Board to be made in lieu of ad valorem taxes on the property involved in the Project. Generally for real property, such amounts are to be based on the taxes being generated at the time the Board takes title to the property considering only the value of the unimproved property. Generally, for tangible personal property, such amounts are to be based on the taxes being generated at the time the Board takes title to the property.

"Primary User" means corporation or other business entity, or a group of individual entities that jointly operate a project) and who in total contribute to the total number of jobs and the capital investment of the project.
"Project" means buildings, structures, machinery, equipment, land, new employees and applicable wages defined in the application. This may include the addition of buildings, structures, machinery, or equipment that is committed by the applicant to be started within three (3) years of the lease date or commencement of operations of the Project defined in the Application. Any phase or expansion planned beyond three (3) years of the initial project will require a new application to be filed at the time said expansion is planned.

"Sponsor" Any entity with legal or economic responsibility for any Project proposed to be financed by the Board or any entity with legal or economic responsibility for any Project proposed to be conveyed to the Board in order for it to grant PILOTs. A Sponsor may be the Applicant or the proposed Project lessee.

In a three-party PILOT transaction, the Sponsor is the fee owner of the real property upon which the Project will be located. The Sponsor will convey the real property to the Board, the Board will lease the real property to the Sponsor and the Sponsor will sublease the real property to the Applicant. The Applicant will also be a party to the lease with the Board. The basic operating lease term between the Lessee (Sponsor) and the Sub-lessee (Applicant) for the real property must be equal to or greater than the approved PILOT Real Property Lease term to ensure continuous Applicant accountability during the approved PILOT term.

"Staff" The Industrial Development Board Is supported by the staff of the Fayette County Chamber of Commerce.

Section V. PILOT Incentive Criteria

Commercial Business investment creates new jobs, new income and can provide positive economic growth and economic stabilization that benefits the County as a whole. This PILOT Policy provides the general guidelines for all PILOT projects. This policy will be considered, in accordance with state law, and applied on a case-by-case basis in evaluating projects for PILOT incentives. But nothing herein shall obligate the Board or Fayette County to approve a PILOT incentive.

Review of an application on a case by case basis, still requires the Board to demonstrate to the citizens of Fayette County, that the PILOT incentives granted to a project are in the public interest. The Board has therefore established the criteria listed below for the review of applications. These criteria are based upon the economic and physical development policies of Fayette County, Tennessee, and may be changed by the Board without notice when economic conditions warrant.
PILOT Criteria:

NOTE: As condition precedent to granting PILOT incentives, the Board will require an applicant to meet the requirement that at least 85% of its employees at the Project make at least $10 per hour.

The Board establishes the following categories for evaluating a Project for PILOT incentives. These categories address the basic responsibility of the Board to create jobs with good wages, and to promote overall economic growth in the community as well as provide for growth in all areas of Fayette County. The precise method of evaluation is found in the Incentive Eligibility and Consideration attached hereto.

A. Jobs
Projects that create permanent full-time, full-time equivalent, seasonal, and contract jobs will be considered.

B. Wages
paid by Applicants will be considered by the Board as a factor relevant to the "County's Target Wage Scale" published by the IDB for Fayette County, Tennessee. Applicants who surpass 160% of Fayette County's "Target Wage Scale" will be given Special Consideration points. Special consideration points will be awarded at the Board's discretion.

C. Capital investment
made by an applicant in the land, building, site preparation equipment and any other tax producing improvements will be considered by the Board. It may also include investments in equipment necessary for the successful operation of the facility. Special consideration will be used to increase points to Applicants who are investing more than $50 million on a case-by-case basis.

Investment capital cannot be transferred between real and personal property categories once the Board has approved the Applicant's application. Subsequent investment capital reassignment by the Applicant will require resubmit of another application for Board approval.

Monthly or annual rental payments during the PILOT Lease term are not to be construed as part of the leasehold property improvement or increasing the value of the Applicants capital investment.

D. The Location
of a project within the jurisdiction of the Board will be considered.

E. Special Circumstances
or conditions may be present that the Board shall have at its discretion to consider in granting a specific PILOT incentive term. This information may be taken into consideration by the Board in granting a specific PILOT incentive, or may require a commitment by the applicant subject to an annual review by the Board. This other pertinent information must clearly demonstrate a significant impact upon the economic and physical plans of Fayette County. These guidelines are in addition to the normal rules and procedures of the Board and do not represent an exclusive list. From time to time and without notice, other
guidelines may be adopted, amended or deleted. These guidelines do, however, express the concern of the Board for:

- The creation and preservation of permanent Jobs
- The preservation and expansion of the tax base
- The Improvement of the environment
- The progress of the focal economy
- The use of Fayette County based consultants, construction firms, suppliers, and minority-owned businesses.

**Section Evaluation**

The Board will demonstrate that its actions in granting PILOT Incentives to specified projects do in fact promote the public good. Pursuant to that responsibility the Board requires the project applicant to certify annually that the number of Jobs, initial wages, and capital Investment meet the Initial commitments. The Industrial Development Board will annually (or at such other times deemed appropriate) evaluate each Project receiving a PILOT to ensure compliance with the Lease.

Each year any Individual or entity receiving a PILOT from Fayette County shall provide information in the manner described in the PILOT Lease Agreement and complete an Annual Report Form (see Appendix 13), including, but not limited to, the following:

A. **Capital Investment** - Real Property/Tangible Personal Property

B. **Employee Report** - The total number of employees of the company, their total salaries, the number of employees who reside in Fayette County and their gross salaries. These jobs shall be reported in job classifications as required by the Industrial Development Board.

C. **Vendor Support Report** - The gross dollars spent locally on supplier and professional service contracts, to demonstrate the amounts by contract awarded and performed by Fayette County individuals and entities.

D. **Minority-owned businesses** - The dollar amount of contracts awarded to minority-owned businesses.

E. **Comparison Criteria Report** - If the investment, employment, wages and other commitments do not equal the IDB approved projections, the party receiving the PILOT shall give an explanation for the failure to meet the projection, together with a recommended course of rectification within the next 120 days as specified in the Lease Agreement.
Staff shall provide the board on an annual basis a compilation of the past years activities, and the ongoing activities of the projects operating under current leases to the Industrial Development Board.

The Board retains the right to visit and inspect the projects during the term of the PILOT to ensure conformance with statements and representations made in the PILOT Lease Agreement and the PILOT Application.

**Section VI. Application**

Any person desiring that the Fayette County Industrial Development Board consider providing a PILOT to encourage location, expansion and or modernization of operations within Fayette County shall be required to comply with the following application guidelines. Nothing within these guidelines shall imply or suggest that Fayette County is under any obligation to provide a PILOT in any amount or value to any applicant.

The Board meets to consider applications for PILOT incentives on the Second Monday of each month, with the exception of December when it meets on the First Monday. The IDB considers applications at duly called meetings conducted in compliance with the Sunshine Laws of the State of Tennessee. Monthly meetings may be waived or held at a different location or date at the discretion of the Board.

**Pre Application:**

Potential applicants or their representative(s) shall submit to the Industrial Development Board its estimates on the number of jobs, wages, capital investment, potential location, and any other informative company data. These estimates will be evaluated and presented to a committee of the Board for recommendation of a PILOT incentive term. This preliminary information must be received no later than 5 working days prior to the next committee meeting. (This meeting is generally held the last Wednesday of each month.)

The Applicant is also encouraged to hold a pre-application conference with Staff prior to the submission of a formal application. It would be beneficial to the Staff, the Board's Committee and applicant if the meeting were held prior to the submission of the preliminary information.

**Application:**

An application for a PILOT incentive shall be made on the PILOT Application form, or in conformance with said form. An application fee in accord with Section VII below must accompany any application. The application fee is non-refundable. An application shall be filed with the Industrial Development Board no later than the close of business 14 days prior to the next scheduled Board meeting.
Section VII. Fees

Application fees

The "Application for PILOT" form must be completed and submitted with an application fee of $1,000.00.

Closing Fees

A closing fee computed as follows will be paid to the Board prior to or at the closing of the PILOT Lease:

PILOT closing fees are based on the benefits that a company will receive (i.e., value of the tax savings over the applicable tax freeze term) rather than on the total project investment.

The PILOT benefits will be computed based upon the schedule below in a standardized way, and the lease closing fee will be calculated with $2,500 minimum to a maximum of $50,000. The Company receiving the PILOT will also be responsible for paying any additional, unusual expenses (i.e. attorney fees caused by complicated project, copies, postage, long distance telephone calls, etc.). In the event a PILOT closing does not occur for any reason, the Board reserves the right to bill the Applicant, and the Applicant agrees to pay, the Board's out-of-pocket expenses, including its attorney fees and expenses, related to the proposed Project.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Closing Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>First $250,000 5% ($2,500 minimum)</td>
<td></td>
</tr>
<tr>
<td>Next $250,000 3%</td>
<td></td>
</tr>
<tr>
<td>Next $250,000 2%</td>
<td></td>
</tr>
<tr>
<td>Over $750,000 1%</td>
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</tbody>
</table>

Closing fees shall not exceed $50,000. The Application fee paid shall be credited against the Closing fee.

Applicants must close on the real property within a one-year limitation and close on their tangible personal property within a two-year limitation. Otherwise the Applicant will need to apply to the Board for an extension or make a new application.

Lease Amendments

Amendments to existing leases shall require a fee of $2,500.
Purpose of Fees

The above quoted fees are for reimbursement of the costs and expenses of the Board, and may be used for other economic development programs as from time to time approved by the IDB and Fayette County's Administration. The applicant is responsible for payment of its counsel's fees and other expenses attendant to the application.

Section VIII. PILOT Closing Requirements

A. Environmental Report Requirements:

The Phase I Environmental Site Assessment Report for developed property should be dated no more than three (3) months prior to the application for improved property and no more than six (8) months for undeveloped property. The standards accepted within the environmental community for conducting a Phase I Environmental Site Assessment or a Phase II Environmental Site Assessment have been designed by the American Society for Testing and Materials ("ASTM"). The standards propounded by ASTM are as follows:


2. Standard Practice for Site Assessments: Phase I Environmental Site Assessment Process, E 1527-97; and


4. All environmental reports must grant to the IDB the right to rely on such reports and shall not contain "a limitation of liability of the engineer or other professional in an amount less than $1,000,000.

All Phase I and Phase II Environmental Site Assessments submitted as part of the PILOT Application process should substantially conform to the ASTM standards. The environmental reports must be satisfactory to the Board in its sole discretion.

B. Deadlines:

Real property

Projects that will have real property improvements to the site by December 31 of the year of the PILOT Application should close on the Real
Property Lease Agreement by December 31. The IDB will use the January 1 assessment for the year in which the subject real property is conveyed to the IDB.

Personal Property

Personal Property - Projects that will have personal property on site by January 1 following the year of PILOT Application should close on the Personal Property Lease Agreement by December 31 of the application year.

Section IX. Effect of Sale, Assignment or Lease of Property

No PILOT rights as approved by the Board may be sold, assigned or leased unless otherwise specified in the PILOT Lease Agreement or approved by the Board. Any sale, assignment or lease of the property which is not permitted in the PILOT Lease Agreement results in a forfeiture of all PILOT rights on the property.
APPLICATION FOR PILOT

(PAYMENT-IN-LIEU-OF-TAXES)
Fayette County Industrial Development Board (FCIDB)

1. Applicant:
Company's Name: _________________________
Mailing Address: _________________________
Telephone: ___________ Fax: _______________
Federal Employer Identification Number: __________________

Company Representative to be contacted
Name and Title: _________________________
Mailing Address: _________________________
Telephone: _________ Fax: _______________

2. Sponsor (if applicable)
Company's Name: _________________________
Mailing Address: _________________________
Telephone: ___________ Fax: _______________
Federal Employer Identification Number: __________________

Company Representative to be contacted
Name and Title: _________________________
Mailing Address: _________________________
Telephone: _______________ Fax: _______________
3. Describe the principal business of each Applicant or Sponsor and its legal status. Provide the same information for the corporate parent of any Applicant or Sponsor. Briefly describe each Applicants or sponsor, corporate or other legal structure and (If a corporation) Identify its state of incorporation. If Applicant is a foreign corporation, is it registered to do business in Tennessee?

_________________________________________________________________________

_________________________________________________________________________

_________________________________________________________________________

_________________________________________________________________________

_________________________________________________________________________

4. Name of Counsel, Engineers. Architects or other professionals who will be Involved in the Project (Please Include addresses and telephone numbers):

_________________________________________________________________________

_________________________________________________________________________

_________________________________________________________________________

_________________________________________________________________________

_________________________________________________________________________

5. Does Applicant or Sponsor of the Project have an application pending or intend to apply for industrial revenue bond financing for this or a similar project with any other board or community?

A. Has Applicant or Sponsor of the Project obtained Payment-In-lieu-of-tax incentive for any project by this Board or any other Board or community? _____

B. Does Applicant or Sponsor have present plans to incur indebtedness or other financial obligations which would materially affect its financial condition other than the financing applied hereby? ___

C. Does Applicant or Sponsor of the Project know of any proposed or pending tender offers, mergers, or acquisitions by or affecting Applicant or Sponsor of the Project or of any other materially significant corporate event in any way affecting Applicant or Sponsor of the Project?

(If the answer to any of the above is yes, please attach a detailed explanation)
6. Project Location:

A Street Address: __________________________________________

B. Tax Parcel Identification Number: ______________________

C. Vicinity Map (please attach with general location of site shown)

D. Legal Description:
___________________________________________________________________
___________________________________________________________________
___________________________________________________________________
___________________________________________________________________
___________________________________________________________________
(Attach a copy of deed (or surveyor's description) detailing property’s metes and bounds description or other legal description)

E. Who owns the real property at this time?

F. Does Applicant have an option to purchase the property if not already owned by Applicant?

_____________________________________________________________________

a. Are there presently outstanding any options or liens with regard to the property?

7. Give a brief description of the activities to be performed at this location, including a description of products to be produced and or services to be provided:

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

8. Tax Information: (Attach a copy of latest property tax statement from Fayette County Assessor's Office (Include both real and tangible personal property).

A. Real Property:

       Tax parcel ID number or numbers: __________________________
Current Assessment: __________________________
Current Tax: ________________________________

8. Tangible Personal Property:
   Tax: parcel ID number or numbers: ________________
   Current Assessment: __________________________
   Current Tax: ________________________________

9. **Capital Investment:**

Capital Investment for Real Property PILOT Lease Purposes is the cost of the Project less the cost of land and tangible personal property.

Capital Investment for Personal Property PILOT Lease Purposes is the total cost of the tangible personal property installed at the Project.

A. Land: Acreage _______ Cost $ ____________
B. Site Preparation Cost $ ____________
C. Real Property (Building): Square Footage _______ Cost $ ____________
D. Personal Property (Please refer to the attached Tangible Personal Property Schedule for Reporting Commercial and Industrial Personal Property)

Briefly describe these Investments (i.e., building square footage, types of tangible personal property, real property, type of site development planned for this location and other improvements) on a separate sheet.

10. **Project Construction Phase:**

A. Is Property Zoned Appropriately? Yes ____ No ___
   Current Zoning: __________________________
   Required Zoning: __________________________

B. Is Property Subdivided? Yes ____ No _____
   Will subdivision be necessary? Yes ____ No _____
C. Construction Employment Estimates:

1. Start Date: (Month/Year) ____
2. Completion Date: (Month/Year) ____
3. Number of Construction Jobs: ______
4. Total Construction Payroll: _____________

D. Describe Any Off-Site Infrastructure Requirements:

Water: ________________________________________
Sanitary Sewer: ____________________
Streets: _________________________
Storm Sewer: _________________________
Other: ____________________________

E. Added Annual Utility Requirements of Completed Project

Electricity: Projected Demand = ______ kW
Projected Consumption = ______ kWh/year
Natural Gas: Projected Demand = ______ Therms
Projected Consumption = ______ Therms/year
Water: Projected Consumption = _____ Gallons/year

PROJECT EMPLOYMENT DEFINITIONS

"Annual Base Pay" - The base wage for a particular position without benefits or any anticipated overtime or bonus pay as stated in annualized terms.

"Average Annual Basis" - The total number of Jobs at the Project on the first day of each calendar month during the calendar year divided by 12.

"Jobs" - The total of the following on an Average Annual Basis:

(a) Number of Full-Time Jobs
(b) One-half the number of Part-Time Jobs and
(c) One-fourth the number of Seasonal Jobs  
(d) Number of Contract Jobs  

"Contract Job" - Any employment position that has provided employment of 1,600 hours or more within a year and is committed to support the Project for the term of the PILOT or longer. (See Fayette County Industrial Development Board Policy for detailed definition)  

"Full-time Job" - Any employment position that has provided employment of 1,600 hours or more within a year.  

"Part-time Job" - Any employment position that has provided not less than 800 hours per year.  

"Seasonal Job" - Any employment position that has provided not less than 400 hours per year.  

"Annual Wage" - The total Annual Base Pay for the position and does not include bonuses, overtime or other benefits.  

**11 A. PROJECT EMPLOYMENT - CURRENT EMPLOYEES - FIRST YEAR**

<table>
<thead>
<tr>
<th>Employment</th>
<th>Number of Employees</th>
<th>Average Hourly Wage</th>
<th>Average Annual Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-Time Jobs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-Time Jobs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seasonal Employees</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
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</tbody>
</table>

**11B. PROJECT EMPLOYMENT - THREE YEAR PROJECTED**

<table>
<thead>
<tr>
<th>Employment</th>
<th>Number of Employees</th>
<th>Average Hourly Wage</th>
<th>Average Annual Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full-Time Jobs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Part-Time Jobs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seasonal Employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PROJECT EMPLOYMENT COMMITMENT FOR PILOT**  

# of Employees ________ By: ___ (month) ____ (year)
To qualify for the PILOT, the Wages and Jobs set out herein shall be achieved within three (3) years after the commencement of operations.

12. Discuss any environmental Impacts created by the project (attach a Phase I Environmental Audit addressed to the Industrial Development Board):

13. Justification for PILOT Request (substantiates and more fully describes the justification for this request).

14. Financial Information - Attach copies of the last two fiscal years' audited financial statements. If a publicly held corporation, the latest annual report. If a privately-held corporation, a certified statement of the corporation's net worth with corresponding disclosure notes as provided in the Applicants latest approved/audited financial statement.

15. PILOT Incentives Term Recommended by the Fayette County Chamber of Commerce (please attach recommendation letter(s)).

This Application is made in order to induce Fayette County Industrial Development Board (FCIDB) to grant financial Incentives to Applicant and Sponsor. Applicant and Sponsor represent and warrant that the statements contained herein or attached hereto are true and correct to the best of their knowledge and include all information materially significant to the Board in its consideration of this Application.

Applicant and Sponsor have read and agree to comply with all requirements of the Application Procedures and Policies Fayette County Industrial Development Board (FCIDB). Applicant specifically agrees to pay all reasonable costs, fees, and expenses incurred by the Board in connection with this Application, whether or not the financial incentives are granted or the project is built.

Applicant _______________ Date: __________

Sponsored By ____________ Date: __________

Fayette County Industrial Board September 1999 Page 22 of 27
FAYETTE COUNTY
INDUSTRIAL DEVELOPMENT BOARD
PAYMENT IN-LIEU-OF TAX (PILOT)

Incentive Eligibility and Considerations

If Applicants for the PILOT Program meet the initial qualifications, they will be awarded points by the IDB Board on Job Creation, Wages, Capital Investment and location. The total points awarded by the IDB will determine the number of years of total tax freeze and the PILOT Incentive Plan approved. The IDB has the discretion of giving bonus points for special circumstances.

INITIAL QUALIFICATION

As condition precedent to granting PILOT incentives, the Board will require an applicant to meet the requirement that at least 85% of its employees at the Project make at least $10 per hour.

JOB CREATION

The applicant will be awarded points based on the projected number of Jobs created over three years. Only those jobs created at $10.00 per hour or greater will be counted for points as follows:

1-50 Jobs 1 point per five (5) Jobs created (Maximum 10 points)

51-150 Jobs 10 points plus 1 point per ten (10) jobs created over 50 (Maximum 20 points)

151 and up 20 points plus 1 point per 20 jobs created over 150

WAGES

The Fayette County Target Wage Scale Is $10.00/hour or annual payroll of $20,800.00

Median wage meeting the minimum Target Wage Scale Tart (10 points)

For median wages greater than 110% of the Target Wage Scale add 2 points for each additional 5% up to a maximum of 30 points.

CAPITAL INVESTMENT

The following points earned by the amount of real and personal property for which a PILOT has been requested
$500,000 to $2 million 5 points  
$2 million to $5 million 10 points  
$5 million to $10 million 15 points  
$10 million to $25 million 20 points  
$25 million to $50 million 25 points  

Additional points will be awarded for projects over $50 million  

**LOCATION**  
County or City Industrial Parks 5 points  
Chickasaw Trail Industrial Park 5 points  
In vacant Buildings 10 points  

Only one (1) category under location may be used for a project,  

**TAX FREEZE & PILOT PROGRAM PLAN**  
Less than 10 points  
No Freeze  

10 to 20 Points  
One (1) year full freeze with PILOT increase to 100% over five (5) years  

21 to 30 points  
One (1) year full freeze with PILOT increase to 100% over seven (7) years  

31 to 40 points  
Two (2) year full freeze with PILOT Increase to 100% over eight (8) years  

41 to 50 points  
Three (3) year full freeze with PILOT increase to 100% over ten (10) years  

51 to 60 points  
Five (5) year full freeze with PILOT Increase to 100% over ten (10) years  

61 to 100 points  
Six (6) to nine (9) year full freeze with PILOT to 100% over ten (10) years  

101 to 160 points
Ten (10) to Twelve (12) year full freeze with PILOT to 100% over 15 years

151 or greater
Fifteen (15) year full Freeze

Example:

Plant employing 160 people at $10 per hour median wage in County Industrial Park with $8 million investment

Job Creation
20 points
Wages
10 points
Investment
15 points
Location
5 points

TOTAL 50 points = Three (3) years full freeze with PILOT increase to 100% over ten (10) years
EXAMPLE:
The Legacy Energy Group
Payment in Lieu of Tax (PILOT) Program

CURRENT TAX RATE

Commercial and Industrial Real Property
Assessed at 40% of value

Personal Property
Assessed at 30% of value

(This example uses the City of Somerville for example)
Fayette County tax rate is $2.19 per $100.
Somerville tax rate is $.39 per $100.

Combined tax rate is $2.68 per $100 of assessed value

Example Based on the following assumption:

Estimated Total Investment $750,000

<table>
<thead>
<tr>
<th>Estimated value of land and building</th>
<th>$250,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>Assessed Value</td>
</tr>
<tr>
<td>$250,000 X 40%</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimated value of equipment</th>
<th>$500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>Assessed Value</td>
</tr>
<tr>
<td>$500,000 X 30%</td>
<td>$150,000</td>
</tr>
</tbody>
</table>

PLAN A (First Five Years - No Taxes)

Estimated Total Annual Taxes Without Abatement $ 6,450

<table>
<thead>
<tr>
<th>Year</th>
<th>Abatement</th>
<th>PILOT</th>
<th>Projected Saving</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>Year 1</td>
<td>0.00%</td>
<td>$0</td>
</tr>
<tr>
<td>2001</td>
<td>Year 2</td>
<td>0.00%</td>
<td>$0</td>
</tr>
<tr>
<td>2002</td>
<td>Year 3</td>
<td>0.00%</td>
<td>$0</td>
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<tr>
<td>2003</td>
<td>Year 4</td>
<td>0.00%</td>
<td>$0</td>
</tr>
<tr>
<td>2004</td>
<td>Year 5</td>
<td>0.00%</td>
<td>$0</td>
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<tr>
<td>2005</td>
<td>Year 6</td>
<td>20.00%</td>
<td>$ 1,290</td>
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<tr>
<td>2006</td>
<td>Year 7</td>
<td>40.00%</td>
<td>$ 2,580</td>
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<tr>
<td>2007</td>
<td>Year 8</td>
<td>60.00%</td>
<td>$ 3,810</td>
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<tr>
<td>2008</td>
<td>Year 9</td>
<td>80.00%</td>
<td>$ 5,180</td>
</tr>
<tr>
<td>2009</td>
<td>Year 10</td>
<td>100.00%</td>
<td>$ 6,450</td>
</tr>
</tbody>
</table>

Estimated Total PILOT & Savings $18,360 $48,160
CONTACT INFORMATION:

Fayette County Mayor
13095 North Main
P.O. Box 218
Somerville, TN  38068
Email:  Mayor@fayettetn.us
Office:  (901) 465-5202
Fax:  (901) 465-5229

Board Members:  (January 2012)

John David Douglas, Chairman
Donnie Leggett, Vice-Chairman
Jack Dawson, Treasurer
Peyson Matthews
James Lofties
Hugh Davis