



JOINT SESSION FOR MEMPHIS CITY
COUNCIL & SHELBY COUNTY
BOARD OF COMMISSIONERS
**Pilot's Incentives in Memphis and
Shelby County, TN**

Location: Virtual Meeting
Date: Thursday, April 15 2021
Time: 2:00PM-6:00PM

I. Welcome (5 minutes)

Commission Chairman Eddie S. Jones, Jr.
Council Chairman Frank Colvett, Jr.

II. Introductions/Acknowledgements (10 minutes)

Shelby County Board Commissioners & Memphis City Council
Members

III. Presentation I: Greater Memphis Chamber (1 hour including Q&A)

Presenters: Beverly Robertson, President & CEO
Ted Townsend, Chief Economic Development Officer
Bobby White, Chief Public Policy Officer

IV. Presentation II: Legislative Proposals (45 minutes including Q&A)

V. Presentation III: Discussion (1 hour 45 minutes)

VI. Final Thoughts/Next Steps (15 Minutes)

Council Chairman Frank Colvett, Jr.
Commission Chairman Eddie S. Jones, Jr.

Proposed Amendments
and EDGE CEO
Evaluation Tool

Proposed amendments to PILOTS

✓When benefit-to-cost ratio is less than 1.0, it must be approved by city council and county commission.

✓ Raise the wage for which a company qualifies for an incentive to \$17.00 per hour, with this rate subject to review every 5 years.

✓Provide or have the president’s evaluation tool to include:

- Pay rate of jobs
- Number of jobs
- Any other objective criteria as the legislative bodies deem fit

✓ Require every jobs PILOT recipient to submit an annual census of where their workforce resides.

✓ Tie incentive/abatement to percentage of jobs at or above minimum pay rate:

If 0-25% of the jobs pay less than \$17/hr, then a company may receive the maximum abatement of 75%					
Maximum Abatement	If % of jobs LT \$17/hr	Maximum Abatement	If % of jobs LT \$17/hr	Maximum Abatement	If % of jobs LT \$17/hr
74%	26%	57%	43%	40%	60%
73%	27%	56%	44%	39%	61%
72%	28%	55%	45%	38%	62%
71%	29%	54%	46%	37%	63%
70%	30%	53%	47%	36%	64%
69%	31%	52%	48%	35%	65%
68%	32%	51%	49%	34%	66%
67%	33%	50%	50%	33%	67%
66%	34%	49%	51%	32%	68%
65%	35%	48%	52%	31%	69%
64%	36%	47%	53%	30%	70%
63%	37%	46%	54%	29%	71%
62%	38%	45%	55%	28%	72%
61%	39%	44%	56%	27%	73%
60%	40%	43%	57%	26%	74%
59%	41%	42%	58%	25%	75%
58%	42%	41%	59%	25%	75%+

EDGE CEO Performance Evaluation Form

Employee Name: _____

Evaluator Name: _____

Relationship to Employee (check one):

- Board Member
- Direct Report
- Below Direct Report
- Stakeholder
- Self

Instructions:

Please indicate the rating that corresponds to the degree to which you observe this person demonstrating the listed leadership behavior, according to the rating key at the top of each page. A rating of 1 is the lowest possible rating and a 5 rating is the highest possible rating. N/O should be used if you have not been in situations which would afford you the opportunity to observe the behavior.

At the end of each section, please provide comments and examples which support your ratings, as applicable. If you need more space for comments, please attached an additional page.

Leadership Behaviors Feedback

1. Inspires a Shared Vision

1.1	Provides direction around a vision	N/O	1	2	3	4	5
1.2	Translates the EDGE vision into actionable plans	N/O	1	2	3	4	5
1.3	Creates enthusiasm about EDGE's future	N/O	1	2	3	4	5
1.4	Shows others how their long-term interests can be realized by enlisting a common vision	N/O	1	2	3	4	5

Please explain:

2. Deliver Results

2.1	Makes appropriate decisions	N/O	1	2	3	4	5
2.2	Acts after making a decision	N/O	1	2	3	4	5
2.3	Takes risks	N/O	1	2	3	4	5
2.4	Encourages others to take risks	N/O	1	2	3	4	5
2.5	Supports the decisions of others	N/O	1	2	3	4	5

Please explain:

3. Focuses on Stakeholders (Citizens of Shelby County, City and County Mayors, EDGE Board, City Council, County Commission, Chambers of Commerce)

3.1	Anticipates stakeholders needs	N/O	1	2	3	4	5
3.2	Seeks stakeholders feedback	N/O	1	2	3	4	5
3.3	Responds to stakeholders feedback	N/O	1	2	3	4	5
3.4	Models stakeholders focus in interactions with customers	N/O	1	2	3	4	5

3.5 Helps remove barriers to excellent stakeholder service N/O 1 2 3 4 5

Please explain:

4. Challenges the Process

4.1 Pursues better ways to get things done N/O 1 2 3 4 5

4.2 Models breakthrough thinking N/O 1 2 3 4 5

4.3 Acts as a change agent N/O 1 2 3 4 5

4.4 Helps others manage through change N/O 1 2 3 4 5

Please explain:

5. Values People

5.1 Shows respect for others and their N/O 1 2 3 4 5

5.2 Encourages others' involvement in making things better N/O 1 2 3 4 5

5.3 Appreciates differences between people in thought and style N/O 1 2 3 4 5

5.4 Allows for flexibility in how work is accomplished N/O 1 2 3 4 5

5.5 Considers others' needs when making a decision N/O 1 2 3 4 5

Please explain:

6. Develops Self and Others

- | | | | | | | | |
|-----|--|-----|---|---|---|---|---|
| 6.1 | Demonstrates personal growth and learning | N/O | 1 | 2 | 3 | 4 | 5 |
| 6.2 | Encourages continuous growth and learning in others | N/O | 1 | 2 | 3 | 4 | 5 |
| 6.3 | Acknowledges mistakes and learns from them | N/O | 1 | 2 | 3 | 4 | 5 |
| 6.4 | Sets clear performance expectations in advance | N/O | 1 | 2 | 3 | 4 | 5 |
| 6.5 | Shares positive performance feedback that is timely and direct | N/O | 1 | 2 | 3 | 4 | 5 |
| 6.6 | Shares negative performance feedback that is timely and direct | N/O | 1 | 2 | 3 | 4 | 5 |
| 6.7 | Send candid messages that are focused on the issue, not the person | N/O | 1 | 2 | 3 | 4 | 5 |

Please explain:

7. Communicates with Candor

- | | | | | | | | |
|-----|--|-----|---|---|---|---|---|
| 7.1 | Communicates effectively and continuously | N/O | 1 | 2 | 3 | 4 | 5 |
| 7.2 | Listens to what others have to say | N/O | 1 | 2 | 3 | 4 | 5 |
| 7.3 | Shares opinions even when unpopular | N/O | 1 | 2 | 3 | 4 | 5 |
| 7.4 | Expresses disagreements earlier than later | N/O | 1 | 2 | 3 | 4 | 5 |
| 7.5 | Makes others feel safe in honestly expressing themselves | N/O | 1 | 2 | 3 | 4 | 5 |

Please explain:

8. Acts in the Best Interests of EDGE's Stakeholders

8.1	Is visible with positive presence	N/O	1	2	3	4	5
8.2	Is highly ethical and professional	N/O	1	2	3	4	5
8.3	Is an effective team member	N/O	1	2	3	4	5
8.4	Instills effective team membership in others	N/O	1	2	3	4	5
8.5	Models collaboration	N/O	1	2	3	4	5
8.6	Gets involved in making things better at EDGE and in the community	N/O	1	2	3	4	5

Please explain:

Management Development Plan

Name: _____

Title: _____

Effective Date of Goals: _____

Top 3 Strengths:

1.

2.

3.

Top 3 Development Needs

1.

2.

3.

Development Actions:

1. Goal/Date Due:

Strategy to achieve goal:

Task 1

Task 2

Task 3

2. Goal/Date Due:

Strategy to achieve goal:

Task 1

Task 2

Task 3

3. Goal/Date Due:

Strategy to achieve goal:

Task 1

Task 2

Task 3

**EDGE PILOT Criteria,
Regional Market
Comparison, and Wage
Comparison**



EDGE Job Creation & Community Development PILOT Criteria

The EDGE PILOT programs that focus on job creation and/or community development take into consideration some or all of the following:

1. Number of jobs created or retained

- Current standard: \$13/hour excluding benefits + employer subsidized (min. 50%) health insurance.

2. Wages

- Current standard. Average wage of \$40,400 or more earns a larger incentive.

3. Capital Investment

4. Location

- In the City of Memphis
- In a distressed Census Tract

5. Contracting with Local MWBEs

- Current standard: PILOT recipient must spend an amount equal to 25% of hard construction costs/site work + 15% of PILOT savings with City/County-certified MWBEs over the life of the PILOT. Higher spending can earn a larger incentive.

6. If the PILOT Recipient is an MWBE

7. If the Project Is a National/International Headquarters

8. Inner-City Fund

- Recipients of Personal Property PILOTs pay a fee equal to 5% of PILOT savings, up to \$100,000, to fund the Inner-City Economic Development (ICED) 0%, deferred and forgivable loan program for projects in distressed Census Tracts.

9. Neighborhood Support

Regional Market Comparisons

MSA Jobs by County, 2011- September 2020

	2011	Sept 2020*	# Gain/Loss	% Growth
Fayette	7,182	7,932	750	10.44%
Shelby	465,161	470,427	5,266	1.13%
Tipton	10,033	11,388	1,355	13.51%
Crittenden	15,638	15,363	(275)	(1.76%)
Desoto	45,326	64,133	18,807	41.49%
Marshall	5,857	9,181	3,324	56.75%
Tate	5,421	5,251	(170)	(3.14%)
Tunica	11,581	6,027	(5,554)	(47.96%)

Source: Bureau of Labor Statistics Quarterly Census of Employment and Wages

*September 2020 is the latest data available and is preliminary.

2011-2020 Industrial Construction Deliveries

County	Total Sq. Ft.	%
Shelby	6,057,292	16%
Fayette	3,203,810	9%
DeSoto	19,667,224	52%
Marshall	8,885,307	23%
TOTAL	37,813,633	100%

Source: Avison Young Research as of 03/24/2021

Numbers include speculative and build-to-suit industrial/flex 10,000+ sf

Wage Rate Data

Median Wages by Educational Attainment

Achievement	City of Memphis		Shelby County	
	% of Residents	Median Hourly Wage	% of Residents	Median Hourly Wage
All Ages 25+	-	\$15.62	-	\$17.91
Less than high school graduate	13.8	\$10.47	11.7	\$10.84
High school graduate (includes equivalency)	31.4	\$13.04	28.1	\$13.67
Some college or associate's degree	29.0	\$14.66	28.6	\$15.46
Bachelor's degree	15.3	\$23.61	18.9	\$24.45
Graduate/professional degree	10.3	\$31.85	12.8	\$34.77

Source: US Census Bureau American Community Survey, 2019 1-year estimates

Countywide Average Wage vs. PILOT Projects

	Average Wages	Median Wage
All Approved PILOT Wages for 2011 - Present	\$64,712	\$55,000
All Approved PILOT Wages for 2017 - Present	\$57,130	\$53,000
Approved PILOT Wages for 2019 Projects	\$55,701	\$46,647
2019 Active PILOT Portfolio Average Wages	\$74,022	-
2019 Shelby County Average Wage	\$57,400	-

Sources: EDGE Compliance Department and the Bureau of Labor Statistics Quarterly Census of Employment and Wages

DMC PILOT Criteria

APPENDICES

Appendix I – PILOT Grading

A project must meet at least one primary qualification category in order to be eligible for any applicable secondary qualifications and/or additional term accumulation. Exceptions for projects that further the priorities of the CCRFC may be granted at the discretion of the CCRFC board.

PRIMARY QUALIFICATION		SECONDARY QUALIFICATION	
RESIDENTIAL			
2 to 5 Units:	<i>1 Year</i>	2 to 5 Units:	<i>.5 Year</i>
6 to 10 Units:	<i>2 Years</i>	6 to 10 Units:	<i>1 Year</i>
11 to 15 Units:	<i>3 Years</i>	11 to 15 Units:	<i>1.5 Years</i>
16 to 25 Units:	<i>4 Years</i>	16 to 25 Units:	<i>2 Years</i>
26 to 50 Units:	<i>5 Years</i>	26 to 50 Units:	<i>2.5 Years</i>
51 Units + :	<i>6 Years</i>	51 + Units:	<i>3 Years</i>
OFFICE			
Below 15,000 sf:	<i>1 Year</i>	Below 15,000 sf:	<i>.5 Year</i>
15,000 to 50,000:	<i>2 Years</i>	15,000 to 50,000:	<i>1 Year</i>
50,001 to 100,000:	<i>3 Years</i>	50,001 to 100,000:	<i>1.5 Years</i>
100,001 to 200,000:	<i>4 Years</i>	100,001 to 200,000:	<i>2 Years</i>
200,001 to 300,000:	<i>5 Years</i>	200,001 to 300,000:	<i>2.5 Years</i>
300,001 sf + :	<i>6 Years</i>	300,001 sf + :	<i>3 Years</i>
EDUCATION			
Below 15,000 sf:	<i>1 Year</i>	Below 15,000 sf:	<i>.5 Year</i>
15,000 to 50,000:	<i>2 Years</i>	15,000 to 50,000:	<i>1 Year</i>
50,001 to 100,000:	<i>3 Years</i>	50,001 to 100,000:	<i>1.5 Years</i>
100,001 to 200,000:	<i>4 Years</i>	100,001 to 200,000:	<i>2 Years</i>
200,001 to 300,000:	<i>5 Years</i>	200,001 to 300,000:	<i>2.5 Years</i>
300,001 sf + :	<i>6 Years</i>	300,001 sf + :	<i>3 Years</i>
HOTEL			
2 to 10 Rooms:	<i>1 Year</i>	2 to 10 Rooms:	<i>.5 Year</i>
11 to 25 Rooms:	<i>2 Years</i>	11 to 25 Rooms:	<i>1 Year</i>
26 to 50 Rooms:	<i>3 Years</i>	26 to 50 Rooms:	<i>1.5 Years</i>
51 to 100 Rooms:	<i>4 Years</i>	51 to 100 Rooms:	<i>2 Years</i>
101 to 200 Rooms:	<i>5 Years</i>	101 to 200 Rooms:	<i>2.5 Years</i>
201 Rooms + :	<i>6 Years</i>	201 Rooms + :	<i>3 Years</i>
INDUSTRIAL			
Below 50,000 sf:	<i>1 Year</i>	Below 50,000 sf:	<i>.5 Year</i>
50,000 to 150,000:	<i>2 Years</i>	50,000 to 150,000:	<i>1 Year</i>
150,001 to 250,000:	<i>3 Years</i>	150,001 to 250,000:	<i>1.5 Years</i>
250,001 to 350,000:	<i>4 Years</i>	250,001 to 350,000:	<i>2 Years</i>
350,001 to 500,000:	<i>5 Years</i>	350,001 to 500,000:	<i>2.5 Years</i>
500,001 sf + :	<i>6 Years</i>	500,001 sf + :	<i>3 Years</i>
PARKING STRUCTURES			
200 to 300 cars:	<i>1 Year</i>	200 to 300 cars:	<i>.5 Year</i>
301 to 400 cars:	<i>2 Years</i>	301 to 400 cars:	<i>1 Year</i>
401 to 500 cars:	<i>3 Years</i>	401 to 500 cars:	<i>1.5 Years</i>
501 to 600 cars:	<i>4 Years</i>	501 to 600 cars:	<i>2 Years</i>
601 to 700 cars:	<i>5 Years</i>	601 to 700 cars:	<i>2.5 Years</i>
701 cars + :	<i>6 Years</i>	701 cars + :	<i>3 Years</i>

RETAIL

15,000 to 20,000 sf:	4 Years	Below 5,000 sf:	.5 Year
20,001 to 30,000 sf:	5 Years	5,000 to 9,999 sf:	1 Year
30,001 sf + :	6 Years	10,000 to 14,999 sf:	1.5 Years
		15,000 to 20,000 sf:	2 Years
		20,001 to 30,000 sf:	2.5 Years
		30,001 sf + :	3 Years

TOTAL PROJECT DEVELOPMENT COST

\$1 – 5 Million:	1 Year
\$5+ – 10 Million:	2 Years
\$10+ – 15 Million:	3 Years
\$15+ – 20 Million:	4 Years
\$20+ Million:	5 Years

CCRFC Priorities**General Location**

Located in CBID (Appendix II):	3 Years
Located outside CBID, but inside CCRFC boundaries (Appendix II):	1 Year

Core & Historic

Project may only qualify for one of the following five:

Construction of a new structure in the Downtown Core:	1 Year
Renovation of an existing structure in the Downtown Core:	2 Years
Renovation of a structure listed as non-contributing property in a National Register or Landmarks Commission Historic District:	3 Years
Renovation of a structure listed as significant or contributing in a National Register or Memphis Landmarks Commission Historic District:	4 Years
Renovation of a structure listed individually on the National Register of Historic Places:	5 Years

Community-based Initiatives & Economically Distressed Areas

Project may qualify for up to two of the following:

Fronting the Main to Main Multi-Modal Connector Route (Appendix II):	3 Years
Located within the boundaries of the Edge Neighborhood (Appendix II):	3 Years
Located within the boundaries of the South City Impact Area (Appendix II):	3 Years
Located within the boundaries of the Pinch Neighborhood (Appendix II):	4 Years
Located in a Census Tract with a Poverty Rate over 20 percent*	2 Years
Located in a Census Tract earning 80 or less of Area Median Income (AMI)*	2 Years

Design & Energy

Project may qualify for one or more of the following:

Including permanent public art (qualification determined by the DMC Design Review Board):	1 Year
Including enhanced architectural lighting (qualification determined by the DMC Design Review Board):	1 Year
Leadership in Energy and Environmental Design (LEED) Certification:	4 Years

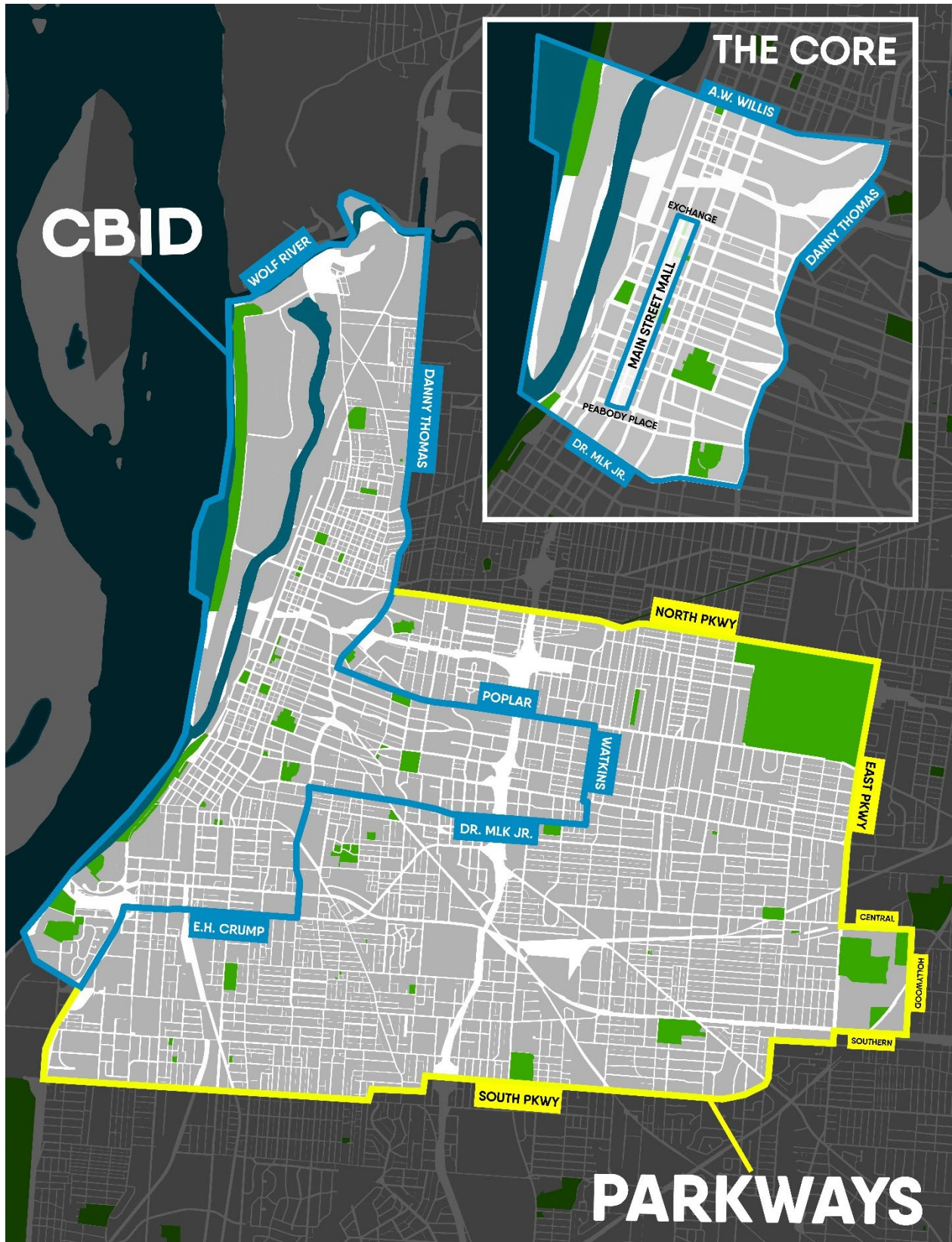
Net Zero Energy Building (NZEB) Certification:	4 Years
Memphis Light, Gas and Water (MLGW) Energy Advantage Certification:	1 Years

* Applicants may refer to the HUD map to confirm qualification; <https://www.huduser.gov/gct/gctmap.html>.

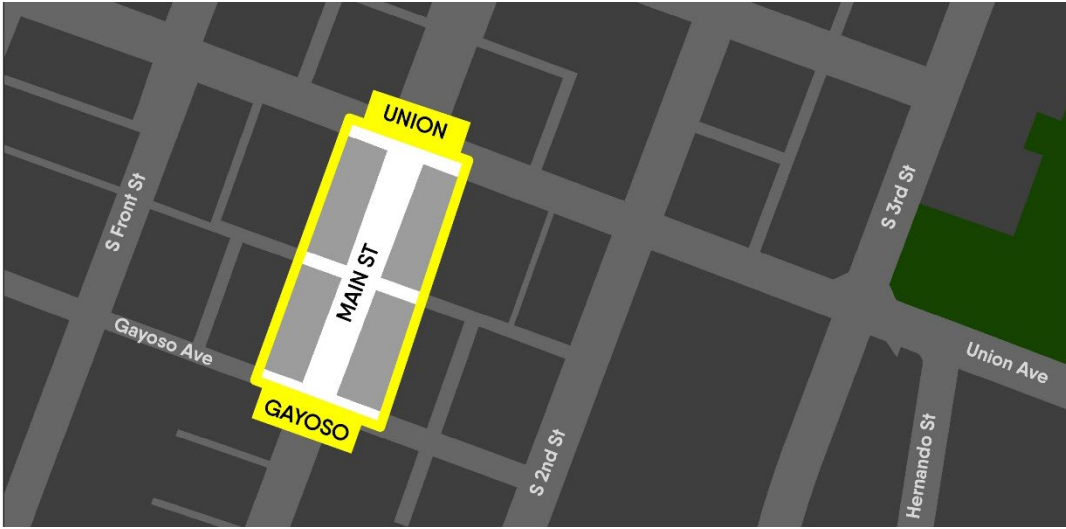
PILOT TERM CALCULATION

Primary Qualification:	
Secondary Qualification A:	
Secondary Qualification B:	
Secondary Qualification C:	
Total Project Development Cost:	
CCRFC Priorities:	
PILOT TERM:	

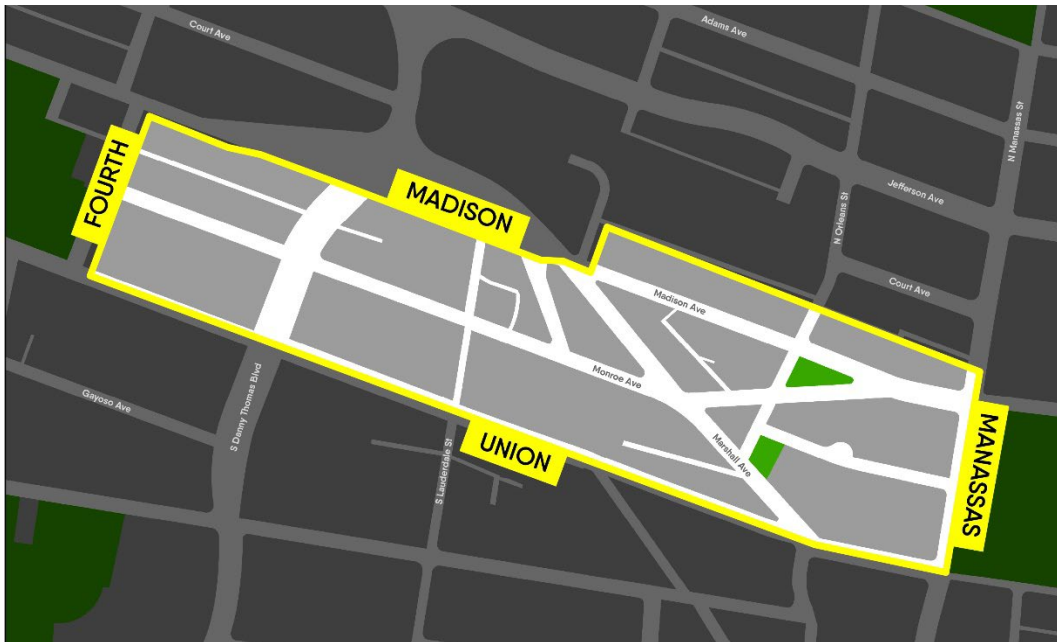
APPENDIX II – PROGRAM BOUNDARIES



Demonstration Block



Edge



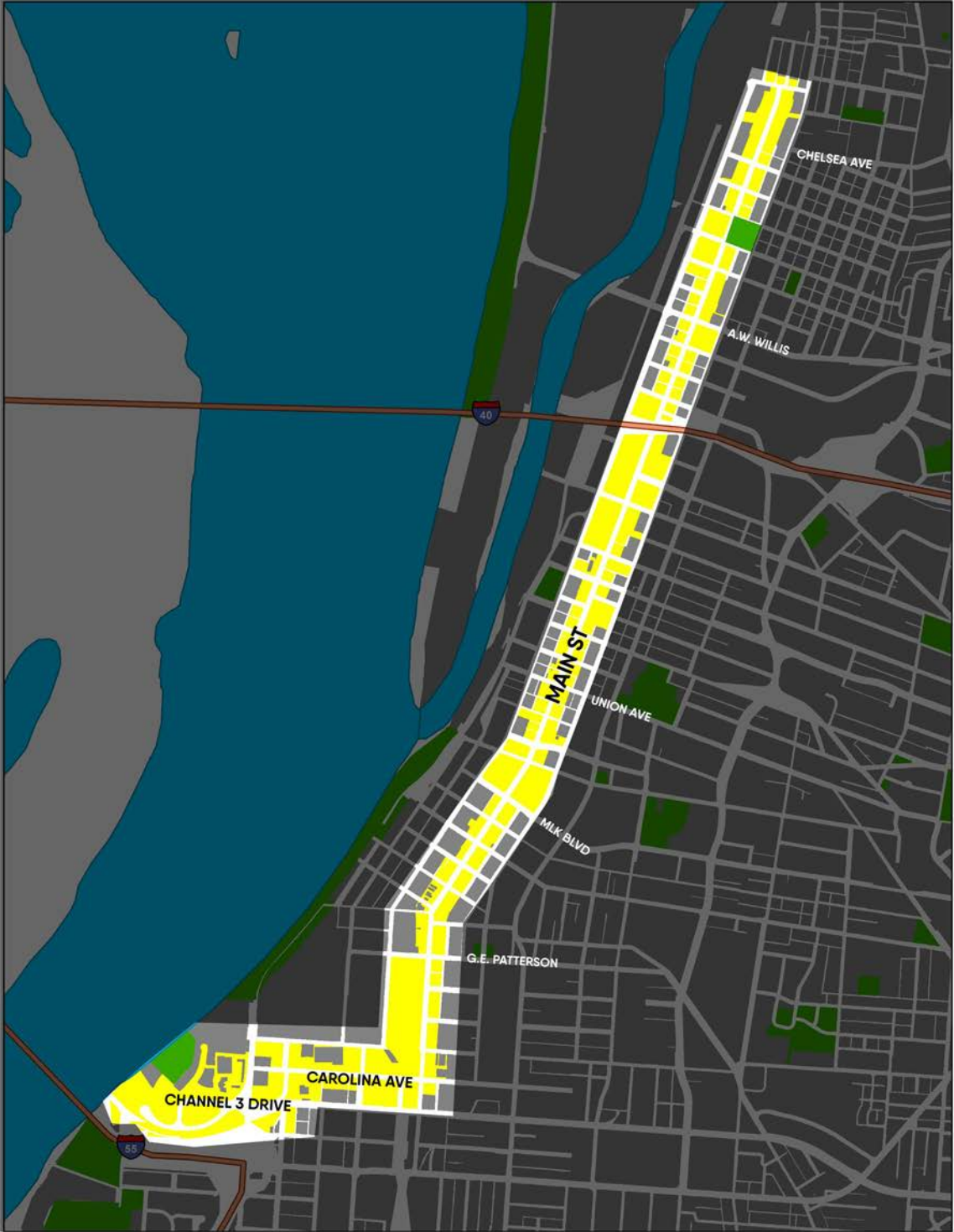
South City Impact Area



The Pinch District



Main To Main Multi-Modal Connector Route



Shelby County Trustee
PILOT Approval
Information

PILOT – TIF*1 APPROVALS

4-7-2021

4 LARGEST TN COUNTIES

Prepared by Shelby County Trustee

DAVIDSON (METRO) COUNTY

Each PILOT abatement proposed must receive majority approval of the local legislative body, Metro Davidson Commission.

The County occasionally calls on Bill Fox at UT to perform an economic impact evaluation of proposed PILOTS/TIFs.

Davidson has approved no PILOTS in the last couple of years.

HAMILTON COUNTY

Each industrial PILOT abatement proposed must receive majority approval of the local legislative bodies: Hamilton County Commission AND the city council of the municipality, and will only move forward with the explicit approval of both City and County mayors. The proposals are also closely vetted by the local Chamber of Commerce and the City of Chattanooga's Economic Development staff.

Residential PILOTS follow a similar process but require the majority approval of the Health, Educational and Housing Facility Board before going forward.

KNOX COUNTY

Each tax abatement proposed within Knoxville must receive majority approval of the local legislative body, Knoxville City Council. Knox County Commission previously approved a set of parameters (Ex. A – Policies and Procedures) by which individual PILOTS could be approved without coming to the Commission for each individual one if the project met the parameters. If the project proposal goes beyond the parameters, it must be approved individually by a majority of the Commission. The parameters include an evaluation matrix with a scoring system, but are in the process of revision at this time. A diagram of the approval process is also attached. (Ex. B)

The County sometimes utilizes an out-of-state third party to evaluate proposals for tax abatements.

SHELBY COUNTY

PILOT abatements are approved by the Boards without the necessity of approval by the local legislative bodies. TIFS require legislative approval.

¹ TIFS are required to have legislative approval by statute.

**COUNTY OF KNOX, TENNESSEE
PROPERTY TAX INCENTIVE PROGRAM
POLICIES AND PROCEDURES**

Section I. General Purpose and Objectives

Knox County, Tennessee is committed to enhancing the development and improvement of its local business environment and economy, especially in areas that will ultimately improve the quality of life enjoyed by its citizens. In furtherance of this objective Knox County has established a program using economic incentives based on payments in lieu of taxes to attract and retain, on a basis competitive with other local governments, businesses that provide the types of employment, capital investment, community involvement and financial impact sought by Knox County and its citizens.

Knox County established the Property Tax Incentive Program, and these Policies and Procedures, to consider and evaluate on a case-by-case basis certain economic and business development opportunities. It is under no obligation to grant a property tax incentive to any Applicant. Granting these incentives is solely within the discretion of Knox County. In order, however, to inform potential Applicants of specific criteria for these incentives, Knox County and The Industrial Development Board of the County of Knox have established basic criteria and guidelines for Applicants, including a grading matrix based upon factors that Knox County considers essential for any property tax incentive.

The Property Tax Incentive Program is administered for Knox County by The Industrial Development Board of the County of Knox (the “Board”), a nonprofit quasi-governmental corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act (the “Act”), Tenn. Code Ann. §§7-53-101 et seq. The Board’s statutory purpose includes financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and Knox County, in particular. The Board intends to conduct its activities consistent with the provisions of the Act and the intent of the Knox County Commission. Accordingly, the Board will consider Applications for property tax incentives by using the following guidelines:

1. **Public Interest/Increased Employment.** In accordance with the objectives of the Act, the Board must find that each proposed Project will be in the public interest and will increase employment within the Knox County area. The Board will give special consideration to the magnitude and types of jobs, wages, and positions offered or to be offered by the Applicant. Projects that result in a “net” increase in the number of jobs within the Knox County area (or a “net” savings of jobs which might otherwise be lost) will be eligible for consideration.
2. **Eligible Projects.** The Board has identified the following types of Projects for property tax incentives, so long as the proposal meets the Board’s other criteria:
 - (a) **Industrial Projects** constructed to manufacture, assemble, process, fabricate and distribute agricultural, mining or manufactured products.
 - (b) **Pollution Control Projects**, which the legislature has found 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 the Facility for at least the term of the property tax incentive.

The Board will consider other types of Projects, but will evaluate them somewhat differently. These types of Projects will include retail, housing, and speculative development projects. While using the Evaluation Matrix contained herein and relying upon staff recommendations, two other factors may play a significant role in the Board's consideration of the Project. First, when a Project falls within a particular economic sector in which an existing governmental, quasi-governmental, or nonprofit organization offers experience, expertise and a general familiarity with the market and need for such a Project, then the Board may rely extensively upon the resources, expertise and opinions of such an organization with respect to the proposed Project. By way of illustration, if the proposed Project involves housing as a significant element, the Board may seek the input and opinions of the Knoxville Community Development Corporation concerning the need for such a Project, its benefits to the community, and its feasibility. The Board anticipates using the Knoxville Area Chamber Partnership in a similar fashion with respect to general commercial ventures. Second, the location of the proposed Project will take on even greater relevance, when the Project involves retail, housing, or speculative development. Tax incentives for these types of Projects will be largely reserved for Projects located in Economic Development Areas. Speculative rental Projects in areas that are not Economic Development Areas will need other significant and convincing economic factors to qualify for property tax incentives.

3. Legal Compliance. 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 Governmental Entities, which are or shall become applicable to the Project, the repair and alteration thereof, and the use or manner of use of the Project.

4. Minority Involvement. The Act provides that one of the purposes of the Board is to foster, encourage and support minority-owned and other disadvantaged businesses. It is the intent of the Board to comply with this charge both in policy and practice.

In addition, the Board will evaluate prospective Projects according to the Evaluation Matrix, which takes into consideration four factors: increased employment, wages and salaries of employees, the magnitude of the proposed capital investment, and the location of the Project. The Evaluation Matrix, which is explained in detail later in these Policies and Procedures, assigns a number of points for each of these four categories and bases the property tax incentive, and the term thereof, on the final score attributed to the Project after using the Evaluation Matrix. The term of the property tax incentive will not exceed fifteen (15) years.

Section II. Conflicts of Interest

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, 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 recuse themselves.

To avoid conflicts of interests, no incentive will be approved if Board Counsel has a professional legal relationship with the Applicant or any Sponsor's source of the financing other than incidental representations in connection with proposed financing or similar financing, but the Board may waive this condition in appropriate circumstances. In the event of a conflict involving Board Counsel, the Board will retain special counsel to represent it in connection with the particular Project being considered.

Section III. Definitions

For purposes of these Policies and Procedures, the following terms shall have the following meanings:

“Application” means the Application for property tax incentives submitted hereunder in the form designated by the Board and as amended from time to time.

“Brownfields” means properties that have been vacant or abandoned for at least five (5) years, have a prior history of industrial use and potentially have some environmental contamination as indicated by a Phase I Environmental Assessment. Additionally, only those properties in excess of five (5) acres or structures with more than 20,000 square feet of gross floor area will be eligible for credit as Brownfields under the Evaluation Matrix.

“Economic Development Areas” include those areas that have been the focus of a specific study and/or plan, the purpose of which is to promote the development or redevelopment of those areas with specific types of businesses or industries. Such studies or plans shall have been presented and approved by one or more Governmental Authorities. Other Economic Development Areas may be designated as such by the Board. Certain Economic Development Areas are listed in Section IV.

“Expansion” means the addition of buildings, structures, machinery, or equipment for the purpose of expanding a Project. An Expansion will be evaluated independently from the original Project, and will 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.

“Governmental Authority” means the United States, the State of Tennessee, any political subdivision of either, and any agency, department, commission, board, bureau or instrumentality of any of them.

“Knox County Company” is a company which (i) has its principal office within the limits of Knox County, (ii) operates one of its principal facilities in Knox County, or (iii) has a significant executive and management presence in Knox County.

“Lease Agreement” means the formal contract between the Lessee and The Industrial Development Board of the County of Knox containing the terms and conditions of the Agreement and property tax incentives.

“Lease Term” means the period of time, in years, during which the property tax incentive is in effect, from commencement of the Lease Agreement.

“Modernization” means the replacement and/or upgrading of an existing Facility that increases production, updates technology, or substantially lowers the cost of operation and extends the economic life of the Facility.

“Person” means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, and Governmental Authority.

“Payment-in-Lieu-of-Taxes” 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. The payment in lieu of tax freeze is at one hundred percent (100%) (City of Knoxville) and 100% (Knox County) of the current assessed value of the real estate and one hundred percent (100%) (City of Knoxville) and one hundred (100%) (Knox County) of the personal property, each as provided in the Lease Agreement.

“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 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 that the Expansion is planned. Each Project must comply with the definition of “Project” cited in Tenn. Code Ann. §7-53-101.

“Sponsor” means 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 property tax incentives. A Sponsor may be the Applicant or the proposed Project lessee. In a three-party property tax incentive 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 Agreement with the Board. The basic operating term of the Sublease between the Lessee (Sponsor) and the Sublessee (Applicant) for the real property must be equal to (or with an option to renew or extend the Sublease) or greater than the approved Real Property Lease Term to ensure continuous Applicant accountability during the approved term of the property tax incentive.

Section IV. Property Tax Incentive Criteria

Determining whether a Project is in the public interest is the primary role served by the Board for and on behalf of the residents of Knox County and their elected representatives. This requires the Board to review each Application on a case-by-case basis and is also the reason that the Board has established the following objective criteria for use in making these determinations. These criteria are based upon the economic and physical development policies of Knox County, Tennessee, and may be changed by the Board without notice when economic and other conditions warrant.

Property Tax Incentive Criteria:

The Board established the following categories for evaluating a Project for property tax incentives. These categories address the basic responsibility of the Board to create jobs with good wages, and to promote overall economic growth in the Knox County community. The property tax incentive freeze is at one hundred percent (100%) (City of Knoxville) and one hundred percent (100%) (Knox County) of the current assessed value of the Real estate and 100% (City of Knoxville) and one hundred percent (100%) (Knox County) of the personal property, each as provided in the Lease Agreement. The precise method of evaluation is found on the Evaluation Matrix in Appendix A.

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

2. **Wages** - Wages paid by Applicants, as compared to the existing annual average wage published for Knox County, Tennessee, will be a relevant factor in the Board's consideration of the Application. Applicants who pay wages that surpass 160% of Knox County's published annual average wage may be given special consideration points. Special consideration points will be awarded at the Board's discretion.

3. **Capital Investment** - Capital invested by an Applicant in the land, building, site preparation, equipment and any other tax producing improvements will be considered by the Board. The Applicant 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 \$30 million on a case-by-case basis. Each eligible Project must include a capital investment of at least \$1,000,000. Investment capital cannot be transferred between real and personal property categories once the Board has approved the Applicant's Application. If an Applicant reassigns investment capital, the Board may require that the Applicant submit another Application for Board approval. Monthly or annual rental payments during the Lease Term are not to be construed as part of the leasehold property improvement or increasing the value of the Applicant's capital investment.

4. **Location** - The Board has provided certain incentives to encourage Applicants to place projects within Economic Development Areas, some of which are identified below:

- Central Business Improvement District
- Urban Economic Revitalization Areas
- State Enterprise Zones
- State and Federal Designated Brownfield Areas
- Foreign Trade Zones
- Other Economic Development Areas designated by Knox County or otherwise authorized hereunder

The above list of Economic Development Areas is not an exhaustive list, and the Board may designate, or give special consideration to, other locations.

5. **Environmental Factors** - Knox County has incorporated the improvement of the community's air quality in its economic development programs and, therefore, the Board will offer additional discretionary points under its Property Tax Incentive Program to Applicants, investing in pollution control equipment and facilities. These Applicants generally will be (i) existing businesses located in Knox County, who are operating under an environmental permit and will submit information to the Knox County Air Quality Office in connection with an expansion or change in operations, or (ii) new businesses who will typically be subject to a review process by the Air Quality Office during the process of obtaining the necessary permits for new construction. The discretionary points may be available in one of two contexts:

(i) When a new company planning to locate in Knox County is significantly below the permissible emission levels for criteria air pollutants; and

(ii) When an existing company is planning to invest in pollution control equipment or other capital improvements that will substantially reduce emission levels of criteria pollutants.

In the first instance the Board will consider awarding discretionary points to Applicants that do not require an air quality permit or that have emissions levels significantly below the permissible levels. These discretionary points may be awarded in addition to those points earned for job creation, wage level and capital investment, and will have the effect of increasing the length of the tax incentive awarded by the Board. Up to 50 discretionary points may be awarded to new Applicants meeting these criteria

In the second instance an existing business planning to invest in pollution control facilities may be awarded for a tax incentive solely for investing in the pollution control equipment and facilities. These points may be awarded without any requirement for job creation or minimum capital investment. The property tax incentive for such equipment and facilities will generally be for seven years, but the Board reserves the right to award a lesser time period.

In each of these situations the Board will likely rely on the analysis of the Knox County Air Quality Office to determine if the level of emissions is significantly below the permissible level for new industry, and if there is a substantial reduction in emissions from existing industry.

The Board may consider other special circumstances or conditions in granting or refusing a specific property tax incentive term. It may also require additional commitments from the Applicant that will be subject to an annual review by the Board. This other pertinent information must clearly demonstrate a significant impact upon the economic and physical plans and policies of Knox 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 local economy

If after the Board's approval of an Application, (i) the Project's scope, location, aesthetic appearance, or purpose changes, (ii) the Applicant receives tax incentives from another Governmental Authority that the Board considers to be in conflict with its own action, or (iii) any other change occurs that the Board considers material or adverse, the Board may notify Applicant, reconsider the Application, and modify or even revoke the property tax incentive that had been previously approved.

National Corporate Headquarters Criteria for the Rollback of Assessment - In addition to meeting the Property Tax Incentive Criteria described herein, companies seeking rollback of the current property assessment of real property to be used as the Primary North American Corporate Headquarters must satisfy the following performance standards:

- (i) The company must be a corporation of national significance;
- (ii) A significant percentage of the decision making officers or employees of the corporation must work and maintain their primary offices at the proposed specific corporate headquarters in Knox County;

(iii) The proposed headquarters should be the office location of a majority of the management employees of the corporation; and

(iv) The corporation must make a significant financial commitment to the property which is, or will be, the headquarters location.

Real Property Tax Incentive Applicants - Applications for a property tax incentive for real property must be site specific or on contiguous parcels of land. Non-contiguous sites must have separate property tax incentive Applications. A tract of real property constituting a Project with a property tax incentive currently in effect that has been abandoned or vacated, may be the subject of a new Application, if the new Application is filed within twelve (12) months after the date of the abandonment or vacation. Granting of the new property tax incentive and its term is at the sole discretion of the Board. The maximum term for a property tax incentive for a tract of real property, however, is fifteen (15) years.

Section V. Post-Closing Evaluation

The Board intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of Knox County. Accordingly, it has established a follow-up system of accountability to insure that the benefits represented by the Applicant to the Board actually come to fruition. These commitments are provided in the Lease with the Applicant. In addition, the Board requires the Project Applicant to annually certify in a writing signed by the Applicant's chief executive officer or other executive acceptable to the Board that the number of jobs, initial wages, and capital investment commitments have been met. The Board will annually (or at such other times it deems appropriate) evaluate each Project receiving a property tax incentive to ensure compliance with the Lease.

Each year any Person who is a beneficiary of a property tax incentive from Knox County shall provide information in the manner described in the Lease Agreement and complete an Annual Report Form, including, but not limited to, the following:

1. **Capital Investment** - Real Property/Tangible Personal Property.
2. **Employee Report** - The total number of employees of such Person, their total salaries, the number of employees who reside in Knox County, and the gross salaries of employees who reside in Knox County. These jobs shall be reported in job classifications as required by the Board.
3. **Vendor Support Report** - The gross dollars spent locally on supplier and professional service contracts, to demonstrate the amounts by contract awarded and performed by Knox County Persons.
4. **Minority/Small Businesses** - The dollar amount of contracts awarded to Minority/Small Businesses.

Applicants have three (3) years, or such shorter period as the Board determines to be appropriate based upon the type of project and the length of the tax incentive period contemplated by the Board, to reach compliance levels for investment, employment and wages. Each Applicant will provide an annual report to the Board in a form acceptable to the Board that discloses the initial projections for employment, wages and capital investment and compares them to the Applicant's actual performance.

If the above reports and information reveal that the Applicant has not met or exceeded the projections for employment, wages, and capital investment, which served as the basis for the Board's final calculation of the property tax incentive, the Board may exercise one or more of a number of remedies contained in the Lease Agreement. It may terminate the Lease, adjust the property tax incentive based upon the Applicant's performance, enforce the payment of amounts approximating the taxes that would have been due if the incentive had been determined in accordance with the Applicant's actual performance, or take other legal action.

On an annual basis the Board will receive a compilation of the past year's activities, and the ongoing activities of the Projects operating under current leases to the Board. The Board retains the right to visit and inspect the Projects during the term of the property tax incentive to ensure compliance with statements and representations made in the Lease Agreement and the Application.

Section VI. Application

Any person desiring that the Board consider providing a property tax incentive to encourage location, Expansion and/or Modernization of operations within Knox County shall comply with the following application guidelines. Nothing within these guidelines shall imply or suggest that Knox County is under any obligation to provide a property tax incentive in any amount or value to any Applicant.

The Application Review Committee of the Board will consider and act upon Applications for property tax incentives at its regular scheduled meetings held on the first Tuesday of each quarter. Thereafter, the full Board will consider the Committee's recommendations and the Applications at its regular scheduled meetings held on the second Tuesday of each quarter. Meetings of the Board and its Application Review Committee are subject to the Open Meetings Laws of the State of Tennessee. Quarterly meetings may be waived, adjourned, or held at a different location or date at the discretion of the Board.

1. Pre-Application

A Potential Applicant or their representative(s) shall submit to the Committee and economic development officials designated by Knox County its estimates on the number of jobs, wages, capital investment, potential location, and any other company data requested by such officials. These estimates will be evaluated and presented to the Application Review Committee of the Board for recommendation or denial of a property tax incentive term. The full Board will act on the Committee's recommendation.

2. Application

An Application for a property tax incentive shall be made on the form designated by the Board. An Application Fee in accord with Section VII below must accompany any Application. The Application Fee is not refundable. An Application shall be filed with the Application Review Committee no later than the close of business fourteen (14) days prior to the next scheduled Board meeting.

3. Legal Fees

In addition to an Application Fee, Applicants shall make payable to the Board estimated legal costs associated with the Project prior to consideration of the application by the Board. Estimated legal fees will be held in an escrow account until closing.

Section VII. Fees

1. Application Fees

The Application form must be completed and submitted with an Application Fee calculated as follows:

<u>Estimated Project Investment at the Time of Application</u>	<u>Application Fee</u>
\$1,000,000 - \$2,500,000	\$2,000
\$2,500,001 - \$5,000,000	\$3,000
\$5,000,000 - and greater	\$4,000

2. Legal Fees

Applicant shall make payable to the Board estimated legal costs prior to consideration of the Application by the Board. Legal fees will be held in an escrow account until closing.

3. Closing Fees

A Closing Fee computed as follows will be paid to the Board prior to or at the closing of the Lease. Closing Fees for property tax incentive transactions are based on the benefits that an Applicant will receive (i.e., value of the tax savings over the applicable tax freeze term) rather than on the total Project investment.

Board counsel will submit drafts of all closing documentation (including one or more Deeds, Bills of Sale and Leases) after the Board's approval of the Application. If the parties have not executed and delivered the closing documents and closed the transaction within thirty (30) days after the Applicant receives the documentation (or such extended date approval by the Chair or Vice Chair of the Board, the Applicant will forfeit one-fourth of such fee for every .30-day period after (i) the Applicant's receipt of the closing documents or the (ii) date to which the Board extends the closing date.

For example, if the Application Fee is \$4,000 and an Applicant does not close within 60 days, the Applicant forfeits \$2,000, or one half, of the Application Fee. The remaining \$2,000 will be credited against the Closing Fee. However, if the Applicant does not close within 120 days after it receives the closing documents, the Applicant relinquishes the \$4,000 Application Fee, and none of the fee will be credited against the Closing Fee.

The Closing Fee for a property tax incentive transaction with the Board will be 5% of the tax savings, as calculated by the Board or its consultant, with a minimum of \$1,500 and a maximum of \$300,000. The Applicant receiving the property tax incentive will also be responsible for paying any additional expenses related to the transaction (i.e., fees of Board counsel, title attorney fees, title insurance premiums, copies, postage, long distance telephone calls, etc).

In the event that a property is annexed into the City of Knoxville, an additional Closing Fee shall be assessed to the grantee of the property tax incentive based upon the estimated City of Knoxville tax savings that would accrue to such grantee as a result of the annexation.

Applicants must close on their real and personal property on or before a date that the Board will establish at the time of its approval. If such a date is not established the Applicant must close within the 120-day period after the distribution of the closing documents by the Board's counsel.

4. Lease Amendments

Amendments to existing leases shall require a fee of \$1,000.

5. Assignment of Property Tax Incentive Benefits/Transfer Fees

Property tax incentive benefits are not assignable without the prior consent of the Board. Parties seeking a transfer of an existing property tax incentive shall confer with the staff or agent of the Board to determine the proper procedure in the specific transaction. The Board's staff or agent will recommend to the Application Review Committee that the transfer be approved or that a new Application be filed. The Board's Application Review Committee will then make a recommendation to the Board.

If an assignment is approved, the fees for such assignment will be as follows:

Transfer Fees shall be charged on the following basis and must accompany the Application for the assignment of property tax incentive benefits:

1% of the tax savings up to \$1,000,000 with a minimum fee of \$4,000.

1/2% of such savings over \$1,000,000 with a maximum fee of \$25,000.

The Applicant shall also be responsible for all attorney fees incurred by the Board in processing the application for transfer of property tax incentive benefits.

6. Purpose of Fees

The above quoted fees are for reimbursement of the expenses of the Board, and other economic development programs as approved by the administration of Knox County. The Applicant is responsible for payment of its counsel fees and other expenses attendant to the Application.

Section VIII. Property Tax Incentive Closing Requirements

1. Environmental Report Requirements. The Board will require the Applicant to provide a Phase I Environmental Site Assessment Report that (i) shall be prepared by a recognized Person in the health, safety and environmental field that is acceptable to the Board; (ii) shall bear a date acceptable to the Board; and (iii) shall disclose no unacceptable conditions to the Board. All environmental reports must grant to the Board the right to rely on such reports.

2. Deadlines:

Real Property

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

property is conveyed to the Board. The Board will require a title insurance policy or a title report confirming the Applicant's ownership of the real property, which title policy or report will be provided at the expense of the Applicant.

Personal Property

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

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

No rights to a property tax incentive approved by the Board may be sold, assigned, or leased unless otherwise specified in the Lease Agreement. Any sale, assignment or lease of the property which is not permitted in the Lease Agreement results in a forfeiture of all property tax incentive rights on the property. If a recipient of a property tax incentive vacates, abandons or ceases operations on the Property, which is the subject of a Real Property Lease Agreement, the property owner has twelve (12) months to obtain a new Applicant. All renewals for Projects with property tax incentives are limited to fifteen (15) years and renewals are granted at the sole discretion of the Board.

APPENDIX A

PAYMENT-IN-LIEU-OF-TAX INCENTIVES ELIGIBILITY AND CONSIDERATION

JOB CREATION	WAGES	CAPITAL INVESTMENT	LOCATION	ENVIRONMENT
<p>Maximum 50 Points</p> <p><i>Firms will be awarded points for each new job contributing to the annual goal of net new jobs, as determined by the County.</i></p>	<p>Maximum 30 Points</p> <p><i>Firms are encouraged to pay wages above the annual average wage in Knox County.</i></p> <p><i>The Annual Average Wage in Knox County "is the last published by the Tennessee Department of Employment Security.</i></p>	<p><i>Real and Personal Property for which property tax incentive benefits are being requested</i></p>	<p>Maximum 20 Points</p> <p><i>Firms locating in the City of Knoxville and Knox County within specifically designated areas.</i></p>	<p><i>Environmental issues</i></p>
<p>Criteria</p> <p>1 Point per 10 Jobs, 50 points maximum.</p> <p>For example:</p> <ul style="list-style-type: none"> 25 jobs = 2.5 points 50 jobs = 5 points 250 jobs = 25 points 300 jobs = 30 points 750 jobs = 50 points 	<p>Criteria</p> <p>90-110% of the target wage 10 points</p> <p>Less than 90% of the target wage, subtract 2 points for each additional 5%. For example:</p> <ul style="list-style-type: none"> 90% - 10 points 85% - 8 points 80% - 6 points <p>Greater than 110% of the target, add 2 points for each additional 5% up to 30 points.</p> <p>For example:</p> <ul style="list-style-type: none"> 120% - 14 points 130% - 18 points 140% - 22 points 150% - 26 points 160% - 30 points 	<p>Criteria</p> <ul style="list-style-type: none"> Less than \$1,000,000 0 pts. \$1 Million – \$1.99 Million 5 pts. \$2 - \$4.99 Million 10 pts. \$5 Million - \$9.99 Million 15 pts. \$10 Million - \$14.9 Million 20 pts. \$15 Million - \$24.9 Million 25 pts. \$25 to \$30 Million 30 pts. <p>Additional points can be awarded for Projects exceeding \$30 Million</p>	<p>Criteria</p> <p>Firms locating in an Economic Development Area as listed in Knox County IDB Policies and Procedures - up to 20 pts</p>	<p>Criteria</p> <p>A new firm that does not require an environmental permit or whose emission levels are significantly below the EPA permissible levels for Knox County. Maximum – 50 pts.</p> <p>-OR-</p> <p>An existing firm installing pollution control facilities that substantially reduce emission levels. Maximum – 80 pts.</p>

SCORE SHEET

The property tax incentive freeze is at 100% (City of Knoxville) and 100% (Knox County) of the improved value of the real estate and 100% (City of Knoxville and 100% (Knox County) of the Personal Property as provided in the Lease Agreement.

<u>TOTAL POINTS</u>	<u>PROPERTY TAX INCENTIVE TERM</u>	
Less than 31	No Freeze	
31 - 40	Three (3) year freeze	
41 - 50	Four (4) year freeze	
51 - 60	Five (5) year freeze	
61 - 70	Six (6) year freeze	
71 - 80	Seven (7) year freeze	
81 - 90	Eight (8) year freeze	
91 - 100	Nine (9) year freeze	
101 - 110	Ten (10) year freeze	
111 - 120	Eleven (11) year freeze	
121 - 130	Twelve (12) year freeze	SPECIAL CIRCUMSTANCES: The Industrial Development Board has the discretion of giving bonus points for special circumstances.
131 - 140	Thirteen (13) year freeze	
141 - 150	Fourteen (14) year freeze	
151 or greater	Fifteen (15) year freeze	
		The maximum incentive period for any Project will be fifteen (15) years.

**THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX
PROPERTY TAX INCENTIVE PROGRAM**

PROCEDURES

1. The Applicant should arrange a pre-application conference with economic development officials designated by the County to determine what level of incentives, if any, can be provided.

2. The Applicant shall file the Application and all documentation pertaining to the Application with the Industrial Development Board's staff no less than 14 days prior to a scheduled meeting of the Application Review Committee of the Board. The following information must be part of the Application.

- a. Project Description
- b. Project Cost Estimates
- c. Employment - Current and Projected
- d. Financial Statements - preferably audited statements, at least statements reviewed by CPA
- e. Phase I Environmental Audit Addressed to the Board
- f. Parcel Information and Legal Description and a copy of the Applicant's title insurance policy, commitment or title report with respect to the real property
- g. Application Fee

3. The Applicant shall make payable to the Board estimated legal costs prior to consideration of the application by the Board. Estimated legal fees will be held in an escrow account.

4. The economic development officials and the Board staff will prepare a report and recommendation to the Application Review Committee of The Industrial Development Board and the County Mayor stipulating the proposed terms of the property tax incentive.

5. The Board meets the second Tuesday of each quarter and the Applicant is required to appear before the Board.

6. On the first Tuesday of each quarter, prior to the meeting of the Board, the Application Review Committee consider the Application and make a recommendation to the Board for its consideration. The Board requires that all Directors receive the Application and other pertinent material at least fourteen (14) days prior to the scheduled meeting at which the Board will consider the Application.

7. Upon Board approval of the property tax incentive request and if a Lease Agreement is acceptable to both the Applicant and the Board, a date for the closing can be scheduled immediately. Closings must be scheduled before December 31. The following documents are needed at closing:

- a. Real and/or Personal Property Lease Agreement(s)
- b. Special Warranty Deed
- c. List of Encumbrances on the Property
- d. Bill of Sale of Tangible Personal Property (process-related machinery & equipment). The Bill of Sale should include cost values for the property that is being conveyed.

- e. Title insurance policy or title report
- f. Approval of the County Mayor.

All closing fees must be paid at the time of closing. Closing fees must be deposited and be cleared by a banking institution prior to filing the Lease Agreement(s) (or a Memorandum thereof) with the Register's Office for Knox County. Only a certified or cashier's check or other collected funds will be accepted.

NOTE: Submission of the Phase I Environmental Audit, County Mayor's Approval and other financial information required as a condition of approval must be satisfied prior to closing.

8. Upon closing, the Real Property Lease Agreement (or a Memorandum thereof) and Special Warranty Deed will be filed with the Register's Office for Knox County. The Real Property Lease Agreement, Special Warranty Deed, list of encumbrances on the property, Bill of Sale of Tangible Personal Property and Personal Property Lease Agreement with original signatures will be sent to The Industrial Development Board, along with copies of the registered documents. Upon request by the Board or as provided in the Lease, Applicants are responsible for sending copies of the Lease Agreement(s) to the State Comptroller's office:

The Office of the Comptroller
Division of Property Assessment
501 Deaderick Street
Suite 1400 (EDA Compliance)
Nashville, Tennessee 37243-0277

A copy of the transmittal letter must be sent to the Board for inclusion in the Project file.

9 In accordance with the Property Tax Incentive Policy, Annual Performance Reporting Forms of Tax Incentive Projects will be provided to the Applicant, and the Applicant will complete this form and file the same with the Board on an annual basis selected by the Board.

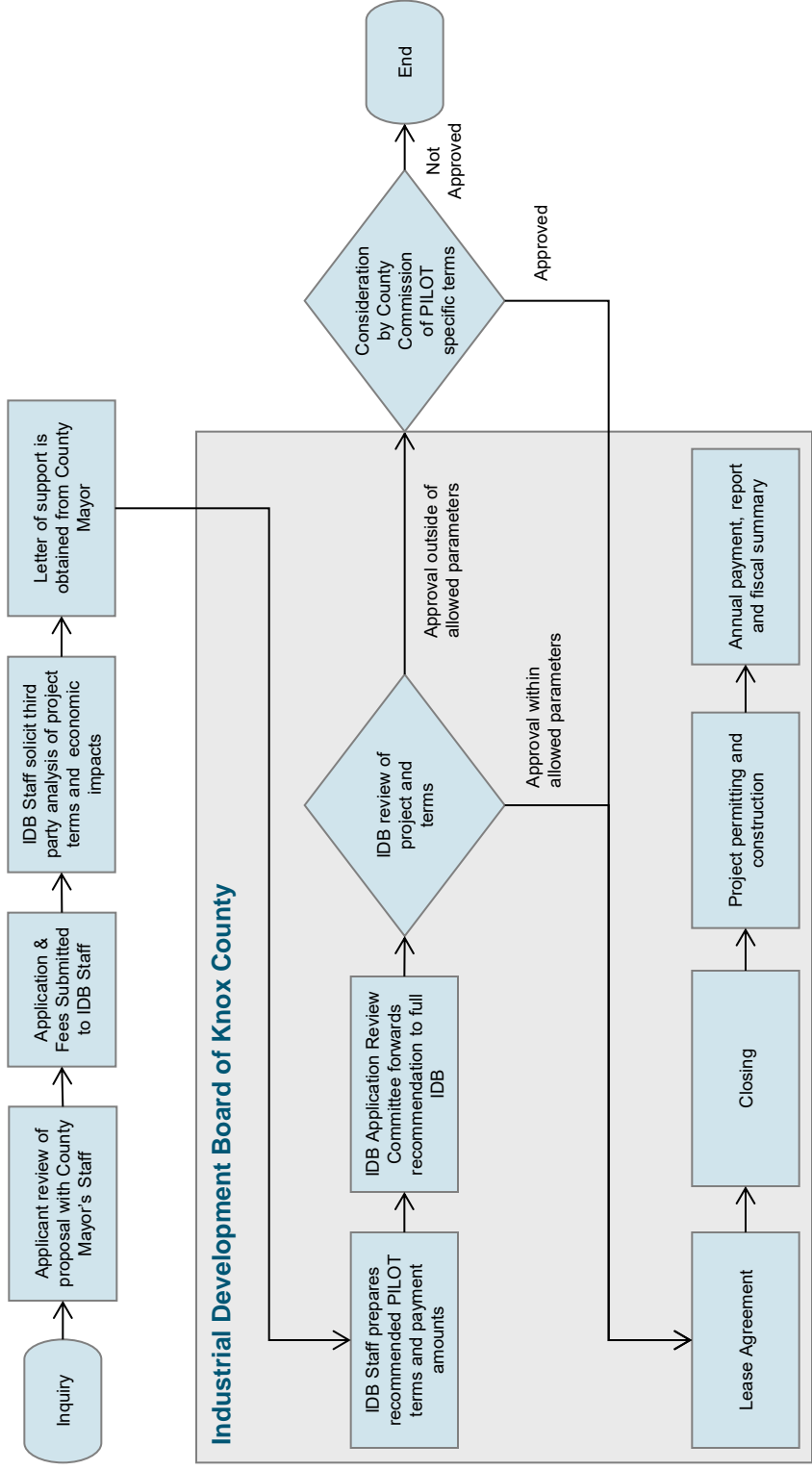
10 Tenn. Code Ann. §7-53-305 requires the lessee to file with the State Board of Equalization before October 1st of each year an annual report containing a list of all the real and personal property owned by the Board and its associated entities and subsidiaries; the value of each listed property as estimated by the lessee of property; the date and term of the lease for each listed property; the amount of payments made in lieu of property taxes for each listed property; the date each listed property is scheduled to return to the regular tax rolls; and a calculation of the taxes which would have been due for each listed property if the properties were privately owned or otherwise subject to taxation.

Each beneficiary of a property tax incentive will be responsible for the timely completion and filing of the above report with respect to its Project, and failure to timely complete and file the report shall subject such beneficiary to a penalty of one hundred dollars (\$100.00) for each day the report is late; provided, that no such beneficiary will be liable who has provided the State Board of Equalization information required by Tenn. Code Ann. §7-53-305, insofar as may be pertinent to property leased by such beneficiary from the Board.

The Board requires that each lessee submit a copy of this report to the Board for inclusion in the Project file. The copy should be sent to:

The Industrial Development Board of the County of Knox
17 Market Square, #201
Knoxville, Tennessee 37902-1405

Knox County Property Tax Incentive Program Payment-in-lieu-of-Taxes (PILOT) Application and Procedures Diagram



For more information contact:
 Todd Napier, President & CEO
 Development Corporation of Knox County
 p. (865) 546-8557
 tanapier@knoxdevelopment.org

