

**RESOLUTION OF THE BOARD OF COMMISSIONERS**  
**GORDON COUNTY, GEORGIA**

**Re: Approving Agreement for Payment in Lieu of Taxes  
LG Hausys America, Inc.  
Viatera Project 2**

Whereas, LG Hausys America, Inc. (the "Company") has made investments in Gordon County, to date, which total approximately \$120,000,000;

Whereas, as part of its continued expansion in Gordon County, the Company has invested another \$40,000,000 for the construction of the Viatera Plant #2 (the "Project");

Whereas, the Development Authority of Gordon County (the "Authority") has adopted a Bond Resolution for the issuance of \$40,000,000 in Industrial Revenue Bonds for the Project and will hold record title to certain assets of the Project for a period of time as agreed between the Company and Authority;

Whereas, in order to provide local taxing authorities with revenues during the period of time that record title is held by the Authority, the Company has agreed to make payments in lieu of taxes as contained in a PILOT Agreement. A copy of the Agreement is attached hereto as Exhibit "A";

Whereas, the schedule for Payment in Lieu of Taxes is found in section 6.3 on page 19 of a lease between the Authority and the Company and is restated as an essential term of this resolution as follows:

Tax Year	Applicable Percentage
2017	0%
2018	0%
2019	0%
2020	0%
2021	0%
2022	50%
2023	50%

And, Whereas, the Project shall be fully taxable by local authorities in year 2024 and subsequent years.

Now Therefore, conditioned on the above recitals, the Agreement for Payment in Lieu of Taxes as shown on Exhibit "A" attached hereto is approved and the Chairman of the Gordon County Commission is authorized to execute the Agreement on behalf of the Board.

So Adopted and Approved by the Board of Commissioners of Gordon County Georgia on Tuesday, November 15, 2016.

By: \_\_\_\_\_  
Becky Hood, Chairperson

Attest: \_\_\_\_\_  
Annette Berry, County Clerk  
SEAL AFFIXED

**AGREEMENT FOR PAYMENT IN LIEU OF REAL ESTATE TAXES**

**THIS AGREEMENT**, dated as of the \_\_\_ day of \_\_\_\_\_, 2016 (the "Dated Date"), but effective on the date the Bond referred to below is issued (the "Effective Date"), by and between the **DEVELOPMENT AUTHORITY OF GORDON COUNTY** (the "Issuer"), a public body corporate and politic created pursuant to the laws of the State of Georgia, the **BOARD OF TAX ASSESSORS OF GORDON COUNTY** (the "Board"), and **LG HAUSYS AMERICA, INC.**, a corporation organized and existing under the laws of the State of New Jersey (the "Company").

**W I T N E S S E T H:**

**WHEREAS**, the Issuer is issuing its Taxable Industrial Development Revenue Bond (LG Hausys America, Inc. Project), Series 2016 in a principal amount of up to \$40,000,000 (the "Bond") to pay the costs of acquiring, constructing and equipping a manufacturing facility on land located in Gordon County, Georgia (the "2016 Project"); and

**WHEREAS**, the Company proposes to enter into a Amended and Restated Lease Agreement dated as of \_\_\_\_\_, 2016 (the "Amended and Restated Lease Agreement") with the Issuer under the terms of which the Issuer will agree to issue the Bonds and lease the 2016 Project to the Company in consideration for rental payments in such amounts and payable on such dates as will be sufficient to pay the principal of and interest on the Bonds as and when the same become due and payable; and

**WHEREAS**, the Issuer will have record title to the 2016 Project and its interest in the 2016 Project will not be subject to *ad valorem* property taxation under current law; and

**WHEREAS**, it is anticipated that the leasehold interest of the Company will be subject to *ad valorem* property taxation; and

**WHEREAS**, the parties wish to enter into this Agreement to confirm the method that will be used to calculate *ad valorem* property taxes with respect to the 2016 Project and the interests of the Issuer and the Company therein.

**NOW, THEREFORE**, in consideration of the foregoing and the mutual covenants contained herein, and of such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Issuer and the Company hereby agree as follows:

Section 1. Definitions. The capitalized terms set forth below shall have the meanings ascribed in this Section 1, unless the context or use clearly indicates another or different meaning or intent, and any other words and terms defined in the Amended and Restated Lease Agreement shall have the same meanings when used herein as assigned them in the Amended and Restated Lease Agreement, unless the context or use clearly indicates another or different meaning or intent:

"Additional PILOT Payments" shall have the meaning given such term in Section 4(b)(vi) hereof.

Exhibit "A"

“Additional Tax Payments” shall have the meaning given such term in Section 4(d) hereof.

“Company Property” shall have the meaning given such term in Section 2 hereof.

“Force Majeure Event” shall mean, without limitation, the occurrence of any of the following events: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of any state or any of their respective departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fire; hurricanes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbance; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities or electronic transmission components; or any other cause or event not reasonably within the control of the Company.

“Lease Year” shall mean each calendar year during the Amended and Restated 2016 Project Lease Term.

“PILOT Payments” shall mean the payments in lieu of tax made in accordance with Section 4(a) of this Agreement.

“Property Tax Differential” shall mean, for any period of calculation which shall in any event commence with the first Lease Year, the difference between (a) the amount of Property Taxes that would have been paid by the Company if the Company had owned fee simple record title to the 2016 Project during the period of calculation less (b) the aggregate amount of Property Taxes paid by the Company with respect to its leasehold interest in the 2016 Project or with respect to the Issuer’s interest in the 2016 Project during said period.

“Property Taxes” shall mean any and all *ad valorem* real and personal taxes levied, assessed or imposed by the City of Calhoun or Gordon County with respect to the 2016 Project or any interest therein and includes, without limitation, all School Taxes and taxes payable to the State of Georgia.

“School Taxes” means all Property Taxes that under applicable law are to be paid to the County Board of Education or a municipal independent school system for the purpose of supporting public schools in accordance with O.C.G.A. § 48-5-400 or § 48-5-405, respectively.

“Tax Official” means the Board of Tax Assessors, Chief Appraiser or Tax Commissioner for Gordon County.

Section 2. Property Tax Payments. Under current law, the fee simple interest of the Issuer, as landlord, in the 2016 Project is exempt from Property Taxes. Because the Constitution or laws of the State may be amended in a manner that might subject the Issuer’s ownership interest in the 2016 Project to Property Taxes, and because the Issuer is without funds to pay such taxes or the cost of contesting the imposition of taxes, the Issuer and the Company have agreed, in the Amended and Restated Lease Agreement, that the Company shall bear the risk of taxation as to the Issuer’s leasehold interest and as to the Issuer’s ownership interest in the 2016 Project and shall be entitled to contest any Property Taxes sought to be imposed thereon, in its

own name or in the name of the Issuer. Thus, by operation of express covenant and not by operation of law, the Lessee shall be responsible for paying any Property Taxes that may become payable with respect to the Issuer's interest in the 2016 Project. The parties acknowledge and agree that any personal property owner by the Company which is not covered under the Amended and Restated Lease Agreement but is located on or installed in the 2016 Project (collectively, the "Company Property") will be subject to Property Taxes, unless otherwise exempt by operation of law.

Section 3. Special Covenants Related to Leasehold Property Tax Assessments. The Issuer and the Company have consulted with the Board with respect to the property tax treatment of the 2016 Project and the Company's leasehold interest therein. The valuation of Company's leasehold interest in the 2016 Project pursuant to the Amended and Restated Lease Agreement for Property Tax purposes as set forth below has been determined by the Board in accordance with its standard policies and procedures. Because the Rents under the Amended and Restated Lease Agreement are intended to be at fair rental value, the parties agree that the fair market value in exchange of the Lessee's leasehold interest in the 2016 Project property during each year of the 2016 Project Lease Term is zero. Accordingly, the Issuer, the Board, and the Company hereby agree that during each year of the 2016 Project Lease Term the Company's leasehold interest in the 2016 Project for Property Tax purposes shall be valued, assessed and placed on the annual Gordon County property tax digest at an assessed value of \$0.0.

Section 4. Payments in Lieu of Taxes.

(a) PILOT Payments. In order to provide the local taxing authorities with additional revenues relating to the 2016 Project during a portion of the period record title thereto is held by the Issuer, the parties hereby agree that, subject to the limitations and conditions set forth herein, the Company, in consideration of the Issuer's agreement to issue the Bonds and to lease the 2016 Project to Company, shall, during the sixth and seventh years of the 2016 Project Lease Term, make PILOT Payments equal to fifty percent (50%) of the Property Taxes which would otherwise have been due and payable if the Company owned the 2016 Project property in fee simple on January 1 of such years.

(b) Investment and Jobs Goals. The amount of the PILOT Payments provided in Subsection (a) of this Section 4 are based on the assumption that on and after December 31, 2016, the total combined capital investment at the 2016 Project site (including the amount of the Bonds, equity invested by the Company, and any investment by any equipment leasing companies) will amount to at least \$40,000,000.00 (the "Investment Goal") and that employment levels at the 2016 Project site will be, in aggregate, at least fifty (50) average full time jobs (the "Jobs Goal").

(i) Investment Shortfall Percentage. If on or by January 1, 2017, or any January 1 of any year thereafter while the Amended and Restated Lease related to the 2016 Project is in effect (each a tax-year), the aggregate investment at the 2016 Project site (including the amount of the Bonds, equity invested by the Company, and any investment by any equipment leasing company) has not reached the Investment Goal (based on original cost without taking into account depreciation), the amount of actual investment as of such January 1 shall be subtracted from the Investment Goal to determine the "Investment Shortfall" for such tax year.

The Investment Shortfall for such tax-year shall then be divided by the Investment Goal and the result shall be the "Investment Shortfall Percentage" for such tax-year.

(ii) Average Annual Full Time Jobs. In determining the number of full time jobs for purposes of the Jobs Goal, the definition of "full time job" shall be as follows from the job tax credit regulations of the Georgia Department of Community Affairs, except that transferred jobs and replacement jobs shall be counted:

Full-time job – means a job with no predetermined end date, with a regular work week of 35 hours or more for the entire normal year of local company operations, and with benefits provided to other regular employees of the local company, but does not mean a job classified for federal tax purposes as an independent contractor. Leased employees will, for the purposes of the Job Tax Credit Program, be considered employees of the company using the services of leased employees. Leased employees and other employees must be counted toward new job totals for purposes of determining a business enterprise's job tax credit when such employees otherwise meet the definition of full time job contained herein. Leased employees and other employees that do not meet the definition of full time job contained herein may not be counted toward job totals.

In addition to those employees that fall within the definition of full time job (as defined in the job tax credit regulations of the Georgia Department of Community Affairs, as modified herein), the hours of temporary employees working at the 2016 Project Site shall be aggregated into full time job equivalents which shall be counted as full time jobs whether or not such temporary employees are employed by the Company or are leased by the Company. There also shall be counted: (a) "temp-to-perm" employees; and (b) employees of Affiliates of the Company working on the 2016 Project Site at all times relevant hereto. References are to the monthly average number of full time employees in a taxable year, which shall be determined by counting, for each month of the taxable year, the total number of full time employees that are subject to Georgia income tax withholding as of the last payroll period of the month or as of the payroll period during each month used for the purpose of reports to the Georgia Department of Labor, adding the monthly totals of full time employees, and dividing the result by the number of months the business enterprise was in operation during the taxable year. Notwithstanding the foregoing, the Jobs Goal in any year is subject to the effect of *force majeure* as provided below, if the Company certifies to the Issuer in writing the dates of the commencement and, if the event of *force majeure* has abated, the date of the abatement, of such event of *force majeure*. For purposes hereof, "*force majeure*" means any unexpected event (including, without limitation, any event or act of god, war, civil commotion, flood, fire, explosion, earthquake or other natural disaster, any strikes, walkouts or other labor unrest and any economic conditions amounting to a recession or depression, and terrorist acts) which prevents the Company from attaining the Jobs Goal in such year, which act or event is (i) beyond the reasonable control and not arising out of the fault of the Company, (ii) the Company has been unable to overcome such act or event by the exercise of due diligence and reasonable efforts, skill and care, exclusive of the expenditure of unbudgeted sums of money and (iii) has a material adverse effect on the employment at the 2016 Project Site; provided, however, notwithstanding anything

contained herein, the Company shall not be obligated to negotiate, settle or otherwise take any actions to end any strike, walkout or other labor unrest if it deems such to be in the best interest of the Company. The effect of *force majeure* shall be that, for any year in which the Company claims the benefit of such provision, the applicable number of full time jobs at the 2016 Project that are the Jobs Goal for such year shall be reduced by the number of full time jobs that the Company shall demonstrate were not filled as a result of such *force majeure*.

(iii) Annual Certification. Not later than March 1, 2017, and not later than March 1 of each year thereafter (to and including the March 1 or the year following the last year in which either the Company realizes any tax savings hereunder), the Company shall provide to the Issuer and the Tax Commissioner a certificate of its authorized officer (the "Annual Certification") stating (i) the cumulative investment at the 2016 Project as of January 1 immediately preceding and (ii) the average number of full time jobs at the 2016 Project Site during the immediately preceding calendar year. (For the first year of operation of the 2016 Project, the average number of full time job equivalents calculation shall be annualized to reflect the commercial operation date of the 2016 Project). The Company shall provide such other supporting documentation as the Issuer or the Tax Commissioner may from time to time reasonably request. The Issuer and the Tax Commissioner shall have the right to inspect the investment and payroll records of the Company relating to the 2016 Project to verify the correctness of the Annual Certification and may make adjustments in investment and the jobs information if an error is found.

(iv) Jobs Shortfall Percentage. If the Annual Certification (or an adjustment thereto) shows that the average number of full time jobs at the 2016 Project in the immediately preceding year was less than the Jobs Goal, then the Job Shortfall Percentage shall be calculated as follows: The number of average full time jobs for the previous year shall be subtracted from the Jobs Goal which shall be the Jobs Shortfall. The Jobs Shortfall shall then be divided by the Jobs Goal to determine the Jobs Shortfall Percentage. For example, if there is no Jobs Shortfall, the Jobs Shortfall Percentage shall be zero percent.

(v) 2016 Project Shortfall Percentage. The Investment Shortfall Percentage and the Jobs Shortfall Percentage for each tax year shall be totaled and divided by two (2); the result shall be the 2016 Project Shortfall Percentage.

(vi) Additional PILOT Payments. If there is a 2016 Project Shortfall Percentage for any tax year of greater than ten percent (10%), additional payments in lieu of tax ("Additional PILOT Payments") for such tax year shall be calculated as follows: the 2016 Project Shortfall Percentage shall be multiplied by (1) the amount of Property Tax that would have been due for the 2016 Project assets as if the Company had owned the 2016 Project assets in fee simple (rather than holding a leasehold interest) as of January 1 of such tax year (2) reduced by the amount of any PILOT Payment for such tax year under Section 4(a) hereof. For the avoidance of doubt, and by way of example, assume a Year 6 2016 Project Shortfall Percentage of 12%, a fair market value of the fee simple interest in the 2016 Project as of January 1 of \$30,000,000.00, and a resulting combined tax liability of \$300,000.00. The PILOT Payment for Year 6 would be \$150,000.00 (50% of \$300,000.00) and the Tax Savings Recovery Payment would be \$18,000.00 (( $\$300,000.00 - \$150,000.00$ ) x 12%). Separate calculations shall

be made for the amount of State, City, County O&M and school Property Taxes and PILOT Payments for each such tax year and of the amount of Tax Savings Recovery Payments due. If the Year 6 2016 Project Shortfall Percentage had been less than 10%, no Tax Savings Recovery Payment would be due.

(vii) Payment Procedures. Tax Savings Recovery Payments shall be paid by the Company by separate checks made payable to the State, City, County and its school system, and shall be delivered by the Company to the Tax Commissioner within thirty (30) days following the date of the Annual Certification. Checks received by the Tax Commissioner from the Company pursuant to this Section 4(b)(vii), shall be delivered by the Tax Commissioner to the State, City, County, its school system.

(c) Other Costs and Expenses. The Company shall be responsible for all costs and expenses paid by the Issuer or the Tax Commissioner for the collection of any amounts due under this Section 4, including but not limited to reasonable attorneys' fees, administrative costs or other collection expenses.

(d) Reduction for Additional Tax Payments. Notwithstanding anything in this Agreement to the contrary, if the Company is for any reason required to pay more Property Taxes with respect to its leasehold interest in the 2016 Project than those payable as calculated pursuant to Section 3 of this Agreement (collectively, the "Additional Tax Payments"), any PILOT Payments under Section 4(a) or any Additional PILOT Payments under Section 4(b) hereof shall be reduced by the amount of any such Additional Tax Payments.

#### Section 5. Tax Filings.

(a) The Issuer shall take such action as shall be necessary to cause its interest in the 2016 Project to be reflected on the tax rolls of the County as exempt property and to reflect that the Company's leasehold interest therein has is valued as set forth in Section 3 herein.

(b) During the 2016 Project Lease Term, the parties hereto agree that the Company shall have sole authority, right and power to file grievances or to institute and prosecute proceedings, protests, complaints or challenges or other forms of judicial or administrative review, seeking any adjustment or decrease in the assessment of all or any portion of the 2016 Project or challenging the tax rate applicable to all or any portion of the 2016 Project or seeking a clarification of or challenging the valuation or methods utilized to compute the Property Taxes with respect to all or any portion of the 2016 Project. The Issuer hereby irrevocably appoints the Company as its agent and attorney-in-fact (such appointment being coupled with an interest) for the purpose of filing, instituting or prosecuting any grievance, protest, challenge, review or proceedings described in this subsection (b) (collectively, the "Tax Proceedings") which shall be undertaken at the sole cost and expense of the Company. In order to further evidence the appointment described herein, at the request of the Company the Issuer agrees to execute and deliver any and all further written authorizations or other documents which the Company deems to be necessary or convenient in order to exercise its rights hereunder, and to join in any such Tax Proceedings at the expense of the Company.



(c) The Issuer shall provide to the Company within ten (10) days of receiving the same any and all demands for payment, bills, invoices, assessment notices or other written communications or notices from any Tax Official regarding Property Taxes affecting the 2016 Project or any interest therein and shall otherwise cooperate with the Company in connection with any such Tax Proceedings necessary or convenient in order to exercise its rights hereunder.

Section 6. Affect of 2016 Project Closure. Notwithstanding anything to the contrary contained herein or in the Amended and Restated Lease Agreement, in the event that the 2016 Project is not operated as a manufacturing facility for at least 24 consecutive months during the 2016 Project Lease Term (a "2016 Project Closure"), the Company shall pay an amount equal to the Property Tax Differential. For purposes of this Section, the 2016 Project shall be deemed to be operated as a manufacturing facility during any period said operations are temporarily suspended due, directly or indirectly, to a Force Majeure Event.

Section 7. Termination. This Agreement shall terminate upon termination of the 2016 Project Lease Term, and shall remain in effect through any periods of extension of the Amended and Restated Lease Agreement. Termination of this Agreement shall not affect the accrued rights and obligations of any party hereunder.

Section 8. Successors and Assigns. This Agreement shall inure to the benefit of, and the obligations of the respective parties hereunder shall be binding upon the successors and assigns of the respective parties hereto. In the event the Company's rights under the Amended and Restated Lease Agreement are assigned in accordance with the Amended and Restated Lease Agreement, the rights and obligations of Company hereunder shall become the rights and obligations of the successor Lessee, as provided in the Amended and Restated Lease Agreement.

Section 9. Third Party Beneficiaries. The holder of the Bonds, the City, the County, the other taxing authorities having taxing jurisdiction over the sites of the 2016 Project and the BOTA are hereby declared to be third party beneficiaries of this Agreement.

Section 10. Governing Law. This Agreement shall be governed by the law of the State of Georgia.

Section 11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement through their duly authorized representatives as of the day and year first above written.

**DEVELOPMENT AUTHORITY OF GORDON COUNTY**

By: \_\_\_\_\_  
T. Larry Roye, Chairman

Attest:

By: \_\_\_\_\_  
Donna McEntyre, Secretary

(SEAL)

**BOARD OF TAX ASSESSORS OF GORDON COUNTY**

By: \_\_\_\_\_  
Chairman

Attest:

By: \_\_\_\_\_  
Secretary

(SEAL)

**LG HAUSYS AMERICA, INC.**

By: \_\_\_\_\_

Kwang Jin Kim  
President

(CORPORATE SEAL)