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August 19, 2020

Via Hand Delivery

James F. Ledbetter, Esq.
Gordon County Administrator
201 North Wall Street
Calhoun, Georgia 30701

Re: Development Authority of Gordon County – Project Olympus

Dear Jim:

As you are aware, the Development Authority of Gordon County adopted a Bond Resolution for the issuance of \$80,000,000.00 of industrial revenue bonds for CFL HOLDING USA, LLC. For your reference, I attach a copy of the original Incentive Letter dated April 29, 2020 relating to this Project.

Project Olympus contains a tax abatement schedule, found on Page 2 of that letter. These abatements include Gordon County M&O and Gordon County School taxes. The abatement is a 10-year graded tax abatement and some generic tax calculations for the abatement are contained on Exhibit "A" of the Incentive Letter.

I also enclose a copy of the proposed Memorandum of Understanding and associated Lease Agreement between the Development Authority of Gordon County and CFL Holding USA, LLC. The Memorandum of Understanding contains the same abatement schedule referenced above and the Lease Agreement outlines the phases of the Project. Phase 1 is in the amount of \$40,500,000.00 and will be completed by December 31, 2021. Phase 2 is in the amount of \$39,500,000.00 and will be completed by December 31, 2023. Please reference Page 15 of the Lease Agreement.

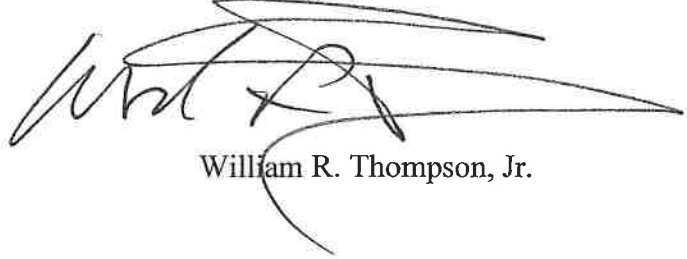
A Petition for Validation of the Industrial Revenue Bonds will be filed in the Superior Court of Gordon County on August 24, 2020 and confirmation of the bonds will be scheduled in the Superior Court of Gordon County on September 10, 2020.

James F. Ledbetter, Esq.
Page Two
August 19, 2020

As you will see from the Memorandum of Understanding, it requires approval and execution by Gordon County and the relevant taxing authorities. Please place this matter on the County's next agenda for consideration. On behalf of the Development Authority we will be asking formal approval of the Memorandum of Understanding and associated Lease Agreement.

Please disseminate the attachments as you deem appropriate and I will be glad to answer any questions any interested party may have.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. R. Thompson, Jr.', with a long horizontal flourish extending to the right.

William R. Thompson, Jr.

WRTJr/fp

Attachments

cc: Ms. Kathy Johnson, President, Gordon County Chamber of Commerce
cc: Mr. Larry Roye, Chairman, Development Authority of Gordon County
cc: Ms. Dana Burch, Gordon County Tax Assessor
cc: Scott Clements, Gordon County Tax Commissioner

DEVELOPMENT AUTHORITY OF GORDON COUNTY

Larry Roye, Chairman
Jim Mathews, Vice Chairman
Jim Rosencrance, Secretary/Treasurer
Larry Vickery
Kenny Fuquea
Randall Fox
Jesse Vaughn

300 South Wall Street
Calhoun, GA 30701
706-625-3200
706-625-5062 (fax)

Bill Thompson, Attorney
williamrthompson@aol.com

Kathy Johnson, President
kjohnson@gordoncountychamber.com

April 29, 2020

Sent Via Email to: kdodson@georgia.org; t.croteau@maxisadvisors.com
a.brownell@maxisadvisors.com; m.anderson@maxisadvisors.com

Mr. Kevin Dodson
Project Manager, Advanced Manufacturing
Georgia Department of Economic Development

Mr. Tom Croteau
Senior Managing Director
Project Management & Client Services
Maxis Advisors

Ms. Andrea Brownell
Senior Project manager
Maxis Advisors

Ms. Megan Anderson
Senior Project Manager
Maxis Advisors

Re: Development Authority of Gordon County – Project Olympus

Dear Sirs and Mesdames:

We appreciate your interest in Calhoun and Gordon County. The Development Authority of Gordon County is willing to propose an initial series of incentives for location of your Project. The Development Authority will pursue approval of incentives based on the assumptions provided below:

Assumptions for Project

Capital Investment - \$64,238,433.00
Property – Building - \$9,049,680.00
 Office Buildout - \$1,026,000.00
 Building Expansion - \$8,023,680.00
Land - \$3,787,567.00 (*excluded*)
Machinery & Equipment - \$46,139,073.00

Jobs – 300 estimate

Wages - Average Wage Rates of \$20.88 per hour plus benefits

Utility Usage – Unknown

Based upon the information provided, it is the Authority's understanding that the total Project will be built in phases; however, the Project is considering purchasing a facility under construction that it intends to substantially expand as outlined in the assumptions provided above. The location is currently in the unincorporated areas of Gordon County. All land acquisition costs (i.e., \$3,787,567.00) is currently excluded. The vast majority of taxes being abated go directly to the local school system. Our Abatement offer is as follows:

Tax Abatements – Manufacturing Facility

Ad Valorem Tax Abatement Schedule: 10 years for building # 1 and its equipment; 10 years for building # 2 and its equipment to take place within 48 months; and an additional investment of equipment in year 4 of the project based upon \$64,238,433.00 of "New Value" pursuant to a negotiated and confirmed PILOT Agreement, on a schedule as follows:

Year 1	100%
Year 2	100%
Year 3	100%
Year 4	100%
Year 5	50%
Year 6	50%
Year 7	50%
Year 8	20%
Year 9	20%
Year 10	10%

This abatement schedule includes an abatement of Gordon County M&O for the affected years and the Gordon County School Tax is included. For the years in which the abatement is less than 100%, the company will pay PILOT payments to Gordon County as set forth in a PILOT Agreement hereinafter negotiated by the parties and approved by the respective taxing authorities. The

Development Authority is willing to structure any potential abatement in order to maximize the value of that abatement to the company.

Conditions

Incentives outlined above are subject to the following conditions and/or limitations:

- a. Any tax abatement schedule will be subject to formal approval by the appropriate governmental agency, which may include Gordon County and/or the Gordon County Tax Assessor and/or the Gordon County Tax Commissioner.
- b. Ad Valorem Tax Concessions are subject to the issuance of Industrial Revenue Bonds and the proper structuring of the transaction, which includes confirmation of the bonds in the Superior Court of Gordon County, as well as the payment of normal and necessary fees for the transaction. The Authority normally charges a percentage fee for issuance of Industrial Revenue Bonds and the Project has agreed to pay an additional sum not to exceed \$10,000.00 for the issuance based upon the complexity of the proposed transaction.
- c. All incentives are based upon investments that comprise "New Value". New Value includes building and equipment investments pursuant to the assumptions outlined above, but do not include real and/or personal property and the taxes assessed thereon prior to construction of this Project.
- d. The Authority has been informed that the Project will qualify for two State of Georgia REBA Grants in the total amount of \$1,200,000.00. It has been represented to the Authority that Grant writing and administration services will be provided at a substantially-reduced cost. The Authority's willingness to act as a Grant applicant is conditioned upon these representations and the Authority's expense for this item shall not exceed \$10,000.00.

The above-listed incentives and conditions comprise the community's offer to your Project. See Exhibit "A" for a preliminary cash value of abatements offered. In conformance with the offer letter the Project has received from the State of Georgia, the Authority's offer will be good through July, 2020.

On behalf of the Authority and the local governments, it is both an honor and a pleasure to work with you on your Project and we thank you for showing an interest in our community.

Sincerely,



T. Larry Roye, Chairman

TLR/fp

EXHIBIT "A"

Preliminary Cash Value of Tax Abatements

Calhoun/Gordon County Tax Rates for 2019

Gordon County M&O – 9.631

County School Board – 19.172

Total Millage – 28.803

Tax Abatements

Manufacturing Building & Equipment # 1 - \$33,272,693

Year 1	100% - \$361,015
Year 2	100% - \$341,479
Year 3	100% - \$321,944
Year 4	100% - \$299,618
Year 5	50% - \$140,042
Year 6	50% - \$127,483
Year 7	50% - \$113,529
Year 8	20% - \$ 39,830
Year 9	20% - \$ 36,481
Year 10	10% - \$ 16,008
Total	\$1,797,429

Tax Abatements

Manufacturing Building & Equipment to be placed in service within 48 months - \$18,981,700

Year 1	100% - \$208,592
Year 2	100% - \$199,754
Year 3	100% - \$190,917
Year 4	100% - \$180,817
Year 5	50% - \$ 85,990
Year 6	50% - \$ 80,308
Year 7	50% - \$ 73,996
Year 8	20% - \$ 27,073
Year 9	20% - \$ 25,558
Year 10	10% - \$ 11,769
Total	\$1,084,777

**Tax Abatements beginning in Year 4
Equipment - \$10,958,030**

Year 1	100% - \$116,150
Year 2	100% - \$107,312
Year 3	100% - \$ 98,475
Year 4	100% - \$ 88,875
Year 5	50% - \$ 39,769
Year 6	50% - \$ 34,087
Year 7	50% - \$ 27,775
Year 8	20% - \$ 8,585
Year 9	20% - \$ 7,070
Year 10	10% - \$ 2,525
Total	\$ 530,122

Disclaimer:

1. Tax Rates – Tax Rates are based upon current millage rates for the Gordon County including the Gordon County Schools. Tax rates are subject to change in future years, and, therefore, the calculations outlined above cannot be relied upon as to a specific dollar figure. The above schedules are merely examples of the savings that may be provided based on the PILOT percentages stated above.

2. Depreciation – Land is not depreciable but buildings and equipment are subject to depreciation allowances for ad valorem tax purposes. The above calculations are based upon depreciation allowances that the Project provided to the Authority and the Authority has not independently verified any depreciation assumptions used for the calculations. Tax savings will ultimately be determined in future years based upon the assessed value of land, building and equipment, combined with the abatement percentages provided in an approved PILOT Agreement and the applicable millage rate in each year. The Authority does not guarantee any particular dollar figure of savings based upon this offer letter. More detailed information on depreciation for ad valorem tax purposes can be obtained from the Gordon County Board of Tax Assessors. The Chief Appraiser is Dana Burch and she may be contacted at 706-629-6812 or at dburch@gordoncounty.org.

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this “Memorandum”) is entered into as of the Effective Date set forth below by and among the **DEVELOPMENT AUTHORITY OF GORDON COUNTY** (the “**Authority**”), a development authority and public body corporate and politic duly created and existing under the Constitution and laws of the State of Georgia, and **CFL HOLDING USA, LLC**, a Georgia limited liability company (the “**Company**”), each a “**Party**” and collectively the “**Parties.**” **GORDON COUNTY, GEORGIA** (the “**County**”), the **GORDON COUNTY BOARD OF TAX ASSESSORS** (the “**Board of Assessors**”), and the **TAX COMMISSIONER OF GORDON COUNTY** (the “**Tax Commissioner**”) are each executing an Acknowledgment hereof attached to this Memorandum in order to enter into their respective agreements to the provisions hereof which are applicable to them, but they are not considered to be Parties.

The Company has evaluated the feasibility of financing the acquisition, construction and installation of certain buildings, structures, machinery, fixtures and equipment in connection with a new manufacturing facility in Gordon County, Georgia (the “**Project**”), to be owned by the Authority and leased to the Company. The Project will be specifically located at 3576 Highway 41, Adairsville, Georgia.

The Company projects that it would have theretofore made or caused to be made aggregate capital investments of approximately \$80,000,000 towards the acquisition, construction and installation of the Project on behalf of the Authority, for lease to the Company. The Project is projected to generate approximately 300 new employment opportunities within Gordon County, Georgia (the “**County**”). The Company acknowledges and represents that the aforesaid projected capital investment amount and projected employment opportunities (collectively, the “**Economic Development Goals**”) constitute the good faith, reasonable expectations upon which the Authority and the Board of Assessors may rely for the purposes of this Memorandum. The Company further acknowledges and represents that the economic burden of *ad valorem* taxation is a significant factor in determining the economic feasibility and location of the Project and that the availability of Bond Financing (as defined below) by the Authority and the *ad valorem* tax consequences resulting from the acquisition, construction and installation and the leasing of the Project by the Authority are major considerations for the Company in its determination of the feasibility of the development of the Project in the County. In order to induce and facilitate the development of the Project and the achievement of the Economic Development Goals within the County, upon the Company’s request, the Authority will make available to the Company conduit taxable revenue bond financing in an amount not to exceed \$80,000,000 (the “**Bond Financing**”), which covers all or a part of the anticipated capital investment at the Project, and, subject to applicable law, the Board of Assessors proposes to utilize the *ad valorem* valuation methodology set forth in this Memorandum.

The parties agree that nothing herein contained shall be construed as an attestation by the Board of Assessors or the Authority as to the economic viability of the Project.

~~Under the proposed transaction and contemporaneously with, or subsequent to, the closing of the Bond Financing, the Company will transfer the Project and all components thereof,~~

as then existing, to the Authority, or cause the same to be so transferred, and the Authority and the Company will enter into a lease agreement, as amended and supplemented from time to time (the “Lease”) under which the Authority will lease the Project as then or thereafter existing to the Company. The Company’s rental payments under the Lease would be an amount sufficient, and would be payable at such times, as would permit the Authority to pay the principal of and interest on the bonds issued as part of the Bond Financing (the “Bonds”) as and when the same become due and payable. The Lease will grant to the Company an option to acquire the Project at the termination or expiration of the Lease; provided that appropriate provision is made for the retirement of the Bonds prior to or in connection with any such conveyance of the Project at the termination or expiration of the Lease. The Lease contains provisions permitting the assignment of the Company’s interest thereunder pursuant to certain conditions and requirements.

The Company will purchase the Bonds itself or through one of its wholly owned subsidiaries, or will otherwise arrange for purchase of the Bonds issued by the Authority. If the Company or any affiliate of the Company is the holder of all outstanding Bonds, the Company may prepay all Lease rentals and all Bond indebtedness by surrendering the Bonds or causing the Bonds to be surrendered to the Authority for cancellation.

Ad Valorem Tax Abatement

A. Basis for Abatement. All parties to this Memorandum recognize and agree that the Authority is not subject to ad valorem taxation on its interest in either the real property or the personal property portions of the Project. The parties further understand and agree that the Company will be subject to ad valorem taxation on its leasehold interest in the Project (the “Leasehold Interest”). Pursuant to O.C.G.A. § 36-80-16.1(e) and the decision of the Supreme Court of Georgia in *W.C. Harris, et al. vs. DeKalb County Board of Tax Assessors*, 248 Ga. 277 (1981) (the “*Harris Case*”), which permits the Board of Assessors to agree in advance to fixed or percentage, reasonable and non-arbitrary valuation methods, the parties (including any assignee of the Company pursuant to an assignment in accordance with the applicable provisions of the Lease) desire to agree upon an appropriate, reasonable and non-arbitrary methodology for valuation of the Leasehold Interest. The Board of Assessors acknowledges and attests to its familiarity with the form of Lease attached hereto as Exhibit A, and expressly confirms that it will discharge its official responsibility relating to the valuation of property within the County for ad valorem tax purposes by appraising and valuing the fair market value of the Leasehold Interest in accordance with applicable law, including specifically *Sherman v. Fulton County Board of Assessors, et. al.*, 288 Ga. 88 (2010), *SJN Properties, LLC v. Fulton County Board of Assessors*, 296 Ga. 793 (2015) and the *Harris Case* and the valuation technique therein set forth.

In order to provide the Company with sufficient information and certainty upon which it can base its decision to acquire, construct and equip the Project in the County, the parties agree that it is important to set forth the methodology by which it is agreed that the Leasehold Interest of the Company in the Project will be valued for ad valorem property purposes.

It is currently expected that the Project will be acquired, constructed and installed in two phases, with capital investments with respect to the Project being made during the calendar years 2020 through 2023, as follows:

Phase 1. The first phase of the Project (“Phase 1”) will consist of the acquisition, construction and installation of a building and related fixtures and equipment at the estimated cost of approximately \$40,500,000. It is expected that Phase 1 will commence on or before September 1, 2020 and will be completed by December 31, 2021.

Phase 2. The second phase of the Project (“Phase 2”) will consist of the acquisition, construction and installation of a building and related fixtures and equipment at the estimated cost of approximately \$39,500,000. It is expected that Phase 2 will commence on or before January 1, 2021 and will be completed by December 31, 2022.

The completion and/or occupancy of each Phase of the Project by the Company, as determined by the Board of Assessors, shall constitute the completion date (each, a “**Completion Date**”) for purposes of this Memorandum. As to be provided in the Lease, the Company will have access to and control of each Phase of the Project prior to each Completion Date in order to complete the acquisition, construction, installation and leasing of each Phase of the Project.

There will be no value to the Leasehold Interest of the Company in each Phase of the Project prior to each respective Completion Date in accordance with the precedent established in the *Harris Case*. Thus, there will be no *ad valorem* real property or personal property taxes on any assets acquired, constructed and installed by the Authority in connection with each Phase of the Project prior to January 1 of the year immediately following each respective Completion Date (each, a “**Tax Commencement Date**”). Notwithstanding the foregoing, or anything herein to the contrary or any precedent under the *Harris Case*, to the extent that any property conveyed to the Authority as part of the Project was subject to *ad valorem* taxation in the County prior to such conveyance, the Company hereby agrees that such property shall remain subject to taxation in the County, and the Company agrees to tender timely tax payment amounts to the County, based on the assessed value of such property for tax purposes immediately prior to the conveyance of such property to the Authority.

Beginning on each respective Tax Commencement Date, the assets acquired, constructed and installed by the Authority will be valued for ad valorem property tax purposes based on the following eleven (11) year schedule, which has been determined based on the precedent established in the *Harris Case* and utilizes approximate percentages to reflect the discounted cash flow analysis. During each year, the Leasehold Interest of the Company in the real and personal property acquired during the preceding calendar year and owned by the Authority will be subject to taxation at the fair market value of the Leasehold Interest in that year as determined by the Board of Assessors in accordance with this Memorandum. It is agreed that the fair market value of the Leasehold Interest of the Company in each Phase of the Project shall increase as the lease term progresses and for any year will equal the “applicable percentage” for such year as described above and as set forth below, multiplied by the fair market value of the fee interest of such assets in such year. The “applicable percentage” in each year during this eleven (11) year period will be as follows:

First Year	0%
Second Year	0%
Third Year	0%
Fourth Year	0%
Fifth Year	50%
Sixth Year	50%
Seventh Year	50%
Eighth Year	80%
Ninth Year	80%
Tenth Year	90%
Eleventh Year	100%

Following the eleventh (11th) year after each respective Tax Commencement Date with respect to capital investments made during the preceding calendar year, the Leasehold Interest of the Company in each Phase of the Project will be subject to taxation at 100% of the fair market value of the fee interest.

The determination of the fair market value of the Leasehold Interest in any asset in any year following each respective Tax Commencement Date (prior to being reduced by the applicable percentage) will be subject to periodic reassessment, for which the Board of Assessors will employ its standard valuation methods, including depreciation of improvements and personalty, using customary useful life tables and other consideration such as superadequacy, where appropriate. The fair market value of the Leasehold Interest valued thereunder, after being reduced by the applicable percentage, shall be multiplied by 40% to determine the assessed value of each such category for such year and thereafter multiplied by the millage rate established by the County, for itself and for the Gordon County School District, and any applicable municipality, to the extent the Project is located within the geographical boundaries of such municipality, with respect to such year, to determine the *ad valorem* tax for such year.

On an annual basis, the Company shall return the property comprising the Project for *ad valorem* taxation purposes in the County, and shall also deliver to the Authority and the Board of Assessors on or before the anniversary date of this Memorandum such additional documentation and information as may be necessary in order for the Board of Assessors to value the Project.

B. Reversion to Normal Taxability. If the option to purchase the Project is exercised by the Company upon termination of the Lease or earlier, in whole or in part, or if the Lease is otherwise terminated or expires, the Project will be taxable according to normal *ad valorem* property taxation rules that are applicable to privately-owned property.

C. Board of Assessors. The provisions of this Memorandum relative to the assessment and taxability of the Project for *ad valorem* property tax purposes are the obligation and responsibility of the Board of Assessors. The Board of Assessors acknowledges that this Memorandum is consistent with applicable requirements and that it intends and agrees to classify, for taxation purposes, the Company's interest in the Project under the Lease as contemplated in this Memorandum. The rights and benefits of the Company under this

Memorandum shall be deemed transferred and assigned without further action by the parties hereunder upon any Exempt Assignment of the Lease (as set forth in Section 9.2 of the Lease).

By their signature appearing at the end of this Memorandum, all parties (including any assignee of the Company pursuant to an assignment in accordance with the applicable provisions of the Lease) acknowledge having reviewed the specific terms of the Lease and now concur in the above valuation of the Leasehold Interests for ad valorem tax purposes by Board of Assessors.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Understanding and caused it to be delivered as of the following "Effective Date": _____, 2020.

The "AUTHORITY":

DEVELOPMENT AUTHORITY OF GORDON
COUNTY

By: _____
Chairman

ATTEST:

Secretary

[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

The "COMPANY":

CFL HOLDING USA, LLC

By: _____

Name: _____

Title: _____

ATTEST:

[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

ACKNOWLEDGED

Gordon County, Georgia acknowledges this Memorandum and agrees to the provisions hereof that are applicable to it.

GORDON COUNTY, GEORGIA

By: _____
Chairman

ATTEST:

[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

ACKNOWLEDGED

The Gordon County Board of Tax Assessors acknowledges this Memorandum and agrees to the provisions hereof that are applicable to it.

**GORDON COUNTY BOARD OF TAX
ASSESSORS**

By: _____
Chairman

ATTEST:

[SEAL]

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

ACKNOWLEDGED

The Tax Commissioner of Gordon County, Georgia acknowledges this Memorandum and agrees to the provisions hereof that are applicable to him/her.

**TAX COMMISSIONER OF
GORDON COUNTY, GEORGIA**

By: _____
Print Name: _____

ATTEST:

[SEAL]

EXHIBIT A

LEASE AGREEMENT