

**PROJECT AGREEMENT
(PROJECT LAMPO)**

This **PROJECT AGREEMENT** (the “**Agreement**”), dated as of October ____, 2015, is made and executed by and between the **INDUSTRIAL DEVELOPMENT BOARD OF WILLIAMSON COUNTY, TENNESSEE** (the “**Issuer**”), a public, nonprofit corporation organized and existing under the laws of the State of Tennessee, and **THE LAMPO GROUP, INCORPORATED**, a Tennessee corporation, and its designee(s) (the “**Applicant**” and “**Company**”):

WITNESSETH:

For and in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Recitation of Facts. As a means of setting forth the matters of mutual inducement which have resulted in the making and execution of this Agreement, the following statements of fact are hereby recited:

(a) The Issuer is authorized by the provisions of Chapter 53, Title 7, Tennessee Code Annotated, as amended (the “**Act**”), to issue, sell, and deliver revenue notes and revenue bonds, and to use the proceeds therefrom for, among other things, the purpose of financing, acquiring, improving, constructing, equipping, reconstructing, furnishing, bettering, extending, owning, leasing, and disposing of properties in order to maintain and increase employment opportunities in the State of Tennessee, by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, recreational and agricultural enterprises to locate or remain in the State of Tennessee;

(b) The Applicant was informed that the Issuer would provide a payment in lieu of tax incentive to the Applicant, subject to a delegation of authority to the Issuer by Williamson County, Tennessee (the “**County**”), to assist it in the cost of relocating and expanding its office facilities (the land, improvements and buildings being, collectively, the “**Project**”) in the City of Franklin, Tennessee (the “**City**”);

(c) The Applicant estimates that it will hire approximately 398 new Qualifying Employees at the Project in its first building, which is anticipated to contain about 200,000 square feet (the land for the entire Project together with the first building being “**Phase I**”), and that if it proceeds with a second building of about the same size, it will then hire approximately 398 additional new full-time equivalent employees in the second building at the Project (the second building being “**Phase II**”);

(d) The Applicant has advised the Issuer that its plans to provide the Project are dependent upon certain assistance the Issuer can provide, such assistance being more fully specified in Section 2 hereof;

(e) The Issuer has duly considered the nature of the Project and is of the opinion that the assistance specified in Section 2 hereof will develop trade and commerce in and adjacent to the City and the County; will induce the Applicant to provide the Project; will serve to substantially maintain or increase employment opportunities in the City and the County, thereby alleviating conditions of unemployment; will contribute to the general welfare; and will, therefore, be in furtherance of the public purposes for which the Issuer was created; and

(f) The Issuer has, therefore, determined that the issuance, sale, and delivery of the Notes, as such term is hereinafter defined, as and for the purposes described in paragraph (a) of Section 2 hereof, are necessary to implement the public purposes enumerated in the Act.

2. Undertakings on the Part of the Issuer. Subject to the provisions and limitations contained in the Act and in any and all other applicable statutes, laws, ordinances, and regulations, whether federal, state, local, or otherwise, the Issuer hereby agrees as follows:

(a) That it will authorize, if requested, the issuance and delivery of its revenue notes (the “**Notes**”), in one or more series, in an aggregate principal amount not to exceed Ninety Eight Million and No/100 Dollars (\$98,000,000.00), the proceeds thereof to be used for the purpose of paying the costs of the Project, including, without limitation, the costs of the acquisition and improvement of the land, construction of the buildings, and the transaction costs related thereto.

(b) That it will adopt such proceedings as may be necessary or desirable for the execution and delivery, on behalf of the Issuer, of a Ground Lease Agreement (“**Ground Lease**”), and a Facility Lease Agreement (the “**Facility Lease**”), as applicable (the Ground Lease and the Facility Lease being collectively, the “**Lease Agreements**”), and which shall provide for the use of the proceeds of the Notes, to the extent applicable, by the lessees on behalf of the Issuer to provide the Project, such Lease Agreements to contain such provisions as are mutually agreeable to the Issuer and the Applicant, with each party acting reasonably. The Lampo Group, Incorporated, and its affiliates, will be the sublessee of the Project.

(c) That it will adopt, in connection with the execution and performance of the Lease Agreements, such proceedings as may be necessary or desirable for the execution and delivery, on behalf of the Issuer, of a tax agreement (the “**Tax Agreement**”), providing for payments in lieu of ad valorem taxes to the County and the City (“**In Lieu of Tax Payments**”) for the Project for each year beginning January 1 and ending December 31 in an amount equal to the percentage of the Applicable Ad Valorem Taxes for such year set forth below:

(i) Phase I (Land and Phase I Building):

Applicable Year:	Percentage of County Standard Tax:	Percentage of County Education Tax:	Percentage of City Applicable Ad Valorem Taxes:
Effective Date through December 31, 2018	100%	100%	100%
January 1, 2019 through December 31, 2029	0%	100%	Matching Percentage

January 1, 2029 and thereafter	100%	100%	100%
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Notwithstanding the foregoing:

- (A) Once the total County Applicable Ad Valorem Taxes for Phase I after calendar year 2018 exceeds the total In Lieu of Tax Payments to the County for Phase I by \$1,865,500.00, with the result that the Company by reason of its leasehold interest in the Phase I has received \$1,865,500.00 in tax reductions as a result of this transaction, the In Lieu of Tax Payments for Phase I required hereunder to the County shall become 100% of the County Applicable Ad Valorem Taxes; and
- (B) Once the total City Applicable Ad Valorem Taxes for Phase I after calendar year 2018 exceeds the total In Lieu of Tax Payments to the City for Phase I by \$360,000.00, with the result that the Company by reason of its leasehold interest in Phase I has received \$360,000.00 in tax reductions as a result of the Phase I transaction, the In Lieu of Tax Payments for Phase I required hereunder to the City shall become 100% of the City Applicable Ad Valorem Taxes.

(ii) Phase II (Building only): The County, City, and the IDB agree that, at the option of the Company, the Tax Agreement may be extended up to the Pilot Expiration Date or earlier to include Phase II, based upon all requirements and obligations set forth in this Agreement as to Phase II. Phase II shall be deemed to have been commenced when notice in writing is given to the IDB that plans and specifications for a subsequent phase have been prepared and will be submitted to the City. A proper submission of an application for a building permit must be made to the City within one (1) year of giving this notice, or the Tax Agreement as to Phase II shall lapse. Phase II shall not qualify under this **Section 2(c)(ii)**, unless the Company meets the requirements in **Section 1(c)** and invest at least \$40,000,000.00 in Phase II.

Applicable Year:	Percentage of County Standard Tax:	Percentage of County Education Tax:	Percentage of City Applicable Ad Valorem Taxes:
Phase II Construction Period	100%	100%	100%
Lease Year 1 through the earlier of the end of Lease Year 10 or the Pilot Expiration Date	0%	100%	Matching Percentage
The earlier of the beginning of	100%	100%	100%

Lease Year 11 or the Pilot Expiration Date, and thereafter			
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Notwithstanding the foregoing:

- (A) Once the total County Applicable Ad Valorem Taxes for Phase II after calendar year 2018 exceeds the total In Lieu of Tax Payments to the County for Phase II by the amount of the County Phase II Cap, with the result that the Company by reason of its leasehold interest in Phase II has received the amount of the County Phase II Cap in tax reductions as a result of this transaction, the In Lieu of Tax Payments for Phase II required hereunder to the County shall become 100% of the County Applicable Ad Valorem Taxes; and
- (B) Once the total City Applicable Ad Valorem Taxes for Phase II after calendar year 2018 exceeds the total In Lieu of Tax Payments to the City for Phase II by the amount of the City Phase II Cap, with the result that the Company by reason of its leasehold interest in Phase II has received the amount of the City Phase II Cap in tax reductions as a result of the Phase II transaction, the In Lieu of Tax Payments for Phase II required hereunder to the City shall become 100% of the City Applicable Ad Valorem Taxes.

(iii) If the Company is required to pay ad valorem taxes by reason of its leasehold interests in the Project ("**Leasehold Taxes**"), then the amount of Leasehold Taxes actually paid by the Company shall be deducted from the In Lieu of Tax Payments next due from the Company with respect to the Project until such time as the full amount of Leasehold Taxes actually paid by the Company during the term of the Facility Lease shall have been deducted from In Lieu of Tax Payments.

(iv) Definitions:

- (C) "**Applicable Ad Valorem Taxes**" shall mean the sum of the City Applicable Ad Valorem Taxes and the County Applicable Ad Valorem Taxes.
- (D) "**City Applicable Ad Valorem Taxes**" shall mean any ad valorem taxes that, but for ownership of the Project by the Issuer, would have been due and payable to the City pursuant to T.C.A. § 67-5-103

by the Company with respect to Phase I and Phase II, as applicable.

- (E) **“City Phase II Cap”** shall mean \$360,000.00, increased annually by 2% on a cumulative basis, starting on January 1, 2017, and ending on the December 31 immediately preceding Lease Year 1
- (F) **“County Applicable Ad Valorem Taxes”** shall mean any ad valorem taxes that, but for ownership of the Project by the Issuer, would have been due and payable to the County pursuant to T.C.A. § 67-5-102 by the Company with respect to Phase I and Phase II, as applicable.
- (G) **“County Education Tax”** shall mean the amount of County Applicable Ad Valorem Taxes specifically earmarked for education.
- (H) **“County Phase II Cap”** shall mean \$1,865,500.00, increased annually by 2% on a cumulative basis, starting on January 1, 2017, and ending on the December 31 immediately preceding Lease Year 1.
- (I) **“County Standard Tax”** shall mean the amount of County Applicable Ad Valorem Taxes not specifically earmarked for education.
- (J) **“Effective Date”** shall mean the date of the Tax Agreement.
- (K) **“Lease Year”** means the one year period commencing on the 1st day of the January immediately following the Phase II Construction Period, and each subsequent one year period. The numerical qualifier after the term “Lease Year” indicates the number of the Lease Year following the Phase II Construction Period (i.e., Lease Year 1 is the year beginning on the 1st day of the January immediately following the Phase II Construction Period and ending on the next December 31).
- (L) **“Matching Percentage”** means the percentage obtained by dividing the County Education Tax by the County Applicable Ad Valorem Taxes, so that the percentage of the City Applicable Ad Valorem Taxes being paid by the Company to the City as In Lieu of Tax Payments matches the percentage of the

County Applicable Ad Valorem Taxes being paid at all times.

- (M) "**Pilot Expiration Date**" means December 31, 2033.
- (N) "**Phase II Construction Commencement Period**" means the calendar year in which the visible commencement of construction of Phase II begins, through the end of the calendar year in which a certificate of occupancy for Phase II is issued.
- (O) "**Qualifying Employees**" means full-time equivalent employees employed by the Company at the Project hired for a minimum of 35 hours per week.

(v) On or before January 31, 2023, the Company shall provide written notice to the Issuer stating the number of Qualifying Employees employed in the Phase I building as of December 31, 2022 ("**Reported Phase I Jobs**"). If the number of Phase I Reported Jobs in any given year is lower than 318 (being eighty percent (80%) of the number of jobs anticipated to be in Phase I at such time), then the Company shall make an additional In Lieu of Tax Payment for Phase I (the "**Phase I Additional Payment**") for that year in an amount of the Applicable Ad Valorem Taxes for Phase I proportionate to the amount by which 318 exceeds the number of Phase I Reported Jobs. Specifically, the Phase I Additional Payment shall be the amount determined by (i) subtracting (A) the quotient obtained by dividing the number of Phase I Reported Jobs by 318 from (B) 1, rounded to the nearest percentage point, and (ii) multiplied by the Applicable Ad Valorem Taxes for Phase I. By way of example, if the number of Phase I Reported Jobs as of December 31, 2022 is 240, the Phase I Additional Payment would be 25% of the Applicable Ad Valorem Taxes for Phase I [$1 - (240/318) = 0.245 = 25\%$]. In no event shall the Phase I Additional Payment plus the In Lieu of Tax Payment for Phase I exceed 100% of the Applicable Ad Valorem Taxes for Phase I.

(vi) If the Company proceeds with Phase II, on or before the January 31 immediately following the end of Lease Year 4, the Company shall provide written notice to the Issuer stating the number of Qualifying Employees employed in the Phase II building as of December 31 of Lease Year 4 ("**Reported Phase II Jobs**"). If the number of Phase II Reported Jobs in any given year is lower than 318 (being eighty percent (80%) of the number of jobs anticipated to be in Phase II at such time), then the Company shall make an additional In Lieu of Tax Payment for Phase II (the "**Phase II Additional Payment**") for that year in an amount of the Applicable Ad Valorem Taxes for Phase II proportionate to the amount by which 318 exceeds the number of Phase II Reported Jobs. Specifically, the Phase II Additional Payment shall be the amount determined by (i) subtracting (A) the quotient obtained by dividing the number of Phase II Reported Jobs by 318 from (B) 1, rounded to the nearest percentage point, and (ii) multiplied by the Applicable Ad Valorem Taxes for Phase II. By way of example, if the number of Phase II Reported Jobs as of December 31 of Lease Year 5 is 240, the Phase II Additional Payment would be 25% of the Applicable Ad Valorem Taxes for Phase II

$[1-(240/318) = 0.245 = 25\%]$. In no event shall the Phase II Additional Payment plus the In Lieu of Tax Payment for Phase II exceed 100% of the Applicable Ad Valorem Taxes for Phase II.

(d) That it will adopt, in connection with the issuance of the Notes, the Lease Agreements and the Tax Agreement, such proceedings as may be necessary or desirable for the execution and delivery, on behalf of the Issuer, of such other, further, or different documents as may be necessary or desirable to effectuate the assistance set forth in this Section 2, such other or further documents to contain such terms and provisions as may be mutually satisfactory to the Issuer and the Applicant, with each party acting reasonably; and

(e) That it will perform such other or further acts and adopt such other or further proceedings as may be necessary or desirable to faithfully implement its undertakings hereunder.

3. Undertakings on the Part of the Applicant. The Applicant hereby agrees, if it elects to undertake the Project, or only Phase I thereof, as follows:

(a) That the Applicant will authorize, execute, and deliver such other, further, or different documents as may be necessary or desirable to effectuate the assistance set forth in Section 2 hereof, such other or further documents to contain such terms and provisions as may be mutually satisfactory to the Issuer and the Applicant, with each party acting reasonably;

(b) That the Applicant will pay the reasonable legal fees and expenses of the Issuer, based upon its counsel's regular hourly rates, in connection with this Agreement and the transactions contemplated herein, up to \$10,000.00, above which such legal costs shall be shared equally by the Applicant and the County.

(c) That the Applicant will perform such other or further acts and adopt such other or further proceedings as may be necessary or desirable to faithfully implement the undertakings hereunder of the Applicant.

4. NO RECOURSE TO ISSUER. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, OR ANY OTHER AGREEMENT, DOCUMENT, INSTRUMENT OR CERTIFICATE IN CONNECTION HEREWITH, NO RECOURSE SHALL BE MADE AGAINST THE ISSUER, ITS DIRECTORS OR OFFICERS FOR THE PAYMENT OR PERFORMANCE, OR FAILURE OF PERFORMANCE BY THE ISSUER, OF ANY OBLIGATIONS, WARRANTIES, COVENANTS, TERMS, CONDITIONS OR OTHER AGREEMENTS HEREUNDER OR THEREUNDER.

The County and the City shall not in any event be liable for the performance of any pledge, mortgage, obligation, or agreement of any kind whatsoever herein by the Issuer, and none of the Issuer's agreements or obligations under this Agreement shall be construed to constitute a pledge of the taxing power or an indebtedness of the County or the City within the meaning of any constitutional or statutory provision whatsoever.

5. Mutual Agreements as to Terms of Documents. All commitments herein contained of the Issuer and of the Applicant are subject to the express condition that the Issuer and the Applicant agree upon mutually acceptable terms and conditions of all documents,

including, but not limited to, the Notes, the Lease Agreements and the Tax Agreement, with each party acting reasonably, whose execution and delivery are contemplated by the provisions hereof.

6. Termination of Agreement. This Agreement and all of the terms and provisions hereof, shall terminate and be of no further force and effect from and after the execution of the Lease Agreements and the Tax Agreement. Furthermore, if such Lease Agreements and Tax Agreement, for any reason whatsoever, have not been executed within two (2) years from the date hereof, unless extended by the Issuer, this Agreement, and all of the terms and provisions hereof (except as herein otherwise expressly provided), shall become, at the option of any party hereto, void and of no further force and effect; provided, however, that upon such cancellation for any reason, the Applicant shall reimburse the Issuer, or directly pay its legal counsel, for any legal expenses required to be paid by the Company under Section 3(b) hereof, and such obligation to pay such expenses shall survive any termination hereof.

7. Execution of Agreement. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

8. Entire Agreement. This Agreement constitutes the entire agreement of the parties and hereby supersedes any and all prior agreements related to the transactions contemplated by Section 2 hereof.

9. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the parties hereto. This Agreement may not be transferred or assigned without the written consent of the IDB and County.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto, each after due consideration and authorization, have executed this Agreement as of the day and date first above written.

ISSUER:

**INDUSTRIAL DEVELOPMENT BOARD OF
WILLIAMSON COUNTY, TENNESSEE**

By: _____
Name: _____
Title: _____

APPLICANT:

THE LAMPO GROUP, INCORPORATED

By: _____
Name: _____
Title: _____