

RESOLUTION

RESOLUTION TO APPROVE PILOT (PAYMENT-IN-LIEU-OF-TAX) LEASE AGREEMENT BETWEEN THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF CUMBERLAND, TENNESSEE AND STONEPEAK CERAMICS, INC.

WHEREAS, StonePeak Ceramics, Inc., a Delaware corporation f/k/a GranitiFiandre USA, Inc. (the "Company") has leased certain real property located at 238 Porcelain Tile Drive, Crossville, Tennessee (the "Original Land") from the Industrial Development Board of the County of Cumberland, Tennessee (the "Board") pursuant to a Facility Lease Agreement dated July 25, 2001, as amended (the "2001 Land Lease"); and

WHEREAS, the Company constructed a manufacturing and warehouse facility (the "2001 Building") on the Original Land (the "Original Land") which, pursuant to the Facility Lease, is deemed to be owned by the Board and leased to the Company; and

WHEREAS, the Company has further leased certain equipment located in or upon the 2001 Building (the "Original Equipment") from the Board pursuant to an Equipment Lease Agreement dated July 25, 2001, as amended (the "2001 Equipment Lease"); and

WHEREAS, the Company added an addition to the 2001 Building in 2008 (the "2008 Building Addition" and collectively with the 2001 Building, the "Original Building") and installed additional equipment therein (the "2008 Additional Equipment" and together with the 2008 Building Addition, the "2008 Project"); and

WHEREAS, the Board (at the request of the Company) acquired additional land adjacent to the Original Land (the "Additional Land") and constructed another addition to the Original Building on the Additional Land (the "2012 Building Addition"); and

WHEREAS, the Company installed a new production line in the 2012 Building Addition (the "2012 Additional Equipment" and together with the 2012 Building Addition, the "2012 Project"); and

WHEREAS, the Company and the Board terminated the 2001 Land Lease and the 2001 Equipment Lease (as amended to include the 2008 Project) in December, 2011, and the Board conveyed the Original Land, the Original Building, the Original Equipment and the 2008 Project to the Company; and

WHEREAS, the Board leased the Additional Land, and the 2012 Project to the Company pursuant to a Lease Agreement dated as of January 1, 2012 (the "2012 Lease"); and

WHEREAS, the Company has indicated that it intends to construct additions to the Original Building and the 2012 Building Addition which are expected to be placed in service in 2016 (the "2016 Building Additions"); and

WHEREAS, the Company has further indicated that it intends to install a new production line in the 2016 Building Additions (the "2016 Additional Equipment" and together with the 2016 Building Additions, the "2016 Project"); and

WHEREAS, the Company has requested that the Board extend the term of the 2012 Lease, such that the Additional Land, the 2012 Building Addition and the 2012 Additional Equipment would continue to be exempt from ad valorem taxation in the State of Tennessee and the 2016 Project would become exempt from ad valorem taxation in the State of Tennessee, provided that the Company would pay payments in-lieu-of-tax to the City of Crossville, Tennessee (the "City") and Cumberland County, Tennessee (the "County") according to the formula set forth in the 2016 Amended Lease (as defined below), all as an incentive to the Company to acquire the construct the 2016 Building Additions and install the 2016 Additional Equipment; and

WHEREAS, in order to accomplish the exemption of the 2016 Building Additions, the Original Land will have to be re-conveyed to the Board; and

WHEREAS, the City Council of Crossville, Tennessee (the "City Council") wishes to provide expanded economic opportunities for the citizens of the City; and

WHEREAS, the City Council has determined that it will be in furtherance of the public purpose of the Board and the laws of the State of Tennessee, including particularly the Industrial Development Corporation Act (Tennessee Code Annotated §§ 7-53-101 et seq.), for the Board to own the 2016 Project and lease the same to the Company; and

WHEREAS, the Board has approved or is expected to approve the execution of an Amended and Restated Lease Agreement (the "Amended Lease") by and between the Board and the Company that would provide for the exemption of the 2016 Project from City and County ad valorem taxes and require the Company to make payments in-lieu-of taxes ("PILOT's") instead; and,

WHEREAS, the Amended Lease will not alter the schedules for PILOT's with respect to the Additional Land, the 2012 Building Addition or the 2012 Additional Equipment; and

WHEREAS, the Amended Lease will provide that the Company pay PILOTs with respect to the Original Land that are equal to 100% of the ad valorem property taxes that would have been paid with respect to the Original Land if the Company owned the Original Land; and

WHEREAS, the City Council wishes to approve the execution of the Amended Lease by the Board with the Company pursuant to which the Company is required to make PILOT's to the City and County with respect to (i) the Additional Land, (ii) the 2012 Project and (iii) the 2016 Project (collectively, the "Project").

NOW, THEREFORE, BE IT RESOLVED by the Crossville City Council members meeting in regular session the _____ day of _____, 2016, that the Board be and hereby is authorized to negotiate and to enter into the Amended Lease corresponding to this Resolution.

BE IT FURTHER RESOLVED, that the Amended Lease shall require the Company to continue to make payments-in-lieu-of-taxes to the City equal to that portion of the real and personal property taxes which the Company would have otherwise paid with respect to the 2012 Project if the Company had owned the 2012 Project in fee simple during the term of the Amended Lease as provided in the 2012 Lease; and

BE IT FURTHER RESOLVED, that the Amended Lease shall require the Company to make payments-in-lieu-of-taxes to the City equal to that portion of the real and personal property taxes which the Company would have otherwise paid with respect to the 2016 Project if the Company had owned the 2016 Project in fee simple during the term of the Amended Lease according to the following schedule (the "2016 PILOT Schedule"):

Year	Percentage of Taxes
1	0%
2	0%
3	0%
4	0%
5	0%
6	0%
7	25%
8	25%
9	25%
10	50%
11	50%
12	50%
13	75%
14	75%
15	75%
16	100%

and

BE IT FURTHER RESOLVED, that the 2016 PILOT Schedule shall commence with the year that the 2016 Project is placed in service; and

BE IT FURTHER RESOLVED, that the Amended Lease shall require the Company to make payments-in-lieu-of-taxes to the City equal to 100% of the real property taxes which the Company would have otherwise paid with respect to the Original Land if the Company had owned the Original Land in fee simple during the term of the Amended Lease; and

BE IT FURTHER RESOLVED, that if any section, clause, provision or portion of this resolution is held to be invalid or unconstitutional by any court of competent jurisdiction, such holding shall not affect any other section, clause, provision or portion of this resolution.

BE IT FURTHER RESOLVED, that this resolution shall take effect on the earliest date allowed by law.

ADOPTED, this _____ day of August, 2016.

Mayor

Councilmember

Councilmember

Councilmember

Councilmember

ATTEST:

City Clerk