

**HART COUNTY INDUSTRIAL BUILDING AUTHORITY
MINUTES OF MEETING**

December 15, 2014

The regular quarterly meeting of the Hart County Industrial Building Authority was held on December 15, 2014 at 5:00 PM in the upstairs meeting room at City Hall in Hartwell, Georgia

Chairman Doug Cleveland called the meeting to order at 5:00 pm and welcomed members and guests. He noted that proper notification of the time and location of the meeting was made in a timely manner. Notice was given to the local newspaper, posted on the county web site, the meeting room at City Hall and in the county court house.

Members present were Chairman Cleveland and Bill Leard. Others attending were Dwayne Dye, Economic Developer, Robert E. Ridgway, Jr. and Ed Ridgway, Counsel for the Authority, M. S. Smith, secretary, Chuck Whelan, incoming chairman of the Chamber of Commerce, Lauren Peoples, The Hartwell Sun and Danette Smith, Department of Labor. No quorum was present at this time.

Chairman Cleveland called on Ms. Smith, Department of Labor, to make a presentation. She informed the group of the many services her department offers and outlined a new program, customized recruiting stating that Georgia is the only state offering this program at present. A slide presentation was also presented.

At the completion of Ms. Smith's presentation, it was noted that County Commission Chair Joey Dorsey had arrived at the meeting and that a quorum was then present.

The minutes of the September 22, 2014 and November 4, 2014 meetings which had been sent earlier were presented by the Chairman with two amendments or changes, one to paragraph 6 which added, "to discuss a personnel matter, and another to paragraph 7, "No action was taken in executive session." On a motion by Mr. Leard and seconded by Mr. Dorsey, the minutes, were approved unanimously as amended.

Ms. Smith presented a financial summary as of November 30, 2014. On a motion by Mr. Dorsey and seconded by Mr. Leard, this report was unanimously accepted.

Mr. Whelan reported for the Chamber of Commerce saying a planning retreat had been held recently.

There was no report from Mr. Dorsey for the Board of Commissioners. Mayor Johnson was absent from the meeting.

Mr. Leard commended Mr. Dye for the recent announcement on a new industry to be located in Hart County.

Mr. Cleveland reported that a recent error in tax billing to SD Automotive has been addressed and should be resolved soon. He also commented on the recent grant award for the College and Career Academy.

Upon suggestion by Mr. Ridgway, Mr. Leard made a motion to enter into executive session to discuss a personnel matter. Mr. Dorsey seconded this motion and it passed unanimously. Mr. Whelan, Mr. Dye and Ms. Peoples were excused from the meeting room.

A motion was made by Mr. Dorsey and seconded by Mr. Leard to exit the executive session. The motion passed unanimously

The Chairman then presented a Consulting Agreement with Aeratus Enterprises, LLC and Dwayne A. Dye for consideration by the Authority. After discussion and an amendment made to the agreement as presented, a motion was made, seconded and approved by a vote of all three members present, the following resolution was adopted:

RESOLVED that the Hart County Industrial Building Authority enter into a Consulting Agreement with Aeratus Enterprises, LLC and Dwayne A. Dye upon the terms and conditions set forth in Exhibit A and the Chairman was authorized to execute and deliver the Consulting Agreement.

The Chairman then presented an Intergovernmental Agreement with Hart County, GA to be used for reimbursing the Authority for its costs related to the Consulting Agreement for consideration by the Authority. After discussion, a motion to adopt the following resolution was made, seconded and approved, with Doug Cleveland and Bill Leard voting in favor and with County Commission Chairman Joey Dorsey abstaining:

RESOLVED, that the Hart County Industrial Building Authority enter into an Intergovernmental Agreement with Hart County, GA upon terms and conditions as set forth in Exhibit B and the Chairman was authorized to execute and deliver the Intergovernmental Agreement.

Attorney Ridgway then read a Resolution and Letter addressed to Haring USA Inc. concerning the Authority's willingness to, among other things, lease certain land and to issue its revenue bonds to assist the company with

Georgia employment and tax incentives and in providing the Company with the ability to make payments in lieu of ad valorem taxes based upon a pre-set formula will be acting in furtherance of the public purposes for which it was created and that the Authority has the power to do so; and

WHEREAS, the most feasible method of financing the Project and accomplishing the stated goals and expectations of the Company is for the Authority to issue its revenue bonds for such purposes and for it (1) to plan, design, acquire, construct and carry out the proposed Project and to lease and/or sell the proposed Project to the Company, or to a wholly-owned subsidiary thereof or to a designee thereof satisfactory to the Authority, for specified periodic rental or purchase price payments sufficient to pay the principal of, and the redemption premium (if any) and the interest on, said revenue bonds as the same become due and payable or (2) to lend the proceeds from the sale of the said revenue bonds to the Company, or a wholly-owned subsidiary thereof or to a designee thereof satisfactory to the Authority, to enable it to plan, design, acquire, construct and carry out the proposed Project and to repay the loan in installments which will be sufficient to pay the principal of, and the redemption premium (if any) and the interest on, said revenue bonds; and

WHEREAS, the Company has requested that the Authority indicate its willingness to issue revenue bonds to finance the proposed Project so that the planning, design, acquisition, construction and carrying out of the proposed Project may move forward.

WHEREAS, the Company has further requested that the Authority assure the Company of its willingness to lease and/or sell the land, to assist the Company in obtaining all state employment and tax incentives and to provide for a payment in lieu of ad valorem taxes based upon a pre-set formula should the proposed Project move forward to completion; and

WHEREAS, the Authority has determined that it is in the best interest of the inhabitants of Hart County, GA that the planning, design, acquisition, construction and carrying out of the proposed Project move forward without delay;

NOW THEREFORE, BE IT RESOLVED by the Hart County Industrial Building Authority and **IT IS HEREBY RESOLVED** as follows:

1. In order to indicate the Authority's willingness to issue revenue bonds in order to finance, in whole or in part, the planning, design, acquisition, construction and carrying out of the proposed project, the execution and delivery to the Company of a Letter of Intent is hereby authorized, said Letter of Intent shall be in substantially the form attached hereto as Exhibit "A", subject to such minor changes, insertions and omissions as may be approved by the Chairman or Vice Chairman of the Authority, and the execution of said Letter of Intent by the Chairman or Vice Chairman of the Authority shall be conclusive evidence of any such approval.

locating and financing its new industrial manufacturing facility in Hart County, GA. A motion was made, seconded and unanimously approved adopting the Resolution and authorizing the execution and delivery of the Letter of Intent which read as follows:

RESOLUTION

TO WHOM IT MAY CONCERN:

THIS RESOLUTION is made and adopted at its regular, scheduled and open meeting held on December 15, 2014 by the Hart County Industrial Building Authority (the "Authority") a public body corporate and politic, an instrumentality of Hart County, and a public corporation duly created by local constitutional amendment, 1963 Ga. Laws 697, as amended by 1979 Ga. Laws 3052, and continued by Ga. Laws 1985, p. 4453.

WHEREAS, the Authority has been informed by officials of Haering USA, Inc. (the "Company"), a Georgia corporation, that the Company proposes to locate and construct a new commercial, manufacturing and industrial facility in Hart County, Georgia which will consist of Real Property improvements, buildings, fixtures, machinery, equipment and personal property (the "Project"), which will increase employment by approximately 400 jobs within five (5) years of the completion of the initial phase of construction of the Project; and

WHEREAS, the Authority desires to lease to the Company with an option to purchase and the Company desires to lease from the Authority with an option to purchase approximately 37 acres of land located on Knox Bridge Crossing Road, Lavonia, Hart County, Georgia in the Gateway II Industrial Park, which is currently owned by the Authority (the "Real Property") for a price of \$15,000.00 per acre, with a right of first refusal on an additional 10 adjoining acres; and

WHEREAS, the availability of revenue bond financing, Authority-provided land and infrastructure improvements, the ability to access state of Georgia employment and tax incentives and the ability of the Company to make certain payments in lieu of ad valorem taxes based upon a pre-set formula are each important factors under consideration by the Company in determining the feasibility of the proposed Project from a financial standpoint; and

WHEREAS, it is currently estimated by the Company that the planning, design, acquisition, construction and carrying out of the proposed Project will require expenditures of approximately \$54,000,000.00, but the Company may desire to increase the investment later to \$64,000,000.00; and

WHEREAS, after careful study and investigation of the nature of the proposed Project, the Authority has determined that, in assisting with the financing of the Project, in offering the Real Property for sale and/or lease for use in the construction and operation of the Project, in assisting and supporting the Company with obtaining state of

2. The Chairman or the Vice Chairman and the Secretary or Assistant Secretary of the Authority are further authorized to take any and all further action and to execute and deliver any and all other documents as may be further necessary to issue and deliver said proposed revenue bonds and to effect the undertaking for which said revenue bonds are proposed to be issued.

ADOPTED this 15th day of December, 2014.

Authority Hart County Industrial Building

By: _____

Chairman

Attest:

(CORPORATE SEAL)



Hart Co. Industrial Building
Authority
P.O. Box 156
Hartwell, GA 30643
IBA@hartcom.net
(706)-856-2452

March 20, 2015

Haering USA Inc.
Attn: Andreas Lehnhofer
VIA email to Andreas Lehnhofer <andreas.lehnhofer@us.anton-haering.com>

This letter constitutes an expression of certain terms upon which Hart County Industrial Building Authority (the "Authority") is prepared to enter into a definitive agreement with your company, HAERING USA, Inc. (a Georgia corporation, together with its affiliates and subsidiaries, the "Company"), regarding the Company's proposal to lease with option to purchase approximately 37 acres of land currently owned by the Authority off Knox Bridge Crossing Road, Lavonia, Hart County, GA (the "Property") and to thereupon construct a new commercial, manufacturing and industrial facility which will consist of the Property, Property improvements, buildings, fixtures, machinery, equipment and personal property (the "Project").

The Property - The Property, which will be assigned an address of 83 Anton Haering Street., Lavonia, GA 30553, is located on a portion of Parcel Numbers C12 007 005, C12 007 002, C12 005 003 and/or C12 005 and fronting approximately 1,066 feet along the northern right of way of Knox Bridge Crossing Road (the Hart County Tax Assessors Map with a drawing is attached as Exhibit "A") and may be leased by the Company at a price of \$15,000 per acre, such lease agreement containing an option to purchase. The Authority will provide to the Company a current survey and legal description of the Property as soon as practical, with the boundaries marked and subject to review and approval by the Company.

Ad Valorem Tax Incentives - In connection with your decision to locate your Project in Hart County, the Authority has represented to your Company that under current law it will be able to provide certain ad valorem tax incentives as expressed in Exhibit "B". In order to accomplish this, the Authority will need to hold title to the Property, Property improvements, buildings, fixtures, machinery, equipment and personal property comprising the Project under an agreement (such as a lease with option to purchase or other such agreement satisfactory to both counsel for the Authority and the Company) whereby the Company would agree, among other things, to make certain payments in lieu of taxes based upon a pre-set formula as well as an annual administrative fee to the Authority during the ad valorem tax abatement period in the amount of \$1,500.00. The ad valorem tax incentives will be subject to a reimbursement of ad valorem tax savings provided by the County as a result of the ad valorem tax incentives based upon the Company meeting and maintaining its investment and employment commitments as stated in this letter, and the formula for such reimbursement will be further set forth in the agreement.

Company Representation - The Authority is making these ad valorem tax incentives available based upon the representations made by the Company that the Company will invest approximately \$54,000,000 in the Project, create no fewer than 400 new jobs within 60-months following the completion and occupancy of the initial phase of building construction, and retain employment of no less than 320 during the term of the lease of the Project from the Authority.

Indemnification of the Authority - The Company understands that in connection with the contemplated transaction (wherein, among other things, the Authority will hold title to the those assets comprising the Project) the Company will indemnify and hold the Authority harmless against all costs, closing costs, debts and liability of any kind, including reasonable fees of counsel for the Authority, regarding the acquisition and ownership of the Property and that the Company will be responsible for all filings and appeals on behalf of and in the name of the Authority applicable to ad valorem tax valuation.

Bond Transaction - The Authority understands that the Company also desires for the Authority to consider issuing its taxable or tax exempt revenue bonds in order to finance the Project. Bond counsel will be Daniel M. McRae of Seyfarth Shaw, Atlanta. The Company agrees to reimburse all costs incurred by the Authority in connection with the revenue bond financing process including reasonable fees of bond counsel and counsel for the Authority. The Authority will adopt a Resolution authorizing the execution of a formal Memorandum of Understanding (the "MOU") addressed to the Company, approving in principle its agreement to issue its industrial development revenue bonds in a principal amount up to \$64,000,000.00 (the "Bonds") to supply financing for the Project. In connection with any such financing, the Authority will charge an issuance fee of 1/8 of 1% of the amount financed.

Memorandum of Understanding - The Authority and the Company will endeavor to

incorporate the understandings set forth in this letter into the MOU and documents prepared in connection with the issuance of the Bonds. The Company's acceptance of the terms of this letter will authorize the Authority to proceed with the preparation of the formal MOU, Bond Resolution and other related documents.

Cooperation for State Incentives - The Authority will further agree to apply for, diligently pursue and accept if available, any and all grants from the State of Georgia in an amount of up to \$600,000.00 to assist the Company with the building construction costs incurred for the Project. The Company will agree to use and administer the grant funds in the manner specified in the grant and to enter into a Performance and Accountability Agreement upon terms agreeable among the state, the Authority and the Company.

Payment of Site Preparation Costs - Through the lease related to the Bonds the Authority will, in effect, further agree to reimburse the Company for its costs for site and infrastructure improvements associated with the Project, up to the amount of the lease or purchase price paid to the Authority for the Project site, such amount to be valued at no less than \$15,000 per acre of Property. Site and infrastructure improvements may include surveying cost, grading, utility connections, parking lot construction and paving, building foundation, building construction, pad and footings, among other things.

Geotechnical Site Preparation - The Authority has received a commitment from Hart County, Georgia (through its governing body, the Hart County Board of Commissioners) to reimburse the Authority and/or the Company for rock excavation and removal from the Property as necessary for the construction of the Project and building improvements, and will further agree to reimburse the Company for the costs of rock excavation as necessary for the construction of the Project and building improvements. In order for payments to be made to the Company, payment will be made through the lease related to the Bonds.

Project Site Access Road - The Authority has also received a commitment from Hart County, Georgia (through its governing body, the Hart County Board of Commissioners) that it will construct and maintain at no costs to the Company a new county road along the eastern boundary of the Property and to name it "Anton Haering St.". The design specifications, final location and schedule for construction and completion of the road will be further defined in the MOU but must be approved by the Company prior to the commencement of construction.

Employee Travel Expenses - The Authority has received a commitment from Hart County, Georgia (through its governing body, the Hart County Board of Commissioners) to reimburse the Company for up to \$60,000.00 in 2015 and 2016 travel costs and expenses reasonably incurred by the Company for employee training and education which will likely be completed at a facility in Germany, and will further agree to reimburse the Company for up to \$60,000.00 in 2015 and 2016 travel costs and expenses reasonably incurred by the Company for employee training and education which will likely be completed at a facility in Germany. In order for payments to be made to the Company, payment will be made through the lease related to the Bonds in a manner that will permit such costs and expenses to, in effect, be reimbursed.

Utility Service Availability - The Authority will provide or cause to be provided the following at no cost to the Company: extension of water, natural gas and sewer lines to all connection points specified by the Company to all the building(s) to be constructed by the Company on the Property, all necessary building permits and all natural gas, water and sewer "tap" fees. With respect to any Hart County permits applicable to the operation of the Project, the Authority will agree to expedite or cause the expedition of all such permits.

Additional Acreage - The Authority will grant the Company a right of first refusal on an additional 10 acres of land adjacent to the Project at a cost of \$15,000 per acre, a survey for which will be provided by the Authority, with the boundaries marked and subject to review and approval by the Company.

Industrial Park Plan Approvals - The Authority, as declarant for the industrial park in which the Property is located, will agree to consider the modification or waiver of certain covenants and restrictions applicable for the industrial park in connection with the Property and the Company's Project, the terms of which will be further set forth in the MOU or a definitive agreement.

Independent Review by Company - The Company represents that it has independently completed or will independently complete all of its due diligence with regard to the suitability of the Property for its intended purposes, and has not relied upon any representation of the Authority in connection with its decision to use the Property for expanding its facility except as specifically set forth in this letter.

The Authority and Company agree to engage in further discussions in good faith to reach a definitive agreement(s) regarding all of the matters set forth in this letter.

Please evidence your acceptance of the terms hereof and your agreement to move forward in good faith with this Project on these terms and such other terms and conditions as are mutually agreed upon, by execution of the enclosed counterpart of this letter and return of same to the Authority.

Sincerely,

J. Douglas Cleveland
Chairman

ACCEPTED, this _____ day of _____.

By: _____ (SEAL)
Juergen Haering , Authorized Representative

EXHIBIT A

Consisting of the Map of Parcel Numbers C12 007 005, C12 007 002, C12 005 003 and C12 005 from the Hart County Tax Assessors

EXHIBIT B

Tax Abatement (enhanced to include different "phases" for investment which will be made over a multi-year term:

- Each "phase" of investment will be entitled to be taxed for ad valorem purposes over a modified 10-year phased-in formula, using payments in lieu of taxes. No payments in lieu of taxes shall be required on any item of real or personal property leased from the

Authority during a period from the initial leasing of the real and personal property comprising the Project from the Authority until the beginning of the first calendar year more than 24 months following the initial leasing of the Project site. Immediately thereafter, each item of real and personal property leased from the Authority will be subject to a 10-year phase-in term for payments in lieu of taxes as shown in the graphic below. Any item of real or personal property initially leased from the Authority after the start of the initial phase-in term will, beginning with the first calendar year following initial leasing of such item of property, be subject to a 10-year phase-in term for payments in lieu of taxes as shown in the graphic below. All property related to the Project intended to be leased from the Authority must be leased on or before the last day of the fifth year following the receipt of the initial certificate of occupancy for the Project.

- Payments in lieu of tax will be based upon 100% of the fair market value of the Project real and tangible personal property as assessed by the Hart County Tax Assessors' Office, to include State, County M&O and School Millage rates.
- The formula below is an illustration based upon the following assumptions, all of which are subject to change based upon actual future fair market values and annually-established millage rates: The investment in the illustration is valued at an assumed fair market value with no appreciation or depreciation, investment made on an assumed three-phase timetable as indicated, and a millage rate equal to that applied in 2014, although the investment values will be "refreshed" each year during the abatement period as shown in the example.

| Year | Hypothetical Fair Market Value | Hypothetical Taxable Value (40% of FMV) | Millage Rate (assumed at 19.4) | Hypothetical Amount of Tax (unabated) | Applicable Factor for Calculation of Payment in Lieu of Tax | Hypothetical Payment in Lieu of Tax Due |
|------|--------------------------------|---|--------------------------------|---------------------------------------|---|---|
| 1 | \$20,000,000 | \$8,000,000 | 0.0194 | \$155,200 | 0.00 | \$0.00 |
| 2 | \$20,000,000 | \$8,000,000 | 0.0194 | \$155,200 | 0.00 | \$0.00 |
| 3 | \$20,000,000 | \$8,000,000 | 0.0194 | \$155,200 | 0.00 | \$0.00 |
| 4 | \$20,000,000 | \$8,000,000 | 0.0194 | \$155,200 | 0.00 | \$0.00 |
| 5 | \$20,000,000 | \$8,000,000 | 0.0194 | \$155,200 | 0.00 | \$0.00 |
| 6 | \$20,000,000 | \$8,000,000 | 0.0194 | \$155,200 | 0.20 | \$31,040 |
| 7 | \$20,000,000 | \$8,000,000 | 0.0194 | \$155,200 | 0.40 | \$62,080 |
| 8 | \$20,000,000 | \$8,000,000 | 0.0194 | \$155,200 | 0.60 | \$93,120 |
| 9 | \$20,000,000 | \$8,000,000 | 0.0194 | \$155,200 | 0.80 | \$124,160 |
| 10 | \$20,000,000 | \$8,000,000 | 0.0194 | \$155,200 | 1.00 | \$155,200 |

Mr. Dye reported he is still experiencing activity with prospects. He informed the group that a groundbreaking ceremony is expected to take place in the first quarter for Haering USA Inc.

The next meeting was announced for March 23, 2015.

The meeting adjourned at 6:40 pm.

**M. S. Smith
Secretary**