

**INDUSTRIAL DEVELOPMENT BOARD**  
**Thursday, May 10, 2012**  
**Administrative Conference Room – 5:30 p.m.**  
**Department of Economic and Community Development**  
**1920 S. Germantown Road**

The Germantown Industrial Development Board met on Thursday, May 10, 2012, in the Administrative Conference Room. Chairman Henry Evans called the meeting to order at 5:30 p.m. A quorum was established with the following members present.

**PRESENT:** Chairman Henry Evans, Vice-Chairman Mike Harless, Keith Saunders, Charlie McCraw, David Klevan, Julie Klein, Dick Vosburg and Dr. Frank Markus

**STAFF** Marie Burgess, Planner and Josh Lawhead, PILOT Attorney, Burch Porter & Johnson PLLC

**MINUTES**

A motion was made by Mike Harless, seconded by Keith Saunders, to approve the April 17, 2012 minutes. Motion passed.

Josh Lawhead explained the proposed changes to the Retention PILOT Policy using the following two sets of options.

**City of Germantown Industrial Development Board**

Retention PILOT Guidelines  
(Adopted \_\_-\_\_, 2012)

RETENTION PILOTS AND THE GUIDELINES THEREFORE ARE SUBJECT AT ALL TIMES TO CHANGE IN THE DISCRETION OF THE BMA OF THE CITY OF GERMANTOWN (“CITY”) OR THE GERMANTOWN INDUSTRIAL DEVELOPMENT BOARD (“GIDB”). ALL POTENTIAL APPLICANTS MUST CHECK WITH GIDB STAFF TO VERIFY CURRENT RETENTION GUIDELINES THEN IN EFFECT.

To qualify for a payment-in-lieu-of-tax (PILOT) retention incentive from the GIDB as to City property taxes:

1. Company must have been operating and directly employing workers in the City for ~~a period of time satisfactory to the GIDB~~ at least 5 years prior to submitting an application for this retention assistance.
2. Company must be financially sound.
3. Company history and performance regarding any past PILOT agreements will be reviewed by the Board.
4. The Board places a higher value on those projects which expand operations and/or upgrade technology or processes to better position the company for longevity.
5. Company must demonstrate a long-term commitment to the City by buying or building a facility to house its operations, expanding an existing facility, or by signing or extending a lease for at least as long as the term of the incentive.
6. Company must invest a minimum of ~~\$3,000,000.00~~ 1,000,000.00 in real and/or personal property for this project in the City.

7. Company must retain a minimum of ~~50~~40 jobs in the City with an average annual pay of at least the most recently published per capita income for residents of the City.
8. Financial benefit within Shelby County from the jobs retained must exceed the opportunity cost of the tax incentive by a ratio of at least 2 to 1 over the term of the incentive agreement.
9. Company must comply with all application, fee and compliance requirements in the Board's Policy Statement.
10. The GIDB PILOT matrix shall be applied to the projected jobs retained and capital investment to establish a benchmark for compliance.
11. If the Company does not comply with the number of jobs to be retained or the amount of capital investment for the project, the GIDB PILOT Evaluation Matrix will be applied to the actual jobs retained and capital investment made to determine the appropriate reduction or termination of incentive benefits.
12. A relevant ramp-up period will be established for retention projects, to the extent applicable.
13. ~~As with all PILOTs granted by the GIDB, the~~The term of any retention PILOT shall not exceed ~~10~~8 years.
14. If deemed appropriate by the GIDB, in its sole discretion, the GIDB may reduce the customary percentage of *ad valorem* taxes waived or reduced by City as to a particular application, in which case the GIDB would increase the term of the benefit due to such decrease in the percentage reduction of *ad valorem* taxes contemplated by the GIDB, the amount of such percentage reduction, and the resulting increase in the term of the benefit, to be determined by the IDB in its sole discretion (subject to BMA approval).
15. ~~A recapture period~~As with all PILOT leases with the GIDB, the GIDB has an option to require "recapture payments" from any applicant in certain events. In the event the GIDB approves an expansion of or an amendment to its policy regarding recapture payments, such expanded or amended rights will apply to each PILOT applicant and a recapture payment will be included in each ~~retention~~ PILOT lease, the terms and amounts of ~~each~~ any such expanded or amended recapture term and recapture payments to be determined by ~~the GIDB on a case-by-case basis, and in the GIDB's sole discretion (subject to BMA approval)~~ such expanded or amended policy.
16. If deemed appropriate by the GIDB, in its sole discretion (subject to BMA approval), the GIDB may award up to 5 additional points ~~or years~~ for certain attributes or aspects of a particular project in addition to the points and years awarded pursuant to application of the project to the retention matrix. subject in any event to Section 13.
17. As with all PILOT leases with the GIDB, if the Applicant is leasing real property from a Sponsor, the term of the lease or sublease between the Sponsor and Applicant must be at least as long as the term of the retention PILOT lease.

## City of Germantown Industrial Development Board

### Retention PILOT Guidelines (Adopted \_\_-\_\_, 2012)

RETENTION PILOTS AND THE GUIDELINES THEREFORE ARE SUBJECT AT ALL TIMES TO CHANGE IN THE DISCRETION OF THE BMA OF THE CITY OF GERMANTOWN (“CITY”) OR THE GERMANTOWN INDUSTRIAL DEVELOPMENT BOARD (“GIDB”). ALL POTENTIAL APPLICANTS MUST CHECK WITH GIDB STAFF TO VERIFY CURRENT RETENTION GUIDELINES THEN IN EFFECT.

To qualify for a payment-in-lieu-of-tax (PILOT) retention incentive from the GIDB as to City property taxes:

1. Company must have been operating and directly employing workers in the City for at least 5 years prior to submitting an application for this retention assistance.
2. Company must be financially sound.
3. Company history and performance regarding any past PILOT agreements will be reviewed by the Board.
4. The Board places a higher value on those projects which expand operations and/or upgrade technology or processes to better position the company for longevity.
5. Company must demonstrate a long-term commitment to the City by buying or building a facility to house its operations, expanding an existing facility, or by signing or extending a lease for at least as long as the term of the incentive.
6. Company must invest a minimum of \$1,000,000.00 in real and/or personal property for this project in the City.
7. Company must retain a minimum of 40 jobs in the City with an average annual pay of at least the most recently published per capita income for residents of the City.
8. Financial benefit within Shelby County from the jobs retained must exceed the opportunity cost of the tax incentive by a ratio of at least 2 to 1 over the term of the incentive agreement.
9. Company must comply with all application, fee and compliance requirements in the Board’s Policy Statement.
10. The GIDB PILOT matrix shall be applied to the projected jobs retained and capital investment to establish a benchmark for compliance.
11. If the Company does not comply with the number of jobs to be retained or the amount of capital investment for the project, the GIDB PILOT Evaluation Matrix will be applied to the actual jobs retained and capital investment made to determine the appropriate reduction or termination of incentive benefits.
12. A relevant ramp-up period will be established for retention projects, to the extent applicable.

13. The term of any retention PILOT shall not exceed 8 years.
14. If deemed appropriate by the GIDB, in its sole discretion, the GIDB may reduce the customary percentage of *ad valorem* taxes waived or reduced by City as to a particular application, in which case the GIDB would increase the term of the benefit due to such decrease in the percentage reduction of *ad valorem* taxes contemplated by the GIDB, the amount of such percentage reduction, and the resulting increase in the term of the benefit, to be determined by the IDB in its sole discretion (subject to BMA approval).
15. ~~Upon enactment by the GIDB of a recapture policy, a~~ As with all PILOT leases with the GIDB, the GIDB has an option to require "recapture payments" from any applicant in certain events. In the event the GIDB approves an expansion of or an amendment to its policy regarding ~~recapture period and a recapture payment~~ payments, such expanded or amended rights will apply to each PILOT applicant and will be included in each ~~retention~~ PILOT lease, the terms and amounts of ~~each~~ any such expanded or amended recapture term and recapture payments to be determined ~~by~~ by such expanded or amended policy.
16. If deemed appropriate by the GIDB, in its sole discretion (subject to BMA approval), the GIDB may award up to 5 additional points for certain attributes or aspects of a particular project in addition to the points and years awarded pursuant to application of the project to the retention matrix, subject in any event to Section 13.
17. As with all PILOT leases with the GIDB, if the Applicant is leasing real property from a Sponsor, the term of the lease or sublease between the Sponsor and Applicant must be at least as long as the term of the retention PILOT lease.

Mr. Lawhead noted there is a Personal Property Lease Agreement in your packet for ThyssenKrupp Elevator Manufacturing, Inc. under section 9.04 (d) Lessor's Rights upon Default.

(d) In the event of the occurrence of an Event of Default described in Section 9.01(b) hereof, this Lease shall not be terminated, so long as Lessee complies with the provisions of this Section 9.04(d) provided that Lessor shall have exercised the option, hereinafter set forth in this subsection 9.04(d). Lessor shall have the option, in its sole discretion to make a recalculation and adjustment (a "Pilot Adjustment") of the Pilot Incentives provided in Section 6.02 of this Lease, and to amend Section 6.02 hereof accordingly. Any Pilot Adjustment, if made by Lessor, shall be based upon the Jobs, Wages and/or Capital Investment actually created, paid, or made with respect to the Project. Any such Pilot Adjustment shall be made so as to produce and reflect from and after the effective date of the Event of Default (which includes any period allowed hereunder for the curing of any such default) the maximum Pilot Incentive (the "Adjusted Pilot Incentive") for which the Project would have been qualified or entitled under Lessor's policies, procedures and criteria applicable to the Project at the date the Application was originally approved by Lessor. In the event Lessor determines to make a Pilot Adjustment, Lessor shall notify Lessee and afford Lessee the opportunity

to present such additional information with respect to the Project and to the proposed Pilot Adjustment, as may be appropriate to the determination, and Lessee shall promptly furnish such information as Lessor may request in connection with the making of such determination. Subject to the foregoing provisions, the decision of Lessor as to the Adjusted Pilot Incentive shall be in the sole discretion of Lessor. In the event that any Pilot Adjustment results in a determination that the Pilot incentives provided in Section 6.02 of this Lease are greater (with respect to the length of the Term of this Lease) than the Adjusted Pilot Incentive, then Lessor and Lessee shall enter into an amendment of this Lease to reflect such adjustment. In addition, Lessee shall thereupon pay (or cause to be paid) to the appropriate tax collectors, as an additional payment in lieu of taxes under Section 6.02 hereof, an amount (hereinafter called the "Recapture Payment") equal to the difference, if any, between (i) the total amount of the payments in lieu of taxes actually paid by or for the account of Lessee under Section 6.02 hereof for the period (hereinafter called the "Recapture Period") following the occurrence of such Event of Default and until the amendment of this Lease, as aforesaid, and (ii) the total amount of the payments in lieu of taxes for which Lessee would be obligated under the Adjusted Pilot Incentive for the Recapture Period (it being acknowledged that from and after the amendment of this Lease pursuant to the foregoing provisions, Lessee will be making payments in lieu of taxes based upon the Adjusted Pilot Incentive). It is the intention of the parties, by the foregoing provisions, to provide that, after the effective date of the Event of Default, Lessee shall not receive any greater Pilot incentives than they are entitled to as aforesaid. The obligation for any Recapture Payment(s) required pursuant to this Section 9.04(d) shall survive the termination of this Lease and shall be the personal obligation of Lessee. Lessee hereby consents and agrees that any action or proceeding to enforce any of its obligations or to collect any payments due from it may be brought in the courts of the State of Tennessee in Shelby County, Tennessee, or in the courts of the United States of America for the Western District of Tennessee.

Mr. Harless asked what is the difference between ThyssenKrupp and the other two leases?

Mr. Lawhead stated the only difference between ThyssenKrupp and the other two (Orgill and West Fraser) is the addition of the Shelby County clawback in TKE. The default starts at 90%. It also highlights to any applicant that currently there is a recapture payment and will or can be enforced by the IDB.

Mr. Evans requested a motion if everyone is satisfied with the Retention PILOT Policy.

**A motion was made by Frank Markus, seconded by Dick Vosburg, to approve the Retention PILOT Policy. Motion passed.**

Mr. Evans stated that Josh, Andy and Marie have made the changes that we talked about at the last meeting on the Retention PILOT Matrix.

Mr. Lawhead noted the one in your materials is being offered by the staff and city attorney. This covers the changes that were requested from the last meeting. The wages criteria should say, for example, greater than 110% to 115%. The same should be true for the capital investment.

Mr. Harless asked if jobs need to be defined as fulltime.

Mr. Evans said this is the way it is interpreted in our regular PILOT where we haven't given credit for less than fulltime positions (35-40 hours). They cannot have part-time jobs in the PILOT.

7. Company must retain a minimum of 40 **full-time** jobs in the City with an average annual pay of at least the most recently published per capita income for residents of the City. A job is considered a full-time job only if the employee is regularly scheduled to work no less than 35 hours per week.

**Job Creation- Matrix changes:**

Maximum Points for Retained Jobs – 6 - Maximum Points for Newly Created Jobs – 11.

Firms will be awarded points for each new **full-time** job contributing to the City goal of net **full-time** jobs, retained and new. A job is considered a full-time job only if the employee is regularly scheduled to work no less than 35 hours per week.

**Criteria**

Plus or Minus 5% of the target wage 1 point  
For wages greater than 105% of the target, add points as follows

- Greater than 105% - 110% - 2 points
- Greater than 110% - 115% - 3 points
- Greater than 115% - 120% - 4 points
- Greater than 120% - 125% - 5 points
- Greater than 125% - 6 points

**Criteria**

- \$1 - \$4 Million 2pts.
- Greater than \$4 Million - \$8 Million 4 pts.
- Greater than \$8 Million - \$12 Million 8 pts.
- Greater than 12 Million - \$16 Million 12 pts.
- Greater than \$16 Million 16 pts.

**A motion was made by Mike Harless, seconded by Keith Saunders, to approve the Retention PILOT Matrix. Motion passed.**

**A motion was made by Mike Harless, seconded by Julie Klein, to amend the previously approved Retention PILOT Policy. Motion passed.**

Mr. Evans asked for the changes to the Retention PILOT Matrix and Retention PILOT Policy to be emailed to the IDB for review.

Mr. Evans noted the next item on the agenda is to discuss the clawback provision for inclusion in the future PILOT lease agreements. At our last meeting, we discussed a clawback in the event a company leaves the City after they have completed their lease. Mr. Evans stated that he wants a clawback.

Mr. Saunders explained if we are approving this as an incentive to get a company to locate here and they fulfill all their obligations regarding what we asked them to do under the policies we set forth, then to come back and slap them on the hand and say, “Well you are leaving now...” and it could be for any circumstance that we may or may not like. If they fulfill the obligation and we offer that on those terms, why are we penalizing them? Mr. Saunders does not want a clawback.

Mr. Evans stated his point is that one of the reasons that we grant the incentive is to get them to come here. We are investing in them and we have a right to recoup some on that investment. They shouldn't pack up and leave after being tax free.

Mr. Vosburg stated, "Then the term of the deal should last longer. In other words, if you've got a five year PILOT, then you would have a five year PILOT plus a period to be defined as a three year period, thereafter, where they are held to their side of it and we're not? That's hard to..."

Mr. Evans said, "No. You're giving all of yours on the front end. I don't see it that way at all."

Mr. Vosburg said he would think of it in that case. This is an 8 year deal, and we're giving a 5 year PILOT period where we're providing...and then there's a 3 year where we're no longer providing an abatement....That's very different than anything that I've seen.

Mr. Saunders said that in the areas he's been involved with PILOTs, he has not heard of any one of the clients indicating that they would accept any type of clawback. The only reason they're coming is purely for that incentive. The whole idea behind a PILOT is to bring in additional revenue that generates taxes over and beyond what you're giving up. That's why you're giving up the taxes because supposedly with the income tax you're getting, with the sales tax, and the things that are brought in here, that should offset what you're giving up. To him, if he had that language in front of him but another option was available somewhere else and he couldn't commit to stay over 8 years, then he'd go over there.

Mr. Evans said, "It gawls me to give away tax money and to have them leave. I'm a tax payer. If I was a business owner, I would have a real problem with giving away property taxes to somebody and not holding them accountable to stay here."

Mr. Saunders said that he is too, but you're not giving them a PILOT to make them stay here, you're giving them a PILOT to get them here.

Mr. Evans said that you give them the incentive, but there should be a quid pro quo on the back end of it.

Mr. Saunders said that you might as well not have a PILOT. He doesn't think it's right to penalize a company for something you're asking them to do to come here, and the only reason you're giving it to them is to lure them here. If you don't want to give up the taxes to get them here, then don't have a PILOT.

Mrs. Klein asked how many times the pay roll dollars turn over which continues to create more sales tax dollars and the people paying their real estate taxes.

Mr. Evans said that we don't know the answer to that.

Mr. Vosburg said that old textbook answer is 5-8 times. Mr. Saunders agreed.

Mr. Harless said that most companies that relocate to an area plan to stay there unless something unusual happens. So, getting into a clawback past the PILOT would not serve us in good stead and would make us less competitive with some of the other communities that we might be competing with.

Mr. Evans said that he does not disagree with that, but has trouble with someone who has had a 10 year PILOT and is asking for another 6,7,8 year PILOT and has no promise beyond that.

Mr. Harless said that with all the residual revenue that he is certain is generated by PILOT companies, he feels that having a retention PILOT is good business.

Mr. Vosburg said that this ties back to a previous IDB discussion about having a partial PILOT where the purpose was to deal with getting some tax revenue directly from the business.



Mr. Lawhead asked if Mr. Vosburg was referring to the ability to go from 75% abatement to, for example, 50%. This is in the policy.

Mr. Vosburg commented that it is purely subjective and gave the example: If the IDB gave someone the extra points, we could take them to 5 years. "We'll take you to 5 years, but we'll take you to 5 years at 60% instead of 75%."

Mr. Lawhead agreed.

Mr. Evans said that with the sole discretion that the IDB has, using that same example, we could say that we'll give you an 8 year freeze, but it won't be at the 75 % level for the 8 years. It will be for far less.

Mr. Vosburg said, "Even though the matrix gave us 5..."referring to the 5 points. "We have full discretion beyond that. We can go beyond the matrix in terms of life, but scale down the percentage to deal with your issue."

**(16)** If deemed appropriate by the GIDB, in its sole discretion (subject to BMA approval), the GIDB may award up to 5 additional points for certain attributes or aspects of a particular project in addition to the points and years awarded pursuant to application of the project to the retention matrix, subject in any event to Section 13. The term of any retention PILOT shall not exceed 8 years.

Mr. Harless said we can defer whatever the percentage is.

Mr. Lawhead agreed...like a deferred compensation.

Mr. Vosburg said that this brings in some tax income that applies only in the case of a retention PILOT. "We're going to defer and spread out what we're going to give you. We're going to give you a fixed amount, but spread it out over a longer period of time...because we want to retain you over a longer period of time, but you only earned this amount. That's a negotiating option."

Mr. Markus asked if the residual revenue generated by PILOT projects is tracked by the City. The IDB agreed that they would like this information tracked if possible.

Mr. Lawhead updated everyone on Orgill's PILOT termination of the property lease. The state caught something about missed billings to Orgill on personal property. The City owes Orgill a sum on PILOT property and Orgill owes the City a sum for non PILOT property. That exchange has not been made. As of yesterday, I talked to Ralph Gabb in Finance and he stated it has not happened yet. The reason why that is important is because the IDB is not to terminate leases until the applicant has made all payments it owes.

Mr. Evans noted one of the advantages to having paragraph 14 in our policy is give us flexibility in the event of a company getting both the original PILOT as well as a retention PILOT and a means where we are able to utilize that (perhaps to recoup tax base) that may satisfy any questions from the BMA. Plus, it means we are already on record where this is already a policy.

**(14)** If deemed appropriate by the GIDB, in its sole discretion, the GIDB may reduce the customary percentage of *ad valorem* taxes waived or reduced by City as to a particular application, in which case the GIDB would increase the term of the benefit due to such decrease in the percentage reduction of *ad valorem* taxes contemplated by the GIDB, the amount of such percentage reduction, and the resulting increase in the term of the benefit, to be determined by the IDB in its sole discretion (subject to BMA approval).



Mr. Harless will draft a list of information the IDB would like to start receiving from new PILOT/Retention PILOT applicants (number of employees living in 38138 & 38139, charitable contributions to Germantown organizations, etc).

The Compliance Reports are due by June 1<sup>st</sup> or companies will be in default. Mr. Harless requested that staff contact the PILOT companies within the next week. The IDB wants to review the Compliance Reports before another meeting occurs.

**A motion was made by Dick Vosburg, seconded by Frank Markus, to approve the Resolution 2012-2 regarding the Retention PILOT Policy and Matrix to submit to the BMA. Motion passed.**

**RETENTION PAYMENT-IN-LIEU-OF-TAX (PILOT) INCENTIVES ELIGIBILITY AND CONSIDERATION**

JOB CREATION Maximum Points for Retained Jobs - 6 Maximum Points for Newly Created Jobs - 11		WAGES Maximum 6 Points	CAPITAL INVESTMENT Maximum 16 Points
Firms will be awarded points for each new job contributing to the City goal of net jobs, retained and new.		Firms are encouraged to pay wages that raise the Per Capita Income of Germantown residents.  The Estimated Annual per Capita Income for Germantown "is the last published date of PCI".	New Real and Personal property for which Retention PILOT benefits are being requested.
Criteria		Criteria	Criteria
Retention (Retained Employees – Minimum number for life of Retention PILOT)		Plus or Minus 5% of the target wage 1 point  For wages greater than 105% of the target, add points as follows	
Creation (Applied jobs in the first three years)			
<u>Number of Jobs</u>	<u>Points</u>	<u>Number of Jobs</u>	<u>Points</u>
40-80	3 Points	10-20	3 Points
81-120	4 Points	21-40	5 Points
121-160	5 Points	41-60	7 Points
161-greater	6 Points	61-80	9 Points
		81-greater	11 Points
		106% - 110% - 2 points	\$1 - \$4 Million      2 pts.
		110% - 115% - 3 points	\$4 Million – \$8 Million      4 pts.
		115% - 120% - 4 points	\$8 Million – \$12 Million      8 pts.
		120% - 125% - 5 points	\$12 Million –\$16 Million      12 pts.
		125% - greater - 6 points	\$16 Million or greater      16 pts.

\*NOTE: See City of Germantown Industrial Development Board Policy for detailed definitions and explanations.

SCORE SHEET

	Generally, as to real property, the PILOT payment will equal 25% of Germantown and Shelby County property taxes which would otherwise be generated based on the then current assessments of the real property (both as to the land and all improvements thereon), plus 75% of the taxes which would otherwise be assessed on and to the land alone as of the date of the PILOT lease. Generally, as to personal property, the PILOT payment will equal 25% of Germantown and Shelby county taxes which would otherwise be generated based on the then current assessment of the personal property. The GIDB has the right to set different components to the benefit formulae as to a particular application as the GIDB, in its sole discretion, deems fit.
Less than 8	No Freeze
8 – 10	Three (3) year freeze
11 – 15	Four (4) year freeze
16 – 20	Five (5) year freeze
21 – 25	Six (6) year freeze
26 – 30	Seven (7) year freeze
31 – greater	Eight (8) year freeze

Prior to the meeting, Mr. Lawhead provided the attached Word documents containing marked versions of the Retention Policy showing the changes between (i) the version considered at the 4/17/12 meeting and today’s version, and (ii) the 4/18/12 version (prepared the day after the 4/17 meeting) and today’s version.

- Please note the following from Mr. Lawhead as it relates to the clawback/recapture discussion: “The Germantown IDB form PILOT leases, as well as the TKEM and West Fraser leases in particular, do contain a ‘recapture payment’. See Section 9.04(d) of the TKEM personal property lease.” (Also attached).

“This re-capture payment is for a failure to reach stated investment, jobs and wages levels during the term. It goes along with the right the IDB has (and which the IDB exercised as to West Fraser in 2011) to re-score the actual investment, jobs and wages and reduce the term of the PILOT benefit accordingly. The re-capture payment equals the difference between what the applicant would have been taxed on the actual investment from the commencement of the deficiency to the date of the amendment of the lease, and is to be paid as an additional PILOT payment to the taxing jurisdictions.

While this is not what some of the IDB board members have in mind as a ‘clawback’ (penalizing applicants for leaving Germantown within a certain period of time after the PILOT benefit expires), I wanted to bring to your attention that the above remedy is available to the Germantown IDB.”

- Another item to note is related to the IDB’s discussion to have #5 & #17 in the Retention Policy combined. Mr. Lawhead explains that he has not combined the two sections due to the following example: “Let’s say an applicant is a tenant of a landowner under a ground lease that has a remaining term of 4 years. The applicant is going to construct a new building that will cost \$10mm to build, and this construction together with the retained jobs and new jobs and the wages paid results in the applicant being eligible for an 8 year retention PILOT. The new facility construction alone would satisfy the requirements of Section 5, but it is Section 17 which would require the tenant to extend its ground lease with the landowner for an additional 4 years in order to receive the 8 year PILOT.

The language in Section 5 ‘or by signing or extending a lease for at least as long as the term of the incentive’ is intended to qualify an applicant who meets all requirements for a retention policy except for the requirement that the applicant buys or builds a building, or is expanding an existing facility.

If it is important to the IDB that Section 17 be removed then that is what will be done, but it will be much more clear that the length of the retention PILOT can only be for as long as the term of the applicant’s lease if Section 17 remains.”

#### **ADJOURNMENT**

There being no further business to come before the board, the meeting was adjourned.