

Board Members:

Charley Bible
Shannon Coleman Egle
Paul Fortunato
Tiffany Gardner
Mike George
Terry Henley
Ford Little
Lou Moran, III
Alvin Nance
Lisa Rottmann
Anthony Wise



The Industrial Development Board of the County of Knox

Regular Meeting
Tuesday, November 8, 2022, 4:00 p.m.
17 Market Square, #201
Knoxville, Tennessee 37902

AGENDA

- I. Call to Order
- II. Approval of Minutes from Previous Meeting
 - A) Regular Meeting – October 18, 2022
- ACTION** III. Review and Consideration of a Resolution regarding Lease Agreement for a Payment-In-Lieu-of-Tax (PILOT) transaction with Beehive Industries, LLC for the proposed new construction of an approximately 62,000 sq ft building for manufacturing to be located at 10505 Murdock Dr., Knoxville, Tennessee, 37932 (Parcel ID 118173).
- IV. Old Business
- V. New Business
 - A) 2023 Meeting Schedule
- VI. Adjourn

**MINUTES OF THE REGULAR MEETING OF
THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX**

October 18, 2022, 4:00 p.m.

The regular meeting of the Board of Directors of The Industrial Development Board of the County of Knox (the “Industrial Development Board” or “Board”) was held on Tuesday, October 18, 2022, at 4:00 p.m., pursuant to notice duly provided to the Directors and the public. The meeting was held at the offices of the Knoxville Chamber and The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee, 37902.

The following Directors were present at the meeting, Paul Fortunato (Chair), Tiffany Garner (Vice Chair), Alvin Nance, Terry Henley, Lou Moran, III, Charley Bible, and J. Ford Little.

Also, in attendance were Mike Odom (The Development Corporation), Brenda Wilson Spence (The Development Corporation), Mac McWhorter (Knoxville Chamber), Karen Kakanis (Knoxville Chamber), S. Wilson Myhre (Knoxville Chamber), Samuel C. Louderback (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Katrina Vargas (Paralegal - Egerton, McAfee, Armistead & Davis, P.C.), Bud Cullom (CHM, LLC), Joe Petre (LHP/Lawler Wood), Alex Burch (CHM, LLC), Doug Lawyer (Knoxville Chamber), John Clay (Axle Logistics, LLC), Blayne Chance (public observer) Mike Rogers (LHP Capital, LLC), and Mark Mamantov (Bass Berry & Sims).

I. Paul Fortunato, the Board’s Chair, called the Industrial Development Board meeting to order. The Agenda of the Industrial Development Board meeting is attached hereto as Exhibit A.

The Industrial Development Board then discussed the following matters and took the following actions as noted:

II. Review/Approve Minutes from Previous Meeting. The Chair of the meeting asked if there were any changes to the minutes of the regular meeting held on September 13, 2022.

Upon a motion by Tiffany Gardner and a second by Lou Moran, III, the minutes of the September 13, 2022 meeting were unanimously approved. A copy of the minutes are attached hereto as Exhibit B.

III. Review and Approval of Finance Report as of September 30, 2022. The Chair recognized Karen Kakanis who addressed the Board and presented the financial report as of September 30, 2022 (“Financial Report”), reviewing with the Board the Balance Sheet with Prior Year Comparison, Budget Variance Report, and Income Statement with Prior Year Comparison. Discussion was had.

Upon a motion by Terry Henley and a second by Lou Moran, III, the Financial Report as of September 30, 2022, was unanimously accepted. A copy of the financial statements so presented during the report are attached hereto collectively as Exhibit C.

IV. Review and Consideration of a Resolution regarding Lease Agreement for a Payment-In-Lieu-of-Tax (PILOT) transaction with Blueprint Group/Axle Logistics, LLC for the proposed new construction of a 71,000 sq ft corporate office building to be located at 849 N. Central St/0 Bernard St., Knoxville, Tennessee, 37917. The Chair recognized Tiffany Gardner, the Chair of Application Review Committee who addressed the Board regarding the Application of Blueprint Group/Axle Logistics, LLC (collectively, “Applicant”) and recommended approval of extending a payment-in-lieu-of-tax (“PILOT) incentive to the Applicant upon the terms set forth in the resolution provided to the Board in the Board Packet. The Chair introduced Mac McWhorter who presented the staff summary for the PILOT. Mr. McWhorter introduced John Clay of the Applicant, who provided the Board a summary of the proposed project and the operations of Applicant to be conducted therein.

Upon a recommendation by the Application Review Committee and a second by Terry Henley, the Resolution regarding the Lease Agreement for a Payment-In-Lieu-of-Tax (PILOT) transaction with Blueprint Group/Axle Logistics, LLC was unanimously approved. A copy of the Resolution is attached hereto as Exhibit D.

V. Old Business.

Consideration of a Resolution Authorizing the Execution of Documents Relating to a Tax Increment Financing of Costs Relating to the Development of the Biddle Farms Farragut Project. The Board Chair recognized Mark Mamantov (bond counsel for Knox County) who provided an overview of the project and the project documents presented to the Board for their approval.

Upon a motion by Lou Moran, III and a second by J. Ford Little, the Resolution authorizing the execution of documents relating to a tax increment financing of costs relating to the development of the Biddle Farms Farragut Project was unanimously approved. A copy of the Resolution is attached hereto as Exhibit E.

VI. New Business. None.

VII. Next Meeting. The next regular meeting of The Industrial Development Board of the County of Knox is scheduled for November 15, 2022, at 4:00 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

VIII. Adjournment. No further business having come before the Board and upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 4:21p.m.

Dated

Shannon Coleman Egle, Secretary

EXHIBITS

- Exhibit A Agenda – October 18, 2022
- Exhibit B Minutes – September 13, 2022
- Exhibit C Financials through September 30, 2022
- Exhibit D Resolution Review and Consideration of a Resolution regarding Lease Agreement for a Payment-In-Lieu-of-Tax (PILOT) transaction with Blueprint Group/Axle Logistics, LLC for the proposed new construction of a 71,000 sq ft corporate office building to be located at 849 N. Central St/0 Bernard St., Knoxville, Tennessee, 37917
- Exhibit E Resolution Authorizing the Execution of Documents Relating to a Tax Increment Financing of Costs Relating to the Development of the Biddle Farms Farragut Project

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL
DEVELOPMENT BOARD OF THE COUNTY OF KNOX
APPROVING THE PILOT APPLICATION OF
BEEHIVE INDUSTRIES, LLC**

WHEREAS, THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX (“IDB”) is a nonprofit public corporation organized by Knox County as an industrial development board pursuant to Tenn. Code Ann. §§7-53-301 et seq. (the “Act”) and as such is a public instrumentality of Knox County performing a public function; and

WHEREAS, the IDB’s statutory purposes include financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and Knox County, in particular; and

WHEREAS, Tenn. Code Ann. §7-53-305 provides that the IDB and all properties at any time owned by it, and the income and revenues therefrom, and all bonds issued by it, and the income therefrom are exempt from all taxation in the State of Tennessee; and

WHEREAS, pursuant to a Resolution dated January 27, 2003, the Commission of Knox County, Tennessee (the “Commission”) delegated to the IDB the authority to negotiate and accept from lessees payments in lieu of ad valorem taxes, found that such payments are deemed to be in furtherance of the IDB’s public purposes as set forth in the Act, and adopted the IDB’s Property Tax Incentive Program; by a Resolution dated December 20, 2004, the Commission adopted certain amendments to the IDB’s Tax Incentive Program in accordance with the Act (as so amended, the “Tax Incentive Program”); and

WHEREAS, BEEHIVE INDUSTRIES, LLC and LEXINGTON-SIMMONS, LLC (collectively, and together with any applicable affiliates thereof, “Applicant”) has submitted an application (“Application”) to the IDB for A Payment-In-Lieu-of-Taxes Tax Incentive Grant (PILOT) under the Tax Incentive Program in connection with the construction and installation of the Applicant’s new facilities to be located on property located at 10505 Murdock Drive in Knox County, Tennessee (“Project”); and

WHEREAS, the Application Review Committee (the “Committee”) of the Board of Directors of the IDB (the “Board”) has considered the Application under the Tax Incentive Program and recommended the Board’s approval of a PILOT for real and personal property having a term-length of six (6) years, with payments-in-lieu of tax at an amount approximating fifty percent (50%) of the ad valorem taxes which would otherwise be payable with respect to the subject real and personal property.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE IDB AS FOLLOWS:

1. The Board finds that the Project and grant of tax incentives under the Tax Incentive Program to Applicant by the IDB will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and Knox County, in particular.
2. The Application is hereby approved by the Board.
3. The staff and legal counsel of the IDB are hereby authorized to proceed in the preparation and finalization for presentment to the Board of a Lease Agreement and other documents deemed necessary and convenient by such staff and legal counsel to accomplish the proposed payment in lieu of tax transaction (“Transaction Documents”). Such Transaction Documents shall provide for (a) the acquisition by the IDB and lease to the Applicant of certain real property constituting the Project, with the term of such lease having

a term-length of six (6) years; (b) annual payments-in-lieu of tax at an amount approximating fifty percent (50%) of the ad valorem taxes which would otherwise be payable with respect to the subject real and personal property each year, and (c) such other terms and conditions set forth in the Application approved by the Board, required by the Property Tax Incentive Program or otherwise deemed necessary and convenient by the staff and legal counsel of the IDB. The PILOT transaction approved hereby must close by December 31, 2022, and upon failure to close by such date (or such later date approved by the Board pursuant to a separate resolution), the approval evidenced hereby shall expire and be of no further force and effect.

[The remainder of this page intentionally left blank.]

**STATE OF TENNESSEE
COUNTY OF KNOX**

I, Paul M. Fortunato, Chair of The Industrial Development Board of the County of Knox (the “IDB”), do hereby certify that the foregoing is a true and complete extract of the minutes of the Board of Directors of the IDB at a meeting duly called and held on November 15, 2022, and sets forth so much of said minutes as in any way relates to the introduction, consideration and passage of the resolution therein set forth. Public notice of said meeting was given pursuant to and in compliance with all provisions of law.

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE COUNTY OF KNOX**

Chair

Dated: November 15, 2022

Application for PILOT County of Knox, Tennessee

Applicant:

Company Name Beehive Industries, LLC
Mailing Address 7955 South Potomac Street
City Englewood State CO Zip 80112
Telephone 303.999.8611 Fax _____
Federal Employer Identification Number 82-2154552

Company representative to be contacted:

Name Anthony Dolarsky Title VP, EHS/Facility Operations
Mailing Address 7955 South Potomac Street
City Englewood State CO Zip 80112
Telephone 303.999.8611 Fax _____

Description of Principle Business Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Manufacturing
SIC/NASIC (if known) 336415 Legal Structure LLC

If a corporation, state of incorporation _____

If foreign corporation, is it registered to do business in Tennessee? Yes No

Sponsor: (if applicable):

Company Name Lexington-Simmons, LLC
Mailing Address 7235 Wellsley Manor Way
City Knoxville State TN Zip 37919
Telephone 865.310.6102 Fax _____
Federal Employer Identification Number 62-1649429

Company representative to be contacted:

Name Douglrwin Title Chief Manager
Mailing Address 6816 Shinnecock Ln
City Knoxville State TN Zip 37918
Telephone 865.310.6102 Fax _____

Description of Principal Business Real Estate Development
SIC/NASIC (if known) _____ Legal Structure LLC

If a corporation, state of incorporation _____

If foreign corporation, is it registered to do business in Tennessee? Yes No

Name and address of any of the following involved in the project:

Applicant's Legal Counsel:

Name G. Mark Mamantov Title Attorney
Mailing Address 1700 Riverview Twr, 900 S Gay St.
City Knoxville State TN Zip 37902
Telephone 865.521.0365 Fax _____

Project Engineer

Name W. Scott Williams & Associates Title Scott Williams - Owner
Mailing Address 4530 Annalee Way
City Knoxville State TN Zip 37921
Telephone 865.692.9809 Fax _____

Project Architect

Name George Armour Ewart Architect Title George Ewart - Owner
Mailing Address 404 Bearden Park Circle
City Knoxville State TN Zip 37919
Telephone 865.602.7771 Fax _____

General Contractor

Name Keith Edmondson Construction Co LLC Title Keith Edmondson - Owner
Mailing Address 2719 E. Emory Rd
City Knoxville State TN Zip 37938
Telephone 865.377.3343 Fax _____

Does applicant or sponsor of the project have an application pending or intend to apply for industrial revenue bond financing for this or a similar project with any other board in Knox County?

Yes No *If yes, please attach a detailed explanation*

Does applicant or sponsor have present plans to incur indebtedness or other financial obligations, which would materially affect its financial condition other than the financing applied hereby?

Yes No *If yes, please attach a detailed explanation*

Does applicant or sponsor of the project know of any proposed or pending tender offers, mergers, or acquisitions by or affecting applicant or sponsor of the project or any other materially significant corporate event in any way affecting application or sponsor of the project?

Yes No *If yes, please attach a detailed explanation.*

Project Location/Ownership:

10505 Murdock Drive, Knoxville, TN 37932
Street Address: _____

Vicinity Map. *Please attach with general location of site shown.*

Attach a copy of deed (or surveyor's description) detailing property's metes and bounds description or other legal description.

Who owns the property at this time? Lexington-Simmons, LLC

Does applicant have an option to purchase the property if not already owned by applicant?

Yes No

Are there presently outstanding any options or liens with regard to the property?

Yes No

Give a brief description of the activities to be performed at this location, including a description of products to be produced and/or services to be provided:

The facility will produce 3d printed products for various applications.

Current Zoning: Business and Technology / Technology Overlay

Is the property zoned appropriately for intended use by this project? Yes No

Tax Information:

Obtain latest property tax statement from Knox County Assessor's Office (include both real and any existing tangible personal property).

Real Property

Tax parcel ID number(s) 118 173 This is the current parcel number which will be subdivided and will include two buildings.

Current assessment \$676,680 - This is for the full parcel, not just for the land that will accommodate the building for this project.

Current tax \$10,516 - This is for the full parcel, not just the land that will accommodate the building for this project.

Will this project result in the subdivision of any current tax parcel? Yes No

Is the project located in the City of Knoxville's Central Business Improvement District? Yes No

If so, what is the current CBID tax assessment N/A

Tangible Personal Property

Tax parcel ID number(s) N/A

Current assessment _____

Current tax _____

Are there any assessments under appeal? Yes No

If yes, please describe. N/A

Capital Investment:

Land: Acreage _____ Cost \$ _____

Site Preparation Cost \$ 600,000

Real Property (Building): Square Footage 62,212 Cost \$ 10,619,000

Personal Property Cost \$ 22,100,000

Briefly describe these investments (types of tangible personal property, type of site development planned for this location and other improvements):

Land & Closing Costs - \$875,000	Machinery & Equipment - \$20,000,000
Building Construction & Contingency - \$4,500,000	IT - \$1,575,000
Tenant Improvements - \$4,500,000	Furniture & Fixtures - \$525,000
HVAC - \$1,400,000	Total - \$32,719,000
Soft Costs - \$219,000	

Construction Estimates:

Start Date: Month March 24 Year 2022

Completion Date: Month June, 30 Year 2023

Describe any off-site infrastructure that requires new public investments:

Water _____

Sanitary Sewer _____

Streets _____

Storm Sewer _____

Other _____

Have project utility requirements been reviewed by the appropriate local utility providers?

Yes No

Wages/Jobs:

In any event, the wages and jobs set out herein shall be achieved within three (3) years after the commencement of operations. An annual report of achievement is required as December 31 each year for the term of the PILOT agreement.

Complete the forms attached hereto as Exhibits A & B, listing jobs and wages by major employment type category.

Environmental Impacts:

Attach a Phase I Environmental Audit addressed to the Industrial Development Board.

Describe any environmental impacts created by the project

The activities within the facility will not create any negative environmental impacts. ~~the building permit~~

The TTCDA approval for construction on the site was passed on 2/7/2022.

Will this operation require an environmental permit?

Air Yes No
Water Yes No

Justification for PILOT request (substantiate and fully describe the justification for this request):

Beehive Industries is an American manufacturer, technology developer and innovation partner for defense, aerospace, and related industries. Beehive Industries is a young company that has grown both organically and through acquisition. The company acquired Volunteer Aerospace in 2021, a leader in metal additive manufacturing. The company as also partnered with Oak Ridge National Laboratory and GM in advancing high-strength aluminum alloys. These acquisitions and partnerships reflect the company's strength and commitment to reindustrializing America and increasing its client base and growth. With this growth the company has an opportunity to expand its presence in Knoxville which requires a significant capital investment in both property and workforce. These investments put a lot of pressure on the company's P&L. The PILOT will help deler a portion of the operating expenses and allow the company to make those critical uplront investments in the new facility and new hires, when it is most important.

Financial Information:

Attach copies of the last two fiscal years' audited financial statements.

If publicly –held corporation, a certified statement of the corporation’s net worth with corresponding disclosure notes as provided in the applicant’s latest approved/audited financial statement.

Supplemental Information:

All of the following Schedules attached hereto must be completed and submitted with this Application before staff of The Industrial Development Board of the County of Knox, Tennessee will submit your application to the Industrial Development Board of the County of Knox, Tennessee for initial consideration.

Exhibit A – Project Employment - Current Employees

Exhibit B – Project Employment – Additional/New Employment

Exhibit C – Property Tax Incentive Program Affidavit to Application*

*Please note that Exhibit C is required only if staff of The Industrial Development Board of the County of Knox, Tennessee has determined that the Project’s primary purpose is one of community redevelopment, i.e. the financial incentives being requested are necessary to make the Project economically viable. If the Applicant is unsure, please check with staff as to whether Exhibit C is required. Notwithstanding any staff determination, The Industrial Development Board of the County of Knox, Tennessee reserves the right to require that the Affidavit be completed and submitted for the Project as a condition to the grant of any financial incentives under the Property Tax Incentive Program.

Certifications and Signature:

This application is made in order to induce The Industrial Development Board of the County of Knox, Tennessee to grant financial incentives to application and sponsor. Applicant and sponsor represent and warrant

that the statements contained herein or attached hereto are true and correct to the best of their knowledge and include all information materially significant to the board and its consideration of this application.

Applicant and sponsor have read and agree to comply with all requirements of the application procedures and policies of the Industrial Development Board of the County of Knox, Tennessee. Applicant specifically agrees to pay all reasonable costs, fees, and expenses incurred by the Board in connection with this application, whether or not the financial incentives are granted or this project built.

Applicant and sponsor acknowledge that, if the financial incentives are granted, the Applicant will be required to complete and file annually a PTIP Performance Report Form containing such information as may be required by the Industrial Development Board of the County of Knox, Tennessee, to determine compliance with incentive documentation, accompanied by either (1) audited financial statements of the Applicant covering the period of time inclusive of the immediately preceding tax year and which (i) contains certain supplementary information presenting the PTIP Performance Report Form and (ii) confirms that the Applicant is in compliance with the lease agreement between the Applicant and the Industrial Development Board of the County of Knox, Tennessee, or (2) an agreed upon procedures report of an acceptable independent certified public accountant substantially in the form attached hereto as Exhibit D.

Anthony Dolansky
Applicant

9/27/2022
Date

Lexington-Simmons, LLC - C. Douglas Smith
Sponsor

9-31-22
Date

EXHIBIT A
Project Employment – Current Employees

EXHIBIT B
Project Employment – Additional/New Employees

Project Employment - Additional/New Employment

In any event, wages and jobs set out herein must be achieved within three (3) years after commencement of operations.

Current Positions (by major category)	Total Jobs*	Number of Full-Time Jobs	Number of Part-Time Jobs	Number of Seasonal Jobs	Number of Contract Jobs	Annual Wage Per Position	Total Annual Payroll	Number of Positions Transferred from Company's Other Operations
Low Skilled Trades	3	3	0	0	0	\$37,440	\$112,320	
Technicians	21	21	0	0	0	\$45,760	\$938,080	
Skilled Trades	24	24	0	0	0	\$72,800	\$1,747,200	
Engineers	9	9	0	0	0	\$80,000	\$680,000	
Quality Assurance	7	7	0	0	0	\$80,000	\$560,000	
IT	3	3	0	0	0	\$50,000	\$125,000	
Finance	1	1	0	0	0	\$50,000	\$50,000	
Management	8	8	0	0	0	\$200,000	\$1,500,000	
Procurement	5	5	0	0	0	\$65,000	\$325,000	
Total	79	79	0	0	0		\$6,037,600	

Company currently operates two facilities in TN, one in Knoxville and one in Lenoir City

27 in Knoxville and 9 in Lenoir City

(# Employees)

106

(# Employees)

Operation Start Date:

(month)

December

(year)

2026

Full Operation:

(month)

(year)

*Total Jobs - Total number of the following on an annual average basis:

- (A) Number of full-time jobs
- (B) One-half the number of part-time jobs
- (C) One-fourth the number of seasonal jobs
- (D) Number of contract jobs

EXHIBIT C

**PROPERTY TAX INCENTIVE PROGRAM
AFFIDAVIT
TO
APPLICATION**

I, _____, being first duly sworn, depose and state under penalty of perjury as follows:

1. I am a corporate officer, company officer, managing member, general partner or sole proprietor of _____ (“Applicant”), a company duly organized in the State of _____ as a _____ (Corporation/LLC/Sole Proprietorship/General Partnership/Limited Partnership). Applicant submits this Application requesting payment-in-lieu-of-tax assistance for the project located at _____ (“Site”). The Applicant represents that this Application and all information furnished in support of the Application for the purpose of obtaining financial assistance under The Industrial Development Board of the County Property Tax Incentive Program (“PILOT Program”) are true and complete to the best of Applicant’s knowledge and belief.

2. Applicant hereby acknowledges and declares that it will comply with all submittal requirements for payment-in-lieu-of-tax assistance from The Industrial Development Board of the County of Knox (“IDB”) set forth in the PILOT Program Policies and Procedures, as in effect from time to time, including, without limitation, the following:

(i) Applicant will pay PILOT application fee of _____ and no 100/00 Dollars (\$ _____) to the IDB at the time of application; and

(ii) Applicant will be required to pay the IDB a closing fee equal to five percent (5%) of the anticipated benefit, which will be due upon closing.

3. Applicant acknowledges and declares that the proposed project cannot be undertaken without the assistance of the Property Tax Incentive Program due to one or more of the following reason(s) as checked by Applicant:

___ (i) The Project, if financed by Applicant through cash on hand or through debt financing from a private lender, would not result in a reasonable rate of return to the Applicant; and/or

___ (ii) Applicant would not undertake the full set of improvements contemplated in the Application through resources reasonably available to the Applicant.

4. Applicant hereby agrees that Applicant shall at all times indemnify and hold harmless the IDB, its employees, officers, directors, counsel and consultants against all losses, costs, damages, expenses (including reasonable attorney fees), and liabilities of any nature directly or indirectly resulting from; arising out of, or relating to the acceptance, consideration, approval, or disapproval of this Application under the Knox County Property Tax Assistance program.

DATED this _____ day of _____, 20__

Signature

Title

Signed and sworn to before me this _____ day of _____, 20__

Notary Public

My Commission Expires: _____

EXHIBIT D

Independent Accounts' Report on Applying Agreed-Upon Procedures

[Tenant Name and Address]

We have performed the procedures enumerated below, which were agreed to by [Tenant Name] ("Company") in connection with our (i) verification of the accuracy of the information contained the PTIP Performance Report dated _____ ("Report") prepared and submitted by Company to The Industrial Development Board of the County of Knox (the "Board") and (ii) assessment as to whether Company is in compliance with the requirements of that certain Lease Agreement dated _____ between Company and the Board (the "Lease"). The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the party specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed upon procedures conducted are as follows:

1. [To Be Determined]

Based solely on such procedures performed, we hereby attest to the following:

- (a) The information set forth in the Report with respect to Tenant's Capital Investment in the Project, the creation and maintenance and/or retention of the Jobs and Wages in connection with the Project and _____ ("Lease Compliance Information") is fairly stated; and
- (b) Tenant is either in compliance with the requirements of the Lease and the Application as respects such Lease Compliance Information or has not yet reached the measurement date therefor.

We were not engaged to, and did not, conduct an audit, the objective of which would be an expression of an opinion on the accuracy of the information in the Report and the lease compliance requirements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Company and the Board and is not intended to be and should not be used by anyone other than Company and the Board.



KCIDB Application Review Committee 11/4/2022 Mtg.

Staff Summary

APPLICANT: Beehive Industries, LLC

Dear Committee Members,

Beehive Industries, LLC is an American manufacturer, technology developer, and innovation partner for defense, aerospace, and related industries. Based in Colorado, the company currently operates one facility in Knoxville and one in Lenoir City where they have successfully partnered with ORNL and GM in advancing high-strength aluminum alloys. Organic growth and the acquisition of Volunteer Aerospace in 2021 has led them to require an additional building to house their expanding team. They have entered into a lease agreement for a new 62,212 sq. ft. facility to be constructed off Murdock Dr. in Knox County to accommodate their Guided Missile and Space Propulsion Unit, and Propulsion Unit Manufacturing divisions. The expansion will see a capital investment of approximately \$33 million in real and personal property and create an additional 79 jobs paying an average annual wage of \$76,425 (134% of Knox County average). The current parcel of land is in the process of being subdivided, and the property tax liability for the Beehive Industries parcel post-subdivision is estimated to be approximately \$5,000 annually. To assist them with their expansion, they have applied for a property tax abatement in the form of a PILOT agreement.

Using capital investment, average wage, and job numbers within the PILOT matrix, Beehive qualifies for a 100 percent abatement for 5 years. These types of jobs and wages are well aligned with our business attraction goals. However, because a lease has already been executed, grading and foundation work have commenced, and with Beehive's strong financial position, we have proposed a 50 percent abatement for 6 years. To provide you with specific details of the effects of this project, we have included an economic analysis indicating a total tax abatement of \$641,477 over the course of 6 years. An additional benefit of offering a reduced abatement over a longer period is that the County can begin to see a return sooner. In this scenario, the payback period for Knox County is just under 3 years.

As always, we are more than happy to arrange a time to discuss further should you have any questions prior to the meeting.

Project Precision - Impact Report - Expansion Only

6 Year @ 50%



Project Type: Business Retention & Expansion

Industry: Advanced Manufacturing

Prepared By: Knoxville Chamber

Purpose & Limitations

This report presents the results of an economic and fiscal analysis undertaken by Knoxville Chamber using Impact DashBoard, a customized web application developed by Impact DataSource, LLC.

Impact DashBoard utilizes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in a custom user guide prepared for Knoxville Chamber.

This report, generated by the Impact DashBoard application, has been prepared by Knoxville Chamber to assist economic development stakeholders in making an evaluation of the economic and fiscal impact of business activity in the community. This report does not purport to contain all of the information that may be needed to conclude such an evaluation. This report is based on a variety of assumptions and contains forward-looking statements concerning the results of operations of the subject firm. Knoxville Chamber made reasonable efforts to ensure that the project-specific data entered into Impact DashBoard reflects realistic estimates of future activity. Estimates of future activity involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those expressed or implied in this report.

Knoxville Chamber and Impact DataSource make no representation or warranty as to the accuracy or completeness of the information contained herein, and expressly disclaim any and all liability based on or relating to any information contained in, or errors or omissions from, this information or based on or relating to the use of this information.

Introduction

This report presents the results of an economic impact analysis performed using Impact DashBoard, a model developed by Impact DataSource. The report estimates the impact that a potential project will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Existing & Expanded Operations

The Project under analysis represents the expansion of an existing business. The table below illustrates the economic impact over the next 10 years including both the current and expanded operations.

ECONOMIC IMPACT OF CURRENT & EXPANDED OPERATIONS OVER 10 YEARS IN KNOX COUNTY			
	CURRENT OPERATIONS	EXPANSION	CURRENT & EXPANDED OPERATIONS
JOBS			
Direct	0	79.0	79.0
Spin-off	0	93.4	93.4
Jobs Total	0	172.4	172.4
SALARIES			
Direct	\$0	\$53,784,447	\$53,784,447
Spin-off	\$0	\$53,558,552	\$53,558,552
Salaries Total	\$0	\$107.34M	\$107.34M

The table below summarizes the fiscal impact, the net benefits for local taxing districts, over the next 10 years including both the current and expanded operations.

FISCAL IMPACT OF CURRENT & EXPANDED OPERATIONS OVER 10 YEARS			
NET BENEFITS LESS INCENTIVES			
	CURRENT OPERATIONS	EXPANSION	CURRENT & EXPANDED OPERATIONS
Knox County	\$0	\$1,719,119	\$1,719,119
	\$0	\$1,719,119	\$1,719,119

The remainder of this report will focus on only the economic and fiscal impact associated with the expansion.

Economic Impact Overview

The table below summarizes the economic impact of the project over the first 10 years in terms of job creation, salaries paid to workers, and taxable sales.

SUMMARY OF ECONOMIC IMPACT OVER 10 YEARS IN KNOX COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Jobs	79.0	93.4	172.4
Annual Salaries/Wages at Full Ops (Yr 5)	\$6,535,265	\$6,507,817	\$13,043,083
Salaries/Wages over 10 Years	\$53,784,447	\$53,558,552	\$107.34M
Taxable Sales/Purchases in Knox County	\$17,824,543	\$7,364,301	\$25,188,844

Totals may not sum due to rounding

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

SUMMARY OF POPULATION IMPACT OVER 10 YEARS IN KNOX COUNTY			
IMPACT	DIRECT	SPIN-OFF	TOTAL
Workers who will move to Knox County	14.2	16.8	31.0
New residents in Knox County	37.0	43.7	80.7
New residential properties constructed in Knox County	2.1	2.5	4.7
New students to attend local school district	7.1	8.4	15.5

Totals may not sum due to rounding

The new taxable property to be supported by the Project over the next 10 years is summarized in the following table.

SUMMARY OF TAXABLE PROPERTY OVER THE FIRST 10 YEARS IN KNOX COUNTY						
YR.	NEW RESIDENTIAL PROPERTY	LAND	BUILDINGS...	FF&E	NON-RESIDENTIAL PROPERTY	TOTAL PROPERTY
1	\$45,879	\$0	\$13,087,600	\$0	\$13,087,600	\$13,133,479
2	\$88,087	\$0	\$13,349,352	\$0	\$13,349,352	\$13,437,439
3	\$131,966	\$0	\$13,616,339	\$0	\$13,616,339	\$13,748,305
4	\$177,564	\$0	\$13,888,666	\$0	\$13,888,666	\$14,066,230
5	\$230,776	\$0	\$14,166,439	\$0	\$14,166,439	\$14,397,216
6	\$235,392	\$0	\$14,449,768	\$0	\$14,449,768	\$14,685,160
7	\$240,100	\$0	\$14,738,763	\$0	\$14,738,763	\$14,978,863
8	\$244,902	\$0	\$15,033,539	\$0	\$15,033,539	\$15,278,440
9	\$249,800	\$0	\$15,334,209	\$0	\$15,334,209	\$15,584,009
10	\$254,796	\$0	\$15,640,894	\$0	\$15,640,894	\$15,895,689

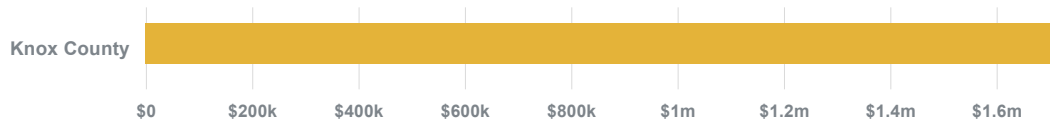
Fiscal Impact Overview

The Project will generate additional benefits and costs, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages.

FISCAL NET BENEFITS OVER THE NEXT 10 YEARS					
	BENEFITS	COSTS	INCENTIVES	NET BENEFITS LESS INCENTIVES	PRESENT VALUE*
Knox County	\$3,062,035	(\$701,439)	(\$641,477)	\$1,719,119	\$1,275,744
Total	\$3,062,035	(\$701,439)	(\$641,477)	\$1,719,119	\$1,275,744

*The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5.0% to make the dollars comparable.

Net Benefits Less Incentives Over the Next 10 Years



Public Support Overview

A summary of the total Public Support modeled in this analysis is shown below.

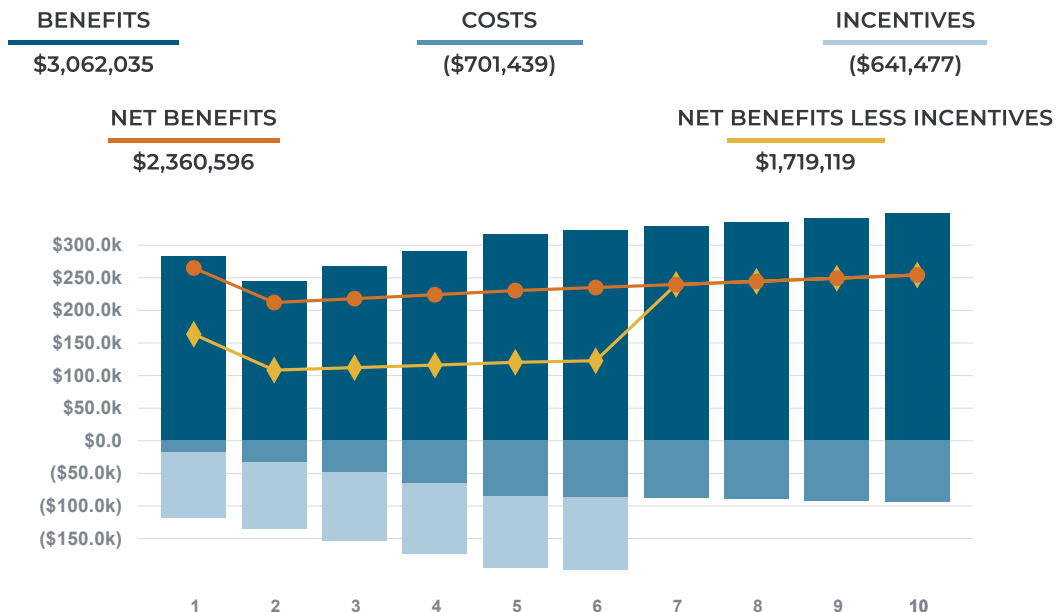
VALUE OF PUBLIC SUPPORT UNDER CONSIDERATION		
	PROPERTY TAX INCENTIVE	TOTAL
Knox County	\$641,477	\$641,477
Total	\$641,477	\$641,477

Knox County Fiscal Impact

The table below displays the estimated additional benefits, costs, and net benefits to be received by Knox County over the next 10 years of the Project.

NET BENEFITS OVER 10 YEARS: KNOX COUNTY			
BENEFITS	PROJECT	HOUSEHOLDS	TOTAL
Sales Taxes	\$58,664	\$83,023	\$141,687
Real Property Taxes	\$2,226,969	\$0	\$2,226,969
FF&E Property Taxes	\$0	\$0	\$0
New Residential Property Taxes	\$0	\$29,515	\$29,515
Hotel Motel Taxes	\$0	\$0	\$0
Miscellaneous Taxes and User Fees	\$35,891	\$34,281	\$70,172
Addtl. State & Federal School Funding	\$0	\$593,692	\$593,692
Benefits Subtotal	\$2,321,524	\$740,510	\$3,062,035
COSTS	PROJECT	HOUSEHOLDS	TOTAL
Cost of Government Services	(\$57,708)	(\$55,291)	(\$112,999)
Cost to Educate New Students	\$0	(\$588,439)	(\$588,439)
Costs Subtotal	(\$57,708)	(\$643,731)	(\$701,439)
Net Benefits	\$2,263,816	\$96,780	\$2,360,596
INCENTIVES	PROJECT	HOUSEHOLDS	TOTAL
Property Taxes Abated	(\$641,477)	\$0	(\$641,477)
Incentives Subtotal	(\$641,477)	\$0	(\$641,477)
Net Benefits Less Incentives	\$1,622,339	\$96,780	\$1,719,119

Annual Fiscal Net Benefits for Knox County



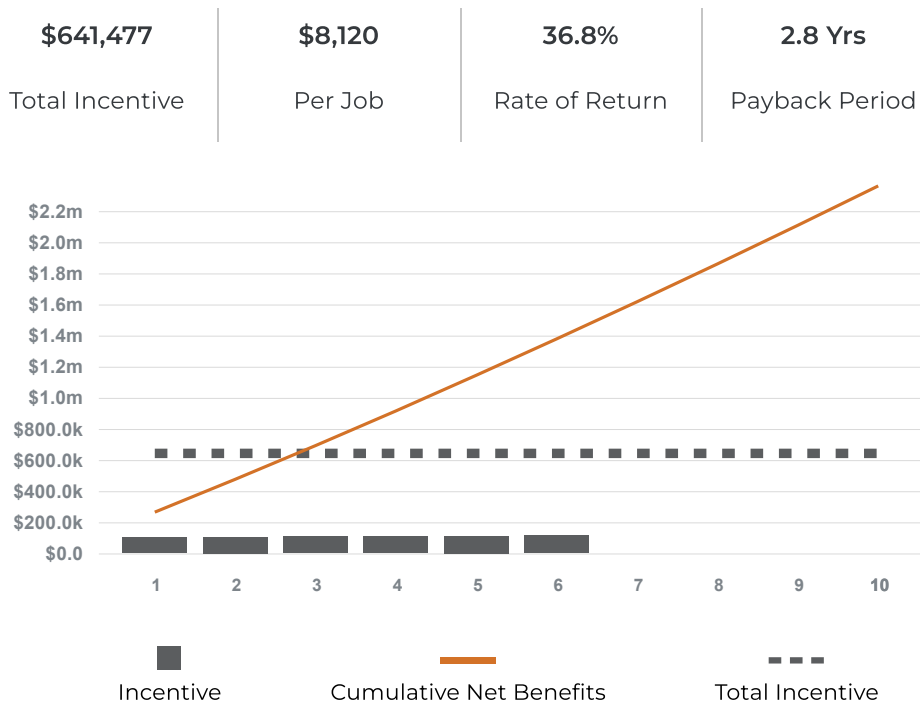
Total Incentives

Knox County is considering the following incentives for the Project.

INCENTIVES UNDER CONSIDERATION		
YEAR	PROPERTY TAX ABATEMENT	TOTAL
1	\$101,691	\$101,691
2	\$103,724	\$103,724
3	\$105,799	\$105,799
4	\$107,915	\$107,915
5	\$110,073	\$110,073
6	\$112,275	\$112,275
Total	\$641,477	\$641,477

The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to Knox County. The intersection indicates the length of time until the incentives are paid back.

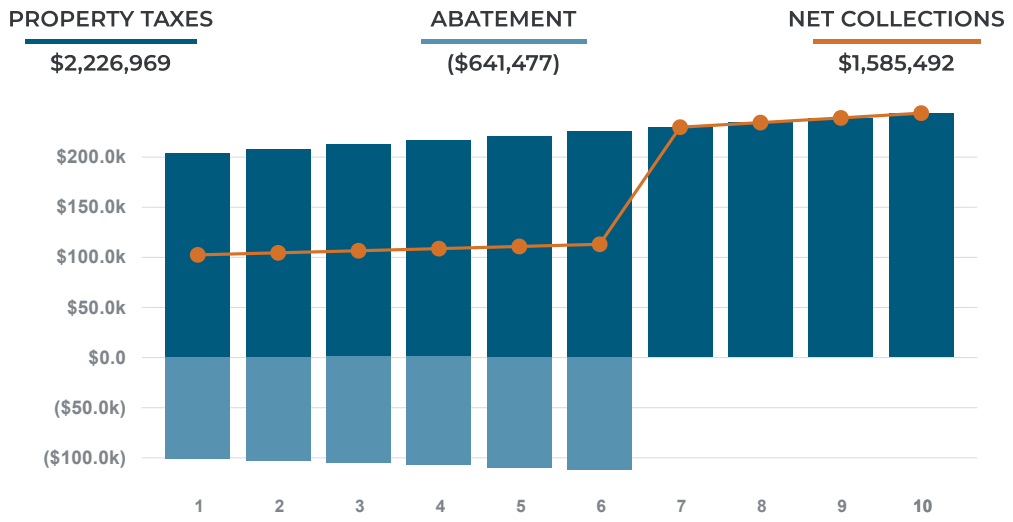
Total Incentive vs. Net Benefits for Knox County



Tax Incentives

The following property tax incentive is modeled for Knox County in this analysis.

Property Tax Analysis for Knox County



Overview of Methodology

The Impact DashBoard model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the spin-off or indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes adjusted county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

334511 SEARCH, DETECTION, NAVIGATION, GUIDANCE, AERONAUTICAL, AND NAUTICAL SYSTEM AND INSTRUMENT MANUFACTURING		KNOX COUNTY
Employment Multiplier	(Type II Direct Effect)	2.1824
Earnings Multiplier	(Type II Direct Effect)	1.9958

Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach.

This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by local jurisdictions to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs.

This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

About Impact DataSource

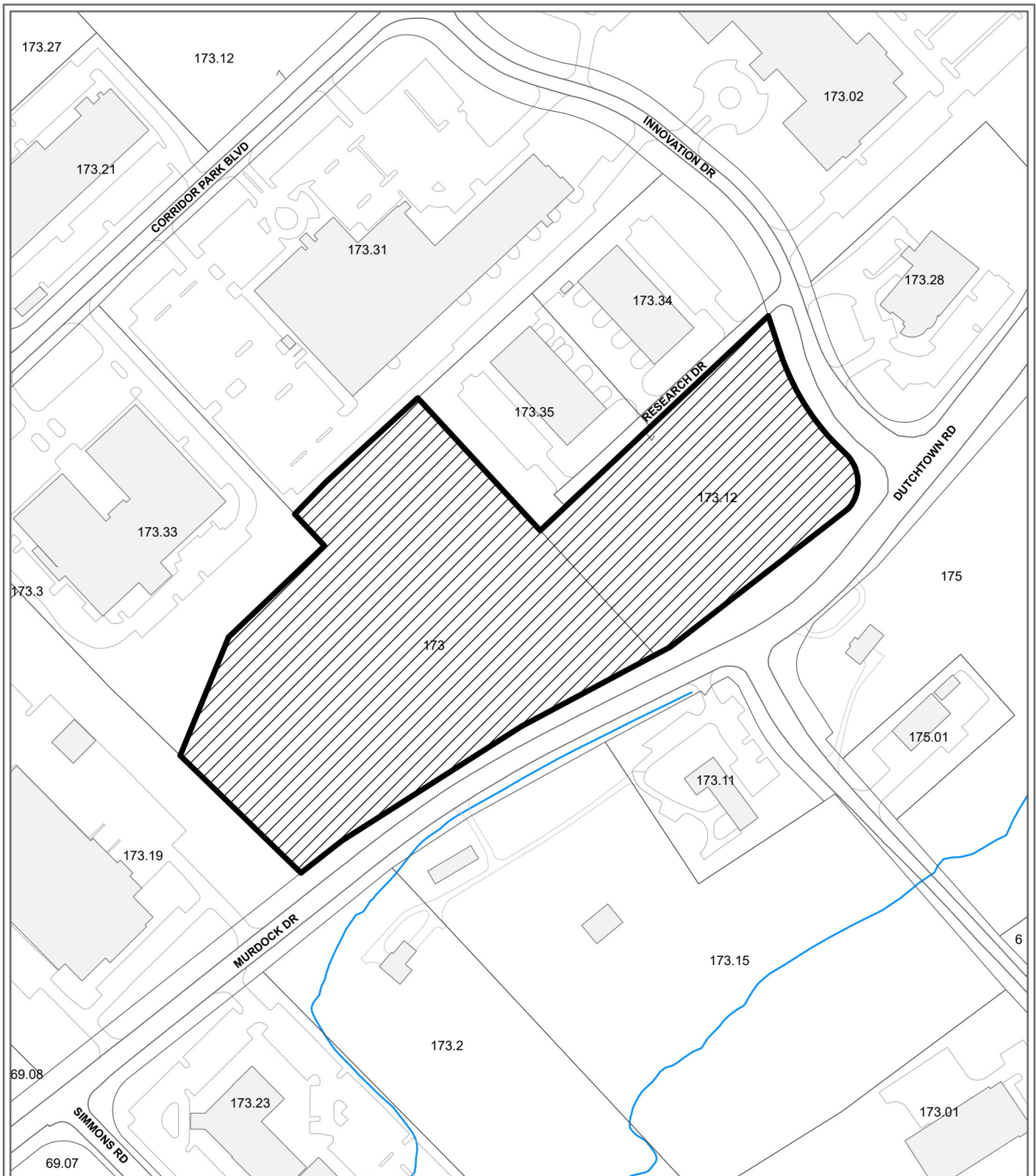
Established in 1993, Impact DataSource is an Austin, Texas-based economic consulting firm. Impact DataSource provides high-quality economic research, specializing in economic and fiscal impact analyses. The company is highly focused on supporting economic development professionals and organizations through its consulting services and software. Impact DataSource has conducted thousands of economic impact analyses of new businesses, retention and expansion projects, developments, and activities in all industry groups throughout the U.S.

For more information on Impact DataSource, LLC and our product Impact Dashboard, please visit our website www.impactdatasource.com

Appendix

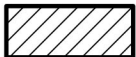
KNOX COUNTY PROPERTY TAX ABATEMENT				
YR.	LAND	BUILDINGS...	FF&E	TOTAL
1	\$0	\$101,691	\$0	\$101,691
2	\$0	\$103,724	\$0	\$103,724
3	\$0	\$105,799	\$0	\$105,799
4	\$0	\$107,915	\$0	\$107,915
5	\$0	\$110,073	\$0	\$110,073
6	\$0	\$112,275	\$0	\$112,275
7	\$0	\$0	\$0	\$0
8	\$0	\$0	\$0	\$0
9	\$0	\$0	\$0	\$0
10	\$0	\$0	\$0	\$0
Total	\$0	\$641,477	\$0	\$641,477

KNOX COUNTY PROPERTY TAX ABATEMENT SCHEDULE			
YR.	LAND	BUILDINGS...	FF&E
1	0.0%	50.0%	0.0%
2	0.0%	50.0%	0.0%
3	0.0%	50.0%	0.0%
4	0.0%	50.0%	0.0%
5	0.0%	50.0%	0.0%
6	0.0%	50.0%	0.0%
7	0.0%	0.0%	0.0%
8	0.0%	0.0%	0.0%
9	0.0%	0.0%	0.0%
10	0.0%	0.0%	0.0%



**1-B-22-TOB
CERTIFICATE OF APPROPRIATENESS**

Petitioner: Rigopoulos, Alex
George Armour Ewart Architect



Purpose of Request: Building Permit

Map No: 118

Jurisdiction: County



Original Print Date: 12/16/2021 Revised:
Knoxville - Knox County Planning Commission * City / County Building * Knoxville, TN 37902

The Industrial Development Board of the County of Knox

2023 Meeting Schedule

January 10	4:00 p.m.	17 Market Square, #201	
February 14	4:00 p.m.	17 Market Square, #201	
March 14	4:00 p.m.	17 Market Square, #201	
April 11	4:00 p.m.	17 Market Square, #201	
May 9	4:00 p.m.	17 Market Square, #201	
June 13	4:00 p.m.	17 Market Square, #201	
July 11	4:00 p.m.	17 Market Square, #201	
August 8	4:00 p.m.	17 Market Square, #201	
September 12	4:00 p.m.	17 Market Square, #201	
October 17	4:00 p.m.	17 Market Square, #201	
November 14	4:00 p.m.	17 Market Square, #201	
December 12*	4:00 p.m.	17 Market Square, #201	Annual Meeting