

RESOLUTION NO. 30824

A RESOLUTION TO MAKE CERTAIN FINDINGS RELATING TO THE PUREGRAPHITE LLC PROJECT, TO DELEGATE CERTAIN AUTHORITY TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, AND TO AUTHORIZE THE MAYOR TO ENTER INTO AND EXECUTE AN AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES.

WHEREAS, pursuant to Tennessee Code Annotated, Section 7-53-305(b) the City of Chattanooga (the “City”) is permitted to delegate to The Industrial Development Board of the City of Chattanooga (the “Corporation”) the authority to negotiate and accept payments in lieu of ad valorem taxes from lessees of the Corporation upon a finding by the City that such payments are deemed to be in furtherance of the Corporation’s public purposes; and,

WHEREAS, PUREGraphite LLC and its affiliate Novonix 1029 LLC (together, the “Companies”) are contemplating the acquisition, improvement and equipping of manufacturing facilities and operations in the City of Chattanooga and Hamilton County, and, because of the substantial economic benefits to the City and Hamilton County resulting from the project, have asked the Corporation and the City Council to approve payments in lieu of ad valorem taxes; and

WHEREAS, the Council has determined that payments in lieu of ad valorem taxes from such a project would be in furtherance of the Corporation’s public purposes as set forth within Chapter 53 of Title 7 of the Tennessee Code Annotated;

NOW, THEREFORE, BE IT RESOLVED BY THIS COUNCIL:

That we do hereby find that the PUREGraphite LLC project referenced above is in the best interest of the City, and that payments in lieu of ad valorem taxes derived therefrom would be in furtherance of the Corporation’s public purposes; and,

That, having made such a finding in this instance, we do hereby delegate to the Corporation the authority to negotiate and accept payments in lieu of ad valorem taxes from the Companies, it being further noted that this delegation is for this purpose and this project only; and,

That the Mayor is hereby authorized to enter into an Agreement for Payments In Lieu Of Ad Valorem Taxes with PUREGraphite LLC, Novonix 1029 LLC and/or another subsidiary or affiliate entity of either of the foregoing, in the form attached hereto, with such changes thereto as he shall approve; and,

BE IT FURTHER RESOLVED THAT THIS RESOLUTION TAKE EFFECT FROM AND AFTER ITS PASSAGE, THE PUBLIC WELFARE REQUIRING IT.

ADOPTED: July 6, 2021

**AGREEMENT FOR PAYMENTS IN LIEU
OF AD VALOREM TAXES**

THIS AGREEMENT (the “Agreement”) is made and entered into as of this the _____ day of _____, 2021, by and among **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA** (the “Board”); **PUREGRAPHITE LLC and NOVONIX 1029, LLC** (together, the “Companies” and each a “Company”); the **CITY OF CHATTANOOGA** (the “City”); and **HAMILTON COUNTY** (the “County”) and is joined in, for purposes of evidencing their acceptance of the agency relationship established herein, by **WILLIAM F. HULLANDER and his successors, acting in the capacity of HAMILTON COUNTY TRUSTEE** (the “Trustee”), and by **MARTY HAYNES and his successors, acting in the capacity of HAMILTON COUNTY ASSESSOR OF PROPERTY** (the “Assessor”).

WITNESSETH:

WHEREAS, the Companies are contemplating (i) the acquisition and improvement of certain real property in Chattanooga, Hamilton County, Tennessee, as more particularly described on Exhibit A attached hereto (the “Real Property”); and (ii) the acquisition of machinery, equipment and other personal property (including replacements of such property), as more particularly described on Exhibit B attached hereto and incorporated herein (the “Personal Property”) (the Personal Property and the new improvements to the Real Property shall be referred to as the “Project”), resulting in an investment of at least \$150 million and the creation of at least 300 full-time jobs which jobs shall have an average annual wage (excluding benefits) equal to at least \$42,000.00 (collectively the “Investment, Jobs and Wage Projection”) during the period that begins on the date when one of the Companies acquires a fee or leasehold interest in the Real Property and ends five (5) years later (the “Five Year Period”); and

WHEREAS, the Companies have requested the Board’s assistance with the Project; and

WHEREAS, substantial economic benefits to the City and County economies will be derived from the Project; and

WHEREAS, the Board agrees to hold title to the Real Property and the Personal Property, together with all additions thereto, replacements thereof, and substitutions therefor (collectively, the “Property”) and to lease the Property to the Companies pursuant to those certain Lease Agreements (each, a “Lease” and, collectively, the “Leases”), based on the documents dated of even date herewith, between the Board and each Company; and

WHEREAS, because the Property is to be owned by the Board, which is a public corporation organized under the provisions of Tennessee Code Annotated, § 7-53-101, *et seq.*, the Property will be exempt from ad valorem property taxes (“property taxes”) normally paid to the City and to the County, so long as the Property is owned by the Board, pursuant to the provisions of Tennessee Code Annotated, § 7-53-305; and

WHEREAS, for the public benefit of the citizens of the City and the County, the Board has requested that the Companies make certain payments to the Board in lieu of the payment of property taxes that would otherwise be payable on the Property; and

WHEREAS, the Companies have agreed to make such payments to the Board in lieu of the property taxes otherwise payable on the Property (the “In Lieu Payments”), as more particularly set forth hereinafter; and

WHEREAS, the Board has been authorized to receive the In Lieu Payments in lieu of property taxes by resolutions adopted by the City and the County, acting through their duly elected Council and Commission, respectively, which resolutions delegate to the Board the authority to accept the In Lieu Payments upon compliance with certain terms and conditions, including, without limitation, the requirement that the Board collect and expend such payments in furtherance of the public purposes for which the Board was created; and

WHEREAS, the Companies and the Board have agreed that all In Lieu Payments made to the Board by the Companies shall be paid to the City of Chattanooga Treasurer (the “Treasurer”) and the Trustee, who shall disburse such amounts to the City and the County in accordance with the requirements specified herein; and

WHEREAS, the Board wishes to designate the Assessor as its agent to appraise the Property and assess a percentage of its value in the manner specified herein; and

WHEREAS, the Board wishes to designate the Treasurer and the Trustee as its agents to receive the In Lieu Payments in accordance with the terms of this Agreement;

NOW, THEREFORE, IN CONSIDERATION OF the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. Designation of Assessor; Appraisal and Assessment of Property. The Board hereby designates the Assessor as its agent to appraise and assess the Property. The Assessor shall appraise and assess the Property in accordance with the Constitution and laws of the State of Tennessee as though the Property were subject to property taxes. The Assessor shall give the Treasurer, the Trustee, the Board, and the Companies written notice of any changes in appraisals of the Property in the same manner that notices are given to owners of taxable property. The Assessor shall make available to the Board and the Companies all records relating to the appraisal and assessment of the Property.

2. Designation of Trustee; Computation and Billing of Payments In Lieu of Taxes. The Board hereby designates the Treasurer and the Trustee and as its agents to compute the amounts of the In Lieu Payments, to receive such payments from the Companies and to disburse such payments to the City and the County. On or about October 1 of each year during the term of this Agreement, the Treasurer and the Trustee shall compute the taxes which would be payable on the Property if it were subject to property taxes, in accordance with the Constitution and laws of the State of Tennessee and in accordance with the appraisal and assessment of the Assessor. Each year hereunder, the Treasurer and the Trustee shall send the Board and each Company bills for appropriate amounts of In Lieu Payments (the “Tax Bill”).

3. Payments in Lieu of Taxes. After receipt of the Tax Bill, each Company shall pay to the Treasurer and the Trustee the amounts indicated on the Tax Bills for its respective portion of the Property which amounts shall be determined in accordance with the provisions set forth below in Section 4. The In Lieu Payments shall be made by each Company in lieu of the property taxes which would otherwise be payable on the Property if it were subject to property taxes.

4. Amount of Payments by the Companies. The Companies shall have the option, upon no less than ninety (90) days' prior written notification to the Board, the County and the City, to begin the ten (10) year tax abatement period as of (i) January 1 of the calendar year immediately following the end of the Five Year Period; or (ii) January 1 of any prior calendar year (the "PILOT Start Date"). In the event that the Companies do not exercise the option set forth in the preceding sentence prior to the expiration of the Five Year Period, the PILOT Start Date shall automatically be January 1 of the calendar year immediately following the end of the Five Year Period. For the ten (10) year period beginning as of the PILOT Start Date (the "Tax Abatement Period"), each Company shall make In Lieu Payments with respect to its respective portion of the Project in an amount, as determined by the Assessor, the Treasurer and the Trustee, equal to the following percentage of the taxes that would have been payable on the portion of the Project if it were subject to property taxes for the respective years shown:

Year	City General Fund	County General Fund	County School Fund
Year 1	0%	0%	100%
Year 2	25%	25%	100%
Year 3	40%	40%	100%
Year 4	50%	50%	100%
Year 5	50%	50%	100%
Year 6	50%	50%	100%
Year 7	50%	50%	100%
Year 8	50%	50%	100%
Year 9	50%	50%	100%
Year 10	50%	50%	100%

For example, if the Companies were to elect a PILOT Start Date of January 1, 2024, "Year 1" in the above chart would be 2024, and the Tax Abatement Period would include years 2024 - 2033.

For the avoidance of doubt, the parties intend that the Companies shall make (i) In Lieu Payments in an amount equal to one hundred percent (100%) of all ad valorem taxes that would be dedicated to the support of the County school system, which the Companies and County acknowledge and agree currently equates to 45.22% of the amount of the total County taxes that would have been payable on the Project if it were subject to property taxes (the "School Portion"), and (ii) In Lieu Payments in an amount equal to the above graduated amounts for all other ad valorem taxes of County that would have been payable on the Project if it were subject to property taxes, excluding the educational portion of the County ad valorem taxes.

For any portion of the Property other than the Project, each Company shall make In Lieu Payments in an amount, as determined by the Assessor, the Treasurer and the Trustee, equal to one hundred percent (100%) of the amount of taxes that would have been payable on its portion of the Property if it were subject to property taxes. For the avoidance of doubt, the parties intend that the reduced In Lieu Payments under this Agreement shall only apply to the Personal Property and to any new improvements in the Real Property that are undertaken pursuant to this Agreement.

For any periods before the Tax Abatement Period or after the Tax Abatement Period that the Property is owned by the Board and leased to the Companies, the Companies shall make In Lieu Payments in an amount, as determined by the Assessor, the Treasurer and the Trustee, equal to one hundred percent (100%) of the amount of taxes that would have been payable on the Property if it were subject to property taxes.

Notwithstanding the above, any amounts assessed as property taxes against the Property shall be credited against any In Lieu Payments due under this Agreement.

5. Penalties and Late Charges. Each Company shall make its In Lieu Payments for each year during the term before March 1 of the following year. All In Lieu Payments shall be subject to penalties, late charges, fees and interest charges as follows:

(a) If a Company fails to make its In Lieu Payment when due, then a late charge shall be charged and shall also be immediately due and payable. The late charge shall be in the amount of one and one-half percent (1-1/2%) of the owed amount. Additional late charges of one and one-half percent (1-1/2%) of the amount shall accumulate and become immediately due and payable upon the expiration of each subsequent thirty (30) day period when there remains any outstanding unpaid amount.

(b) If a Company should fail to pay all amounts and late charges due as provided hereinabove, then the Board, the City or the County may bring suit against the Company in the Chancery Court of Hamilton County to seek to recover the In Lieu Payments due, late charges, expenses and costs of collection in addition to reasonable attorneys' fees.

6. Minimum Requirements; Annual Review; Increase in Amount of In Lieu Payments. The companies covenant as follows for the benefits included in this Agreement:

(a) Minimum Requirements. PUREGraphite LLC must meet one hundred percent (100%) of the Minimum Job Requirement and the Companies must meet one hundred percent (100%) of the Minimum Investment Requirement by the end of the Five Year Period (the "Determination Date") and during each calendar year thereafter during the Tax Abatement Period. For purposes of this Section, the "Minimum Jobs Requirement" equals two hundred forty (240) full-time jobs, and the "Minimum Investment" equals \$120,000,000 (One Hundred Twenty Million Dollars). For purposes of meeting the Minimum Investment Requirement and the Minimum Jobs Requirement, PUREGraphite LLC may also include jobs created and the Companies may also include capital expenditures made at other facilities of the Companies in the City in connection with the Project.

(b) Annual Employment Review. If PUREGraphite LLC fails to achieve the Minimum Jobs Requirement during the calendar year immediately following the Determination Date or during in any calendar year thereafter during the Tax Abatement Period, the City and the County reserve the right but are not obligated to increase the amount of the general fund In Lieu Payments applicable to the Project for the same calendar year in which such failure occurs by a percentage equal to 100% less “PUREGraphite LLC’s Job Performance” for such calendar year (the “Job In Lieu Payment Percentage Increase”). “PUREGraphite LLC’s Job Performance” for any calendar year means the proportion, expressed as a percentage, that the average number of full-time jobs actually maintained by PUREGraphite LLC bears to the Minimum Job Requirement. In no event shall the Companies’ annual General Fund In Lieu Payments exceed one hundred percent (100%) of the general fund taxes that would be assessed against the Project if it were subject to general fund taxes.

Example 1:

Total number of full-time jobs as of December 31, 2027 = 300
Minimum Job Requirement = 240
No increase in In Lieu Payments for 2027
(Minimum Job Requirement has been exceeded)

Example 2:

Total number of full-time jobs as of December 31, 2027 = 228
Minimum Job Requirement = 240
Job Performance = 95%
Job In Lieu Payment Percentage Increase for 2027 = 5%
(In Lieu Payment Percentages for 2027 for the City General Fund and the County General Fund may be increased by 5%, and in this example, assuming 2027 is year 4 of this Agreement, the In Lieu Payment Percentage for 2027 for the City General Fund and for the County General Fund may be increased from the current requirement of 50% to 55%)

(c) Annual Investment Review. If the Companies fail to achieve the Minimum Investment Requirement during the calendar year immediately following the Determination Date or during in any calendar year thereafter during the Tax Abatement Period, the City and the County reserve the right but are not obligated to increase the amount of the general fund In Lieu Payments applicable to the Project for the same calendar year in which such failure occurs by a percentage equal to 100% less the “Companies’ Investment Performance” for such calendar year (the “Investment In Lieu Payment Percentage Increase”). The “Companies’ Investment Performance” for any calendar year means the proportion, expressed as a percentage, that the actual aggregate capital investment made by the Companies through the end of such calendar year, including all capital investment made in the preceding calendar years in connection with the Project, bears to the Minimum Investment Requirement. In no event shall the Companies’ annual General Fund In Lieu Payments exceed one hundred percent (100%) of the general fund taxes that would be assessed against the Project if it were subject to general fund taxes.

Example 3:

Total amount of capital investment through December 31, 2027 = \$155,000,000

Minimum Investment Requirement = \$120,000,000

No increase in In Lieu Payments for 2027 (Minimum Investment Requirement has been exceeded)

Example 4:

Total amount of capital investment through December 31, 2014 = \$108,000,000

Minimum Investment Requirement = \$120,000,000

Companies' Investment Performance = 90%

Investment In Lieu Payment Percentage Increase for 2027 = 10%

(In Lieu Payment Percentages for 2027 for the City General Fund and the County General Fund may be increased by 10%, and in this example, assuming 2027 is year 4 of this Agreement, the In Lieu Payment Percentage for 2027 for the City General Fund and for the County General Fund may be increased from the current requirement of 50% to 60%)

Such formula shall be evaluated on an annual basis until the Minimum Investment Requirement has been met or exceeded, whereupon no further evaluations or increase in the amount of the In Lieu Payments pursuant to this Section 6(c) shall occur.

(d) Single Adjustment Regarding Tax Abatement; Issuance of Supplemental Bill to the Companies. If both the annual employment review under Section 6(b) and the investment review under Section 6(c) for any calendar year indicate an increase in the In Lieu Payments for the same calendar year in which such failure occurs, and if the City and the County elect to increase the In Lieu Payments for such calendar year, then the City and the County shall determine whether the increase under Section 6(b) or Section 6(c) shall apply, which shall be the sole remedy for a shortfall in the Investment, Jobs and Wage Projection. The increase under Section 6(b) and Section 7(c) shall not be combined. If the City and the County increase the amount of the In Lieu Payments pursuant to the annual employment review under Section 6(b) for any calendar year, then they may not, in the same year, also increase the amount of the In Lieu Payments pursuant to Section 6(c), and vice versa. For example, using Examples 2 and 4 shown above, the City and the County may elect to either (i) increase the amount of the In Lieu Payments to the City General Fund and the County General Fund under Section 6(b) by 5% or (ii) increase the amount of the In Lieu Payments to the City General Fund and the County General Fund under Section 6(c) by 10%. In accordance with the foregoing and once a determination has been made of the Jobs In Lieu Payment Percentage Increase or the Investment In Lieu Payment Percentage Increase, whichever is determined to be applicable, the Trustee shall compute the amount of the additional In Lieu Payment resulting therefrom and will issue a supplemental bill to the Companies for that payment.

(e) Project Closure. In the event the Project closes or moves from the City and/or the County during the Tax Abatement Period, the City and the County reserve the right to immediately terminate the tax abatements provided by this Agreement and require the partial repayment of amounts from each Company that would have been payable on its respective portion

the Property during the Tax Abatement Period as if it were subject to property taxes. The provisions of this subsection (e) shall be the sole remedy for a closure or relocation of the Project.

7. Talent Development and Local Opportunity.

(a) PUREGraphite LLC will make good faith efforts, in consultation with the City, County and Chattanooga Area Chamber of Commerce (the “Chamber”) to work with area workforce development partners jointly designated by the City, County and Chamber to develop a talent pipeline for future job opportunities at the Project.

(b) PUREGraphite LLC will make good faith efforts, in consultation with the City, County and Chamber to publicize available job opportunities at the Project so as to maximize the opportunities for qualified residents of Hamilton County, Tennessee to seek and gain employment at the Project.

(c) PUREGraphite LLC will make good faith efforts, in consultation with the City, County and Chamber, to publicize available construction and service contract opportunities at the Project so as to maximize the opportunities for qualified contractors located in Hamilton County, Tennessee to seek and gain contracts in connection with the Project.

8. Disbursements by the Treasurer and Trustee. All sums received by the Treasurer pursuant to Section 3 for the benefit of the City General Fund shall be disbursed to the general funds of the City in accordance with this Section and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All sums received by the Trustee pursuant to Section 3 for the benefit of the County general fund shall be disbursed to the general fund of the County in accordance with this Section and in accordance with the normal requirements of law governing the settlement and paying over of taxes to counties and municipalities. All such sums received by the Treasurer shall be placed into an account for the use and benefit of the City. All such sums received by the Trustee shall be divided into an account for the use and benefit of the County. The account for the use and benefit of the City shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the City, and the account for the use and benefit of the County shall be funded with the proportionate amount to which the In Lieu Payments are attributable to property taxes which would otherwise be owed to the County. All sums received by the Trustee pursuant to Section 3 for the benefit of the County school system shall be disbursed to the County and thereafter deposited into an account for the educational use and benefit of the County schools. The parties acknowledge and agree that all disbursements to the City and County pursuant to this Agreement are in furtherance of the Board’s purposes as set forth in Tennessee Code Annotated § 7-53-305.

9. Economic Development Lease Payments to City and County. For each calendar year in which the In Lieu Payment Percentage as to the City General Fund and as to the County General Fund (see chart in Section 4) is less than 100%, an Economic Development Payment to the City and to the County equal to 15% of their respective general fund property taxes (but, for clarity, expressly excluding the School Portion) that would otherwise be payable for such year on the Project if it were subject to property taxes as calculated by the Treasurer and Trustee pursuant to Section 2 above, shall be computed and collected by the Treasurer and Trustee;

provided, however, in no event shall the total of the Companies' annual City General Fund and County General Fund In Lieu Payments plus the Economic Development Payment to the City and the County exceed one hundred percent (100%) of the respective City and County general fund taxes that would be assessed against the Project if it were subject to general fund taxes. Beginning in "Year 1" of the chart set forth in Section 4, this Economic Development Payment will be paid for each year that the Property is owned by the Board through and including "Year 10" if the In Lieu Payment Percentage as to the City General Fund and as to the County General Fund (see chart in Section 4) for such calendar year is less than 100%. If the Board's ownership ceases during any calendar year, then that year's Economic Development Payment will be prorated, but in no event shall the total of the Companies prorated tax payments, prorated City and County In Lieu Payments plus the prorated Economic Development Fee exceed one hundred percent (100%) of the prorated City and County property taxes that would be assessed against the Project if it were subject to City and County taxes. The Trustee shall add the Economic Development Payment as a separate line item on the Tax Bill, and the Companies shall pay their respective portions of the Economic Development Payment for each such year during the term before March 1 of the following year. Any failure to pay the Economic Development Payment on or before March 1 shall result in penalties and late charges calculated in the same manner as penalties and late charges are calculated for In Lieu Payments under this Agreement.

The Trustee shall not deduct any part of the Economic Development Payment from the School Portion of the In Lieu Payments. The Trustee shall disburse the County's Economic Development Payment to the County.

10. Contest by the Companies. The Companies shall each have the right to contest the appraisal or assessment of the Property by the Assessor, the computation by the Treasurer and the Trustee of the amount of the In Lieu Payment and the calculation of the Economic Development Payments. If the Companies contest any such appraisal or assessment, then it shall present evidence to the Assessor in favor of its position. If the In Lieu Payments, or the Economic Development Payments, as applicable, being contested shall be or become due and payable, the Companies shall make such payments under protest. The Companies and the Assessor, the Treasurer or the Trustee, as the case may be, shall negotiate in good faith for a period not to exceed sixty (60) days to resolve any disputes as to appraisal, assessment or computation of the In Lieu Payment or the Economic Development Payments, as applicable. If the Companies and the Assessor, the Treasurer or the Trustee, as the case may be, are unable to resolve a dispute, then the Companies may file suit in the Chancery Court of Hamilton County to ask that the provisions of this Agreement, including those covering appraisal, assessment and computation, be construed or applied to the relevant facts by the Chancery Court in order to resolve such dispute.

11. Lien on the Property. Any amounts which remain payable under this Agreement shall become a lien on the Property, and such lien shall be enforceable against the Property in the event that any payment owing hereunder is not timely made in accordance with this Agreement.

12. Term. This Agreement shall become effective on the date that the Board leases the Property to the Companies and shall continue for so long as the Board holds title to any of the Property and leases such property to the Companies or the Companies have made all payments required hereunder, whichever shall later occur.

13. Leasehold Taxation. The Board, the City, the County, the Treasurer, the Trustee and the Assessor acknowledge and agree that the Companies' real and personal property leasehold interests in the Property under the Lease shall not be subject to assessment for ad valorem tax purposes. If the leasehold interests of the Companies in the Property should be subject to ad valorem taxation for any year hereunder, then any amounts assessed as taxes thereon shall be credited against any In Lieu of Tax Payments and Economic Development Payments paid under this Agreement and carried forward from year to year until fully utilized.

14. Notices, etc. All notices and other communications provided for hereunder shall be written (including facsimile transmission and telex), and mailed or sent via facsimile transmission or delivered addressed as follows:

Board: The Industrial Development Board of
the City of Chattanooga
100 E. 11th Street, Suite 200
Chattanooga, Tennessee 37402
Attention: Phil Noblett

The City: Emily O'Donnell
City Attorney
City of Chattanooga
100 E. 11th Street, Suite 200
Chattanooga, Tennessee 37402

The County: Rheubin M. Taylor
County Attorney
Hamilton County Government
Room 204, County Courthouse
Chattanooga, Tennessee 37402

Companies: PUREGraphite LLC
353 Corporate Place
Chattanooga, Tennessee 37419
Attention: Rashda M. Buttar

Novonix 1029, LLC
70 Thomas Johnson Drive, Suite 100
Frederick, Maryland 21702
Attention: Rashda M. Buttar

With a Copy to: Miller & Martin PLLC
832 Georgia Avenue
Suite 1200, Volunteer Building
Chattanooga, Tennessee 37402
Attention: Mark W. Smith

The Assessor	Hamilton County Assessor of Property Hamilton County Courthouse Chattanooga, Tennessee 37402
The Treasurer:	City of Chattanooga Treasurer 101 East 11 th Street Chattanooga, TN 37402
The Trustee:	Hamilton County Trustee Hamilton County Courthouse Chattanooga, Tennessee 37402

Any such person may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communication shall be sent. All such notices and communications shall, when mailed by registered and certified mail, return receipt requested, Express Mail, or facsimile, be effective when deposited in the mails or if sent upon facsimile transmission, confirmed electronically, respectively, addressed as aforesaid.

15. No Waiver; Remedies. No failure on the part of any party hereto, and no delay in exercising any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement are cumulative and are not exclusive of any remedies provided by law.

16. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court or jurisdiction, the invalidity of any such clause or provision shall not affect any of the remaining provisions of this Agreement.

17. No Liability of Board, City and County Officers. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any incorporator, member, official, director or officer, as such, of the Board, the City or the County, whether past, present or future, either directly or through the Board, the City or the County. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such, is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement.

18. Assignment.

(a) Except in the event of the conveyance of all or a portion of the Property or all or a portion of a leasehold interest in the Property as a result of a foreclosure or deed in lieu of foreclosure or except as otherwise provided in this Section, each Company may only assign its portion of this Agreement, or any part hereof, with the prior consent of the Mayor of the City, the Mayor of the County, and the Board. The Mayor of the City, the Mayor of the County and/or the Board shall not withhold such consent upon the occurrence of all of the following conditions: (i) there is no default under this Agreement at the time of the assignment, (ii) all requirements of the applicable Company under this Agreement have been satisfied as of

the date of the assignment, and (iii) any assignee agrees to provide proof of sufficient assets to fund the applicable Company's portion of the business plan for the Project and agrees to be bound by the terms of this Agreement from and after the date of assignment (the "Consent Requirements"). If the applicable Company provides the Mayor of the City, the Mayor of the County and the Board (x) a certificate of an officer of the Company certifying that the requirements of (i) and (ii) have been satisfied and (y) proof of sufficient assets to fund the business plan for the Project and a copy of an assignment and assumption agreement pursuant to which the assignee agrees to be bound by the terms of this Agreement, the Mayor of the City, the Mayor of the County and the Board shall each have the option, upon at least seven (7) days' prior notice to the Company, to meet with a representative of the Company within forty-five (45) days of receipt of the Company's certificate for purposes of determining whether the Company has satisfied the Consent Requirements. Unless the Mayor of the City, the Mayor of the County and the Board meet with the Company and all state in writing within such forty-five (45) day period that the Company has not satisfied the Consent Requirements, the Company may assign this Agreement in accordance with the terms and conditions described in the Company's certificate without any farther action of the Mayor of the City, the Mayor of the County and/or the Board. In the event that the Mayor of the City, the Mayor of the County and the Board timely state in writing that the Company has not satisfied the Consent Requirements, the Company and the assignee may, upon the Company's request, appear before the City Council of the City, the Board of Commissioners of the County and the Board to request approval of such assignment pursuant to the terms of this Section, which consents shall not be unreasonably withheld. Upon satisfaction of the requirements of this Section, the assignment shall relieve the Company from liability for any of its obligations hereunder as of the effective date of the assignment.

(b) Notwithstanding the provisions of subsection (a), above, and notwithstanding any other provision in this Agreement or the applicable Lease to the contrary, a Company may make a collateral assignment of all or any portion of its interests in this Agreement, its Lease and its portion of the Property for the benefit of one or more banks or other lenders that, from time to time, provide financing to the Company. Nothing in this Agreement or the applicable Lease shall in any way restrict any sale or transfer of the leasehold interest and other interests of the Company in its portion of the Property pursuant to a judicial or non-judicial foreclosure sale as a result of the exercise of any one or more lender's rights under the applicable loan documents. The City, the County and the Board shall cooperate with each Company, to the extent reasonable and at no additional cost to the City, County or Board, in consummating any financing for the Company that involves a pledge or assignment of the Company's interests in this Agreement, the Lease or its portion of the Property. Without limitation of the foregoing, the Mayor of the City, the Mayor of the County, and the Chairman of the Board, or any of their respective designees, are authorized, upon the Company's request, enter into or consent to such documents as are necessary to consummate such financing including, without limitation, consents to assignment, deeds of trust, estoppel certificates, subordination and non-disturbance agreements, affidavits and certificates, provided that any such documents are expressly non-recourse to the City, County and Board beyond the Board's interest in the Property.

19. Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the parties and signatories hereto and to their respective successors and assigns.

20. Governing Law. The Agreement shall be governed by, and construed in accordance with, the laws of the State of Tennessee.

21. Amendments. This Agreement may be amended only in writing, signed by each of the parties hereto, except that the Treasurer, the Trustee and the Assessor shall not be required to join in amendments unless such amendments affect their respective duties hereunder.

22. Annual Report. On or before January 31 of each year this Agreement is in effect, the Companies shall provide a report to the Mayor of the City and to the Mayor of the County summarizing its investment in the Property and the development and operation of the Project for purposes of analyzing the Companies' progress in achieving the Investment, Jobs and Wage Projection. An independent audit of these certifications may occur if requested by the City or County during any calendar year of this Agreement.

23. Stormwater Fees. In addition to the other requirements under this Agreement, the Companies shall be responsible for all stormwater fees assessed by the City against the Real Property within the City limits.

24. Rights of PUREGraphite LLC; Limited Liability of Novonix 1029, LLC. For so long as PUREGraphite LLC subleases the Real Property from Novonix 1029, LLC, PUREGraphite LLC shall be jointly liable for the liabilities of Novonix 1029, LLC under this Agreement, and PUREGraphite LLC shall join in and have the same rights and obligations with respect to the Real Property as Novonix 1029, LLC has under this Agreement. Novonix 1029, LLC shall have no rights or obligations under this Agreement with respect to the Personal Property under this Agreement, and Board, the City and the County shall look solely to PUREGraphite LLC for the performance of such obligations.

[Signature Pages Follow]

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

ATTEST:

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CHATTANOOGA**

By: _____
Secretary

By: _____
Chairman

PUREGRAPHITE LLC

By: _____

Name: _____

Title: _____

NOVONIX 1029, LLC

By: _____

Name: _____

Title: _____

CITY OF CHATTANOOGA, TENNESSEE

By: _____
Mayor

HAMILTON COUNTY, TENNESSEE

By: _____
County Mayor

WILLIAM F. HULLANDER

By: _____
Hamilton County Trustee

MARTY HAYNES

By: _____
Hamilton County Assessor of Property

EXHIBIT "A"
TO PILOT AGREEMENT

REAL PROPERTY

The Real Property includes the following real property together with all expansions and improvements to be constructed by the Companies on such property:

In the City of Chattanooga, Hamilton County, Tennessee:

Lot 1 as shown on the plat of Lot 1 Big Bend Subdivision, as recorded in the Register's Office of Hamilton County, Tennessee at Plat Book ____, Page ____, Register's Office of Hamilton County, Tennessee, which Lot consists of approximately 15.2 acres.

EXHIBIT “B”
TO PILOT AGREEMENT

PERSONAL PROPERTY

The Project shall include all machinery, equipment and other tangible personal property that is installed or otherwise located on or about or used in connection with the real property described in Exhibit A attached to this Agreement during the Five Year Period, together with replacements thereof and substitutions therefor, in connection with the Companies’ facilities and operations on such property. The personal property shall also include all machinery, equipment and other tangible personal property that is installed or otherwise located on or about or used at or on any other owned or leased real property in the City of Chattanooga, Hamilton County, Tennessee where either of the Companies conducts operations. Notwithstanding the foregoing, the personal property subject to this Agreement does not include any personal property that is already in service at any operations of the Companies in the City and the County as of the effective date of the Agreement.



PILOT Incentive Project Summary

Company/Applicant:	PUREgraphite
Capital Investment:	\$ 159,573,295
Jobs:	300
Annual Average Wage:	\$ 42,000
PILOT Length: (Years)	10
Total Tax Due: (City & County)	\$ 18,840,187
Total Tax & Other Incentives:	\$ 4,627,960
Total Local Benefit:	\$ 27,987,730
Benefit/Cost Ratio:	6.05

Economic Development Payments:

Fees Paid to City	\$ 652,536
Feeds Paid to County	\$ 661,948
Total Fees Paid by Company:	\$ 1,314,484

Payments in Lieu of Tax:

Payments Made to City During PILOT	\$ 5,728,966
Payments Made to County During PILOT	\$ 3,811,513
Payments Made in Lieu of School Taxes	\$ 4,671,748
Total Taxes Paid During PILOT Period	\$ 14,212,227

Total Fees and Taxes Paid	\$ 15,526,711
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Incentives:

City & County Contributions	\$ -
City Taxes Abated	\$ 2,779,051
County Taxes Abated	\$ 1,848,909
Total Incentive to Company	\$ 4,627,960

Net Incentive to Company (Incentives Less Fees Paid)	\$ 3,313,476
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City of Chattanooga, Hamilton County, TN
PUREgraphite
Economic Impact and Benefit/Cost Analysis

Annual Impact of Operations	Pre-PILOT - 2021	Pre-PILOT 2022	Year 1 - 2023	Year 2 - 2024	Year 3 - 2025
Employment, Direct	100	200	300	300	300
Wages & Benefits, Direct ¹	\$ 5,460,000	\$ 10,920,000	\$ 16,380,000	\$ 16,380,000	\$ 16,380,000
Employment Multiplier ²	2.2338	2.2338	2.2338	2.2338	2.2338
Total Employment	223	447	670	670	670
Employment, Indirect (Full-Time Equivalent)	123	247	370	370	370
Hamilton County Projected Annual Average Wage ³	\$ 52,989	\$ 52,989	\$ 52,989	\$ 52,989	\$ 52,989
Wages, Indirect	\$ 6,517,647	\$ 13,088,283	\$ 19,605,930	\$ 19,605,930	\$ 19,605,930
Total Wages & Benefits	\$ 11,977,647	\$ 24,008,283	\$ 35,985,930	\$ 35,985,930	\$ 35,985,930
Sales Tax Revenue ⁴	\$ 143,911	\$ 288,460	\$ 432,371	\$ 432,371	\$ 432,371
Other Tax Revenue ⁵	\$ 34,107	\$ 68,365	\$ 102,472	\$ 102,472	\$ 102,472
Residential/Commercial Property Tax Revenue ⁶	\$ 164,933	\$ 329,866	\$ 494,799	\$ 494,799	\$ 494,799
Total Tax Revenue	\$ 342,951	\$ 686,691	\$ 1,029,642	\$ 1,029,642	\$ 1,029,642

**City of Chattanooga, Hamilton County, TN
PUREgraphite
Economic Impact and Benefit/Cost Analysis**

Annual Impact of Operations	Year 4 - 2026	Year 5 - 2027	Year 6 - 2028	Year 7 - 2029	Year 8 - 2030
Employment, Direct	300	300	300	300	300
Wages & Benefits, Direct ¹	\$ 16,380,000	\$ 16,380,000	\$ 16,380,000	\$ 16,380,000	\$ 16,380,000
Employment Multiplier ²	2.2338	2.2338	2.2338	2.2338	2.2338
Total Employment	670	670	670	670	670
Employment, Indirect (Full-Time Equivalent)	370	370	370	370	370
Hamilton County Projected Annual Average Wage ³	\$ 52,989	\$ 52,989	\$ 52,989	\$ 52,989	\$ 52,989
Wages, Indirect	\$ 19,605,930	\$ 19,605,930	\$ 19,605,930	\$ 19,605,930	\$ 19,605,930
Total Wages & Benefits	\$ 35,985,930	\$ 35,985,930	\$ 35,985,930	\$ 35,985,930	\$ 35,985,930
Sales Tax Revenue ⁴	\$ 432,371	\$ 432,371	\$ 432,371	\$ 432,371	\$ 432,371
Other Tax Revenue ⁵	\$ 102,472	\$ 102,472	\$ 102,472	\$ 102,472	\$ 102,472
Residential/Commercial Property Tax Revenue ⁶	\$ 494,799	\$ 494,799	\$ 494,799	\$ 494,799	\$ 494,799
Total Tax Revenue	\$ 1,029,642	\$ 1,029,642	\$ 1,029,642	\$ 1,029,642	\$ 1,029,642

City of Chattanooga, Hamilton County, TN
PUREgraphite
Economic Impact and Benefit/Cost Analysis

Annual Impact of Operations	Year 9 - 2031	Year 10 - 2032	Total
Employment, Direct	300	300	300
Wages & Benefits, Direct ¹	\$ 16,380,000	\$ 16,380,000	\$ 180,180,000
Employment Multiplier ²	2.2338	2.2338	
Total Employment	670	670	670
Employment, Indirect (Full-Time Equivalent)	370	370	370
Hamilton County Projected Annual Average Wage ³	\$ 52,989	\$ 52,989	
Wages, Indirect	\$ 19,605,930	\$ 19,605,930	\$ 215,665,230
Total Wages & Benefits	\$ 35,985,930	\$ 35,985,930	\$ 395,845,230
Sales Tax Revenue ⁴	\$ 432,371	\$ 432,371	\$ 4,756,081
Other Tax Revenue ⁵	\$ 102,472	\$ 102,472	\$ 1,127,192
Residential/Commercial Property Tax Revenue ⁶	\$ 494,799	\$ 494,799	\$ 5,442,789
Total Tax Revenue	\$ 1,029,642	\$ 1,029,642	\$ 11,326,062

**City of Chattanooga, Hamilton County, TN
PUREgraphite
Economic Impact and Benefit/Cost Analysis**

One Time Expansion Impact

Total Capital Investment	\$	118,073,295
Building - Real Property	\$	15,542,162
Economic Impact Multiplier ⁷		1.7691
Economic Impact	\$	27,495,639
Equipment Purchase/Set-up - Personal Property	\$	102,531,133
Economic Impact Multiplier ⁸		1.6282
Economic Impact	\$	166,941,191
Total Economic Impact	\$	194,436,830
Sales Tax Revenue ⁴	\$	917,508
Other Tax Revenue ⁵	\$	217,449
Total Tax Revenue	\$	1,134,957

Hamilton County, TN PUREgraphite Tax Schedule

Full Property Value:		Real Property - Existing					
PILOT Year	Full Value/ Assessed Value	Hamilton County Tax Due: (\$1.5149 per \$100 value)	% of taxes paid	Taxes Paid	Taxes Abated	School Taxes Paid (1.2503 per \$100 Value)	Economic Development Payment (12.53%)
Value:	\$ 41,500,000						
Pre-PILOT 2022	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Year 1 - 2023	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Year 2 - 2024	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Year 3 - 2025	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Year 4 - 2026	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Year 5 - 2027	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Year 6 - 2028	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Year 7 - 2029	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Year 8 - 2030	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Year 9 - 2031	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Year 10 - 2032	\$ 16,600,000	\$ 251,473	100%	\$ 251,473	\$ -	\$ 207,550	\$ -
Total		\$ 2,766,203		\$ 2,766,203	\$ -	\$ 2,283,050	\$ -

Full Property Value:		Real Property - New					
PILOT Year	Full Value/ Assessed Value	Hamilton County Tax Due: (\$1.5149 per \$100 value)	% of taxes paid	Payment Made in Lieu of Tax	Taxes Abated	School Taxes Paid (1.2503 per \$100 Value)	Economic Development Payment (12.53%)
\$ 15,542,162							
Pre-PILOT 2022							
Year 1 - 2023	\$ 6,216,865	\$ 94,179	0%	\$ -	\$ 94,179	\$ 77,729	\$ 21,540
Year 2 - 2024	\$ 6,216,865	\$ 94,179	25%	\$ 23,545	\$ 70,634	\$ 77,729	\$ 21,540
Year 3 - 2025	\$ 6,216,865	\$ 94,179	40%	\$ 37,672	\$ 56,507	\$ 77,729	\$ 21,540
Year 4 - 2026	\$ 6,216,865	\$ 94,179	50%	\$ 47,090	\$ 47,089	\$ 77,729	\$ 21,540
Year 5 - 2027	\$ 6,216,865	\$ 94,179	50%	\$ 47,090	\$ 47,089	\$ 77,729	\$ 21,540
Year 6 - 2028	\$ 6,216,865	\$ 94,179	50%	\$ 47,090	\$ 47,089	\$ 77,729	\$ 21,540
Year 7 - 2029	\$ 6,216,865	\$ 94,179	50%	\$ 47,090	\$ 47,089	\$ 77,729	\$ 21,540
Year 8 - 2030	\$ 6,216,865	\$ 94,179	50%	\$ 47,090	\$ 47,089	\$ 77,729	\$ 21,540
Year 9 - 2031	\$ 6,216,865	\$ 94,179	50%	\$ 47,090	\$ 47,089	\$ 77,729	\$ 21,540
Year 10 - 2032	\$ 6,216,865	\$ 94,179	50%	\$ 47,090	\$ 47,089	\$ 77,729	\$ 21,540
Total		\$ 941,790		\$ 390,847	\$ 550,943	\$ 777,290	\$ 215,400

Total Taxes Abated:	\$ 550,943
Total Fees Paid:	\$ 215,400
Total School Taxes Paid:	\$ 3,060,340
Total Payments Made in Lieu of Tax:	\$ 3,157,050
Total Fees and Taxes paid During the PILOT Period:	\$ 6,432,790

**City of Chattanooga
PUREgraphite
Tax Schedule**

Full Property Value:		Real Property - Existing				
PILOT Year	Assessed Value	Chattanooga Tax Due: (\$2.277 per \$100 value)	% of taxes paid	Taxes Paid	Taxes Abated	Economic Development Payment (15%)
Value:	\$ 41,500,000					
Pre-PILOT 2022	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Year 1 - 2023	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Year 2 - 2024	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Year 3 - 2025	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Year 4 - 2026	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Year 5 - 2027	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Year 6 - 2028	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Year 7 - 2029	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Year 8 - 2030	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Year 9 - 2031	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Year 10 - 2032	\$ 16,600,000	\$ 377,982	100%	\$ 377,982	\$ -	\$ -
Total		\$ 4,157,802		\$ 4,157,802	\$ -	\$ -

Full Property Value:		Real Property - New				
PILOT Year	Assessed Value	Chattanooga Tax Due: (\$2.277 per \$100 value)	% of taxes paid	Payment Made in Lieu of Tax	Taxes Abated	Economic Development Payment (15%)
\$ 15,542,162						
Pre-PILOT 2022						
Year 1 - 2023	\$ 6,216,865	\$ 141,558	0%	\$ -	\$ 141,558	\$ 21,234
Year 2 - 2024	\$ 6,216,865	\$ 141,558	25%	\$ 35,390	\$ 106,168	\$ 21,234
Year 3 - 2025	\$ 6,216,865	\$ 141,558	40%	\$ 56,623	\$ 84,935	\$ 21,234
Year 4 - 2026	\$ 6,216,865	\$ 141,558	50%	\$ 70,779	\$ 70,779	\$ 21,234
Year 5 - 2027	\$ 6,216,865	\$ 141,558	50%	\$ 70,779	\$ 70,779	\$ 21,234
Year 6 - 2028	\$ 6,216,865	\$ 141,558	50%	\$ 70,779	\$ 70,779	\$ 21,234
Year 7 - 2029	\$ 6,216,865	\$ 141,558	50%	\$ 70,779	\$ 70,779	\$ 21,234
Year 8 - 2030	\$ 6,216,865	\$ 141,558	50%	\$ 70,779	\$ 70,779	\$ 21,234
Year 9 - 2031	\$ 6,216,865	\$ 141,558	50%	\$ 70,779	\$ 70,779	\$ 21,234
Year 10 - 2032	\$ 6,216,865	\$ 141,558	50%	\$ 70,779	\$ 70,779	\$ 21,234
Total		\$ 1,415,580		\$ 587,466	\$ 828,114	\$ 212,340

Total Taxes Abated: \$ 828,114

Total Fees Paid: \$ 212,340

Total Payments Made in Lieu of Tax: \$ 4,745,268

Total Fees and Taxes paid During the PILOT Period: \$ 4,957,608

**Hamilton County, TN
PUREgraphite
Tax Schedule**

Full Property Value:	Personal Property							
	Depreciation Rate	Assessed Value	Hamilton County Tax Due: (\$1.5149 per \$100 value)	% of taxes paid	Payment Made in Lieu of Tax	Taxes Abated	School Taxes Paid (1.2503 per \$100 Value)	Economic Development Payment (12.53%)
\$ 102,531,133								
Year 1 - 2023	0.88	\$ 27,068,219	\$ 410,056	0%	\$ -	\$ 410,056	\$ 338,434	\$ 93,786
Year 2 - 2024	0.75	\$ 23,069,505	\$ 349,480	25%	\$ 87,370	\$ 262,110	\$ 288,438	\$ 79,931
Year 3 - 2025	0.63	\$ 19,378,384	\$ 293,563	40%	\$ 117,425	\$ 176,138	\$ 242,288	\$ 67,142
Year 4 - 2026	0.50	\$ 15,379,670	\$ 232,987	50%	\$ 116,494	\$ 116,493	\$ 192,292	\$ 53,287
Year 5 - 2027	0.38	\$ 11,688,549	\$ 177,070	50%	\$ 88,535	\$ 88,535	\$ 146,142	\$ 40,498
Year 6 - 2028	0.25	\$ 7,689,835	\$ 116,493	50%	\$ 58,247	\$ 58,246	\$ 96,146	\$ 26,644
Year 7 - 2029	0.20	\$ 6,151,868	\$ 93,195	50%	\$ 46,598	\$ 46,597	\$ 76,917	\$ 21,315
Year 8 - 2030	0.20	\$ 6,151,868	\$ 93,195	50%	\$ 46,598	\$ 46,597	\$ 76,917	\$ 21,315
Year 9 - 2031	0.20	\$ 6,151,868	\$ 93,195	50%	\$ 46,598	\$ 46,597	\$ 76,917	\$ 21,315
Year 10 - 2032	0.20	\$ 6,151,868	\$ 93,195	50%	\$ 46,598	\$ 46,597	\$ 76,917	\$ 21,315
Total			\$ 1,952,429		\$ 654,463	\$ 1,297,966	\$ 1,611,408	\$ 446,548

Total Taxes Abated:	\$ 1,297,966
Total Fees Paid:	\$ 446,548
Total School Taxes Paid:	\$ 1,611,408
Total Payments Made in Lieu of Tax:	\$ 654,463
Total Fees and Taxes paid During the PILOT Period:	\$ 2,712,419

**City of Chattanooga, TN
PUREgraphite
Tax Schedule**

Full Property Value:	Personal Property						
\$ 102,531,133	Depreciation Rate	Assessed Value	Chattanooga Tax Due: ((\$2.277 per \$100 value))	% of taxes paid	Payment Made in Lieu of Tax	Taxes Abated	Economic Development Payment (15%)
Year 1 - 2023	0.88	\$ 27,068,219	\$ 616,343	0%	\$ -	\$ 616,343	\$ 92,451
Year 2 - 2024	0.75	\$ 23,069,505	\$ 525,293	25%	\$ 131,323	\$ 393,970	\$ 78,794
Year 3 - 2025	0.63	\$ 19,378,384	\$ 441,246	40%	\$ 176,498	\$ 264,748	\$ 66,187
Year 4 - 2026	0.50	\$ 15,379,670	\$ 350,195	50%	\$ 175,098	\$ 175,097	\$ 52,529
Year 5 - 2027	0.38	\$ 11,688,549	\$ 266,148	50%	\$ 133,074	\$ 133,074	\$ 39,922
Year 6 - 2028	0.25	\$ 7,689,835	\$ 175,098	50%	\$ 87,549	\$ 87,549	\$ 26,265
Year 7 - 2029	0.20	\$ 6,151,868	\$ 140,078	50%	\$ 70,039	\$ 70,039	\$ 21,012
Year 8 - 2030	0.20	\$ 6,151,868	\$ 140,078	50%	\$ 70,039	\$ 70,039	\$ 21,012
Year 9 - 2031	0.20	\$ 6,151,868	\$ 140,078	50%	\$ 70,039	\$ 70,039	\$ 21,012
Year 10 - 2032	0.20	\$ 6,151,868	\$ 140,078	50%	\$ 70,039	\$ 70,039	\$ 21,012
Total			\$ 2,934,635		\$ 983,698	\$ 1,950,937	\$ 440,196

Total Taxes Abated:	\$ 1,950,937
Total Fees Paid:	\$ 440,196
Total Payments Made in Lieu of Tax:	\$ 983,698
Total Fees and Taxes paid During the PILOT Period:	\$ 1,423,894

**City of Chattanooga, Hamilton County, TN
PUREgraphite
Economic Impact and Benefit/Cost Analysis**

Payback Summary

PILOT Term (years)	10
Taxes Forgone	
City of Chattanooga	\$ 2,779,051
Hamilton County	\$ 1,848,909
Total	\$ 4,627,960
Hard Costs	
City of Chattanooga	\$ -
Hamilton County	\$ -
Total	\$ -
Taxes Forgone and Hard Costs	
City of Chattanooga	\$ 2,779,051
Hamilton County	\$ 1,848,909
Total Taxes Forgone and Hard Costs	\$ 4,627,960
Economic Development Fees Paid to City/County	
City of Chattanooga	\$ 652,536
Hamilton County	\$ 661,948
Total	\$ 1,314,484
Tax Revenues From Construction & Set-Up	\$ 1,134,957
Tax Revenues From Operations During PILOT Period	\$ 11,326,062
School Tax Revenues Paid During PILOT Period	\$ 4,671,748
Payments Received in Lieu of Tax	
City of Chattanooga	\$ 5,728,966
Hamilton County	\$ 3,811,513
Total	\$ 9,540,479
Total Tax Revenues & Fees Received During PILOT Period	\$ 27,987,730
Benefit/Cost Ratio	6.05

Projected Costs:

Hard Costs

None.

Opportunity Costs

Local government is requested to forgo for a period of years the opportunity to collect taxes on site improvement, building, and industrial equipment that are a part of the project.

Benefit/Cost Ratio: The sum of tax revenues from construction, operations and property during the PILOT period divided by the total taxes forgone and hard costs.

Notes for PUREgraphite impact analysis

1. Calculation is based on the project's annual average wage provided by the company plus a 30% allowance for benefits.
2. U.S. Bureau of Economic Analysis, RIMS II, direct effect employment multiplier for Hamilton County, Tennessee for storage battery manufacturing. This multiplier represents the total number of jobs supported in all industries for each additional job in the specified industry.
3. Based upon data from Tennessee Department of Labor; Annual Average Wage for Hamilton County, 2019 with a 1.5% inflation factor applied for 2020 and 2021.
4. U.S. Department of Labor, "Consumer Expenditure Survey, Southern US" 2019; factor applied to determine the rate of indirect or "downstream" expenditures on sales taxable goods and services at the Hamilton County/City of Chattanooga local option tax rate of .0225. It is assumed all purchases associated with construction and capital equipment will be sales tax exempt.
5. Based upon July 2019 - June 2020 collections of Business, Alcohol, Motor Vehicle and other local taxes compared to sales tax for Hamilton County.
6. Indirect property taxes on new property value created by new jobs based upon historical trend. This is not property tax paid directly by the project. The new property value may be new single-family homes, new rental property, expansions, or improvements to existing residential or commercial property. Although commercial property value is included, the residential rate of assessment is used as a conservative measure. The assessment rate of 25% and a combined City of Chattanooga (\$2.277) and Hamilton County (\$2.7652) tax rate of \$5.0422 per \$100 of assessed value is used. A 65% residency rate of direct jobs supported is utilized in this calculation.
7. U.S. Bureau of Economic Analysis, RIMS II final demand aggregate output multiplier for construction for Hamilton County, Tennessee. This multiplier represents the total dollar change in output that occurs in all industries for each dollar of additional output by the specified industry.
8. U.S. Bureau of Economic Analysis, RIMS II final demand aggregate output multiplier for wholesale trade for Hamilton County, Tennessee. This multiplier represents the total dollar change in output that occurs in all industries for each dollar of additional output by the specified industry.

* Constant 2021 dollars. No tax rate increases are assumed. The 2012/2019 RIMS II Multipliers from the U.S. Bureau of Economic Analysis are utilized in this analysis.



PRESS RELEASE

FOR IMMEDIATE RELEASE:

Tuesday, June 22, 2021

Governor Lee, Commissioner Rolfe Announce NOVONIX to Expand Chattanooga Manufacturing Operations

- *Project will create nearly 300 jobs in Hamilton County*
- *Company develops and commercializes anode material for the lithium-ion battery market*

NASHVILLE, Tenn. – Tennessee Gov. Bill Lee, Department of Economic and Community Development Commissioner Bob Rolfe and NOVONIX officials announced today that the company will expand its Chattanooga manufacturing operations.

The project represents an investment of approximately \$160 million and the creation of 290 new jobs in Hamilton County.

NOVONIX established its anode materials business, PUREgraphite, in March 2017 to develop and commercialize ultra-long-life, high performance anode material for the lithium-ion battery market, specifically for electric vehicles and similar storage applications.

To address the need for a US-based lithium-ion battery supply chain, NOVONIX will expand its operations in Chattanooga to produce the high purity and high consistency anode material required for long-life batteries.

NOVONIX plans to purchase and retrofit the former Alstom building, which will be the company's second facility in Chattanooga. The 400,000+-square-foot plant will accommodate a planned 8,000+-tonne per year production operation and will join the existing operations located at 353 Corporate Place where the company has been since 2019.

Those interested in applying for a position with NOVONIX can email careers@puregraphite.com.

Over the last five years, TNECD has supported more than 40 economic development projects in Hamilton County, resulting in 6,100 job commitments and \$1.6 billion in capital investment.

QUOTES

"When companies like NOVONIX choose to expand in Tennessee, it underscores our state's business-friendly environment, highly skilled workforce, and reputation for automotive strength. This project and the creation of nearly 300 new jobs will have a lasting impact on the Chattanooga community and Tennessee's economy." – **Gov. Bill Lee**

"The automotive industry is shifting to an all-electric future, and we are focused on supporting companies that boost Tennessee's presence in the EV space. NOVONIX's decision to increase US-based lithium-ion battery production from Chattanooga is an enormous vote of confidence to the region and its business landscape. We thank NOVONIX for its continued investment and job creation in Tennessee." – **TNECD Commissioner Bob Rolfe**

"We are excited to be announcing this next phase of expansion of our anode materials business in Tennessee. Chattanooga has been a great location for our operations over the past four years, and we look forward to growing the company in the expanding south-east hub of electric vehicle battery manufacturing. We look forward to continuing to work with the great people in Chattanooga, Hamilton County and the State of Tennessee as we help establish the domestic supply chain of key materials for the lithium-ion battery sector." – **Chris Burns, CEO, NOVONIX**

"We're one of the best places to do business, and it's great to continually see new companies joining our economic landscape." – **Hamilton County Mayor Jim Coppinger**

"NOVONIX represents a significant investment in a targeted industry with long term opportunity for growth. This also positions our community for additional success in the energy storage sector." – **Chattanooga Mayor Tim Kelly**

"TVA and EPB congratulate NOVONIX on its decision to expand operations in Chattanooga. We are proud to support innovative companies, like NOVONIX, who continue to create job opportunities and investment and are growing the electric vehicle industry in the Valley. We celebrate this announcement along with our partners at Chattanooga Chamber of Commerce, city of Chattanooga, Hamilton County, and Tennessee Department of Economic and Community Development." – **John Bradley, TVA senior Vice President of Economic Development**

"These 290 new jobs along with a large capital investment will have a positive impact on our local economy. Tennessee's business friendly environment makes it a great place for growing companies to expand. NOVONIX's expansion is a big deal, and I congratulate local and state officials and all who helped secure this sizable investment in Hamilton County." – **Sen. Todd Gardenhire (R-Chattanooga)**

"I'm very excited about the expansion by NOVONIX. Almost 300 new jobs will do wonders for the local economy. My thanks to the local officials and TNECD for their aid in making this happen." – **Rep. Yusuf Hakeem (D-Chattanooga)**

About the Tennessee Department of Economic and Community Development

The Tennessee Department of Economic and Community Development's mission is to develop strategies that help make Tennessee the No. 1 location in the Southeast for high quality jobs. To grow and strengthen Tennessee, the department seeks to attract new corporate investment to the state and works with Tennessee companies to facilitate expansion and economic growth.

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