FOR NEGOTIATION — NOT YET BINDING ON ANY PARTY

Community Benefits Agreement
Draft Term Sheet

Lake County, Tennessee • draft of November 13, 2026

THIS IS A DRAFT FOR DISCUSSION. It is not legal advice and it is not an executed agreement. Before any party signs, it must be reviewed and put into final form by licensed counsel for the County and by counsel for the community coalition. Blank lines are negotiable terms, not suggestions — a promise left blank at signing is a promise that cannot be enforced.

This term sheet converts the Community Benefits Agreement negotiating proposal already submitted to Lake County by the Memphis & West Tennessee Central Labor Council into contract form. The figures below are that proposal's figures. Nothing here is new policy; this is the same ask, written so it can be signed, recorded and enforced.

Recital A. What Lake County controls

It has been said publicly that data centers are coming and there is nothing the community can do. That is not accurate, and the law is specific:

A.1 Zoning. Lake County has had a Zoning Resolution since January 1984 and an official Zoning Map. Under Tenn. Code Ann. 13-7-101 through 13-7-115 the County Commission enacts and amends zoning; the Planning and Zoning Commission reviews plans and district boundaries, meeting the third Monday of each month. Site plan review by the Planning Commission is mandatory for any new structure or addition over 10,000 square feet. A data center is many times that size. It cannot be built in an unincorporated area without passing through a public body that answers to Lake County voters.

A.2 Incentives. Payment-in-lieu-of-tax agreements run through the Industrial Development Corporations Act, Tenn. Code Ann. 7-53-101 et seq. An Industrial Development Board's authority is delegated by the local legislative body, which sets the policy and the criteria. Agreements longer than twenty years require the Tennessee Department of Economic and Community Development and the Comptroller of the Treasury. Every agreement is reported annually to the Comptroller. Where a municipal board seeks to abate county taxes, county approval is required.

A.3 Service and access. Water and wastewater service agreements, road and haul-route permits, building permits and emergency-service capability are all local decisions.

A.4 Ratepayers. Tennessee Public Chapter 961 already bars allocating the cost of new power infrastructure for covered data centers to other retail customers.

A county that can approve a site plan, grant or withhold an abatement, and sign or decline a water service agreement is a county that can negotiate. Saying otherwise gives away the leverage before the first meeting.

1. Parties

1.1 Developer (full legal entity name and state of organization): _____

1.2 County: _____ *by Commission resolution*

1.3 Municipality, if applicable: _____ *City of Tiptonville*

1.4 Community Coalition (the enforcing community party): _____

1.5 Electric provider acknowledging Section 4: _____ *e.g. Gibson Electric*

1.6 Water or wastewater provider acknowledging Section 3: _____

Each signatory has independent standing to enforce this Agreement. The Coalition's right to enforce does not depend on the County choosing to act.

2. The Covered Project

2.1 Site address and parcel number(s): _____

2.2 Total acreage and building square footage: _____

2.3 Contracted and maximum electrical demand, in megawatts: _____

2.4 Cooling technology and cooling-water source: _____

2.5 Construction start and commercial operation date: _____

This Agreement applies for the operating life of the facility and to every future phase or expansion, as provided in Section 11.

3. Water protection — non-negotiable

3.1 Closed-loop cooling. Developer shall use closed-loop cooling with dry or air-cooled heat rejection to the maximum extent technically feasible, and shall document in writing any claim that it is not feasible.

3.2 No drinking water for routine cooling. Potable municipal water shall not serve as the primary source for routine evaporative cooling where a technically feasible alternative exists. Not more than ____% of cooling demand shall be met with potable water in any Compliance Year.

3.3 Groundwater. No private well shall be constructed for cooling without County approval, all state permits, an independent hydrogeological analysis, public disclosure, and a demonstration that surrounding wells, agriculture, wetlands, waterways and community supplies will not be harmed.

3.4 Disclosure before construction. Average, maximum and annual water demand; cooling technology and source; estimated evaporative losses; wastewater discharge; and a drought management plan. Actual use is reported quarterly against those figures.

3.5 Drought priority. On any drought declaration affecting the service area, residential drinking water, agriculture, hospitals, schools and emergency services take priority over cooling. Developer shall reduce withdrawal by not less than ____% before any household conservation measure is requested.

3.6 Developer pays. Developer shall pay all water and wastewater infrastructure costs primarily caused by the Covered Project.

3.7 Reelfoot Lake. Independent baseline testing of groundwater, surface water, soil and stormwater before major construction, with particular protection for Reelfoot Lake, surrounding wetlands, agricultural land and wildlife habitat, and quarterly monitoring thereafter.

4. Electricity, generators and ratepayer protection

4.1 Disclosure. Maximum and average megawatt demand, annual consumption and expansion plans, before any incentive or service agreement is approved.

4.2 Developer pays. Substations, transmission and distribution upgrades, interconnection facilities and any specialized generation built primarily to serve the Covered Project are at Developer's cost. Residents and small businesses shall not subsidize them, consistent with Public Chapter 961.

4.3 Permits first. No on-site combustion generation — including any unit described as temporary, mobile, rented or for testing — shall operate before the applicable air permit has issued. Developer waives any claim that a pending application authorizes operation.

4.4 Runtime. Backup generators are restricted to emergency, maintenance, testing and legally required use, not to exceed ____ hours per Compliance Year, logged and reported quarterly. All engines shall meet Tier 4 Final or better.

4.5 Alternatives disclosed. Before approval, Developer shall publish its comparative analysis of geothermal, renewables with storage and non-combustion fuel cells, including lifetime cost.

5. Local hiring

5.1 Construction. Not less than 35% of total construction work hours shall be performed by qualified Lake County residents. Where qualified workers are unavailable, hiring expands first to neighboring Northwest Tennessee communities, documented in the quarterly report.

5.2 Permanent employment. Not less than 35% of permanent employees shall be Lake County residents within three years of full operation.

5.3 First source. Lake County residents receive first-source access to recruitment, training, job fairs and openings. Developer shall fund a local hire coordinator housed at _____, beginning not less than ____ months before site work.

5.4 Verification. Quarterly workforce reports, supported by certified payrolls, verify compliance with 5.1 and 5.2.

6. Union construction and labor standards

6.1 Responsible contractor. Major contractors shall pay prevailing or comparable industry wages, provide benefits, maintain strong safety records, participate in registered apprenticeship, classify employees properly, carry required licenses and insurance, and comply with federal and state labor law. Developer is jointly responsible for subcontractor compliance at every tier.

6.2 Pre-award meeting. Developer shall meet with representatives of organized labor and the Tennessee building trades before major construction contracts are awarded.

6.3 Project Labor Agreement. Developer shall negotiate a Project Labor Agreement or equivalent labor standards agreement covering major construction work to the fullest extent permitted by law. The U.S. Department of Labor notes such agreements promote workforce quality, safety, stability and local hiring.

6.4 Organizing rights. Workers' lawful right to organize shall be respected. No provision of this Agreement limits that right.

6.5 Safety. OSHA 30 for supervisors, OSHA 10 for craft workers, and reporting of recordable injuries to the Coalition within ____ days.

6.6 Heat illness. Developer shall maintain a written heat-illness prevention plan and shall train every worker on site, in a language that worker understands, before the first shift and again at the start of each cooling season, with supervisors trained to recognize heat illness and respond. The plan shall provide cool drinking water within ready access of the work area, shade or a cooled rest area, paid rest breaks that lengthen as the heat index rises, a graduated acclimatization schedule for new hires and for workers returning after ____ or more consecutive days away, a trained person on each shift with authority to stop work in dangerous heat, and a written emergency response procedure posted on site. No worker shall be disciplined, sent home or passed over for taking a rest break the plan allows. Heat-related incidents shall be reported to the Coalition on the same schedule as recordable injuries.

7. Apprenticeship and workforce development

7.1 Apprentice hours. Not less than 15% of skilled-trade construction hours shall be performed by registered apprentices or workers in approved apprenticeship pathways.

7.2 Annual investment. Developer shall contribute not less than $250,000 per year to workforce development, registered apprenticeship, career and technical education, scholarships, paid internships and pre-apprenticeship in Lake County, increasing proportionally on any expansion under Section 11.

7.3 Pathways. Training shall include electrical, HVAC, industrial maintenance, fiber optics, telecommunications, cybersecurity, information technology, data-center operations and advanced manufacturing.

7.4 Schools. Paid high-school internships, technology and skilled-trades programs, scholarships, equipment donations, STEM and career exploration, apprenticeship preparation and adult retraining, delivered with Lake County Schools and regional institutions, so that permanent technical positions are filled locally rather than imported.

8. Lake County Community Benefits Fund

8.1 Contribution. Developer shall pay annually the greater of $1,000,000 or $5,000 for each megawatt of contracted or maximum electrical demand. A 500 MW facility therefore contributes $2,500,000 per year. These payments are in addition to taxes and all other obligations.

8.2 Governance. The fund is administered by the Community Oversight Committee under Section 13, with an annual public accounting of receipts and disbursements. Developer has no approval right over individual grants.

8.3 Uses. Schools, workforce development, scholarships, apprenticeship, fire and EMS, public safety, infrastructure, senior and youth programs, community centers, broadband, parks and recreation, environmental protection and local nonprofits.

9. Infrastructure, roads and emergency services

9.1 Fair share. Developer shall pay its share of costs created by the Covered Project for roads, bridges, water and sewer lines, drainage, utility systems, traffic controls and emergency-response infrastructure.

9.2 Roads. A pre-construction condition survey of all haul routes at Developer's expense, $_____ held in escrow for repair and released only on County certification, and published haul routes that do not pass within ____ feet of a school at arrival or dismissal.

9.3 Fire and EMS. Before operation, local responders shall receive training on high-voltage systems, battery-storage fires, cooling chemicals, fuel storage, hazardous materials, fire suppression and emergency shutdown. Developer shall pay for specialized equipment and training reasonably required because of the facility.

9.4 Noise. Sound attributable to the facility shall not exceed ____ dBA between 7:00 a.m. and 9:00 p.m. and ____ dBA at all other hours, measured at the property line nearest any residence, with independent testing at Developer's expense before operation and within ____ days of any written complaint.

9.5 Equipment. Electronic equipment shall be responsibly recycled or disposed of, with certificates furnished to the County.

10. Water reclamation — infrastructure the county can own

Rather than supplying the county's fresh water to an industrial user, Lake County should evaluate treating and reusing water for cooling. This is proven, not theoretical: the City of Quincy, Washington owns an industrial water reuse utility that opened June 30, 2021, financed with $31 million of Microsoft capital with operating costs covered by the company. It saves roughly 138 million gallons of potable groundwater a year and has cut potable use for the supported operations by about 97%. The EPA has published it as a water reuse case study.

10.1 Feasibility study. Before any incentive is granted, Developer shall fund an independent study of a county-owned, utility-owned, privately financed or jointly developed water reclamation facility, including an independent assessment of average and maximum demand, groundwater impact and alternative cooling technologies.

10.2 Public ownership. Where feasible, the County or a public utility shall retain ownership or a negotiated financial interest in the reclamation infrastructure, with Developer contributing $_____ toward treatment, storage, pumping and distribution, and paying for treated water under a long-term service agreement.

10.3 Taxpayer protection. No construction cost, operating expense, environmental liability or financial risk attributable to the Developer's water demand shall be assumed by County taxpayers.

10.4 Reuse goals. Measurable annual targets for reclaimed water use and for reducing groundwater and potable withdrawals, reported quarterly.

11. Expansion

11.1 Automatic application. This Agreement applies automatically to every future phase and expansion. A material increase in megawatt demand, water demand, square footage, generating capacity, land use or capital investment triggers review and a proportional increase in every obligation, including Sections 7.2 and 8.1.

12. Incentive clawbacks

12.1 Earned, not granted. Any payment-in-lieu-of-tax, abatement, grant, land discount or infrastructure subsidy shall be conditioned on performance, measured against capital investment, permanent jobs, wages, local hiring, construction employment, apprenticeship, community-benefit payments and environmental commitments.

12.2 Remedies. On material failure, the County may, to the extent legally permissible, reduce or recover incentives, require repayment, and assess negotiated penalties. No developer shall receive the full value of an incentive package after delivering a fraction of what was promised.

13. Transparency and community oversight

13.1 Annual public report. Total and Lake County employment, construction employment, apprentice participation, workforce investment, water and electricity consumption, fund payments, environmental compliance and progress against every commitment in this Agreement.

13.2 Quarterly compliance report. Due within ____ days of each quarter's end and published publicly, covering every numeric commitment.

13.3 Oversight Committee. A Lake County Data Center Community Oversight Committee shall be created, seating County government, organized labor, education, workforce development, community organizations, residents, environmental and community-resource representatives, and the Developer. It meets quarterly during major construction and at least twice annually thereafter.

13.4 Independent audit. Annually, by an auditor selected by the Coalition and paid by Developer, with access to certified payrolls, meter data and generator logs.

14. Enforcement

The parties agree these provisions are enforceable contractual commitments, not voluntary goals, aspirations or public-relations promises.

14.1 Process. Written notice of violation, a ____-day opportunity to correct, a formal compliance meeting, mediation where appropriate, and arbitration or judicial remedies where necessary.

14.2 Liquidated damages. Actual damages being difficult to calculate, the parties set the following, payable to the Community Benefits Fund:

Local hire or apprenticeship shortfall (5.1, 5.2, 7.1)	**$_____ per percentage point, per quarter**
Workforce or fund payment shortfall (7.2, 8.1)	**$_____ per month outstanding, plus interest**
Water withdrawal over cap or potable limit (3.2)	**$_____ per 1,000 gallons over**

Unpermitted generator operation (4.3)	**$_____ per unit, per day**
Noise exceedance (9.4)	**$_____ per day until abated**
Late or incomplete report (13.1, 13.2)	**$_____ per day**

14.3 Other remedies. Corrective action, incentive repayment, reimbursement of public costs and specific performance where legally appropriate. Damages accrue from the date of violation, not the date of notice.

14.4 Standing and fees. The Coalition may enforce by specific performance in the Chancery Court of Lake County and shall recover attorney fees and costs if it substantially prevails.

14.5 No silencing. No provision of this Agreement, and no payment under it, is conditioned on any confidentiality, non-disparagement or non-opposition undertaking by any resident or organization.

15. Successors, term and recording

15.1 Successors. Developer shall not escape these obligations by sale or transfer. This Agreement binds future owners, operators, affiliates, successors, assignees and lessees, and any purchaser shall be required to assume it in writing as a condition of closing.

15.2 Term. This Agreement remains in force for the entire operational life of the facility, including expansions. Environmental cleanup, financial obligations and any provision that logically extends beyond closure shall survive shutdown.

15.3 Recording. This Agreement shall be recorded with the Lake County Register of Deeds against the parcel so that it runs with the land.

16. Decommissioning

16.1 Security posted first. Before the first certificate of occupancy, Developer shall post a bond or irrevocable letter of credit of $_____ naming the County as obligee, escalating ____% per Compliance Year, in an amount certified by an independent engineer as sufficient to demolish and remove the facility and restore the site.

16.2 Trigger. If the facility ceases substantive operation for ____ consecutive months, or if Developer becomes insolvent or abandons the site, Developer shall remove all above-grade improvements, foundations and slabs, cap or remove all wells, and restore the site within ____ months.

16.3 County may draw. On failure to perform under 16.2 the County may draw on the security and complete the work, and Developer shall remain liable for any shortfall. This obligation survives termination, shutdown, sale and bankruptcy to the extent permitted by law.

16.4 Why. A data center is a short-lived use on a long-lived slab. Hardware cycles in a few years and the industry moves quickly. The county should never be left choosing between an empty building it cannot afford to remove and a tax base it no longer has.

Lake County's core position

- No routine depletion of community drinking water for cooling.
- No shifting extraordinary electric infrastructure costs onto residents.
- No major public subsidy without enforceable job and wage guarantees.
- Local people must receive meaningful employment opportunities.
- Organized labor and registered apprenticeship must have a meaningful role.
- Permanent investment in the community, not a one-time donation.
- Money posted up front for removal, so no empty shell is left behind.
- Every promise measurable, publicly reported and enforceable.

Development should leave Lake County stronger than it found it.

17. Signatures

Executed as of _____, 20____.

FOR THE DEVELOPER

By an officer authorized to bind the entity named in Section 1.1

_____	_____	_____
Signature	*Printed name and title*	*Date*

FOR LAKE COUNTY, TENNESSEE

County Mayor, pursuant to resolution of the County Commission adopted _____

_____	_____	_____
Signature	*Printed name and title*	*Date*

FOR THE COMMUNITY COALITION

By its authorized representative, named in Section 1.4

_____	_____	_____
Signature	*Printed name and title*	*Date*

ACKNOWLEDGED — ELECTRIC, WATER AND WASTEWATER PROVIDERS

As to Sections 3, 4 and 10 only

_____	_____	_____
Signature	*Printed name and title*	*Date*

Authorities: Tenn. Code Ann. 13-7-101 et seq. and the Lake County Zoning Resolution (1984) on zoning and site plan review; Tenn. Code Ann. 7-53-101 et seq. on industrial development boards and payments in lieu of tax; Tenn. Public Chapter 961; U.S. DOE on community benefits agreements; U.S. DOL on project labor agreements; U.S. EPA water reuse case study, City of Quincy, Washington, opened June 30, 2021. Submitted by Kevin Bradshaw, President, Memphis & West Tennessee Central Labor Council, AFL-CIO. Draft for discussion; not legal advice.