



Industrial Development Board

AGENDA

Meeting Date: Feb.24, 2022

Meeting Location/time: Hartsville Court House Main courtroom @ 7pm.

Officers:

Chair - Bryan King

Vice-Chair-Scott Graves

Treasurer – Robert Thurman

Secretary-Leah Petty

Board members: Craig Moreland, Heather Bay, Seth Thurman

Agenda:

1. Quorum Confirmed
2. Meeting called to order
3. Pledge of Allegiance
4. Approve the Minutes from last meeting January, 2021
5. Treasurer's report
6. PILOT Policies and Procedures Document
7. Other business: Update from Mayor
8. Public Comments
9. Adjournment

Hartsville/Trousdale County

Industrial Development Board

Minutes

January 25, 2022

7:00 p.m.

The meeting of the Hartsville/Trousdale County Industrial Development Board was called to order by Chairman Bryan King at the Hartsville/Trousdale County Courthouse in the upper courtroom. A quorum was confirmed and the Pledge of Allegiance was recited. Members present either live or virtually were: Bryan King, Scott Graves, Craig Moreland, Leah Petty, Heather Bay and Robert Thurman. Also in attendance were Mayor Stephen Chambers and County Commission Chairman Dwight Jewell.

The minutes were submitted by Petty. Graves made the motion to approve which was seconded by Bay. The motion passed with none opposed.

The treasurer's report was submitted by Thurman. With there having been no activity, Petty made the motion to approve the treasurer's report with Bay seconding. The motion passed with none opposed.

Items 6- PILOT Policies and Procedures Document- A first draft of the Hartsville/ Trousdale County PILOT Policies and Procedures was given to the board to review. The board has been asked to read this document and come to the February meeting with any questions or concerns with the intent to approve or disapprove the document.

Item 7- Board Officers Election- Thurman nominated King for Chairman of the ID Board. King was elected to remain chairman. Thurman nominated Graves for Vice-Chairman of the ID Board. Graves was elected to remain vice-chairman. Bay nominated Petty for Secretary of the ID Board. Petty was elected to remain secretary. Graves nominated Robert Thurman for Treasurer of the ID Board. Robert Thurman was elected to remain treasurer.

Item 8- Other Business- Chairman King gave the floor to Mayor Chambers. The Mayor updated the board about a retail prospect that has approached Hartsville/Trousdale County seeking assistance in finding a location for a new business in the community. They are working with the mayor's office, Chairman King and Retail Strategies in this endeavor.

Additionally, some downtown Hartsville property has changed hands recently and there are hopes of revitalization to these properties.

The ID Board was encouraged to speak to the community, when given the opportunity, regarding new and exciting happenings in our town and county.

Item 8- Other Business- Hartsville/Trousdale County Commission Chairman- Dwight Jewell stated that he likes the PILOT Policy and Procedures document and that he thinks the commission will like it as well. He remarked that it could take a little while to be passed through the full commission due to upcoming elections and other business before the County Commissioners.

Chairman King informed the ID Board that seven out of ten prospects for new industry pass on communities without a PILOT program. He also remarked that the PILOT program and the ID Board's sole mission is to help the Hartsville/Trousdale County community to grow and prosper.

Item 9- Adjournment- Graves makes the motion to adjourn.

Respectfully submitted by:

Leah Petty

Secretary

Hartsville/Trousdale County
Industrial Development Board
Treasurer's Report
February 24, 2022

Beginning Balance **\$89,511.50**

Ending Balance **\$89,511.50**

**HARTSVILLE/TROUSDALE COUNTY
PILOT PROGRAM POLICIES AND
PROCEDURES**

SECTION I
GENERAL PURPOSES AND OBJECTIVES¹

Hartsville/Trousdale County (“Trousdale County”) is committed to improving its local business environment and economy. In furtherance of this objective, the City of Hartsville/Trousdale County Consolidated Government (“Consolidated Government”) has, in cooperation with the Hartsville/Trousdale Industrial Development Board, a program to provide economic incentives to qualifying entities based on payments in lieu of taxes (“PILOT”). This program is intended to attract and retain, on a basis competitive with other local governments, businesses that provide the types of employment, capital investment, community involvement, and financial impact sought by Trousdale County for its citizens.

Trousdale County established the Property Tax Incentive Program, and these Policies and Procedures, to consider and evaluate on a case-by-case basis certain economic and business development opportunities. It is under no obligation to grant a property tax incentive to any Applicant. Granting these incentives is solely within the discretion of Trousdale County. In order, however, to inform potential Applicants of specific criteria for these incentives, Trousdale County and the Hartsville/Trousdale Industrial Development Board have established basic criteria and guidelines for Applicants, including a grading matrix based upon factors that the County considers essential for any property tax incentive.

The Board administers the PILOT for the Consolidated Government. The Board is a public nonprofit corporation that was established pursuant to the Tennessee Industrial Development Corporation Act (“Act”), Tenn. Code Ann. §§7-53-101 et seq. The Board’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 in particular, the Consolidated Government. The Board will conduct its activities consistent with the provisions of the Act and the intent of the Consolidated Government as set forth in these Policies and Procedures.

These Policies and Procedures are intended to apply to Projects that are wholly or partially within Trousdale County. These Policies and Procedures will be applied by the Hartsville/Trousdale Industrial Development Board. Trousdale County reserves the right to modify these Policies and Procedures.

In evaluating Applications to participate in the Consolidated Government’s PILOT program, the Board will apply the following general guidelines:

1. **Public Interest/Increase Employment:** In accordance with the objectives of the Act, the Board must find that each proposed Project will be in the public interest and will increase employment within the Trousdale County area. The Board will give special consideration to the magnitude and type of jobs, wages, and positions offered or to be offered by the Applicant. Projects that result in a “net” increase in the number of jobs within the

¹ Capitalized terms used in these Policies and Procedures that are not otherwise defined shall have the meanings given to such terms in Section II.

- Trousdale County area (or a “net” savings of jobs which might otherwise be lost) will be eligible for consideration.
2. Eligible Projects: The Board has identified the following types of Projects for property tax incentives, so long as the proposal meets the Board’s other criteria:
 - (a) Industrial projects constructed to manufacture, assemble, process, fabricate, and distribute agricultural, mining, or manufactured products.
 - (b) Distribution Facilities constructed to receive and forward final goods to various locations, and service facilities including any accompanying office space and any single tenant service industry.
 3. Guidelines: Provided a Project satisfies the first two guidelines stipulated above, the Board shall determine the term, if any, of the PILOT incentive based on the Evaluation Matrix. The implementation of the Evaluation Matrix is described in further detail in **Section III**.

SECTION II DEFINITIONS

For purposes of these Policies and Procedures, the following terms shall have the following meanings:

"Applicant" means the Person applying to the Board to enter into a Lease Agreement that would include a PILOT incentive with respect to a Project.

"Application" means the application submitted to the Board by an Applicant to receive a PILOT incentive.

The “Board” means the Hartsville/Trousdale Industrial Development Board

"Expansion" means the addition of buildings, structures, machinery, and/or equipment for the purpose of expanding a Project.

“Lease Agreement” means the formal contract between the Lessee and the Hartsville/Trousdale Industrial Development Board containing the terms and conditions of the Agreement and property tax incentives.

“Lease Term” means the period of time, in years, during which the property tax incentive is in effect, from commencement of the Lease Agreement.

"Payment-in-Lieu-of Taxes" or "PILOT" means payments established by a Board to be made in lieu of ad valorem (land, building or equipment) taxes with respect to a Project.

“Person” means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, and governmental authority.

"Project" means the acquisition, construction and/or improvement of land, buildings, structures, machinery, equipment and related improvements as described in an application. A Project may include any expansion of an existing building or structure or additional machinery, equipment and related improvements. Any Expansion undertaken after such date will require a new Application to be filed with the Board with respect to the Expansion

"Total Project Investment" means the total value of all capital expenditures on real and personal property planned for the Project as proposed by the Applicant and approved by the Board

SECTION III

PILOT AMOUNT AND APPLICATION OF EVALUATION MATRIX

PILOT Amount

If an Applicant is approved for a PILOT incentive at the discretion of the Board, the amount of tax abatement for the Applicant the PILOT Term shall be equal to taxes imposed by all local taxing authorities on the Total Project Investment.

An applicant shall be obligated to make a PILOT payment to the Consolidated Government's Trustee annually for the taxes that would have been imposed on any real and personal property above the Total Project Investment.

Application of Evaluation Matrix

The Evaluation Matrix is intended to provide objective criteria for the Board to assist in determining the length of the PILOT Term, if any, with respect to a Project. The Board may consider other special circumstances as it deems relevant in determining a PILOT Term with respect to a particular Project.

PILOT Eligibility Matrix

The PILOT Eligibility Matrix is intended to provide objective criteria for the Board to assist in determining the amount and length of the PILOT Term, if any, specific to each Project. All approved incentives are based on the PILOT Eligibility Matrix. The Board only authorizes incentives within the parameters of the Matrix with the maximum PILOT Term being 7 years. The Board may elect to recommend to the County Commission for consideration incentives outside the parameters of the Matrix.

The PILOT Eligibility Matrix contains three criteria to be considered by a Board in establishing a PILOT Term. The following is a brief discussion of each criterion, which discussion is intended to provide guidance as to how each criterion will be evaluated:

1. New Jobs - The number of new jobs will be based upon estimates to be provided by the Applicant; the Board may obtain other information as required. The estimate of new jobs will be based upon the number of new jobs that are anticipated to exist at the Project site three years after completion of the Project.
2. Better Jobs - The average annualized wage that is to be paid by an Applicant, as compared to the existing wages in Hartsville/Trousdale.

3. Capital Investment - The Board will consider any capital expenditure made by the Applicant in a Project, including land, building, and equipment.

SECTION IV POST-CLOSING MONITORING

Through the implementation of the PILOT program, the Board intends to produce substantial and measurable changes and improvements to and for the economic environment of the Consolidated Government. Accordingly, each Lease Agreement with an Applicant will contain, in the manner determined by the Board, certain commitments relating to job creation, wage levels, and capital expenditures. The Board may from time to time evaluate each Project receiving a PILOT incentive to ensure compliance with the PILOT Agreement and Lease Agreement applicable to the Project.

Upon the request of the Board, an Applicant shall furnish information the Board deems necessary for it to evaluate a proposal.

SECTION V FEES

1. Board Premium

A closing fee computed as described in this paragraph will be paid by the PILOT applicant to the Industrial Development Board prior to or at the execution of the Lease Agreement. Closing fees for PILOT incentives are based on the Total Project Investment. The closing fee for a PILOT incentive transaction with the Board will be Five Hundred Dollars plus 0.0005% of the Total Project Investment as authorized by the Board, to be paid at closing. The Applicant receiving the PILOT incentive will also be responsible for paying expenses of the Board relating to the transaction, including its Issuer's Counsel Fees as regulated by the Board.

SECTION VI MISCELLANEOUS

These Policies and Procedures shall not be construed to create any type of contract or agreement between the Board or the Consolidated Government and any third party, including any Applicant. Notwithstanding any provision of these Policies and Procedures to the contrary, the Board retains the right, in its sole discretion, not to enter into any Lease Agreement with any Applicant and not to approve any Application for a PILOT incentive.

PROCEDURES FOR PILOT AGREEMENT

1. An applicant, or applicant's counsel, should reach out to one of the below listed representatives of the Industrial Development Board (the "Board") to begin discussions about a proposed project and incentive program. The following representatives can be contacted:
 - A. Project Manager or President, Tennessee Central Economic Authority
 - B. Board Chairman
 - C. Mayor of Hartsville/Trousdale County
2. The applicant should be prepared at the appropriate time to furnish the following information:
 - (a) Project Description
 - (b) Project Cost Estimate
 - (c) Employment - Current and Projected
 - (d) Financial Statements - preferably audited statements, at least statements reviewed by a CPA
 - (e) Phase I Environmental Report
 - (f) Parcel Information and Legal Description and a copy of the Applicant's title insurance policy, commitment, or title report with respect to the real property
 - (g) Contact information for applicant's counsel
3. Steps for a PILOT consideration and approval.
 - (a) The Preliminary Approval Committee. The Mayor, Chairman of Industrial Development Board and a appointed private citizen², will review the applicant's proposed investment plan and make recommendations stipulating the proposed terms of the property tax incentive.
 - (b) Budget Committee Approval. Upon receiving approval of the Preliminary Approval Committee, the Board's designated representative shall then present the applicant's proposed investment and the proposed incentive plan for consideration at the next regularly scheduled, or if necessary, at a special called meeting, of the County Commission's Budget Committee. The Budget Committee shall consider the fiscal impact during any PILOT Term on the County's recurring obligations to the County's Schools including its annual maintenance of effort obligation.
 - (c) Board Approval. Upon receiving approval from the Budget Committee, the applicant's counsel will prepare the form of Lease Agreement, and any other applicable documents listed in Section 4 below, subject to the consultation and approval of the Board's Issuer's Counsel. The final PILOT Agreement and Lease Agreement shall then be submitted to the Board for its consideration.

² Such private citizen shall be chosen by the Chairman of the Trousdale County Commission and approved by a simple majority vote of the entire County Commission, to serve a two-year term beginning July 1 of the evenly numbered years. No person currently holding public office shall be eligible for appointment.

4. Upon obtaining Board's approval of the final Lease Agreement, the closing can be scheduled immediately. Applicant shall furnish the Board's Issuer's Counsel prior to closing:
 - (a) Project specific PILOT Agreement
 - (b) Lease Agreement
 - (c) Special Warranty Deed (if real property is involved)
 - (d) List of Encumbrances on the Property
 - (e) Bill of Sale (if personal property is involved and has been acquired)
 - (f) The Board's Premium, the Board's Issuer's Counsel Fees, and any other applicable fee.
 - (g) Such others as may be referred to in the Lease Agreement
5. Upon closing, appropriate documentation will be filed with the County Register's Office. Originals of all documents will be held by the Board's Issuer's Counsel. The applicant will file a copy of the Lease Agreement with the appropriate local government and with the State Comptroller's office at the following address:

The Office of the Comptroller
Division of Property Assessment
501 Deadrick Street
Suite 1400 (EDA Compliance)
Nashville, TN 37243-0277

A copy of the transmittal letter must be sent to the Board for inclusion in the Project file.

6. Tenn. Code Ann. §7-53-305 requires the lessee under each Lease Agreement to file with the State Board of Equalization before October 1st of each year an annual report containing a list of all the real and tangible personal property owned by the Board subject to the Lease Agreement; the value of each listed property as estimated by the lessee of property; the date and term of the lease for each listed property; the amount of payments made in lieu of property taxes for each listed property; the date each listed property is scheduled to return to the regular tax rolls; and a calculation of the taxes, which would have been due for each listed property if the properties were privately owned or otherwise subject to taxation. Each Applicant will be responsible for the timely completion and filing of such reports with respect to its Project, and failure to timely complete and file the report may subject such Applicant to the penalties set forth in the "Act". The Applicant is required to submit a copy of each such report to the Board for inclusion in the Project file. The copy should be sent to:

Issuer's Counsel:

Rochelle, McCulloch & Aulds, PLLC
Attn: Elliott Benson
109 North Castle Heights Avenue
Lebanon, Tennessee 37087

PILOT ELIGIBILITY MATRIX GUIDELINES

New Jobs		Better Jobs			Capital Investment		
		Firms are encouraged to pay wages that raise the Per Capita Income of the County as defined by the TN Department of Employment Security			Capital Expenditures to be made by Applicant at Project Site		
Criteria		Criteria			Criteria		
Number of New Jobs		Points	Wages	Points	Amount		Points
1	20	2	120%	12	\$1,000,000	\$3,000,000	6
21	40	10	130%	18	\$3,000,001	\$6,000,000	10
41	60	15	140%	24	\$6,000,001	\$10,000,000	20
61	80	22	150%	30	\$10,000,001	\$15,000,000	26
81	100	30	160%	34	\$15,000,001	\$20,000,000	34
			170%+	40	\$20,000,001	\$25,000,000	40
					\$25,000,001	\$30,000,000	50
					\$30,000,001	\$35,000,000	60
Projects with 100+ jobs may be given special consideration		Wages at 200%+ may be given special consideration			Amounts above \$35,000,000.00 may receive special consideration		

Abatement		
Total Score Range		Years
21	35	2
36	50	3
51	65	4
66	80	5
81	95	6
100+		7

DISCLAIMER: this chart is not binding but is to be used as a guide for recommendations by the Preliminary Approvals Committee and Board to the Budget Committee of the County Commission, such recommendations may consider other factors pertinent at such time. In no event shall any recommendation be for an abatement period greater than 7 years.

RESOLUTION OF THE HARTSVILLE/TROUSDALE COUNTY INDUSTRIAL DEVELOPMENT BOARD ADOPTING AND APPROVING PAYMENT IN LIEU OF TAXES POLICIES AND PROCEDURES AND AUTHORIZING THE SUBMISSION OF THE SAME TO THE TROUSDALE COUNTY COMMISSION FOR CONSIDERATION AND IMPLIMENTATION

WHEREAS, The Hartsville/Trousdale County Industrial Development Board (the "Board") is a corporation duly formed under Tenn. Code Ann. § 7-53-101 et seq., and created by the Hartsville/Trousdale County Commission (the "County Commission"), with its Amended Certificate of Incorporation filed with Tennessee's Secretary of State May 10, 2004, and that Articles of Amendment to the Charter of a Nonprofit Corporation filed with Tennessee's Secretary of State February 28, 2001; and

WHEREAS, finding and declaring that the Board's public purpose is to promote economic development in Trousdale County, Tennessee; and

WHEREAS, to foster economic growth and development in Trousdale County, Tennessee, by offering incentives to locate here, the Board seeks authorization from the County Commission, pursuant to Tenn. Code Ann. § 7-53-101(b), to negotiate and enter into payment in lieu of tax agreements with lessees of the Board; and

WHEREAS, the Board with the assistance of the Board's Issuer's Counsel, Rochelle, McCulloch & Aulds, PLLC, has prepared the Hartsville/Trousdale County Pilot Program Policies and Procedures attached hereto as Exhibit "A" (the "PILOT Procedures"); and

WHEREAS, if and upon being delegated the authority from the County Commission pursuant to Tenn. Code Ann. § 7-53-101(b) the Board shall negotiate and enter into payments in lieu of tax agreements the Board's lessees in accordance with the PILOT Procedures.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Board in its regular meeting held February 24, 2022, that:

1. The Board hereby adopts the PILOT Procedures.
2. The Board hereby refers and submits the PILOT Procedures to the Trousdale County Commission for adoption, approval implementation, as stated in the proposed Resolution attached hereto as Exhibit "B".
3. Any and all acts taken on behalf of the Board to prepare and submit the PILOT Procedures are hereby approved, ratified and confirmed in all respects.

BE IT FURTHERED RESOLVED that this Resolution shall take effect immediately upon its adoption.

Adopted and approved this ____ day of February 2022.

THE HARTSVILLE/TROUSDALE COUNTY
INDUSTRIAL DEVELOPMENT BOARD

Brian King, Chairman

ATTEST:

Leah Petty, Secretary

HARTSVILLE/TROUSDALE COUNTY METROPOLITAN GOVERNMENT

RESOLUTION #2022- _____ - _____

RESOLUTION APPROVING PAYMENT IN LIEU OF TAX POLICIES AND PROCEDURES, FINDING THAT SUCH PURPOSES BE IN FURTHERANCE OF THE PUBLIC PURPOSES OF THE HARTSVILLE/TROUSDALE COUNTY INDUSTRIAL DEVELOPMENT BOARD AS DEFINED IN TENN. CODE ANN. 7-53-305

WHEREAS, The Hartsville/Trousdale County Industrial Development Board (the "Board") is a corporation duly formed under Tenn. Code Ann. § 7-53-101 et seq., and created by the Hartsville/Trousdale County Commission (the "County Commission"), with its Amended Certificate of Incorporation filed with Tennessee's Secretary of State May 10, 2004, and that Articles of Amendment to the Charter of a Nonprofit Corporation filed with Tennessee's Secretary of State February 28, 2001; and

WHEREAS, the public purpose of the Board is to promote economic development in Trousdale County, Tennessee; and

WHEREAS, local officials, the Board, and Tennessee Central Economic Authority, work to recruit industry and development to Trousdale County, Tennessee some of which request incentives to locate here; and

WHEREAS, the Board and any property it owns is exempt from taxation pursuant to Tenn. Code Ann. § 7-53-101(a)(1); and

WHEREAS, Pursuant to Tenn. Code Ann. § 7-53-302(a)(5) the Board is empowered to enter into lease agreements for the lease of real and personal property it owns; and

WHEREAS, upon being granted such authorization from County Commission, the Board is authorized pursuant to Tenn. Code Ann. § 7-53-101(b) to negotiate and enter into payments in lieu of tax agreements the Board's lessees; and

WHEREAS, to foster economic growth and development in Trousdale County, Tennessee, by offering incentives to locate here, the County Commission wishes to delegate to the Board the authority to negotiate and enter into payment in lieu of tax agreements with lessees of the Board, pursuant to the Hartsville/Trousdale County Pilot Program Policies and Procedures attached hereto as **Exhibit "A"** (the "PILOT Procedures").

THEREFORE, BE IT RESOLVED by the Hartsville/Trousdale County Commission meeting in regular session on _____, 2022 that:

1. The County Commission hereby approves and adopts the PILOT Procedures.
2. Pursuant to Tenn. Code Ann. § 7-53-101(b) and in accordance with the PILOT Procedures, the County Commission hereby delegates to the Board the authority to negotiate, accept from any of the Board's lessees payment in lieu of taxes, and the authority to negotiate and accept any agreement to effect the same, and any such action by the Board is hereby deemed to be in furtherance of the Board's public purpose.

3. All other resolutions or actions of the County Commission in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Motion to approve:

Motion to approve: _____

Electronic Voting

Second motion: _____

Yes _____ No _____ Absent _____
Abstain _____

APPROVED:

ATTEST:

Dwight Jewell
Commission Chair

Rita Crowder
County Clerk