

RESOLUTION NUMBER 783

**A RESOLUTION APPROVING AN ECONOMIC IMPACT PLAN FOR
THE STNL DEVELOPMENT AREA**

WHEREAS, The Industrial Development Board of Anderson County (the "Board") has submitted to the City of Clinton, Tennessee (the "City") an economic impact plan (the "Economic Impact Plan") regarding the development of an area generally located on Fox Family Lane, Clinton, Anderson County, Tennessee (the "Plan Area"); and

WHEREAS, the development of the Plan Area is expected to include a Tractor Supply Company retail store (the "Project"); and

WHEREAS, the Economic Impact Plan would permit certain tax increment incentives ("Tax Increment Incentives") to be provided pursuant to Chapter 53, Title 7 of the Tennessee Code Annotated (the "Act"); and

WHEREAS, the Board has approved the submission to the City of the Economic Impact Plan at a meeting on August 29, 2019; and

WHEREAS, the proceeds of the Tax Increment Incentives would be used to pay or finance eligible costs under the Act (the "TIF Eligible Costs") relating to the development of the Plan Area; and

WHEREAS, certain incremental property tax revenues (the "TIF Revenues") that result from the development of the Plan Area under the Economic Impact Plan will be allocated to the Board as provided in the Economic Impact Plan to be used to assist in providing the Tax Increment Incentives; and

WHEREAS, a portion of the TIF Revenues will be applied to pay costs of maintaining the Project; and

WHEREAS, any financing of the Board secured by TIF Revenues shall not represent or constitute a debt or pledge of the faith and credit or the taxing power of the Board, the City or Anderson County, Tennessee; and

WHEREAS, the Board of Directors of the Board has approved and submitted the Economic Impact Plan to the City Council of the City of Clinton, Tennessee for approval in accordance with Tennessee Code Annotated § 7-53-312; and

WHEREAS, the Board of Directors of the Board held a public hearing related to the Economic Impact Plan, and a summary of that public hearing has been provided to the City Council of the City;


NOW THEREFORE, BE IT RESOLVED by the Council of the City of Clinton, Tennessee that (i) the Economic Impact Plan, in the form attached hereto as Exhibit A, being in the interests of the citizens of Clinton, Tennessee, is hereby approved by the City Council, and (ii) the Clinton City Manager is authorized to take all appropriate action to carry out the terms of the Economic Impact Plan.

Adopted this 23rd day of September, 2019.



Mayor Scott Burton

Attest:



Regina Ridenour, City Recorder

**THE INDUSTRIAL DEVELOPMENT BOARD OF
ANDERSON COUNTY**

**ECONOMIC IMPACT PLAN
FOR
STNL DEVELOPMENT AREA**

I. Authority for Economic Impact Plan

Industrial development corporations (“IDBs”) are authorized under Tenn. Code Ann. § 7-53-312 to prepare and submit to cities and counties an economic impact plan with respect to an area that includes a project within the meaning of Tenn. Code Ann. § 7-53-101 and such other properties that the IDB determines will be directly improved or benefited due to the undertaking of a project. Tenn. Code Ann. § 7-53-312 also authorizes cities and counties to allocate new incremental tax revenues, which arise from the area subject to the economic impact plan, to the IDB to promote economic development, to pay the cost of projects or to pay debt service on bonds or other obligations issued by the IDB to pay the costs of projects.

II. The Project

STNL Clinton, LLC, a Tennessee limited liability company (the “Developer”), has proposed to purchase certain tracts of real property located on Fox Family Lane in Clinton, Anderson County, Tennessee. Such property consists of approximately 2.9 acres and is ideally situated for commercial development. The Developer has proposed to develop a Tractor Supply Company retail store on the property. This retail development is referred to herein as the “Project.” The Project is an eligible project within the meaning of Tenn. Code Ann. § 7-53-101(15).

In order to make the Project financially feasible, the Developer has requested that Anderson County, Tennessee (the “County”) and the City of Clinton, Tennessee (the “City”) approve, as part of this Economic Impact Plan, a plan for tax increment financing through The Industrial Development Board of Anderson County (the “Board”) pursuant to Title 7, Chapter 53 of Tennessee Code Annotated to provide funds to pay a portion of the costs of the improvements that are needed to permit the construction and operation of the Project. The proceeds of the tax increment financing would be used to pay eligible costs, in accordance with the Tax Increment Act (as defined below), relating to the Project.

III. Boundaries of Plan Area

The Project is generally located on Fox Family Lane, near Interstate 75, within the City and the County. The area that would be subject to this Economic Impact Plan, and to the tax increment financing provisions described below, includes only the property on which the Project will be located. The area that will be subject to this Economic Impact Plan (the “Plan Area”) is shown on Exhibit A attached hereto. A list of the parcels included in the Plan Area is also attached as part of Exhibit A. Upon the Developer's purchase of the property depicted in the Plan Area, the purchased portion of the two parcels listed on Exhibit A will be joined together as a single tax parcel. The Plan Area is hereby declared to be subject to this Economic Impact Plan, and the Project is hereby identified as the project that will be located within the Plan Area.

IV. Financial Assistance to Project

The Board will provide financial assistance to the Project by applying the proceeds of the tax increment financing described herein to pay or reimburse all or a portion of eligible costs that will be incurred by the Developer in connection with the development of the Project. These eligible costs include the costs of public infrastructure, which is defined under Tenn. Code Ann. § 9-23-102(16) as roads, streets, publicly-owned or privately-owned parking lots, facilities or garages, traffic signals, sidewalks or other public improvements that are available for public use, utility improvements and storm water and drainage improvements, whether or not located on public property or a publicly-dedicated easement.

Tenn. Code Ann. § 9-23-108 does not permit the application of incremental tax revenues to pay costs other than the costs of public infrastructure without first receiving a written determination from the Comptroller of the State of Tennessee (the "State") and the Commissioner of Economic and Community Development of the State that the use of tax increment revenues for such purposes is in the best interest of the State. The Developer shall not seek a written determination from the State without the prior approval of the Board by resolution of the Board. The Board will not apply the proceeds of the tax increment financing authorized hereunder to pay costs as to which such a written determination is required without first obtaining such written determination.

The Board will pay and/or reimburse the Developer for all or a portion of the eligible costs, including any costs approved by a written determination of the State, upon receipt of adequate documentation of such costs but only with the proceeds of the tax increment financing provided herein. In connection with the issuance of any tax increment financing, the Board and the Developer will enter into a development agreement specifying the scope and the cost of the improvements and fees to be paid and/or reimbursed.

V. Expected Benefits to City and County

Numerous benefits will accrue to the City and the County as a result of the development of the Plan Area. Both the City and the County are expected to receive substantial additional taxes as a result of the development of the Plan Area. The Plan Area includes the majority of one tax parcel and a small portion of another tax parcel, known as The Center at Fox Run Lot 3 and The Center at Fox Run Lot 5 respectively, as set forth on Exhibit A. The taxes for the 2018 tax year, which will be the base taxes within the meaning of the Tax Increment Act, are estimated to be as shown on Exhibit A. The Property Assessor for the County will be requested to provide a reasonable allocation of the taxes for The Center at Fox Run Lot 3 and The Center at Fox Run Lot 5 for the 2018 tax year applicable to the portion of real property within the Plan Area in order to finalize the amount of such base taxes. Development of the Plan Area will increase the value of the real property within the Plan Area, leading to an increase in ad valorem real property taxes. Following the reappraisal of the Project after construction is completed, the combined annual real property taxes payable to the City and the County are expected to be approximately \$56,396. Of this total, the base taxes described above plus the amount allocable to paying debt service on the City's and the County's general obligation debt will be retained by the City and the County. These additional taxes for debt service will immediately benefit the City and the County. After the tax increment financing described below is paid, the remaining incremental property tax revenues will be payable to the City and the County, and the City and the County will benefit from those incremental taxes at that point and for years to come. The City and the County will also benefit from additional personal property taxes to the extent not allocated to pay debt service on the tax increment financing described below.

Furthermore, the City and the County are expected to receive substantial additional sales tax revenues as a result of the development of the Project. If the Tractor Supply Company retail store reaches

its projected revenues after being fully established, the annual local sales revenue generated is projected to be \$3,500,000, with local sales tax revenues to be shared by the City and the County, estimated to be \$96,250.00 annually. Additionally, the operations of the retail store are expected to support a total of 5 full time and 5 part time jobs, with an initial annual payroll of approximately \$275,000.

VI. Distribution of Property Taxes and Tax Increment Financing

a. **Distribution of Taxes.** Property taxes, including personal property taxes, imposed on the property located within the Plan Area shall be allocated and distributed as provided in this subsection. The taxes assessed by the County and the City on the real and personal property within the Plan Area will be divided and distributed as follows in accordance with Tenn. Code Ann. § 7-53-312(c) and Title 9, Chapter 23 of the Tennessee Code Annotated, being the Uniformity in Tax Increment Financing Act of 2012 (the "Tax Increment Act"):

i. The portion of the real and personal property taxes payable with respect to the Plan Area equal to the year prior to the date of approval of this Economic Impact Plan (the "Base Tax Amount") shall be allocated to and, as collected, paid to the County and the City as all other taxes levied by the County and the City on all other properties; provided, however, that in any year in which the taxes on the property within the Plan Area are less than the Base Tax Amount, there shall be allocated and paid to the County and the City only the taxes actually imposed.

ii. The excess of real and personal property taxes over the Base Tax Amount (the "TIF Revenues") shall be allocated and, as collected, paid into a separate fund of the Board, created to hold such payments until the tax proceeds in the fund are to be applied to pay debt service on the obligations expected to be issued by the Board that are described to pay eligible costs, as described above.

This allocation is subject to the provisions of Tenn. Code Ann. §7-53-312(j) and the Tax Increment Act, which requires that taxes levied upon property within the Plan Area for the payment of debt service of the County and the City shall not be allocated to the Board. Furthermore, in accordance with the Board's TIF Policies, for each year that TIF Revenues are allocated to the Board, the Board is authorized to retain a portion of such TIF Revenues equal to 0.25% of the original aggregate principal amount borrowed by the Board as tax increment financing for payment of the Board's administrative expenses (the "Annual Administrative Fee"); provided, however, that in accordance with Tenn. Code Ann. § 9-23-105, the Annual Administrative Fee in any year shall not exceed 5% of the TIF Revenues for such year.

b. **TIF Obligations.** In order to pay for or reimburse eligible costs, as described above, needed for the Project, the Board intends to use the incremental tax revenues that it would receive as a result of the adoption of the Economic Impact Plan to pay debt service on obligations incurred to finance such costs. This tax increment financing will be structured as follows:

i. The Board will borrow not to exceed \$660,000 through the issuance and sale of notes, bonds or other obligations of the Board. The Board shall pledge any and all TIF Revenues allocated to the Board pursuant to this Economic Impact Plan to the payment of such notes, bonds or other obligations, including, without limitation, principal and interest thereon. In no event will the obligations issued by the Board be considered a debt or obligation of the County or the City in any manner whatsoever, and the source of the funds to satisfy the Board's payment obligations thereunder shall be limited solely to the TIF Revenues and shall otherwise be non-recourse to the Board.

ii. The proceeds of the notes, bonds or obligations shall be used to pay eligible costs relating to the Project as described above, costs of issuances relating to notes, bonds or obligations and capitalized interest on the notes, bonds or other obligations for a maximum period of two (2) years from the date of completion of the Project.

c. Time Period. Taxes on the real and personal property within the Plan Area will be divided and distributed as provided in this Section of the Economic Impact Plan for a period, as to each parcel in the Plan Area, not in excess of twenty (20) tax years as to any parcel, but, in any event, such allocations shall cease when there are not eligible costs, including debt service, to be paid from the TIF Revenues.

d. Finding of Economic Benefit. The Board, the County and the City, by the adoption of this Economic Impact Plan, find that the use of the TIF Revenues as described herein, is in furtherance of promoting economic development in the City and County.

VII. Approval Process

Pursuant to Tenn. Code Ann. § 7-53-312, the process for the approval of this Economic Impact Plan is as follows:

a. The Board holds a public hearing relating to the proposed Economic Impact Plan after publishing notice of such hearing in a newspaper of general circulation in the County and the City at least two (2) weeks prior to the date of the public hearing. The notice must include the time, place and purpose of the hearing as well as notice of how a map of the subject area may be viewed by the public. Following such public hearing, the Board may submit the Economic Impact Plan to the County and the City for their approval.

b. The governing bodies of the County and the City must approve the Economic Impact Plan. The Economic Impact Plan may be approved by resolution of the County Commission or the City Council, whether or not the local charter provisions of the governing bodies provide otherwise. If either the County or the City make any changes to this Economic Impact Plan in connection with their approval hereof, such changes must be approved by the Board and the governing body of the City or County that did not make such change.

c. Once the Economic Impact Plan has been approved by the governing bodies of the County and the City, the Plan and related documentation shall be filed with the local taxing officials and the Comptroller of the State as required by the Tax Increment Act and annual statements of incremental tax revenues allocated to the Board shall be filed with the State Board of Equalization as required by the Tax Increment Act. The Board will also comply with all other procedural requirements of the Tax Increment Act and other applicable laws.

Exhibit A
(to Economic Impact Plan)

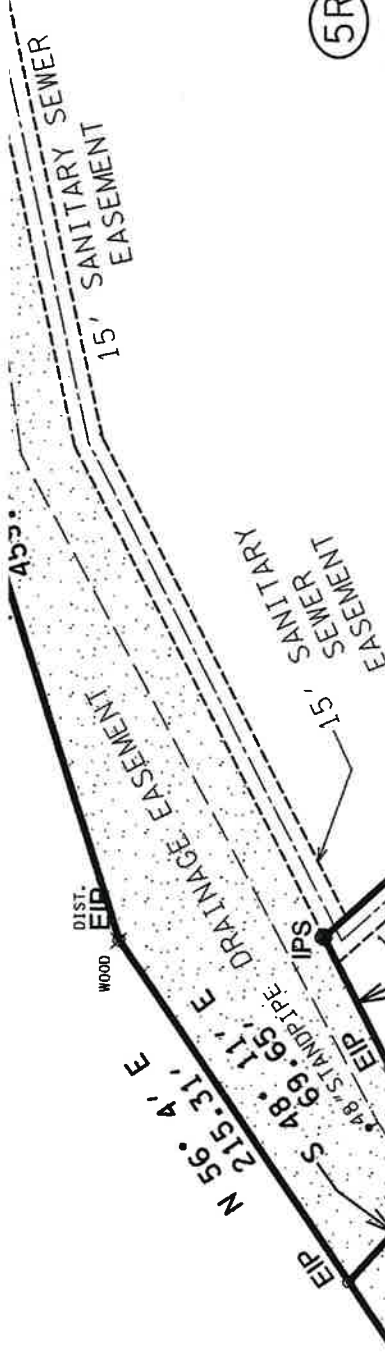
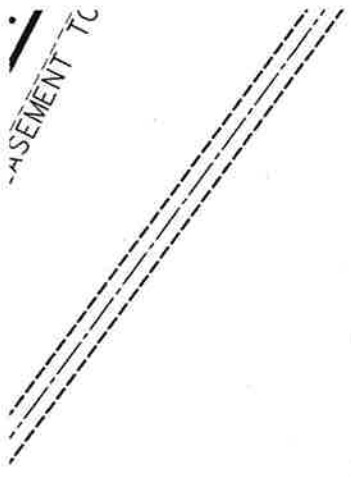
Parcels comprising the Plan Area

	<u>Tax ID Number</u>	<u>2018 City Taxes</u>	<u>2018 County Taxes</u>	<u>Total Base Taxes</u>
The Center at Fox Run Lot 3	043 058.21	\$1,858.00*	\$5,453.00*	\$7,311.00*
The Center at Fox Run Lot 5	043 058.20	\$153.00**	\$450.00**	\$603.00**
	Total	\$2,012.00	\$5,903.00	\$7,914.00

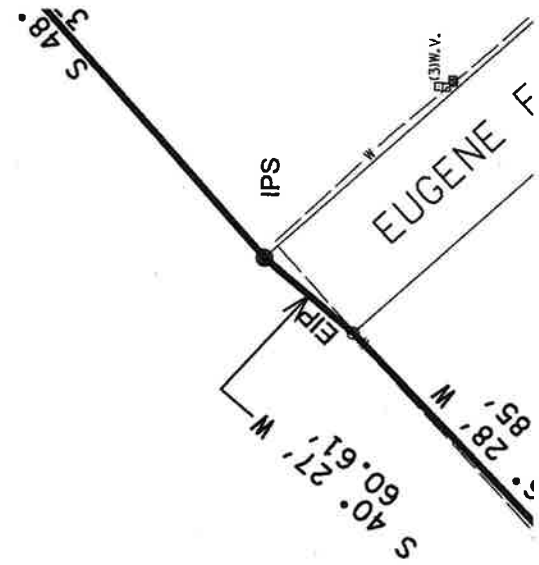
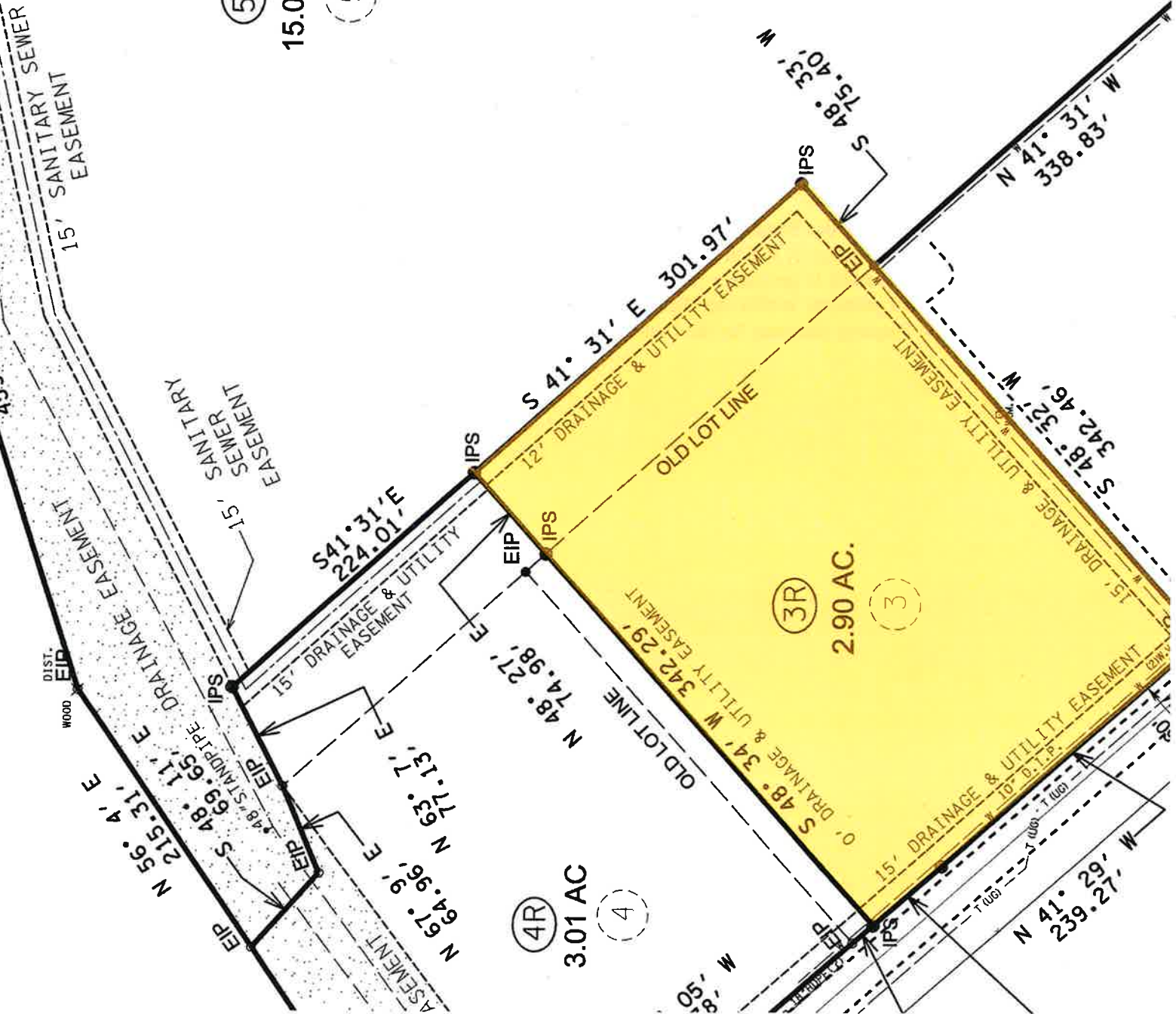
* As discussed in the Economic Impact Plan, the Plan Area includes 2.37 acres or 94 percent of The Center at Fox Run Lot 3, which encompasses a total of 2.52 acres. The Property Assessor for the County will be requested to provide a reasonable allocation of the taxes for the year 2018 applicable to the portion of real property within the Plan Area. The numbers provided are the preliminary estimate provided by the Property Assessor for the County.

** As discussed in the Economic Impact Plan, the Plan Area includes 0.52 acres or 3.25 percent of The Center at Fox Run Lot 5, which encompasses a total of 15.98 acres. The Property Assessor for the County will be requested to provide a reasonable allocation of the taxes for the year 2018 applicable to the portion of real property within the Plan Area. The numbers provided are the preliminary estimate provided by the Property Assessor for the County.

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