

RESOLUTION 16-64

A RESOLUTION OF THE CITY OF SPRING HILL, TENNESSEE, APPROVING A PROJECT AGREEMENT FOR PROJECT CYCLOPS AND AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF MAURY COUNTY, TENNESSEE, TO NEGOTIATE AND ACCEPT PAYMENTS IN LIEU OF AD VALOREM TAXES AS SET FORTH IN A PROJECT AGREEMENT

WHEREAS, The Industrial Development Board of Maury County, Tennessee (the "Issuer") is authorized under the provisions of Chapter 53, Title 7, of Tennessee Code Annotated, as amended from time to time (the "Act"), to issue, sell, and deliver revenue bonds and revenue notes, and to use the proceeds therefrom for, among other things, the purpose of financing, acquiring, improving, constructing, equipping, owning, leasing, and disposing of properties in order to promote industry, trade, commerce, tourism and recreation, and thereby maintain and increase employment opportunities and further the use of natural resources in the State of Tennessee, by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, and recreational enterprises to locate in or remain in the State of Tennessee; and

WHEREAS, in order to implement the public purposes enumerated in the Act and in furtherance thereof to induce SPRING HILL 56 BUILDING II, LLC, or its assignee (the "Applicant"), to expand its manufacturing facility located at 715 Beechcroft Road in the City of Spring Hill, Tennessee (the "City"), the land and building for which (the "Facility"), having been acquired by the Issuer and leased to the Applicant pursuant to a certain Facility Lease Agreement, dated as of November 19, 2014 (the "Facility Lease"), which Facility the Applicant subleased to Comprehensive Logistics Co., Inc., an Ohio corporation; and

WHEREAS, the Applicant desires to expand the Facility by adding approximately 102,060 square feet of space (the "Expansion"), at a cost of approximately \$7,200,000.00, which expansion would be subleased to the company that will be the tenant and manufacturing operator of Project Cyclops ("Company"), and the Issuer desires to induce the Company to sublease the Expansion and equip the Expansion with the equipment that the Company finds to be necessary or desirable for its operations at the Expansion (the "Equipment"); and

WHEREAS, the construction, acquisition, owning, and leasing of which by the Issuer is expected to maintain or increase employment in the area, the Issuer has offered to issue its revenue notes, under and pursuant to the provisions of the Act and to use the proceeds therefrom to provide for the payment of the cost of acquiring and constructing the Project and the leasing of the Project to the Company, in order to effectuate a payment in lieu of tax incentive pursuant to the terms and conditions set forth in a proposed Project Agreement (the "Project Agreement"), which has been submitted to the Spring Hill Board of Mayor and Alderman, and is incorporated herein by this reference; and

WHEREAS, the Issuer would acquire and own the Equipment, which would be leased by the Issuer to the pursuant to a certain Equipment Lease Agreement (as amended or supplemented from time to time, the "Equipment Lease"), with the Expansion and Equipment (collectively, the "Project"), to be used for the Company's operations; and

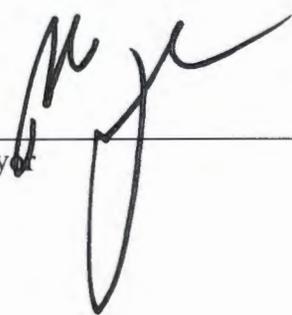
WHEREAS, the Spring Hill Board of Mayor and Alderman desires to confirm its approval of the Project Agreement attached hereto as **Exhibit A**, and incorporated herein by

reference, to be entered into by and among the Applicant and the Issuer, and the economic incentives therein set forth.

NOW THEREFORE, BE IT RESOLVED by the Spring Hill Board of Mayor and Alderman, as follows:

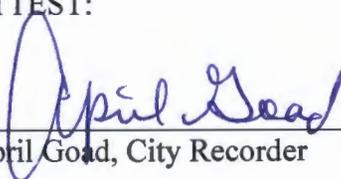
1. That, pursuant to T.C.A. Section 7-53-305(b), the Spring Hill Board of Mayor and Alderman, hereby affirms the delegation to the Issuer of authority to negotiate and accept from the corporation's lessees payments in lieu of ad valorem taxes, and finds that such authorization is deemed to be in furtherance of the Issuer's public purposes as defined in the Act; and
2. The form, content, and provisions of the Project Agreement are hereby approved.
3. The Mayor, the City Manager and all departments and agencies of the City of Spring Hill, Tennessee, are hereby authorized and directed to take such further actions as are deemed necessary or advisable to carry out the intent and purposes of the Project Agreement and this Resolution.

Adopted this 20th day of June, 2016.



Rick Graham, Mayor

ATTEST:



April Good, City Recorder

Exhibit A
Project Agreement

(See attached)

**PROJECT AGREEMENT
(CYCLOPS)**

This **PROJECT AGREEMENT** (the "Agreement"), dated as of the 16th day of March, 2016, made and executed by and between **THE INDUSTRIAL DEVELOPMENT BOARD OF MAURY COUNTY, TENNESSEE** (the "Issuer"), a public, nonprofit corporation organized and existing under the laws of the State of Tennessee; and **SPRING HILL 56 BUILDING II, LLC**, or its assignee (the "Applicant"):

WITNESSETH:

For and in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Recitation of Facts. As a means of setting forth the matters of mutual inducement which have resulted in the making and execution of this Agreement, the following statements of fact are hereby recited:

(a) The Issuer is authorized by the provisions of Chapter 53, Title 7, Tennessee Code Annotated, as amended (the "Act"), to issue, sell, and deliver revenue notes and revenue bonds, and to use the proceeds therefrom for, among other things, the purpose of financing, acquiring, improving, constructing, equipping, reconstructing, furnishing, bettering, extending, owning, leasing, and disposing of properties in order to maintain and increase employment opportunities in the State of Tennessee, by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, and recreational enterprises to locate, or remain, in the State of Tennessee;

(b) The Applicant was provided a tax abatement incentive for its land and building (the "Facility"), located at 715 Beechcroft Road in the City of Spring Hill, Tennessee (the "City"), that the Issuer acquired and leased to the Applicant pursuant to a certain Facility Lease Agreement, dated as of November 19, 2014 (the "Facility Lease"), which Facility the Applicant subleased to Comprehensive Logistics Co., Inc., an Ohio corporation.

(c) The Applicant desires to expand the Facility by adding approximately 102,060 square feet of space (the "Expansion"), at a cost of approximately \$7,200,000, which expansion would be subleased to the company that will be the tenant and manufacturing operator of Project Cyclops ("Company"), and the Issuer desires to induce the Company to lease the Expansion and equip the Expansion with the equipment that the Company finds to be necessary or desirable for its operations at the Expansion (the "Equipment").

(d) The Issuer would acquire and own the Equipment, which would be leased by the Issuer to the Applicant pursuant to a certain Equipment Lease Agreement (as amended or supplemented from time to time, the "Equipment Lease"), with the Expansion and Equipment (collectively, the "Project"), to be used for the Company's operations;

(e) It is estimated by the Company that undertaking the Project will enable the Company to employ approximately 200 full time equivalent persons over the first five years of operations, including salaried and direct and indirect hourly people at the Project;

(f) The Applicant has advised the Issuer that the plans of the Applicant to provide the Project are dependent upon certain assistance which the Issuer can provide, such assistance being more fully specified in Section 2 hereof;

(g) The Issuer has duly considered the nature of the Project and is of the opinion that the assistance specified in Section 2 hereof will develop trade and commerce in and adjacent to the City of Spring Hill, Tennessee; will induce Applicant and the Company to provide the Project; will serve to substantially maintain or increase employment opportunities in the City of Spring Hill, Tennessee, thereby alleviating conditions of unemployment; will contribute to the general welfare; and will, therefore, be in furtherance of the public purposes for which the Issuer was created; and

(h) The Issuer has, therefore, determined that the issuance, sale, and delivery of the Note, as such term is hereinafter defined, as and for the purposes described in paragraph (a) of Section 2 hereof, is necessary to implement the public purposes enumerated in the Act.

2. Undertakings on the Part of the Issuer. Subject to the provisions and limitations contained in the Act and in any and all other applicable statutes, laws, ordinances, and regulations, whether federal, state, local, or otherwise, the Issuer hereby agrees as follows:

(a) That it will authorize the issuance, sale, and delivery of its revenue note (the "Note"), in one or more series, in the aggregate principal amount of not exceeding Seven Million Two Hundred Thousand and No/100 Dollars (\$7,200,000.00), the proceeds of the sale thereof to be used for the purpose of paying the costs of the Expansion and other transaction costs related thereto. The Facility Lease shall be amended (the "Lease Amendment"), to reflect the undertaking of the Expansion and the increase of the Base Rent thereunder by the debt service under the Note, with the option of the Applicant to purchase the Facility to be modified to be for a nominal consideration upon the payment of both the Note and the currently outstanding "Industrial Development Revenue Note, Series A (CLI Project)," which note has been issued by the Issuer in the principal amount of Ten Million and No/100 Dollars (\$10,000,000.00), such Lease Amendment to contain such other provisions as are customary for similar lease amendments in the State of Tennessee, and as are mutually agreeable to the Issuer and the Applicant;

(b) That it will authorize the acquisition of the Equipment, which Equipment shall be leased by the Issuer to the Company pursuant to the Equipment Lease, which Equipment Lease shall contain an option enabling the Company to purchase such Equipment for a nominal consideration at any time,) and shall contain such other provisions as are customary for similar lease agreements in the State of Tennessee, and as are mutually agreeable to the Issuer and the Company;

(c) That it will adopt, in connection with the execution and performance of the Lease Amendment, such proceedings as may be necessary or desirable for the execution and delivery of an amendment (the "Tax Agreement Amendment"), to that certain Tax Agreement,

dated as of November 19, 2014 (the "Tax Agreement"), providing for the abatement of ad valorem tax payments for the Expansion to continue the same schedule as the tax abatement for the original Facility as follows:

<u>Applicable Year</u>	<u>Percentage of Applicable Ad Valorem Taxes:</u>
Effective Date through 2019	0%
2020	20%
2021	40%
2022 and thereafter	100%

(d) That it will adopt, in connection with the execution and performance of the Equipment Lease, such proceedings as may be necessary or desirable for the execution and delivery, on behalf of the Issuer, of a tax agreement (the "Company Tax Agreement"), providing for the abatement of ad valorem tax payments for the Equipment in an amount equal to the following schedule (it being understood that the equipment may be placed in operation in stages, and that the equipment lease term will be established and the abatement for the equipment will be staggered to enable the Applicant to obtain a full five year abatement for all of the equipment that is placed in operation on or before December 31, 2017).

<u>Applicable Year</u>	<u>Percentage of Applicable Ad Valorem Taxes:</u>
Effective Date until Operations Year 1	0%
Operations Year 1	0%
Operations Year 2	20%
Operations Year 3	40%
Operations Year 4	60%
Operations Year 5	80%
Operations Year 6 and thereafter	100%
Notwithstanding the foregoing, for all Equipment placed in service on or after January 1, 2018	100%

The term "Applicable Ad Valorem Taxes" means an amount equal to the full tax payment that would have been due and payable to the City of Spring Hill, Tennessee, and Maury County, Tennessee, if the Company had owned such property. "Operations Year" means the calendar year following the year in which a piece of Equipment was first placed in service at the Project. There shall be no tax abatement for Equipment first placed in service on or after January 1, 2018 (unless the Board grants a new incentive agreement as to that Equipment). The numerical qualifier after the term "Operations Year" indicates the number of the Operations Year following the year in which the applicable piece of Equipment was first placed in service at the Project. For example, for Equipment placed in service during calendar year 2016, Operations Year 1 is calendar year 2017 and Operations Year 2 is calendar year 2018. For Equipment placed in service during calendar year 2017, Operations Year 1 is calendar year 2018 and Operations Year 2 is calendar year 2019.

(e) That it will adopt, in connection with the issuance of the Notes, the Lease Agreement, the Tax Agreement Amendment, the Equipment Lease and the Company Tax Agreement, such proceedings as may be necessary or desirable for the execution and delivery, on behalf of the Issuer, of such other, further, or different documents as may be necessary or desirable to secure the obligation of the Issuer and to effectuate the assistance set forth in this Section 2, such other or further documents to contain such terms and provisions as may be mutually satisfactory to the Issuer and the Applicant;

(f) That it will perform such other or further acts and adopt such other or further proceedings as may be necessary or desirable to faithfully implement its undertakings hereunder; and

3. Undertakings on the Part of the Applicant. The Applicant hereby agrees, if it elects to undertake the Project, as follows:

(a) That the Applicant will authorize, execute, and deliver such other, further, or different documents as may be necessary or desirable to effectuate the assistance set forth in Section 2 hereof, such other or further documents to contain such terms and provisions as may be mutually satisfactory to the Issuer and the Applicant;

(b) That the Applicant will perform such other or further acts and adopt such other or further proceedings as may be necessary or desirable to faithfully implement the undertakings hereunder of the Applicant; and

(c) That the Applicant will pay all application fees, annual fees, reasonable legal fees, costs and other expenses of the Applicant and the Issuer in connection with this Agreement and any ancillary agreements thereto.

4. No Liability. Anything herein contained to the contrary notwithstanding, no commitment set forth herein of the Issuer shall result in the Issuer, being or becoming liable for the payment of the principal of, or the interest on, the Notes, or for the performance of any pledge, mortgage, obligation, or agreement of any kind whatsoever of the Issuer and none of the Notes, nor any of the agreements or obligations of the Issuer shall be construed to constitute an indebtedness of the Issuer, the City of Spring Hill, or Maury County, Tennessee, within the meaning of any constitutional or statutory provision whatsoever.

5. Mutual Agreements as to Terms of Documents. All commitments herein contained of the Issuer and of the Applicant are subject to the express condition that the Issuer and the Applicant agree upon mutually acceptable terms and conditions of all documents, including, but not limited to, the Notes, the Lease Amendment, the Tax Agreement Amendment, the Equipment Lease and the Company Tax Agreement, whose execution and delivery are contemplated by the provisions hereof.

6. Termination of Agreement. This Agreement, and all of the terms and provisions hereof, shall terminate and be of no further force and effect from and after the issuance, sale, and delivery of the Notes. Furthermore, if such Notes, for any reason whatsoever, have not been sold and delivered within two (2) years from the date hereof, unless extended by the Issuer, this Agreement, and all of the terms and provisions hereof (except as herein otherwise expressly

provided), shall become, at the option of any party hereto, void and of no further force and effect; provided, however, that upon such cancellation for any reason, the Applicant shall reimburse the Issuer, and its legal counsel, for any out-of-pocket or other expenses which the Issuer, or such legal counsel, may have incurred in connection with the financing herein contemplated, including proceedings preliminary thereto, and such obligation to pay such expenses shall survive any termination hereof.

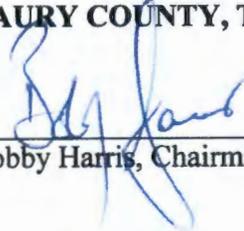
7. Execution of Agreement. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

8. Successors and Assigns. This Agreement shall be binding upon the heirs, executors, successors and assigns, as applicable, of the parties hereto.

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

ISSUER:

**THE INDUSTRIAL DEVELOPMENT BOARD
OF MAURY COUNTY, TENNESSEE**

By: 

Bobby Harris, Chairman

APPLICANT:

SPRING HILL 56 BUILDING II, LLC

By: NorthPoint Development, LLC, Manager

By: _____

Nathaniel Hagedorn, Manager