CITY OF GALLATIN
COUNCIL COMMITTEE AGENDA

May 12, 2020

DEPARTMENT: **Economic Development** **AGENDA # 2**

SUBJECT:
Development Agreement

SUMMARY:
Review of a Development Agreement for Project Wool Hawk.

RECOMMENDATION:

ATTACHMENT:

☐ **Resolution**	☐ **Correspondence**	☐ **Bid Tabulation**
☐ **Ordinance**	☐ **Contract**	☐ **Other**

Approved ☐
Rejected ☐
Deferred ☐

Notes:

CITY OF GALLATIN
COUNCIL COMMITTEE AGENDA

May 12, 2020

DEPARTMENT: **Economic Development** **AGENDA # 3**

SUBJECT:
Resolution No. R2005-24

SUMMARY:
Resolution to approve payment in Lieu of Tax (PILOT) Program Economic Development Incentive for Project Woolhawk

RECOMMENDATION:

ATTACHMENT:

- [x] **Resolution**
- [ ] **Correspondence**
- [ ] **Bid Tabulation**
- [ ] **Ordinance**
- [ ] **Contract**
- [ ] **Other**

- **Approved** [ ]
- **Rejected** [ ]
- **Deferred** [ ]

Notes:

RESOLUTION NO. R2005-24

RESOLUTION TO APPROVE PAYMENT IN LIEU OF TAX (PILOT) PROGRAM ECONOMIC DEVELOPMENT INCENTIVE FOR PROJECT WOOLHAWK

WHEREAS, the Industrial Development Board of the City of Gallatin (the "Industrial Development Board"), is authorized under the provisions of Chapter 53, Title 7, of Tennessee Code Annotated, as amended from time to time (the "Act"), to, among other things, acquire, improve, construct, expand, equip, own, lease, and dispose 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, the Industrial Development Board is currently working to bring additional jobs and revenue to the City of Gallatin and Sumner County through Project Woolhawk; and

WHEREAS, it is sometimes necessary to entice such commercial enterprises with financial incentives; and

WHEREAS, the Industrial Development Board has proposed a PILOT program incentive with Woolhawk, LLC, a Delaware limited liability company (the "Company"), as follows (the "PILOT Program"):

1. The Company shall make a payment in lieu of tax for the land that it leases from the Industrial Development Board equal to the amount of ad valorem taxes that would have been payable to each of the City and the County on the land for the tax year immediately prior to the date of the lease as zoned to permit such Limited Manufacturing, from the date of the lease to the date immediately prior to the date of completion of the first building (defined as a data center containing at least 155,000 square feet) constructed thereon.

2. Each building constructed on the Project Woolhawk site and the equipment therein will receive a tax abatement for each of the first partial and next twenty (20) full tax years after the completion of the construction of the building, and the Company shall make a payment in lieu of tax for each building after completion as follows:

    a. One Million and No/100 Dollars ($1,000,000.00) per year for the first building and the equipment therein; and

    b. Seven Hundred Fifty Thousand and No/100 Dollars ($750,000.00) per year for the second building and the equipment therein; and

c. Seven Hundred Thousand and No/100 Dollars ($700,000.00) per year for the third building and the equipment therein; and

d. Six Hundred Fifty Thousand and No/100 Dollars ($650,000.00) per year for the fourth building and the equipment therein; and

e. Six Hundred Thousand and No/100 Dollars ($600,000.00) per year for the fifth building and the equipment therein; and

f. Five Hundred Fifty Thousand and No/100 Dollars ($550,000.00) per year for the sixth building and the equipment therein and all buildings and equipment thereafter.

In addition to the foregoing, upon the expiration of twenty (20) years following the completion of the first building, the Company shall make a payment in lieu of tax equal to the ad valorem taxes that would have been payable to each of the City and the County on the land only.

3. The foregoing payments in lieu of tax are subject to increase as follows:

a. as to each building completed and all equipment located therein from time to time, the payments in lieu of taxes relating thereto provided for in the foregoing provisions of Section 2 shall increase by five percent (5%) on each and every five (5)-year anniversary of the commencement of the first (1^{st}) full tax year (*i.e.*, January 1) following the date of completion of such building.

b. the amount of the payments in lieu of taxes provided for in the foregoing provisions of Section 2 shall increase (i) by 20% for buildings completed after the date which is ten (10) years following the date of completion of the first building, but on or before the date which is thirteen (13) years following the date of completion of the first building, (ii) by 40% for buildings completed after the date which is thirteen (13) years following the date of completion of the first building, but on or before the date which is sixteen (16) years following the date of completion of the first building, (iii) by 50% for buildings completed after the date which is sixteen (16) years following the date of completion of the first building, but on or before the date which is twenty (20) years following the date of completion of the first building, after the adjustment pursuant to Subsections a. and c of this Section 3.

c. the payments in lieu of taxes provided for in the foregoing provisions of Section2 shall increase (i) by 20% from and after the date that is seven (7) years following the date of the PILOT lease (the "Investment Date") if the company has not made capital expenditures of at least $500,000,000 or greater, but less than $750,000,000, by the Investment Date, (ii) by 40% if the company has not made capital expenditures of at least $250,000,000 or greater, but less than $500,000,000, by the Investment Date, and (iii) there shall be no further abatement if the company has not made capital expenditures of at least $250,000,000 by the Investment Date.

4. There shall be no tax abatement for buildings and the equipment located therein completed after the date which is twenty (20) years following the date of completion of the first building.

WHEREAS, the City of Gallatin supports and desires to approve the PILOT Program incentive proposed by the Industrial Development Board for Project Woolhawk and desires to delegate authority to the Industrial Development Board to grant such payment in lieu of tax incentives to the Company, in order to implement the purposes of the Act.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Gallatin as follows:

1. That, pursuant to T.C.A. Section 7-53-305(b), the City Council of the City, hereby finds that the delegation of authority to the Industrial Development Board to grant payment in lieu of tax incentives for Project Woolhawk to the Company pursuant to the PILOT Program and the terms and conditions set forth in the Act and the granting of such incentives by the Industrial Development Board as payments in lieu of taxes or waiver of payments of taxes are deemed to be in furtherance of the Industrial Development Board's public purposes as defined in the Act; and

2. The City Council of the City of Gallatin, Tennessee, hereby delegates authority to the Industrial Development Board to grant payment in lieu of tax incentives for Project Woolhawk to the Company pursuant to the PILOT Program and the terms and conditions set forth in the Act, and to negotiate, document and accept payments in lieu of taxes in connection therewith.

3. The Mayor and all officers and departments and agencies of the City of Gallatin, 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 these Resolutions.

BE IT FURTHER RESOLVED that this resolution shall take effect upon passage, the public welfare requiring it.

IT IS SO ORDERED.

PRESENT AND VOTING BY ROLL CALL AS REFLECTED IN THE MINUTES:

AYE: ___

NAY: ___

DATED: ___________, 2020.

____
MAYOR PAIGE BROWN

ATTEST:	APPROVED AS TO FORM:
____________________________	____________________________
CONNIE KITTRELL CITY RECORDER	SUSAN HIGH - MCAULEY CITY ATTORNEY