

*November 2, 2020*

# **M E M O R A N D U M**

To: City of White House Industrial Development Board  
Gerald Herman, City Administrator  
Valerie Webb, City Attorney

From: Derek Watson, City Recorder

Re: Meeting of the Industrial Development Board

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Notice is hereby given that the Industrial Development Board of the City of White House, Tennessee, will meet on Tuesday, November 10, 2020, to consider payment in Lieu of Ad Valorem Taxes for Kroger Company.

The meeting will take place at 5:00 pm at the Billy S. Hobbs Municipal Center located at 105 College Street.

If you have any questions or are unable to attend please contact me at 615-672-4350, ext. 2111.

CITY OF WHITE HOUSE  
Industrial Development Board Agenda  
November 10, 2020  
5:00 p.m.

1. Call to Order
2. Roll Call
3. Adoption of the Agenda
4. Approval of Minutes of the October 21, 2019 Industrial Development Board Meeting
5. New Business
  - A. Consider payment in Lieu of Ad Valorem Taxes for Kroger Company.
6. Other Business
7. Adjournment

CITY OF WHITE HOUSE  
Industrial Development Board Minutes  
October 21, 2019  
5:00 p.m.

1. Call to Order

Meeting was called to order at 5:00 pm by President Tim Murphy.

2. Roll Call

Ken Duley - Present; Scott Dunn - Absent; Kris Freeman - Present; John Mechler - Present; Tim Murphy - Present; Mark Reid - Present; John Wilkinson - Present; **Quorum - Present**

3. Adoption of the Agenda

Motion was made by Mr. Reid, second by Mr. Wilkinson. A voice vote was called for with all members voting aye. **Agenda was adopted.**

4. Approval of Minutes of the June 12, 2018 Industrial Development Board Meeting

Motion was made by Mr. Wilkinson, second by Mr. Freeman. A voice vote was called for with all members voting aye. **June 12, 2018 minutes were approved.**

5. New Business

A. Consider options for payment in Lieu of Ad Valorem Taxes for Kroger Company.

Ms. Amy McConnell from Kroger Company was in attendance and provided the Board with a brief background of the Kroger store. Ms. McConnell spoke about Kroger's plan to expand and re-develop the current location. The project is expected to be built out in 2021.

Staff Recommendation

Staff would recommend approval for Level 3 tax abatement with the following stipulations:

1. That the approval be preliminary. Final approval to be given after stipulations 2 and 3 below are approved and tax abatement documents are ready to be signed by the IDB Chairman.
2. That the Planning Commission approves Kroger's proposed site plan (the previous submission and approval has expired).
3. That the Kroger Company approves the development of this project in the City of White House at its current location and such approval is neither revoked nor modified in a manner that would change the level of tax abatement warranted.
4. That Kroger must commence construction of the project on or before December 31, 2020.

Motion was made by Mr. Mechler, second by Mr. Freeman to adopt staff recommendations. A voice vote was called for with all present members voting aye. **Possible tax incentive negotiations were approved.**

6. Other Business

7. Adjournment

Meeting was adjourned at 5:19 pm

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John D. Wilkinson, Secretary

## Industrial Development Board

October 20, 2020

### Kroger Company Re-Development Project

In September 2015 the Kroger Company had sought tax abatement on an expansion project for their Kroger store located at 510 State Route 76 in White House. This Board approved the incentive tax abatement at Level 3 with certain stipulations. Financial constraints at the time delayed the project. On October 21, 2019 Kroger Company representatives came before this Board to express their desire to move forward with their project. The Board approved Level 3 tax abatement with these stipulations:

1. That the approval be preliminary. Final approval to be given after stipulations 2 and 3 below are approved and tax abatement documents are ready to be signed by the IDB Chairman.
2. That the Planning Commission approves Kroger's proposed site plan (the previous submission and approval has expired).
3. That the Kroger Company approves the development of this project in the City of White House at its current location and such approval is neither revoked or modified in a manner that would change the level of tax abatement warranted.
4. That Kroger must commence construction of the project on or before December 31, 2020.

The stipulations are complete. Staff has reviewed the construction documents. The project is now ready for construction. The project would be expected to be finished sometime in 2021.

### **Staff Recommendation**

Staff would recommend approval for Level 3 tax abatement.

## RESOLUTION 10-14

**A RESOLUTION OF THE CITY OF WHITE HOUSE, TENNESSEE, REGARDING ECONOMIC INCENTIVE GUIDELINES AND AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF WHITE HOUSE, TN TO NEGOTIATE AND ACCEPT PAYMENTS IN LIEU OF AD VALOREM TAXES.**

WHEREAS, the Board of Mayor and Aldermen desire to confirm their approval of guidelines for economic incentives in order to create an environment that is valued by existing companies that are expanding and to attract new prospective employers to the City; and

WHEREAS, the Board of Mayor and Aldermen would like to be able to offer an incentive program to make our city a more viable candidate in competing with similar cities for economic growth; and

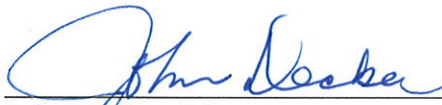
WHEREAS, the Board of Mayor and Aldermen desire to authorize and approve the delegation to The Industrial Development Board of the City of White House, Tennessee (the "IDB"), of authority to negotiate and accept from the IDB's lessees payments in lieu of ad valorem tax agreements in accordance with T.C.A. Section 7-53-305(b).

NOW THEREFOR, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of White House, Tennessee as follows:

RESOLVED: the Board of Mayor and Aldermen desire to authorize and approve the delegation to The Industrial Development Board of the City of White House, Tennessee (the "IDB"), of authority to negotiate and accept from the IDB's lessees payments in lieu of ad valorem tax agreements in accordance with T.C.A. Section 7-53-305(b).

BE IT FURTHER RESOLVED: the Board of Mayor and Aldermen hereby approve the Economic Incentive Guidelines to be used by the IDB in its consideration of the negotiation and acceptance of payment in lieu of tax incentives attached hereto as **Exhibit A**, with the understanding that these are guidelines and not binding rules or requirements.

Adopted this 19<sup>th</sup> day of August, 2010.

  
\_\_\_\_\_  
John Decker, Mayor

ATTEST:

  
\_\_\_\_\_  
Amanda Priest, City Recorder

## Exhibit A

### Economic Incentive Guidelines City of White House, Tennessee

The Board has adopted the guidelines set forth herein based on a Company's investment, projected employment, and other factors as the Board may determine. These are guidelines and not binding rules or requirements. The Board can and should feel free to alter the Level assigned to any Project, or to increase or decrease the benefits within that level, in its sole and absolute discretion, based upon whatever subjective factors that it determines to be applicable, including, without limitation, whether the applicant is providing employment in an industry that the Board determines should be a priority or should not be a priority for the community, whether the project is in a growing or declining industry, whether the industry is environmentally sustainable or deleterious, whether the project is likely to enhance the image of the community, attract additional business, is a site in a location that the community desires be redeveloped, is a brown field, or is otherwise particularly well suited or poorly suited for the prospective project, etc. These guidelines are designed to attract new business to the City. In the case of an existing industry or business expansion, the number of jobs and capital expenditure requirement created is at the discretion of the Board of Directors.

Investment Report – The Company shall on or before June 30 of each year, beginning June 30 of the year following the commitment to the project, certify to the Board the amount of investment it has made in the real property and equipment comprising part of the project during the preceding 12 months (the "Annual Investment").

Guidelines. Subject to the foregoing, the guidelines for granting tax abatements and payment in lieu of tax agreements are as follows:

**Level 1** - Companies investing at least \$500,000 and hiring at least 25 full time equivalent (FTE) employees:

**Real Property:**

	Percentage of the property tax that would otherwise have been payable:
Year 1*	0%
Year 2	50%
Year 3	50%
Year 4	80%
Year 5	100% (Abatement ends)

**Personal Property:**

	Percentage of the property tax that would otherwise have been payable:
Year 1*	0%
Year 2	50%
Year 3	100% (Abatement ends)

**Level 2** - Companies investing at least \$2,000,000 and hiring at least 50 full time equivalent (FTE) employees:

**Real Property:**

	Percentage of the property tax that would otherwise have been payable:
Year 1*	0%
Year 2	0%
Year 3	50%
Year 4	60%
Year 5	70%
Year 6	80%
Year 7	80%
Year 8	100% (Abatement ends)

**Personal Property:**

	Percentage of the property tax that would otherwise have been payable:
Year 1*	0%
Year 2	0%
Year 3	70%
Year 4	100% (Abatement ends)

**Level 3** - Companies investing at least \$5,000,000 and hiring at least 100 full time equivalent (FTE) employees:

**Real Property:**

	Percentage of the property tax that would otherwise have been payable:
Year 1*	0%
Year 2	0%
Year 3	40%
Year 4	50%
Year 5	60%
Year 6	70%
Year 7	80%
Year 8	90%
Year 9	100% (Abatement ends)

**Personal Property:**

	Percentage of the property tax that would otherwise have been payable:
Year 1*	0%
Year 2	0%
Year 3	0%
Year 4	0%
Year 5	100% (Abatement ends)

\* The Company may elect to make an in lieu of tax payment equal to the CIP ad valorem tax prior to placement of the applicable component of the Project in service, and make Year 1 the first year in which the full ad valorem tax would have been applicable thereto.

The Board may request that the Company meet certain performance standards related to the amount of the capital investment and job creation in connection with the Project in order to continue the tax abatement (for example, the Company shall make at least 85% of the capital

investment and create at least 85% of the indicated jobs in order to receive the requisite abatement, or else there will be a proportionate reduction in the incentive). These performance criteria will be considered on a case by case basis.

In the event that a leasehold estate with respect to any part of the Project (or any interest therein) which is owned by the Board and leased to the Company is ever subject to ad valorem taxation, the amount of any such ad valorem taxes shall be a credit against any in-lieu-of-tax payments due from said Company.

All in-lieu-of-tax payments for any year shall be due and payable to the Board on or before the last day of February of the next succeeding year.