

INDUSTRIAL DEVELOPMENT BOARD

Thursday, August 16, 2018

Klein Conference Room

1920 South Germantown Road

The Germantown Industrial Development Board met on Thursday, August 16, 2018, in the Klein Conference Room. Chairman Evans called the meeting to order at 3:00 p.m. A quorum was established with the following members present.

PRESENT: Henry Evans, Dick Vosburg, Michael McLaughlin, Julie Klein, Janet Geyer, and Steven Levy

ABSENT: Mike Harless

GUESTS: None

STAFF: Cameron Ross, Economic and Community Development Director; Marie Lisco, Economic Development Manager; and Andy Jones, Industrial Development Board Attorney

MINUTES

Chairman Evans stated that the next order of business is the approval of the minutes for the February 15, 2018, meeting. If there are no additions, corrections or deletions to the minutes of the February 15, 2018, meeting of the Industrial Development Board, he would entertain a motion for approval.

Mr. Vosburg moved to approve the Industrial Development Board minutes as amended for February 15, 2018, seconded by Ms. Klein.

Mr. Evans asked for a roll call.

Roll Call: Evans; – yes; Vosburg – yes; McLaughlin – yes; Klein – yes; Levy – yes; Geyer – yes; Harless – absent. The motion passed.

Chairman Evans stated the next item on the agenda is PILOT status updates.

Mr. Jones gave a brief update on the three PILOTS:

ThyssenKrupp Elevator Manufacturing is under an eight year Retention PILOT. The Real Property PILOT started on August 1, 2016, and it ends on July 31, 2024. The Personal Property started January 1, 2017, and ends on December 31, 2024. They filed their compliance report earlier this year, and it indicated that they were out of compliance as to the new property improvements (by about \$41,000). We gave them notice of being out of compliance as required by the lease. Within the time period, they did cure and file an amended compliance report showing they are in compliance now.

Mid-America Apartments (MAA) was approved by the IDB in 2016. It had an effective date starting March 2018. We have signatures from their side, and we will sign the lease in the next couple of days on our side. As part of signing, there's a resolution in your packet that we need approval for. When that application was filed, the general partnership owned about a 10 acre parcel of land, and so the application was filed with that tax ID parcel number covering the entire 10 acres. Between the time of the application being filed and everything being approved, that land was subdivided. Some was sold off to the hotel group in the back, and the front part was subdivided into two parcels. So if you look at the applications and resolutions, it has the incorrect tax ID number for the parcel. This resolution clarifies it is only taking the property that the MAA building is sitting on.

Mr. Vosburg asked is the entire building and the property in the PILOT?

Mr. Jones answered the IDB owns the entire parcel and building, but the PILOT benefits only apply to the portion that MAA takes over.

Mr. Evans stated that's identified in the lease document.

Mr. Jones stated it is a complicated formula that we had to use to make sure they were only getting credit for what they actually rented as opposed to the entire parcel.

Mr. McLaughlin asked is the parking garage included in that?

Mr. Jones answered yes it is.

Mr. Vosburg noted when tax bills are generated, there will be a tax bill unabated for Gill if they still have not leased the rest of that building or whoever has it.

Mr. Jones stated technically there's no tax on the property at all because the IDB owns it. What there will be is a rent payment due for the part not on MAA. It will be equal to the full amount of what would have been the tax payment, and for the MAA portion, it will be the discounted portion of what would be the tax, if they still owned it.

Mr. Vosburg moved to approve Resolution 2018-4 of the Germantown Industrial Development Board, seconded by Mr. McLaughlin.

Mr. Evans asked for a roll call.

Roll Call: Evans; – yes; Vosburg – yes; McLaughlin – yes; Klein – yes; Levy – yes; Geyer – yes; Harless – absent. The motion passed.

Mr. Jones noted Campbell Clinic just broke ground on May 24 for their new building. Now that we have finalized the MAA lease, we will start with Campbell Clinic. The goal is to have it signed by our next meeting on November 15. We are not expecting them to actually move into that building until fall of 2019. So the PILOT won't effectively start until fall of 2019, and that's an eight year Retention PILOT also.

Mr. Vosburg added that they just started moving dirt last week.

Chairman Evans stated the lease with MAA has extended in negotiations for almost two years, and we really expected them to move in early this year, like the end of January. They kept moving their move in dates forward. They finally moved in the end of March 17, 2018. The PILOT will actually show the start date, as the move in date and will run 15 years from that date. Are there any other questions about the leases? In discussions with Shelby County on our responsibility for the compliance of the County's diversity portion, the way it was finally resolved for the purpose of this lease is that we still maintain responsibility for total compliance. What happens if we find they are out of compliance on the diversity issue for Shelby County? It does not apply to the Germantown portion of the PILOT. We will notify EDGE if they're out of compliance, and it's up to them to decide what direction to take it.

Mr. Jones stated they will give us advice as to how to proceed. We put in the PILOT that EDGE rules. It lays out what happens if you are not in compliance with the lease. The actual lease contained EDGE policies to that. There is some discretion there, but the rules are there too. We can reach out to EDGE, and ask for their advice.

Chairman Evans noted that we have had two different Mayors that we have worked with to give approval on Shelby County PILOT's, and in each case, we have had a letter of agreement with that Mayor. So we have to go back and get another letter of agreement with the new Mayor, but that's somewhere in the future.

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Ms. Lisco stated MAA has extended an invitation for the IDB to tour their office at 9:00 a.m. It would take place on one of the following dates:

Thursday, August 23

Tuesday, August 28

Wednesday, September 5

Thursday, October 4

Tuesday, October 9

Chairman Evans stated our next IDB meeting will be November 15, 2018 at 3:00 p.m.

Chairman Evans asked if there was any other business to come before us. There was none.

ADJOURNMENT