

**MINUTES OF THE REGULAR MEETING OF
COLLIERVILLE INDUSTRIAL DEVELOPMENT BOARD**

Thursday, February 6, 2014

The Collierville Industrial Development Board held a regular public meeting at 12:00pm on Thursday, February 6, 2014, in the Administrative Conference Room at Town Hall, located at 500 Poplar View Parkway.

1. **CALL TO ORDER**: Chairman Mark Moody called the meeting to order.
2. **ROLL CALL**: Kristal McGee took the roll. The following members of the Industrial Development Board were present: Ron Lawrence, Mark Moody, Terry Cochran, Stuart Brazile, Taylor Stamps, John Green and Thomas Bergeron. Mr. Faller was absent.

Staff present were Town Administrator James Lewellen, IDB Attorney Josh Lawhead, Economic Development Director John Duncan, Assistant Town Administrator Josh Suddath and Kristal McGee.

3. **APPROVAL OF MINUTES FOR MAY 30, 2013**

Mr. Bergeron made a motion, seconded by Mr. Lawrence, to approve the minutes as written of the May 30, 2013, Industrial Development Board meeting.

All were in favor, none were opposed. Motion is approved.

4. **BUSINESS ITEMS**

- A. **Resolution 2014-1, a resolution to extend to February 14th, 2014 the efficacy of Resolution 2012-10 (whereby the IDB approved PILOT Benefits for FedEx TechConnect, Inc.).**

Mr. Lawhead stated at the last meeting on May 30, 2013, the IDB approved an extension to the Authorizing Resolution for FedEx, through October 31, 2013, extending the deadline by which all of the PILOT documents had to be executed. FedEx was not able to complete their PILOT documents in that time frame; however, the documents are now complete. Mr. Lawhead stated that what is before the Board today is a request to further extend the authorizing resolution to February 14, 2014. The Resolution shall also expressly authorize that the PILOT lease be dated effective as of December 31, 2013, so that the assets IDB will acquire will be deemed IDB assets as of January 1, 2014, thereby giving PILOT those assets for the entire tax year of 2014.

Motion by Mr. Bergeron to approve Resolution 2014-1 and grant an extension of deadline of February 14, 2014 to FedEx TechConnect. The motion was seconded by Mr. Stamps and approved unanimously by the Board.

- B. **Resolution 2014-2, a resolution to approve the 2012 Compliance Report submitted by Carrier Corporation.**

Mr. Moody explained that this resolution was to approve a lengthy Compliance Report for Carrier Corporation, who has a lot of fixed assets.

Mr. Lawhead detailed that last April 15, 2013, the IDB met and there was an informal review of the compliance reports, with some questions and a determination of the Board to meet again in 2013 to formally approve the reports. For various reasons that did not happen, and that is why the reports are in front of the Board today. With respect to this Carrier report, at the meeting last April, it was discussed that they were generally compliant with the lease terms. There was a slight deficiency with respect to new full time positions, but when coupled with existing full time positions they came out above the 90% compliance threshold. There was also noncompliance with respect to the Shelby County requirement for seasonal jobs; however, but the EDGE board has stated that they will accept that, so the matter before the IDB is to approve the report for Carrier.

Motion made by Mr. Cochran to approve Resolution 2014-2 to approve the Carrier Compliance report as submitted. The motion was seconded by Mr. Bergeron and approved unanimously by the Board.

- C. **Resolution 2014-3, a resolution to approve the 12-31-2012 Bills of Sale and the proposed Fourth Amendment to the Personal Property Lease Agreement with Carrier, and authorization of the Chairman to execute and deliver the Bill of Sale and the Lease Amendment on behalf of the IDB.**

Mr. Lawhead explained that Carrier provided the documents to the board in the middle of 2013, a little late. The Resolution would have the IDB approve the addition of personal property to the PILOT, which is done by quick claim from Carrier to the Board of all of PILOT personal property, and a quick claim, bill of sale back to Carrier of all previously existing personal property. Also included is an amendment to the Personal Property lease, whereby IDB would lease back all of the personal property that Carrier conveyed to the IDB. This would all be effective as of December 31, 2012. It is up to the Assessor's Office on whether it is treated as PILOT property. Further background, if they wish to add personal property in 2013, it is hoped that the information request is submitted quickly, and in the future the documentation should be submitted within the calendar year they want the property included.

Mark Moody asked if it was known if the Town billed Carrier taxes on the personal property that had not been conveyed to us yet.

With respect to 2012 personal property, Mr. Lawhead stated that he imagined the property has been assessed by the Shelby County Assessor and that information would have been delivered to the Town and County Trustee, but cannot confirm this. All applicants will be reminded that if they want property included as PILOT with respect to full Ad Valorem taxation, they need to have documentation provided in the calendar year they want the property considered. If all documentation is received, the Board will respond within that year or shortly after the start of the following year, to ensure all benefits are taxed once and correctly as PILOT property.

Motion by Mr. Brazile to approve Resolution 2014-3. The motion was seconded by Mr. Lawrence and approved unanimously by the Board.

D. Resolution 2014-4, a resolution to approve the 2012 Compliance Report submitted by Federal Express Corporation.

Mr. Lawhead explained that this report was discussed at the April 15, 2013 meeting, and summarized the Board's previous conversation, stating that members agreed to accept the report as-is and allow for careful review in future years.

Motion by Mr. Lawrence to approve Resolution 2014-4 for the 2012 Compliance Report for Federal Express. The motion was seconded by Mr. Cochran and approved unanimously by the Board. For clarification, it was noted that Tom Faller was a previous FedEx employee and would have recused himself, but that he was not present and did not vote on this item.

E. Resolution 2014-5, a resolution to approve the 2012 Compliance Report submitted by Strike King Lure Company.

Mr. Lawhead explained that Strike King is a fairly new PILOT tenant and this is their first Compliance Report. He noted there may need to be dialog with Strike King to explain the procedure to add personal property, because they have not submitted a bill of sale, request, or lease amendment to add personal property to its PILOT. They were originally approved to install \$1,702,559.10 of personal property in the initial authorizing resolution. They installed that amount and appear to have added approximately \$130-140,000 of personal property, based on this report, without conveying the property to us and us leasing it back. Mr. Lawhead explained that without that procedure, it cannot be treated as PILOT property. The resolution in front of the Board states that this report be deemed to have their current amount of invested property as their initial amount, not the total including the added property. The applicant has since been reminded that there is a procedure to include this property, if desired.

Discussion continued on apparent procedural confusion, and the potential differences between what applicants and Collierville are reporting to the County Assessor. Mr. Lawhead explained that it is the County Assessor who is responsible for reconciling any differences in what is submitted, and of informing Collierville what to bill.

Mr. Lewellen explained that the Town is submitting all the information required to the County to allow them to make a determination with regard to the PILOT program participants. He also explained the difficulties with personal property in the PILOT program, and the difficulties that arise from when participants change their responsible parties, which has happened multiple times. He stated that he feels confident the Town has been thorough in their scrutinizing and billing of participant reports.

Motion by Mr. Bergeron to approve Resolution 2014-5, accepting the 2012 Compliance Certificate and deeming the personal property amount as \$1,702,559.10. The motion was seconded by Mr. Stamps and approved unanimously by the Board.

OTHER BUSINESS

Mr. Moody stated that there was no other business on the Agenda and asked if there was any old business or new business that needed to be discussed at this time.

Mr. Moody followed up on Mr. Cohran's earlier comments about Carrier having issues with Shelby County. He stated a packet of information was sent to the IDB with a list of all PILOT programs in the County, including the two in Collierville. Carrier is shown as delinquent with the County by approximately \$2M.

Mr. Lewellen explained that Carrier was accepted as a PILOT participant by Collierville, their annual compliance reports have been collected, they have met all requirements, and that notifications of all transactions were sent to the County. However, Shelby County mistakenly never billed Carrier and was therefore not paid by Carrier. The County has since realized their mistake and has billed Carrier for past years taxes. Carrier paid an amount equivalent to their "back taxes" and is now in a dispute with the County over either interest or penalties added to the bill.

Mr. Lewellen also explained that in good news, Carrier has been able to add their second shift back, which has not happened since the 2008 downturn. They are planning to add around another 180 jobs, in addition to what is on the compliance report. Thus, he noted that the considerations given by the IDB have paid off and allowed them to weather the downturn.

Mr. Lawhead stated that it would likely be beneficial if the IDB staff reminded applicants that Compliance Reports are due by March 1st.

Mr. Moody asked if the IDB needs to consider Resolutions accepting PILOT property and leasing it back to participants this month, giving time for them to include it on their March 1st taxes.

Mr. Lewellen suggested that members check their calendar and agree on a date to meet, if needed. The Board agreed to reserve time for a meeting at noon on Thursday, February 27th, if information has been received by the Town.

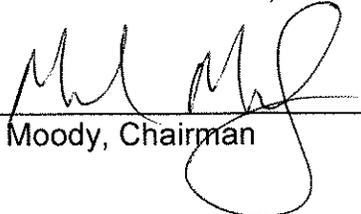
Mr. Lewellen informed the Board that there are no new PILOT members on the horizon, but noted new commercial and residential projects occurring in town.

Mr. Moody asked about where MCR Safety stands with regard to acceptance of their personal property in the PILOT program?

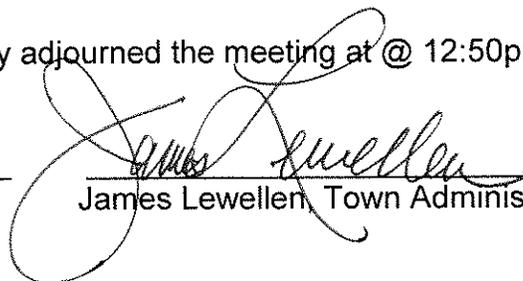
Mr. Lawhead answered that the IDB approved their PILOT in 2012, including personal and real property. Their Authorizing Resolution was extended last year, like FedEx TechConnect. A few items have changed, so they will need to have additional personal and real property authorized by the IDB, as well as Shelby County.

5. ADJOURNMENT

With no further business, Chairman Moody adjourned the meeting at @ 12:50pm.



Mark Moody, Chairman



James Lewellen, Town Administrator