

RESOLUTION 20-181

A RESOLUTION TO APPROVE AMENDMENT TO PAYMENT IN LIEU OF TAX (PILOT) FOR FIELD OF DREAMS II (FAURECIA)

WHEREAS, on June 18, 2018, the Board of Mayor and Aldermen approved Resolution 18-85 to establish a Payment in Lieu of Tax (PILOT) in response to Field of Dreams (Faurecia) capital investment commitment of \$35.1M and the employment of 134 employees with an average salary of \$42,026; and

WHEREAS, the Field of Dreams agreed to a Payment in Lieu of Tax as outlined in a resolution approved by the Maury County Industrial Development Board regarding both real and personal property as attached to Resolution 18-85 approved by the Board of Mayor and Aldemen; and

WHEREAS, Field of Dreams has fulfilled its obligation and commitment to the terms of the PILOT within two (2) years despite the economic challenges resulting from the global pandemic being experienced in their industry; and

WHEREAS, Field of Dreams desires to expand its current facilities with a proposed \$18M facility expansion for a total facility investment of \$53.1M that will result in the creation of 171 additional jobs with an overall average salary of \$37,093 for all 305 employees as outlined in an attached exhibit "*Project Field of Dreams – Original & Expansion Economic Impact and Benefit/Cost Analysis*" and further described in an attached exhibit "*PILOT Incentive Project Summary*"; and

WHEREAS, the expansion of the existing facility would allow the facility to potentially service additional customers from the plant located in Spring Hill creating a more balanced and stable environment for the local plant and its workforce; and

WHEREAS, the initial Cost-Benefit Ratio for the PILOT was 3.89 and the proposed amended PILOT is projected to yield a 6.18 Cost-Benefit Ratio with the proposed facility expansion; and

WHEREAS, on October 12, 2020 the Spring Hill Planning Commission approved the site plan application for a 122,640 square foot facility expansion to the existing facility on Cleburne Road; and

WHEREAS, on October 15, 2020 the Maury County Industrial Development Board approved a Resolution attached hereto as an Exhibit; and

WHEREAS, an amendment is being presented to the City of Spring Hill to amend the current 5-year PILOT on real and personal property by adding three (3) additional years of abatement at 25% summarized as follows:

<u>Existing PILOT</u>	
Year 1	50%
Year 2	50%
Year 3	50%
Year 4	25% (75% paid)
Year 5	25% (75% paid)
<u>Requested Amendment to Existing PILOT</u>	
Year 6	25% (75% paid)
Year 7	25% (75% paid)
Year 8	25% (75% paid)

Eight (8) year Total Tax Incentive Value for the City of Spring Hill is \$343,770 (\$90,705 attributed to requested amendment).

NOW, THEREFORE, BE IT RESOLVED, that the City of Spring Hill Board of Mayor and Aldermen do hereby:

1. Approve the amendment to the current 5-Year PILOT on real and personal property by adding three additional years of abatement at 25% as summarized below.

Existing PILOT

Year 1	50%
Year 2	50%
Year 3	50%
Year 4	25% (75% paid)
Year 5	25% (75% paid)

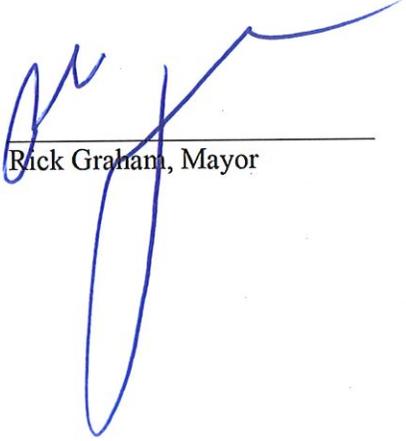
Requested Amendment to Existing PILOT

Year 6	25% (75% paid)
Year 7	25% (75% paid)
Year 8	25% (75% paid)

Eight (8) year Total Tax Incentive Value for the City of Spring Hill is \$343,770 (\$90,705 attributed to requested amendment).

2. Authorize the Mayor to execute required documentation associated with the amendment to the abatement reflecting the specific terms as agreed upon and approved as provided in this Resolution.

Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on this 16th day of November, 2020.



Rick Graham, Mayor

ATTEST:



April Goad, City Recorder

LEGAL FORM APPROVED:



Patrick Carter, City Attorney

Memo

To: City of Spring Hill Board of Mayor and Alderman
From: Maury County Chamber & Economic Alliance
cc: City Administrator, City of Spring Hill
Date: 11/10/20
Re: Request for Approval to Amend Project Field of Dreams PILOT

Expansion Project Executive Summary:

Project Field of Dreams is an international automotive supplier considering an expansion project for its existing facility in Spring Hill. The expansion project would include: \$18,000,000 in additional new capital investment, 171 additional new jobs, and a 90,000 square foot expansion of its new facility.

Request for Approval:

In order to incentivize the competitive expansion project defined above, BOMA approval is requested to amend the existing Payment-in-lieu-of-tax (PILOT) Agreement with Project Field of Dreams by adding three additional years of real and personal property abatement discounted by 25% (75% paid). The Industrial Development Board of Maury County, Tennessee has approved the PILOT amendment pending BOMA approval.

(Green = existing PILOT previously approved / Yellow = recommended amendment)

Year 1:	50%
Year 2:	50%
Year 3:	50%
Year 4:	25% (75% paid)
Year 5:	25% (75% paid)
Year 6:	25% (75% paid)
Year 7:	25% (75% paid)
Year 8:	25% (75% paid)

Work Session Follow Up:

We would like to express our appreciation for the recent opportunity to present to you on the proposed amendment to the Payment-in-lieu-of-tax (PILOT) agreement for Project Field of Dreams. During that presentation, important questions were asked. We have endeavored to follow up on those questions and provide additional information regarding the requested approval request.

Important Points for Consideration and Potential Benefits to the City of Spring Hill:

1. It is important to note that amending the PILOT will not result in a reduction of property tax revenue currently being received by the City of Spring Hill.
2. The expansion project is projected to generate a gain of \$130,070 in new, additional property tax revenue for the City of Spring Hill over the proposed 8-year PILOT period (assuming the PILOT amendment is approved, and the expansion project moves forward) to allocate toward roads, parks, or other City priorities.
3. The PILOT contains a performance agreement. The company only receives the benefit of the amendment if they deliver on their performance of the proposed expansion project.
4. The cost-benefit analysis of the proposed expansion project with the amended PILOT delivers a benefit-cost ratio of 6.18 to 1. This ratio is over three times the typical minimum threshold of 2 to 1 and well over the 3.89:1 of the existing approved PILOT.
5. Approval of the PILOT amendment would support the growth of an existing international company that has already invested in Spring Hill and engaged with the community. This helps promote the brand of Spring Hill internationally as a good place to do business.
6. Approval of the PILOT amendment demonstrates good faith to the State of Tennessee and Maury County. The State has invested significant infrastructure funding to extend Saturn Parkway. The Industrial Development Board of Maury County has already approved the PILOT amendment pending BOMA approval. Both the Tennessee Department of Economic and Community Development as well as the Tennessee Valley Authority Economic Development Team are actively engaged in support of the project. The City of Spring Hill is likely to request the support of all these partners with future economic development priorities of its own.
7. The expansion project results in the ability for the company to potentially serve additional customers from the local facility creating a more stable business environment for the city, company, and local workforce. A true win-win.
8. Expansion of the Project Field of Dreams local facility likely serves to support the continued success of the largest employer in Spring Hill and Maury County.
9. The project creates 171 new job opportunities with benefits for the citizens of Spring Hill along with over \$6,000,000 in projected new payroll. Whether new employees ultimately reside in Spring Hill or not, they are likely to spend a portion of this utilizing Spring Hill shops and services resulting in increased revenue for local businesses owners and increased sales tax for the city.

Additional Information:

The following supplementary information has been attached for your review:

1. Signed resolution approving the PILOT amendment (pending BOMA approval) from the Industrial Development Board of Maury County, Tennessee
2. Cost-benefit analysis (PILOT Incentive Project Summary)

Additional Questions:

Your additional questions are welcomed. Thank you again for your consideration.

Please direct questions to:

Travis Groth, Vice President - Economic Development, Maury Alliance

email: tgroth@mauryalliance.com | office: 931-388-2155 | cell: 931-981-4446.

Resolution

Whereas, on October 15, 2020, an application was presented to The Industrial Development Board of Maury County, Tennessee (the Board) to amend the Board's Lease with Industrial Momentum, LLC (the Lease) and to amend the Board's Lease Agreement with Faurecia Interior Systems, Inc. (the Lease Agreement); and

Whereas, the Board has considered and approved the application.

Now, Therefore, the Board approves the amendments to the Lease and the Lease Agreement as follows:

1. Industrial Momentum, LLC will invest an additional \$8,000,000.00 in an expansion of the building which is the subject of the Lease with the expansion to be complete in 2021.
2. The term of the Lease will be extended to December 31, 2027.
3. The payment in lieu of taxes in the Lease will provide that Industrial Momentum, LLC will pay the following percentage of the taxes on the building
 - a. 2020 50%
 - b. 2021 50%
 - c. 2022 50%
 - d. 2023 75%
 - e. 2024 75%
 - f. 2025 75%
 - g. 2026 75%
 - h. 2027 75%
4. Faurecia Interior Systems, Inc will invest an additional \$10,000,000.00 in equipment to be installed in the Industrial Momentum, LLC building which is the subject of the Lease with the equipment to be installed by 2023.
5. The term of the Equipment Lease will be extended to December 31, 2027.

6. The payment in lieu of taxes in the Equipment Lease will provide that Faurecia Interior Systems, Inc will pay the following percentage of the taxes on the equipment:

- a. 2020 50%
- b. 2021 50%
- c. 2022 50%
- d. 2023 75%
- e. 2024 75%
- f. 2025 75%
- g. 2026 75%
- h. 2027 75%

7. The Lease and the Lease Agreement will be revised to provide as above and with any other necessary changes.

Adopted and approved October 15, 2020.

The Industrial Development Board of Maury County,
Tennessee

By _____



Jim Parks, Chairman



Columbia | Mt. Pleasant | Spring Hill
MAURY COUNTY
Chamber & Economic Alliance

PILOT Incentive Project Summary

Original + Expansion - Additional 3 Years of PILOT

Company/Applicant:	<u>Project Field of Dreams - Original & Expansion</u>
Capital Investment:	<u>\$ 53,100,000</u>
Jobs:	<u>305</u>
Annual Average Wage:	<u>\$ 37,093</u>
PILOT Length: (Years)	<u>8</u>

Incentive to Company

County Tax Incentive:	<u>\$ 800,442</u>
City of Spring Hill Tax Incentive:	<u>\$ 343,770</u>
Total Incentive to Company:	<u>\$ 1,144,213</u>
Tax Savings to Company:	<u>49.20%</u>

Local Benefits

Local Tax Benefit: (all sources)	<u>\$ 7,071,488</u>
Benefit/Cost Ratio:	<u>6.18</u>

City of Spring Hill, Maury County, Tennessee
Project Field of Dreams - Original & Expansion
Economic Impact and Benefit/Cost Analysis

Annual Impact of Operations	Year 1	Year 2	Year 3	Year 4	Year 5
Employment, Direct (New full-time equivalent jobs)	143	143	171	198	305
Wages & Benefits, Direct ^{1*}	\$ 7,512,070	\$ 7,512,070	\$ 8,665,950	\$ 9,778,620	\$ 11,550,650
Employment Multiplier ²	1.8923	1.8923	1.8923	1.8923	1.8923
Total Employment	271	271	324	375	577
Employment, Indirect	128	128	153	177	272
Maury County Projected Annual Average Wage ³	\$ 48,473	\$ 48,473	\$ 48,473	\$ 48,473	\$ 48,473
Wages, Indirect	\$ 6,185,147	\$ 6,185,147	\$ 7,396,224	\$ 8,564,049	\$ 13,192,096
Total Wages	\$ 13,697,217	\$ 13,697,217	\$ 16,062,174	\$ 18,342,669	\$ 24,742,746
Sales Tax Revenue ⁴	\$ 181,831	\$ 181,831	\$ 213,225	\$ 243,499	\$ 328,460
Other Tax Revenue ⁵	\$ 53,458	\$ 53,458	\$ 62,688	\$ 71,589	\$ 96,567
Residential/Commercial Property Tax Revenue ⁶	\$ 127,117	\$ 127,117	\$ 152,007	\$ 176,008	\$ 271,124
Total Tax Revenue	\$ 362,406	\$ 362,406	\$ 427,921	\$ 491,096	\$ 696,151

**City of Spring Hill, Maury County, Tennessee
 Project Field of Dreams - Original & Expansion
 Economic Impact and Benefit/Cost Analysis**

Annual Impact of Operations	Year 6	Year 7	Year 8	8-Yr Total
Employment, Direct (New full-time equivalent jobs)	305	305	305	305
Wages & Benefits, Direct ^{1*}	\$ 11,550,650	\$ 11,550,650	\$ 11,550,650	\$ 79,671,310
Employment Multiplier ²	1.8923	1.8923	1.8923	
Total Employment	577	577	577	577
Employment, Indirect	272	272	272	272
Maury County Projected Annual Average Wage ³	\$ 48,473	\$ 48,473	\$ 48,473	
Wages, Indirect	\$ 13,192,096	\$ 13,192,096	\$ 13,192,096	\$ 81,098,952
Total Wages	\$ 24,742,746	\$ 24,742,746	\$ 24,742,746	\$ 160,770,262
Sales Tax Revenue ⁴	\$ 328,460	\$ 328,460	\$ 328,460	\$ 2,134,225
Other Tax Revenue ⁵	\$ 96,567	\$ 96,567	\$ 96,567	\$ 627,462
Residential/Commercial Property Tax Revenue ⁶	\$ 271,124	\$ 271,124	\$ 271,124	\$ 1,666,744
Total Tax Revenue	\$ 696,151	\$ 696,151	\$ 696,151	\$ 4,428,431

City of Spring Hill, Maury County, Tennessee
Project Field of Dreams - Original & Expansion
Economic Impact and Benefit/Cost Analysis

One Time Expansion Impact	Original	Expansion	Total
Total Capital Investment	\$ 35,100,000	\$ 18,000,000	\$ 53,100,000
Building - Real Property	\$ 18,500,000	\$ 8,000,000	\$ 26,500,000
Economic Impact Multiplier ⁷	1.4589	1.4589	
Economic Impact	\$ 26,989,650	\$ 11,671,200	\$ 38,660,850
Equipment Purchase/Set-up - Personal Property (New)	\$ 16,600,000	\$ 10,000,000	\$ 26,600,000
Economic Impact Multiplier ⁸	1.3982	1.3982	
Economic Impact	\$ 23,210,120	\$ 13,982,000	\$ 37,192,120
Total Economic Impact	\$ 50,199,770	\$ 25,653,200	\$ 75,852,970
Sales Tax Revenue ⁴	\$ 200,449	\$ 101,596	\$ 302,046
Other Tax Revenue ⁵	\$ 58,932	\$ 29,869	\$ 88,801
Total Tax Revenue	\$ 259,382	\$ 131,466	\$ 390,847

Maury County, TN
Project Field of Dreams - Original & Expansion
Tax Schedule

Maury County Tax Rate: \$2.236	Real Property - Original Investment				Real Property - Expansion			
	Full Taxes	% of Taxes Paid	Taxes Paid after Abatement	Taxes Abated	Full Taxes	% of Taxes Paid	Taxes Paid after Abatement	Taxes Abated
Value	\$ 18,500,000				\$ 8,000,000			
Year 1	\$ 165,464	50%	\$ 82,732	\$ 82,732				
Year 2	\$ 165,464	50%	\$ 82,732	\$ 82,732				
Year 3	\$ 165,464	50%	\$ 82,732	\$ 82,732	\$ 71,155	50%	\$ 35,578	\$ 35,578
Year 4	\$ 165,464	75%	\$ 124,098	\$ 41,366	\$ 71,155	75%	\$ 53,366	\$ 17,789
Year 5	\$ 165,464	75%	\$ 124,098	\$ 41,366	\$ 71,155	75%	\$ 53,366	\$ 17,789
Year 6	\$ 165,464	75%	\$ 124,098	\$ 41,366	\$ 71,155	75%	\$ 53,366	\$ 17,789
Year 7	\$ 165,464	75%	\$ 124,098	\$ 41,366	\$ 71,155	75%	\$ 53,366	\$ 17,789
Year 8	\$ 165,464	75%	\$ 124,098	\$ 41,366	\$ 71,155	75%	\$ 53,366	\$ 17,789
Total	\$ 1,323,712		\$ 868,686	\$ 455,026	\$ 426,931		\$ 302,410	\$ 124,522

Spring Hill, TN
Project Field of Dreams - Original & Expansion
Tax Schedule

Spring Hill Tax Rate: \$.96	Real Property - Original Investment				Real Property - Expansion			
	Full Taxes	% of Taxes Paid	Taxes Paid after Abatement	Taxes Abated	Full Taxes	% of Taxes Paid	Taxes Paid after Abatement	Taxes Abated
Value	\$ 18,500,000				\$ 8,000,000			
Year 1	\$ 71,040	50%	\$ 35,520	\$ 35,520				
Year 2	\$ 71,040	50%	\$ 35,520	\$ 35,520				
Year 3	\$ 71,040	50%	\$ 35,520	\$ 35,520	\$ 30,720	50%	\$ 15,360	\$ 15,360
Year 4	\$ 71,040	75%	\$ 53,280	\$ 17,760	\$ 30,720	75%	\$ 23,040	\$ 7,680
Year 5	\$ 71,040	75%	\$ 53,280	\$ 17,760	\$ 30,720	75%	\$ 23,040	\$ 7,680
Year 6	\$ 71,040	75%	\$ 53,280	\$ 17,760	\$ 30,720	75%	\$ 23,040	\$ 7,680
Year 7	\$ 71,040	75%	\$ 53,280	\$ 17,760	\$ 30,720	75%	\$ 23,040	\$ 7,680
Year 8	\$ 71,040	75%	\$ 53,280	\$ 17,760	\$ 30,720	75%	\$ 23,040	\$ 7,680
Total	\$ 568,320		\$ 372,960	\$ 195,360	\$ 184,320		\$ 130,560	\$ 53,760

Total Taxes Abated: \$ 828,668
Total Payments Made In Lieu of Tax: \$ 1,674,616

Maury County, TN
 Project Field of Dreams - Original & Expansion
 Tax Schedule

Maury County Tax Rate: \$2.236	Personal Property - New Original Investment					Personal Property - Transferred - Original				
	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated
Value	\$ 14,500,000					\$ 500,000				
Year 1	\$ 85,594	0.88	50%	\$ 42,797	\$ 42,797	\$ 671	0.20	100%	\$ 671	\$ -
Year 2	\$ 72,950	0.75	50%	\$ 36,475	\$ 36,475	\$ 671	0.20	100%	\$ 671	\$ -
Year 3	\$ 61,278	0.63	50%	\$ 30,639	\$ 30,639	\$ 671	0.20	100%	\$ 671	\$ -
Year 4	\$ 48,633	0.50	75%	\$ 36,475	\$ 12,158	\$ 671	0.20	100%	\$ 671	\$ -
Year 5	\$ 36,961	0.38	75%	\$ 27,721	\$ 9,240	\$ 671	0.20	100%	\$ 671	\$ -
Year 6	\$ 24,317	0.25	75%	\$ 18,237	\$ 6,079	\$ 671	0.20	100%	\$ 671	\$ -
Year 7	\$ 19,453	0.20	75%	\$ 14,590	\$ 4,863	\$ 671	0.20	100%	\$ 671	\$ -
Year 8	\$ 19,453	0.20	75%	\$ 14,590	\$ 4,863	\$ 671	0.20	100%	\$ 671	\$ -
Total	\$ 368,638			\$ 221,523	\$ 147,115	\$ 5,366			\$ 5,366	\$ -

Spring Hill, TN
 Project Field of Dreams - Original & Expansion
 Tax Schedule

Spring Hill Tax Rate: \$.96	Personal Property - New Original Investment					Personal Property - Transferred - Original				
	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated
Value	\$ 14,500,000					\$ 500,000				
Year 1	\$ 36,749	0.88	50%	\$ 18,374	\$ 18,374	\$ 288	0.20	100%	\$ 288	\$ -
Year 2	\$ 31,320	0.75	50%	\$ 15,660	\$ 15,660	\$ 288	0.20	100%	\$ 288	\$ -
Year 3	\$ 26,309	0.63	50%	\$ 13,154	\$ 13,154	\$ 288	0.20	100%	\$ 288	\$ -
Year 4	\$ 20,880	0.50	75%	\$ 15,660	\$ 5,220	\$ 288	0.20	100%	\$ 288	\$ -
Year 5	\$ 15,869	0.38	75%	\$ 11,902	\$ 3,967	\$ 288	0.20	100%	\$ 288	\$ -
Year 6	\$ 10,440	0.25	75%	\$ 7,830	\$ 2,610	\$ 288	0.20	100%	\$ 288	\$ -
Year 7	\$ 8,352	0.20	75%	\$ 6,264	\$ 2,088	\$ 288	0.20	100%	\$ 288	\$ -
Year 8	\$ 8,352	0.20	75%	\$ 6,264	\$ 2,088	\$ 288	0.20	100%	\$ 288	\$ -
Total	\$ 158,270			\$ 95,108	\$ 63,162	\$ 2,304			\$ 2,304	\$ -

Maury County, TN
 Project Field of Dreams - Original & Expansion
 Tax Schedule

Maury County Tax Rate: \$2.236	Personal Property - Year 2 - Original Investment					Personal Property - Year 4 - Original Investment - 2022				
	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated
Value	\$ 600,000					\$ 1,500,000				
Year 1										
Year 2	\$ 3,542	0.88	50%	\$ 1,771	\$ 1,771					
Year 3	\$ 3,019	0.75	50%	\$ 1,509	\$ 1,509					
Year 4	\$ 2,536	0.63	75%	\$ 1,902	\$ 634	\$ 9,346	0.88	75%	\$ 7,009	\$ 2,336
Year 5	\$ 2,012	0.50	75%	\$ 1,509	\$ 503	\$ 7,965	0.75	75%	\$ 5,974	\$ 1,991
Year 6	\$ 1,529	0.38	75%	\$ 1,147	\$ 382	\$ 6,691	0.63	75%	\$ 5,018	\$ 1,673
Year 7	\$ 1,006	0.25	75%	\$ 755	\$ 252	\$ 5,310	0.50	75%	\$ 3,983	\$ 1,328
Year 8	\$ 805	0.20	75%	\$ 604	\$ 201	\$ 4,036	0.38	75%	\$ 3,027	\$ 1,009
Total	\$ 14,449			\$ 9,197	\$ 5,252	\$ 33,347			\$ 25,010	\$ 8,337

Spring Hill, TN
 Project Field of Dreams - Original & Expansion
 Tax Schedule

Spring Hill Tax Rate: \$.96	Personal Property - Year 2 - Original Investment					Personal Property - Year 4 - Original Investment - 2022				
	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated
Value	\$ 600,000					\$ 1,500,000				
Year 1										
Year 2	\$ 1,521	0.88	50%	\$ 760	\$ 760					
Year 3	\$ 1,296	0.75	50%	\$ 648	\$ 648					
Year 4	\$ 1,089	0.63	75%	\$ 816	\$ 272	\$ 3,802	0.88	75%	\$ 2,851	\$ 950
Year 5	\$ 864	0.50	75%	\$ 648	\$ 216	\$ 3,240	0.75	75%	\$ 2,430	\$ 810
Year 6	\$ 657	0.38	75%	\$ 492	\$ 164	\$ 2,722	0.63	75%	\$ 2,041	\$ 680
Year 7	\$ 432	0.25	75%	\$ 324	\$ 108	\$ 2,160	0.50	75%	\$ 1,620	\$ 540
Year 8	\$ 346	0.20	75%	\$ 259	\$ 86	\$ 1,642	0.38	75%	\$ 1,231	\$ 410
Total	\$ 6,204			\$ 3,948	\$ 2,255	\$ 13,565			\$ 10,174	\$ 3,391

Maury County, TN
 Project Field of Dreams - Original & Expansion
 Tax Schedule

Maury County Tax Rate: \$2.236	Personal Property - Expansion Investment 2021					Personal Property - Expansion Investment - 2022				
	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated
Value	\$ 3,400,000					\$ 1,600,000				
Year 1										
Year 2										
Year 3	\$ 20,070	0.88	50%	\$ 10,035	\$ 10,035					
Year 4	\$ 17,105	0.75	50%	\$ 8,553	\$ 8,553	\$ 9,445	0.88	75%	\$ 7,084	\$ 2,361
Year 5	\$ 14,369	0.63	75%	\$ 10,776	\$ 3,592	\$ 8,050	0.75	75%	\$ 6,037	\$ 2,012
Year 6	\$ 11,404	0.50	75%	\$ 8,553	\$ 2,851	\$ 6,762	0.63	75%	\$ 5,071	\$ 1,690
Year 7	\$ 8,667	0.38	75%	\$ 6,500	\$ 2,167	\$ 5,366	0.50	75%	\$ 4,025	\$ 1,342
Year 8	\$ 5,702	0.25	75%	\$ 4,276	\$ 1,425	\$ 4,078	0.38	75%	\$ 3,059	\$ 1,020
Total	\$ 77,316			\$ 48,693	\$ 28,623	\$ 33,701			\$ 25,276	\$ 8,425

Spring Hill, TN
 Project Field of Dreams - Original & Expansion
 Tax Schedule

Spring Hill Tax Rate: \$.96	Personal Property - Expansion Investment 2021					Personal Property - Expansion Investment - 2022				
	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated
Value	\$ 3,400,000					\$ 1,600,000				
Year 1										
Year 2										
Year 3	\$ 8,617	0.88	50%	\$ 4,308	\$ 4,308					
Year 4	\$ 7,344	0.75	50%	\$ 3,672	\$ 3,672	\$ 4,055	0.88	75%	\$ 3,041	\$ 1,014
Year 5	\$ 6,169	0.63	75%	\$ 4,627	\$ 1,542	\$ 3,456	0.75	75%	\$ 2,592	\$ 864
Year 6	\$ 4,896	0.50	75%	\$ 3,672	\$ 1,224	\$ 2,903	0.63	75%	\$ 2,177	\$ 726
Year 7	\$ 3,721	0.38	75%	\$ 2,791	\$ 930	\$ 2,304	0.50	75%	\$ 1,728	\$ 576
Year 8	\$ 2,448	0.25	75%	\$ 1,836	\$ 612	\$ 1,751	0.38	75%	\$ 1,313	\$ 438
Total	\$ 33,195			\$ 20,906	\$ 12,289	\$ 14,469			\$ 10,852	\$ 3,617

Maury County, TN
 Project Field of Dreams - Original & Expansion
 Tax Schedule

Personal Property - Expansion Investment - 2023					
Maury County Tax Rate: \$2.236	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated
Value	\$ 5,000,000				
Year 1					
Year 2					
Year 3					
Year 4					
Year 5	\$ 29,515	0.88	75%	\$ 22,136	\$ 7,379
Year 6	\$ 25,155	0.75	75%	\$ 18,866	\$ 6,289
Year 7	\$ 21,130	0.63	75%	\$ 15,848	\$ 5,283
Year 8	\$ 16,770	0.50	75%	\$ 12,578	\$ 4,193
Total	\$ 92,570			\$ 69,428	\$ 23,143

Total County Taxes Abated: \$ 220,895
 Total Payments Made in County Lieu of Tax: \$ 404,493

Spring Hill, TN
 Project Field of Dreams - Original & Expansion
 Tax Schedule

Personal Property - Expansion Investment - 2023					
Spring Hill Tax Rate: \$.96	Full Taxes	Depreciation Rate	% of Taxes Paid	Payments Made in Lieu of Tax	Taxes Abated
Value	\$ 5,000,000				
Year 1					
Year 2					
Year 3					
Year 4					
Year 5	\$ 12,672	0.88	75%	\$ 9,504	\$ 3,168
Year 6	\$ 10,800	0.75	75%	\$ 8,100	\$ 2,700
Year 7	\$ 9,072	0.63	75%	\$ 6,804	\$ 2,268
Year 8	\$ 7,200	0.50	75%	\$ 5,400	\$ 1,800
Total	\$ 39,744			\$ 29,808	\$ 9,936

Total City Taxes Abated: \$ 94,650
 Total Payments Made in City Lieu of Tax: \$ 173,100

Total Taxes Abated: \$ 315,545
 Total Payments Made in Lieu of Tax: \$ 577,594

**City of Spring Hill, Maury County, Tennessee
Project Field of Dreams - Original & Expansion
Economic Impact and Benefit/Cost Analysis**

Payback Summary

PILOT Term (years)		8
Total Taxes Forgone	\$	1,144,213
Total Hard Costs	\$	-
Total Taxes Forgone and Hard Costs	\$	1,144,213
Tax Revenues From Construction & Set-Up	\$	390,847
Tax Revenues From Operations During PILOT Period	\$	4,428,431
Payments Received in Lieu of Tax	\$	2,252,209
Revenue Generated from Sale of Land	\$	-
Total Tax Revenues Received During PILOT Period	\$	7,071,488
Benefit/Cost Ratio		6.18

Projected Costs:

Hard Costs
None.

Opportunity Costs
Local government is requested to forgo for a period of years the opportunity to collect taxes on site improvement, building, and industrial equipment that are a part of the project.

Benefit/Cost Ratio: The sum of tax revenues from construction, operations and property during the PILOT period divided by the total taxes forgone and hard costs.



REQUEST: Resolution 20-181 Amendment to Payment in Lieu of Tax (PILOT) for Field of Dreams II (Faurecia)

SUBMITTED BY: Chuck Downham, Assistant City Administrator

DATE: November 16, 2020

ATTACHMENTS: Resolution 20-181 and supporting documents

PURPOSE:

Approve Resolution 20-181 to approve an amendment to the Payment in Lieu of Tax (PILOT) for Field of Dreams II (Faurecia).

BACKGROUND:

On June 18, 2018 the Board of Mayor and Aldermen approved Resolution 18-85 (attached) to establish a Payment in Lieu of Tax (PILOT) in response to Field of Dreams (Faurecia) capital investment commitment of \$35.1M and the employment of 134 employees with an average salary of \$42,026. Field of Dreams (Faurecia) agreed to the Payment in Lieu of Tax (PILOT) as outlined in a resolution approved by the Maury County Industrial Development Board regarding both real and personal property as attached to Resolution 18-85 approved by the Board.

Field of Dreams (Faurecia) has fulfilled its obligations and commitment to the terms of the PILOT within two (2) years of the initial approval of the PILOT despite economic challenges resulting from the global pandemic being experienced in the automotive industry.

Field of Dreams (Faurecia) desires to expand its current facilities with a proposed \$18M facility expansion for a total facility investment of \$53.1M that will result in the creation of 171 additional jobs with an overall average salary of \$37,093 for all 305 total employees working at the local facility (see attached "Project Field of Dreams – Original & Expansion Economic Impact and Benefit/Cost Analysis" and "PILOT Incentive Project Summary" for additional details). The expansion of the existing facility would allow the facility to potentially service additional customers from the plant located in Spring Hill and thus, creating a more balanced and stable environment for the local facility and its workforce.

On October 12, 2020, the Spring Hill Planning Commission approved the site plan and building plans for the facility expansion (see attached). The facility expansion comprises 122,640 square feet of additional building area along with related site improvements to improve vehicle circulation and access to the existing site. The building expansion will match architecturally in terms of materials and colors with the existing facility.

On October 15, 2020, the Maury County Industrial Development Board approved a Resolution (attached) approving the amendment to the PILOT for Field of Dreams II (Faurecia). The Maury County Industrial Development Board presented a request to the City of Spring Hill to amend the current 5-year PILOT on real and personal property by adding three (3) additional years of abatement at 25% summarized below.

Existing PILOT

Year 1	50%
Year 2	50%
Year 3	50%
Year 4	25% (75% paid)
Year 5	25% (75% paid)

Requested Amendment to Existing PILOT

Year 6	25% (75% paid)
Year 7	25% (75% paid)
Year 8	25% (75% paid)

Work Session Follow Up by Maury Alliance

During the recent Work Session members of the Board of Mayor and Aldermen provided comments and questions regarding the request to amend the current PILOT. Attached to the staff report is a detailed package of information assembled by Maury Alliance for presentation and consideration by the Board. A summary of points contained in the memorandum follows.

Important Points for Consideration and Potential Benefits to the City of Spring Hill:

1. It is important to note that amending the PILOT will not result in a reduction of property tax revenue currently being received by the City of Spring Hill.
2. The expansion project is projected to generate a gain of \$130,070 in new, additional property tax revenue for the City of Spring Hill over the proposed 8-year PILOT period (assuming the PILOT amendment is approved, and the expansion project moves forward) to allocate toward roads, parks, or other City priorities.
3. The PILOT contains a performance agreement. The company only receives the benefit of the amendment if they deliver on their performance of the proposed expansion project.
4. The cost-benefit analysis of the proposed expansion project with the amended PILOT delivers a benefit-cost ratio of 6.18 to 1. This ratio is over three times the typical minimum threshold of 2 to 1 and well over the 3.89:1 of the existing approved PILOT.
5. Approval of the PILOT amendment would support the growth of an existing international company that has already invested in Spring Hill and engaged with the community. This helps promote the brand of Spring Hill internationally as a good place to do business.
6. Approval of the PILOT amendment demonstrates good faith to the State of Tennessee and Maury County. The State has invested significant infrastructure funding to extend Saturn Parkway. The Industrial Development Board of Maury County has already approved the PILOT amendment pending BOMA approval. Both the Tennessee Department of Economic and Community Development as well as the Tennessee Valley Authority Economic Development Team are actively engaged in support of the project. The City of Spring Hill is likely to request the support of all these partners with future economic development priorities of its own.
7. The expansion project results in the ability for the company to potentially serve additional customers from the local facility creating a more stable business environment for the city, company, and local workforce. A true win-win.
8. Expansion of the Project Field of Dreams local facility likely serves to support the continued success of the largest employer in Spring Hill and Maury County.
9. The project creates 171 new job opportunities with benefits for the citizens of Spring Hill along with over \$6,000,000 in projected new payroll. Whether new employees ultimately reside in Spring Hill or not, they are likely to spend a portion of this utilizing Spring Hill shops and services resulting in increased revenue for local businesses owners and increased sales tax for the city.

FINANCIAL IMPACT:

Eight (8) year Total Tax Incentive Value for the City of Spring Hill is \$343,770 (\$90,705 attributed to requested amendment). The initial cost-benefit ratio for the PILOT was 3.89 and the proposed amended PILOT is projected to yield a 6.18 cost-benefit ratio with the proposed facility expansion.

RECOMMENDATION:

Resolution 20-181 has been prepared for consideration and approval by the Board of Mayor and Aldermen that sets forth the following amendment to the terms of the initial PILOT for Field of Dreams II (Faurecia):

Amend the current 5-year PILOT on real and personal property by adding three (3) additional years of abatement at 25% as summarized below.

Existing PILOT

Year 1	50%
Year 2	50%
Year 3	50%
Year 4	25% (75% paid)
Year 5	25% (75% paid)

Requested Amendment to Existing PILOT

Year 6	25% (75% paid)
Year 7	25% (75% paid)
Year 8	25% (75% paid)

Eight (8) year Total Tax Incentive Value for the City of Spring Hill is \$343,770 (\$90,705 attributed to requested amendment).

RESOLUTION 18-85

RESOLUTION OF INTENT TO PARTICIPATE IN TAX ABATEMENT AGREEMENT FOR POTENTIAL NEW SPRING HILL BUSINESS

WHEREAS, the City of Spring Hill, Board of Mayor and Aldermen are committed to Economic Development and the creation of jobs within the community; and

WHEREAS, Maury County Industrial Development Board has approved an offer from "Project Field of Dreams" contingent on approval by Spring Hill Board of Mayor and Aldermen for a project that will employ 134 individuals with an average salary of \$42,026.00 and a capital investment of \$35.1 million; and

WHEREAS, the company agrees to Payment in Lieu of Taxes as outlined in the attached Maury County Industrial Development Board resolution regarding both real and personal property, to be attached to and part of this Resolution; and

WHEREAS, "Project Field of Dreams" will be responsible for legal fees associated with the development of the Tax Abatement Agreement; and

WHEREAS, this incentive proposal is contingent upon Project Field of Dreams creating or retaining the jobs in Spring Hill; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF SPRING HILL, TENNESSEE to hereby approve this resolution of intent to participate in a tax abatement agreement between The Company, The Maury County Industrial Development Board, and the City of Spring Hill.

Passed and adopted this 18th day of June, 2018.



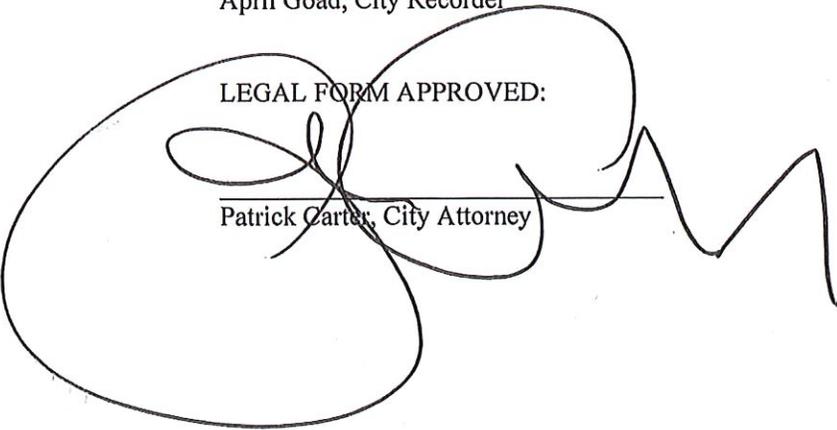
Rick Graham, Mayor

ATTEST:



April Goad, City Recorder

LEGAL FORM APPROVED:



Patrick Carter, City Attorney



REQUEST: *Approval of Resolution 18-85*
SUBMITTED BY: Kayce Williams, Economic Development Coordinator
DATE: May 31, 2018
RE: PILOT for Project Field of Dreams
ATTACHMENTS: Approved resolution from Maury County Industrial Development Board

PURPOSE:

To authorize a 5 year PILOT agreement for Project Field of Dreams.

BACKGROUND:

This is an incentive package for a global manufacturing supplier to the automotive industry. The company has 300 facilities in 35 countries and will be building its first Tennessee facility in Spring Hill consisting of a 145,000 square foot facility with plans to expand to a 280,000 square foot facility in the future. Field of Dreams will employ 134 individuals with an average annual salary of \$42,026. Field of Dreams will make an initial approximate capital investment of \$35.1 million. The PILOT outlines a reduced rate on real and personal property tax over a 5-year period with 50% for years one, two, and three and 25% for years four and five.

STAFF RECOMMENDATION:

Staff recommends approval of Resolution 18-85 due to the economic investment and job creation for Spring Hill.

RESOLUTION
(PROJECT FIELD OF DREAMS)

Whereas, on May 10, 2018, a project application for Project Field of Dreams was presented to The Industrial Development Board of Maury County, Tennessee (the "Board"); and

Whereas, the Board considered and approved the application.

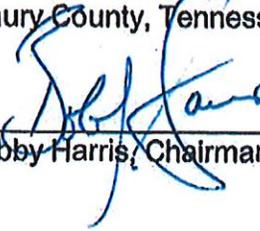
Now, Therefore, the Board approves Project Field of Dreams as follows:

1. The project is an international supplier in the automotive industry (plastics).
2. Project Field of Dreams will employ 134 employees.
3. Project Field of Dreams will make a capital investment of \$35,100,000.00.
4. Project Field of Dreams will have a weighted average salary for its employees of \$42,026.00.
5. The Board and Project Field of Dreams will enter into a PILOT on real and personal property at the schedule listed below.

Year 1	- 50% abatement
Year 2	- 50% abatement
Year 3	- 50% abatement
Year 4	- 25% abatement
Year 5	- 25% abatement
Year 6	- 0% abatement
6. The Board and Project Field of Dreams will enter into a PILOT agreement and such other documents as are necessary to enter into this transaction.

Approved and adopted May 10, 2018.

The Industrial Development Board
of Maury County, Tennessee

By 
Bobby Harris, Chairman

