

INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE CITY OF SPRING HILL, TENNESSEE AND THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF SPRING HILL, TENNESSEE RELATED TO THE ANNUAL AMOUNT OF DEDICATED TAXES IN THE SPRING HILL CROSSINGS DEVELOPMENT TAX INCREMENT AREA

This Interlocal Cooperative Agreement (“Agreement”) is made and entered into as of the ___ day of _____, 2024, by and between The Industrial Development Board of the City of Spring Hill, Tennessee and the City of Spring Hill, Tennessee (the “Parties” and each a “Party”).

RECITALS

WHEREAS, the City of Spring Hill, Tennessee (the “City”) has duly caused the incorporation pursuant to Sections 7-53-101 et seq., Tennessee Code Annotated (the "Act") of The Industrial Development Board of the City of Spring Hill, Tennessee (the "Board"); and

WHEREAS, pursuant to the Act, the Board is authorized to provide certain tax increment incentives to pay or finance certain eligible costs relating to types of projects identified in the Act; and

WHEREAS, the Board, the City, and Maury County have approved an economic impact plan (the “Plan”) for the Spring Hill Crossings Development Area (the “Plan Area”), which is attached hereto as Exhibit A; and

WHEREAS, pursuant to Tenn. Code Ann. § 9-23-103(g) and Section 6(a)(ii) of the Plan, the method to be used each fiscal year to determine the City’s dedicated taxes for debt service until tax increment collections terminate can be established by the Board of Mayor and Aldermen of the City and agreed to by the Board, as the tax increment agency; and

WHEREAS, pursuant to the Plan, the developer is constructing public infrastructure, including a much-needed major collector roadway that has been on the City’s Major Thoroughfare Plan since 2014 and that the City would have to otherwise fund or finance with general fund monies; and

WHEREAS, due to the necessity of these infrastructure improvements and the significant local option sales taxes that the City expects to receive from the Plan Area, the City is willing to adopt the methodology for the calculation of the City’s dedicated taxes in favor of the developer in the Spring Hill Crossing Development Area; and

WHEREAS, under no circumstances is the execution of this Agreement a commitment that the City will use the same methodology for the calculation of the City’s dedicated for any subsequently approved economic impact plans; and

WHEREAS, the Parties are authorized to enter into this Agreement pursuant to the Interlocal Cooperation Act, codified at Sections 12-9-101 et seq., Tennessee Code Annotated; and

WHEREAS, the Parties have agreed to enter into this Agreement in order to effect the purposes stated herein.

TERMS OF AGREEMENT

1. Dedicated Taxes Formula. The Parties hereby approve and adopt the following formula to be used each fiscal year to determine the amount of the property tax increment that must be withheld by the City to make annual City debt service payments:

$$\frac{[\text{City Increment}^1 \times \text{Net Debt Service Amount (as defined below)}]}{\text{Net Tax Collections}^2} = \text{City's Dedicated Taxes}$$

- a) The City will identify the “Net Debt Service Amount”, which is the total amount of the projected amount of debt service budgeted to be paid by the City within the fiscal year, reduced by any lawfully available City funds that can be used to pay such debt service.
- b) For example:

$$\frac{[\$4,000,000 \text{ (City Increment)} \times \$100,000 \text{ (Net Debt Service Amount)}]}{[\$36,000,000 \text{ (Net Tax Collections)}]} = \$11,111 \text{ (Dedicated Taxes)}$$

2. Term. Subject to the approvals and conditions herein, the duties and responsibilities of the Parties hereunder shall commence as of the date hereof and shall continue until the Plan’s tax increment collections terminate.
3. Default. In the event any of the Parties hereto shall fail to perform any of its obligations hereunder or shall become unable to perform by reason of bankruptcy, insolvency, receivership or other similar event, then the non-defaulting Party, so long as said Party is not itself in default hereunder, may seek specific performance, mandamus or other extraordinary relief to compel the defaulting Party to perform hereunder.
4. Cooperation of Parties. The Parties agree to cooperate with each other to facilitate the annual calculation as described herein.
5. Notices. Any notice, request, demand, instruction or other communication (a “Notice”) to be given to any Party with respect to this Agreement may be given either by the Party or its counsel and shall be deemed to have been properly sent and given when (a) delivered by hand, (b) sent by certified mail, return receipt requested, or (c) sent by reputable courier service. If delivered by hand or courier service, a Notice shall be deemed to have been sent, given and received on the date when actually received by the addressee (or on the date when the addressee refuses to accept delivery of same). If sent by certified mail, a Notice shall be deemed to have been sent and given when properly deposited with the United States Postal Service with the proper address and postage paid therewith, and shall be deemed to have been received on the

¹ Annual City property tax revenues from the Plan Area less the Base Tax Amount (as defined in the Economic Impact Plan attached as Exhibit A).

² Total budgeted City property tax collections for such fiscal year less budgeted City tax collections that are subject to allocation to fund other outstanding tax increment financings.

12. Headings. The paragraph headings are inserted only as a matter of convenience and for references and in no way define, limit or describe the scope or intent of this Agreement or in any way affect this Agreement.
13. Authorized Representatives. Any action required of or permitted to be taken pursuant to this Agreement by any of the Parties hereto may be performed by an authorized representative of the respective Party without further action by the governing body of such Party.
14. Limitation of Liability. All covenants, stipulations, promises, agreements and obligations of the Parties contained in this Agreement shall be deemed to be the respective limited covenants, stipulations, promises, agreements and obligations of the Parties, as applicable, and not of any officer, director, employee or agent of such Parties nor of any incorporator, director, employee or agent of any successor corporation to any such Party, in its individual capacity. No recourse shall be had against any such individual, either directly or otherwise under or upon any obligation, covenant, stipulation, promise or agreement contained herein or in any other document executed in connection herewith.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have caused this Interlocal Agreement to be executed by their duly authorized representatives.

CITY:

CITY OF SPRING HILL, TENNESSEE

By: _____

Title: _____

APPROVED AS TO LEGAL FORM:

By: _____
City Attorney

BOARD:

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF SPRING HILL, TENNESSEE

By: _____
Chairman

APPROVED AS TO LEGAL FORM:

By: _____
Board Attorney