

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 COMMERCE CENTER 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 Commerce Center 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 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 with an overall cap of 7.5% of the annual City Increment (as defined below) in the Spring Hill Commerce Center 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:

$$\frac{[\text{City Increment}^1 \times \text{Debt Service Amount}^2]}{\text{Net Tax Collections}^3} = \text{City's Dedicated Taxes}$$

- a) The City will then identify the “Net Dedicated Taxes Amount”, which is calculated by comparing the City’s Dedicated Taxes as calculated above to 7.5% of the City Increment and if the City’s Dedicated Taxes exceed 7.5% of the City Increment then such difference shall be reduced to 7.5% by applying any lawfully available City funds that can be used to pay debt service. If the City’s Dedicated Taxes are less than 7.5% of the City Increment, then the City’s Dedicated Taxes shall constitute the Net Dedicated Taxes Amount.

- b) For example:

$$\frac{[\$4,000,000 \text{ (City Increment)} \times \$200,000 \text{ (Debt Service Amount)}]}{[\$36,000,000 \text{ (Net Tax Collections)}]} = \$22,222 \text{ (City's Dedicated Taxes)}$$

$$7.5\% \text{ of } \$4,000,000 \text{ (City Increment)} = \$300,000$$

$$\$22,222 \text{ (City Dedicated Taxes)} \leq \$300,000$$

$$\text{Net Dedicated Taxes Amount} = \$22,222$$

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.

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 The projected amount of debt service budgeted to be paid by the City within the fiscal year.

³ 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.

affected thereby, and each remaining term shall be valid and enforceable to the fullest extent permitted by law.

9. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee. Venue and jurisdiction of any suit or cause of action arising under or in connection with this Agreement shall lie exclusively in Maury County, Tennessee.
10. Entire Agreement. This Agreement contains the entire understanding among the Parties with respect to the matters contained herein, and supersedes any prior understanding and agreements between them respecting the within subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between or among the Parties hereto relating to the subject matter of this Agreement which are not fully expressed herein. Notwithstanding the foregoing, to the extent this Agreement or any of the terms hereof shall conflict with the terms of any of the other documents or agreements referenced herein between the Parties, the terms of said documents or agreements shall control.
11. Amendments and Modifications. No amendment, modification, or alteration to this Agreement shall be valid or enforceable nor shall any waiver of any provision be effective unless such amendment, modification, or alteration is approved, in writing, by the governing body of the Parties.
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