

**MINUTES OF
THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF BRISTOL, TENNESSEE
October 22, 2018 Meeting**

IDB Members Present:

Nancy Cook
Dirk Crandell - Vice Chairman
Jeff Jones
Logan McCabe
Rob Nicar – Secretary-Treasurer
Raj Venkataraman
David Wagner - Chairman
Chad Keen – Bristol TN City Council Liaison

Staff

Tom Anderson – Director
Danielle Kiser – City Attorney
Jon Luttrell – Business Dev. Specialist
Mike Sparks – ED Staff

Also

Don Hurst – TNECD
Clay Walker - NETWORKS
Press

Call to Order:

Chairman David Wagner opened the October 22, 2018 Industrial Development Board meeting at 12:05 p.m. Roll call was made and Chairman Wagner declared a quorum present. Note: Mr. Crandell and Mr. Venkataraman arrived after the start of the meeting and did not vote on the Approval of the Minutes or the acceptance of the Financial Report.

Approval of the minutes: Chairman Wagner asked if there were any additions or deletions to the minutes. Mr. Nicar made a motion to approve the minutes of the September 24, 2018 annual meeting as presented and Mr. McCabe seconded the motion. The motion was approved unanimously.

Financial Report: Chairman Wagner asked for the financial report. Mike Sparks advised the Board that the IDB account as of 9/1/2018 had a balance of \$1,145,065.31. \$2,222.00 had been disbursed in the month of September and of the \$1,145,065.31, \$975,693.10 was the Royal ED grant funds, leaving \$169,372.21 as IDB funds in the account. Additionally, there is a \$100,000 CD with the First Tennessee Bank that will be up for renewal in November. Tom Anderson noted that \$50,000 had been deposited by the City. Mr. Jones made a motion to accept the Financial Report and Mr. Crandell seconded the motion. The motion passed unanimously.

Board Training: Ms. Kiser reviewed the duties and powers of the Industrial Development Board through a PowerPoint presentation (attached). The members discussed the various aspects of the presentation, especially the processes involved in the approval of Payment in Lieu of Taxes (PILOT) and Tax Increment Financing (TIF).

Other Business:

October 18th Hiring Event: Tom Anderson first acknowledged Jon Luttrell's being named to the 40 under 40 by the Business Journal. He further noted the Hiring Event had been a great success last week and that Jon had been responsible for the majority of the effort putting the event on. Jon Luttrell reviewed the event briefly, noting that there were 636 job seekers and 51 employers present. He commented that the businesses noted the high quality of the job seekers. Additionally, he advised the Board the City Web Page also was providing a portal for job seekers to apply to employers. A more detailed presentation will be made in the future.

Adjournment: There being no further business Chairman Wagner adjourned the meeting at 1:05 p.m.

Approved November 26, 2018



David Wagner – Chairman

Attest: 

Rob Nicar, Secretary – Treasurer

Attachments:

1. Agenda
2. Kiser presentation

**THE INDUSTRIAL DEVELOPMENT BOARD
OF
THE CITY OF BRISTOL TENNESSEE
REGULAR MEETING
AGENDA**

**MONDAY OCTOBER 22, 2018 – 12 NOON
MUNICIPAL ANNEX CONFERENCE ROOM**

1. Call to order
2. Roll Call
3. Approval of minutes – Annual Meeting September 24, 2018
4. Financial Report
5. Board training – Danielle Kiser
6. Other Business
 - October 18th Hiring Expo
7. Adjourn



**Tennessee Industrial
Development Corporations:
Powers, Duties and Limitations.**

History of Bristol's IDB

- 1955 - Industrial Development Corporations authorized in Tennessee
- 1964 – Petition for Incorporation filed with City Board of Commissioners by Karl T. Smith, I. S. Mainous, and Benjamin R. Powers
- 1964 – Certificate of Incorporation filed. Purposes:
 - Promoting industrial development of Bristol, TN and surrounding areas
 - Exercise all authority allowed to industrial development corporations under state law

What's the purpose of an IDB?

TCA § 7-53-102:

- Maintain and increase employment opportunities
- Increasing the production of agricultural commodities
- Increasing the quantity of housing available in affected municipalities
- Eliminating pollution



Inducing manufacturing, industrial, governmental, educational, financial, service, commercial, recreational and agricultural enterprises to locate in or remain in Tennessee.

What Can IDBs do?

- Acquire, improve, maintain, equip and furnish projects
 - Lease projects & collect rents
 - Sell projects
 - Borrow/lend money
 - Issue bonds
 - Employ agents and employees
- DO NOT** operate project themselves.



How does an IDB operate?

- In the sunshine – all meetings for any reason must be open to the public.
- At least 7 directors
 - Duly qualified
 - Taxpayers in the municipality
- No compensation for Directors
- Directors elected by governing body for 6 year terms
- May not be an officer/employee of municipality
- Preference given to members of Chamber of Commerce.

IDBs Own or Finance Projects:

- Industrial land and buildings
- Commercial enterprises involved in products of agriculture, mining or industry
- Canals, ports or port facilities
- Off street parking facilities
- Docks, dock facilities, or Harbor facilities
- Railroads, monorails, and tramways
- Office buildings
- Buildings for health care or related facilities
- Buildings of nonprofit educational institutions
- Planetariums or museums
- Border Region Projects
- Recovery zone properties
- Certain recreation or amusement parks, public parks, or theme parks
- Multifamily housing facilities for persons of low or moderate income, the elderly, or disabled persons
- Facilities for Job Training Partnership Act programs
- Facilities for qualified conservation purposes under the Internal Revenue Code
- Pollution control, coal gasification, and energy production facilities
- Agricultural land or buildings
- Tourism attraction requiring investment of at least \$75,000,000.
- Biofuels or petroleum projects

Where do IDBs get funding for Projects?



- Property Taxes:
 - PILOT arrangements
 - Tax Increment Financing Vehicles
- Loans/appropriations of funds from municipality
- State or Federal Grants

PILOT Arrangements in Brief:

- IDB Property is **TAX EXEMPT**.
- IDB may lease its property to private parties, and receive payments in lieu of taxes.
- Company conveys property to IDB, which then leases property back to Company.
- Net result is that Company saves what it would have paid in property taxes (minus PILOT payment).

Example:

- Facilities worth \$1,000,000
- Assessed at 40% of Market Value
- City Taxes: \$2.16/\$100
- County Taxes: \$2.55/\$100
- Tax Savings to Company:

City: \$8,640/year

County: \$10,200/year

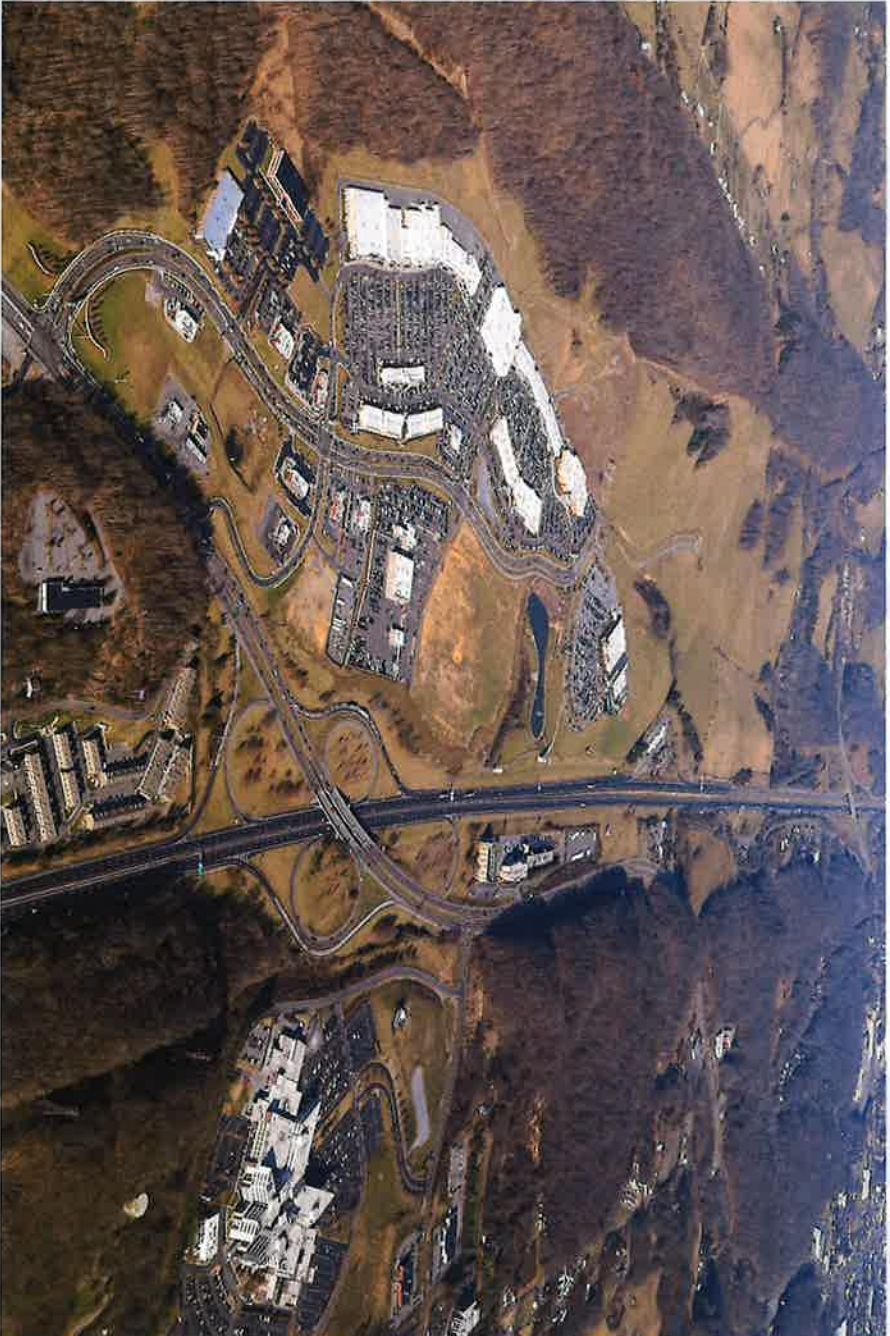
Tax Increment Financing of Projects:

- IDB submits an economic impact plan to local governing body/ies.
- If approved, property taxes on subject property are paid to IDB.
- IDB uses TIF revenue for Project costs.
- Portion of Pinnacle is financed with TIF revenue.
 - 2017 City Property Tax Collection from Pinnacle: \$1,058,940.00
 - Minus Base Tax and Debt Service: \$92,981.59
 - Available to fund Project/Pay Bonds in 2017: \$965,958.42

IDB Bonds

- IDBs are authorized to issue bonds to finance construction or acquisition of a Project.
- Principle and Interest on bonds is payable solely from revenues of IDB's Project(s).
 - No recourse to local governing body.
 - No authorization to pledge taxing power of local governing body.
- When IDB issues debt, it's required to report the debt to State Funding Board, including any notice of default on debt obligations.

IDB Bonds



Ethical Considerations...

- Conflicts of Interest (State Law)
 - No Director may have a direct interest in any contract that the IDB is a party to.
 - Direct Interest = contract with Director personally, or with business he controls as sole proprietor, partner, or owner of controlling interest.
 - If a Director has an indirect interest in such a contract, must publicly acknowledge it.
 - Indirect interest = any interest that's not direct, or direct interest where director is sole source of goods and services.
 - Existence of contract is unlawful. RECUSAL IS NOT ENOUGH.
- Penalty: forfeit compensation for contract; dismissed from position; ineligible for same/similar position for 10 years.

More Ethical Considerations...

- City Code of Ordinances applies to elected/appointed officials & employees.
- Official with personal interest in subject of vote must disclose interest, and may recuse him/herself from voting.
- Personal Interest =
 - Financial, ownership or employment interest in subject of vote by IDB.
 - Financial, ownership or employment interest in matter to be regulated/supervised.
 - Financial, ownership or employment interest of official's spouse, parents, step-parents, grandparents, siblings, children, or step-children.
 - Employment interest includes negotiating prospective employment.

Even More Ethical Considerations...

- City Code of Ethics also prohibits:
 - Acceptance of gift, money, gratuity, or favor for performing an act, as reward for past act, or that might be seen as attempt to influence official's act.
 - Exception for gifts permitted under the City's gift acceptance policy.
 - Use of information obtained through service on board to benefit self or anyone else financially.
 - Use of municipal time, facilities, equipment or supplies for private gain/advantage.
 - Use of position to gain privilege or exemption for self or others
 - Outside Employment that unreasonably inhibits performance of duties to City.
- Penalty: Censure by City Council; potential for state/federal prosecution if conduct rises to criminal level.