

RESOLUTION R-2021-09

A RESOLUTION CONSENTING TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF FAYETTEVILLE AND LINCOLN COUNTY, TENNESSEE NEGOTIATING AND ACCEPTING PAYMENTS IN LIEU OF AD VALOREM TAX WITH RESPECT TO A CERTAIN PROJECT IN FAYETTEVILLE, TENNESSEE, AND FINDING THAT SUCH PAYMENTS ARE DEEMED TO BE IN FURTHERANCE OF THE PUBLIC PURPOSES OF THE BOARD AS DEFINED IN TENNESSEE CODE ANNOTATED SECTION 7-53-305.

WHEREAS, the Board of Mayor and Aldermen (the "Governing Body") of the City of Fayetteville, Tennessee (the "City") has met pursuant to proper notice; and

WHEREAS, the City has previously authorized the incorporation of The Industrial Development Board of the City of Fayetteville and Lincoln County, Tennessee (the "Board") as an industrial development board duly organized and existing under the provisions of Title 53 of Chapter 7, Tennessee Code Annotated; and

WHEREAS, the City has been informed that Copperweld Bimetallics, LLC, a Tennessee limited liability company or an affiliated entity approved by the Board (referred to herein as the "Developer"), intends to cause the expansion to the Developer's manufacturing facility (the "Expansion Property") for the manufacture of bimetallic products (the "Project"); and

WHEREAS, the Developer has requested the Board to acquire the Expansion Property; and

WHEREAS, the Developer has furthermore requested the Board to lease the Expansion Property to the Developer and to permit the Developer to make payments in lieu of ad valorem taxes; and

WHEREAS, Tenn. Code Ann. § 7-53-305(b) authorizes the City to delegate to the Board the authority to negotiate and accept from the lessees of the Board payments in lieu of ad valorem tax upon the finding that such payments are deemed to be in furtherance of the public purposes of the Board as defined in said Code Section.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee, as follows:

1. The Governing Body hereby finds that the negotiation and acceptance by the Board of payments in lieu of ad valorem taxes consistent with this resolution are deemed to be in furtherance of the public purposes of the Board as defined in Tennessee Code Annotated Section 7-53-305, and the Governing Body hereby consents and delegates to the Board the right to negotiate and accept such payments from the Developer.

2. The terms of the agreement between the Board and the Developer concerning payments in lieu of ad valorem taxes shall be determined by the Board; provided, however the terms of such agreement shall be consistent with the terms described on Exhibit A attached hereto.

3. The Board's agreements concerning payments in lieu of ad valorem taxes relating to the Project may contain such administrative provisions not inconsistent with this resolution as the Board deems appropriate.

4. This resolution shall take effect notwithstanding any prior resolutions to the contrary. All other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflict, hereby repealed, and this resolution shall be in immediate effect from and after its adoption.

Adopted this the 9th day of March 2021.



Mayor

ATTEST:



City Clerk

EXHIBIT A

- Term of five years
- Capital investment equal to or greater than \$2,629,400
- Creation of at least 44 new jobs
- PILOT Payments equal to the following percentage of ad valorem taxes that would otherwise be payable with respect to the Expansion Property was to be owned by the Company:

Year 1	0%
Year 2	20%
Year 3	40%
Year 4	60%
Year 5	80%

Pam Gentry

From: Stacy Rozell
Sent: Monday, February 22, 2021 11:26 AM
To: Pam Gentry; Scott Collins
Subject: FW: Copperweld Proposed PILOT
Attachments: Copperweld PILOT.pdf

Please add to the Finance Agenda for next week.

From: elaine@flcidb.com [mailto:elaine@flcidb.com]
Sent: Monday, February 22, 2021 11:14 AM
To: Stacy Rozell <stacy.rozell@fayettevilletn.com>
Cc: 'Michael Whisenant' <mwhisenant@gsqmap.com>
Subject: Copperweld Proposed PILOT

Hello Stacy,

Thanks for adding this item to next week's finance meeting agenda. As we discussed, attached you will find documentation for a proposed PILOT for Copperweld along with a cost vs benefit analysis. They will be making a total capital investment of approximately \$13,629,400.00 and creating 44 new jobs. \$11,000,000 will be in equipment and the remaining \$2,629,400 is the building/land. They are only seeking an PILOT on the building/land which means they will be paying taxes on the \$11,000,000 of equipment. IDB is proposing a 5 year PILOT for the building/land.

Elaine Middleton

Executive Director
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Industrial Development Board
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FAYETTEVILLE
LINCOLN COUNTY
INDUSTRIAL DEVELOPMENT BOARD

Payment in Lieu of Taxes Application (PILOT)

Applicant's Name: Copperweld Bimetallics LLC FEIN: 98-0467972
Contact's Name: Dustin Fox Title: VP; Engineering, Quality, and Customer Care
Address: 254 Cotton Mill Rd Phone: 931-433- 7177
City, State, Zip Code: 37334 Cell: 931-993-7908
Email: dfox@copperweld.com Fax: _____

PILOT Program for: (Check all that apply)

- ☒ Real Property (Land & Building)
☐ Personal Property (M&E)

Projected Capital Investment for:

Real Property (Land & Building): \$ 2,629,400
Personal Property (M&E): _____
Both (Real & Personal): \$ 2,629,400

Projected Employment of Project:

Year One: 16 Year Four: 6
Year Two: 19 Year Five: 0
Year Three: 3

Company/Corporation: Copperweld Bi metalli c LLC

By: Dustin J. Fox Title: Vice President Date: 2-17-21

*Non Refundable Application Fee calculated at 0.0005 X Total Capital Investment Amount.
(Not Less than \$500.00 or more than \$5,000.00)*

Application Fee Amount: \$ \$1314.70

The applicant shall reimburse the Board its direct expense's, including attorney's fees, incurred in processing this application and shall be due if application is withdrawn or denied.

*Proposed PILOT Savings are subject to final approval from the Industrial Development Board, City of Fayetteville and Lincoln County Commission.

Total Investment	2,629,400
Building & Land (Real Property)	2,629,400
Equipment (Personal Property)	-
Real Property (40% Assessment)	
Equipment (30% Assessment)	
Total Initial Annual Tax	

Real Property	City & County
\$	37,863

Total Initial Annual Tax \$ 37,863

End of Year	Pilot Savings%	Real Property Tax	Real Property Tax Savings	Real Property Tax Paid	Personal Property Tax	Personal Property Tax Savings	Personal Property Tax Paid	Total Tax	Total Tax Paid	Total Tax Savings for Company
1	100.00%	\$ 37,863	\$ 37,863	\$ -	\$ -	\$ -	\$ -	\$ 37,863	\$ -	\$ 37,863
2	80.00%	\$ 37,863	\$ 30,290	\$ 7,573	\$ -	\$ -	\$ -	\$ 37,863	\$ 7,573	\$ 30,290
3	60.00%	\$ 37,863	\$ 22,718	\$ 15,145	\$ -	\$ -	\$ -	\$ 37,863	\$ 15,145	\$ 22,718
4	40.00%	\$ 37,863	\$ 15,145	\$ 22,718	\$ -	\$ -	\$ -	\$ 37,863	\$ 22,718	\$ 15,145
5	20.00%	\$ 37,863	\$ 7,572	\$ 30,291	\$ -	\$ -	\$ -	\$ 37,863	\$ 30,291	\$ 7,572
	Total	\$ 189,315	\$ 113,588	\$ 75,727	\$ -	\$ -	\$ -	\$ 189,315	\$ 75,727	\$ 113,588

Local Incentives - PILOT Savings

Assumption 1) Personal Property investment is all in manufacturing machinery category, which is depreciated over seven years with a bottom value of 20% of the original basis. All equipment included in this agreement belongs in Group 5 for classification purposes.

Assumption 2 All real property and personal property will be sold to the Industrial Board and leased back to company for a token amount. At the conclusion of the pilot, the Industrial Board will transfer the property back to the project.

Cost Versus Benefit Analysis for Payment In Lieu of Ad Valorem Tax

Instructions: Complete fields shaded gray. Additional comments and information about costs or benefits associated with the project may be attached.

Date: 2/17/2021

Person Completing the Form: G. Mark Mamantov

Title: Attorney - Bass, Berry & Sims, PLC

Lessor: The Industrial Development Board of the City of Fayetteville and Lincoln County, Tennessee
 Lessee: Copperweld

Lease Term: Term Beginning Date: Total Term Ending Date:

Comments/Description: This PILOT is to encourage the equipping of a manufacturing facility of bi-metallic wire products in the City of Fayetteville, Tennessee.

Industry Group (drop down box): 31-33 Manufacturing
 NAICS Code (drop down box): 33351B Rolling mill and other metalworking machinery manufacturing

Step 1	44	x	\$30.24	x	2080	=	\$2,767,565	x	2.118	\$5,862,256
	Number of New Jobs		Average Hourly Wage		Hours		Direct Income		Earnings multiplier*	Total New Direct, Indirect & Induced Income
Step 2	44	x	2.8882	=	127.1					
	Number of New Jobs		Employment multiplier*		Total Number of New Direct, Indirect & Induced Jobs					
Step 3	\$5,862,256	x	0.0942	=	\$552,224	x	.606*	=	\$334,648	\$54,213
	Direct, Indirect & Induced Income				New Total Annual State Tax		New Annual State Sales Tax		New Annual Local Sales Tax	

Total New Direct, Indirect & Induced Jobs: 127.08
 Total Direct, Indirect & Induced Income: \$5,862,256
 Total of New Annual State & Local Sales Tax: \$388,861

Amount of Local Taxes Abated Annually: 100%
 (1st year 100%)
 Date of Delegation Resolution: TBD

Market Value of Leased Real Property Improvements:	\$ 2,629,400.00
Market Value of Leased Machinery & Equipment:	\$ 11,000,000.00
Market Value of Leased Land:	\$ -
Total Appraised Value:	not yet appraised
Total Assessed Value:	not yet assessed

Annual Cost of PILOT (to be calculated internally): to be determined

*RIMS II employment and income multipliers for the State of Tennessee