

INDUSTRIAL DEVELOPMENT BOARD

October 9, 2008

6:30 pm

Present: Elbert Jones, Bruce Carter, Margaret Latham, Terry Smith, John Steinhauer

Others Attending: JoAnna Blauw, Keith Dennen, Jimmy Johnston, Danny Hale, Tommy McKnight, Lewis Bell, Mark Bush, Garry Forsythe

Absent: Ed Prow, John Zobl, John Sheley

Roll was called, and there was a quorum.

Steinhauer called the meeting to order.

PUBLIC HEARING

None

REQUEST FOR INFORMATION AND ASSISTANCE

Conceptual PIOLT for prospective new industry. Don Long and Jimmy Johnston have been working with the state to recruit and international company from Germany. The company is looking for a site for its US corporate headquarters, and Hendersonville is the only potential site in Tennessee. We are competing against Pennsylvania and Ohio. They have been working with the State of TN ECD and TVA and want to sweeten the recruitment package. The campus would have space for office, production, distribution. The project is called Project Foxtrot. It would employ about 460 people with salaries from \$30,000 to \$100,000. They would initially employ 30 -40 engineers with a total payroll of about \$31 million. The real property produced, i.e., the land purchased, would generate about \$345,000 in property taxes. See attached. THE PILOT would be on personal property, i.e., all the equipment used to operate the business. The value is about \$21 million. Long and Johnston are looking for approval of PILOT as a concept not an actual commitment at this time. The abatement would be 0% in the first 1-7 years and 100% in year 8. Depreciation would be about 12% a year. By year 7, depreciation would be significant. Total abatement would be about \$680,000.

Long added that the City of Hendersonville needs to step up and attract just this kind of project which would set the tone for Hendersonville.

Carter asked about the time line. Johnston said that they are making the proposal to the German headquarters next week. Smith asked about the acres. Johnston said the site is approximately 41 acres.

Long said that until Foxtrot steps up and commits, we won't know the exact numbers for personal property. We want to be able to say that the IDB has agreed in concept to fund PIOLT to abate personal property. This will be part of the proposal produced by the state.

There was a motion made to approve the conceptual PILOT. Smith approved; Jones seconded. Smith said that this is something the board should do. Well in line with what is going on across

the country. The project will collect real estate tax; create jobs and put that money right back into the community. Steinhauer called for a vote. The motion was unanimously approved.

Steinhauer then introduced his guest, Tommy McKnight.

MINUTES

Steinhauer called for approval of the July 10, 2008. Carter so moved; Latham seconded. The minutes were approved.

FINANCE REPORT

Carter handed out the finance report for July -- September 2008. It was a standard report except it reflected donation to Shalom Zone, as well as the rate on the CD which just renewed at 3.2. Jones moved that the report be accepted. Smith seconded. The report was approved. Carter also displayed the plaque the board received for significant contributions to Vol State/TSBDC.

FORWARD SUMNER

Don Long reported that Jimmy Johnston is working very well with all of the city ECD Directors. Forward Sumner paid for the county at a regional meeting of the ICSC in Atlanta. Johnston also said that he will be asking the board for financial support again in the near future. Long also reported that the Japanese Restaurant is going in next to Cracker Barrel. McAlister's and Buffalo Wild Wings also interested in the Indian Lake area. Capitol Corporation has now fully leased its property. McDonalds and bank approved as well as gated apartment community. The motel was approved in last night's Planning Commission meeting. Smith asked if the sales in the stores at Indian Lake are good. Long reported that they are good, but not great and still on track with the city's budget.

With the departure of Fred Bracey, the board needed to appoint a new member to the Forward Sumner board. Steinhauer asked Margaret Latham, and she accepted.

OLD BUSINESS

Mark Bush from Halo Properties handed out two reports. The first reported that the 18 month target was reached at 105% of spend goal. It was right on track. The second hand out breaks down the TIF. The next phase of the road is starting in the next 2-3 weeks. He reported that everything is on track with the arbitrage rebate. Danny Hale reported that they have sketched in the park with the amphitheatre with an additional picnic area, statue area (like Hall of Fame) and a dog park. There would also be 1 acre for the Mounted Patrol offices.

Lewis Bell had some further comments about the bond, and not about the project itself. There is a small problem with the bonds, but one that can be solved. Recently \$7-5 million were put back to Fifth Third Bank. This is not unusual, but a small portion was unable to be remarketed. The remarketing agent tries to sell the bonds, but is having trouble due to the current economic times. A lot of investors and banks will retain bonds as long as cash flow remains positive. Since cash flow is down, the holder has parked money in these bonds on a short term basis, and tender option bonds have been failing. Again, this is not unusual. Bell said that he spoke with Fifth Third Bank, and they have not taken any actions to make a remarketing draw on the letter of credit. If that were to happen, they would submit a remarketing request to trustee and bonds would become bank bonds. IDB is a party to this entire but has no liability. Since the project is going well, Bell expects things to pick up quickly. This situation does not reflect on Halo

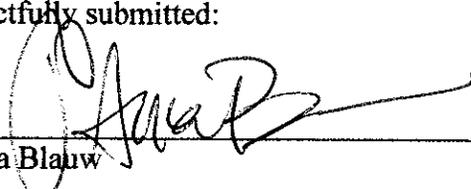
Properties, Fifth Third Bank or the IDB. It is simply a marker for the economy as it is today, and does not affect the project as a whole. The worst case scenario would take 60 days minimum before any action was taken, but there is no reason to worry.

NEW BUSINESS

None

With no further business the meeting was adjourned.

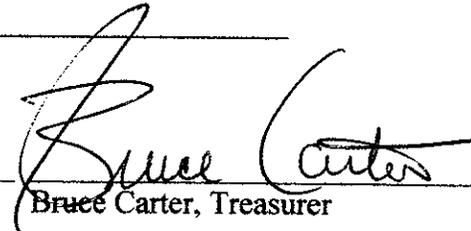
Respectfully submitted:



JoAnna Blauw



John Steinhauer, Chairman



Bruce Carter, Treasurer