



HISTORIC
FRANKLIN
TENNESSEE

ITEM #4
WRKS 11/09/2010

MEMORANDUM

November 1, 2010

TO: Board of Mayor and Aldermen

FROM: David Parker, City Engineer/CIP Executive
Eric Stuckey, City Administrator *Ei*

SUBJECT: **Jackson National Life Insurance Company**
FIDP Agreement
COF Contract No 2010-0173

Purpose

The purpose of this memo is to provide the Board of Mayor and Aldermen (BOMA) with the Agreement with the Jackson National Life Insurance Company for the FastTrack Infrastructure Development Program (FIDP).

Background

The City along with Williamson County and the State has been working with Jackson National Life Insurance Company to encourage the Company to locate their regional headquarters to Franklin. As a part of these negotiations the Mayor has committed that the City will consider and pursue a FastTrack Infrastructure Development Program (FIDP) grant for a portion of the infrastructure needed by the Company with the City funding a portion of the "local match" required by a grant. This commitment by the Mayor was with the understanding that participation in the FIDP would be subject to BOMA's approval (see Exhibit A of Resolution 2010-76 – Attachment A). The FIDP application is for infrastructure to provide a dual power supply to the Jackson National Life site and an adjacent development site.

The negotiations have progressed to a satisfactory conclusion with Jackson National Life Insurance having committed to locate their regional headquarters in the One Greenway building, a 150,000 square foot building developed by Crescent Resources in the Cool Springs area of Franklin. The project is estimated to create approximately 750 new jobs in this new regional headquarters. Williamson County has indicated that it would consider a property tax abatement of \$492,800 over the next five years and provide reduced cost for family memberships to employees (estimated value of \$100,000).

In order to participate in the FIDP, the City must enter into the grant agreement with ECD and also needs to enter into the proposed Agreement (COF Contract No 2010-0173 – Attachment B) with Jackson National Life for the cost of the project above and beyond that as to be provided by ECD (estimated at \$300,000) and City (commitment of \$200,000). The total estimated cost of the project is \$884,050; therefore Jackson National Life's commitment is \$384,050 plus any overrun of costs.

Financial Impact

The City is pursuing the FIDP grant for Jackson National Life Insurance Company for this project that has a total estimated cost of \$884,050. If Resolution 2010-76 is approved by BOMA, then the City's total commitment for the project will be \$200,000. The remaining costs will be borne by the State and



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Jackson National Life. The anticipated/estimated financial impacts for the participating parties in this project are as follows:

City of Franklin	\$ 200,000
State Economic and Community Development	\$ 300,000
Jackson National Life Insurance Company	<u>\$ 384,050</u>
Total	\$ 884,050

Funding for the local match of \$200,000 could come from the City “small capital project” allocation. Each year of the Board-adopted five-year Capital Investment Funding Plan includes an allocation of \$500,000 for “small capital” projects. Earlier this year, the Board designated \$385,000 from the 2009-10 fiscal year for a capital project, leaving \$115,000 unallocated. The Board has not identified any project funding from the current 2010-11 fiscal year allocation of \$500,000. The FIDP local match of \$200,000 could be funded through the remaining \$115,000 in the 2009-10 small capital project allocation and \$85,000 from the 2010-11 small capital project allocation.

Options

If the City intends to go forward with the proposed FIDP with the State and Jackson National Life, then there is no option as to this Agreement. The only way for the project to be accomplished through the State’s guidelines is if the City contracts for the construction and installation of the improvements.

Recommendation

Staff recommends approval of the Jackson National Life Insurance Company Agreement; COF Contract No 2010-0173; as proposed, contingent upon approval of Resolution 2010-76.

RESOLUTION 2010-76

A RESOLUTION TO APPROVE THE CITY'S COMMITMENT FOR THE JACKSON NATIONAL LIFE FASTTRACK INFRASTRUCTURE DEVELOPMENT PROGRAM (FIDP) AND TO AUTHORIZE THE REQUEST TO INCUR COSTS PRIOR TO CONTRACT EXECUTION UNDER THE FIDP.

WHEREAS, the Board of Mayor and Alderman (BOMA) of the City of Franklin, Tennessee has a commitment to maintaining a prosperous business environment; and

WHEREAS, in order to attract new business such as the Jackson National Life Insurance Company regional headquarters for Project Greenway to the City of Franklin to maintain said commitment the BOMA is pursuing a State of Tennessee FastTrack Infrastructure Development Program (FIDP) grant (see Exhibit A); and

WHEREAS, said FIDP grant total cost is in the amount of \$884,050 in order to provide redundant electric power through a switching station for Project Greenway; and

WHEREAS, the maximum the State Department of Economic and Community Development has indicated they will participate in this FIDP grant is for \$300,000.00; and

WHEREAS, the FIDP grant requires a local community and/or benefiting company to match the remainder of the costs, or for Project Greenway up to \$441,189.00; and

WHEREAS, the City and Jackson National Life Insurance have a proposal; COF Contract No 2010-0173; to share the local commitment for this FIDP grant with the City's portion not to exceed \$200,000.00 and Jackson National Life's portion being \$221,189.00 plus any additional costs; and

WHEREAS, in order to include early contract activity costs for the Jackson National Life Project Greenway FIDP in the proposed FIDP grant, the City of Franklin must provide to the Program Management Section of the Tennessee Department of Economic and Community Development a "Certification Supporting Request to Incur Costs Prior to Contract Execution Under the FastTrack Infrastructure Development Program" (Exhibit B).

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, that;

1. The Mayor is hereby authorized to enter into a contract with the state under the FastTrack Infrastructure Development Program (FIDP) for the Jackson National Life Project Greenway Switching Station and Secondary Power Line project with the City of Franklin with a local match of approximately \$441,189.00 with the City's commitment not to exceed \$200,000.00 to be paid from the Capital Projects or General Funds; and
2. The Mayor is hereby authorized to request permission to incur costs for contract activities for the Jackson National Life Project Greenway Switching Station and Secondary Power Line project under the FastTrack Infrastructure Development Program (FIDP).

IT IS SO RESOLVED AND DONE on this 9th day of November 2010.

ATTEST:

CITY OF FRANKLIN, TENNESSE

By: _____

ERIC S. STUCKEY
City Administrator

By: _____

JOHN C. SCHROER
Mayor

Approved as to Form

By: _____

Sauna R. Billingsley
City Attorney

DRAFT

Exhibit A



March 9, 2010

Mike Wells
Vice Chairman and Chief Operating Officer
Jackson National Life Insurance Company
401 Wilshire Blvd., Suite 1200
Santa Monica, CA 90401

Dear Mr. Wells,

Thank you for considering Williamson County, Tennessee as a potential location for a regional headquarters for Project Greenway. As home to 13 of the top 25 largest publicly traded companies in the Nashville region, including numbers one through four and seven of the top 10, Williamson County invites private sector investment through its long-term commitment to maintaining a prosperous business environment.

With the lowest property tax rate of any large city in Tennessee and without a rate increase in 21 years, the City of Franklin commits to maintaining a prosperous business environment. As the only Aaa rated county in Tennessee and a property tax rate of \$2.31 per \$100 of assessed value (the third lowest in the Nashville region and roughly half of the rate in Nashville/Davidson County), Williamson County commits to maintaining a prosperous business environment. These commitments will lead to significant long-term costs savings for the client and their employees who choose to reside in Williamson County.

The Williamson County Board of Commissioners has a long-standing history of commitment to the quality of the Williamson County public schools. During the past 15 years, the percentage of local funding provided to the operation of schools has ranged from 56% to 64% in 2009. During the same time frame, Williamson County has constructed 18 new school facilities located throughout the 584 square miles of the county. With the highest standardized test scores and graduation rates in the State of Tennessee, maintaining a strong public education system is the number one priority of Williamson County.

Williamson County and the City of Franklin are eager to invest in the client and offer the following commitments:

Property Tax Abatement

Subject to legal approval, Williamson County would offer a five (5) year maximum real property tax abatement, not to exceed \$492,800. Per the attached "Schedule A", this would include a provision that a Payment In-Lieu-Of Taxes be provided for the General Purpose School Fund, in an amount equal to the school tax rate applied to the client's assessed value of personal and real property based on the effective tax rate each year.

With this proposal, Williamson County proposes a 40% property tax abatement over a five (5) year period, pro-rated as follows to begin on January 1, 2011. This 40% abatement does not include the portion of property taxes specifically earmarked for the operation of the school system. As outlined, Williamson County's property tax abatement over this five (5) year period totals approximately \$492,800.00, based on an estimated building value of \$28,000,000.

Additionally, Williamson County proposes that "Project Greenway" agree to pay legal fees and related costs incurred by Williamson County Government and/or the Industrial Development Board in establishing this PILOT Agreement, up to \$10,000, after which said legal costs would be shared equally between "Project Greenway" and Williamson County.

This offer is specific to the "Project Greenway" client and this proposed project. It cannot be assigned, and is non-transferrable. Participation in the PILOT program is subject to approval of the County Commission of Williamson County, Tennessee, the Williamson County Industrial Development Board, and the Governing Body of the Municipality, when applicable.

COMMITMENT
\$492,800

Fast Track/Concierge Permitting

The City of Franklin commits to assign a dedicated staff member from the Department of Codes Administration to expedite the build-out of office space in Williamson County to meet the deadline of the client (please see attached letter for more detail).

Infrastructure

The City of Franklin commits to participate in pursuing a State of Tennessee's FastTrack Infrastructure Development Program grant of up to, and to not exceed, \$500,000 dollars for a switching station to provide redundant power. Under the terms of such a grant, the local community "matches" a portion for each infrastructure grant administered by the State of Tennessee Department of Economic and Community Development. The match percentage in Williamson County is 40%. The City of Franklin has agreed to pursue funds to match 40%, or \$200,000 dollars.

This offer is specific to the "Project Greenway" client and this proposed project. It cannot be assigned, and is non-transferrable. Participation in the grant program is subject to approval of the City of Franklin Board of Mayor and Alderman.

COMMITMENT
\$200,000

Family Wellness Membership

Williamson County commits to providing Project Greenway employees with a half-price membership to the award-winning Williamson County Parks and Recreation facilities, for a period of one year, at 30 recreational facilities located throughout the county.

COMMITMENT
\$100,000 in value
(\$100.00 Annual Family Passes x 1,000 employees)

SUMMARY

Property Tax Abatement	\$492,800
Infrastructure	\$200,000
Health Club Membership	\$100,000 in value

TOTAL COMMITMENT:
\$792,800

These proposals are specific to this client, "Project Greenway". If ownership or occupancy change in future years, this offer would be subject to revision. This proposal offered is subject to the approval of our respective governing bodies, upon receipt of the appropriate approvals from you. We respectfully request your positive consideration and await an opportunity to further review and discuss this proposal.

Sincerely,



John C. Schroer, Mayor
City of Franklin, TN



Rogers C. Anderson, Mayor
Williamson County, TN

RCA/JCS/ml

Attachment

WILLIAMSON COUNTY PROPERTY TAX ABATEMENT
(Payment in-lieu-of Taxes)
Schedule A – Project Greenway

	<u>Estimated County taxes</u> <u>(real property)</u>	<u>Abated Amount</u> <u>(40% non-school portion)</u>	<u>Local Employees</u> <u>(total number)</u>
2011	\$246,400	\$98,560	335
2012	\$246,400	\$98,560	439
2013	\$246,400	\$98,560	624
2014	\$246,400	\$98,560	723
2015	\$246,400	\$98,560	723
TOTAL	\$1,232,000	\$492,800	723

**AGREEMENT
FOR THE JACKSON NATIONAL LIFE INSURANCE REGIONAL HEADQUARTERS
FASTTRACK INFRASTRUCTURE DEVELOPMENT PROGRAM (FIDP)**

COF Contract No. 2010-0173

This Agreement is between the City of Franklin, Tennessee ("City") and Jackson National Life Insurance Company ("Company"), entered into on this the ____ day of _____, 2010.

WHEREAS, in order to attract new business such as the Jackson National Life Insurance regional headquarters to the City of Franklin the Franklin Board of Mayor and Aldermen (BOMA) have committed to the pursuance of a State of Tennessee FastTrack Infrastructure Development Program (FDIP) to assist the Company in its endeavor to locate in the City; and

WHEREAS, the City has agreed to assist the Company in the installation of a back-up electrical power source to be known as the Project Greenway Switching Station and Secondary Power Line ("Project") with an estimated cost of \$884,050.00; and

WHEREAS, said Project will provide benefit to a larger area than just the properties to be occupied by the Company; and

WHEREAS, the FIDP grant requires that any construction contract for the work covered under the grant be handled by the City through their normal procurement process; and

WHEREAS, the FIDP grant through the Tennessee Department of Economic and Community Development is expected to only cover approximately \$300,000.00 of the Project cost ; and

WHEREAS, the City's commitment of up to \$200,000.00 does not provide enough funds for the entire Project's estimated cost; and

WHEREAS, the Company has agreed to provide the remaining funding for the Project.

NOW, THEREFORE, the City and the Company, their successors and assigns, do hereby agree as follows:

1. The foregoing recitals are incorporated into this Agreement and made a part thereof.
2. The City agrees to pursue and enter into, if approved, a FastTrack Infrastructure Development Program Grant with the Tennessee Department of Economic and Community Development for the installation/construction of the Greenway Switching Station and Secondary Power Line Project with an estimated cost of \$884,050.00.
3. The City shall provide the contract procurement and management services required for the Project as part of the FIDP Grant local match, said match shall not exceed \$200,000.00.
4. The Company shall be responsible for all the Project costs, estimated to be \$384,050.00, beyond that provided for by the City and the State.

5. The Company shall authorize their consultant, Gresham Smith and Partners, to release for use by the City the construction documents prepared for the installation/construction of the Project.
6. The Company shall be responsible for and incur all costs associated with all future maintenance/replacement of any landscaping and the pedestrian trail damaged and/or replaced during the construction of the Project starting on the date of Project close-out and acceptance by the City.

As approved by the Franklin Board of Mayor and Aldermen on _____, 2010.

WITNESS our hands on the dates as indicated.

CITY OF FRANKLIN, TENNESSEE

Attest:

By: _____
JOHN C. SCHROER
 Mayor

By: _____
ERIC S. STUCKEY
 City Administrator/Recorder

Date: _____

Date: _____

APPROVED AS TO FORM:

By: _____
 Shauna R. Billingsley, City Attorney

JACKSON NATIONAL LIFE INSURANCE COMPANY

By: _____

Print Name: _____

Title: _____

Date: _____