

**STATE OF TENNESSEE  
COUNTY OF HAMBLEN  
CORPORATION OF MORRISTOWN  
JUNE 21, 2011**

The City Council for the City of Morristown, Hamblen County, Tennessee, met in regular session at the regular meeting place of the Council in the Morristown City Center at 4:00 p.m., Tuesday, June 21, 2011 with Honorable Mayor Danny Thomas, presiding and the following named Councilmembers present: Gene Brooks, Bob Garrett, Claude Jinks, Chris Bivens, Paul LeBel and Kay Senter.

Councilmember Jinks made a motion to approve the June 7, 2011 minutes as circulated; Councilmember Bivens seconded the motion and all voted "aye".

Mayor Thomas congratulated Councilmember Kay Senter who was recently sworn in as President for the Tennessee Municipal League.

Mayor Thomas presented Buddy Fielder with an award the city received from the East Tennessee Development District for the Evelyn Johnson Airport Terminal Project. The Mayor expressed his appreciation to Mr. Fielder and all who had worked so hard on this project.

A public hearing was held on the following captioned Ordinance No. 3419. Councilmember Jinks made a motion to adopt said Ordinance on second and final reading. Councilmember Bivens seconded the motion and upon roll call, Councilmembers Brooks, Jinks, Bivens, Senter, and Mayor Thomas voted "aye", Councilmembers Garrett and LeBel voted "no".

**Ordinance No. 3419**

**Entitled an Ordinance establishing expenditure appropriations for the Fiscal Year beginning July 1, 2011 and ending June 30, 2012 and further approving the City Administrator's Proposed Budget with such modifications as deemed necessary or desirable by the Morristown Tennessee City Council for the Fiscal Year 2011/2012.**

A public hearing was held on the following captioned Ordinance No. 3420. Councilmember Jinks made a motion to adopt said Ordinance on second and final reading. Councilmember Senter seconded the motion and upon roll call, all voted "aye".

**Ordinance No. 3420**

**Entitled an Ordinance to Fix the Rate for Ad Valorem Real and Personal Property Tax for the Tax Year of 2011.**

A public hearing was held on the following captioned Ordinance No. 3421. Councilmember Senter made a motion to adopt said Ordinance on second and final reading. Councilmember Bivens seconded the motion and upon roll call, all voted "aye".

**Ordinance No. 3421**

**Entitled an Ordinance to Amend Section 18-503(3) of the Morristown Municipal Code.**

A public hearing was held on the following captioned Ordinance No. 3393.17. Councilmember Jinks made a motion to adopt said Ordinance on second and final reading. Councilmember Bivens seconded the motion and upon roll call, all voted "aye".

**Ordinance No. 3393.17**

**Entitled an Ordinance to Amend Ordinance Number 3393, The City of Morristown, Tennessee Annual Budget for the Fiscal Year 2010-2011 for Grant Funding for Firefighting Boots. This is for two different Federal Grants from 2009 and 2010.**

Councilmember Garrett made a motion to approve the following Resolution No. 10-11. Councilmember Bivens seconded the motion and upon roll call, all voted "aye".

**Resolution No. 10-11**

**Being a Resolution to Authorize the Submission of a Fast Track Infrastructure Program (FTIDP) application to fund conduit improvements that would serve Alcoa Power and Propulsion, in Morristown, Tennessee.**

WHEREAS, the City of Morristown supports the creation of manufacturing jobs within its jurisdiction; and

WHEREAS, ALCOA POWER AND PROPULSION has indicated its intent to develop new manufacturing facilities in the Morristown Airport Industrial District, with an estimated investment of \$25 million and the creation of approximately 200 new jobs over the next three years; and

WHEREAS, the State of Tennessee offers local governments grant funds to finance site improvements associated with job creation projects through its Fast Track Infrastructure Development Program (FTIDP); and

WHEREAS, the City of Morristown must submit a formal application in order to acquire Fast Track Infrastructure Development Program (FTIDP) funds to support the expansion of the Morristown Airport Industrial District.

NOW, THEREFORE, BE IT RESOLVED that the Morristown City Council hereby authorizes the Mayor or his representatives to prepare and submit a Fast Track Infrastructure Development Program Grant application for up to \$260,000 to fund 74% of the cost of conduit improvements that are proposed to serve Alcoa Power and Propulsion in the Morristown Airport Industrial District.

BE IT FURTHER RESOLVED that Alcoa Power and Propulsion will contribute 26% of the project costs, estimated at \$67,600 to the project in order to satisfy the local share requirements of the FTIDP program.

Adopted this 21st day of June 2011

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Danny Thomas, Mayor  
City of Morristown

ATTEST:

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Anthony Cox  
City Administrator

Under New Business a presentation was given by R. Jack Fishman, Chairman of the Industrial Development Board in regards to Project Victory – Freedom Energy Diesel Developments proposal to design and build a plant to be located in the East Tennessee Progress Center. The Industrial Development Board recommends the city sell one hundred sixteen (116) acres in the East Tennessee Progress Center at three thousand dollars (\$3,000) per acre to Freedom Energy Diesel Development and acquire an additional nine (9) acres for Railroad and Right-of-Way.

Councilmember Garrett made a motion to approve the following Resolution No. 11-11. Councilmember Jinks seconded the motion and upon roll call, all voted “aye”.

**Resolution No. 11-11**

**Being a Resolution of the City Council of the City of Morristown, Tennessee Authorizing the City Administrator to Sell, Lease and Acquire certain Real Property Interests in the East Tennessee Progress Center**

WHEREAS, an industrial prospect (Project Victory) has expressed an interest in locating its closed loop coal gasification facility in the East Tennessee Progress Center (the "Project") on a site consisting of approximately 115 acres, portions of which are not presently owned by the City of Morristown; and

WHEREAS, the Project would consist of the manufacturing facility of approximately 550,000 square feet plus office space at an anticipated cost of \$39,000,000.00, with machinery and equipment projected to cost \$364,000,000.00, and

would create approximately 450 jobs by January, 2013 and an additional 150 jobs within 18 months of commencement of operations at an average annual wage of \$42,000.00; and

WHEREAS, the Industrial Development Board for the City of Morristown on June 10, 2011 adopted Resolution No. 2118 making certain requests of the City of Morristown with respect to such prospect, a copy of said Resolution and Minutes of the meeting of the Industrial Development Board being attached hereto as Exhibit A; and

WHEREAS, it appears to the governing body of the City of Morristown that the Project would be highly beneficial to the City, Hamblen County and the surrounding area; and

WHEREAS, the Industrial Development Board has entered into a letter of understanding with the principles of the Project by Agreement dated June 3, 2011, which is attached hereto as Exhibit B.

NOW, THEREFORE, be it resolved by the City Council of the City of Morristown, that the City Administrator be and he hereby is authorized to purchase on behalf of the City, at the appraised value, or if necessary, to acquire by eminent domain, certain property interests belonging to Wallace and Howell, which acquisitions are necessary for the completion and functionality of the Project site; and

FURTHER resolved, that the Mayor is authorized to execute a deed on behalf of the City conveying the property to the prospect at a cash price of \$3,000.00 per acre, which shall be prorated for any partial acre; and

FURTHER resolved that the Mayor is authorized to execute a lease on lots 6 and 7 of the East Tennessee Progress Center to prospect for a period not to exceed eighteen months for the lease price of \$10, the property to be used by prospect for staging purposes only.

Passed in regular session this 21st day of June, 2011.

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Mayor

ATTEST:

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City Administrator

## **Exhibit A**

Taken from the minutes of the meeting of the Industrial Development Board of the City of Morristown on June 10, 2011.

Re: Project Victory

The Chairman then presented a prospect for the board to consider. Project Victory is a proposed project that will invest over \$400 million (\$39 million in building and \$364 in machinery & equipment) and create approximately 450 jobs initially with another 150 jobs added after 18 months of operation. They also estimate that the construction of the facility will employ some 1,000 people. This project is a coal gasification process in a closed-loop system. This is a clean technology, with no emissions, and the only waste is inert rock that can be used as building material such as asphalt. They are proposing to build a 550,000 sq. ft. building on 115 acres in the *East Tennessee Progress Center*. The project will require rail. They will be bringing in 8,000 to 10,000 tons of coal per day by rail and propose to produce 1 million gallons of fuel per day, that will be hauled out by approximately 112 truck containers per day. They will be running 3 shifts per day, 6 days per week. The Executive Committee of the Industrial Board has entered into a Letter of Understanding with this prospect. Randy Corlew detailed the plans for the rail to come into the park and to the site. This will involve the closing of the connection between Power Dr. and Technology Way as well as a bridge being built for Technology Way. It will also require that portions of Lots 6 and 8 be used in order to bring the rail to the site. A P.I.L.O.T. program has been offered for the project that will abate the personal property by 100% for 5 years. They would like to break ground by the end of June 2011 and for grading of the site to begin in 30 days of approval of the project. Construction is slated to be complete by the end of 2012. The prospect does understand that there is a claw back in the agreement that states that the project construction must commence within 12 months. If this does not happen then company officials will be required to deed the 115 acres back to the City of Morristown at no cost. Upon motion by Smith, second by Swann, Resolution No. 2118 was introduced. The following vote was recorded:

Ayes – 10

Noes – 0

The Chairman declared Resolution No. 2118 approved. Resolution No. 2118 is as follows:

## RESOLUTION NO. 2118

**WHEREAS, an industrial prospect (“Project Victory”) has expressed an interest in locating its closed loop coal gasification facility in the East Tennessee Progress Center (the “Project”) on a site consisting of 115 acres, portions of which are not owned by the City of Morristown; and**

**WHEREAS, the Project would consist of a manufacturing facility of approximately 550,000 square feet plus office space at an anticipated cost of \$39 Million, with machinery and equipment projected to cost \$364 Million and would create approximately 450 jobs by January, 2013 and an additional 150 jobs within 18 months of commencement of operations at an average annual wage of \$42,000.00; and**

**WHEREAS, it appears that the Project would be an economic boon to Morristown, Hamblen County and the surrounding area;**

**NOW, THEREFORE, BE IT RESOLVED by The Industrial Development Board of the City of Morristown, Tennessee as follows:**

- 1. That it hereby ratifies and confirms the memo of understanding dated June 3, 2011.**
- 2. That it approve a PILOT agreement under the existing program for this Project.**
- 3. That it authorize the use of Lots 6 and 7 of the East Tennessee Project Center for use as a staging area for the construction of the Project.**
- 4. That it recommends to the City Council of the City of Morristown the following:**
  - a. That the City purchase the Wallace property and the Howell property necessary for the completion and functionality of the Project site.**
  - b. That the City sell the Project site to Project Victory at a sales price of \$3,000.00 per acre.**
  - c. That it authorize the commencement of the necessary engineering work required for the Project.**
  - d. That it take necessary action to close Howard Allen Road and a portion of Power Drive.**

- e. That it undertake to annex any property within the Project site not already within the City limits of the City of Morristown.**
  - f. That it apply for such grants, loans and other assistance as may be available for the necessary infrastructure, railroad and site development such as FasTrack, ECD, SIA, ARC, EDA, RR, TVA, DOE.**
- 5. That the Chairman, Vice Chairman and Secretary are authorized to take such further action as may be necessary or appropriate to further the intents and purposes of this resolution.**

## **Exhibit B**

*(Letter from Industrial Development Board of the City of Morristown)*

Mr. David Hopkins  
Freedom Energy Diesel, LLC  
2095 Highway 211  
Suite 2 F-204  
Braselton, Georgia 30517

David Hopkins, Chairman  
D4 Capital Holdings, LLC  
2095 Highway 211  
Suite 2 F-204  
Braselton, Georgia 30517

Dear Mr. Hopkins:

The Industrial Development Board of the City of Morristown, Tennessee was pleased to meet with you regarding the proposed location of a closed loop coal gasification facility in the East Tennessee Progress Center. This letter will outline the proposed incentives which Morristown and Hamblen County would provide to assist in this project.

This facility would be located in the East Tennessee Progress Center in the area generally outlined on Attachment A consisting of approximately 115 acres valued at \$17,500 per acre. The manufacturing facility is approximately 550,000 square feet plus 20,000 square feet of office space at a cost of \$39 Million. The machinery and equipment for this facility is anticipated to cost \$364 Million. This project would create approximately 450 jobs by January 1, 2013 and an additional 150 jobs within eighteen months of commencement of operations. The average annual wage at this facility is expected to be \$42,000.

Based upon the foregoing, this project would be eligible for a five year 100% reduction of the personal property taxes for the machinery and equipment under the existing PILOT Program of The Industrial Development Board of the City of Morristown, Tennessee.

The City of Morristown would sell the real estate to you at a discounted price of \$3,000 per acre.

Your company would assume all costs of installing the rail access and the grading and other site costs. However, we will apply for a State of Tennessee Fast Track Grant for Infrastructure and Training which, if received, would lessen these costs. We will work with you to facilitate all applications for various incentives available from the State as well as other incentive programs from the utility providers which offer substantial rate reductions for industries utilizing large quantities of their fuel. Other incentive programs



which might be available are listed on Attachment B.

Due to your aggressive schedule, we would anticipate up to thirty days from your concurrence with this letter to conduct your due diligence on the real estate with a closing to follow within thirty days. The closing can occur in more than one transaction. The real estate would be acquired for the discounted price of \$3,000 per acre based upon an accurate survey. You agree that if construction has not commenced on the facility within twelve months of the date of closing, you would re-convey the property free and clear of any encumbrances at no cost to the City.

We appreciate the opportunity to discuss this project with you and trust you will find Morristown/Hamblen County the appropriate location for this project. If this correctly sets forth our understanding of the project and the commitments thereunder, please signify by signing at the foot of this letter and returning a copy.

James Craine, Vice Chairman  
The Industrial Development  
Board of the City of  
Morristown, Tennessee

C. Thomas Robinson, Secretary  
The Industrial Development  
Board of the City of  
Morristown, Tennessee

Agreed to and accepted this 3<sup>rd</sup> of June, 2011

D4 Capital Holdings, LLC

Freedom Energy Diesel, LLC

*(Signed by D4 Capital Holdings, LLC & Freedom Energy Diesel, LLC, signed copy in ordinance archive)*

Councilmember Senter made a motion to approve the following Resolution No. 12-11. Councilmember Garrett seconded the motion and upon roll call, all voted "aye".

**Resolution No. 12-11**

**Being a Resolution of the City Council of the City of Morristown be entered into a Contract with the Tennessee Department of Transportation for Assistance in Construction and Completion of a Proposed Industrial Access Highway under the Provisions of the Industrial Highway Act of 1959.**

WHEREAS, City of Morristown, Tennessee, is vitally interested in the economic welfare of its citizens and wishes to provide the necessary leadership to

enhance this area's capabilities for growth and development, and

WHEREAS, the provision of jobs to area citizens by local industry is both necessary and vital to the economic well-being of the City of Morristown, and

WHEREAS, the Industrial Highway Act of 1959 authorizes the Tennessee Department of Transportation to contract with cities and counties for the construction and maintenance of "Industrial Highways" to provide access to industrial areas and to facilitate the development and expansion of industry within the State of Tennessee, and

WHEREAS, on June 10, 2011 the Freedom Energy Diesel, LLC plans to construct a

Coal Gasification Facility in the City of Morristown, and

WHEREAS, the construction of an industrial access road to serve said proposed plant is necessary and vital to the successful completion of this project and the future economic well-being of this area,

NOW, THEREFORE BE IT RESOLVED by the City of Morristown, that a contract be entered into with the Tennessee Department of Transportation for assistance in construction and completion of the herein proposed industrial access highway under the provisions of the Industrial Highway Act of 1959.

Adopted this 21<sup>st</sup> day of June 2011.

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Danny Thomas, Mayor City of Morristown

ATTEST:

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Anthony Cox, City Administrator

Councilmember Senter made a motion to adopt the following captioned Ordinance No. 3422 on first reading and schedule a public hearing relative to final passage of said Ordinance for July 5, 2011. Councilmember Garrett seconded the motion and upon roll call, all voted "aye".

**Ordinance No. 3422**

**An Ordinance to Annex Certain Territory and to Incorporate same within the Corporate Boundaries of the City of Morristown, Tennessee.**

{Annexation of property located in the East Tennessee Progress Center, 1520 Howard Allen Road (Hamblen County Tax Map 57, Parcel 63) and 1512 Witt Road (Hamblen County Tax Map 57, Parcel 64.01), with the Zoning Classification of Heavy Industrial (HI).}

Councilmember Senter made a motion to adopt the following captioned Ordinance No. 3423 on first reading and schedule a public hearing relative to final passage of said Ordinance for July 5, 2011. Councilmember Garrett seconded the motion and upon roll call, all voted "aye".

**Ordinance No. 3423**

**An Ordinance to Annex Certain Territory and to Incorporate same within the Corporate Boundaries of the City of Morristown, Tennessee.**

{Annexation of property located in the East Tennessee Progress Center, 1538 Howard Allen Road (Hamblen County Tax Map 62, Parcel 2), with the Zoning Classification of Heavy Industrial (HI).}

Councilmember Senter made a motion to award a contract for Engineering Services to Wilbur Smith Associates, Inc. for roadway and railroad improvements associated with the Freedom Energy Diesel Development. Councilmember Garrett seconded the motion and upon roll call, all voted "aye".

Councilmember LeBel made a motion to amend the Agenda. Councilmember Jinks seconded the motion and upon roll call, all voted "aye".

Councilmember Jinks made a motion to accept the Proposed Settlement Agreement in the case City VS. Koch Foods. The settlement will have Koch foods paying to the city \$750,000. Councilmember Bivens seconded the motion and upon roll call, all voted "aye".

Mayor Thomas adjourned the June 21, 2011 meeting.

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Mayor

ATTEST:

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City Administrator