

Hot Topics for Tennessee cities and towns

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#51

Growth Plan Policy Requires Joint Development Board

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As part of the urban growth planning process, *Tennessee Code Annotated (T.C.A.)* 6-58-114 requires each county to establish a Joint Economic and Community Development Board by interlocal agreement.

The board's purpose is to foster communication about economic and community development among governmental entities, industry, and private citizens.

Each board should consist of county and city government officials, private citizens, industry and business leaders, the county executive, the mayor or city manager of each city within the county, and one property owner. An interlocal agreement will determine the board's final makeup. The agreement may also establish rotating representation from counties with small cities.

The board is responsible for selecting an executive committee, which must include the county executive and the mayor or city managers of the county's larger cities.

The board sets the terms of office. Positions should be staggered except for those held by elected officials, whose terms coincide with their elected seats. All terms are for a maximum of four years.

The board must meet at least four times annually, and the executive committee must meet at least eight times each year. The board's activities are to be jointly funded by the participating local governments on a formula basis.

Counties can legally petition for a similar organization to satisfy the urban growth act's requirements. The county executive files a petition with the Local Government Planning and Advisory Committee asking whether the existing organization is sufficiently similar to the act's regulations. When the committee makes its determination, an affected city or county may rely on that status of the existing organization to satisfy the certification requirements.

Cities need to be aware that forming a Joint Economic and Community Development Board is part of the growth plan process. Certain grants will be unavailable to counties and cities if a board is not established by July 1, 2001. T.C.A. 6-58-114 (I) states: "When applying for any state grant, a city or a county shall certify its compliance with the requirements of this section."

To help cities comply with the growth policies legislation and maintain eligibility for state and federal grants, MTAS has prepared a sample joint economic development agreement (see the following pages) that provides much flexibility in meeting the basic requirements of T.C.A. 6-58-114. Cities are advised to establish and use Joint Economic and Community Development Boards in meaningful ways to improve communication and encourage cooperation on mutually beneficial economic development projects.

SAMPLE

INTERLOCAL AGREEMENT CREATING A JOINT ECONOMIC AND COMMUNITY DEVELOPMENT BOARD IN _____ COUNTY, TENNESSEE.

This Interlocal Agreement is made and entered into by and between the participating governments, which are as follows:

County: _____

Cities (choose one of the following options):

1. The county and all cities shall be parties to this Agreement, or
2. The county and only those cities likely to become participants in a joint economic development project shall be parties to this Agreement, or
3. The county and _____ rotating cities selected by the board shall be parties to this Agreement.

WITNESSETH

WHEREAS, in enacting Legislative Acts of 1998, Public Chapter 1101, commonly referred to as "growth policies legislation," the Tennessee General Assembly intended that local governments engage in long-term planning and that such planning be accomplished through regular communication and cooperation among local governments, the agencies attached to them, and the agencies that serve them; and

WHEREAS, the Legislature also intended that the growth plans required by Public Chapter 1101 result from the communication and cooperation among local governments; and

WHEREAS, Public Chapter 1101 requires the creation in each county of a Joint Economic and Community Development Board established by Interlocal Agreement pursuant to *Tennessee Code Annotated (T.C.A.)* 5-1-113 to foster communication relative to economic and community development between and among governmental entities, industry, and private citizens; and

WHEREAS, the parties to this Agreement have recognized that it is advantageous to the local governments and the citizens of _____ County as a whole that an Agreement be reached to facilitate growth and development in a cooperative effort; and

WHEREAS, pursuant to *T.C.A.* 5-1-113 and 12-9-101 et seq., Interlocal Agreements between local governments are authorized and

NOW, THEREFORE, the parties agree as follows:

1. BOARD. There is hereby created a Joint Economic and Community Development Board: The _____ County Joint Economic and Community Development Board, hereinafter referred to as the "board."

2. **BOARD PURPOSE.** The purpose of the board is to foster communication and facilitate economic and community development between and among governmental entities, industry, and private citizens.
3. **BOARD AUTHORITY.** In order to foster economic and community development, the board is authorized to negotiate and contract for the sale and purchase of land; negotiate agreements for the location of industry or commercial development; contract for engineering; construct infrastructure and provide construction management where appropriate; pay for maintenance of the public infrastructure; approve an annual budget and expend funds for all lawful purposes; hire and fire employees in accordance with board policies; make periodic progress and status reports to the parties to this Agreement; cooperate with other state, regional, or local planning and marketing functions; and appoint such committees and advisory groups as deemed necessary.
4. **ANNUAL AUDIT.** An annual audit, covering each fiscal year, shall be required of all funds, financial records, and transactions under the board's control. It is the duty of the board to contract with certified public accountants, public accountants, or the Department of Audit in the State Comptroller's Office to make such an audit. The board shall pay for such audit and for any other audit which it is required to perform under state law.
5. **MEMBERSHIP OF THE BOARD.**
Option A
The board shall consist of the county executive and the mayor, or the city manager if so designated by the governing board, of each municipality in the county as required by T.C.A. 6-58-114. The board shall also select _____ additional members representative of county and city governments, private citizens, and industry and business to serve on the board. Such selection shall be accomplished by nomination by the county executive or by a mayor of each municipality, or his/her designated representative, and shall be approved by a majority vote of the board at its first meeting.

Option B
The board shall consist of the members of the _____ Coordinating Committee.
6. **TERMS OF OFFICE.** The terms of office for elected officials must coincide with the terms of office for their elected positions. Other board members must be appointed such that one-half of the remaining members must serve two-year terms and the remaining one-half must serve four-year terms. After the initial board terms, all board appointments are for four-year terms.
7. **EXECUTIVE COMMITTEE.** There shall be a _____ member executive committee, which shall be composed of members of the Joint Economic and Community Development Board and selected by the entire board. The makeup of the executive committee shall be determined by the entire board but shall, at a minimum, include the county executive and the mayors or city managers of the larger municipalities in the county. The executive committee shall have all of the power of the board between meetings but cannot modify any action taken by the board.

8. **OFFICERS.** Following the appointment of all board members, a chairman, vice chairman, and secretary-treasurer shall be elected by the membership. The officers shall serve as members of the executive committee. The chairman shall call regular and special meetings of the board and executive committee, preside at all meetings of the board and executive committee, and shall generally be authorized to exercise general supervision of activities and functions approved by the board and/or executive committee. The vice chairman shall perform the duties of chairman in his/her absence. The secretary-treasurer shall keep the minutes of all board and executive committee meetings and maintain such records and shall be the chief financial officer of the board. The secretary-treasurer shall receive and expend all monies in accordance with appropriations approved by the board. All checks disbursing funds are to be signed by the secretary-treasurer and the chairman. All officers are to be bonded in an amount equal to or exceeding the largest single estimated expenditure of funds in accordance with state laws.
9. **MEETINGS.** The board shall meet a minimum of four times each year, and the executive committee shall meet at least eight times each year. All meetings of the board and executive committee shall be documented by minutes and certification of attendance. Meetings of the board and executive committee are subject to the Tennessee Open Meetings Law.
10. **FUNDING.**
- Option A
- (a) **Operating Costs.** The operating costs of the board shall be jointly funded by the parties to this Agreement. The formula for determining the amount of funds due from each party to this Agreement shall be determined by adding to the population of each city the population of the entire county as determined by the last federal decennial census or special census as provided for in T.C.A. 6-51-114 and then determining the percentage that the population of each governmental entity bears to the total amount. If a special census has been certified by the state of Tennessee during the five-year period after certification of the last federal decennial census, the formula shall be adjusted by the board to reflect the result of the special census. The board shall only make such an adjustment during the fifth year following the certification of a federal decennial census.
- (b) **Project Financing/Tax Reimbursement.** (1) Definition: Project shall mean that industrial or commercial development that is being established pursuant to the cooperative effort of the parties to this Agreement. (2) It is the intent of this Agreement that parties may finance industrial and/or commercial development projects and be reimbursed annually from the resulting increase in real and personal property taxes collected as the result of the project based on the parties' proportionate participation in contributing to the project costs. Such reimbursement shall be made annually until each participating party has recovered its contribution that made it possible for the improvement in the industrial or commercial tax base. (3) Participation on the part of parties to this Agreement in any industrial and/or commercial development project shall be voluntary, and no provision of this Agreement shall bind the governing bodies of the parties without the approval of such a governing body of the specific project or projects.
- (c) **Recovering Costs.** Upon recovery by each participating city of its project cost, the county and city where the project is located will annually, during the term

of this Agreement, appropriate a sum equal to 25 percent of the increased real and personal property taxes from the project and pay the same to the _____ Joint Economic and Community Development Board for the board's use in continuing the purpose of the board, which includes reimbursing or defraying the cities' cost of maintenance associated with the industrial or commercial development. The respective cities shall have the right of action to recover such costs from the board if same is not paid. This continuing funding shall continue for a period of 30 years from the final payment of the development funding.

(d) **Accepting Money.** The board is authorized to accept and expend donations, grants, and payments from persons and entities other than the parties to this Agreement.

Option B

It is agreed that the activities of the _____ County Joint Economic and Community Development Board shall be jointly funded by all participating governments. The formula for determining the amount of funds due from each participating government shall be determined by adding the population of the entire county as established by the last federal decennial census to the populations of each city or town as determined by the last federal decennial census or special census as provided for in T.C.A. 6-51-114 and then determining the percentage that the population of each governmental entity bears to the total amount.

[Section 11 is optional.]

11. **IN LIEU OF TAX AGREEMENTS.** The board is authorized to enter into in lieu of tax agreements, if and when authorized by state laws, upon written approval of the parties to this Agreement.
12. **RULES OF ORDER.** All business shall be transacted in accordance with the latest edition of *Roberts' Rules of Order*.
13. **AMENDMENTS.** This Agreement may be amended by the adoption of any such amendment(s) by the governing bodies of the parties to this Agreement.
14. **OTHER AGREEMENTS.** Nothing contained in this Agreement shall prohibit or restrict any of the parties hereto from entering into other Interlocal Agreements as provided by law.
15. **EFFECTIVE DATE.** This Agreement shall become effective upon its approval by the Board of Commissioners of _____ County, Tennessee, and the governing bodies of each of the participating municipalities. This Agreement shall be in full force and effect between the parties upon its execution by the respective authorized officials of each of the governmental entities.
16. **REPRESENTATION OF AUTHORIZATION.** The participating governments evidence their approval by the signatures below of the authorized representatives of such participating governments. By such signatures, each officer executing the Agreement represents and each participating government represents to the other participating governments that this Agreement has been duly and lawfully approved by the participating government each represents.

17. FURTHER AGREEMENTS. It is anticipated that this Agreement may require modification. Any such modification shall be in writing and shall be approved by each party to the Agreement.

APPROVED AS TO FORM:

PARTIES

(City, County), Tennessee

(Mayor or County Executive)

[Repeat for each party to the Agreement]

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