

HOUSE BILL 2297

By Hicks

AN ACT to amend Tennessee Code Annotated, Title 4,
Chapter 29, Part 2 and Title 13, Chapter 2, relative
to economic development.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 13, Chapter 2, is amended by adding
the following as a new part:

13-2-301.

The governor, on behalf of this state, is hereby authorized to execute a compact,
in substantially the following form, with the states of Virginia and North Carolina; and the
general assembly hereby signifies in advance its approval and ratification of such
compact, which compact is as follows:

MULTI-STATE ECONOMIC DEVELOPMENT COMPACT

ARTICLE I. The purpose of this compact (hereinafter referred to as the "multi-state
economic development area") is to promote the development of undeveloped rural areas of
Hancock, Hawkins, Greene, Washington, Sullivan, Unicoi, Carter, and Johnson Counties in
Tennessee, and underdeveloped areas in North Carolina and Virginia, to create a development
authority that incorporates public and private partnerships to facilitate the economic growth of
such areas by providing developed sites for the location and construction of manufacturing
plants, distribution facilities, research facilities, regional and national offices with supportive
services and facilities, and to establish a joint interstate authority to assist in these efforts.

ARTICLE II. This compact shall become effective immediately whenever the states of
North Carolina, Tennessee, and Virginia have ratified it and congress has given consent
thereto.

ARTICLE III. The states that are parties to this compact (hereinafter referred to as "party states") do hereby establish and create a joint agency which shall be known as the multi-state economic development authority (hereinafter referred to as the "authority"). It shall be the duty of the authority in general to promote, encourage, and coordinate the efforts of the party states to secure the development of the multi-state economic development area. Toward this end, the authority shall have power to hold hearings; to conduct studies and surveys of all problems, benefits, and any other matter associated with the development of the multi-state economic development area, and to make reports thereon; to acquire, by gift or otherwise, and hold and dispose of such money and property as may be provided for the proper performance of their function; to cooperate with other public or private groups, whether local, state, regional, or national, having an interest in economic development; to formulate and execute plans and policies for emphasizing the purpose of this compact before the congress of the United States and other appropriate officers and agencies of the United States and of the states of North Carolina, Tennessee, and Virginia; and to exercise such other powers as may be appropriate to enable it to accomplish its functions and duties in connection with the development of the multi-state economic development area and to carry out the purposes of this compact.

ARTICLE IV. DEFINITIONS.

As used in this part:

(1) "Authority" means the multi-state economic development authority, an entity created jointly by the state legislatures in North Carolina, Tennessee, and Virginia, and under the constitutions of the respective party states and approved by the United States congress;

(2) "Board" means the board of directors of the authority;

(3) "Bonds" means either revenue bonds, bond anticipation notes, or other types of debt instruments issued by the compact unless the reference to bonds clearly indicates which type of bonds are being referred to, such as "revenue bonds," "general obligation bonds," "bond anticipation notes" or other specific forms of debt instruments;

(4) "Compact" mean the multi-state economic development compact;

(5) "Compact area" means all that land area actually owned or controlled by the authority by deed, lease, option, right of first refusal, or other legal or accepted instrument of land exchange;

(6) "Compact study area" means that area included in Ashe, Watauga, Avery, Mitchell, Yancey, and Madison Counties in North Carolina; Hancock, Hawkins, Greene, Washington, Sullivan, Unicoi, Carter, and Johnson Counties in Tennessee; and Lee, Scott, Washington, Smyth, and Grayson Counties in Virginia;

(7) "Cost of project" means all costs of site preparation and other start-up costs; all costs of construction; all costs of real and personal property acquired for the purposes of the project and facilities related thereto, including land and any rights or undivided interest therein, easements, franchises, fees, permits, approvals, licenses, and certificates and the securing of such permits, approvals, licenses and certificates; all machinery and equipment, including any costs associated with financing charges and interest before and during construction and during such additional period as the authority reasonably may determine to be necessary for the placing of the project in operation; costs of engineering, geotechnical, architectural, and legal services; costs of plans, testing, development and specifications, and all expenses necessary or incident to determining the feasibility or practicability of the project; administrative expenses; and all expenses as may be necessary or incidental to the financing. The costs of any project also may include funds for the creation of a debt service reserve, a renewal and replacement reserve, and such other reserves as may be reasonably required by a specific bond issue for the operation of its projects and as may be authorized by bond resolution or trust agreement or indenture under the provisions of which the issuance of any such bonds may be authorized; Any obligation or expense incurred for any of the foregoing purposes shall be regarded as a part of the project and may be paid or reimbursed out of the proceeds of user fees, of revenue bonds or notes issued for such project, or from other revenues obtained by the authority;

(8) "County" means the counties included in the compact study area;

(9) "Enterprise" means any for-profit or nonprofit venture, business, service provider, or industrial facility, or utility located within the compact area under any agreement or contract with the authority;

(10) "Facilities" means any plant, structure, building, improvement, land, or any other real or personal property of the compact or authority used in a project under this part;

(11) "Governing body" means the elected or duly appointed officials constituting the governing body of a municipality or county;

(12) "Municipality" means any incorporated city or town within a county;

(13) "Person" means any natural person, corporation, association, partnership, receiver, trustee, guardian, executor, administrator, fiduciary, governmental unit, public agency, political subdivision, or any other group acting as a unit, and the plural as well as the singular;

(14) "Project" means any industrial, commercial, research and development, warehousing, distribution, transportation, processing, federal or state government or tourism enterprise, facility or service, together with all real property required for construction, maintenance, and operation of the enterprise, together with all buildings, and other supporting land and facilities, structures, or improvements of whatever kind required for the construction, maintenance, and operation of the enterprise, or any addition to or expansion of an existing enterprise;

(15) "Property owner group" means those property owners who have sold, leased, or allowed the use of their land or otherwise entered into an agreement for the development of the project or facilities thereof as a part of the compact area;

(16) "Public agency" means:

(A) Any department, board, commission, institution, or other agency or instrumentality of the party state;

(B) Any city, town, county, political subdivision, school district, or other district created or existing under the laws of the party state or any public agency of any such city, town, county, political subdivision, or district; and

(C) Any department, commission, agency, or instrumentality of the United States of America;

(17) "Related facility" means any facility related to a project and includes any of the following, as the same may pertain to the project of the authority within the compact area:

(A) Facilities to provide utilities, including electrical, gas, regulatory, industrial interchange services, communications, potable and industrial water supply systems, and sewage and waste disposal systems, on the site of the project;

(B) Airports, airfields, and air terminals;

(C) Rail lines;

(D) Highways, streets, and other roadways;

(E) Conference centers, classrooms, and instructional facilities, including any functionally related facilities;

(F) Parks and outdoor recreation facilities;

(G) Auditoriums, pavilions, art centers, cultural centers, office complexes, and other public facilities; and

(H) Public or private healthcare facilities;

(18) "Revenues" means all rentals, receipts, income, and other charges derived or received or to be derived or received by the authority from the operation by the authority of a facility or facilities, or a part thereof; the sale, including installment sales or conditional sales, lease, sublease, or use or other disposition of any property or facility or portion thereof; the sale, lease, or other disposition of recovered resources, contracts, agreements, or franchises with respect to a facility or portion thereof, with respect to recovered resources, or with respect to a

facility or portion thereof and recovered resources, including, but not limited to, charges with respect to the management of any project received with respect to a facility, income received as a result of the sale or other disposition of recovered resources, services, or utilities; any gift or grant received with respect thereto; proceeds of bonds to the extent of use thereof for payment of principal or premium, if any, or interest on the bonds as authorized by the authority; proceeds from any insurance, condemnation, or guaranty pertaining to a facility or property mortgaged to secure bonds or pertaining to the financing of a facility; income and profit from the investment of the proceeds of bonds or of any revenues and the proceeds of any special tax to which it may be entitled; and

(19) "Unit of local government" means a county or municipality.

ARTICLE V. COMPOSITION OF THE AUTHORITY.

(1) All powers of the compact shall be vested in a board of directors, which shall exercise all powers delegated to the authority under the laws of North Carolina, Tennessee, and Virginia.

The membership of the board of the authority shall consist of an appointee of the governor of each party state, each party state's chief economic development official or the official's representative, an appointee of each of the member counties' governing body selected from nominees proposed by the respective county's industrial development board, and an appointee who shall serve for a three-year term and who shall be appointed by the governor of each party state on a rotating basis, with the initial appointment being made by the governor of Tennessee. With the exception of the gubernatorial appointment made on a rotating basis, each appointment shall be for a four-year term and for such period thereafter until a successor is duly appointed and qualified.

Members of the board shall be eligible for reappointment. All vacancies shall be filled by appointment in the same manner, except that any person appointed to fill a vacancy shall serve

only for the unexpired term. A director may be removed prior to the expiration of the member's term of office for misfeasance, malfeasance, or willful neglect of duty, as determined by the appointing authority or a majority of the board. Before assuming office, a director shall take and subscribe to the constitutional oath of office before a chancery clerk in the director's respective party state, or the corresponding appropriate official in such party states, and a record of such oath shall be filed with the secretary of state in that party state. The board shall select a chairman and vice-chairman every year.

(2) The board may employ such personnel and appoint and prescribe the duties of such officers as the board deems necessary or advisable, including a general manager and a secretary of the compact. The general manager may also serve as secretary and shall be a person of good moral character and of proven ability as an administrator, with a minimum of five (5) years' experience in management and economic development or comparable experience. The general manager shall administer, manage, and direct the affairs and business of the compact, subject to the policies, control, and direction of the board. The general manager and any director not bonded in another capacity shall give bond executed by a surety company or companies authorized to do business in the respective party states in the penal sum of fifty thousand dollars (\$50,000), payable to the authority conditioned upon the faithful performance of their duties and the proper accounting for all funds. The board may require any of its employees to be bonded. The cost of any bond required by this section or by the board shall be paid from funds of the compact authority. The secretary shall keep a record of the proceedings of the authority and shall be custodian of all books, documents, and papers filed with the authority, the minute book or journal, and the official seal. The secretary may make copies of all minutes and other records and documents of the compact and certify under the seal of the authority that such copies are true and accurate copies, and all persons dealing with the compact authority may rely upon such certification.

(3) Regular meetings of the board shall be held as set forth in its bylaws, rules, or regulations. Additional meetings of the board shall be held at the call of the chairman or general manager whenever any three (3) members of the board so request in writing. Members of the property owner group shall be notified of the meetings of the board in the same manner as board members are notified.

(4) Members of the board shall not receive any compensation, but may receive reimbursement for actual and necessary expenses incurred or per diem in lieu thereof.

(5) The board shall prepare a budget for the authority for each fiscal year at least sixty (60) days before the beginning of each fiscal year, which shall be from July 1 to June 30 of each year.

ARTICLE VI. GENERAL POWERS AND DUTIES OF THE AUTHORITY.

From and after the creation of the compact, the authority shall be a public corporation, body politic with all the rights and powers now or hereafter conferred as may be deemed necessary to carry out the purposes of this part, including the following:

- (1) To maintain an office at a place or places within any party state;
- (2) To sue and be sued in its own name;
- (3) To adopt and use a corporate seal;
- (4) To employ or contract with architects, engineers, attorneys, accountants, construction and financial experts, and such other advisors, consultants, and agents as may be necessary in its judgment and to fix and pay their compensation;
- (5) To make, adopt, enforce, amend, and repeal bylaws and rules and regulations for the management of its business and affairs for the use, maintenance, and operation of the compact, any of the project facilities, and any other of its properties;

(6) To borrow money and to issue bonds, notes, and other evidence of indebtedness, without the authority to levy ad valorem taxes, for any of its purposes, in order to provide for and secure the payment thereof, and to provide for the rights of the holders thereof;

(7) To invest any monies of the authority, including proceeds from the sale of any bonds subject to any agreements with bondholders, on such terms and in such manner as the authority deems proper;

(8) To exercise any one (1) or more of the powers, rights, and privileges under this part, either alone or jointly or in common with one (1) or more other public or private parties. In any exercise of such powers, rights, and privileges, jointly or in common with others for the development, construction, operation, and maintenance of facilities within the compact area, the authority may own an undivided interest in the facilities with any other party, public or private. The authority may, jointly or in common with such party, exercise the rights and privileges conferred by this part with such other parties and may enter into an agreement or agreements with respect to any such facility with the other participating party or parties, public or private, including development agreements, joint ventures, and real estate investment trusts. An agreement may contain such terms, conditions, and provisions, consistent with this subdivision, as the parties thereto shall deem to be in their best interest, including, but not limited to, provisions for the construction, operation, and maintenance of such facility by any one (1) or more parties to the agreement. The party or parties may be designated in or under such agreement as agent or agents on behalf of itself and one (1) or more of the other parties thereto, or by other means as may be determined by the parties thereto, including provisions for a method or methods of determining and allocating, among or between the parties, costs of the construction, operation, maintenance, renewals, replacements, and improvements related to a facility. In carrying out its functions and activities as the agent with respect to the construction, operation, and maintenance of a facility, the agent shall be governed by the laws and

regulations applicable to the agent as a separate legal entity and not by any laws or regulations which may be applicable to any of the other participating parties. The agent shall act for the benefit of the public. The authority may delegate its powers and duties related to the construction, operation, and maintenance of a facility under any such agreement to the party acting as agent and all actions taken by the agent in accordance with the agreement may be binding upon the authority without further action or approval of the board;

(9) To make applications and enter into contracts for financial assistance as may be appropriate under applicable federal or state law;

(10) To apply for, accept, and utilize grants, gifts, donations, and other funds or aid from any source for any purpose contemplated by this part, and to comply, subject to the provisions of this part, with the terms and conditions thereof;

(11) To acquire by purchase, lease, gift, investment, trade, exchange, or in other manner, including pursuit of the exercise of eminent domain by a state or local government as may be authorized under this part, or obtain options to acquire, and to own, maintain, use, operate, and convey all property of any kind, including real, personal, or mixed, or an easement or any interest or estate therein, within the compact area, necessary for the project or any facility related to the project;

(12) To make or cause to be made examinations and surveys as may be necessary to the planning, design, construction, and operation of the project;

(13) To enter into a development agreement with any public agency, private firm, or person for the development of the compact area, compact property, or any portion thereof upon such terms as the parties might agree to carry out the purposes of this part;

(14) To negotiate, with the proper governmental agency or regulated utility or transportation provider, any necessary relocation or rerouting of roads and highways, railroads, telephone and telegraph lines, and properties, electric power lines, pipelines, and related

facilities, or to require the anchoring or other protection of any of these, provided due compensation is paid to the owners thereof or an agreement is made with such owners regarding payment for the cost of such relocation;

(15) To enter into joint agreements, development agreements, or other agreements with any person or participant in a joint venture with any private firm, person, or public agency to form and participate in real estate investment trusts and limited liability partnerships, joint ventures, joint ownerships, and agreements for the construction and operation of any project of the authority with the compact area;

(16) To construct, extend, improve, maintain, and reconstruct, to cause to be constructed, extended, improved, maintained, and reconstructed, and to use and operate any and all components of the project or any facility related to a project, subject to the concurrence and approval of the affected public agency, within the compact area, necessary to the project and to the exercise of such powers, rights, and privileges granted to the authority;

(17) To incur or defray any designated portion of the cost of any component of the project or any facility related to the project acquired or constructed by any public agency;

(18) To lease, sell, mortgage, pledge, trade, exchange, or otherwise convey any property acquired by the authority under the provisions of this part to the enterprise, its successors or assigns, and in connection therewith to pay the costs of the title search, perfection of title, title insurance, and recording fees as may be required. The authority may provide in the instrument conveying such property a provision that the property shall revert to the authority if, as, and when, the property is declared by the enterprise to be no longer needed;

(19) To enter into an agreement with the counties and units of local government adjoining the compact area to promote, develop, contract, or operate projects that will contribute to the economic development of the area;

(20) To enter into contracts with any private firm, person, or public agency including, but not limited to, in furtherance of any of the purposes authorized by this part upon such consideration as the authority and the firm person, or public agency may agree. Any such contract may: extend over any period of time, notwithstanding any rule of law to the contrary; be upon such terms as the parties thereto shall agree; and provide that it shall continue in effect until bonds specified therein, refunding bonds issued in lieu of such bonds, and all other obligations specified therein are paid or terminated. Any such contract shall be binding upon the parties thereto according to its terms. Such contracts may include an agreement to reimburse the enterprise, its successors, and assigns for any assistance provided by the enterprise in the acquisition of real property for the project or any facility related to the project;

(21) To establish and maintain reasonable rates and charges for the use of any facility within the compact area that is owned or operated by, or under the authority, or services provided by the authority and from time to time to adjust such rates and to impose penalties for failure to pay such rates and charges when due;

(22) To adopt and enforce exclusively, all necessary and reasonable rules and regulations to carry out and effectuate the implementation of this part, the purpose of the authority, and any project and any land use plan classification adopted for the compact area, including, but not limited to, rules, regulations, zoning, and restrictions concerning mining, construction, excavation, or any other activity, the occurrence of which, may endanger the structure or operation of the authority or any project. Provided, however, the exercise of this power shall not conflict with article VII, subdivision (2);

(23) To plan, design, coordinate, and implement measures and programs to mitigate impacts on the natural environment caused by a project or any facility related to a project;

(24) To develop plans for technology transfer activities to ensure private sector conduits for exchange of information, technology, and expertise related to a project to generate opportunities for commercial development within the compact area;

(25) To consult with a party state's department of education or other similarly named state entity with the same or similar powers and duties, and other public agencies for the purpose of improving public schools and curricula and training programs within the compact area;

(26) To consult with a party state's board of health or other similarly named state entity with the same or similar powers and duties, and other public agencies for the purpose of improving medical centers, hospitals, and public health centers in order to provide appropriate healthcare facilities within the compact area; and

(27) To do things necessary or proper for the accomplishment of the objectives of this part and to exercise any power otherwise possessed by private corporations performing similar functions that is not in conflict with the constitutions and laws of the respective party states, including the power to: employ professional and administrative staff and personnel, and to retain legal, engineering, fiscal, accounting, and other professional services; purchase any insurance, including without limitation, insurance against tort liability and against risks of damage to property; and to act as self-insurer with respect to any loss or liability.

ARTICLE VII. PROMULGATION OF RULES AND REGULATIONS.

(1) The compact authority may adopt and promulgate all reasonable rules and regulations regarding the operation of the authority, its projects, the compact area, and the specifications and standards relating to the construction, operation, and maintenance of any facility.

(2) The board shall have exclusive jurisdiction for the development of any land use planning or the promulgation of land use restrictions, regulations, or zoning ordinance governing

land use within the compact area. Any land use rule, plan, regulation, or zoning ordinance adopted by the board affecting land within or adjoining any unit of local government, and within one third (1/3) mile thereof, shall be consistent with the land use plan of the unit of local government and subject to the approval of the governing body of that unit of local government.

ARTICLE VIII. BONDS OF THE AUTHORITY.

(1) The authority is empowered and authorized, from time to time, to issue bonds in such principal amounts as shall be necessary to provide sufficient funds for achieving its corporate purposes, including, without limiting the generality of the foregoing:

(A) The financing of the acquisition, construction, improvement of facilities, or any combination thereof;

(B) The payment of interest on bonds of the authority;

(C) The establishment of reserves to secure such bonds;

(D) The payment of expenses incident to the issuance of such bonds, including bond insurance, and to the implementation of programs or projects; and

(E) Any other capital expenditures of the authority, other than operating costs, which are incident to or necessary or convenient to carry out its corporate purposes and powers.

(2) The authority may issue: the bonds or notes described in subdivision (1) in its discretion, subject to an agreement with the holders of bonds to which the principal and interest are payable exclusively from all or a portion of the revenues derived from one (1) or more facilities under the contracts entered into by public agencies and other persons, or any combination of any of the foregoing; or bonds which may be secured by a pledge, or any grant, subsidy, or contribution from any public agency or other person, or a pledge of an income or revenues, funds, or monies of the authority from any source, except that the authority may not issue bonds or notes that are secured by ad valorem taxes.

(3) Bonds shall be authorized by a resolution or resolutions of the board. The bonds shall: bear such date or dates; mature at such time or times, either serially, term, or a combination thereof; bear interest at such rate or rates; be in such denomination or denominations; be in such registered form; carry such conversion or registration privileges; have such rank or priority; be executed in such manner and by such officers; be payable from such sources other than ad valorem taxes in such medium of payment at such place or places within or without the party state, provided that one (1) such place shall be within the party state; and be subject to such terms of redemption prior to maturity. Such terms may be provided by resolution or resolutions of the board of directors.

(4) Any bonds of the authority may be sold at such price or prices, at public or private sale, in such manner and at such times as may be determined by the authority to be in the public interest. The authority may pay all expenses, premiums, fees, and commissions that it may deem necessary and advantageous in connection with the issuance and sale of such bonds.

(5) Any pledge of earnings, revenues, or other monies made by the authority shall be valid and binding from the time the pledge is made. The earnings, revenues, or other monies so pledged and thereafter received by the authority shall immediately be subject to the lien of the pledge without any physical delivery of the pledge or further action. The lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the authority, irrespective of whether such parties have notice. No resolution or other instrument creating a pledge is required to be recorded.

(6) Neither the board members nor any person executing the bonds shall be personally liable on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

(7) When bonds have been signed by officers of the board designated by resolution of the board of directors to sign the bonds who were in office at the time of such signing but who may have ceased to be officers prior to the sale and delivery of the bonds, or who may not have been in office on the date the bonds may bear, the manual or facsimile signatures of such officers upon the bonds and the coupons appertaining thereto, shall nevertheless be valid and sufficient for all purposes and have the same effect as if the person officially executing the bonds had remained in office until the delivery of the bonds to the purchaser or had been in office on the date the bonds may bear.

(8) The bonds issued by the authority under authority of the compact shall be limited obligations of the compact. The principal, interest, and redemption premium, if any, shall be payable solely out of the moneys to be derived by the compact. Revenue bonds and interest coupons issued under authority of the compact shall never constitute an indebtedness of the party state or any county or municipality within the meaning of any state constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of a county, municipality, or party state, or a charge against its general credit or taxing powers. The provisions of this section shall be plainly stated on the face of each bond.

ARTICLE IX. TEMPORARY BORROWING BY THE AUTHORITY.

(1) Pending the issuance of revenue bonds by the authority, the board is authorized to make temporary borrowings not to exceed two (2) years, in anticipation of the issuance of bonds to provide funds in amounts as may, from time to time, be deemed advisable prior to the issuance of bonds. To provide for the temporary borrowings, the authority may enter into a purchase, loan or credit agreement, or other agreement with banks, trust companies or other lending institutions, investment banking firms, or persons in the United States having the power to enter into such purchases, loans, or agreements.

(2) All temporary borrowings made under this article shall be evidenced by notes of the authority which shall be issued, from time to time for such amounts, in such form, and in such denominations, and be subject to terms and conditions of sale and issue, prepayment or redemption and maturity, rate or rates of interest and time of payment of interest as the board shall authorize and direct. Such authorization and direction may provide for the subsequent issuance of replacement notes to refund, upon the issuance thereof, such notes, and may specify other terms and conditions with respect to the notes and replacement notes authorized for issuance, as the board may determine and direct.

ARTICLE X. REFUNDING BONDS.

The authority may issue refunding bonds for the purpose of paying its bonds at or prior to maturity, or upon acceleration or redemption. Refunding bonds may be issued at a time prior to the maturity or redemption of the refunded bonds as the authority deems to be in the public interest. The refunding bonds may be issued in sufficient amounts to pay or provide the principal of the bonds being refunded, together with any redemption premium thereof, any interest accrued or that may accrue to the date of payment of such bonds, the expenses of issuing the refunding bonds, the expenses of redeeming the bonds being refunded, and such reserves for debt service or other capital or current expenses from the proceeds of the refunding bonds as may be required by the resolution, trust indenture, or other security instruments.

ARTICLE XI. GENERAL TERMS AND CONDITIONS OF BONDS OF THE COMPACT.

The authority shall have the power in the issuance of its bonds, to:

- (1) Covenant as to the use of its real or personal property;
- (2) Redeem the bonds, to covenant for their redemption, and to provide the terms and conditions of their redemption;
- (3) Covenant to charge rates, fees, and charges sufficient to:

(A) Meet operating and maintenance expenses, renewals, and replacements; principal and debt service on bonds; creation and maintenance of any reserves required by a bond resolution, trust indenture or other security instrument; and

(B) Provide for margins or coverages over and above debt service on the bonds deemed desirable for the marketability of the bonds;

(4) Covenant and prescribe as to events of default and terms and conditions upon which its bonds shall become or may be declared due before maturity, as to the terms and conditions upon which such declaration and its consequences may be waived and as to the consequences of default and the remedies of bondholders;

(5) Covenant as to the mortgage or pledge of or the grant of a security interest in real or personal property and any part of the revenues from facilities or any revenue-producing contract or contracts made by the compact with a person to secure the payment of bonds, subject to such agreements with the holders of bonds as may then exist;

(6) Covenant as to the custody, collection, securing, investment, and payment of revenue assets, monies, funds, or property with respect to which the compact may have any rights or interest;

(7) Covenant as to the purpose to which the proceeds from the sale of bonds to be issued may be applied, and the pledge of the proceeds to secure the payment of the bonds;

(8) Covenant as to the limitations on the issuance of any additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding bonds;

(9) Covenant as to the rank or priority of bonds with respect to a lien or security;

(10) Covenant as to the procedure by which the terms of a contract with or for the benefit of the holders of bonds may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which the consent may be given;

(11) Covenant as to the custody of its properties or investments, their safekeeping, the insurance to be carried on the properties or investments, and the use and disposition of insurance proceeds;

(12) Covenant as to the vesting in a trustee or trustees, within or outside the party state, of such properties, rights, powers, and duties in trust as the authority may determine;

(13) Covenant as to the appointing and providing for the duties and obligations of a paying agent or other fiduciaries within or outside the party state;

(14) Make all other covenants and to do such things necessary, convenient, or desirable to secure its bonds without a pledge of ad valorem taxes, or in the absolute discretion of the authority tend to make the bonds more marketable, notwithstanding that such covenants, acts, or things may not be enumerated herein; it being the intention of this subdivision (14) to give the authority power to do all things in the issuance of bonds and in the provisions for security thereof that are consistent with the constitution of the party state; and

(15) Execute all instruments necessary or convenient in the exercise of the powers herein granted or in the performance of covenants or duties, which may contain such covenants and provisions, as any purchaser of the bonds of the authority may reasonably require.

ARTICLE XII. APPOINTMENT OF TRUSTEE OR RECEIVER FOR ENFORCEMENT OR PROTECTION OF RIGHTS OF BOND HOLDERS.

The authority may, in an authorizing resolution of the board of directors, trust indenture, or other security instrument relating to its bonds, provide for the appointment of a trustee who shall have powers provided therein to represent the bondholders of any issue of bonds in the enforcement or protection of their rights under the resolution, trust indenture, or security instrument. The authority may also provide in the resolution, trust indenture, or other security instrument that the trustee, or if the trustee appointed, fails or declines to protect and enforce the bondholders' rights, then the percentage of bondholders as shall be set forth in, and subject

to the provisions of, the resolution, trust indenture, or other security instrument may petition the court of proper jurisdiction for the appointment of a receiver of the facilities, the revenues of which are pledged to the payment of the principal of and interest on the bonds held by the bondholders. The receiver may exercise any power that may be granted in the resolution, trust indenture or security instrument to enter upon and take possession of, acquire, construct or reconstruct, or operate and maintain the facilities; fix, charge, collect, enforce, and receive all revenues derived from the facilities; and perform the public duties and carry out the contracts, and obligations of the authority in the same manner as the authority itself might do, all under the direction of a proper court.

ARTICLE XIII. EXEMPTION FROM TAXATION.

(1) The exercise of the powers granted under the compact shall be, in all respects, for the benefit of the people of the party states, for their well-being and prosperity, and for the improvement of their social and economic conditions. Neither the compact nor the authority shall be required to pay a tax or assessment on any property owned by the compact or the authority upon the income from such property. However, property sold by the authority to an entity subject to taxation shall be taxable, and property leased to an entity subject to taxation shall be subject to the same in lieu of tax provisions as other industrial development projects.

(2) No bonds issued or transferred by the authority under the compact or the income therefrom shall be taxed by the party state, any unit of local government, or other instrumentality of the party state, except for inheritance and gift taxes.

ARTICLE XIV. POWERS OF COUNTIES, MUNICIPALITIES OR OTHER POLITICAL SUBDIVISIONS AND AGENCIES AND INSTRUMENTALITIES THEREOF AS TO ASSISTANCE AND COOPERATION WITH THE COMPACT.

For the purpose of attaining the objectives set forth in this part, a county, municipality, or other unit of local government, public corporation, agency, instrumentality of the party state, or person may, upon terms and with or without consideration:

(1) Lend, contribute, or donate money to the authority or perform services for the benefit of the authority;

(2) Donate, sell, convey, transfer, lease, option, or grant upon such terms as the parties may agree, without the necessity of authorization at any election of qualified voters, any property of any kind; and

(3) Take actions, whether or not specifically authorized in this article and not otherwise prohibited by law, necessary or convenient to aid and cooperate with any authority in attaining the objectives of this part.

ARTICLE XV. CONTRACTING FOR PROJECTS.

Contracts for the acquisition, purchase, construction, or installation of a project shall be affected in the manner prescribed by law for public contracts, except when:

(1) The authority finds and records on its minutes, that because of the availability or nature of a project, it would not be in the public interest or would not achieve the purposes of this part to enter into such contracts on the basis of public bidding pursuant to advertising;

(2) The industry concurs in the finding; and

(3) The finding is approved by the board.

If Sections 1-3 apply:

(A) No advertised public bidding shall be required of the authority, and the contracts may be entered into based on negotiation; and

(B) The industry or enterprise locating within the compact area, may, at its option, negotiate the contracts in the name of the compact or authority.

ARTICLE XVI. CONTRACTS WITH PUBLIC AGENCIES.

For the purpose of aiding in the planning, design, undertaking, or carrying out of a project or any facility related to the project, a public agency is authorized, with or without consideration, to:

(a) Enter into agreements with the authority regarding action to be taken by the public agency to acquire, plan, construct, improve, operate, maintain, or fund the project or facility. The agreements may include the appropriation or payment of funds to the compact authority or to a trustee in an amount sufficient to enable the authority to defray any designated portion or percentage of the expenses of administering, planning, designing, constructing, acquiring, improving, operating, and maintaining the project or any facility related to the project; and the furnishing of other assistance in connection with the project or facility related to the project;

(b) Dedicate, sell, donate, convey or lease any property or interest in property to the authority, or grant easements, licenses, or other rights or privileges therein to the authority;

(c) Incur the expense of public improvements made or to be made by the public agency in exercising the powers granted in this article;

(d) Lend, grant, or contribute funds to the authority;

(e) Cause public buildings and public facilities, including parks, playgrounds, recreational areas, community meeting facilities, water, sewer or drainage facilities, or any other works the public agency is empowered to undertake, to be furnished to or with respect to the project or facility;

(f) Furnish, dedicate, close, vacate, pave, install, upgrade, or improve highways, streets, roads, sidewalks, airports, railroads, or ports, subject to the approval of the proper party state, federal, or local regulatory authority;

(g) Plan or replan, or zone or rezone any parcel of land within the public agency, or make exceptions to land use, building, and zoning regulations; and

(h) Cause administrative and other services to be furnished to the authority, including services pertaining to the acquisition of real property and the furnishing of relocation assistance. Any contract entered into between a public agency and the authority pursuant to the compact shall be binding on the public agency according to its terms, and the public agency shall have the authority to enter into such contracts which, in the discretion of the governing authorities of the public agency, would be in the best interests of persons affiliated with the public agency. If title to or possession of the project or a facility is held by a public body or governmental agency other than the authority, including any agency or instrumentality of the United States of America, then the agreements referred to in this Article XVI shall inure to the benefit of and may be enforced by the public body or governmental agency.

ARTICLE XVII. ESTABLISHMENT OF JOINT VENTURE.

The board is empowered to establish and create such nonprofit corporations, joint ventures, and limited liability companies as the board deems necessary or desirable in the performance of any acts or other things necessary to the exercise of the powers provided in this compact, and to delegate to departments, boards, or other agencies administrative duties and other powers as the board deems necessary or desirable.

ARTICLE XVIII. OWNERSHIP AND DISPOSITION OF PROPERTY.

The authority is authorized to acquire property, real, personal or mixed, within or without its territorial limits, in fee simple or any lesser interest or estate, by purchase, gift, devise, or lease, on such terms and conditions as determined by the board; acquire mineral rights and leases; acquire title to submerged lands and riparian rights and easements or rights-of-way with or without restrictions within or without the limits of the authority; accept the dedication of streets and other rights-of-way on such terms and conditions as the authority may approve; make purchase money mortgages and deeds of trust and other forms of encumbrances on property acquired by the authority and purchase property subject to purchase money mortgages, or other

encumbrances; and mortgage, hold, manage, control, convey, lease, sell, grant, or otherwise dispose of the same, and of assets and properties of the authority, with or without consideration.

ARTICLE XIX. LEASE OF FACILITIES.

If deemed necessary or desirable by the authority, the authority may lease to or from any person, firm, corporation, association, or body, public or private any project the authority is authorized to undertake; and facilities or property of any nature for the use of the authority in carrying out any of the purposes of the compact.

ARTICLE XX. AUTHORITY SERVICES AUTHORIZED.

The authority is authorized by agreement, ownership, contract, lease, joint venture, or otherwise to do the following within the compact or service area in furtherance of its purposes and to facilitate or provide the necessary services for the development of the compact area:

(1) Adopt a plan of reclamation, and own, acquire, construct, reconstruct, equip, operate, maintain, extend, and improve canals, ditches, drains, dikes, levees, pumps, plants and pumping systems and other works, machinery, and plants;

(2) Facilitate the development of, own, acquire, construct, reconstruct, equip, operate, maintain, extend, and improve water systems and sewer systems or combined water and sewer systems; to cooperate with the proper public agency to regulate the use of sewers and the supply of water within the compact area and cooperate with the proper public agency in prohibiting or regulating the use and maintenance of outhouses, privies, septic tanks, or other sanitary structures or appliances within the compact area; to coordinate with the proper public agencies in prescribing methods of pretreatment of wastes not amenable to treatment with domestic sewage before accepting the wastes for treatment and to refuse to accept such wastes when not sufficiently pretreated as may be prescribed by the proper public agency; to sell or otherwise dispose of the effluent, sludge, or other by-products as a result of sewage treatment; and to construct and operate connecting, intercepting, or outlet sewers and sewer

mains and pipes and water mains, conduits or pipelines in, along, or under any streets, alleys, highways, or other public places or ways within the compact services area, when deemed necessary or desirable by the authority and the proper public agency in accomplishing the purposes of this part;

(3) Own, acquire, construct, reconstruct, equip, operate, maintain, extend, and improve a waste collection and disposal system, and to sell or otherwise dispose of any effluent, residue, or other by-products of the systems, provided that such actions comply with existing party state and federal laws and regulations;

(4) Provide, acquire, construct, equip, operate, maintain, if necessary, extend, and improve parks, playgrounds, picnic grounds, golf courses, auditoriums, libraries, recreational centers, convention halls and facilities, and cultural, recreational, and other appropriate projects;

(5) Own, acquire, construct, reconstruct, equip, operate, maintain, extend, and improve parking facilities, to install or cause to be installed parking meters at or near the curbs of streets, roads, and other public ways within the compact area, and to adopt regulations and impose charges in connection with any parking facilities as determined by the board;

(6) Provide for or own, acquire, construct, reconstruct, equip, maintain, operate, extend, and improve fire control facilities for the compact, including fire stations, water mains and plugs, fire trucks and other vehicles, and equipment, and to undertake such works and construct such facilities as may be determined necessary by the board to carry out a program of fire prevention and fire control within the compact or service area; and

(7) Designate, set aside, and maintain lands and areas within the compact area as conservation areas; and to promulgate and enforce rules and regulations with respect thereto, and protect and preserve the natural beauty of conservation areas. The authority may contract with a county or a unit of local government located within the county for any services authorized by this section when doing so would result in lower or comparable costs to the authority.

ARTICLE XXI. PURSUIT OF EMINENT DOMAIN.

The authority shall not exercise the power of eminent domain. The authority may request and pursue the power of eminent domain through the party state or a unit of local government for the purpose of acquiring property designated, by plan, to sufficiently accommodate the location of facilities and utilities, and to satisfy requirements related directly to the acquisition pursuant to applicable state law of the party state. However, before exercising this power, the board shall enter on its minutes the determination of the need to pursue the power of eminent domain through the party state or unit of local government for the acquisition of a part of the acreage involved, not to exceed ten percent (10%) of the acreage involved, and the board shall so specify in its minutes.

ARTICLE XXII. SHORT TERM BORROWINGS.

The authority may obtain loans, in amounts and on terms and conditions as the board may approve, for the purpose of paying expenses of the authority, or any costs incurred or that may be incurred in connection with any projects of the authority. The loans shall have a term not exceeding two (2) years from their date of issuance, may be renewable for a like term or terms, and may be payable from and secured by a pledge of such funds, revenues, and assessments, other than a levy of ad valorem taxes, as determined by the board.

ARTICLE XXIII. COOPERATION AGREEMENTS WITH THE STATE, COUNTIES, AND MUNICIPALITIES.

(1) The party states of North Carolina, Tennessee, and Virginia and the counties, municipalities, and other political subdivisions, public bodies, and agencies of such party states, are authorized to aid and cooperate with the compact in carrying out the purposes and projects of the authority; enter into cooperation agreements with the authority to provide for the making of loans, gifts, grants, or contributions to the authority and granting and conveying to the authority real or personal property of any kind or nature, or any interest therein to carry out the

purposes and projects of the authority; to covenant in a cooperation agreement to pay all or part of the costs of acquisition, construction, reconstruction, extension, improvement, operation, and maintenance of any authority projects; and to pay all or part of the principal and interest on bonds of the authority and all or any part of the deposits required to be made into any reserve, renewal, and replacement or other funds created and established by the indenture, resolution, deed of trust, or other instrument securing the bonds.

(2) The authority is empowered to enter into a joint venture development agreement or other agreement to provide services, facilities, or to invest available funds of the authority in a project which contributes to the economic growth and development of the compact study area, as determined by the board.

ARTICLE XXIV. INTERSTATE AND FEDERAL COOPERATION.

The authority is authorized to cooperate and coordinate with economic development commissions and other similar boards and commissions, and other agencies of other party states; the federal government; cooperate with county, municipal, and regional economic development agencies, and other similar boards and commissions, and other agencies of such boards and commissions; and travel to secure economic development within the party states.

ARTICLE XXV. PUBLICITY AND ADVERTISING.

The authority shall prepare and execute a publicity and advertising program to promote the industrial, commercial, recreational, educational, and social advantages, opportunities, possibilities, resources, and facilities of the compact. The compact may use funds appropriated or otherwise made available in the preparation and execution of the program.

ARTICLE XXVI. SALE, LEASE, OR OTHER DISPOSAL OF ENTERPRISES.

When authorized by the board, the authority is empowered, in its discretion, to sell, lease, or otherwise dispose of any industrial enterprise or other enterprises of the authority, in whole or in part, on such terms and conditions and with such safeguards as will best promote

and protect the public interest. The authority is authorized, acting with the approval of the general manager by and through the board, to transfer title or possession to such enterprises or to any property utilized therein, by warranty deed, lease, bill of sale, contract, or other customary business instrument, in the manner and to the extent that any private corporation, association, or person may contract, with reference to such property of a similar nature. The disposition shall not be made except by the affirmative vote of at least two-thirds (2/3) of the board, and all votes shall be of record. All income from a lease or contract for the operation or from the disposition of an industrial enterprise may be used by the authority for any authorized purpose, except that if bonds have been issued for the enterprise, the proceeds shall be paid into the bond sinking funds provided for any bonds issued for the retirement of such bonds if any are outstanding for the sale year and the interest thereon. The income or proceeds related to a bond issue shall not be used by the authority for any other purpose except the disposition of surplus income, and shall be subject to all of the provisions regarding the sinking fund.

ARTICLE XXVII. REQUIREMENTS RESPECTING LEASE OF PROJECTS.

Prior to leasing a project for which bonds have been issued, the board must determine and find the amount necessary each year to pay the principal of and the interest on the bonds proposed to be issued to finance the project; the amount required to be paid each year into any reserve funds, which amounts may include deposits in escrow or reserve amounts as advance sums for the payment of insurance, which the board may deem advisable to establish in connection with the retirement of the proposed bonds and the maintenance of the project; and unless the terms under which the project is to be leased provide that the lessee shall maintain the project and carry all proper insurance with respect thereto, the estimated cost of maintaining the project in good repair and keeping it properly insured. The board's determinations and findings shall be set forth in the proceedings under which the proposed bonds are to be issued, and before the bonds are issued, the authority shall lease the project to a lessee under an

agreement conditioned upon completion of the project and providing for payment to the authority of rentals sufficient to pay the principal and interest on the bonds issued to finance the project; to build up and maintain any reserve deemed by the board to be advisable in connection with the project; and, unless the agreement of lease obligates the lessee to pay for the maintenance and insurance of the project, to pay the cost of maintaining the project in good repair and properly insured. The lease shall be made on other terms and conditions for the time as determined by the authority and may authorize the purchase of the entire project or any portion thereof by the industry or its assignee after all bonds issued thereunder have been paid in full, for such consideration and upon such terms and conditions as the authority may determine.

ARTICLE XXVIII. PLANS FOR INDUSTRIAL PLANT TRAINING AND RECRUITMENT.

The authority is authorized to formulate plans for industrial plant training, workplace skills, or other educational activities to aid in the recruitment of new and expanded industries, or both, and to enter into agreements for such training with colleges, universities, and training institutions in party states.

ARTICLE XXIX. LEASE/SALE AGREEMENTS BETWEEN COMPACT AND INDUSTRIES.

Any agreement made under the compact may provide that the project will be owned by the authority, and leased to the industry; and may provide the industry with an option to purchase the project upon such terms and conditions as the board and the industry shall agree on, at a price which represents the fair market value at the time of purchase or may provide that the project shall become the property of the industry upon the acquisition of the project. The agreement may also, but is not required to, include a guaranty agreement whereby a corporation, foreign or domestic, other than the industry guarantees in whole or in part the obligations of the industry under the lease/sale upon the terms and conditions the governing board may deem appropriate.

ARTICLE XXX. Nothing in this compact shall be construed to conflict with any existing statute, to limit the powers of any party state, to repeal or prevent legislation, to authorize or permit the curtailment or diminution of any other economic development project, to affect an existing or future cooperative arrangement or relationship between a federal agency and a party state. The authority conferred by this compact shall not be construed as an exemption from the requirements for obtaining a certificate of public convenience and necessity from the applicable regulatory agency as prescribed under the law of a party state, the jurisdiction of the regulatory agency to regulate rates, and to the extent that the authority provides telephone, telegraph, telecommunications services, or any similar services, the authority is deemed to be a public utility subject to the jurisdiction of the regulatory agency of that party state. Nothing in this compact shall be construed to deprive, prevent, or hinder a regulated public utility from exclusively providing its services in those portions of the compact area that are now or hereafter included within a certificate of public convenience and necessity issued to the public utility by the applicable state regulatory agency of each party state. The authority conferred by this compact shall not be construed as a grant of authority to provide cable television, video transmission, video programming services, or other similar service, and this compact shall be subject to all federal, state and local laws, ordinances, and rules and regulations governing such services.

ARTICLE XXXI. This compact shall continue in force and remain binding upon each party state until the governor, with the consent of the legislature of each party state takes action to withdraw from the compact; provided that the withdrawal shall not become effective until six (6) months after the date of the action taken. Notice of the action shall be given by the secretary of state of the party state which takes the action.

13-2-302. There is hereby granted to the governor and to the authority under the law of this party state all the powers provided for in the compact and in this part. All officers of the

party state are authorized and directed to do all things falling within their respective jurisdictions that are necessary or incidental to carrying out the purpose of this compact.

13-2-303. In the case of any conflict between the provisions of Article VII of Section 1 of this act and any zoning, planning, or subdivision regulation authorized by law, Article VII, Section 1 shall prevail.

13-2-304. In implementing this act, the authority shall strive to ensure that participation in the compact is representative of persons who are diverse in professional or educational background, ethnicity, race, sex, geographic residency, heritage, perspective, and experience. No person shall be excluded from participation in, or be denied the benefits of any program or activity receiving funding as a result of implementation of this part on the basis of race, color, or national origin.

13-2-305. If any provision of this part or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the part which can be given effect without the invalid provision or application, and to that end the provisions of this part are declared to be severable.

SECTION 2. Tennessee Code Annotated, Section 4-29-241(a), is amended by inserting the following as a new subdivision:

() Multi-State Economic Development authority, created by § 13-2-301;

SECTION 3. The commissioner of economic and community development shall notify the executive secretary of the Tennessee code commission when the compact becomes effective pursuant to Article II of the compact.

SECTION 4. This act shall take effect July 1, 2018, the public welfare requiring it.