

SPECIAL CALLED COMMISSION MEETING

DECEMBER 5, 2019

- Economic Impact Plan – Resolution 1-12S-19
(Hampton Inn Hotel)

STATE OF TENNESSEE
COUNTY OF HENRY...

Be it remembered that the County Commission met in a special called session at the Courthouse in Henry County, Tennessee on December 5, 2019 at 4:00 p.m. Present and presiding the Honorable Brent Greer, Chairman, Donna Craig, County Clerk and the County Commissioners:

ITEM NO. 1 The meeting was called to order by HCSO Chief Deputy Damon Lowe.

ITEM NO. 2 The invocation was led by Commissioner Travis.

ITEM NO. 3 The pledge to the flag was led by Commissioner Berry.

ITEM NO. 4 Roll Call

The following Commissioners were present: Jerry Berry, Wesley Bradley, Dell Carter, Greg Carter, James Copeland, Randy Gean, Kenneth Humphreys, Don Jones, Kreg Kyle, Paul Neal, Monte Starks, James Travis, Marty Visser, David Webb, and Drew Williams.

ITEM NO. 5 Public hearing – comments from citizens

NONE AND THE CHAIR CLOSED THE FORUM

ROLL CALL
COUNTY COMMISSION, HENRY COUNTY, DONNA CRAIG, COUNTY CLERK
PARIS, TENNESSEE

A motion was made by Commissioner Visser and seconded by Commissioner Dell Carter to approve Resolution 1-12S-19, to adopt the Economic Impact Plan for the VRL Hotels Economic Development Plan Area.

ITEM NO. 6

	ABSENT	PRESENT	MOTION	SECOND	AYE	NO	ABSTAIN	PASS
BERRY, JERRY					X			
BRADLEY, WESLEY					X			
CARTER, DELL				X	X			
CARTER, GREG					X			
COPELAND, JAMES					X			
GEAN, RANDY					X			
HUMPHREYS, KENNETH					X			
JONES, DON					X			
KYLE, KREG					X			
NEAL, PAUL					X			
STARKS, MONTE					X			
TRAVIS, JAMES					X			
VISSER, MARTY			X		X			
WEBB, DAVID					X			
WILLIAMS, DREW					X			
TOTAL					15			

MOTION CARRIED

DATE : 12-5-19

RESOLUTION NO. 1-12S-19

A RESOLUTION OF THE HENRY COUNTY, TENNESSEE BOARD OF COMMISSIONERS TO ADOPT THE ECONOMIC IMPACT PLAN FOR THE VRL HOTELS ECONOMIC DEVELOPMENT PLAN AREA

WHEREAS, The Industrial Development Board of the City of Paris, Tennessee (the “Board”), is a public, nonprofit corporation organized and existing under, and by virtue of, the provisions of Chapter 53, Title 7, Tennessee Code Annotated, as amended (the “Act”); and

WHEREAS, the purpose of said Act, as stated therein, being to authorize the incorporation in the several municipalities in the State of Tennessee of public corporations to finance, acquire, construct, own, lease, equip and/or dispose of properties to the end that such corporations may be able to, among other things, maintain and increase employment opportunities by promoting industry, trade, commerce, tourism, and recreation by inducing manufacturing, industrial, governmental, educational, financial service, commercial, and recreational enterprises to locate or to remain in the State of Tennessee; and

WHEREAS, The Board desires to induce VRL Hotels 2, LLC, a Tennessee limited liability company (the “Company”) to undertake the development of a hotel facility, comprised of a new Hampton Inn hotel, or another hotel brand that is approved by the Board, containing approximately 72 rooms and a swimming pool and the public infrastructure provided in connection therewith (the “Project”), to be constructed in the Plan Area located at 1540 Mineral Wells Ave, Paris, Tennessee 38242, and as defined in the “The Industrial Development Board of the City of Paris, Tennessee – Economic Impact Plan for the VRL Hotels Economic Development Plan Area” (the “Plan”), attached hereto as Exhibit A and incorporated herein by reference; and

WHEREAS, the Project is an eligible project within the meaning of T.C.A. § 7-53-101(15)(A)(xiii); and

WHEREAS, the Board is authorized by the Act to, among other things, prepare and submit to the governing body of the City of Paris, Tennessee (the “City”) and of Henry County, Tennessee, for their approval, an economic impact plan pursuant to Section 312 of the Act; and

WHEREAS, the Board held a public hearing relating to the proposed Plan, and approved the Plan pursuant to which the Board would receive certain property taxes allocated to the Board pursuant to Section 312(h) of the Act and the Plan (the “Available Increment”) and use the same for an incentive (the “Incentive”) to the Company, by using the Available Increment either (i) pay (or reimburse the Company for paying) a portion of the Project Infrastructure Costs (such term, and all other terms the initial letter of which are capitalized and is not otherwise defined herein shall have the meaning ascribed

thereto in the Plan) of the Project, or to (ii) provide financial assistance to fund a portion of the Project Infrastructure Costs by borrowing money under a nonrecourse note, and providing the proceeds thereof to the Company to reimburse it for Project Infrastructure Costs of the Project; and

WHEREAS, the Board is authorized by law and has deemed it necessary to provide the Incentive pursuant to the terms of a certain Project Agreement (the "Project Agreement"), to be entered into with the Company; and

WHEREAS, the County has been asked to approve the Plan and the Incentive to the Company.

NOW THEREFORE, BE IT RESOLVED, by the County Commission of Henry County, Tennessee assembled in regular session on this 5th day of December, 2019, a majority or more of the membership concurring as follows:

SECTION 1. Findings with Respect to the Project. The County Commission of Henry County, Tennessee, hereby finds with respect to the Project that the acquisition, construction and equipping thereof by means of the Incentive is necessary and desirable; that the Plan Area is within an area that could provide substantial sources of tax revenues or economic activity to the City and the County; that the use of the Incentive is in furtherance of promoting economic development in the City and the County; that the use of the Incentive will develop trade and commerce in and adjacent to the City and the County, will contribute to the general welfare, and will alleviate conditions of unemployment; and that the Project will be necessary and advantageous to the Board in furthering the purpose of the Act.

SECTION 2. Approval of the Incentive and the Plan. The form, content, and provisions of the Plan, and the grant of the Incentive as contemplated herein, in the Project Agreement and in said Plan are hereby in all particulars approved; and the Mayor is hereby authorized, empowered and directed to execute, acknowledge, and deliver said Plan, in substantially the form now before this meeting of the County Commission of Henry County, Tennessee, or with such changes therein as shall be approved by the Mayor, his execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions, in the name, and on behalf, of the County Commission of Henry County, Tennessee.

The Mayor is hereby authorized, empowered, and directed, from and after the date hereof, to do all acts and things, and to execute all documents with the Company, the Board and/or Henry County, Tennessee, as may be necessary to convenient to carry out, and to comply with the provisions of said Economic Impact Plan.

SECTION 3. Miscellaneous Acts. The Mayor, the County Attorney, the County Clerk, and the Finance Director or any of them, are hereby authorized, empowered, and directed to do any and all such acts and things, and to execute, acknowledge, deliver, and if applicable file or record, or cause to be filed or recorded, in any appropriate public offices, all such documents, instruments, memoranda and certifications, certifications hereinbefore authorized and approved, as may, in his or her discretion, be necessary to desirable to implement or comply with the intent of this Resolution, or any of the documents herein authorized and approved, or for the granting and implementation of the Incentive or the undertaking of the Project by the Company for the foregoing purposes, including without limitation, the execution, delivery and recordation of any memoranda, certificates or other documents or instruments as they may deem necessary or desirable in connection with the foregoing.

SECTION 4. Limited Obligation and Liability. The obligations of the Board under the Plan and the Project Agreement (the "Obligations"), and any payments with respect thereto, are limited obligations of the Board and shall not be deemed to constitute a general debt or liability of the Board, except insofar as the applicable portions of the Available Increment has been received by the Board and the same is payable to the Company in accordance with the provisions of the Plan and in the Project Agreement referenced therein.

Neither the City, the County, the State of Tennessee, nor any other political subdivision thereof, shall be liable for the payment or performance of the Obligations or any agreement, or certification, of any kind whatsoever of the Board and neither the Obligations, nor any of the agreements, Obligations, or certifications of the Board shall be construed to constitute an indebtedness of the City, the County or the State of Tennessee, or any other political subdivision thereof, within the meaning of any constitutional or statutory provisions whatsoever. No recourse under, or upon any statement, obligation, covenant, agreement, or certification, contained in any of the foregoing documents, or any other document or certification whatsoever; or under any judgment obtained against the Board or by the enforcement of any assessment or by any legal or equitable proceeding or by virtue of any constitution or statute or otherwise, or under any circumstances, under or independent of the foregoing documents, or any other document or certification, whatsoever, shall be had against any incorporator, member, director, or officer, as such, past, present, or future, of the Board, either directly or through the Board, or otherwise, for the payment for, or to, the Board, or any receiver thereof, for any sum that may be due and unpaid by the Board for the Obligations. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such, to respond by reason of any act or omission on his or her part or otherwise for, directly or indirectly, the payment for, or to, the Board or any receiver thereof, shall be deemed to have been waived and released as a condition of, and consideration for, the execution of the aforesaid documents.

SECTION 5. Captions. The captions or headings in this Resolution are for convenience only and shall in no way define, limit, or describe the scope or intent of any provision hereof.

SECTION 6. Partial Invalidity. If any one or more of the provisions of this Resolution, or of any exhibit or attachment thereof, shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, or of any exhibit or attachment thereto, but this Resolution, and the exhibits and attachments thereof, shall be construed the same as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be.

SECTION 7. Effective. This Resolution shall be effective immediately, the public welfare and the welfare of the City requiring it.

APPROVED AND ADOPTED by the County Commission of Henry County, Tennessee, on the 5th day of December, 2019.

BE IT FINALLY RESOLVED that a true copy of the Resolution be spread upon the Commission record of this date.

PASSED 12-5-19



BRENT GREER, CHAIRMAN
HENRY COUNTY COMMISSION



DONNA CRAIG
COUNTY CLERK

APPROVED 12-5-19



BRENT GREER
HENRY COUNTY MAYOR



Paris Special School District

1219 Highway 641 South
Paris, TN 38242
(731) 642-9322
(731) 642-9327 Fax
www.parisssd.org

December 5, 2019

To: The County of Henry and the City of Paris

From: Dr. Norma S. Gerrell on behalf of the Paris Special School District Board of Education

RE: TIF for Hampton Inn Property

The PSSD understands that we are not legally required to approve the Economic Impact Plan and resulting TIF for the proposed Hampton Inn Hotel to be located on Mineral Wells Avenue. However, in the best interest of the future growth and development of the Paris and Henry County community, the PSSD gives full support to this project.

Respectfully,

Dr. Norma S. Gerrell
PSSD Director of Schools

W.G. Rhea Elementary School
115 South Wilson Street
Paris, Tennessee 38242
(731) 642-0961
(731) 642-5171 FAX

Paris Elementary School
650B Volunteer Drive
Paris, Tennessee 38242
(731) 642-3675
(731) 644-0734 FAX

W.O. Inman Middle School
400 Harrison Street
Paris, Tennessee 38242
(731) 642-8131
(731) 642-8209 FAX

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF PARIS, TENNESSEE

ECONOMIC IMPACT PLAN
FOR
THE VRL HOTELS ECONOMIC DEVELOPMENT PLAN AREA

1. **Authority for Economic Impact Plan.** Industrial development corporations are authorized under Section 312 of Tennessee Code Annotated § 7-53-101, et. seq. (the “Act”) to prepare and submit to cities and counties an economic impact plan with respect to an area that includes a project within the meaning of the Act and such other properties that the industrial development corporation determines will be directly improved or benefited due to the undertaking of such project. The Act also authorizes cities and counties to apply and pledge new incremental tax revenues, which arise from the area subject to the economic impact plan, to industrial development corporations to pay the cost of projects or to pay debt service on bonds or other obligations issued by industrial development corporations to pay the cost of projects.

2. **The Project.** The project consists of a hotel facility, comprised of a new Hampton Inn hotel, or another hotel brand that is approved by the IDB, containing approximately 72 rooms and a swimming pool and the public infrastructure provided in connection therewith (the “**Project**”), to be built on the property located at 1540 Mineral Wells Ave, Paris, Tennessee 38242, being shown at Tax Map 116, parcel 017.00, and more particularly described on the site plan attached hereto as **Exhibit A** (the “**Property**”), to be undertaken by VRL Hotels 2, LLC, a Tennessee limited liability company (the “**Company**”). In order to make the Project financially feasible, The Industrial Development Board of the City of Paris, Tennessee (the “**IDB**”) intends, subject to the approval of the City of Paris, Tennessee (the “**City**”) and the County Commission of Henry County (the “**County**”), of this Economic Impact Plan, to provide a tax increment incentive pursuant to the Act to provide funds to reimburse the Company for paying a portion of the cost of the Project that are “Public Infrastructure” is defined in Section 102(15) of Tennessee Code Annotated § 9-23-101, et. Seq. (the “**TIF Uniformity Act**”), as well as the cost of land, improvements or equipment that are utilized for Public Infrastructure, as provided in the TIF Uniformity Act and herein (collectively, the “**Project Infrastructure Costs**”). The IDB hereby agrees and determines that the Project is an eligible “project” within the meaning of Section 101(15)(B)(i) of the Act.

3. **Boundaries of Plan Area.** The boundary of the plan area that is subject to this Economic Impact Plan, and to the tax increment financing provisions described below (the “**Plan Area**”), is the boundary of the Property. The Plan Area is hereby declared to be subject to this Economic Impact Plan, and the Project is hereby identified as the project that will be located within the Plan Area.

4. **Expected Benefits to City and County.** The City and the County expect to benefit in many ways from the provision of the Project. Sales and use tax on the construction of the Project and building permit fees will be positively affected by the Project, and construction of the Project will create approximately 100 temporary construction jobs. As noted in Section 4 below, the Project is anticipated to generate approximately \$68,362 in real property taxes when fully assessed following the completion of the Project, the Base Tax Amount and the Dedicated Taxes of which will be retained by the Special School District, City and County, as applicable, while the incentive to the Company provided for herein is in effect, and upon the completion of the incentive, all of the real property taxes shall be retained by and benefit said local governments and agencies. The Project is expected to generate about \$49,500 in annual local option sales taxes per annum once the Project is fully operation, which amount is anticipated to increase to approximately \$60,500 per annum from and after the fifth year of operations (in addition to the amount to be paid to the State) and about \$90,000 in annual hotel and motel taxes per annum once the Project is fully operation, which amount is anticipated to increase to approximately \$110,000 per annum from and after the fifth year of operations, as well as personalty taxes, all of which shall be retained by the Special School District, City and County, as applicable.

The Company anticipates that the Project will result in about 15 new full-time equivalent employees at the Project. The creation of these new jobs in the City and the County is also expected to increase the number of spin off jobs, including within the retail, restaurant and entertainment areas, and to generate additional sales taxes as a result.

Importantly, the City and County need a new hotel with a nationally recognized brand and reservation system. This will help tourists, as well as local companies have a place nearby for their employees, trainees and vendors to stay, and help our families to have a place for their visitors to stay. This will enhance the livability of the community.

5. **Financial Assistance to Project: Distribution of Property Taxes.** The “**Base Tax Amount**” is defined as the aggregate real property taxes that were payable with respect to the property in the Plan Area for 2018, being the year prior to the date of approval of this Economic Impact Plan. The Base Tax Amount for the Property was \$214. The “**Increment**” is defined as the incremental increase in the real property taxes in the Plan Area over the Base Tax Amount. The “**Available Increment**” is defined as the Increment minus the Dedicated Taxes. The “**Dedicated Taxes**” are defined in the Uniformity in Tax Increment Financing Act of 2012, Tennessee Code Annotated § 9-23-101, et seq. (the “**TIF Uniformity Act**”), as “that portion of property taxes, if any, designated by a taxing agency to pay debt service on the taxing agency's debt.” “**Taxing agency**” is defined in the TIF Uniformity Act as “any county, city, town, metropolitan government or other public entity that levies property taxes on property within a plan area and that has approved the plan.” Pursuant to Section 9-23-103(c) of the TIF Uniformity Act, the IDB shall calculate Base Taxes, Dedicated Taxes and allocate the Available Increment on the aggregate basis method of calculation and allocation.

It is estimated by the tax assessor that the Project will have a tax appraisal valuation of approximately \$5,000,000 when fully assessed following completion. Based upon current rates, the real property tax attributable to the completed Project is expected to be about \$68,500 upon

completion and assessment, in total property taxes per annum, with the result that, based upon these assumptions, and assuming that the Dedicated Taxes at the County continue to be approximately 2.15%, that the Dedicated Taxes at the City continue to be approximately 6.34%, and that the Dedicated Taxes for the Special School District continue to be approximately 4%, the Available Increment from the real property tax attributable to the completed Project will be approximately \$65,827 per annum.

The IDB will provide financial assistance to pay a portion of the Project Infrastructure Costs, but only the Project Infrastructure Costs, by entering into a Project Agreement with the Company (the “**Project Agreement**”), pursuant to which the IDB will agree to pay the Available Increment to the Company to reimburse the Company for paying Project Infrastructure Costs (the “**Incentive**”), beginning with the allocation of the Available Increment for calendar year 2021, it being acknowledged and agreed that under the TIF Uniformity Act, “no allocation of tax increment revenues shall be made with respect to any property for a period of more than twenty (20) years.” The term of the Project Agreement shall end, and the payment of the Available Increment to the Company shall terminate the earlier of (i) when the total Incentive paid to the Company equals One Million and No/100 Dollars (\$1,000,000.00) (the “**Maximum Contribution**”), or (ii) December 31, 2041, provided that if the Company has not received payment of its portion of the Available Increment with respect to the property taxes for calendar year 2041 by such date, then the term shall continue until the Company receives that payment (which would be during March 2042 in the event that the 2041 taxes are paid in February of 2042). None of the Available Increment shall be retained by the IDB as an administrative fee.

At the election of the Company, rather than use the Incentive to reimburse the Company for paying Project Infrastructure Costs, the IDB will provide financial assistance to the Company to pay a portion of the Project Infrastructure Costs by borrowing money pursuant to a non-recourse note (the “**Note**”), from a lender arranged by the Company, secured and repaid by the Incentive, up to total debt service payments of principal and interest equal to the Maximum Contribution. If the applicable lender is willing to make the tax increment financing loan prior to completion of the Project, based upon a guaranty of the Company or its principal(s) or otherwise, then the IDB may enter into this arrangement before completion of the Project pursuant to such documents as it may determine to be necessary or appropriate for such purpose. The loan proceeds evidenced by the Note will only be used to pay or to reimburse the Company for paying Project Infrastructure Costs.

Subject to the provisions of Section 312(j) of the Act, property taxes, imposed on the property located within the Plan Area shall be allocated and distributed in accordance with 312(c) of the Act as follows:

(a) The Base Tax Amount shall be allocated to and, as collected, paid to the Special Schools District, City and the County as all other taxes levied on other properties; and

(b) The Dedicated Taxes will be allocated to and will be paid to the respective taxing agencies as taxes levied by such taxing agencies on all other property are paid; provided, however, that in any year in which the taxes on any property are less

than the Base Tax Amount and Dedicated Taxes, there will be allocated and paid to the respective taxing agencies only those taxes actually imposed and collected; and

(c) Commencing for the taxes assessed for the 2021 calendar year, the Available Increment, if any, when collected, shall then be remitted to the IDB and placed into a separate fund of the IDB established to hold such payments until used to reimburse the Company for Project Infrastructure Costs or repay the Note, as applicable, under the Project Agreement.

6. **Qualified Use.** The IDB, the City and the County, if applicable, by the adoption of this Plan, find that the location of the hotel is within an area that could provide substantial sources of tax revenues or economic activity to the City and the County, and find that the use of the Increment as described herein is in furtherance of promoting economic development in the City and the County, and that the use of the Increment as provided herein will develop trade and commerce in and adjacent to the City and the County, will contribute to the general welfare, and will alleviate conditions of unemployment; and that the construction and equipping of the Project will be necessary and advantageous to the IDB in furthering the purposes of the Act.

7. **Approval Process.** Pursuant to Section 312 of the Act, the process for the approval of this Economic Impact Plan is as follows:

(a) The IDB shall hold a public hearing relating to the proposed Economic Impact Plan after publishing notice of such hearing in a newspaper of general circulation in the County at least two (2) weeks prior to the date of the public hearing. The notice must include the time, place and purpose of the hearing as well as notice of how a map of the subject area may be viewed by the public. Following such public hearing, the IDB will submit this Economic Impact Plan to the City and to the County for their approval.

(b) The governing body of the City and the County must approve this Economic Impact Plan for this Economic Impact Plan to be effective. Pursuant to the Act, this Economic Impact Plan may be approved by resolution of the governing body of the City and of the County, whether or not the local charter provisions of the governing body provide otherwise.

(c) Pursuant to Section 108 of the TIF Uniformity Act, the use of the Available Increment to reimburse the Company only for Project Infrastructure Costs or to repay the Note to fund or reimburse the Company only for Project Infrastructure Costs is not subject to the Commissioner of the Department of Economic and Community Development and the Comptroller of the Treasury making a written determination that the use of tax increment revenues for such purposes is in the best interest of the State of Tennessee.

(d) Once the Economic Impact Plan has been approved by the governing body of the City and the County, the clerk or other recording official of the county shall transmit the following to the appropriate tax assessors and taxing agency affected: (a) a copy of the description of the property within the Plan Area, and (b) a copy of the Resolution approving the Economic Impact Plan, and any and all other filings required under the TIF Uniformity Act.

APPROVED:

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF PARIS, TENNESSEE**

By: _____
Title: _____
Date: _____

APPROVED:

CITY OF PARIS, TENNESSEE

By: _____
Title: _____
Date: _____

APPROVED:

HENRY COUNTY, TENNESSEE

By: _____
Title: _____
Date: _____

EXHIBIT A
PLAN AREA
[SEE ATTACHED SITE PLAN]

ROLL CALL
COUNTY COMMISSION, HENRY COUNTY, DONNA CRAIG, COUNTY CLERK
PARIS, TENNESSEE

Commissioner Jones made a motion to adjourn. The motion was seconded by
Commissioner Dell Carter.

ITEM NO. 7

	ABSENT	PRESENT	MOTION	SECOND	AYE	NO	ABSTAIN	PASS
BERRY, JERRY								
BRADLEY, WESLEY								
CARTER, DELL				X				
CARTER, GREG								
COPELAND, JAMES								
GEAN, RANDY								
HUMPHREYS, KENNETH								
JONES, DON			X					
KYLE, KREG								
NEAL, PAUL								
STARKS, MONTE								
TRAVIS, JAMES								
VISSER, MARTY								
WEBB, DAVID								
WILLIAMS, DREW								
TOTAL								

VOICE VOTE CARRIED

DATE : 12-5-19