

RESOLUTION NO. 776

**A RESOLUTION APPROVING AN ECONOMIC IMPACT PLAN
FOR THE VLR HOTELS 5, LLC PROJECT**

WHEREAS, the Industrial Development Board of Anderson County, Tennessee (the “IDB”) has prepared an economic impact plan (the “Economic Impact Plan”) regarding the development of Fairfield Inn & Suites by Marriott (collectively, the “Project”) in the City of Clinton, Anderson County, Tennessee; and

WHEREAS, the area subject to the Economic Impact Plan consists of approximately 2.15 acres and is generally located on Tanner Lane, in Clinton, Anderson County, Tennessee (the “Plan Area”); and

WHEREAS, the Economic Impact Plan would permit certain tax increment financing (“Tax Increment Financing”) to be provided through the issuance of the IDB’s bonds, notes or other obligations in the total amount not to exceed \$1,000,000 pursuant to Chapter 53, Title 7 of the Tennessee Code Annotated; and

WHEREAS, the IDB has approved the Economic Impact Plan at a meeting on February 14, 2019; and

WHEREAS, the proceeds of the Tax Increment Financing would be used to pay eligible costs under applicable laws (the “TIF Eligible Costs”) relating to the development of the Project; and

WHEREAS, the incremental property tax revenues (the “TIF Revenues”) that result from the development of the Plan Area under the Economic Impact Plan will be allocated to the IDB to be used to pay debt service of the Tax Increment Financing; and


WHEREAS, in accordance with the Economic Impact Plan, the IDB would issue the Tax Increment Financing to a lender or lenders to finance the TIF Eligible Costs and would pledge the TIF Revenues to such lender or lenders to apply to the debt service on the Tax Increment Financing; and

WHEREAS, the Tax Increment Financing shall not represent or constitute a debt or pledge of the faith and credit or the taxing power of the IDB or Clinton, Tennessee; and

WHEREAS, the Board of Directors of the IDB has approved and submitted the Economic Impact Plan to the City Council of Clinton, Tennessee for approval in accordance with Tennessee Code Annotated §7-53-312; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of Clinton, Tennessee (the “City Council”), that the Economic Impact Plan, in the form attached hereto as Exhibit A, being in the interests of the citizens of Clinton, Tennessee, is hereby approved by the City Council and the Clinton City Manager is authorized to take all appropriate action to carry out the terms of the Economic Impact Plan.

Adopted this 25th day of February, 2019.



Mayor Scott Burton



Regina Ridenour, City Recorder

**THE INDUSTRIAL DEVELOPMENT BOARD OF
ANDERSON COUNTY**

**ECONOMIC IMPACT PLAN
FOR
VLR HOTELS 5, LLC PROJECT**

I. Authority for Economic Impact Plan

Industrial development corporations ("IDBs") are authorized under Tenn. Code Ann. § 7-53-312 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 Tenn. Code Ann. § 7-53-101 and such other properties that the IDB determines will be directly improved or benefited due to the undertaking of a project. Tennessee Code Annotated § 7-53-312 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 the IDB to promote economic development, to pay the cost of projects or to pay debt service on bonds or other obligations issued by the IDB to pay the costs of projects.

II. The Project

VRL Hotels 5, LLC, a Tennessee limited liability company, or an affiliate thereof (collectively, the "Developer"), has purchased certain tracts of real property located at 2317 North Charles G. Seivers Boulevard in the City of Clinton, Anderson County, Tennessee. Such property consists of approximately 2.15 acres and is ideally situated for hotel development. The Developer has proposed to develop or cause the development of an approximately 82 room Fairfield Inn & Suites by Marriott (the "Project"). The Project is an eligible project within the meaning of Tenn. Code Ann. § 7-53-101(15).

In order to make the Project financially feasible, the Developer has requested that Anderson County, Tennessee (the "County") and the City of Clinton, Tennessee (the "City") approve, as part of this Economic Impact Plan, a plan for tax increment financing through The Industrial Development Board of Anderson County (the "Board") pursuant to Title 7, Chapter 53 of Tennessee Code Annotated to provide funds to pay a portion of the costs of the improvements that are needed to permit the construction of the Project. The proceeds of the tax increment financing would be used to pay eligible costs, in accordance with the Tax Increment Act (as defined below), relating to the Project.

III. Boundaries of Plan Area

The Project is generally located adjacent to I-75. The Project is located within a retail area and is adjacent to a number of other hotel properties. The area that would be subject to this

Economic Impact Plan, and to the tax increment financing provisions described below, includes only the property on which the Project will be located. The area that will be subject to this plan (the "Plan Area") is shown on Exhibit A attached hereto. A list of the parcels included in the Plan Area is also attached as part of Exhibit A. 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.

IV. Financial Assistance to Project

The Board will provide financial assistance to the Project by applying the proceeds of the tax increment financing described herein to pay a portion of certain costs that will be incurred in connection with the development of the Project. These costs include utility improvements, road and traffic improvements, installation of public sidewalks, parking areas and stormwater drainage system improvements. The Board will pay and/or reimburse the Developer for all or a portion of the eligible cost of such improvements upon receipt of adequate documentation of such costs. In connection with the issuance of any tax increment financing, the Board and the Developer will enter into a development agreement specifying the scope and the cost of the improvements and fees to be reimbursed.

Tenn. Code Ann. § 9-23-108 does not permit the application of incremental tax revenues pursuant to this Economic Impact Plan to pay certain costs relating to privately-owned land without first receiving a written determination from the Comptroller of the State of Tennessee (the "State") and the Commissioner of Economic and Community Development of the State that the use of tax increment revenues for such purposes is in the best interest of the State. The Board will not apply the proceeds of the tax increment financing authorized hereunder to pay costs as to which such a written determination is required without first obtaining such written determination.

V. Expected Benefits to the County and the City

The County and the City should reap numerous expected benefits from the Project's development, including job creation and increased revenues from several sources of taxation. The Developer has estimated that Project will provide at least 25 new jobs once fully developed. In addition, the construction of the Project will provide temporary construction jobs in the County and the City.

The Project will provide substantial revenues to the County and the City. The hotel/motel tax revenues expected to be generated by the hotel, once completed, are estimated to be \$161,000 per year. Visitors to the community staying at the hotels will also generate other significant tax revenues from other activities. The hotel will be the first Marriott brand hotel in the County and the City and is expected to draw visitors to the County and the City who would not otherwise have stayed within the County and the City. In addition, the hotel will include 2,000 square feet of meeting space and an indoor swimming pool, which are amenities no other hotel in the area offers.

Furthermore, the County and the City is expected to receive substantial additional sales tax revenues as a result of the development of the Project. Based on the multiplier effect tracked by the Comptroller of the State of Tennessee, the Project should result in 36 direct and indirect jobs, which will result in the generation of new local sales tax revenues. Moreover, the construction of the project is expected to result in hard cost expenditures of approximately \$8,487,000. These expenditures will generate additional local tax revenues, including sales and use taxes.

VI. Distribution of Property Taxes and Tax Increment Financing

a. Distribution of Taxes. Property taxes imposed on the real property located within the Plan Area shall be allocated and distributed as provided in this subsection. The taxes assessed by the County and the City on the real property within the Plan Area will be divided and distributed as follows in accordance with Tenn. Code Ann. § 7-53-312(c) and Title 9, Chapter 23 of the Tennessee Code Annotated, being the Uniformity in Tax Increment Financing Act of 2012 (the "Tax Increment Act"):

i. The portion of the real property taxes payable with respect to the Plan Area equal to the year prior to the date of approval of this Economic Impact Plan (the "Base Tax Amount") shall be allocated to and, as collected, paid to the County and the City as all other taxes levied by the County and the City on all other properties; provided, however, that in any year in which the taxes on the property within the Plan Area are less than the Base Tax Amount, there shall be allocated and paid to the County and the City only the taxes actually imposed.

ii. The excess of real property taxes over the Base Tax Amount (the "TIF Revenues") shall be allocated and, as collected, paid into a separate fund of the Board, created to hold such payments until the tax proceeds in the fund are to be applied to pay debt service on the obligations expected to be issued by the Board that are described to pay the costs of the public improvements described above.

This allocation is subject to the provisions of Tenn. Code Ann. § 7-53-312(d) and Tax Increment Act, which requires that taxes levied upon property within the Plan Area for the payment of debt service of the County and the City shall not be allocated to the Board. The Board is authorized to make all calculations of TIF Revenues on the basis of each parcel within in the Plan Area instead of on an aggregate basis as permitted by the Tax Increment Act. If the Board opts to have such calculations made based upon each parcel, the Board shall give notice to the County and the City that such methodology will be used prior to the first allocation date of any TIF Revenues. Further, pursuant to applicable law and this Plan, an amount equal to 0.25% of the principal amount borrowed by the Board pursuant to Section VI(b)(i) hereof of the TIF Revenues may be set aside for administrative purposes.

The Board is also authorized to designate, by notice to the County and the City, that the allocation of TIF Revenues from any parcel or group of parcels in the Plan Area shall begin in

any tax year within the next three tax years in order to match TIF Revenues with the application of TIF Revenues for the purposes provided herein, subject to the time limitation on allocations provided below. Allocations of TIF Revenues by the County and the City shall be made within the time periods provided within the Tax Increment Act but, in any event, not later than sixty days from when such TIF Revenues are collected by the County and the City.

b. **TIF Obligations.** In order to pay for the costs of the public improvements needed for the Project, the Board intends to use the incremental tax revenues that it would receive as a result of the adoption of the Economic Impact Plan to pay debt service on obligations incurred to finance such costs. This tax increment financing will be structured as follows:

i. The Board will borrow not to exceed \$1,000,000 through the issuance and sale of notes, bonds or other obligations of the Board. The Board shall pledge any and all TIF Revenues allocated to the Board pursuant to this Economic Impact Plan to the payment of such notes, bonds or other obligations, including, without limitation, principal and interest thereon. In no event will the obligations issued by the Board be considered a debt or obligation of the County or the City in any manner whatsoever, and the source of the funds to satisfy the Board's payment obligations thereunder shall be limited solely to the TIF Revenues and are otherwise non-recourse to the Board.

ii. The proceeds of the notes, bonds or obligations shall be used to pay eligible costs relating to the Project as described above, costs of issuances relating to notes, bonds or obligations and capitalized interest on the notes, bonds or other obligations for a maximum period of two (2) years from the date of completion of the Project.

c. **Time Period.** Taxes on the real property within the Plan Area will be divided and distributed as provided in this Section of the Economic Impact Plan for a period, as to each parcel in the Plan Area, not in excess of ten (10) tax years as to any parcel, but, in any event, such allocations shall cease when there are not eligible costs, including debt service, to be paid from the TIF Revenues.

d. **Finding of Economic Benefit.** The Board, the County and the City, by the adoption of this Plan, find that the use of the TIF Revenues as described herein, is in furtherance of promoting economic development in the County and the City.

VII. Approval Process

Pursuant to Tenn. Code Ann. § 7-53-312, the process for the approval of this Economic Impact Plan is as follows:

a. The Board holds 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 and the City 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 Board may submit the Economic

Impact Plan to the County and the City for their approval.

b. The governing bodies of the County and the City must approve the Economic Impact Plan. The Economic Impact Plan may be approved by resolution of the County Commission or the City Council, whether or not the local charter provisions of the governing bodies provide otherwise. If either the County or the City make any changes to this Economic Impact Plan in connection with its approval hereof, such changes must be approved by the Board and the governing body of the County or the City that did not make such change.

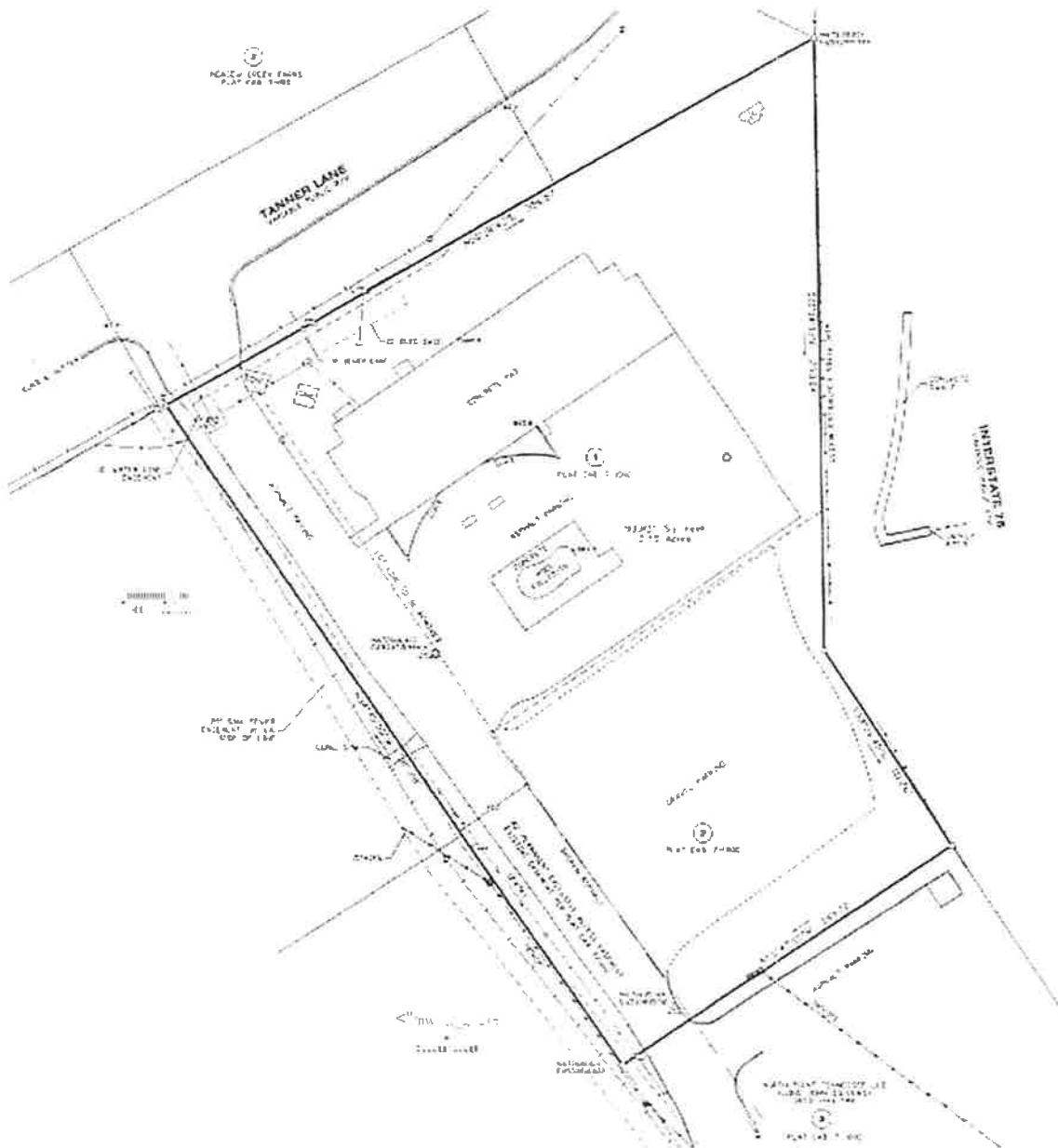
c. Once the Economic Impact Plan has been approved by the governing bodies of the County and the City, the Plan and related documentation shall be filed with the local taxing officials and the Comptroller of the State as required by the Tax Increment Act and annual statements of incremental tax revenues allocated to the Board shall be filed with the State Board of Equalization as required by the Tax Increment Act. The Board will also comply with all other procedural requirements of the Tax Increment Act and other applicable laws.

Exhibit A
(to Economic Impact Plan)

Parcels within the Plan Area

Parcel ID Nos.: 043-043-112.05 and 043-043-112.22

as shown on the site plan below:



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