

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

**ECONOMIC IMPACT PLAN FOR
THE
DOWNTOWN GARAGE FACILITY AT THE HOTEL AND CONFERENCE CENTER
ECONOMIC DEVELOPMENT AREA**

ARTICLE 1 AUTHORITY FOR ECONOMIC IMPACT PLAN

1.1 An industrial development corporation (the “IDB”) is authorized under Section 312 of Tennessee Code Annotated § 7-53-101 et. seq. (the “IDB 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 IDB Act, and such other properties that the IDB determines will be directly improved or benefited due to the undertaking of the project. The IDB Act also authorizes cities and counties to allocate new incremental tax revenues arising from the area subject to the economic impact plan to the IDB to pay the cost of projects or to pay debt service on bonds or other obligations issued by the IDB to pay the cost of projects.

ARTICLE 2 THE PROJECT

2.1 The project (the “Project”) consists of privately owned off-street parking facilities that will be available for use by the general public, and which will also be available to serve the hotel and conference center being constructed in the Plan Area. The parking facilities are composed of a five-story garage with approximately 317 parking spaces, and a surface parking lot containing about 193 spaces making at total of approximately 510 parking spaces. The Project shall be located approximately as shown on the drawing attached hereto as **Exhibit A**, and incorporated herein by this reference, the portion of the Plan Area (as defined in Section 3.1 below upon which the Project is located is sometimes referred to as the “Property”). The Project is being undertaken by Cookeville Downtown Hotels, LLC, a Tennessee limited liability company (the “Company”). In order to make the Project financially feasible, the Industrial Development Board of the City of Cookeville (the “Board”) intends, subject to the approval of the City Council of the City of Cookeville (the “City”) and the County Commission of the County of Putnam (the “County”), of this Economic Impact Plan (this “Plan”), to engage in tax increment financing under the IDB Act to provide funds to pay for the following costs of the Project (the “Permitted Costs”), but not of the remaining portions of the Conference Center (as defined in Section 5.1 below):

- (a) the cost of land acquisition;
- (b) the costs for demolition of existing buildings and other improvements on the Property;
- (c) the costs of site preparation for the Project;

(d) the transaction costs, engineering costs, closing costs and legal costs incurred by the Board and the Company in connection with the adoption and implementation of this Plan and the financing contemplated under this Plan; and

(e) such other “Public infrastructure” costs as permitted by the IDB Act (the “Other Costs”). "Public Infrastructure" is defined in Section 102(15) of Tennessee Code Annotated § 9-23-101, et. seq. (the "TIF Uniformity Act"), and includes, without limitation, “roads, streets publicly-owned or privately-owned parking lots, facilities or garages, traffic signals, sidewalks or other improvements that are available for public use, utility improvements and storm water and drainage improvements, whether or not located on public property or a publicly dedicated easement, that are necessary or desirable, as determined by the tax increment agency.”

The Board hereby agrees and determines that the use of all or a portion of the tax increment, as described in Section 6.1 below, to fund the Permitted Costs of the Project is necessary or desirable.

The Board hereby agrees and determines that the Project is an eligible “project” within the meaning of Section 101(15)(A)(iii) of the IDB Act.

ARTICLE 3 BOUNDARY OF PLAN AREA

3.1 The boundary of the plan area that is subject to this Plan (the “Plan Area”), is the property shown on the tax map attached hereto as **Exhibit B**, which exhibit also sets forth a list of the tax parcels included in the Plan Area, which the Board hereby agrees and determines is the property that will directly benefit from the development of the Project. The Plan Area is hereby declared to be subject to this Plan, and the Project is hereby identified as the project that will be located within the Plan Area.

ARTICLE 4 FINANCIAL ASSISTANCE TO PROJECT

4.1 The Board will provide financial assistance to fund the Permitted Costs of the Project by borrowing money under a nonrecourse note (the “Note”), secured and repaid by a portion of the property tax increment as described in Section 6.1 below. The proceeds of the Note will be paid to the Company only to pay for or reimburse the Company for all or a portion of the Permitted Costs. The amount that will be made available by the Board to the Company for this financial assistance will be Seven Million and No/100 Dollars (\$7,000,000), plus interest paid on the Note at an interest rate not to exceed five and 25/100 percent (5.25%) per annum.

ARTICLE 5 EXPECTED BENEFITS TO CITY AND COUNTY

5.1 The City and the County expect to benefit in many ways from the development of the Project. These benefits include:

(a) The Plan Area, which is located at or near the downtown of the City, which is the County Seat of the County, is currently underutilized. The Project will help alleviate the need for additional parking downtown, and will be a catalyst that will enable the Company to undertake a hotel and conference facility adjacent to the Project in a portion of the Plan Area.

The hotel will have approximately 124 hotel rooms, approximately 22,500 square feet of conference space, approximately 14,400 square feet of retail space, a spa, a restaurant, a sky bar and two commercial kitchens. The Company anticipates spending in excess of \$35,000,000 for the acquisition, constructing and equipping of the Project and the hotel and conference facility (the Project, together with the hotel and conference center facilities being collectively sometimes referred to as the “Conference Center”). It is forecasted that the completed Conference Center improvements will have a tax appraisal of approximately \$30,000,000 after completion. Based upon current rates and this estimated assessed value, the tax base attributable to the Conference Center is expected to generate an average of \$100,800 in City property taxes and \$327,600 in County property taxes per year, without consideration of future increases in appraised value or possible increases in tax rates.

(b) Sales tax, Hotel/Motel tax and a variety of other local taxes and/or fees will be positively affected an estimated average of \$11 Million in direct and indirect spending per year over the first 10 years in the downtown as a result of the Conference Center. This spending will result in an average of approximately \$302,500 in local sales tax revenue per annum to the City and County by the end of year ten. In addition to the sales tax, local Hotel/Motel Tax is estimated to generate revenues to Putnam County of \$390,100 per annum by the end of year ten.

(c) The Conference Center is anticipated to employ approximately 100 full time equivalent employees per annum.

(d) The City and County will both become greater destinations as a direct result of the Project and the hotel and conference facility drawing more visitors, while at the same time increasing sales tax, and hotel/motel tax revenue from future events. This new amenity, coupled with Cookeville and Putnam County being perfectly situated between Nashville, Knoxville and Chattanooga, will provide the community with a greater ability to compete for conferences and events that are currently being held in other counties.

(e) The City is an Accredited Tennessee Main Street Community that serves as the retail, healthcare, employment, and education center of the fourteen counties of the Upper Cumberland. The Project and the hotel and conference facility are expected to ignite the next level of revitalization in the Main Street area and the Westside Central Business District.

(f) Additionally, the parking spaces that the Project will provide will reduce the parking deficit in the Westside Central Business District, which was identified in the City’s 2016 Downtown Parking Study. This Project will add an additional 510 parking spaces to the Plan Area, and another 21 spaces along the street (approximately as shown on **Exhibit A**), for a total of 531 new parking spaces downtown.

(g) Additionally, the Project and the rest of the Conference Center will further enhance the community’s livability, which is a major factor in retaining young talent that may have otherwise left Cookeville to move to communities with greater amenities.

(h) By locating the Project and the Conference Center in Cookeville’s designated Main Street footprint, the downtown will be an even better resource for recruiting

visitors, Tennessee Tech University faculty, business and industry, and Cookeville Regional Medical Center physicians.

ARTICLE 6 DISTRIBUTION OF PROPERTY TAXES

6.1 Under the TIF Uniformity Act, property taxes, including personal property taxes, imposed on the property located within the Plan Area will be divided, allocated and distributed as follows:

(a) The “Base Tax Amount” is defined as the portion of the City and County property taxes that were payable with respect to the property in the Plan Area for 2017, being the year prior to the date of approval of this Economic Impact Plan. The Base Tax Amount for the tax parcels that are included in the Plan Area was \$45,246. The “Increment” is defined as the incremental increase in the City and County real and personal 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 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.”

(b) The Board will provide financial assistance for the Project by entering into a Project Agreement with the Company (the “Project Agreement”), pursuant to which the Board will agree to issue the Note, the proceeds of which shall be used to pay or reimburse the Company for a portion of the Project Costs (the “Incentive”). The Available Increment, after deduction of the Administrative Fee (defined below), will be applied by the Board to the repayment first of interest on and then to the principal of the Note, beginning with the allocation of the Available Increment for the earlier of the calendar year in which the Conference Center is assessed following completion, or calendar year 2021 (the “Initial Allocation Year”). It is acknowledged and understood 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.” Consequently, the term of the Project Agreement and the Note shall end (the “End of the Term”), and the payment of the Available Increment to the Company shall terminate upon the earlier of the repayment of the Note in full, or upon the allocation of twenty (20) annual payments of the Available Increment from and including the payment of the Available Increment for the Initial Allocation Year. For example, if the Initial Allocation Year ends on December 31, 2021, and the Note has not been paid in full prior thereto, then the End of the Term shall be upon the payment of the Available Increment with respect to calendar year 2041 on the Note, with the result 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 December 31, 2041, then the term shall continue until the Company receives that payment (which would be during March or April 2042 in the event that the 2041 taxes are paid in February of 2042).

(c) Subject to the provisions of Section 312(j) of the IDB 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:

(i) The Base Tax Amount and the Available Increment, if any, for the 2018 calendar year, for the 2019 calendar year if the Initial Allocation Year is 2020, and for the 2020 calendar year if the Initial Allocation Year is 2021, shall be allocated to and, as collected, paid to the City and the County as all other taxes levied by the City and the County on all other properties; and

(ii) 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

(iii) The Board may retain a fee (the “Administrative Fee”) equal to 50/100 percent (0.5%) of the Available Increment per annum, until the Board has received a total of \$50,000 for administrative expenses in administering this Plan as permitted under Section 9-23-104 of the TIF Uniformity Act; and

(iv) Commencing with the taxes assessed for the Initial Allocation Year, the Available Increment, if any, shall be allocated to and, when collected and paid to the City and the County, shall then be remitted to the IDB and placed into a separate fund of the IDB established to hold such payments until used to make payments against the Note as provided in the Project Agreement.

(d) The City and County will allocate the Available Increment to the Board no later than sixty (60) days after the date that taxes are paid, as to each of the City and the County for each tax year. Delinquent payments received by the City and the County will be allocated to the Board, to the extent required no later than sixty (60) days of receipt by the City or County with interest to the extent provided in the TIF Uniformity Act. Calculations of incremental tax revenues with respect to the Plan Area will be done on an aggregate basis as provided in Section 103(c) of the TIF Uniformity Act.

ARTICLE 7 QUALIFIED USE

7.1 The IDB, the City and the County, by the adoption of this Plan, find that the location of the Project, which is making the provision of the hotel and conference center possible, 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.

ARTICLE 8 APPROVAL PROCESS

8.1 Under Section 312 of the IDB Act, the process for the approval of this Plan is as follows:

(a) The Board will hold a public hearing relating to the Plan after publishing notice of the hearing in a newspaper of general circulation in the City at least two (2) weeks prior to the date of the 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 the hearing, the Board will submit this Plan to the City and to the County for their approval.

(b) The governing body of the City and the County must approve this Plan for it to be effective. Under the IDB Act, this 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) Once this Plan has been approved by the governing body of the City and the County, the clerk or other recording official of the applicable governing body will transmit the following to the appropriate tax assessors and taxing agency affected:

- (i) a copy of the description of the property within the Plan Area, and
- (ii) a copy of the Resolution approving this Plan, and any and all other filings required under the TIF Uniformity Act

8.2 The Board will file with the Comptroller a copy of the materials in Section 8.1(c) above and by October 1 of each year the Company will file with the Comptroller an annual statement of all tax increment revenues allocated under this Plan.

In witness whereof the parties hereto have entered into this Agreement as of the Effective Date.

APPROVED:

ATTEST:

**THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF COOKEVILLE**

Secretary

(SEAL)

By: _____
Name: Robert R. Bell
Title: Chairman

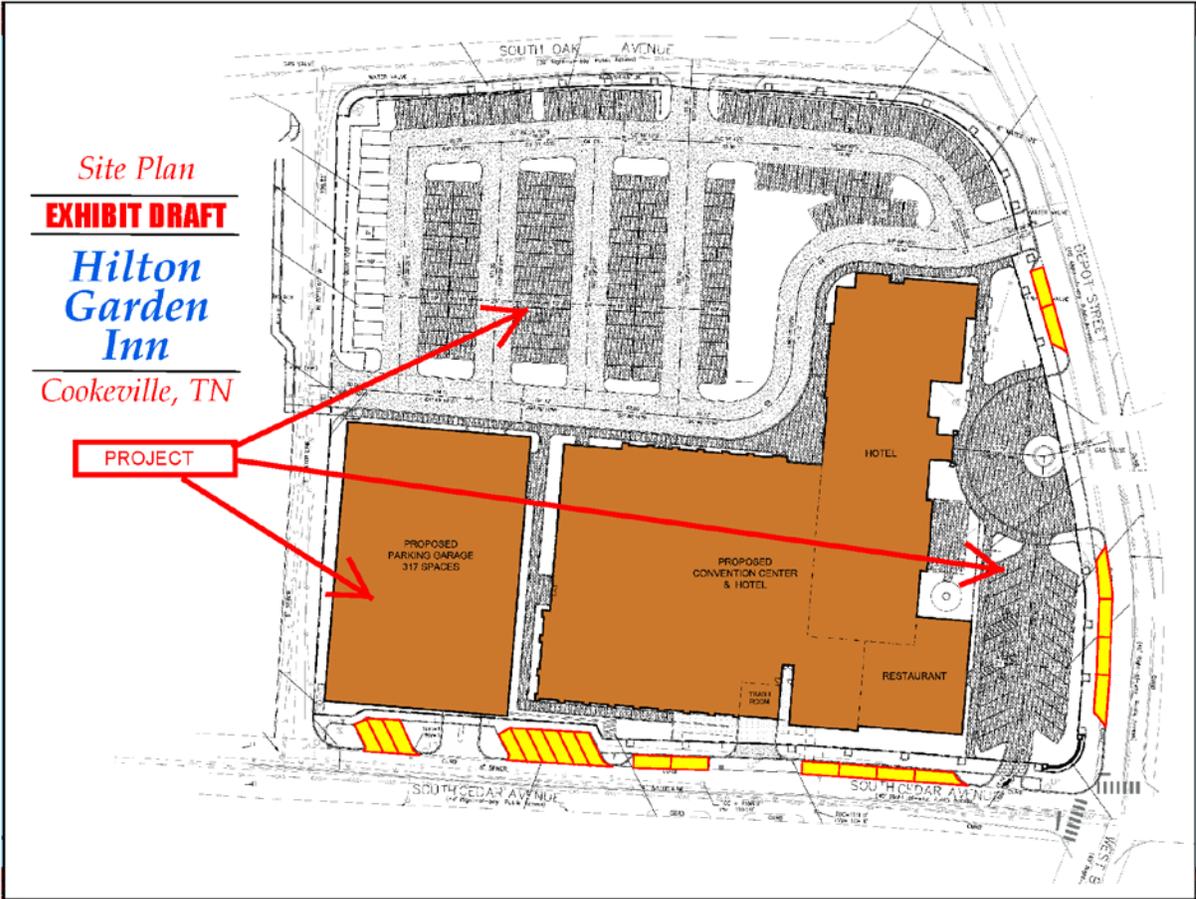
**APPROVED:
CITY OF COOKEVILLE, TENNESSEE**

By: _____
Name: _____
Title: _____
Date: _____

**APPROVED:
PUTNAM COUNTY, TENNESSEE**

By: _____
Name: _____
Title: _____
Date: _____

**EXHIBIT A
PROPERTY**



**EXHIBIT B
PLAN AREA**

LIST OF TAX PARCELS WITHIN PLAN AREA:

Tax Parcel I.D.

053G F 007.00	053G F 001.00
053G F 008.00	053G F 002.00
053G F 010.00	053G F 004.00
053G F 011.00	053G F 005.01
053G F 011.01	

MAP OF PLAN AREA:

