

**STATE OF TENNESSEE  
COUNTY OF HAMBLLEN  
CORPORATION OF MORRISTOWN  
MAY 7, 2013**

The City Council for the City of Morristown, Hamblen County, Tennessee, met in regular session at the regular meeting place of the Council in the Morristown City Center at 5:00 p.m., Tuesday, May 7, 2013 with the Honorable Mayor Danny Thomas presiding and the following Councilmembers present; Chris Bivens, Dennis Alvis and Gene Brooks, absent; Bob Garrett, Kay Senter and Paul LeBel.

Mark Campbell, Chaplain Morristown Police Department led in the invocation and Councilmember Brooks led in the "Pledge of Allegiance".

Councilmember Alvis made a motion to approve the April 16, 2013 minutes as circulated. Councilmember Bivens seconded the motion and upon roll call; all voted "aye".

Councilmember Bivens made a motion to Postpone Indefinitely the Plan of Services, Resolution No.'s 06-13, 07-13 and 08-12. Councilmember Brooks seconded the motion and upon roll call; all voted "aye".

**RESOLUTION NO. 06-13                      **POSTPONED INDEFINITELY****

**A RESOLUTION ADOPTING A PLAN OF SERVICES FOR THE ANNEXATION OF PROPERTIES LOCATED ON 2536 FAIRVIEW ROAD, 2526 FAIRVIEW ROAD AND 2582 FAIRVIEW ROAD.**

**RESOLUTION NO. 07-13                      **POSTPONED INDEFINITELY****

**A RESOLUTION ADOPTING A PLAN OF SERVICES FOR THE ANNEXATION OF PROPERTIES LOCATED AT 2518 Shields Ferry Road and 2534 Fairview Road.**

**RESOLUTION NO. 08-13                      **POSTPONED INDEFINITELY****

**A RESOLUTION ADOPTING A PLAN OF SERVICES FOR THE ANNEXATION OF PROPERTIES LOCATED AT 2636 Shields Ferry Road, 2654 Shields Ferry Road, 2536 Lakeview Drive and 2540 Lakeview Drive.**

Councilmember Bivens made a motion to Postpone Indefinitely Ordinance No.'s 3468, 3469 and 3470 prior to second and final reading. Councilmember Brooks seconded the motion and upon roll call; all voted "aye".

**Ordinance No. 3468                      **POSTPONED INDEFINITELY****

**An Ordinance to Annex Certain Territory and to Incorporate Same Within the Corporate Boundaries of the City of Morristown, Tennessee. (Annexation of property located at 2536 Fairview Road {HCTM 25H Group A Parcels 52}, 2526 Fairview Road {HCTM 25H, Group A, Parcel 53} and 2582 Fairview Road {(HCTM 25H, Group A, Parcel 54} with the Zoning Designation of Light Industrial (LI).)**

**Ordinance No. 3469**

**POSTPONED INDEFINITELY**

**An Ordinance to Annex Certain Territory and to Incorporate Same Within the Corporate Boundaries of the City of Morristown, Tennessee. (Annexation of property located at 2518 Shield's Ferry Road {HCTM 24, Parcel 156.03} and 2534 Fairview Road {HCTM 24, Parcel 153} with the Zoning Designation of Agriculture (A-1).)**

**Ordinance No. 3470**

**POSTPONED INDEFINITELY**

**An Ordinance to Annex Certain Territory and to Incorporate Same Within the Corporate Boundaries of the City of Morristown, Tennessee. (Annexation of property located at 2636 Shield's Ferry Road {HCTM 25, Parcel 1}, 2654 Shield's Ferry Road {HCTM 25, Parcel 2.01} and 2660 Shield's Ferry Road {HCTM 25, Parcel 4} 2536 Lakeview Drive {HCTM 25, Parcel 2} and 2540 Lakeview Drive {HCTM 25A, Group A Parcel 4} with the Zoning Designation of Agriculture (A-1) and Medium Density Residential (R-2).)**

A Public Hearing was held on Ordinance No. 3471. The following spoke during the Public Hearing: Rev. Nigel Marlin Reid, Sr.

Councilmember Alvis made a motion to approve Ordinance No. 3471 on second and final reading. Councilmember Bivens seconded the motion and upon roll call; all voted "aye".

**Ordinance No. 3471**

**An Ordinance to Amend the Municipal Code of the City of Morristown, Tennessee, Appendix B. Rezoning of 505 & 515 Fairmont Ave. from Single Family Residential (R-1) to Office, Medical & Professional (OMP).**

Industrial Board Chairman R. Jack Fishman and Vice Chairman James Craine presented Tax Increment Financing (TIF) program and the Economic Impact Plan for the Downs at Wallace Farms.

Councilmember Alvis made a motion to approve Resolution No. 09-13. Councilmember Bivens seconded the motion and upon roll call; all voted "aye".

**RESOLUTION NO. 09-13**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRISTOWN, TENNESSEE APPROVING AN ECONOMIC IMPACT PLAN FOR THE DOWNS AT WALLACE FARM ECONOMIC DEVELOPMENT AREA**

WHEREAS, The Industrial Development Board of the City of Morristown, Tennessee (the "Board") has prepared an economic impact plan (the "Economic Impact Plan") regarding the development of an area known as The Downs at Wallace Farm (the "Plan Area"); and

WHEREAS, the development of the Plan Area would include retail shopping facilities, commercial, lodging and outparcel development (the "Project"); and

WHEREAS, the Economic Impact Plan would permit certain tax increment financing ("Tax Increment Financing") to be provided through the issuance of the Board's bonds, notes and other obligations in the total amount not to exceed \$3,500,000 pursuant to Chapter 53, Title 7 of the Tennessee Code Annotated; and

Whereas, the Board has approved the Economic Impact Plan at a meeting on April 29, 2013 after a public hearing; and

WHEREAS, the proceeds of the Tax Increment Financing would be used to pay the costs of utility improvements and road, street and traffic improvements (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 Board to be used to pay debt service of the Tax Increment Financing; and

WHEREAS, in accordance with the Economic Impact Plan, the Board 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 Board, the City of Morristown, or Hamblen County, Tennessee; and

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

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Morristown, Tennessee:

That the Economic Impact Plan, in the form attached hereto as Exhibit A, being in the interests of the citizens of the City of Morristown, Tennessee is hereby approved by the City Council; and

That the officers of the City are hereby authorized to take all appropriate action to carry out the terms of the Economic Impact Plan.

Passed this 7<sup>th</sup> day of May, 2013.

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Mayor

ATTEST:

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City Administrator

EXHIBIT A

THE INDUSTRIAL DEVELOPMENT BOARD OF THE  
CITY OF MORRISTOWN, TENNESSEE

ECONOMIC IMPACT PLAN

F O R

THE DOWNS AT WALLACE FARM

**I. Authority for Economic Impact Plan**

Industrial development corporations ("IDBs") are authorized under Tenn. Code Ann. § 753-312 to prepare and submit to cities and counties an economic impact plan with respect to an area that includes an industrial park within the meaning of Tenn. Code Ann. § 7-53-312 or 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 such industrial park or 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**

Wallace Properties LLC (the "Developer") owns certain tracts of real property located at Exit 8 of U.S. Interstate 81 in Hamblen County, Tennessee, which constitute the plan area described below. The Developer has constructed and expects to construct infrastructure improvements to facilitate the commercial development of these tracts of real property and to sell or lease the property to various businesses. The businesses to which the Developer expects to sell or lease properties include one known convenience store and two full service restaurants, and the Developer is in ongoing negotiations with other similar businesses as well as lodging and retail concerns. B.P., McDonald's, and Hardee's are the known to be willing to locate, or have located, on the property at this time. The commercial, lodging and retail facilities that are being located on or that will be located on the property, including those that have already been specifically identified,

are collectively referred to herein as the "Project." The Project is an eligible project within the meaning of Tenn. Code Ann. § 7-53-101(13). The development proposed by the Developer, including the Project, is commonly known as The Downs.

In order to make the Project financially feasible, Developer has requested that Hamblen County, Tennessee (the "County") and the City of Morristown, Tennessee (the "City") approve, as part of this Economic Impact Plan, a plan for tax increment financing through The Industrial Development Board of the City of Morristown, Tennessee (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 and operation of the Project and the development of adjacent areas. The proceeds of the tax increment financing would be used exclusively to pay for public improvements (including, but not limited to, road and traffic improvements and utility improvements) and storm water and drainage improvements that will permit the development of the Project area and adjacent areas.

### **III. Boundaries of Plan Area**

The Project is generally located at Exit 8 of U.S. Interstate 81 within the County. 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 and the related infrastructure improvements, all or a portion of the cost of which will be financed with the tax increment financing that is authorized by this Economic Impact Plan. The area that will be subject to this plan (the "Plan Area") is shown on Exhibit A attached to the TIF application. The Plan Area is hereby declared to be subject to this Economic Impact Plan, and the Project is hereby identified as being the same as 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 relate to the acquisition of property for and the construction and installation of public improvements and storm water and drainage improvements to be made upon and/or adjacent to the Project Area. Those improvements include, but are not limited to, the following:

- Creation of "Twin Spires Lane" at a length of approximately 775 feet
- Creation of "Winner's Circle" at a length of approximately 565 feet
- Creation of "Steeplechase Lane" at a length of approximately 570 feet
- Improvement of roadways, utilities, sewers, and drainage facilities that are currently needed and that will be required to accommodate the Project at and near Exit 8 of U.S. Interstate 81 both outside of the Plan Area and within the Plan Area,

The Board will pay and/or reimburse the Developer for all or a portion of the cost of such

public improvements upon receipt of adequate documentation of such costs. In connection with any tax increment financing for these costs, the Board and the Developer will enter into a development agreement specifying the scope and the cost of the public improvements to be reimbursed, not exceeding \$3,500,000. The maximum amount that will be made available by the Board for such financial assistance shall be \$3,500,000.

#### **V. Expected Benefits to City and County**

Generally, the benefits to the County and the City from the development of a retail shopping center will not be substantial enough to necessitate the use of an economic impact plan and tax increment financing. The County and the City already have many retail shopping centers, and most of such centers were developed without the assistance of tax increment financing. For the Board to submit to the County and the City an economic plan that includes retail shopping, the proposed project should provide a unique benefit to the public in order to merit the assistance available through an economic impact plan and tax increment financing.

The Downs is unique given its proximity to Exit 8 of U.S. Interstate 81 and the composition of the planned commercial development which includes retail, lodging and dining. The economic benefits of the development that has occurred at Exit 4 and Exits 417 and 407 of U.S. Interstate 40 are well documented. A natural competition is currently underway between Exit 8 in Hamblen County and Exit 4 in White Pine. This competition is heightened with the major improvements to the ramps at Exit 8 and the Exit 4 connector to the soon to be improved State Route 66. Time is of the essence in order to secure the location of coveted lodging and retail establishments as they will not locate at both competing exits given they are within four miles of each other.

Unlike lodging and retail located within the interior of Hamblen County, The Downs has the unique opportunity to attract motorists traveling a major interstate that would not otherwise spend their money in the City of Morristown and Hamblen County. The likelihood of attracting motorists to stop at Exit 8 is certainly increased with the presence of Cracker Barrel, Best Western Conference Center, Walters State Exposition Center and the East Tennessee Progress Center. This collection of economic activity combined with the proposed Development can create a significant revenue stream of sales tax and property tax and can also add to the viability of utilizing the Lowland Wastewater Treatment facility. The use of tax increment financing pursuant to this Plan to assist with the cost of the infrastructure will accelerate the process of construction and provide a decided advantage for Exit 8 over Exit 4.

The County and the City are expected to receive substantial additional ad valorem real and personal property taxes as a result of the development of the Plan Area. This anticipated increase is shown in detail in the following chart (note these numbers are net of the newly generated debt portion in which the County and City will collect and retain - the County would collect approximately \$220,714 and the City \$123,647 over the first five years):

Year	Current Taxes	Forecasted Real Estate Taxes (City)	Forecasted Real Estate Taxes (County)	Forecasted Personal Property Taxes (City)	Forecasted Personal Property Taxes (County)	Change
2014	\$25,947	\$63,325	\$96,608	\$12,290	\$18,749	\$165,025
2015	25,947	105,532	160,997	16,600	25,324	282,505
2016	25,947	147,521	225,055	20,495	31,267	398,392
2017	25,947	178,i33	271,756	20,691	31,566	476,198
2018	25,947	178,133	271,756	16,825	25,668	466,435

The tax increment revenues resulting from the development of the Project (the "TIF Revenues") will be applied during a maximum period described below to the debt service on debt incurred by the Board to pay the costs described herein. However, following the payment of such indebtedness, the County and the City will benefit from the increase in the real property taxes. The County and the City are also expected to receive additional sales tax revenues as a result of the development of the Project. Because a significant portion of the sales at the Project are expected to be purchases that would otherwise occur outside the County and the City, much of these sales tax revenues will be a new source of revenues to the County and the City.

Development of the Project will also create a significant number of jobs within the County and the City. Initially, during the construction phase of the Project, the development will generate a substantial number of construction jobs. After completion of the Project, long-term employment opportunities will exist at the Project. The Developer estimates that the number of jobs to be available is approximately 326 full-time and 321 part-time once the Project is fully developed. The average wage including benefits for these jobs is expected to be \$10.00 per hour.

**VI. Distribution of Property Taxes and Tax Increment Financing**

a. Distribution of Taxes. Property taxes, including personal property taxes, imposed on the 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 and personal 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 and personal 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 and personal property 'axes 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(j) 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 City and the County that such methodology will be used prior to the first allocation date of any TIF Revenues.

As permitted by the Tax Increment Act, the Board is hereby authorized to separately group one or more parcels with the Plan Area for purposes of calculating and allocating the TIF Revenues, and in such *case, the* allocation of TIF Revenues shall be calculated and made based upon each such parcel or group of parcels, and not the entire Plan Area. The Board shall give notice of any such grouping of parcels to the City and the County. The Board is also authorized to designate, by notice to the City and the County, that the allocation of TIF Revenues from any parcel or group of parcels shall begin in different 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 City and the County 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 City or the County.

b. TIF Obligations. In order to pay for the costs of the infrastructure 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 \$3,500,000 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. 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.

ii. The proceeds of the notes, bonds or obligations shall be used to pay the costs of the public improvements described above together with expenses of the Board in connection with the Project and the tax increment financing 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 and personal property within the Project 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 twenty (20) 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. Qualified Use. 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 and that costs to be financed as described herein are costs of the Project.

## **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 City Council, whether or not the local charter provisions of the governing bodies provide otherwise.

c. Once the Economic Impact Plan has been approved by the governing bodies of the County and the City, the clerk or other recording official of the governing bodies shall transmit the following to the appropriate tax assessor 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. A copy of the Economic Impact Plan and the resolutions approving the Plan shall be filed with the Comptroller of the State 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.

Councilmember Bivens made a motion to approve Ordinance No. 3472 on first reading and schedule a public hearing relative to final passage of said Ordinance for May 21, 2013. Councilmember Brooks seconded the motion and upon roll call; all voted "aye".

**Ordinance No. 3472**

**An Ordinance Amending Section 16-112 of the Morristown Municipal Code by Deleting Same in its entirety and Substituting Therefore the Following Section 16-112 [Littering streets, sidewalks, etc., prohibited].**

Councilmember Alvis made a motion to approve Ordinance No. 3473 on first reading and schedule a public hearing relative to final passage of said Ordinance for May 21, 2013. Councilmember Bivens seconded the motion and upon roll call; all voted "aye".

**Ordinance No. 3473**

**An Ordinance Amending Section 9-14 of the Morristown Municipal Code by Deleting Same in its entirety and Substituting Therefore the Following Section 9-14 [Minimum Standards for Fixed Base Operators].**

Councilmember Alvis made a motion to approve Ordinance No. 3474 on first reading and schedule a public hearing relative to final passage of said Ordinance for May 21, 2013. Councilmember Bivens seconded the motion and upon roll call; all voted "aye".

**Ordinance No. 3474**

**An Ordinance to Establish an Updated Occupational Safety and Health Program Plan, Devise Rules and Regulations and to Provide for a Safety Director and the Implementation of Such Program Plan.**

Councilmember Bivens made a motion to Approve a Grant Contract with the Tennessee Department of Transportation Aeronautics Division for an Airport Layout Plan at Moore-Murrell Field. Councilmember Alvis seconded the motion and upon roll call; all voted "aye".

Councilmember Brooks made a motion approve Mayor Thomas's appointment of Britney Holbert to the Tree Board to fill the remaining term of Sara Turk, term expiring September 18, 2013. Councilmember Alvis seconded the motion and upon roll call; all voted "aye".

City Administrator Tony Cox reported to Council on the 2013 Consolidated Action Plan for Housing and Community Development.

Mayor Thomas adjourned the May 7, 2013 meeting.

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MAYOR

ATTEST:

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CITY ADMINISTRATOR