

RESOLUTION

No. 2016/ 09 / 01

Out-of-order

To the HONORABLE MELVILLE BAILEY, Chairman, and Members of the Hawkins County Board of Commission in Regular Session, met this 26th day of September, 2016.

RESOLUTION IN REF: APPROVAL TO ACCEPT HELP AMERICA VOTE ACT (HAVA) GRANT FUNDS IN THE AMOUNT NOT TO EXCEED \$9,700.00 FROM THE STATE OF TENNESSEE DIVISION OF ELECTIONS FOR THE PURPOSE OF PURCHASING FOUR (4) NEW VOTING MACHINES and ONE (1) CARD READER

WHEREAS, the Help America Vote Act (HAVA) offers grant funding to counties in the state for the purpose of purchasing new voting machines and equipment.

WHEREAS, Hawkins County is required, by the State Division of Election, to returned to the state, the same percentage from the sale of the surplus voting equipment as was the percentage of HAVA funds use when the surplus machines where purchase; and.

WHEREAS, Hawkins County has sold surplus voting machines to other counties and has returned the states portion of the proceeds to the State Division of Election. The State will deposit the monies into the HAVA fund and will earmark it for Hawkins County for the purchase of new voting machines. There is no matching funds required from the county; and

THEREFORE BE IT RESOLVED THAT approval be given to accept the HAVA grant in the amount not to exceed \$9700.00 for the purpose of purchasing new voting machines; and

FURTHER BE IT RESOLVED THAT authorization be given for Melville Bailey, County Mayor to execute all documents pertaining to the grant.

Introduced By Esq. Shane Bailey, Chrmn - Bdgt Comm

Secoded By Esq. _____

Date Submitted 9-19-16

Nancy A. Davis
County Clerk

By: _____

Chairman Melville Bailey

ACTION: AYE NAY PASSED

Roll Call _____

Voice Vote _____

Absent _____

COMMITTEE ACTION

RESOLUTION

No 2016 / 09 / 02

Out-of-order

To the HONORABLE MELVILLE BAILEY, Chairman, and Members of the Hawkins County Board of Commission in Regular Session, met this 26th day of September, 2016.

RESOLUTION IN REF: TO APPROVE A PAYMENT IN LIEU OF TAXES AGREEMENTS FOR KINGSPORT HOUSING & REDEVELOPMENT AUTHORITY

WHEREAS, Kingsport Housing and Redevelopment Authority has a public housing development in Hawkins County known as Holly Hills; and

WHEREAS, the Holly Hills development is in need rehabilitation and as per the HUD's funding structure known as the Rental Assistance Demonstration Program ("RAD") which allows KHRA to use the low income housing tax credit program to help finance the rehabilitation or rebuild of existing public housing the attached resolution must be approved by Hawkins County.

Please see attached resolution

Introduced By Esq. Eugene Christian

Seconded By Esq. _____

Date Submitted 9-19-16

County Clerk Nancy S. Davis

By: _____

Chairman Melville Bailey

ACTION: AYE NAY PASSED

Roll Call _____

Voice Vote _____

Absent _____

COMMITTEE ACTION

RESOLUTION: TO APPROVE A PAYMENT IN LIEU OF TAXES AGREEMENTS FOR KINGSFORT HOUSING & REDEVELOPMENT AUTHORITY

WHEREAS, property of the Kingsport Housing & Redevelopment Authority ("KHRA") is exempt from ad valorem property tax subject to the requirements of Tennessee Code Annotated § 67-5-206; and

WHEREAS, KHRA is authorized by Tennessee Code Annotated § 13-20-104 et seq.; as amended, among other things, to establish a payment in lieu of ad valorem taxes program ("PILOT program") for lessees operating Low-income housing tax credit ("LIHTC") property as defined by § 42 of the Internal Revenue Code of 1986, as amended; and

WHEREAS, KHRA, so that it may continue its public benefit purposes of providing safe, decent, and affordable housing for low and moderate income families within the City of Kingsport and Hawkins County, wishes to provide PILOT programs restricted exclusively for projects developed through the assistance of LIHTCs; and

WHEREAS, KHRA wishes to enter a PILOT Agreement similar in form and substance to Exhibit 1 with Myrtle Street Redevelopment, LLC, which intends to seek an award of LIHTCs and which will lease KHRA property and operate it as a LIHTC property; and

WHEREAS, the Board of Hawkins County Commissioners finds and declares that the PILOT program and the PILOT Agreement attached hereto as Exhibit 1 is in furtherance of KHRA's public purposes set forth in the Tennessee Code.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF HAWKINS COUNTY, TENNESSEE THAT:

SECTION 1. The Board of County Commissioners of Hawkins County hereby acknowledges and affirms that Kingsport Housing & Redevelopment Authority real property is exempt from ad valorem taxes and KHRA has been delegated the authority to negotiate and accept payments in lieu of ad valorem taxes from the housing authority's lessees operating Low Income Housing Tax Credit property pursuant to Tennessee Code Annotated § 13-20-104(f).

SECTION 2. The Board of County Commissioners of Hawkins County hereby approves the PILOT Agreement, in form and substance similar to Exhibit 1, between Kingsport Housing & Redevelopment Authority and Myrtle Street Redevelopment, LLC and further authorizes Kingsport Housing & Redevelopment Authority to amend said PILOT agreement as necessary to apply to such other real property as may be needed to complete the project described therein.

SECTION 3. This Resolution shall take effect from and after its passage, the public welfare requiring it. This resolution shall be spread upon the minutes of the Board of County Commissioners.

All resolutions in conflict herewith be and the same rescinded insofar as such conflict exists.

Approved this _____ day of _____, 2016.

EXHIBIT 1
Payment In Lieu of Taxes Agreement
Myrtle Street Redevelopment, LLC

PAYMENT IN LIEU OF TAX AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into as of the ____ day of _____, 2016 (the "effective date") by and between the KINGSPORT HOUSING & REDEVELOPMENT AUTHORITY, a Tennessee public non-profit corporation ("KHRA") and Myrtle Street Redevelopment, LLC ("Lessee").

RECITALS

A. KHRA owns certain properties located in the City of Kingsport, which is more particularly described on Exhibit A (the "Development Properties"). Under the Tennessee Constitution and statutes, the Development Properties is exempt from ad valorem property taxation.

B. Lessee intends enter a long-term Ground Lease to lease the Development Properties.

C. Lessee intends to redevelop and operate on the Development Properties low-income housing developments with financing, in part, through low-income housing tax credits administered by the Tennessee Housing Development Agency.

D. Lessee will seek an award of low income housing tax credits from the Tennessee Housing Development Agency to redevelop and operate the Development Properties as LIHTC properties.

E. KHRA is authorized by TENN. CODE ANN. § 13-20-104 to enter agreements for payments in lieu of ad valorem taxes ("PILOT") with lessees operating low-income housing tax credit ("LIHTC") property.

F. By approving Resolution No. 2017-018, the City of Kingsport delegated to KHRA the authority to negotiate and accept PILOTs from its lessees, and approved the form of this Agreement upon its finding that the Agreement and payments described herein are in furtherance of KHRA's public purpose.

NOW THEREFORE, in consideration of the recited premises, the mutual covenants contained herein, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Lease Agreement. KHRA and Lessee will enter into a Ground Lease for the Development Properties.

Section 2. Appointment of Agent. KHRA hereby appoints Lessee as its agent to act for and on behalf of KHRA to exercise those powers conferred on it by Tenn. Code Ann. § 13-20-104 with respect to the redevelopment and operation of multi-family residential facilities for low and moderate-income persons on the Development Properties, except that Lessee shall not bind KHRA to any debts, liabilities or costs.

Section 3. Payments in Lieu of Taxes. Lessee shall make annual payments in lieu of taxes (“Annual Payments”) to Kingsport Housing & Redevelopment Authority as follows:

a. Amount. Annual Payments shall be ten percent (10%) of the aggregate Shelter Rent collected by Lessee for the Project during the preceding year. Shelter Rent is defined as the total of all rents actually collected from all tenants of the Project for dwelling rents and non-dwelling rents (excluding all other income of Development Properties), less the cost to Lessee of all dwelling and non-dwelling utilities.

b. Time of Payment. Each Annual Payment is due and payable on the last day on which ad valorem taxes are payable to the City of Kingsport for each respective tax year. Any Annual Payments payable with respect to any partial tax year shall be pro rated based upon the number of days in which partial year to which this Agreement applies.

c. Payments Reduced by Taxes Assessed. The Annual Payments described herein are intended to be in lieu of all ad valorem taxes on all real and personal property of any nature which are or may be levied by the City of Kingsport, Sullivan County, Hawkins County, or any other political subdivision of the State with respect to the Project, work-in-progress in regard to the construction and development of the Project during the term of this Agreement, and taxes on the leasehold estate created under the Ground Lease. Therefore the amount of the Annual Payments will be reduced by the amount of any ad valorem taxes or other taxes on real or personal property of any nature levied by the City of Kingsport, Sullivan County, Hawkins County, or any other political subdivision, or the State with respect to the Development Properties which Lessee is or may be required to pay during the term of this Agreement.

Section 4. Annual Report to State Board of Equalization. Before October 1 of each year, Lessee shall file with the State Board of Equalization a report that complies with TENN. CODE ANN. § 13-20-104(f)(1)(3), as amended, with a copy of such report to KHRA.

Section 5. Term. The term of this Agreement shall commence on the effective date of this Agreement and shall end on the last day of the fifteenth (15th) year after any Project is placed in service, as defined by Section 42 of the Internal Revenue Code, or at such time the Lessee’s interest in the Development Properties terminates, whichever is longer.

Section 6. Choice of Law. This Agreement shall be governed by the laws of the State of Tennessee.

Section 7. Amendments. This Agreement shall be amended only by a written instrument executed by the parties hereto or their successors and assigns. This Agreement may not be materially amended without prior written approval of KHRA. Notwithstanding the foregoing, KHRA and Lessee hereby consent to any amendment to this Agreement required by a change in applicable law or regulation, and no further consent shall be required for such amendment to become effective.

Section 8. Notices. All notices, certificates, demands, requests, consents, approvals and other similar instruments under this Lease shall be in writing, and shall be deemed to have been properly given and received if sent by United States certified or registered mail, postage prepaid to the business addresses of each of the respective parties, or at such other address as the parties may designate by written notice.

Section 9. Severability. If any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

Section 10. Headings. The headings in this Agreement are for convenience of reference only and shall not define or limit the provisions thereof.

Section 11. Binding Effect. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 12. Expenses on Default. In the event that KHRA shall be required to engage legal counsel for the enforcement of any of the terms of this Agreement, whether or not such employment involves prosecuting or defending an action in court or other legal services required to secure compliance on the part of Lessee, Lessee shall be responsible for and shall promptly pay to KHRA its reasonable attorneys' fees and any other expenses incurred by KHRA as a result of such default.

Section 13. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14. IN WITNESS WHEREOF, the KINGSPORT HOUSING & REDEVELOPMENT AUTHORITY and MYRTLE STREET REDEVELOPMENT, LLC have executed this Agreement by their duly authorized representatives, all as of the date first set forth herein.

**KINGSPORT HOUSING &
REDEVELOPMENT AUTHORITY**

**MYRTLE STREET
REDEVELOPMENT, LLC**

Terry Cunningham, Executive Director

By: