

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF KINGSPORT, TENNESSEE TO NEGOTIATE AND ACCEPT FROM LHP CAPITAL PAYMENTS IN LIEU OF AD VALOREM TAX WITH RESPECT TO A LOW AND MODERATE-INCOME MULTIFAMILY HOUSING PROJECT IN THE CITY OF KINGSPORT, TENNESSEE, AND FINDING THAT SUCH PAYMENTS ARE DEEMED TO BE IN FURTHERANCE OF THE PUBLIC PURPOSES OF THE BOARD AS DEFINED IN TENNESSEE CODE ANNOTATED SECTION 7-53-305

WHEREAS, the Board of Mayor and Aldermen of the City of Kingsport, Tennessee (the "Governing Body") has met pursuant to proper notice; and

WHEREAS, the Governing Body had previously authorized the incorporation of The Industrial Development Board of the City of Kingsport, Tennessee (KEDB) as an industrial development board duly organized and existing under the provisions of Title 53 of Chapter 7, Tennessee Code Annotated; and

WHEREAS, LHP Capital., a Tennessee limited partnership, or an affiliate thereof (the "Developer") has requested KEDB to take leasehold ownership of certain property on which the Developer proposes to make improvements and rehabilitate Stonecrest Apartments, a 256-unit housing facility for low and moderate-income citizens (collectively, the "Project") located at 1000 Stonegate Rd, Kingsport, TN 37660, Kingsport, Sullivan County, Tennessee (the "Property"); and

WHEREAS, as a part of such discussions, the Developer has requested KEDB lease the Project to the Developer or an affiliated entity under an arrangement whereby the Developer or its affiliated entity will make payments in lieu of ad valorem taxes; and

WHEREAS, upon the acquisition of the Project by KEDB and the lease of the Project to the Developer or an affiliated entity, the Developer intends to make improvements to and renovate the Project; and

WHEREAS, the renovations to the Project will improve the low and moderate-income housing and will contribute to the health, welfare and citizens of in the City of Kingsport, Tennessee, and Sullivan County, Tennessee in furtherance of the purpose for which KEDB was created; and

WHEREAS, Tenn. Code Ann. § 7-53-305(b) authorizes the Governing Body to delegate to KEDB the authority to negotiate and accept from the lessees of KEDB payments in lieu of ad valorem tax upon the finding that such payments are deemed to be in furtherance of the public purposes of KEDB as defined in said Code Section; and

WHEREAS, the Governing Body finds that such payments in lieu of ad valorem taxes are deemed to be in furtherance of the public purposes of KEDB as defined in Tennessee Code Annotated section 7-53-305(b) in that among other things the Project will enhance the quantity and quality of available housing in the city and will generate additional tax revenues for the city.

Now therefore,

BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN AS FOLLOWS:

SECTION I. The Governing Body hereby finds that the negotiation and acceptance by KEDB of payments in lieu of ad valorem taxes consistent with this resolution are deemed to be in furtherance of the public purposes of KEDB as defined in Tennessee Code Annotated Section 7-53-305, and the Governing Body hereby consents and delegates to KEDB the right to negotiate and accept such payments from the Developer or an affiliated entity.

SECTION II. That KEDB's agreement with the Developer concerning payments in lieu of ad valorem taxes may provide that any ad valorem taxes paid by the Developer to any taxing jurisdiction with respect to its leasehold interest in the Project shall constitute a credit against the payments in lieu of ad valorem taxes due such taxing jurisdiction.

SECTION III. The Governing Body hereby consents and delegates to KEDB the right to negotiate such payments in lieu of tax from the Developer, as a lessee of KEDB with respect to the Project, in accordance with the Lease.

SECTION IV. KEDB's agreements concerning payments in lieu of ad valorem taxes relating to the Project may contain such administrative provisions not inconsistent with this resolution as KEDB deems appropriate.

SECTION V. That all other resolutions and orders, or parts thereof, in conflict with the provisions of this resolution are to the extent of such conflict, hereby repealed.

SECTION VI. That the Governing Body finds that the actions authorized by this resolution are for a public purpose and will promote the health, comfort and prosperity of the citizens of the city.

SECTION VII. That this resolution shall take effect from and after its adoption, the public welfare requiring it.

ADOPTED this the 17th day of December, 2024

PAUL W. MONTGOMERY, MAYOR

ATTEST:

ANGELA MARSHALL, DEPUTY CITY RECORDER

APPROVED AS TO FORM:

RODNEY B. ROWLETT, III, CITY ATTORNEY