

ORDINANCE NO. BL2012-118

An ordinance authorizing The Industrial Development Board of The Metropolitan Government of Nashville and Davidson County to negotiate and accept payments in lieu of ad valorem taxes with respect to a water and snow park to be located at the intersection of Briley Parkway and McGavock Pike.

WHEREAS, The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") is vitally interested in the economic welfare of its citizens and wishes to provide the necessary leadership to enhance this area's capabilities for growth and development; and

WHEREAS, the provision of jobs to area citizens by local business is both necessary and vital to the economic well-being of the Metropolitan Government; and

WHEREAS, pursuant to the Industrial Development Corporations Act, currently codified at Tenn. Code Ann. §§ 7-53-101 through 315 (such act, as heretofore or hereafter amended, referred to as the "Act"), the General Assembly of the State of Tennessee (the "General Assembly") has authorized the incorporation of public corporations known as "industrial development boards" in municipalities in the State of Tennessee (the "State"); and

WHEREAS, the Industrial Development Board of The Metropolitan Government of Nashville and Davidson County (the "Board") has been duly organized and incorporated in compliance with the Act; and

WHEREAS, the General Assembly has found and declared that the Board is performing a public function on behalf of the Metropolitan Government and that the Board is a public instrumentality of the Metropolitan Government; and

WHEREAS, the Supreme Court of Tennessee (the "Supreme Court") has found that the Board is an agency or instrumentality of the Metropolitan Government; and

WHEREAS, the Act expressly incorporates by reference the statement of public policy set forth in Section 3 of Chapter 209 of the Public Acts of 1955; and

WHEREAS, Chapter 209 of the Public Acts of 1955 states that the declared purpose of the Act is to do that which the State welfare demands and that which the State public policy requires to alleviate the problems of unemployment, to raise family income, to provide a means by which the citizens of the community may promote and develop industry in their area so as to obtain a balanced economic development highly essential to the welfare of the State, and to promote the development of commercial, industrial, agricultural, and manufacturing enterprises by the several municipalities so as to be given local benefits peculiar to each and general benefits to the entire State; and

WHEREAS, the General Assembly also has declared that the purposes of the Act include maintaining and increasing employment opportunities by promoting industry, trade, and commerce by inducing manufacturing, industrial, financial, service, and commercial enterprises to locate or remain in the State; and

WHEREAS, the Supreme Court has held that the purposes of the Act include the promotion of industry and the development of trade to provide against low wages and unemployment and that such purposes are public in nature; and

WHEREAS, the Board is empowered pursuant to the Act to acquire, whether by purchase, exchange, gift, lease or otherwise, and to improve, maintain, equip and furnish, "projects" (as defined in the Act), and to lease such projects to others; and

WHEREAS, Gaylord Entertainment Company and Dollywood Co. are forming a limited liability company to be known as Park Holdings, LLC (the "Company"); and

WHEREAS, the Company is planning to develop, construct, and operate a first class water and snow park (the "Park") on a 114-acre tract of land located at the intersection of Briley Parkway and McGavock Pike (the "Site"); and

WHEREAS, the Site on which the Park will be located includes the following six parcels in Davidson County:

Parcel No. 06200024900  
Parcel No. 06200003000  
Parcel No. 06200002300  
Parcel No. 06200002301  
Parcel No. 06200002000  
Parcel No. 06200002600

WHEREAS, construction of the Park is expected to begin no later than the end of 2013, with the Park opening no later than June 2015; and

WHEREAS, the Company is planning to retain a Nashville-area general contractor for construction of the Park; and

WHEREAS, the University of Tennessee Center for Business and Economic Research (the "University") has determined that construction of the Park will result in over 1,900 direct and indirect jobs and over one hundred million dollars (\$100,000,000) in gross economic output in Tennessee; and

WHEREAS, the University has determined that once constructed and open to the public, the Park is expected to attract approximately five hundred thousand (500,000) visitors each year, with more than thirty-three percent (33%) of those visitors travelling to Nashville from out-of-state; and

WHEREAS, the University has determined that once constructed and open to the public, the Park is expected to generate approximately one million two hundred thousand dollars (\$1,200,000) in sales and use tax paid to the State and approximately four hundred thousand dollars (\$400,000) in sales and use tax paid to the Metropolitan Government each year; and

WHEREAS, the University has determined that once constructed and open to the public, the Park is expected to create over 1,800 direct and indirect jobs and generate approximately sixty million dollars (\$60,000,000) in annual gross economic output in Tennessee; and

WHEREAS, the Company's construction and operation of the Park and any subsequent attractions or improvements constructed or operated on the Site will hereafter be referred to as the "Project;" and

WHEREAS, the Company intends to make a significant investment of approximately fifty million dollars (\$50,000,000) in connection with the Project, with approximately forty million dollars (\$40,000,000) of that investment made before June 2015; and

WHEREAS, the Company expects its expenditures within the boundaries of the Metropolitan Government in connection with the Project to provide other commercial opportunities for area citizens; and

WHEREAS, pursuant to Tenn. Code Ann. § 7-53-305, all properties owned by the Board are exempt from ad valorem taxation in the State of Tennessee; and

WHEREAS, pursuant to Tenn. Code Ann. § 7-53-305(b), the Metropolitan County Council (the "Council") has the power to delegate to the Board the authority to negotiate and accept from its lessees payments in lieu of ad valorem taxes, provided that such payments are in furtherance of the Board's public purposes; and

WHEREAS, the Board may only negotiate and accept payments in lieu of ad valorem taxes with authorization from the Council; and

WHEREAS, it is in the interest and welfare of the citizens of the Metropolitan Government to delegate authority to the Board to negotiate and execute a payment-in-lieu-of-tax agreement with the Company.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1: That the Council of the Metropolitan Government finds that the Board's acceptance of payments in lieu of ad valorem taxes with respect to the Project is in furtherance of the Board's public purpose of maintaining and increasing employment opportunities, as set forth in Tenn. Code Ann. § 7-53-102, and the other public purposes described above.

Section 2: That the Metropolitan Government hereby delegates to the Board the authority to negotiate and execute an agreement for payments in lieu of personal and real property taxes with respect to the Project for a period of up to twelve years, beginning January 1, 2014 or on the date the Board enters into a lease with the Company with respect to the Project, whichever is earlier. The amount of the payments in lieu of property taxes that shall be required with respect to that twelve-year period shall be as follows:

- (a) Payments in lieu of real property taxes shall be forty percent (40%) of the Standard Tax;
- (b) Payments in lieu of personal property taxes shall be forty percent (40%) of the Standard Tax.

Section 3: That the term "Standard Tax" shall mean the amount of ad valorem tax that the Company otherwise would be required to pay to the Metropolitan Government with respect to the real and personal property that is then subject to the payment in lieu of tax arrangement authorized hereby if the Company owned such property. The Company shall be permitted to challenge the assessment of any real or personal property that is then subject to the payment in lieu of tax arrangement authorized hereby in the same manner as if the Company owned such property.

Section 4: (a) That the payment in lieu of tax arrangement authorized by this Ordinance shall apply to all real property and personal property comprising a portion of, or used at or in connection with, the Park and any future attractions or improvements constructed on the Site.

(b) That the payment in lieu of tax arrangement authorized by this Ordinance shall apply to all land, easements or other property rights, buildings, improvements, fixtures, construction in progress, equipment, furniture, and other properties of any nature comprising a portion of, or used in connection with, facilities located on the property described above. Such arrangement shall apply to such facilities and such properties in their current scope and configuration and to all replacements, enhancements, additions, expansions, and improvements to such properties and facilities.

Section 5: That the benefits of the payment in lieu of tax agreement authorized by this Ordinance are dependent upon the occurrence of the Performance Requirements set forth below. To the extent that any of the Performance Requirements do not occur at any point during the term of the payment in lieu of tax agreement authorized by this Ordinance, the benefits of that agreement will terminate effective the year subsequent to the year in which such Performance Requirements are not met.

- (a) The Performance Requirements are as follows:
  - (1) The Company will begin construction of the Park no later than the end of 2013.
  - (2) The Company will retain a Nashville-area general contractor for construction of the Park.
  - (3) The Company will open the Park for operations no later than June 2015.

- (4) Prior to opening, the Company will conduct local job fairs in an attempt to employ Davidson County residents.
- (5) The Company will invest at least \$50 million in Davidson County in accordance with the milestones projected below:
- \$20 million by 12/31/2014
  - \$40 million by 7/01/2015
  - \$50 million by 7/01/2020
- (b) For the purpose of applying the last of these Performance Requirements (Section 5(a)(5) of this Ordinance), the Company's investment in the real estate that comprises the Site will be counted toward the investment milestones. Further, any new investment the Company makes in Davidson County in connection with the Project will be counted toward the investment milestones, provided that such investment was made on or after January 1, 2012.

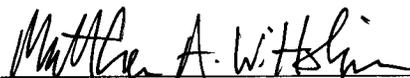
Section 6: That the final version of the payment in lieu of tax agreement authorized by this Ordinance must be approved as to legality by the Department of Law of the Metropolitan Government prior to being executed by the Board.

Section 7: That all ordinances or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 8: That this Ordinance shall take effect from and after its final passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

RECOMMENDED BY:

INTRODUCED BY:



Matthew A. Wiltshire  
 Director of the Mayor's Office of Economic  
 and Community Development



APPROVED AS TO AVAILABILITY OF FUNDS:



Richard M. Riebeling  
 Director of Finance

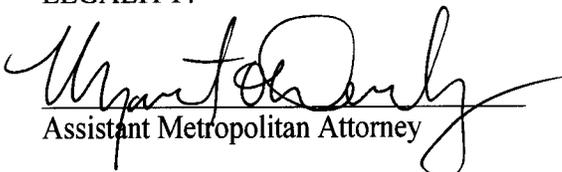
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Council Members

APPROVED AS TO FORM AND LEGALITY:



Assistant Metropolitan Attorney