

There came on for consideration at a duly constituted meeting of the Mayor and Members of the City Council of the City of Hattiesburg, Mississippi, held on the 5th day of **February, 2019**, the following resolution:

RESOLUTION 2019-20

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HATTIESBURG, MISSISSIPPI, DETERMINING THE NECESSITY FOR AND INVOKING THE AUTHORITY GRANTED TO MUNICIPALITIES AND COUNTIES BY THE LEGISLATURE WITH RESPECT TO TAX INCREMENT FINANCING AS SET FORTH IN CHAPTER 45 OF TITLE 21, MISSISSIPPI CODE OF 1972, AS AMENDED, DETERMINING THAT THE “THE AVID HOTEL PROJECT TAX INCREMENT FINANCING PLAN, HATTIESBURG, MISSISSIPPI 2019, IS A PROJECT ELIGIBLE FOR TAX INCREMENT FINANCING UNDER THE LAWS OF THE STATE, THAT A PUBLIC HEARING BE CONDUCTED IN CONNECTION WITH THE TAX INCREMENT FINANCING PLAN AND FOR RELATED PURPOSES.

WHEREAS, the City Council (the “Governing Body”) of the City of Hattiesburg, Mississippi (the “City”), acting for and on behalf of the City hereby finds, determines and adjudicates as follows:

1. The Mississippi “Tax Increment Financing Act,” Title 21, Chapter 45, Mississippi Code of 1972, as amended (the “Act”), authorizes municipalities and counties in the State of Mississippi to undertake and carry out redevelopment projects as defined therein with the use of Tax Increment Financing as set forth in detail in the Act and also to carry out such projects jointly with other local governmental units, including foreign governmental units from other states, pursuant to the Regional Economic Development Act, Title 57, Chapter 64, Mississippi Code, as amended (the “REDA Act”) as applicable.

2. The Governing Body has previously conducted a hearing on and approved and adopted the Tax Increment Financing Redevelopment Plan, Hattiesburg, Mississippi 1998 (the “Redevelopment Plan”) for the City. The Redevelopment Plan constitutes a qualified plan under the Act.

3. P & W Investments, LLC (the “Developer”), is proposing to redevelop an existing site including demolishing existing vacant warehousing buildings to build a new 79 room hotel project on 1.3± acres to be known as the “The Avid Hotel Project” (the “Project”), in the City of Hattiesburg and in the proposed Tax Increment Financing District (“the **TIF District**”) as such term is defined herein, and to allow proceeds from bonds issued pursuant to the Tax Increment Financing Plan (the “TIF Plan”) (further defined in paragraph 5 below) to be used to acquire real property and construct or install various public infrastructure and other improvements to serve the Project as described in detail in the TIF Plan and related cost such as, engineering, TIF Plan preparation fees, other incidental costs and related professional fees. These costs will not exceed the sum of Six Hundred Thousand Dollars (\$600,000.) The Developer is requesting the assistance of the City in providing the funding for the public infrastructure by the utilization of Tax Increment Financing.

4. The Redevelopment Plan previously adopted by the Governing Body includes all land and real property that comprises the TIF District defined herein. The Project appears to be a project of economic significance within the City and County and to qualify as a project eligible for Tax Increment Financing under the Redevelopment Plan and the participation on the part of the City is necessary and would be in the public interest and would benefit the economic and financial well-being and the public health, safety and welfare of the City.

5. It is anticipated that there will be substantial increases in ad valorem tax revenues and retail sales tax revenues within the TIF District within the next several months and years as a result of the construction of the Project and that bonds may be sold and issued at a time or times in the reasonably near future as a result of such development. The Governing Body has been presented with a Tax Increment Financing Plan entitled “The Avid Hotel Project Tax Increment Financing Plan, Hattiesburg, Mississippi 2019”, which has attached as Exhibits, the map and legal description of the land included in the proposed TIF District. It appears to the

Governing Body that the TIF District should be established by the Governing Body, as described in the TIF Plan.

The City proposes to issue Tax Increment Financing Revenue Bonds, notes or other similar debt instruments (the "**Bonds**") in an amount not to exceed Six Hundred Thousand Dollars (\$600,000.) The Tax Increment Financing Revenue Bonds, notes, or similar debt instruments will be secured by a pledge by the City of up to one hundred percent (100%) of the increased ad valorem taxes on real and personal property.

The City proposes to issue Tax Increment Financing Revenue Bonds, notes or other similar debt instruments pursuant to the authority outlined hereinabove, in an amount not to exceed SIX HUNDRED THOUSAND DOLLARS (\$600,000), which will be secured by the City with a pledge of up to one hundred percent (100%) of the increase in real and personal property ad valorem taxes originating within the boundaries of the Tax Increment Financing District as later described herein (the "**TIF District**"), as a result of this Project. The TIF funds will be used to pay a portion of the cost of constructing and installing various infrastructure improvements and site improvements of the Project including, but not limited to, installation of utilities such as water, sanitary sewer and natural gas lines; relocation of utilities; installation and relocation of electrical services; installation of storm drainage; construction of roadways with curb and gutter, public and private parking, sidewalks, fire protection; installation of traffic signalization and signage; grading; lighting and landscaping of rights-of-way; purchase of rights-of-way and other property necessary for the installation of the infrastructure and other improvements described hereinabove; capitalized interest; and other related expenses such as engineering the infrastructure improvements; all expenses in connection with the authorization, sale and issuance of bonds, or indebtedness; TIF plan preparation fees and other incidental related costs; and related professional fees. If deemed necessary and appropriate, the City may require additional security from the Developer. Construction of the aforementioned improvements will be undertaken to provide for the public convenience, health and welfare and serve the best interest of the City. A more detailed scope of work, along with budgets, will be identified in development agreements and/or a security and reimbursement agreement with the Developer as necessary and appropriate. The City may exercise its authority as authorized by Section 21-45-3 of the Act.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the City, as follows:

SECTION ONE: That the Governing Body of the City does hereby declare its intention to approve and adopt the TIF Plan and establish the TIF District as described in the TIF Plan, and to issue Tax Increment Financing Revenue Bonds, notes, or other similar debt instruments in an amount not to exceed Six Hundred Thousand Dollars (\$600,000) for the purpose of providing funds necessary to pay for the construction of various public infrastructure improvements in connection with the Project, including but not limited to, the acquisition of real property and construction or installation of various public infrastructure and other improvements including private and public parking, sidewalks and other public infrastructure to serve the Project as described in detail in the TIF Plan such as engineering, TIF Plan preparation fees, other incidental costs and related professional fees. If deemed necessary and appropriate, the City may require additional security from the Developer of the Project.

SECTION TWO: When and if issued, the Bonds shall be secured by a pledge by the City of up to one hundred percent (100%) of the increased ad valorem taxes on real and personal property, for a term of up to fifteen (15) years.

The Bonds shall not be secured by the full faith, credit and the taxing power of the City nor create any other pecuniary liability on the part of the City other than the pledge of the incremental increase in ad valorem taxes heretofore set forth. If deemed necessary and appropriate, the City may require additional security from the Developer of the Project.

SECTION THREE: A public hearing shall be held with respect to the TIF Plan in the regular meeting place of the Governing Body in the Hattiesburg City Council Chambers in the Hattiesburg City Hall Building located at, 200 Forrest Street, Hattiesburg, Mississippi, at 4:00 P.M. Monday the 4th Day of March 2019.

SECTION FOUR: The Council Clerk is hereby directed to publish a notice of the public hearing in *The Hub City Spokes* a newspaper in which the City is authorized to publish legal

notices, one (1) time not less than ten (10) days nor more than twenty (20) days prior to the date set forth in Section Three hereof, pursuant to and in compliance with the requirements of Section 21-45-11 of the Act.

The above and foregoing Resolution, after having been first reduced to writing, was introduced by Council Member Brown, seconded by Council Vice President Dryden, was adopted by the following vote, to wit:

<u>YEAS:</u>	<u>NAYS:</u>	<u>ABSENT:</u>
George	None	None
Delgado		
Carroll		
Dryden		
Brown		

The motion having received the affirmative vote of a majority of the Council members present, the President declared the motion carried and the resolution adopted, on this the 5th day of February, 2019.

(SEAL)

ATTEST:


CLERK OF COUNCIL

ADOPTED:


COUNCIL PRESIDENT

The above and foregoing Resolution having been submitted to and approved by the Mayor, this the 5th day of February, 2019.

ATTEST:


CITY CLERK

APPROVED:


MAYOR

Tax Increment Financing Plan

The Avid Hotel Project Hattiesburg, Mississippi 2019

PROJECT SUMMARY

I. Project Description and Location

The proposed boutique hotel is a new modern design element named “Avid” introduced by Intercontinental Hotel Group (IHG). Avid is an upper mid-scale hotel project that will be located on 40th Avenue and Lundy Street near the main intersections of Hardy Street and Interstate 59 in the City of Hattiesburg. The proposed hotel project is within walking distance of the University of Southern. The proposed hotel will include 79 guest rooms in a 4-story building that will have great visibility to Hardy Street and Interstate 59. **The project is a redevelopment project that will replace old existing metal warehousing that will be demolished to make room for the new hotel.**

II. Private Investment

The project represents an estimated private investment in excess of \$7,860,000, which includes the cost of demolition, architectural, engineering, landscaping, infrastructure, construction, furniture, fixtures, equipment, and other soft cost.

III. Jobs

Construction Jobs: It is expected that the development will create 55 to 75 construction jobs and additional ancillary trade work during construction. The payroll associated with the temporary construction jobs is estimated to be in excess of one million dollars.

Permanent Full-time and Part-Time Jobs: Upon completion of the development of the project, it is expected that the Avid Hotel will create approximately **25-35 full-time and part-time jobs** representing an estimated **payroll in excess of \$350,000 annually.**

V. **Property Taxes**

The project will occupy a 1.3 +/- acre parcel, including existing warehouse structures to be demolished. Currently, combined real and personal property ad valorem taxes to the city, county and school district total \$13,361.

As a result of this proposed project, the real and personal ad valorem property taxes could reach approximately One Hundred Ninety Four Thousand Four Dollars (\$194,004)

The following is a tabular presentation of the anticipated increase in ad valorem taxes that could be generated for the City of Hattiesburg, Lamar County, and the local school district by the development.

Estimates for real and personal property tax projections below after the proposed project are based on an estimated assessed value of Seven Hundred Sixty Five Thousand Dollars (\$765,000) for land, buildings, and FF&E as provided by the developer, the city, and the county's tax assessor's office.

Real & Personal Property Taxes Estimated			
Entity	Millage Rates	Current	After Project
City Real & Personal Property	(48.10)	\$4,293	\$56,710
County Real & Personal Property	(52.35)	\$4,074	\$61,721
School District Real & Personal Property	(64.10)	\$4,994	\$75,574
Totals	(164.55)	\$13,361	\$194,004

- The Hattiesburg Economic Development Tax (hotel, restaurant bar tax of 2%) is estimated to be Forty Seven Thousand Two Hundred Forty Dollars, (\$47,240) used for the promotion of tourism and economic growth for the City of Hattiesburg and Lamar County.
- The project construction will significantly benefit the local economy with the purchase of building materials, hotel rooms, fuel sales, restaurants and directly benefit other local business.

VII. **Project Feasibility/Assistance Requested**

An extensive feasibility analysis for the project reveals that public assistance is required otherwise; the development will not go forward. The following cost factors render the development unfeasible without public participation in Tax Increment Financing to support the project.

- The high cost of the land and demolition of existing structures
- The extensive earthwork needed for the access road, and parking facilities
- The development requirements imposed by the IHG Franchise agreement result in abnormally high development costs.

The following is a list of necessary infrastructure requirements and costs that will be financed with the requested TIF funds:

Access road and related expenses	\$105,000
Parking lot, sidewalks and related improvements	\$200,000
Demolition, site work, earthwork, fill for parking and road work	\$550,000
Lighting, landscaping and drainage	\$215,000
Utility connections, water, gas, electric and sewage	\$115,000
Professional TIF related fees (engineering, design, legal, administration)	<u>\$310,000</u>
Total Site TIF Related Expenses	\$1,495,000

Exhibit I

Avid Hotel Elevation Rendering, and Google Map View



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URBANDVELOPMENT 

tax increment financing plans • economic development strategies • urban planning • code enforcement

7600 Joe Fountain Road • Ocean Springs, Mississippi 39564 • (601) 301-8500 • E-Mail: laurence@toolboxmail.com