

SPECIAL CALLED MEETING
BOARD OF MAYOR AND ALDERMEN
JULY 23, 2015

The Board of Mayor and Aldermen of the City of Fayetteville, Lincoln County, Tennessee, met in an open, special called session in the Auditorium of the Municipal Building of said City at 5:00 p.m. on July 23, 2015. Mayor Jon Law was present and presiding. The following named Aldermen were present:

Danny Bryant, Violet Harry, Gwen Shelton, Dorothy Small and Michael Whisenant

Also, present were Scott Collins, City Administrator and Johnny D. Hill, Jr., City Attorney

Not present was Anna Catherine Cowley

The purpose of the special called session was to consider a proposal made by the Industrial Development Board for the City to extend a short-term loan not to exceed Two Million, Two Hundred Thousand Dollars (\$2,000,000.00) to permit the Industrial Development Board to satisfy the outstanding mortgage owed to Bank of Lincoln County for the speculative building then seek bids for long-term financing of the debt.

Lynn Wampler, Vice-Chair of the Industrial Development Board, appeared before the Board and presented information in support of the Industrial Development Board's obtaining a short-term loan from the City to allow to satisfy the existing mortgage and seek bids on a new mortgage at more favorable terms than the existing mortgage. Members of the Board of Mayor and Aldermen posed numerous questions to Vice-Chair Wampler about the proposal.

Gay Dempsey, Chief Executive Office of Bank of Lincoln County, appeared before the Board and presented information about the Bank's original agreement for financing of the speculative building project and the feasibility to obtaining better financing terms if the indebtedness were rebid. Members of the Board posed numerous questions to Ms. Dempsey.

After the two presentations, the Board conducted a full and thorough discussion of the proposal to extend a short-term loan to the Industrial Development Board.

Resolution R-15-11:

Resolution R-15-11, a resolution entitled, "A Resolution Authorizing The Loan Of Funds To The Industrial Development Board Of The City Of Fayetteville And Lincoln County, Tennessee To Support An Economic Development Project", was considered. Said Resolution is as follows:

RESOLUTION NO. R-15-11

A RESOLUTION AUTHORIZING THE LOAN OF FUNDS TO THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF FAYETTEVILLE AND LINCOLN COUNTY, TENNESSEE TO SUPPORT AN ECONOMIC DEVELOPMENT PROJECT.

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

WHEREAS, the City has, along with Lincoln County, Tennessee, previously authorized the incorporation of The Industrial Development Board of the City of Fayetteville and Lincoln County, Tennessee (the "Board") as an industrial development board duly organized and existing under the provisions of Title 53 of Chapter 7, Tennessee Code Annotated; and

WHEREAS, pursuant to Section 6-54-118 of the Tennessee Code Annotated, the City is authorized to make loans to the Board for the purpose of economic development; and

WHEREAS, the City has heretofore incurred a loan in a principal amount of approximately \$2,200,000 (the "Existing Loan") to construct an industrial facility located at 49 East Park Drive, Fayetteville, Tennessee (the "Facility"), for the purpose of inducing [Project NS] to locate its manufacturing operations within the City; and

WHEREAS, the Facility will be owned by the Board and, commencing October 1, 2015, leased to [Project NS]; and

WHEREAS, the location of the [Project NS] manufacturing operations within the City will result in substantial economic benefit to the City through the addition of jobs and an increase tax collections; and

WHEREAS, the Existing Loan has matured and the Board has not yet identified a financial institution to refinance the Existing Loan; and

WHEREAS, the Board has requested that the City extend a loan to the Board to refinance the Existing Loan, all in anticipation of new long-term financing to be obtained by the Board once the [Project NS] lease has commenced; and

WHEREAS, the Governing Body of the City desires to authorize the loan of funds of the City to the Board for such purpose.

[Project NS] lease has commenced; and

WHEREAS, the Governing Body of the City desires to authorize the loan of funds of the City to the Board for such purpose.

NOW, THEREFORE, BE IT RESOLVED by the Board of Mayor and Aldermen of the City of Fayetteville, Tennessee, as follows:

1. The Governing Body hereby authorizes the loan (the "New Loan") of up to \$2,225,000 of funds of the City to the Board to refinancing the Existing Loan. The New Loan shall be made on the terms and conditions set forth on the Memorandum of Understanding attached hereto as Exhibit A and shall have a maximum term of six months. The New Loan shall be evidenced by An Industrial Revenue Bond of the Board, payable to the order of the City, in a form approved by the Mayor and legal counsel to the City. The New Loan shall be secured by a deed of trust on the Facility from the Board to the City, which such Deed of Trust shall be in a form acceptable to the Mayor and approved by counsel to the City.

2. The officers of the City are hereby authorized to take all such additional steps as may be necessary to consummate the foregoing, and all actions heretofore taken in that regard are hereby ratified and approved.

3. 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, and this resolution shall be in immediate effect from and after its adoption.

Adopted this the 23rd day of July, 2015.

Mayor

ATTEST:

City Clerk

Exhibit A

Memorandum of Understanding

Loan between the Fayetteville Lincoln County Industrial Development Board (FLCIDB) and the City of Fayetteville.

1. The FLCIDB will contact the Bank of Lincoln County for a payoff.	
Principal as of June 30, 2015	\$2,185,473.66
Daily interest approximately \$ 270.15	
Maximum 31 days	\$8,374.65
Projected payoff	\$2,193,848.31

- 1a. The actual payoff loaned to FLCIDB by City of Fayetteville will not exceed 2.2 million
- 2. FLCIDB will pay Interest rate of 3.50% based on 365 days
Daily interest rate approximately \$210.96
Actual daily rate will be determined by the payoff
Maximum days (to be determined to September 30, 2015)
- 3. The FLCIDB will rebid the present loan, however should circumstances require the FLCIDB to reject the bids, additional days may have to be requested.
- 4. The IDB will use the Spec Building located at 49 East Park Drive Fayetteville, Tennessee as Collateral.
- 5. Once a new loan has been received with a bank to include principal and interest from July 1, 2015; the City of Fayetteville will be paid in full including principal and interest.
- 6. The FLCIDB will restrict funds received from NS for payment of the note, interest on note and repairs or improvements on the Spec Building located at 49 East Drive Fayetteville, Tennessee.

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Motion was made by Danny Bryant, seconded by Michael Whisenant, to approve Resolution No. R-15-11.

Motion was made by Danny Bryant, seconded by Michael Whisenant, to amend the main motion to change the maximum term from six (6) months to ninety (90) days. Upon roll call, the following voted on the amendment:

Aye

Danny Bryant, Dorothy Small, Violet Harry, Michael Whisenant and Gwen Shelton

Nay
None

Mayor Law declared the amendment approved.

Upon roll call, the following voted on the main motion:

Aye
Dorothy Small, Michael Whisenant and Danny Bryant

Nay
Violet Harry, Gwen Shelton and Mayor Jon Law

Mayor Law declared that the Main Motion failed due to the lack of a majority vote.

Motion was made, seconded, and unanimously adopted to adjourn.

Mayor

City Clerk