

RECESSED MEETING

PUBLIC HEARING FOR BUDGET FY 2012-2013

032350

September 11, 2012

The Recessed Meeting of the Regular Meeting of the Mayor and Board of Aldermen of the City of Natchez, Mississippi, was held in the City Council Chambers at 5:00 p.m. on Tuesday, September 11, 2012, for the purpose of a public hearing for the FY 2012-2013 Budget. Mayor Larry L. "Butch" Brown presided at the meeting.

Mayor & Board Present	Elected Officials Absent	City Officials & Department Heads
Larry L. "Butch" Brown Mayor		Donnie Holloway, City Clerk City Attorney Hyde Carby Temple Hendricks, Board Secretary
Joyce Arceneaux-Mathis Alderwoman, Ward 1		
James "Rickey" Gray, Jr. Alderman, Ward 2		
Sarah Carter Smith Alderwoman, Ward 3		
Ernest "Tony" Fields Alderman, Ward 4		
Mark Fortenbery Alderman, Ward 5		
Daniel Dillard Alderman, Ward 6		

UNFINISHED BUSINESS

With a quorum present, a motion was made by Alderman Dillard to go into a public hearing for the purpose of a public hearing for the Budget for FY 2012-2013. A second was made by Alderwoman Arceneaux-Mathis and the motion carried unanimously.

PUBLIC HEARING

Mayor Brown advised that the budget will not include a tax increase. The small surplus of last year will be used to cover raises for employees. Raises ranged from 0% to 5% depending on the last time that the employee received a raise. 3% was given to those employees that had received a raise two years ago. 5% was given to those who had not received a raise in quite some time—namely the Fire and Police Departments.

The total budget, including other funding, will be \$24,205,713.00. The general fund budget is up from the 2011-2012 budget primarily due to raises. Total revenues come to \$24,210,000.00 with total expenditures of \$24,205,000.00.

Mayor Brown noted that an error appeared under the Bond and Interest category.

Public comments were called for.

Armando Ricci asked if new casino gaming will bring in more revenues in the long term. Mayor Brown advised that he anticipates a 40% increase over the long term.

Duncan McFarlane asked what a mill would be and Mayor Brown stated it would be \$113,000.00.

Mayor Brown advised that the City will be aggressive in the collection of its revenues such as business licensing and liens filed on property for grass cutting.

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Billy Joe Frazier asked how many employees under the old pension plan are still living. Mayor Brown advised that there are only a handful of the "old police fund" employees remaining in the system. Alderman Gray and Alderwoman Arceneaux-Mathis attended a meeting with PERS and they were advised that the City is paying in the correct prorated amount and the City has been cleared out to 2030.

A motion was made by Alderwoman Arceneaux-Mathis to approve the Budget for FY 2012-2013 with corrections made as noted. A second was made by Alderman Dillard. The motion carried unanimously.


City Clerk Holloway asked for a Resolution to set the ad valorem rate to 42.732 mills.

A motion was made by Alderman Dillard and seconded by Alderman Gray to approve a resolution setting the municipal ad valorem tax levy for the year beginning October 1, 2012, and ending September 30, 2013, to 42.732 mills. The motion carried unanimously.

A motion was made to come out of the public hearing by Alderman Fields. Alderwoman Carter Smith seconded the motion which carried unanimously.

ADJOURN

A motion was made by Alderman Fortenbery and seconded by Alderman Fields to adjourn the Recessed Meeting of September 11, 2012. The motion carried unanimously.


Larry L. "Butch" Brown, Mayor

ATTEST:


Donnie Holloway, City Clerk

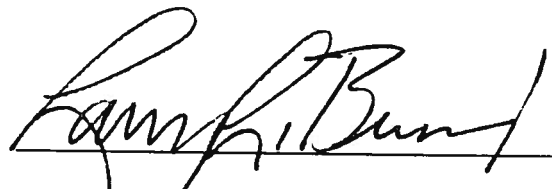
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A RESOLUTION OF THE MAYOR & BOARD OF ALDERMEN OF THE CITY OF NATCHEZ, ADAMS COUNTY, MISSISSIPPI, FIXING THE MUNICIPAL AD VALOREM TAX LEVY FOR THE YEAR BEGINNING OCTOBER 1, 2012 AND ENDING SEPTEMBER 30, 2013.


BE IT RESOLVED by the Mayor and Board of Aldermen of the City of Natchez, Adams County, Mississippi, the following tax rate or levy for said municipality for ad valorem taxes for the fiscal year succeeding which is hereafter expressed in mills as ad valorem taxes to be collected upon each dollar of valuation upon the assessment rolls of said municipality is as follows, to wit:

GENERAL FUND	<u>25.607</u> MILLS
BOND & INTEREST RETIREMENT FUNDS	<u>5.750</u> MILLS
PARKS & RECREATION	<u>2.000</u> MILLS
FIREMAN & POLICEMEN'S RELIEF & DISABILITY	<u>4.670</u> MILLS
CAPITAL IMPROVEMENT	<u>1.250</u> MILLS
ARMSTRONG LIBRARY	<u>2.575</u> MILLS
NATCHEZ-ADAMS EDA	<u>0.880</u> MILLS
TOTAL	<u>42.732</u> MILLS

SO RESOLVED, this the 11th day of September, 2012


Larry L. Brown, Sr., Mayor

ATTEST:


DONNIE HOLLOWAY, CITY CLERK

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DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT is made and entered into as of September 1, 2012 (this "Agreement"), by and between the **CITY OF NATCHEZ, MISSISSIPPI** (the "City"), a body politic of the State of Mississippi (the "State"), and **NATCHEZ HOTEL GROUP, INC.**, a Mississippi corporation (the "Developer").

WITNESSETH:

WHEREAS, the Developer is in the process of developing an 81 room Holiday Inn Express located on approximately three (3) acres of land located on Canal Street between the Hampton Inn and the Isle of Capri Casino within the City (the "Project"), as more particularly described in Exhibit I of the Tax Increment Financing Plan, City of Natchez, Mississippi November 2011 (Holiday Inn Express Project) (the "TIF Plan"); and

WHEREAS, pursuant to Sections 21-45-1 *et seq.*, Mississippi Code of 1972, as amended from time to time (the "TIF Act"), the City is authorized to undertake and carry out redevelopment projects (as defined in the Act) in connection with redevelopment plans (as defined in the Act) and also to carry out such project jointly with other local governmental units pursuant to Section 57-64-1 *et seq.*, Mississippi Code of 1972, as amended from time to time (the "REDA Act"), and together with the TIF Act, the "Act"), within the City in order to encourage private redevelopment therein and is authorized to finance such redevelopment projects through the issuance of tax increment financing bonds; and

WHEREAS, the Developer is requesting the City issue its tax increment financing bonds, in one or more series, pursuant to the Act in a principal amount of not to exceed Five Hundred Thousand Dollars (\$500,000) (the "Bonds"), in order to finance all or a part of the cost of construction of various public infrastructure improvements in connection with 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, sidewalks; installation of traffic signalization and signage; grading; lighting and landscaping of rights-of-way; capitalized interest; engineering; TIF Plan preparation fees; other incidental costs and related professional fees, as more particularly described in **EXHIBIT A**, attached hereto and made a part hereof (the "Infrastructure Improvements"); and

WHEREAS, the total cost of the Infrastructure Improvements and the Project is estimated to be approximately \$5,500,000; and

WHEREAS, by resolution dated November 8, 2011, the City adopted and approved the TIF Plan and indicated its intent, subject to certain conditions precedent, to proceed with the sale and issuance of the Bonds, in one or more series, in order to finance all or a part of the costs of the Infrastructure Improvements pursuant to further proceedings of the City and by virtue of such statutory authority as may now or hereafter be conferred by the Act and as described in the TIF Plan; and

WHEREAS, in order to secure and provide for the payment of the principal of and interest on the Bonds, the City will pledge up to one hundred percent (100%). It is anticipated that Adams County, Mississippi (the "County") will also pledge up to fifty percent (50%) of the

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increase in ad valorem real and person property taxes generated by the development of the Project, excluding levies for public school purposes, all as provided in Article VI of the TIF Plan (the "Tax Increment"); and

WHEREAS, the City and the Developer now desire to enter into this Agreement pursuant to the Act in order to among other things, provide for (a) the construction and installation of the Project and the Infrastructure Improvements by the Developer and (b) the sale and issuance of the Bonds by the City in order to finance all or a part of the costs of the Infrastructure Improvements and the costs incident to the sale and issuance of the Bonds.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS that the parties hereto intend to be legally bound hereby and in consideration of mutual covenants hereinafter contained do hereby agree as follows:

1. UNDERTAKINGS OF THE CITY. Subject to the conditions herein stated, the City agrees as follows:

a. The City will affect such procedures with respect to the sale and issuance of the Bonds, including, without limitation, the adoption of appropriate resolutions and such other procedures and documents as may be required by the Act.

b. Prior to the Termination Date (as defined herein), the City will use all reasonable efforts to sell and issue the Bonds, in one or more series, in an amount not to exceed Five Hundred Thousand Dollars (\$500,000), pursuant to the terms of the Act on such terms, conditions and rates of interest as shall be mutually agreeable to the City and to the Purchaser (as defined herein); provided, however, that the Bonds will not be sold and issued until such time as the Developer has complied with the requirements of Paragraph 3 hereof.

c. The sale of the Bonds shall be by negotiated sale to one or more purchasers (the "Purchaser").

d. Pursuant to the resolution or resolutions of the City authorizing the sale and issuance of the Bonds (collectively, the "Bond Resolution"), the proceeds from the sale of the Bonds will be delivered to the City or to a financial institution selected by the City for handling and distribution according to the terms of the Bond Resolution and the Act.

e. Among other provisions, the Bond Resolution will provide that proceeds from the sale of the Bonds shall first pay the City's costs incurred in connection with the Project, which shall include but not be limited to the expenses, costs and fees incurred by the City in connection with the TIF Plan and this Agreement, including cost of issuance of the Bonds and funding a reserve, if any, to pay any debt service on the Bonds that will be due and payable before the first Tax Increment is received by the City and any reserve that may be required by the Purchasers, and then the proceeds shall next be used to reimburse Developers for eligible costs, in an amount not to exceed \$500,000, for installing and constructing the Infrastructure Improvements; and the remainder of the Bond proceeds, if any, shall be disbursed by the City in the manner authorized by the Act.

f. The Bonds shall mature at such time or times not exceeding fifteen (15) years from their date, may be subject to redemption at such times and at such premiums and shall be in such form and in all other respects be of such detail and issued under such conditions as may be determined By the City in the Bond Resolution.

g. The Bonds will be secured by a pledge from the City the City's Tax Increment as provided in the TIF Plan. It is anticipated that the County will also pledge the County's Tax Increment as provided in the TIF Plan.

h. Costs of issuance for the Bonds, including, but not limited to, the fees and expenses of City Counsel, Bond Counsel, and Financial Advisor will be paid from the proceeds of the Bonds; provided, however, that if the Bonds are not issued within twenty-four (24) months from the date of this Agreement or by the Termination Date, which ever shall occur first, fees and expenses incurred by the City Attorney, Bond Counsel, and Financial Advisor will be paid promptly by the Developer.

i. Within a reasonable time after adoption of all proceedings of the City required by the Act for the sale and issuance of the Bonds, the City shall submit the same for validation under the provisions of Sections 31-13-1, *et seq.*, Mississippi Code of 1972, as amended from time to time, and will prosecute said validation proceedings and secure therein a final decree of the Chancery Court of Adams County, Mississippi validating the Bonds.

j. The City's obligation to reimburse the Developer under this Agreement is further limited to the Developer's actual costs to install and construct the Infrastructure Improvements and shall in no event exceed the lesser of \$500,000 or Bond proceeds available after the distribution in accordance with the Bond Resolution and Paragraph 1(d) and (e) of this Agreement. Furthermore, the City's obligation to expend funds or reimburse the Developer is expressly limited to funds available under this Agreement and the Bond Resolution from bond proceeds derived from the sale and delivery of the Bonds and available after distribution in accordance with the Bond Resolution and Paragraph 1(d) and (e) of this Agreement.

2. UNDERTAKINGS OF THE DEVELOPER. Subject to the conditions herein stated, the Developer agrees as follows:

a. The Developer will timely construct and install the Project in accordance with the TIF Plan and in accordance with the building codes of the City and all other applicable federal, State of Mississippi (the "State"), County and City laws and regulations.

b. The Developer will timely construct and install the Infrastructure Improvements in accordance with the building codes of the City and all other applicable federal, State, County and City laws and regulations. The Developer shall submit plans and specifications with respect to the Infrastructure Improvements to the City and such plans and specifications shall be subject to the approval of the City.

c. The Developer will prepare and file with the City a Preliminary Plat and Final Plat in connection with the Project and Infrastructure Improvements in accordance with the City's zoning and subdivision regulations.

d. In connection with the construction and installation of the Project and the Infrastructure Improvements, the Developer will obtain all necessary approvals from all applicable State, City, federal, County and other governmental agencies.

e. The Developer will execute all appropriate documents necessary to complete the sale and issuance of the Bonds and to the extent required by the City, the Developer will enter into a Tax Payment and Assessment Agreement with the City pursuant to which the Developer will agree, among other things, (i) to timely pay its pro rata share of all ad valorem and other taxes in connection with the Project, (ii) not to contest the tax assessment on its portion of the Project in a manner that would result in a reduction of the assessed value of the Developer's portion of the Project to an amount less than an amount to be agreed to by the City and the Developer to be incorporated by amendment into this Agreement.

f. The Infrastructure Improvements described in **EXHIBIT A** will be constructed and installed to City standards and specifications to allow for their dedication or conveyance to the City.

g. Following their installation and construction and in a manner and form satisfactory to the City, the Developer will dedicate or convey or have dedicated or conveyed to the City, the Infrastructure Improvements described in **EXHIBIT A**, and, if required by the nature of such Infrastructure Improvements, convey or have conveyed easements to the City in connection with such Infrastructure Improvements.

h. The Developer assumes the risk of proceeding with construction of the Project and Infrastructure Improvements prior to sale and issuance of the Bonds, and acknowledges and agrees the City is not authorized or obligated to use its general fund to pay any part of the costs of the Project or the Infrastructure Improvements. In the event the Bonds are not sold and delivered, no resulting liability shall accrue to the City, irrespective of expenditures made by Developer. In the event the Bond proceeds are insufficient to pay the costs of the Infrastructure Improvements, the Developer agrees to pay such deficiency necessary to complete the Infrastructure Improvements as set forth herein.

i. The Developer shall maintain separate records on the costs of the Project and the Infrastructure Improvements in a manner so as to aid the City in accounting for costs eligible for reimbursement under this Agreement.

3. CONDITIONS PRECEDENT TO ISSUANCE OF THE BONDS. Prior to the sale and issuance of the Bonds, the Developer shall, in connection with construction and installation of the Project and the Infrastructure Improvements, have (i) secured all necessary approvals from applicable State, City, federal, County and other governmental agencies; (ii) complete, at Developer's own cost, the acquisition, construction and installation of the Infrastructure Improvements to City standards and specifications; (iii) dedicated the completed and installed Infrastructure Improvements to the City; (iv), complete, at the Developer's own costs, acquisition, installation and construction of the Project; (v) been issued a certificate of completion and occupancy for the Project which Project shall be open for business as a Holiday Inn Express as set forth in the TIF Plan; (vi) executed such documents as the City may require pursuant to Paragraph 2.e. of this Agreement; and (vii) be in substantial compliance with the undertakings of the Developer set forth in Paragraph 2 of this Agreement. Upon satisfaction of the requirements of this paragraph 3, the City agrees to use its best efforts to timely sell and issue the Bonds on a schedule mutually acceptable to the City and the Developer.

4. LIMITED OBLIGATION. The Bonds will be limited obligations of the City payable solely from the Tax Increment and other moneys pledged therefore. Except for the Tax Increment, neither the faith, credit or taxing power of the City nor the faith, credit or taxing power of the State or any political subdivision thereof, including the City, is pledged to the payment of the Bonds.

5. TERMINATION. If the Bonds are not issued and delivered on or before five (5) years from the date hereof, this Agreement shall thereupon terminate (the "Termination Date"). This Agreement may also be terminated by written agreement of the parties hereto. Upon termination of this Agreement, it is expressly understood that the Developer shall bear the sole responsibility and liability for all reasonable fees and expenses incurred by the City Attorney, Bond Counsel and Financial Advisor related, directly or indirectly, to the sale and issuance of the Bonds, and the preparation of this Agreement, recognizing that the City does not have the authority to pay such costs except from the proceeds of the Bonds.

6. ADDITIONAL PROVISIONS.

a. This Agreement has been made by the City and the Developer and no person other than the foregoing and their successors and assigns shall acquire or have any right under or by virtue of this Agreement.

b. This Agreement shall become effective upon the execution and acceptance hereof by the parties hereto and shall be valid and enforced from and after the time of such execution and acceptance.

c. If any paragraph or part of a paragraph of this Agreement shall be declared null and void or unenforceable against any of the parties hereto by any court of competent jurisdiction, such declaration shall not affect the validity or enforceability of any other section or part of a paragraph of this Agreement.

d. In the event any agreement contained in this Agreement shall be breached and such breach shall thereafter be waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

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e. This Agreement shall inure to the benefit of the City and the Developer and their respective successors and assigns.

f. This Agreement shall be governed as to validity, construction and performance by the laws of the State.

g. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall constitute but one and the same agreement.

h. No amendment, change, modification, alteration or termination of this Agreement shall be made other than pursuant to a written agreement signed by the City and the Developer.

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IN WITNESS WHEREOF, the parties hereby have caused this Agreement to be duly executed as of the 1st day of September, 2012.

CITY OF NATCHEZ, MISSISSIPPI

By: _____
Mayor

ATTEST:

City Clerk

Signature page to the Development Agreement, by and between the City of Natchez, Mississippi and the Natchez Hotel Group, Inc., dated September 1, 2012.

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NATCHEZ HOTEL GROUP, INC.

By: _____
Name: _____
Title: _____

ATTEST:

Name: _____
Title: _____

Signature page to the Development Agreement, by and between the City of Natchez, Mississippi and the Natchez Hotel Group, Inc., dated September 1, 2012.

EXHIBIT A

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INFRASTRUCTURE IMPROVEMENTS

Various infrastructure improvements in connection with 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, sidewalks; installation of traffic signalization and signage; grading; lighting and landscaping of rights-of-way; capitalized interest; engineering; TIF Plan preparation fees; other incidental costs; and related professional fees indentified in the TIF Plan.

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