

AGREEMENT

This Agreement entered into this _____ day of _____, 2020 between Coffee County, Tennessee (hereinafter “County”); the City of Manchester (hereinafter “City”) and the Coffee County Public Building Authority, Inc. (hereinafter “PBA”).

Whereas City and County are currently the parties to an Agreement dated November 21, 2000 concerning the operation of the Manchester/Coffee County Conference Center; and

Whereas that Agreement states:

“It is contemplated by the parties that this venture shall continue for an initial term of years necessary to liquidate and pay the bond indebtedness incurred by the Public Building Authority for the acquisition of the conference center and personal property used in conjunction therewith; and that it may be continued thereafter under such terms as the parties may agree on.” [sic]

and

Whereas the County does not wish to continue the existing Agreement past its term; and

Whereas the Agreement provides that, notwithstanding legal title may be in the PBA, there shall be an option for the parties to that Agreement (City and County) to acquire the real estate, improvements and personal property used in conjunction therewith; and

Whereas the original parties (City and County) and the PBA have reached a new Agreement.

- 1) The PBA will convey the conference center real estate and improvements one-half to the City and one-half to the County or as directed by the City and County regarding their respective interests.
- 2) The City will form a new Public Building Authority (“City PBA”), pursuant to T.C.A. 12-10-101, *et seq.*, to which the PBA will convey ownership of all of the non-real estate assets of the Conference Center.

3) City and County will lease the conference center real estate and improvements, including any associated use rights to the PBA to be created by the City under the following terms and conditions.

A) This Agreement shall remain in effect for so long as the City PBA or any contractor with the City PBA operates the Conference Center as defined below.

B) The City PBA will operate the Conference Center. "Operate" shall be defined as to have the facility, staff and equipment able to host an "event" for hire. Examples of "events" are: 1) meetings: business, fraternal, social, governmental and otherwise; 2) banquets; 3) catered events; 4) trade shows; 5) educational or sales seminars; 6) weddings; 7) conferences: business, fraternal social, governmental and otherwise; 8) public events; 9) parties: birthday, corporate, holiday, governmental and otherwise.

The Conference Center shall be deemed "operated" if **ANY** of the following criteria are met:

- 1) Compensated hosting of 18 or more events in a given month or an average of 18 events per month for the preceding six (6) months;
- 2) Revenue received in excess of \$30,000 in a given month or average receipt of revenue exceeding \$30,000 per month in the preceding six (6) months; or
- 3) Attendance at hosted events in excess of 2,000 in any given month or any average of 2,000 over the preceding six (6) months.

It is understood between the parties that, if the Conference Center's activities are curtailed pursuant to governmental regulation, restriction or guidance that limits or recommends the Conference Center or its clients self-limit their activities; any such month in which said restriction was imposed (as well as months restrictions were in place part of the month) nor the two months immediately following the lifting of the restrictions, shall be used as a "month" to determine whether the Conference Center is "operated," as defined above.

Any funds advanced to the City PBA by the City shall be reimbursed to the City of the City PBA generates revenue beyond its operating requirements.

- C) No rent shall be due from the City PBA to either the City or the County.
- D) The City PBA shall reimburse the City for the actual expense of property/casualty insurance.
- E) The City will insure the building with an actual cash value policy. The limit shall be no less than the value of the building or the insurable value as determined by the City's insurer and may change from time to time. The County will be named an "additional insured." If the City determines to insure the building with a replacement cost policy; it may so do.
- F) This Agreement shall and does not pledge any monetary contribution or tax revenues from either the County or the City to the City PBA.
- G) Except for capital improvements:
 - 1) The City PBA will maintain the conference center real estate and facilities during the term of the lease and shall redeliver the real estate and

improvements to the City and County at termination in its same condition, normal wear and tear excepted.

2) Capital improvements shall be those improvements, individually or collectively, which cost \$15,000 or more and shall generally be those items having a useful life in excess of one year traditionally considered capital improvements such as parking lot surfacing, HVAC replacement, significant roof repair or replacement of carpet or flooring replacement and any other item meeting the monetary threshold which is in need of repair or replacement due to unintentional deterioration or normal wear and tear. As to capital improvement items, if the lease terminates prior to the expiration of the expected useful life of any capital improvements made by the City PBA (based upon generally accepted accounting principles); then, from the proceeds of any sale, the City shall be first paid the undepreciated proportion of the capital expenditure(s).

H) At the termination of the lease with the City PBA, unless the parties agree otherwise; the property will be offered for sale in accordance with the surplus property regulations of the City, the County, applicable State law and subject to any adjustment provided for in Paragraph (G). The proceeds shall be divided equally between the City and the County.

I) Casualty Loss or Destruction. In the event of total destruction and if the property is insured with a replacement cost policy; then the Conference Center shall be rebuilt. If the property is insured with an actual cash value policy; the policy proceeds shall be used to repair the premises. If the policy proceeds are insufficient to rebuild the property; then the property shall be deemed

totally destroyed unless either party or both parties hereto contribute any additional cost of rebuilding. No party to this Agreement shall be obligated to contribute any funds other than insurance proceeds realized due to the destruction of the property. In the event the property is not capable of repair with the insurance proceeds and any contribution; the property shall be deemed sold and subject to any adjustment as provided by subsection "G" the insurance or other proceeds divided equally. The parties will then own the real estate in equal shares.

- J) Nothing in this Agreement or the Lease Agreement with the City PBA shall constitute a joint venture or obligate funds of the City or its tax revenues.
- K) Nothing in this Agreement or the Lease Agreement with the City PBA shall constitute a joint venture or obligate funds of the County or its tax revenues.
- L) The Agreement dated November 21, 2000 shall terminate effective midnight January 1, 2021.

COFFEE COUNTY, TENNESSEE

By: _____
Mayor

Approved by Resolution _____

Dated: _____

CITY OF MANCHESTER, TENNESSEE

By: _____
Mayor

Approved by Resolution _____

Dated: _____

PUBLIC BUILDING AUTHORITY OF COFFEE COUNTY, TENNESSEE

By: _____
Chairman