

HOUSE BILL 1347

By Pruitt

AN ACT to amend Tennessee Code Annotated, Title 7 and Title 67, relative to the creation, powers, duties and financing mechanisms of convention center authorities and to the financing and development of convention centers and related facilities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 7, is amended by adding the following as a new Chapter 89:

7-89-101. This chapter shall be known and may be cited as the "Convention Center Authorities Act of 2009."

7-89-102.

(a) It is hereby found and determined that:

(1) There is an immediate need to promote and further develop tourism, convention and employment opportunities in this state, by facilitating the acquisition, construction, and rehabilitation of convention center facilities along with associated hotel accommodations; transportation infrastructure; tourism, theatre, retail business and commercial office space facilities; parking facilities; parks; greenways; open space and any and all facilities related thereto;

(2) The development of such facilities will provide a means to attract conventions, public assemblies, conferences, trade exhibitions or other business, social, cultural scientific and public interest events, to the state. enhance the state's image as a convention destination, and encourage and foster economic development and prosperity and employment within the

state;

(3) An authority is needed in individual communities to prepare comprehensive, long-range master plans for the orderly development of convention center facilities and to promote related activities; and

(4) In many instances, effective cooperation between various units of government has been hampered because of inadequate statutory authority.

(b) It is the purpose of this chapter to address these findings by providing for the establishment of convention center authorities to plan, promote, finance, construct, acquire, renovate, equip and enlarge convention center facilities along with associated hotel accommodations; transportation infrastructure; tourist, theatre and retail business facilities; commercial offices; parking lots or garages and any and all facilities related thereto. The primary purpose of any and all such facilities shall be the conduct and service of conventions, public assemblies, conferences, trade exhibitions or other business, social, cultural scientific and public interest events and related activities, but use of these facilities need not be limited to those events.

(c) This chapter shall be liberally construed in conformity with its purpose.

7-89-103.

Unless the context otherwise requires:

(1) "Authority" or "convention center authority" means any public corporation organized pursuant to the provisions of this chapter;

(2) "Board" or "board of directors" means the governing body of the authority;

(3) "Bonds" or "revenue bonds" means bonds, notes, interim certificates or other obligations of an authority issued pursuant to this chapter, or pursuant

to any other law, as supplemented by, or in conjunction with, this chapter;

(4) "Contracting party" or "other contracting party" means any party, including a municipality, to a sale contract, lease agreement or loan agreement, other than the authority;

(5) "Cost", as applied to any project, means and includes the cost of acquisition, construction, extension, enlargement or improvement, the cost of labor, materials, and equipment, the cost of all lands, property rights, easements and franchises required; financing charges, interest and debt service prior to and during construction and up to twenty-four (24) months thereafter; costs of plans and specifications, services and estimates of costs and of revenues; costs of engineering, architectural and legal services; all expenses necessary or incident to determining the feasibility or practicability of such acquisitions or constructions and any and all such other expenses as may be necessary or incident to the acquisition, construction, improvement or financing authorized in this chapter;

(6) "Governing body" means the body in which the general legislative powers of a municipality are vested;

(7) "Joint venture" means a partnership or any other type of business relationship or organization, such as a corporation, trust, partnership, public private partnership, limited liability company, association, government or governmental subdivision, agency, or instrumentality, that is sponsored, owned, operated, or governed by two (2) or more entities;

(8) "Loan agreement" means an agreement providing for an authority to loan the proceeds derived from the issuance of revenue bonds pursuant to this chapter to one (1) or more contracting parties to be used to pay the cost of one

(1) or more projects and providing for the repayment of such loan by the other contracting party or parties;

(9) "Municipality" means any county, metropolitan government or incorporated city or town in this state with respect to which an authority may be organized;

(10) "Project" means any land, improvement, structure, building or part of a building comprised of facilities for conventions, public assemblies, conferences, trade exhibitions or other business, social, cultural, scientific and public interest events, along with any associated hotel accommodations; transportation infrastructure; tourism, theatre, retail business and commercial office space facilities; parking facilities or any other structure or facility constructed, leased, equipped, renovated or acquired for any of the purposes set forth in this chapter, and also includes, but is not limited to, parks, greenways, open spaces, roads, streets, highways, curbs, bridges, flood control facilities and utility services, such as water, sanitary sewer, electricity, gas and natural gas, and telecommunications that are constructed, leased, equipped, renovated or acquired as a supporting system or facility for any of the purposes set forth in this chapter; provided, that any such supporting system or facility is dedicated for public use;

(11) "Revenues" of a project means all revenues derived from and on account of a project, directly or indirectly, including payments under a lease or sale contract and repayments under a loan agreement, or under notes, debentures, bonds and other secured or unsecured debt obligations of a lessee or contracting party delivered as provided in this chapter, and any monies paid, contributed and/or pledged to an authority by the state or a

municipality pursuant to law, agreement or otherwise;

(12) "Sale contract" means a contract providing for the sale of one (1) or more projects to one (1) or more contracting parties and includes a contract providing for payment of the purchase price in one (1) or more installments; and

(13) "State" means the state of Tennessee and, unless otherwise indicated by the context, any agency, authority, branch, bureau, commission, corporation, department or instrumentality of the state, now or hereafter existing.

7-89-104. If the governing body of a municipality, by appropriate resolution duly adopted, finds and determines that it is wise, expedient, necessary or advisable that a convention center authority of such municipality be formed, authorizes the chief executive officer of such municipality to form such authority and approves the form of corporate charter proposed to be used in organizing the authority, then the chief executive officer of the municipality shall execute, acknowledge and file a charter for the authority as provided in § 7-89-106. No authority may be formed unless the governing body of a municipality has adopted a resolution as provided in this section.

7-89-105.

(a) The charter shall set forth:

(1) The name of the authority, which shall be the convention center authority of the city, county or metropolitan government of _____, where the blank is to be filled in with the name of the municipality, if such name is available for use by the authority, and if not available, then the chief executive officer of the municipality shall designate some other similar name that is available;

(2) A recital that permission to organize the authority has been

granted by resolution duly adopted by the governing body of the municipality and the date of the adoption of such resolution;

(3) The location of the principal office of the authority;

(4) The purposes for which the authority is proposed to be organized;

(5) The number of directors of the authority;

(6) The period, which may be perpetual, for the duration of the authority;

(7) A provision addressing conflicts of interest of members of the boards of directors of the convention center authority; and

(8) Any other matter that the chief executive officer of the municipality may choose to insert in the charter that is not inconsistent with this chapter or with the laws of the state.

(b) The charter shall be subscribed and acknowledged by the chief executive officer of the municipality.

7-89-106. When executed and acknowledged in conformity with § 7-89-105, the charter shall be filed with the secretary of state. The secretary of state shall examine the charter and, if the secretary of state finds that the recitals contained in the charter are correct, that the requirements of § 7-89-104 have been complied with and that the name is not identical with or so nearly similar to that of another authority already in existence in this state as to lead to confusion and uncertainty, the secretary of state shall approve the charter and accept it for filing. When such charter has been so made, filed and approved, the authority shall constitute a public corporation under the name set out in the charter.

7-89-107. The charter may, at any time and from time to time, be amended in a manner not inconsistent with § 7-89-105. Any such amendment shall be adopted in the following manner: the board of directors of the authority shall file with the governing body of the municipality an application in writing seeking permission to amend the charter, setting forth the proposed amendment to be made. If the governing body, by appropriate resolution, finds and determines that it is wise, expedient, necessary or advisable that the proposed amendment be made and authorizes the amendment to be made, approving the form of the proposed amendment, then the chair of the board of directors of the authority shall execute an instrument embodying the amendment, and shall file the amendment with the secretary of state. The secretary of state shall examine the proposed amendment and, if the secretary of state finds that the requirements of this section have been complied with, the secretary of state shall approve the amendment and accept it for filing in an appropriate book in the secretary of state's office. When such amendment has been so made, filed and approved, it shall become effective.

7-89-108.

(a)

(1) The authority shall have a board of directors in which all corporate powers of the authority shall be vested. The board shall consist of no fewer than seven (7) directors, all of whom shall be duly qualified voters of the municipality. A director shall serve without compensation, except that the authority may reimburse a director for actual expenses incurred in the performance of a director's duties. A director may not be an elected official or employee of the municipality. The directors shall have staggered terms.

(2) The initial board of directors shall be divided into three (3)

groups containing substantially equal numbers. The initial term of the directors included in the first group shall be two (2) years; the initial term of the directors included in the second group shall be three (3) years; the initial term of the directors included in the third group shall be four (4) years. All subsequent terms of directors shall be four (4) years; provided, that if at the expiration of any term of office of any director a successor has not been appointed, the director whose term of office has expired shall continue to hold office until the director's successor is appointed.

(3) In the case of authorities created pursuant to the approval of two (2) or more municipalities acting jointly, as provided in § 7-89-120, the number of directors appointed by the governing body of each municipality shall be as nearly equal as practicable.

(4) The chief executive officer of the municipality shall appoint all directors, and the governing body of the municipality shall by resolution confirm the appointments of the chief executive officer. When the chief executive officer makes the initial appointments, the chief executive officer shall designate which directors serve an initial term of two (2), three (3) and four (4) years, respectively.

(5) If a vacancy occurs in the position of director, the vacancy shall be filled in the same manner as the original term for the remainder of the unexpired term.

(b) The directors shall meet and organize as a board and shall elect one (1) of its members as chair, one (1) as vice chair, one (1) as secretary and one (1) as treasurer, and such offices shall annually be filled in like manner. The duties of secretary and treasurer may be performed by the same director. In the

event of the resignation or death of the chair, vice chair, secretary or treasurer, another member may be elected to fill the vacancy for the anticipated term of the chair, vice chair, secretary or treasurer.

(c) Any meeting of the board of directors for any purpose whatsoever shall be open to the public. Any action taken by the directors under the provisions of this chapter may be authorized by resolution at any regular or special meeting. A majority of the board shall constitute a quorum for the transaction of business. The concurring vote of a majority of the directors voting at a meeting at which a quorum is present shall be necessary for the exercise of any of the powers granted by this chapter.

7-89-109. Each convention center authority created pursuant to this chapter shall be a public nonprofit corporation and a public instrumentality of the municipality with respect to which the authority is organized. The authority shall have the following powers, together with all powers incidental to the following powers or necessary for the performance of those powers, to:

- (1) Have succession by its corporate name for the period specified in the charter, unless sooner dissolved as provided in § 7-89-119;
- (2) Sue and be sued and to prosecute and defend, at law or in equity, in any court having jurisdiction of the subject matter and of the parties;
- (3) Have and use a corporate seal and alter the seal at pleasure;
- (4) Acquire, whether by purchase, construction, exchange, gift, lease or otherwise, and design, plan, site, construct, improve, repair, extend, equip, furnish, operate and maintain one (1) or more projects, which projects shall be within at least one (1) of the municipalities with respect to which the authority shall have been created, including all real and personal properties that the board of directors of the authority may deem necessary in connection with the

projects and regardless of whether or not any such projects shall then be in existence, and including the power to demolish such existing structures as may be on sites acquired when such structures are not needed for the project;

(5) Appoint officers, agents and employees, describe their qualifications and fix their compensation;

(6) Operate, maintain, manage and enter into contracts for the operation, maintenance and management of any project undertaken, and to make rules and regulations with regard to such operation, maintenance and management;

(7) Employ, contract with, fix the compensation of and discharge engineering, architectural, legal, financial and other professional experts, consultants, agents and employees as may be necessary to carry out the purposes of this chapter and to provide for the proper construction, operation and maintenance of any project;

(8) Lease, rent and contract for the operation of all or any part of any project, and charge and collect rent for the project and terminate any such lease upon the failure of the lessee to comply with any of the obligations of the lease; and include in or exclude from any such lease provisions that the lessee shall have the option to renew the term of the lease for such period or periods and at such rent as shall be determined by the board of directors;

(9) Lease such space in a project as from time to time may not be needed for convention center related purposes to any other person, corporation, partnership or association for such purposes as the board of directors may determine are in the best interest of the authority or will help facilitate the purposes for which the authority was created, and upon such

terms and in such manner as the board may determine;

(10) Fix and collect rates, rentals, fees and charges for the use of any and all of the projects of the authority and for the naming rights relating to any and all of the projects of the authority;

(11) Make contracts, including without limitation contracts with vendors, concessionaires, tenants and/or convention center facility users, occupant managers and service providers;

(12) Advertise within or without the state any of the projects of the authority;

(13) Sell, exchange, donate and convey any or all of its properties, whenever the board of directors shall find any such action to be in furtherance of the purposes for which the authority was organized; provided, however, the authority may not sell, exchange, donate or convey all or substantially all of its properties without the prior approval, by resolution, of the governing body of the municipality;

(14) Procure and enter into contracts for any type of insurance, surety or performance bond, or indemnity against loss or damage to property from any cause, including, but not limited to, general errors and omissions, property loss and casualty, loss of use and occupancy, against death or injury of any person, against employer's liability, against any act of any member, officer or employee of the authority in the performance of the duties of such person's office or employment, or the authority itself, or any other insurable risk, as the board of directors, in its discretion, may deem necessary, and to exercise all rights, immunities and protections afforded by Tennessee law and the Governmental Tort Liability Act;

(15) Accept donations, contributions, revenues, capital grants or gifts of any kind from any individuals, associations, public or private corporations and municipalities, the state or the United States, or any agency or instrumentality of the state or the United States, for or in aid of any of the purposes of this chapter and enter into agreements in connection with the donations, contributions, revenues, capital grants or gifts;

(16) Enter into joint ventures with third parties for the purpose of owning a project or any portion thereof, on such terms and conditions as the board of directors of the authority may determine;

(17) Borrow money from time to time and, in evidence of any obligation incurred, issue and sell its revenue bonds in accordance with the provisions of this chapter, in such form and upon such terms as its board of directors may determine and as approved by resolution of the governing body of the creating municipality, payable out of any revenues of the authority, including grants or contributions or other revenues specifically provided to the authority, for the purpose of financing the cost of any project; refund and refinance, from time to time, revenue bonds so issued and sold\ as often as may be deemed to be advantageous by the board of directors and, pending the issuance of its revenue bonds for the purposes in this chapter authorized, issue its interim certificates or notes or other temporary obligations;

(18) Enter into any agreement or contract with any lessee who, pursuant to the terms of this chapter, is renting or is about to rent from the authority all or part of any building or buildings or facilities, whereby, under such agreement or contract, such lessee obligates itself to pay all or part of the cost of maintaining and operating the premises so leased, and such agreement

may be included as a provision of any lease entered into pursuant to the terms of this chapter or may be made the subject of a separate agreement or contract between the authority and such lessee;

(19) Mortgage and pledge as security for the payment of the principal of and interest on any revenue bonds so issued and any agreements made in connection with the bonds, any or all of the projects or any part or parts of the projects, whether then owned or thereafter acquired;

(20) Exercise all powers expressly given in its charter and establish bylaws and make all rules and regulations not inconsistent with the charter or the provisions of this chapter, deemed expedient for the management of the affairs of the authority;

(21) Acquire, whether by purchase, construction, exchange, gift, lease or otherwise, and improve, repair, extend, equip, furnish, operate and maintain any roads, streets, highways, curbs, bridges, flood control facilities, utility services such as water, sanitary sewer, electricity, gas and natural gas, and telecommunications that the board of directors of the convention center authority deems to be necessary, expedient or advisable in connection with the development or operation of any project; dedicate any such highways, roads or services to the public use; enter into any contract to facilitate these purposes and make any payments required under such contracts; borrow funds for the purpose of making any payment authorized by this subdivision (21) and pledge and otherwise use the revenues of the authority to repay such borrowed funds;

(22) Establish, secure, own, develop and hold patents, copyrights, trademarks and service marks and enforce its rights with respect to such

copyrights and marks; and

(23) Do all things necessary or convenient to carry out the powers expressly given in this chapter.

7-89-110.

(a) The board of directors of each authority shall cause an annual audit to be made of the books and records of its authority. The comptroller of the treasury, through the department of audit, shall be responsible for determining that such audits are prepared in accordance with generally accepted governmental auditing standards and that such audits meet the minimum standards prescribed by the comptroller of the treasury.

(b) Such audits shall be prepared by certified public accountants or by the department of audit. In the event the governing body of the authority shall fail or refuse to have the audit prepared, then the comptroller of the treasury may appoint a certified public accountant, or direct the department of audit, to prepare the audit, the cost of such audit to be paid by the authority.

(c) Each authority shall prepare an annual report of its business affairs and transactions. A copy of such report and a copy of the annual audit referenced in subdivision (a) shall be filed annually with the governing body of the municipality granting permission to the authority to organize.

7-89-111.

(a) For the purpose of aiding and cooperating with an authority, the municipality authorizing such authority may assign or loan any of its employees, including its engineering staff, and facilities, or those of its agencies and instrumentalities; may provide necessary office space, equipment, and other facilities for the use of such authority and may provide or cause its agencies and

instrumentalities to provide such services, all as the governing body of such municipality shall approve by resolution.

(b) The governing body of such municipality may enter into a lease of any project or part thereof, and may make donations of property, real or personal, or cash grants to the authority, in such amount or amounts as it may deem proper and appropriate in aiding the authority to accomplish its purpose, all as the governing body of such municipality shall approve by resolution.

(c) Any municipality authorizing an authority that enters into a lease with an authority may convey real property or personal property to the authority and may include a provision in such conveyance for the reversion of such property to the transferor at such time as all revenue bonds or other obligations of the authority incident to the real property so conveyed shall have been paid in full, all as the governing body of such municipality shall approve by resolution, and any authority created pursuant to this chapter is authorized to accept such a conveyance.

7-89-112.

(a) The authority shall have power and is authorized to issue its bonds in order to finance:

(1) The costs of any project;

(2) The payment of the costs of issuance of such bonds, including underwriter's discount, financial advisory fees, preparation of the definitive bonds, preparation of all public offering and marketing materials, advertising, credit enhancement and legal, accounting, fiscal and other similar expenses;

(3) Reimbursement of the authority or the municipality for monies previously spent by the authority or municipality for any of the foregoing purposes;

(4) The establishment of reasonable reserves for the payment of debt service on such bonds, for repair and replacement of any project or for such other purposes as the board shall deem necessary and proper in connection with the issuance of any bonds and operation of any project for the benefit of which the financing is being undertaken; and

(5) The contribution of the authority's share of the funding for any joint venture or joint undertaking for the purposes hereinabove set forth.

(b) The authority shall have the power and is hereby authorized to issue its bonds to refund and refinance outstanding bonds of the authority heretofore or hereafter issued or lawfully assumed by the authority. The proceeds of the sale of the bonds may be applied to:

(1) The payment of the principal amount of the bonds being refunded and refinanced;

(2) The payment of the redemption or tender premium thereon, if any;

(3) The payment of unpaid interest on the bonds being refunded, including interest in arrears, for the payment of which sufficient funds are not available, to the date of delivery or exchange of the refunding bonds;

(4) The payment of fees or other charges incident to the termination of any interest rate hedging agreements, liquidity or credit facilities or other agreements related to the bonds being refunded and refinanced;

(5) The payment of interest on the bonds being refunded and refinanced from the date of delivery of the refunding bonds to maturity or to, and including, the first or any subsequent available redemption date or dates on which the bonds being refunded may be called for redemption;

(6) The payment of the costs of issuance of the refunding bonds,

including underwriter's discount, financial advisory fees, preparation of the definitive bonds, preparation of all public offering and marketing materials, advertising, credit enhancement and legal, accounting, fiscal and other similar expenses, and the costs of refunding the outstanding bonds, including the costs of establishing an escrow for the retirement of the outstanding bonds, trustee and escrow agent fees in connection with any escrow and accounting, legal and other professional fees in connection therewith; and

(7) The establishment of reserves for the purposes set forth in subdivision (a)(4) above.

Refunding bonds may be issued to refinance and refund more than one (1) issue of outstanding bonds, notwithstanding that such outstanding bonds may have been issued at different times. Refunding bonds may be issued jointly with other refunding bonds or other bonds of the authority. The principal proceeds from the sale of refunding bonds may be applied either to the immediate payment and retirement of the bonds being refunded or, to the extent not required for the immediate payment of the bonds being refunded, to the deposit in escrow with a bank or trust company to provide for the payment and retirement at a later date of the bonds being refunded.

(c) No bonds shall be issued hereunder unless authorized to be issued by resolution of the board of directors of the authority, and approved by resolution of the governing body of the municipality. Bonds authorized to be issued hereunder may be issued in one (1) or more series, may bear such date or dates, mature at such time or times, not exceeding forty (40) years from their respective dates, bear interest at such rate or rates, payable at such time or times, be in such

denominations, be in such form, either coupon or registered, be executed in such manner, be payable in such medium of payment, at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution or resolutions may provide. Bonds may be issued for money or property at competitive or negotiated sale for such price or prices as the board of directors, or its designee, shall determine. The authority may enter into such agreements in connection with the issuance of any bonds as its board of directors may approve, including without limitation agreements related to municipal bond insurance, credit or liquidity facility agreements, remarketing agreements and bond purchase agreements.

(d) Bonds may be repurchased by the authority out of any available funds at such price as the board of directors shall determine, and all bonds so repurchased shall be cancelled or held as an investment of the authority as the board may determine.

(e) Pending the preparation or execution of definitive bonds, interim receipts or certificates or temporary bonds may be delivered to the purchasers of bonds.

(f)

(1) With respect to all or any portion of any issue of bonds issued hereunder, at any time during the term of the bonds, and upon receipt of a report of the comptroller of the treasury or the comptroller's designee finding that the contracts and agreements authorized in this subdivision are in compliance with the guidelines, rules or regulations adopted or promulgated by the state funding board, as set forth in § 9-21-130, the authority, by resolution of the board of directors, may authorize and enter into interest rate swap or

exchange agreements, agreements establishing interest rate floors or ceilings or both and other interest rate hedging agreements under such terms and conditions as the board of directors may determine, including without limitation provisions permitting the authority to pay to, or receive from, any person or entity any loss of benefits under such agreement upon early termination thereof or default under such agreement.

(2) The authority may enter into an agreement to sell bonds (other than its refunding bonds) under this chapter providing for delivery of its bonds on a date greater than ninety (90) days and not greater than five (5) years (or such greater period of time if approved by the comptroller of the treasury or the comptroller's designee), from the date of execution of such agreement or to sell its refunding bonds providing for delivery thereof on a date greater than ninety (90) days from the date of execution of the agreement and not greater than the first optional redemption date on which the bonds being refunded can be optionally redeemed resulting in cost savings or at par, whichever is earlier, only upon receipt of a report of the comptroller of the treasury or the comptroller's designee finding that the agreement or contract of the authority to sell its bonds as authorized in this subdivision is in compliance with the guidelines, rules or regulations adopted or promulgated by the state funding board in accordance with the provisions of § 9-21-130. Agreements to sell bonds and refunding bonds for delivery ninety (90) days or less from the date of execution of the agreement do not require a report of the comptroller of the treasury or the comptroller's designee.

(3) Prior to the adoption by the board of a resolution authorizing a

contract or agreement described in subdivision (1) or (2), a request shall be submitted to the comptroller of the treasury or the comptroller's designee for a report finding that such contract or agreement is in compliance with the guidelines, rules or regulations of the state funding board. Within fifteen (15) days of receipt of the request, the comptroller of the treasury or the comptroller's designee shall determine whether the contract or agreement substantially complies with the guidelines, rules or regulations and shall report thereon to the authority. If the report of the comptroller of the treasury or the comptroller's designee finds that the contract or agreement complies with the guidelines, rules or regulations of the state funding board or the comptroller of the treasury shall fail to report within the fifteen (15) day period, then the authority may take such action with respect to the proposed contract or agreement as it deems advisable in accordance with the provisions of this section and the guidelines, rules or regulations of the state funding board. If the report of the comptroller of the treasury or the comptroller's designee finds that such contract or agreement is not in compliance with the guidelines, rules or regulations, then the authority is not authorized to enter into such contract or agreement. The guidelines, rules or regulations shall provide for an appeal process upon a determination of noncompliance.

(4) When entering into any contracts or agreements facilitating the issuance and sale of bonds, including contracts or agreements providing for liquidity and credit enhancement and reimbursement agreements relating thereto, interest rate swap or exchange agreements, agreements establishing interest rate floors or ceilings or both, other interest rate

hedging agreements and agreements with the purchaser of the bonds, evidencing a transaction bearing a reasonable relationship to this state and also to another state or nation, the authority may agree in the written contract or agreement that the rights and remedies of the parties thereto shall be governed by the laws of this state or the laws of such other state or nation; provided that jurisdiction over the authority shall lie solely in the courts of the county in which the municipality forming the authority is located.

(5) The governing body of the municipality shall authorize by resolution the authority to enter into any contract or agreement described in subdivision (1) or (2) prior to the authority entering into any such contract or agreement.

(g)

(1) All bonds issued by the authority, as well as any other agreements authorized by this section, may be payable out of the revenues and receipts derived from any projects, or of any portion of projects owned, operated or leased to or from the authority, as may be designated by the board of directors of the authority, or from any revenues to be derived directly or indirectly by the authority from such projects, including revenues from concessions, endorsements, ticket sales and souvenir sales, or from any revenues derived directly or indirectly by the authority from the allocation, transfer, contribution or pledge of tax revenues or monies of any nature by the state or a municipality having taxing power or any other revenues or collections of the state or a municipality.

(2) The principal of and interest on any bonds issued by the authority, as well as any other agreements authorized by this section, may be secured, as may be designated by the board of directors of the authority, by a pledge of

all or any portion of the revenues and receipts of the authority described in subdivision (g)(1) and/or by a pledge of the authority's rights under agreements, leases and other contracts or by a mortgage or deed of trust covering all or any part of the projects from which the revenues or receipts so pledged may be derived. The proceedings under which the bonds or any such agreements are authorized and any such pledge agreement or mortgage or deed of trust may contain any agreements and provisions respecting the maintenance of the projects covered by the bonds, the fixing and collection of rents for any portions of projects leased by the authority to others, the creation and maintenance of special funds from such revenues and the rights and remedies available in the event of default, all as the board of directors shall deem advisable and not in conflict with the provisions of this chapter. Each pledge, agreement or mortgage or deed of trust made for the benefit or security of any of the bonds or agreements of the authority shall continue to be effective until the payments thereon for the benefit of which the pledge, agreement or mortgage or deed of trust were made shall have been fully paid. In the event of default in such payment or in any agreement of the authority made as a part of the contract under which the bonds were issued, whether contained in the proceedings authorizing the bonds or in any mortgage or deed of trust executed as security for the bonds, such payment or agreement may be enforced by suit, mandamus, the appointment of a receiver in equity or by foreclosure of any such mortgage or deed of trust, or any one (1) or more of such remedies.

(h) The authority may issue interim certificates, bond anticipation notes or other temporary obligations pending the issuance of its revenue bonds, which such

temporary obligations shall be payable out of revenues and receipts of the authority in like manner as such revenue bonds and shall be retired from the proceeds of such bonds upon the issuance of the revenue bonds, and shall be in such form and contain such terms, conditions and provisions consistent with the provisions of this chapter as the board of directors may determine.

(i) Bonds and notes of the authority shall be executed in the name of the authority by such officers of the authority and in such manner as the board of directors may direct. If so provided in the proceedings authorizing the bonds, the facsimile signature of any of the officers executing such bonds may appear on the bonds in lieu of the manual signature of such officer.

(j) Any bonds and notes of the authority may be sold at public or private sale, for such price and in such manner and from time to time as may be determined by the board of directors of the authority to be most advantageous, and the authority may pay all expenses, premiums and commissions that its board of directors may deem necessary or advantageous in connection with the issuance of the bonds.

(k)

(1) Notwithstanding any provisions of this section or any other law to the contrary, a convention center authority and the municipality in which it is located may enter into an agreement under which all or any portion of the real property ad valorem taxes paid by the owner of convention center facilities, if other than the municipality or the authority, shall be paid into a special fund of the municipality, subject to the conditions set forth in this subdivision (k)(1). The municipality is authorized to use the monies in such fund in order to make any payments due to the convention center authority

from the municipality under a contractual obligation. Such a fund may only be utilized where the funds paid from the special fund to the convention center authority shall be principally used by the convention center authority to make payments on revenue bonds issued by the convention center authority, where the net proceeds of such bonds were used by the convention center authority to acquire, construct or equip systems, improvements or facilities that are public improvements dedicated for public use, and such improvements were made by the convention center authority in order to assist in the development and construction of such convention center facility, and the convention center authority is authorized to pledge any monies paid to it from such fund as collateral for such revenue bonds, notwithstanding any contrary provisions of this § 7-89-112. The agreement between the convention center authority and the municipality shall not be effective unless approved by the comptroller of the treasury and authorized by appropriate resolution of the governing body of the municipality.

(2) Notwithstanding the provisions of subdivision (k)(1), if the convention center authority is not the owner of the convention center facility, then prior to the issuance of any bonds for a project as defined in § 7-89-103 related to the convention center facility, the convention center authority, in addition to the pledge of revenues from the project as the source of payment for such bonds, may provide further security for the payment of the bonds, such as bond insurance, a surety bond, a letter of credit, a third party guarantee, the contractual obligation of the owner or operator of the convention center facility as to its ownership and operation

during the term of the bonds or other similar security, all of which must be submitted to the comptroller of the treasury for approval.

7-89-113. The authority is hereby declared to be performing a public function in behalf of the municipality with respect to which it is organized and to be a public instrumentality of such municipality. Accordingly, the authority and all properties at any time owned by it and the income from the properties and all bonds issued by the authority and the income from the bonds, shall be exempt from all taxation in the state. Also, for purposes of the Tennessee Securities Act of 1980, compiled in title 48, chapter 2, part 1, bonds issued by the authority shall be deemed to be securities issued by a public instrumentality or a political subdivision of the state.

7-89-114. Except to the extent of any revenues that may be specifically allocated, transferred, contributed or pledged by a municipality in accordance with the provisions of this chapter and laws, rules and regulations applicable to this chapter, no municipality shall in any event be liable for the payment of the principal of or interest on any bonds of the authority or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever that may be undertaken by the authority, and none of the bonds of the authority or any of its agreements or obligations shall be construed to constitute an indebtedness of the municipality within the meaning of any constitutional or statutory provision whatsoever.

7-89-115.

(a) Any municipality is authorized to aid or otherwise provide assistance to an authority created pursuant to the provisions of this chapter by such municipality, including entering into leases or lease-purchase agreements of projects, or parts of projects with an authority, for such term or terms and upon such conditions as may be determined by resolution of the governing body of

such municipality, or granting, contributing or pledging revenues of the municipality to or for the benefit of the authority derived from any source, notwithstanding and without regard to the restrictions, prohibitions or requirements of any other law, whether public or private.

(b) The municipality, by appropriate resolution of the governing body of such municipality, may levy and collect a direct annual tax sufficient with any other moneys available and pledged to pay the rental payable by it under any such lease or lease-purchase agreement of projects, or parts of projects with an authority as and when it becomes due and payable, such tax to be in addition to all other taxes of such municipality and shall be in addition to all other taxes now or hereafter authorized to be levied, and such tax shall not be included within any statutory or other limitation in rate or amount, but shall be excluded and be in addition thereto, notwithstanding the prohibitions, restrictions or requirements of any other law, whether public or private, and the obligations assumed and undertaken pursuant to such lease or lease-purchase agreement, including any unconditional or other obligation to levy such tax and to pay rentals for the project for a fixed term or terms, shall not be deemed or construed as constituting a debt of the city, county or metropolitan government within the terms, provisions or limitations of any constitutional, statutory, charter or other limitation.

(c) The governing body of any municipality, by resolution, may designate the authority to be the recipient of funds of the state or the municipality, which such funds are allocated or directed for use in connection with the construction, improvement, financing or operation of convention center facilities. The municipality may take such actions as may be necessary to cause any such funds to be paid to the authority, and the municipality and the authority may enter

into any and all agreements as may be necessary to provide for the payment of the authority's bonds out of such funds, as described in § 7-89-112(g). Without limiting the foregoing, the governing body of any municipality may, by resolution, designate an authority as a "public authority" for purposes of chapter 88 of this title, and any project undertaken pursuant to this chapter shall, for purposes of chapter 88 of this title, be deemed to be a project meeting the requirements of title 9, chapter 21.

(d) The governing body of any municipality, by resolution, may cause any departments, instrumentalities or organizations formed by the municipality to be joined with and into the authority, and may take such steps as may be necessary to cause the assets, liabilities and operations of any such organizations to be transferred to the authority.

7-89-116. Except as otherwise provided in this chapter, all leases, contracts, deeds of conveyance or instruments in writing executed by the authority shall be executed in the name of the authority by the chair or secretary of the authority, or by such other officers as the board of directors, by resolution, may direct, and the seal of the authority may be affixed to such instruments.

7-89-117. In the case of an authority created by a municipality subject to the terms of title 7, chapter 4, part 2, the authority shall, if otherwise applicable, be subject to the terms of §§ 7-4-205 and 7-4-206 in addition to the metropolitan government; provided that, notwithstanding any contrary provision of such §§ 7-4-205 and 7-4-206, the governing body of the municipality may, by resolution, designate the authority and its board of directors to be responsible for satisfaction of the requirements of the municipality and its governing body under such §§ 7-4-205 and 7-4-206.

7-89-118. The authority shall be a public nonprofit corporation, and no part of its net earnings remaining after payment of its expenses shall inure to the benefit of any individual, firm or corporation, except that in the event the board of directors shall determine that sufficient provision has been made for the full payment of the expenses, bonds and other obligations of the authority, including reserves for the expenses, bonds and other obligations, any net earnings of the authority thereafter accruing may be used to provide a reserve for depreciation of any project or projects undertaken by such authority, in an amount determined by the board of directors to be necessary and reasonable, and net earnings available thereafter shall be paid to the municipality with respect to which the authority was organized; provided, that nothing contained in this section shall prevent the board of directors from transferring all or any part of its properties in accordance with the terms of any lease entered into by the authority.

7-89-119. Whenever the board of directors of an authority or the governing body of the creating municipality by resolution determines that the purposes for which the authority was formed have been substantially accomplished and all bonds theretofore issued and all obligations theretofore incurred by the authority have been fully paid, the members of the board of directors or the executive officers of the municipality, as the case may be, shall thereupon execute and file for record in the office of the secretary of state a certificate of dissolution, reciting such facts and declaring the authority to be dissolved. Such certificate of dissolution shall be executed under the seal of the authority. Upon the filing of such certificate of dissolution, the authority shall stand dissolved, the title to all funds and properties owned by it at the time of such dissolution shall vest in the municipality with respect to which the authority was organized, and possession of such funds and properties shall forthwith be delivered to such municipality.

7-89-120.

(a) The powers conferred upon authorities created under this chapter may be exercised by two (2) or more such authorities acting jointly.

(b) Two (2) or more municipalities by resolution may, by acting jointly, incorporate a convention center authority to effectuate the purposes of this chapter. When two (2) or more municipalities incorporate such an authority, each and every requisite pertaining to the application for incorporation, charter and amendment of charter shall, as nearly as may be practicable, be incumbent in like manner upon each municipality joining in the creation of such authority.

7-89-121. Any municipality may acquire a project site by gift, purchase or lease, or exercise of the power of eminent domain, and may transfer any project site to an authority by sale, lease or gift. Such transfer may be authorized by a resolution of the governing body of the municipality without submission of the question to the voters, and without regard to the requirements, restrictions, limitations or other provisions contained in any other general, special or local law.

7-89-122. Funds of the authority are authorized to be invested in the following:

- (1) Direct obligations of the United States government or any of its agencies;
- (2) Obligations guaranteed as to principal and interest by the United States government or any of its agencies;
- (3) Certificates of deposit and other evidences of deposit at state and federally chartered banks, savings and loan institutions or savings banks deposited and collateralized as described in § 7-39-313, subsection (a);
- (4) Repurchase agreements entered into with the United States or its agencies or with any bank, broker-dealer or other such entity, so long as the obligation of the obligated party is secured by a perfected pledge of full faith

and credit obligations of the United States or its agencies;

(5) Guaranteed investment contracts or similar agreements providing for a specified rate of return over a specified time period with entities rated in one (1) of the two (2) highest rating categories of a nationally recognized rating agency;

(6) The local government investment pool created by title 9, chapter 4, part 7;

(7) Direct general obligations of a state of the United States, or a political subdivision or instrumentality of a state, having general taxing powers and rated in either of the two (2) highest rating categories by a nationally recognized rating agency of such obligations; or

(8) Obligations of any state of the United States or a political subdivision or instrumentality of any state, secured solely by revenues received by or on behalf of the state or political subdivision or instrumentality of the state irrevocably pledged to the payment of the principal of and interest on such obligations, rated in the two (2) highest rating categories by a nationally recognized rating agency of such obligations.

7-89-123. An authority in the operation, maintenance, and routine repairs of a project may purchase goods, supplies and services which are generally sold to the public by advertised price without the necessity of competitive bidding; provided, that no such purchase shall exceed ten thousand dollars (\$10,000). The board of directors of the authority shall adopt a policy governing all purchases in the operation, maintenance, and routine repairs of a project in excess of ten thousand dollars (\$10,000). In lieu of adopting its own policy for such purchases in excess of ten thousand dollars (\$10,000), the authority may adopt, follow or participate in the purchasing procedures of the municipality.

7-89-124. This chapter shall not be construed as a restriction or limitation upon any powers that an authority, as a public corporation, might otherwise have under any laws of this state, but shall be construed as cumulative of any such powers. No proceedings, notice or approval shall be required for the organization of the authority or the issuance of any bonds or any instrument as security for the bonds, except as provided in this chapter, any other law to the contrary notwithstanding; provided, that nothing in this chapter shall be construed to deprive the state and its governmental subdivisions of their respective police powers over properties of the authority, or to impair any power over properties of the authority of any official or agency of the state and its governmental subdivisions that may be otherwise provided by law. Projects may be acquired, purchased, constructed, reconstructed, improved, bettered and extended, and bonds may be issued under this chapter for such purposes, notwithstanding that any other general, special or local law may provide for the acquisition, purchase, construction, reconstruction, improvement, betterment and extension of a like project, or the issuance of bonds for like purposes, and without regard to the requirements, restrictions, limitations or other provisions contained in any other general, special or local law.

SECTION 2. Tennessee Code Annotated, Section 7-4-101, is amended by adding the following language as a new, appropriately designated subdivision:

() "Convention center" means any land, improvement, structure, building or part of a building comprised of facilities for conventions, public assemblies, conferences, trade exhibitions or other business, social, cultural scientific and public interest events, along with any associated hotel accommodations; transportation infrastructure; tourism, theatre, retail business and commercial office space facilities; parking facilities or any other structure or facility constructed, leased, equipped, renovated or acquired for any of the purposes set

forth in this chapter, and also includes, but is not limited to, parks, greenways, open spaces, roads, streets, highways, curbs, bridges, flood control facilities and utility services, such as water, sanitary sewer, electricity, gas and natural gas, and telecommunications that are constructed, leased, equipped, renovated or acquired as a supporting system or facility for any of the purposes set forth in title 7, chapter 89; provided, that any such supporting system or facility is dedicated for public use;

SECTION 3. Tennessee Code Annotated, Section 7-88-103(6), is amended by deleting the language "parking lots, parking structures attached to, adjacent to or located in the qualified public use facility."

SECTION 4. Tennessee Code Annotated, Section 7-88-103(7)(A)(i), is amended by: inserting the language "or more" after the phrase "any two (2)" and deleting the language "as a project meeting the requirements of title 9, chapter 21, title 12, chapter 10 or chapter 53 of this title" and substituting instead the language "as a project meeting the requirements of title 9, chapter 21, title 12, chapter 10, chapter 53 or chapter 89 of this title."

SECTION 5. Tennessee Code Annotated, Section 7-88-103(7)(A)(ii), is amended by deleting the language "or" after the semi-colon at the end of such subdivision.

SECTION 6. Tennessee Code Annotated, Section 7-88-103(7)(A)(iii), is amended by adding the language "or" after the semi-colon at the end of such subsection.

SECTION 7. Tennessee Code Annotated, Section 7-88-103(7)(A), is amended by inserting the following language as a new subdivision:

(iv) Any ancillary structures or facilities associated with a qualified public use facility described in subdivision (7)(A)(i), including hotel accommodations; transportation infrastructure; tourism, theatre, retail business and commercial

office space facilities; parking facilities or any other structure or facility constructed, leased, equipped, renovated or acquired for any of the purposes set forth in title 7, chapter 89.

SECTION 8. Tennessee Code Annotated, Section 67-4-1908, is amended by inserting the following language as a new subsection (d):

(d) For the purposes of this section, the term "convention center" shall mean any land, improvement, structure, building or part of a building comprised of facilities for conventions, public assemblies, conferences, trade exhibitions or other business, social, cultural scientific and public interest events, along with any associated hotel accommodations; transportation infrastructure; tourism, theatre, retail business and commercial office space facilities; parking facilities or any other structure or facility constructed, leased, equipped, renovated or acquired for any of the purposes set forth in this chapter, and also includes, but is not limited to, parks, greenways, open spaces, roads, streets, highways, curbs, bridges, flood control facilities and utility services, such as water, sanitary sewer, electricity, gas and natural gas, and telecommunications that are constructed, leased, equipped, renovated or acquired as a supporting system or facility for any of the purposes set forth in title 7, chapter 89; provided, that any such supporting system or facility is dedicated for public use.

SECTION 9. Tennessee Code Annotated, Section 67-6-103(d)(l)(E)(i), is amended by inserting after the language "the entity that is responsible for the retirement of the debt on the convention center" the language "and ancillary facilities" and by inserting after the language "premises of the convention center" the language "or any related ancillary facilities, including, but not limited to, any tourism, theatre, retail business or commercial office space facilities, or parking facilities".

SECTION 10. Tennessee Code Annotated, Section 67-6-103(d)(1)(E)(ii), is amended by inserting after the language "the entity responsible for the retirement of the debt on the convention center" the language "and ancillary facilities".

SECTION 11. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to that end, the provisions of this act are declared severable.

SECTION 12. This act takes effect upon its adoption, the public welfare requiring it.