COMMUNITY REDEVELOPMENT AGENCY (CRA) OF THE CITY OF MEMPHIS & SHELBY COUNTY, TENNESSEE

TAX INCREMENT FINANCING MANUAL

Prepared by
PGAVURBANCONSULTING
JULY 24, 2009

Adopted by CRA
September 3, 2009
Revised 06/03/10

TABLE OF CONTENTS

Page

INTRODUCTION 1

SECTION I TIF GENERAL POLICIES AND GUIDELINES 2

A. TIF POLICIES AND GUIDELINES 2

B. TIF REVIEW COMMITTEE 3

C. REDEVELOPMENT PLAN AND PROJECT CRITERIA 3

D. INCREMENTAL REVENUES 5

E. ADMINISTRATIVE FEES 6

F. DEVELOPER REPORTING REQUIREMENTS 6

G. PROJECT IMPLEMENTATION REQUIREMENTS 7

H. GENERAL RIGHTS AND RESERVATIONS 7

SECTION II THE TIF IMPLEMENTATION PROCESS 8

A. CITY/COUNTY INITIATED COMMUNITY REDEVELOPMENT PLANS AND PROJECTS 8

B. DEVELOPER-INITIATED COMMUNITY REDEVELOPMENT PLANS AND PROJECTS 10

SECTION III TIF DOCUMENTS 13

A. APPLICATION FORMS 13

B. PRELIMINARY FUNDING AGREEMENT 13

C. THE COMMUNITY REDEVELOPMENT PLAN 14

D. THE REDEVELOPMENT AGREEMENT 16

APPENDIX

A. GENERAL SCHEDULE FOR CITY/COUNTY INITIATED TIF
B. CITY/COUNTY INITIATED TIF PROCEDURE DIAGRAM
C. GENERAL SCHEDULE FOR DEVELOPER-INITIATED TIF
D. DEVELOPER-INITIATED TIF PROCEDURE DIAGRAM
E. APPLICATION CHECKLIST & APPLICATION FOR TAX INCREMENT FINANCING ASSISTANCE
F. MEMPHIS AND SHELBY COUNTY COMMUNITY REDEVELOPMENT AGENCY BOND POLICIES AND PROCEDURES & APPLICATION
G. QUALIFICATION ANALYSIS & COMMUNITY REDEVELOPMENT PLAN GUIDELINES

INTRODUCTION

TIF GENERAL POLICIES AND GUIDELINES
COMMUNITY REDEVELOPMENT AGENCY
CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE

The Community Redevelopment Agency (CRA) of the City of Memphis and County of Shelby, Tennessee (the "Board") was established by the City of Memphis and County of Shelby governments to preserve or enhance the tax base; provide housing for low and moderate income residents, including the elderly; and assist in the financing of community redevelopment activities to prevent, reduce or eliminate the conditions of slum and blighted areas. The agency was organized in accordance with the Community Redevelopment Act of 1998 (the "Act"). It is the intention of the Board to conduct its activities consistent with the provisions of the Act and the intent of the City and County in establishing the Agency. To this end, the guidelines which follow below will apply to the consideration of the approval of a project's application for Tax Increment Financing (TIF) assistance as well as for bond financing. The policies and guidelines set forth in Section I generally apply to projects proposed by private developers and, where indicated, developers functioning on behalf of the CRA. Section II addresses the applicability of these policies to projects sponsored by the CRA and/or the City/County. And it is within Section III that the TIF Application Form, Planning Funding Agreements, Community Redevelopment Plan and the Redevelopment Agreement are discussed.

SECTION I

TIF GENERAL POLICIES AND GUIDELINES

A. TIF POLICIES AND GUIDELINES

Core City/County policies related to TIF include:

1. In accordance with the requirements of the Act, the Board must find each project proposed to be financed in part with TIF to be in the public interest. The basic guideline established by the legislature to determine whether the financing of a particular project is in the public interest is whether the project is likely to preserve or enhance the local tax base through the prevention or elimination of slum and blighted areas and is not injurious to the public health, safety, morals, and welfare of the residents within the State of Tennessee, and where shortages exist, to provide affordable housing to low and moderate income residents, including the elderly.
2. The CRA will consider use of TIF assistance for those plans and projects that demonstrate a substantial and significant public benefit in accordance with the Act, to include elimination, remediation, or prevention of slum and blighted areas through conservation and rehabilitation by replanning, removing congestion, providing parks, playgrounds and other public improvements, and the development of housing affordable to residents of low or moderate income, including the elderly.
3. In evaluating the possible undertakings under the Act, the CRA and its staff will emphasize the measurable public benefit which will be gained by the project and the accountability necessary to ensure that this benefit is realized; as well as the scale, results and impacts of the public benefits.
4. For the purposes outlined herein the CRA's staff will be one or more members of the City of Memphis Department of Planning and Development whose time is dedicated fully to the tracking and administration of the CRA's community redevelopment projects and planning efforts.
5. The CRA will take into account community redevelopment projects that will work to achieve the following goals contained in the "CRA Workable Program," which is available upon request from the CRA:

    a. Maximize the use of existing infrastructure and give public funding priority to preserving and rebuilding existing neighborhoods;

    b. Encourage the preservation of natural resources and use environmentally sustainable development practices;

    c. Provide for parks, playgrounds and other public improvements;

    d. Encourage the repair and rehabilitation of deteriorated or deteriorating structures;

    e. Incorporate green spaces as a part of neighborhoods;

    f. Encourage usable alternatives to the automobile as a part of a transportation system that is accessible to all citizens and that supports good neighborhood design;

g. Improve job availability and economic opportunity;

h. Are compatible with and enhance the existing neighborhood fabric;

i. Increase housing choice and affordability; and,

j. Assist the revitalization of commercial areas.

6. Applicants are strongly urged to include as part of their Application for Tax Increment Financing a Diversity Plan that is both attainable and workable for the Applicant. The Diversity Plan shall identify goals for participation of Minority/Women Business Enterprises (M/WBE) and Locally Owned Small Businesses (LOSB). Suggested percentages or degrees of participation by certified M/WBEs and LOSBs are:

   Professional Services
   - 25% goal – M/WBE
   - 10% goal – LOSB

   Construction Needs
   - 25% goal – M/WBE
   - 10% goal – LOSB

   Upon approval by the CRA Board, the Applicant will be responsible for implementation of the Diversity Plan and for filing with the CRA staff quarterly reports that reflect the names of the certified firms involved the amount of money received by such firms and the total amount spent.

7. Each applicant, in its redevelopment, conservation or rehabilitation activities will be required to comply with all laws, ordinances, orders, rules, regulations, and requirements of duly constituted public authorities, which are, or shall become, applicable to the Project, including acquisition, disposition and clearance of land.

B. TIF REVIEW COMMITTEE

Prior to being submitted for consideration by the CRA Board, any application for TIF assistance must be evaluated by the TIF Review Committee. The TIF Review Committee shall be comprised of The Chairman of the CRA Finance Committee or designee, CRA staff, City of Memphis Finance Division staff, Shelby County Finance Division staff, and the offices of the City and County Attorneys, prior to consideration by the CRA Board. The Chairman of the CRA Finance Committee or designee shall Chair the TIF Review Committee and be responsible for setting review assignments and schedules.

C. REDEVELOPMENT PLAN AND PROJECT CRITERIA

In addition to the aforementioned goals for the use of tax increment financing, each Community Redevelopment Plan and related project should meet the following criteria:

1. All requests for TIF assistance must meet the requirements set out in the "CRA Application for Tax Increment Financing Assistance."
2. Each applicant must demonstrate why TIF assistance is required for the TIF project and why the proposed amount of TIF assistance is deemed necessary.

3. Each applicant must demonstrate how the project furthers the goals, objectives and policies adopted in the "CRA Workable Program" and set forth in Section A, above, and any related plans adopted by the CRA.
4. Each applicant must demonstrate the public benefit of the project; how that benefit justifies the amount of TIF assistance requested; and why TIF assistance is appropriate in this case.
5. Projects that involve the development of vacant land should demonstrate how they positively further the goals and objectives of the Act and how they will stimulate other redevelopment of existing assets.
6. Projects that involve the acquisition of land must demonstrate how the project is necessary and appropriate to support the goals and objectives of the "CRA Workable Program" and whether such land acquisition will require the exercise of governmental action as provided in the Act.
7. Each applicant must demonstrate that it possesses the financial and technical ability to successfully complete its proposed role in the project by providing an audited financial statement supporting the Applicant's net worth, unless this criterion is waived by a vote of the majority of the Board members. Examples of the applicant's work must also be provided to demonstrate the applicant's technical ability and capacity to bring the project to successful completion.
8. Each applicant must provide the total amount of TIF assistance requested for the project; the total project costs and of those, the costs for which reimbursement through the CRA Redevelopment Trust Fund ("RTF") is requested; evidence as to why the project costs to be reimbursed are integral to the project; the proposed financing structure, including the length of time required for TIF assistance; and projections of TIF revenue to be generated by the project(s).
9. The CRA's costs associated with the review and processing of the application will be paid by the applicant pursuant to a preliminary funding agreement between the applicant and the CRA. All funds paid pursuant to the preliminary funding agreement will be placed in an escrow account and applied to the costs incurred by the CRA with respect to the project. Such funds may be reimbursed to the applicant, to the extent funded by the applicant, from any subsequent TIF assistance approved by the CRA for the project, as TIF eligible costs.
10. Excluding any public infrastructure costs, the total amount of TIF assistance requested generally should not exceed 15% of the total project costs. This percentage may be increased to as much as 20% for projects involving the redevelopment of existing assets, such as the rehabilitation of existing structures, or for projects that require the assembly and clearance of land. The final determination as to the level of assistance provided shall be based on the recommendation of the CRA staff and final approval of the CRA Board.
11. TIF assistance for public improvements, such as off-site road, sidewalk, storm and sanitary sewer, or for the creation of affordable housing, is preferred.
12. Projects should be structured so that the need for TIF assistance is for a one-time program. The use of tax increment financing for a project should not be employed or viewed by developers as a renewable and ongoing form of assistance that will automatically be available for modifications/expansions of existing plans and/or areas. Furthermore, depending on the nature of the project, the project should be structured

so as to financially compete in the private market upon completion of the initial TIF Program or project.

13. Other than projects for affordable housing, projects receiving TIF assistance for other types of uses should demonstrate that they will preserve or enhance the tax base of the community. Projects that are merely real estate development/redevelopment and that merely relocate existing uses within the community are discouraged unless the applicant is able to show that the proposed project significantly prevents or removes slum and blighted conditions.
14. All project TIF assistance will be provided pursuant to a redevelopment agreement between the CRA and the development entity. Such an agreement must be reviewed, approved and formally adopted by the CRA through express resolution in order to be a valid legal obligation of the CRA.
15. No TIF assistance will be provided to any project for expenditures incurred prior to the formal adoption by the CRA of a redevelopment agreement for such project, unless the CRA has adopted an inducement resolution in accordance with the Internal Revenue Code, which provides for recovery of costs from a date certain.

In order for the governing body to approve a Community Redevelopment Plan, it must find that the Plan[1]:

1. Presents a feasible method for the relocation of families who will be displaced from the community redevelopment area in decent, safe, and sanitary dwelling accommodations within their means and without undue hardship to such families;
2. Conforms to the general plan of the county or municipality as a whole;
3. Gives due consideration to the provision of adequate park and recreational areas and facilities that may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plans; and,
4. Affords maximum opportunity, consistent with the sound needs of the county or municipality as a whole, for the rehabilitation or redevelopment of the community redevelopment area by private enterprise.

D. INCREMENTAL REVENUES

Section 21(a) of the Act limits the amount of increment available for deposit to the Redevelopment Trust Fund (as defined by the Act) as ninety-five percent (95%) of the total increment generated. Incremental revenues are calculated thusly:

((Ad valorem tax levy – debt service millage) –
(Base ad valorem taxes – debt service millage))

Section 21(a) (2) allows the governing body of any county to determine that the amount to be funded by each taxing authority annually shall be less than ninety-five percent (95%) of the result of the above equation. Though, the amount to be deposited to the Redevelopment Trust Fund may not be less than fifty percent (50%) of the result of the above equation.

[1] 987.12(f) State of Tennessee Public Acts of 1998

While ninety-five percent (95%) of the total increment generated may be deposited into the Community Redevelopment Trust fund, the Legislative Bodies maintain discretion in determining the amount of increment which it may make available for use in the implementation of Community Redevelopment Plans and Projects.

E. ADMINISTRATIVE FEES

Each trust fund will be charged an annual administrative fee by the CRA equal to 5% of all tax increment funds collected by the CRA with respect to property in the applicant's project.

F. DEVELOPER REPORTING REQUIREMENTS

The documentation of each TIF and related bond financing approved by the Board shall provide that the applicant shall file written quarterly reports with the Board, beginning no later than four months following the issuance of revenue bonds. The contents of the report shall be identified in the development agreement and may contain but not be limited to the following information:

1. Land acquired, improvements demolished or cleared;
2. The number and mixture of public housing, affordable and market rate housing created;
3. The reduction of disease and crime;
4. Infrastructure repaired or replaced;
5. Enhancement of the public realm and public facilities;
6. Improvement to the transportation system;
7. The number of temporary and permanent full and part-time jobs, created by the redevelopment project;
8. The number of minority owned contractors involved in the redevelopment project and percentage of total project effort;
9. The ratio of public to private capital investment;
10. Environmental impact of the redevelopment activities;
11. Map of development, including an individual map of each phase (if phased);
12. Detailed redevelopment budget organized by line item and phase (if phased);
13. Percentage of work completed during reporting period;
14. Percentage of work to be completed by phase;
15. Time schedule for all remaining work; and
16. Changes that would affect the time schedule for construction, project costs and any potential CRA Board action needed and/or project development or activities that would affect bond payments.

Such a report shall be filed quarterly thereafter.

G. PROJECT IMPLEMENTATION REQUIREMENTS

The CRA may choose to impose project requirements. All such requirements must be included in the redevelopment agreement (referred to in Subsection C (14, 15) hereof). Failure of an applicant to comply with any such requirements will result in rejection of its application for TIF assistance. Such requirements may include such items as:

- Enhanced landscaping or other design features,
- Public infrastructure improvements,
- Project implementation schedule requirements,
- Conditions on uses or operations, or any other such requirements as may be negotiated to promote the goals of the CRA under the Act.

H. GENERAL RIGHTS AND RESERVATIONS

1. The CRA reserves rights as follows:

    a. To require additional statements, sworn affidavits, financial data, project pro forma, or other information from a Project Sponsor;

    b. To negotiate or hold discussions with any Project Sponsor regarding any project which does not completely conform to the policies as set forth above;

    c. To waive any nonconformity with these policies.

2. The CRA may exercise the foregoing rights at any time and without liability to any applicant, developer and/or project for expenses incurred in the preparation of an application for TIF assistance. The preparation of any such application and related costs shall be the sole responsibility of the applicant.

3. The policies, procedures and rules set forth herein may be amended or waived by a majority vote of the Board at any regular or special meeting. At least seven (7) days public notice shall be given prior to any change in these rules and procedures.

SECTION II
THE TIF IMPLEMENTATION PROCESS

A. CITY/COUNTY INITIATED COMMUNITY REDEVELOPMENT PLANS AND PROJECTS

City/County-initiated Community Redevelopment Plans and Projects are designed to assist in the clearance and prevention of blight and slum conditions and the provision of affordable housing by implementing the goals of the CRA's Workable Program and other City/County adopted plans. The City/County will only initiate TIFs in established Community Redevelopment Areas which cover defined, geographic areas of the City/County, and such City/County-initiated TIFs will not be confined solely to one property or project though a City/County-initiated TIF may include multiple, distinct and individual, redevelopment projects and sites within its boundaries. Furthermore, City/County-initiated TIFs will maximize the benefits to the City/County of public-private collaboration by harnessing generated, incremental tax revenues within defined areas for public enhancements that are consistent with redevelopment plans within that area and the Workable Program. The City/County initiated TIF process is outlined as follows:

1. Evaluation

   Potential TIFs shall be evaluated based on statutory eligibility, the availability of public and/or private sector collaboration, community redevelopment needs, and compatibility with the Workable Program and other City/County-adopted Plans.

2. Compliance

   Each TIF requires compliance with the following TIF General Policies and Guidelines for the Community Redevelopment Agency of Memphis/Shelby County.

   a. Prior to being submitted for consideration by the CRA Board, any application for TIF assistance must be evaluated by the TIF Review Committee.

   b. Section 21(a) of the Act limits the amount of increment available for the Redevelopment Trust Fund (as defined by the Act) as ninety-five percent (95%) of the total increment generated. Incremental revenues are calculated thusly:

   ((Ad valorem tax levy – debt service millage) –

   (Base ad valorem taxes – debt service millage))

   Section 21(a) (2) allows the governing body of any county to determine that the amount to be funded by each taxing authority annually shall be less than ninety-five percent (95%) of the result of the above equation. Though, the amount to be deposited to the Redevelopment Trust Fund may not be less than fifty percent (50%) of the result of the above equation.

   While ninety-five percent (95%) of the total increment generated may be deposited into the Community Redevelopment Trust fund, the Legislative Bodies maintain discretion in determining the amount of increment which it may make available for use in the implementation of Community Redevelopment Plans and Projects.

   c. No bond financing will be approved unless the Board has first determined that such financing is in the public interest as required by law and that the proposed financing is economically sound i.e. the benefits that accrue from the use of bond finances are

appropriate for the project cost, project size and intensity, and term of bond issue. All applicants will be required to appear before the Board to respond to questions from the Board prior to approval of any financing. Final approval of all bond financing shall reside with the Legislative Bodies of the City and County.

d. The maturity date for all bonds shall be determined at the sole discretion of the Board after taking into account the useful life of the project, the security for the bonds, and all other relevant considerations for the proposed financing, provided that the maturity shall not be longer than 10 years after the end of the fiscal year in which the community redevelopment plan was approved; provided, where the bonds pledge tax increment revenues to their repayment, then the bonds shall mature no later than the end of the twentieth (20th) fiscal year after the later of the fiscal year in which tax increment revenues are first deposited into the redevelopment trust fund or the fiscal year in which the plan is subsequently amended.

3. Review
Development Objectives and a Community Redevelopment Plan shall be reviewed by the TIF Review Committee, upon approval, submitted to the Community Redevelopment Agency for review before being submitted to the City Council and County Commission (depending on the area's location) for consideration and adoption.

The process for establishing a City/County-initiated TIF is as follows:

1. Creating a Community Redevelopment Plan
Before projects utilizing the tax increment can commence, per the Act, the Division of Planning and Development, or another public agency chosen by the CRA, shall prepare, or cause to be prepared, a Community Redevelopment Plan based on the Workable Program, development objectives and other preliminary plans or studies previously established for areas inclusive of the TIF area in question.

At a minimum, the Community Redevelopment Plan shall:

a. Conform to any comprehensive plan for the county or municipality as prepared by the planning agency for the locality;

b. Be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the community redevelopment area; zoning and planning changes, if any; land uses; maximum densities; and building requirements; and,

c. Provide for the development of affordable housing in the area, or state the reasons for not addressing in plan the development of affordable housing in the area. The county, municipality, or community redevelopment agency shall coordinate with each housing authority or other affordable housing entities functioning within the geographic boundaries of the redevelopment area, concerning the development of affordable housing in the area.

The Community Redevelopment Plan shall also include a land use plan that lists potential development sites, and includes, for each development site, a description of each site's compliance with the Memphis/Shelby County Unified Development Code. The Plan shall also provide descriptions of other coordinated incentives furnished by the

State, City, or County, including, but not limited to, City-initiated public improvements, incentive zoning, area-wide rezoning, coordination with currently funded Capital Improvement Projects, Brownfield remediation, any Historic Preservation Districts, use of City or County-owned land, tax credits or bonds, and/or other applicable incentives.

Finally, the Plan should include an Economic Feasibility Study that communicates a thorough understanding of the existing and emerging markets for residential and commercial development in the area addressed by the Community Redevelopment Plan and the ways in which the proposed Community Redevelopment Project fits with such emerging market trends.

For City/County/CRA Initiated Community Redevelopment Plan implementation process detail, please refer to the "General Schedule" and "Procedure Diagram" at **Appendixes A and B.**

B. DEVELOPER-INITIATED COMMUNITY REDEVELOPMENT PLANS AND PROJECTS

Developer-driven TIFs allow project developers to contract with the CRA to bring new, high-quality public infrastructure, affordable housing, commercial, or industrial facilities to market in relation to the CRA's Workable Program and a proposed Community Redevelopment Plan. Developers who believe they have qualifying projects may petition the CRA at any time to consider their proposals. The petition-driven TIF process is outlined as follows:

1. Pre-Application Conference

   A developer considering the submission of an application for TIF assistance shall request a meeting with CRA staff to briefly and informally present their development concept.

2. Preliminary Review

   The TIF Review Committee performs a preliminary review of each application's content, limited at the preliminary stage to the contents of the TIF Application. A thorough preliminary review is required before an application can be presented to the CRA. Failure to submit an appropriately completed TIF Application terminates the application process, and the applicant must start over.

3. Evaluation

   Potential TIFs shall be evaluated based on statutory eligibility, the availability of public and/or private sector collaboration, community redevelopment needs, and compatibility with the Workable Program and other City/County-adopted Plans.

4. Compliance

   Each TIF requires compliance with the following TIF General Policies and Guidelines for the Community Redevelopment Agency of Memphis/Shelby County.

   a. Prior to being submitted for consideration by the CRA Board, any application for TIF assistance must be evaluated by the TIF Review Committee.

b. Section 21(a) of the Act limits the amount of increment available for the Redevelopment Trust Fund (as defined by the Act) as ninety-five percent (95%) of the total increment generated. Incremental revenues are calculated thusly:

((Ad valorem tax levy – debt service millage) –

(Base ad valorem taxes – debt service millage))

Section 21(a)(2) allows the governing body of any county to determine that the amount to be funded by each taxing authority annually shall be less than ninety-five percent (95%) of the result of the above equation. Though, the amount to be deposited to the Redevelopment Trust Fund may not be less than fifty percent (50%) of the result of the above equation.

While ninety-five percent (95%) of the total increment generated may be deposited into the Community Redevelopment Trust fund, the Legislative Bodies maintain discretion in determining the amount of increment which it may make available for use in the implementation of Community Redevelopment Plans and Projects.

c. No bond financing will be approved unless the Board has first determined that such financing is in the public interest as required by law and that the proposed financing is economically sound i.e. the benefits that accrue from the use of bond finances are appropriate for the project cost, project size and intensity, and term of bond issue. All applicants will be required to appear before the Board to respond to questions from the Board prior to approval of any financing. Final approval of all bond financing shall reside with the Legislative Bodies of the City and County.

d. The maturity date for all bonds shall be determined at the sole discretion of the Board after taking into account the useful life of the project, the security for the bonds, and all other relevant considerations for the proposed financing, provided that the maturity shall not be longer than 10 years after the end of the fiscal year in which the community redevelopment plan was approved; provided, where the bonds pledge tax increment revenues to their repayment, then the bonds shall mature no later than the end of the twentieth (20th) fiscal year after the later of the fiscal year in which tax increment revenues are first deposited into the redevelopment trust fund or the fiscal year in which the plan is subsequently amended.

5. Review

Development Objectives and a Community Redevelopment Plan shall be reviewed by the TIF Review Committee, upon approval, submitted to the Community Redevelopment Agency for review before being submitted to the City Council and County Commission for consideration and adoption.

6. Creating a Community Redevelopment Plan

Before projects utilizing the tax increment can commence, per the Act, the CRA, shall prepare, or cause to be prepared, a Community Redevelopment Plan based on the Workable Program, development objectives and other preliminary plans or studies previously established for areas inclusive of the TIF area in question.

At a minimum, the Community Redevelopment Plan shall:

a. Conform to any comprehensive plan for the county or municipality as prepared by the planning agency for the locality;

b. Be compatible with and enhance the existing neighborhood fabric;

c. Be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the community redevelopment area; zoning and planning changes, if any; land uses; maximum densities; and building requirements; and,

d. Provide for the development of affordable housing in the area, or state the reasons for not addressing in plan the development of affordable housing in the area. The county, municipality, or community redevelopment agency shall coordinate with each housing authority or other affordable housing entities functioning within the geographic boundaries of the redevelopment area, concerning the development of affordable housing in the area.

The Community Redevelopment Plan shall also include a land use plan that lists potential development sites, and includes, for each development site, a description of each site's compliance with the Memphis/Shelby County UDC. The Plan shall also provide descriptions of other coordinated incentives furnished by the State, City, or County, including, but not limited to, City-initiated public improvements, incentive zoning, area-wide rezoning, coordination with currently funded Capital Improvement Projects, Brownfield remediation, any Historic Preservation Districts, use of City or County-owned land, tax credits or bonds, and/or other applicable incentives.

Finally, the Plan should include an Economic Feasibility Study that communicates a thorough understanding of the existing and emerging markets for residential and commercial development in the area of the TIF and the ways in which the proposed community redevelopment project fits in with such emerging market trends.

The required components of a Community Redevelopment Plan are described in further detail in the section dealing with **Section III.C.**

7. Demonstrate the Presence of a "But For"

The developer must demonstrate that the Area has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of tax increment financing.

For Developer-Initiated TIF implementation process detail, please refer to the "General Schedule," and "Procedure Diagram" at **Appendixes C and D.**

A checklist for documents required throughout the TIF process is included in **Appendix E.**

SECTION III
TIF DOCUMENTS

A. APPLICATION FORMS

TIF Application Form:

An application for TIF assistance for a project, in the form attached hereto (the "CRA Application for Tax Increment Financing Assistance"), must be completed and submitted to the CRA along with the mandatory, non-refundable application fee. The application fee shall be $2,500.00 unless the total project cost is less than $2,500,000, in which case the application fee shall be $1,000.00.

All applications for TIF assistance must be evaluated by the TIF Review Committee prior to consideration by the CRA.

A copy of the TIF Application is included in **Appendix E.**

Bond Financing Application Form:

Should an applicant for TIF assistance also seek bond financing relative to their Community Redevelopment Plan and project, then the applicant must also submit a completed, "Memphis and Shelby County Community Redevelopment Agency Bond Financing Application."

A copy of the Bond Financing Application is included in **Appendix F.**

B. PRELIMINARY FUNDING AGREEMENT

If preliminary evaluation of an application by the CRA staff indicates that:

1. the application is complete;
2. the project may be feasible; and,
3. some level of TIF assistance may be appropriate for the project.

The CRA staff will then prepare a preliminary funding agreement for execution by the applicant and approval by the Board of the CRA. The preliminary funding agreement will set forth an itemized list of the CRA's costs and expenses associated with the review of the project, and the terms and conditions of any advance funding to be required from applicant to defray such costs and expenses. The amount of the preliminary funding required for any project, and the expenses for which such funding may be used for payment, shall be determined by the CRA staff based on the complexity and scale of the project. Any change in the scale of the project or in the preliminary funding agreement must be agreed to by both the applicant and the CRA Board. All advance funding payments will be placed in an escrow account and drawn down by the CRA as certain expenses designated in the preliminary funding agreement and related to review of the application are incurred. Such funds may be eligible for reimbursement with TIF assistance in accordance with the terms of the CRA Act should the project be approved for same.

C. THE COMMUNITY REDEVELOPMENT PLAN

The Act requires the preparation of a Community Redevelopment Plan for either a City/County-initiated or Developer-driven TIF.

The Community Redevelopment Plan shall include the following:

1. At a minimum, the Community Redevelopment Plan shall:
   a. Conform to any comprehensive plan for the county or municipality as prepared by the planning agency for the locality;
   b. Be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the community redevelopment area; zoning and planning changes, if any; land uses; maximum densities; and building requirements; and,
   c. Provide for the development of affordable housing in the area, or state the reasons for not addressing in plan the development of affordable housing in the area. The county, municipality, or community redevelopment agency shall coordinate with each housing authority or other affordable housing entities functioning within the geographic boundaries of the redevelopment area, concerning the development of affordable housing in the area.

   The Community Redevelopment Plan shall also include a land use plan that lists potential development sites, and includes, for each development site, a description of each site's compliance with the Memphis/Shelby County Unified Development Code. The Plan shall also provide descriptions of other coordinated incentives furnished by the State, City, or County, including, but not limited to, City-initiated public improvements, incentive zoning, area-wide rezoning, coordination with currently funded Capital Improvement Projects, Brownfield remediation, any Historic Preservation Districts, use of City or County-owned land, tax credits or bonds, and/or other applicable incentives.

   Finally, the Plan should include an Economic Feasibility Study that communicates a thorough understanding of the existing and emerging markets for residential and commercial development in the area addressed by the Community Redevelopment Plan and the ways in which the proposed Community Redevelopment Project fits with such emerging market trends.

   For further information, please refer to the "Qualification Analysis and Community Redevelopment Plan Guidelines," in **Appendix G** which provide an outline for drafting a Community Redevelopment Plan.

2. Redevelopment Area Designation
   a. The Act requires that a Redevelopment Area be evaluated and found to qualify as either a "slum area" or a "blighted area" as such areas are defined by the Act.

b. The Act defines a "slum area" as:

" ... an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age, or obsolescence; inadequate provision for ventilation, light, air, sanitation, or open spaces; high density of population and overcrowding the existence of conditions which endanger life or property by fire or other causes; or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety, morals, or welfare."

c. The Act defines a "blighted area" as either:

"An area in which there are a substantial number of slum, deteriorated, or deteriorating structures and conditions which endanger life or property by fire or other causes or one or more of the following factors which substantially impairs or arrests the sound growth of a county of municipality and is a menace to the public health, safety, morals, or welfare in its present condition and use:

Predominance of defective or inadequate street layout;

Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;

Unsanitary or unsafe conditions;

Deterioration of site or other improvements;

Tax or special assessment delinquency exceeding fair market value of the land; and,

Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or

An area in which there exists faulty or inadequate street layout; inadequate parking facilities; or roadways, bridges, or public transportation facilities incapable of handling the volume of traffic flow into or through the area, either at present or following the proposed construction."

3. Redevelopment Plan Objectives

   a. The Community Redevelopment Plan should detail the community activities to be undertaken and objectives to be achieved by the Plan. Future land uses to be implemented by the Plan should be detailed in this section in both textual form and geographic illustrations.

   b. If affordable housing is part of the Plan, the Plan should detail the character and scope of the development.

   c. If affordable housing is not part of the Plan, then the Plan must state the reasons for not including affordable housing as a component. The Plan should also go on to detail how it conforms to other public purposes defined by the Act and other goals of the CRA's Workable Program.

4. The Benefit/Cost Analysis

   a. The Act requires an analysis of tax increment revenues projected to be created via the implementation of a proposed Community Redevelopment Plan. Such an analysis should include the following:

i. A statement of the existing assessed valuations of real property within the project area, ad valorem taxes levied within the area, and tax revenues generated by property within the area;

ii. Projected new, incremental tax revenues generated by the redevelopment project;

iii. Projected new tax revenues (portions of increment not captured by the Community Redevelopment Trust Fund, new taxes for debt service, and new sales taxes) to both the City of Memphis and Shelby County;

iv. Projected revenues to any affordable housing trust fund or building façade improvement program should such program funds be established by the CRA;

v. Projected new tax revenues generated and passed-through to participating taxing districts as a result of the redevelopment project;

vi. Projected incremental real property tax revenue; and,

vii. Projected new sales tax revenues if such redevelopment project includes the development or redevelopment of commercial retail uses.

5. Fiscal Impact Statement:

The Fiscal Impact Statement shall communicate a thorough understanding of the existing and emerging markets for residential and commercial development in the Community Redevelopment Area and the ways in which the proposed development project fits in with such emerging market trends.

The study shall also demonstrate a reasonable expectation of either the furtherance of a public purpose as defined by the Act, listed herein and/or in the CRA's Workable Program, or the creation of new economic growth. The Study should also illustrate the relationship between the future value of the project (i.e. in terms of potential tax revenues) and the value of any TIF obligations issued in support of the project. This Fiscal Impact Statement should cover the same term as the term of the TIF Assistance for which the project is applying.

D. THE REDEVELOPMENT AGREEMENT

After the public hearing is held, and upon approval of the Community Redevelopment Plan by the legislative bodies of both the City and the County then the CRA may enter into a Redevelopment Agreement with the applicant developer.

The Redevelopment Agreement, among other requisites, lays out the rights and responsibilities of the CRA and the Developer in the implementation of the Community Redevelopment Plan. Conditions or terms that may be negotiated and codified in the Redevelopment Agreement include, but are not limited to:

1. Amount of Incremental Revenues dedicated to private development project and/or CRA activities;
2. Extent of MBE/WBE Participation;
3. Financing;
4. Total amount of TIF assistance granted, and application of TIF proceeds;

5. Issuance of TIF Bonds;
6. Remedies in the case of default;
7. "Clawback" provisions; and,
8. Force Majeure.

In light of the combined roles of the City of Memphis and Shelby County in relation to the CRA and its community redevelopment activities, any Redevelopment Agreement should be subject to review by attorneys on staff at both the City of Memphis and the County of Shelby. Signature lines for the Redevelopment Agreement shall include the following: Developer (s), CRA Chairman, CRA Secretary, DPD Director, and City/County Legal.

APPENDIX

APPENDIX A
GENERAL SCHEDULE – CITY/COUNTY-INITIATED TIF

General Schedule – City/County-Initiated TIF
City of Memphis/Shelby County CRA Tax Increment Financing Program

Action No.	*Action Item*	*Time Period*
Preliminary TIF Planning		
1	The Division of Planning and Development (DPD) prepares a Community Redevelopment Plan and submits Plan to the TIF Review Committee for evaluation.	
2	Upon approval by the TIF Review Committee, the DPD submits the Community Redevelopment Plan to the Community Redevelopment Agency (CRA) Board for approval.	
3	The CRA issues call for applications from interested Developers for the development/implementation of the Community Redevelopment Plan	**Sixty (60) day clock starts for submittal of applications**[2]
TIF Review		
1	Developer Pre-Application Conference with CRA Staff (Scheduled as necessary).	
2	Developers submit TIF applications with required fee	**60 days**
3	CRA Finance Committee receives and review TIF Application	30 days
4	TIF Review Committee reviews TIF Applications, interviews finalists and selects recommended developer(s)	**45 days**
5	TIF Review Committee makes recommendation to the CRA; the DPD Drafts Preliminary Funding Agreement and forwards same with remarks to CRA for review	**15 days**
6	Selected Developer enters into a preliminary funding agreement with the CRA	**15 days**
7	CRA facilitates amendments/revisions to Draft Community Redevelopment Plan and Benefit/Cost Analysis (B/CA).	
8	The Applicant presents Plan, Project, and B/CA to CRA at public hearing (After execution of preliminary funding agreement)	**60 days**
9	After the public hearing the CRA Board makes recommendation to governing body regarding Plan approval	**15 days**
Review and Approval by Legislative Bodies		
1	The CRA submits, prior to public hearing, copies of any Plan it recommends for approval to the Legislative Bodies and to each taxing authority that levies ad valorem taxes on property within the geographic boundaries of the redevelopment area.[3]	
2	Public Hearing - The Legislative Bodies hold public informational hearing(s) on the Plan	**90 days after execution of funding agreement** (Notice shall be published in a newspaper of general circulation 15 days prior to the date of the public hearing.[4])

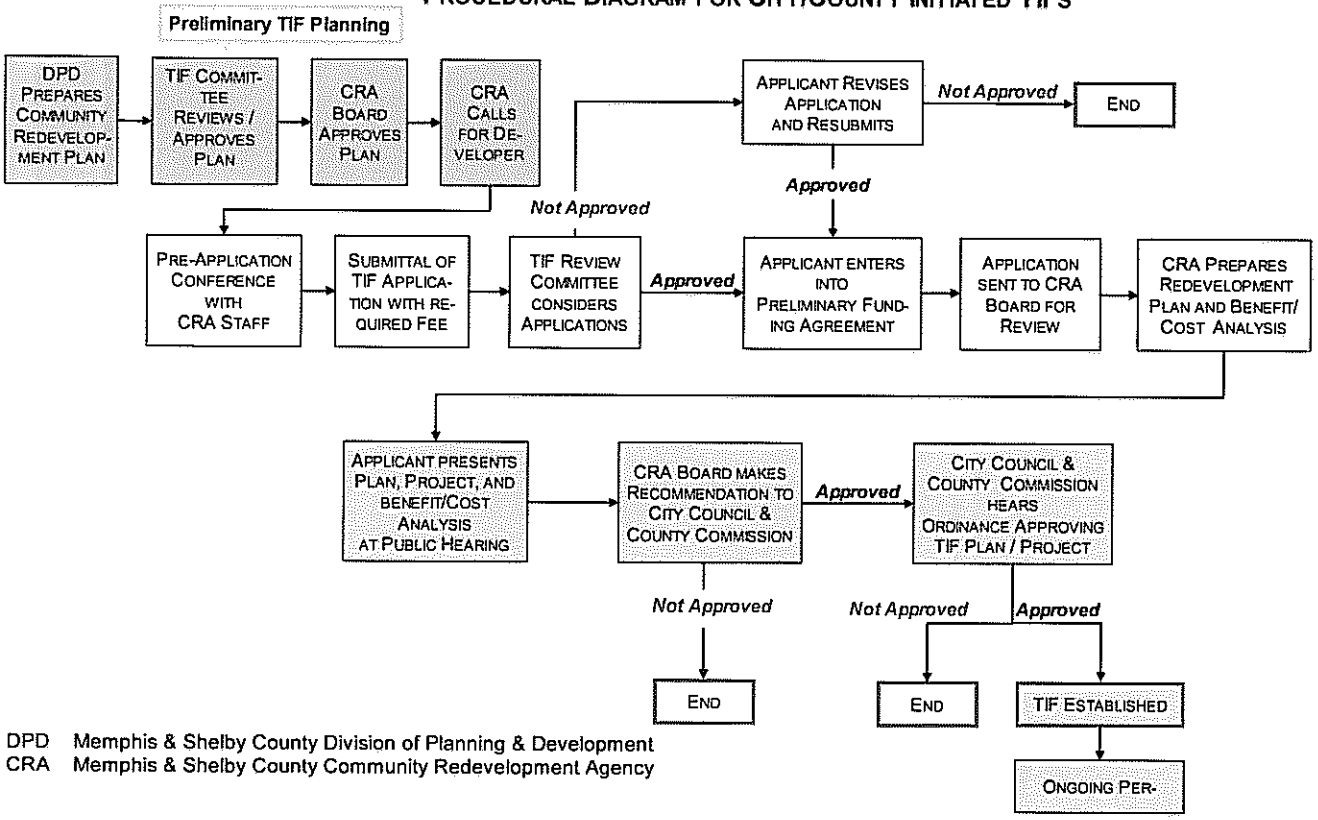
Total time: Approximately eight months after submittal of TIF Application.

* Some of the Action Items listed above will take place over a period of time, and some will take place after a certain task is complete. The "Time Periods" given address either the timeframe an Action Item requires for completion, or an amount of time that must elapse before the next event may occur.
[2] The time allowed for responses should agree with the City's established RFP process.
[3] 987.12(d) State of Tennessee Public Acts of 1998
[4] 987.12(e) State of Tennessee Public Acts of 1998.

APPENDIX B

CITY/COUNTY INITIATED TIF PROCEDURE DIAGRAM

MEMPHIS & SHELBY COUNTY COMMUNITY REDEVELOPMENT AGENCY
TAX INCREMENT FINANCING PROGRAM
PROCEDURAL DIAGRAM FOR CITY/COUNTY INITIATED TIFS



DPD Memphis & Shelby County Division of Planning & Development
CRA Memphis & Shelby County Community Redevelopment Agency

APPENDIX C
GENERAL SCHEDULE – DEVELOPER-INITIATED TIF

General Schedule – Developer-Initiated TIF
City of Memphis/Shelby County CRA Tax Increment Financing Program

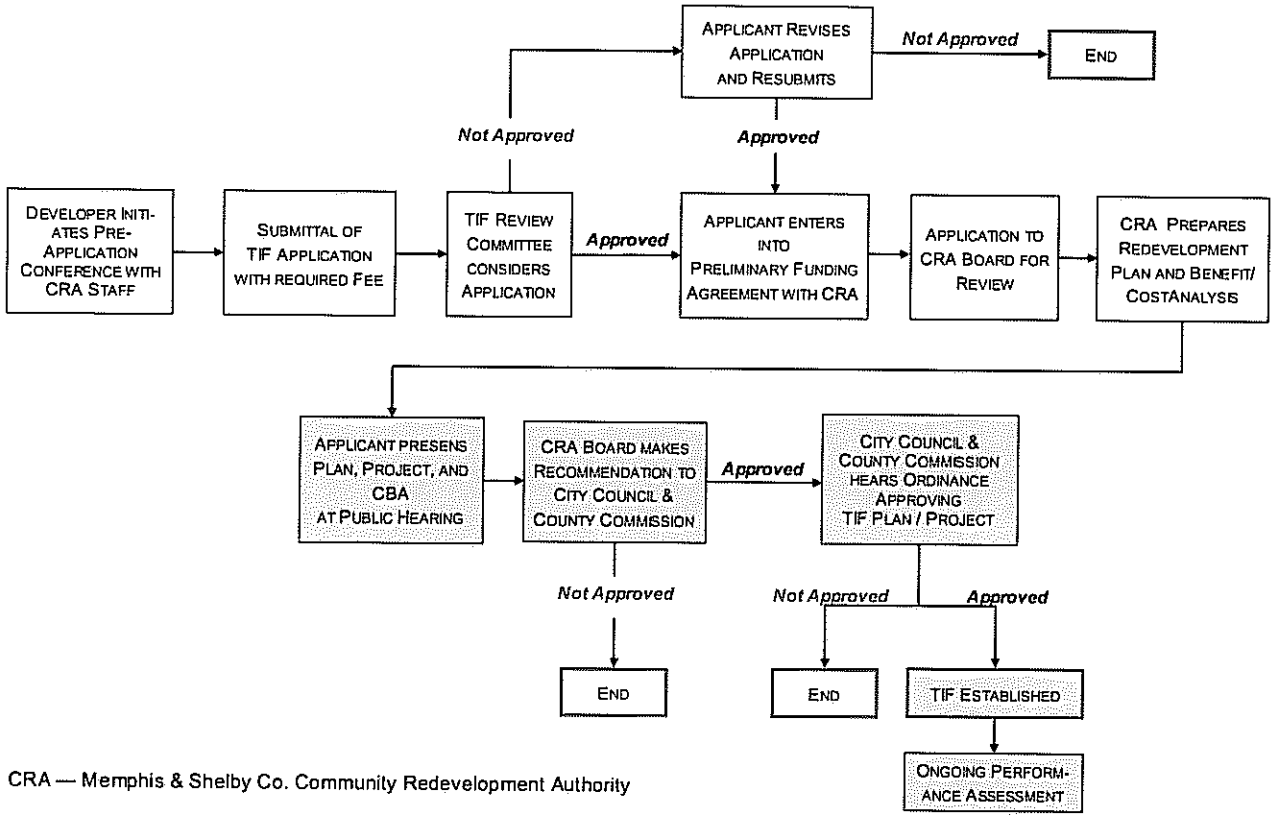
Action No.	*Action Item*	*Time Period*
	TIF Planning & Review	
1	Developer initiates Pre-Application Conference with Division of Planning and Development (DPD) regarding potential TIF project and its general location. DPD provides Developer with TIF Manual and steps through document.	
2	Submittal of TIF Application and Application Fee by Developer (Clock starts for review).	
3	CRA Finance Committee receives and reviews TIF Application(s)	30 days
4	TIF Review Committee reviews TIF application and interviews the Developer	**45 days**
5	TIF Review Committee makes recommendation to the CRA; the DPD Drafts Preliminary Funding Agreement and forwards same with remarks to CRA for review	**15 days**
6	Developer enters into a preliminary funding agreement with the CRA	**15 days**
7	The CRA prepares, or causes to be prepared, a Community Redevelopment Plan and Benefit/Cost Analysis (B/CA).	
8	The Applicant presents Plan, Project, and BCA to CRA at public hearing (After execution of preliminary funding agreement)	**60 days**
9	After this public hearing the CRA Board makes recommendation to governing body regarding Plan approval	**15 days**
	Review and Approval by Legislative Bodies	
1	The CRA submits, prior to public hearing, copies of any Plan it recommends for approval to the Legislative Bodies and to each taxing authority that levies ad valorem taxes on property within the geographic boundaries of the redevelopment area.	
2	Public Hearing - The Legislative Bodies hold- public informational hearing(s) on the Plan **after execution of funding agreement** (Notice shall be published in a newspaper of general circulation 15__ days prior to the date of the public hearing.)[5]	**90 days**

Total time: Approximately five to six months after submittal of TIF Application.

[5] 987.12(e) State of Tennessee Public Acts of 1998.

APPENDIX D
DEVELOPER-INITIATED TIF PROCEDURE DIAGRAM

MEMPHIS & SHELBY COUNTY COMMUNITY REDEVELOPMENT AGENCY
TAX INCREMENT FINANCING PROGRAM
PROCEDURE DIAGRAM FOR DEVELOPER-INITIATED TIF



CRA — Memphis & Shelby Co. Community Redevelopment Authority

APPENDIX E
APPLICATION CHECKLIST &
APPLICATION FOR TAX INCREMENT FINANCING ASSISTANCE

COMMUNITY REDEVELOPMENT AGENCY

CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE

APPLICATION CHECKLIST

The following is a comprehensive list of items required by the Community Redevelopment Agency (CRA) Board for approval of an application for Tax Increment Financing (TIF) Assistance as well as for Bond Financing.

TIF Assistance Checklist:

1. ___ Completed Application for Tax Increment Financing Assistance
2. ___ Demonstration of need for TIF Assistance (with supporting project pro forma)
3. ___ Statement that the Applicant possesses the financial and technical ability to successfully complete and operate the project.
4. ___ Check for Application Fee
5. ___ Preliminary Funding Agreement
6. ___ Redevelopment Plan
7. ___ Benefit/Cost Analysis

For projects which are not primarily for affordable housing:

8. ___ Fiscal Impact Statement showing that the project "enhances" the economic base of the community. This Fiscal Impact Statement should cover the same term as the term of the TIF Assistance for which the project is applying.

MEMPHIS/SHELBY COUNTY COMMUNITY REDEVELOPMENT AGENCY (CRA) APPLICATION FOR TAX INCREMENT FINANCING ASSISTANCE

A. Applicant

Applicant (Developer's Name) **Telephone/FAX/E-mail**

Street Address **City/State/Zip**

Applicant's IRS Number

Name and Title of Responsible Officer **Telephone/FAX/E-mail**

Street Address **City/State/Zip**

Attorney for or Authorized Representative of Applicant **Telephone/FAX/E-mail**

Street Address **City/State/Zip**

B. Development Team

List other development team participants, such as attorneys, consultants, bond counsels, architects, engineers, etc., affiliated with the applicant on this project, together with their address and telephone number.

C. Women and Minority Owned-Firms

Formatted: Bullets and Numbering

List all the women and minority-owned firms associated with the applicant/developer or members of the development team.

D. Location and Site Plan

Formatted: Bullets and Numbering

Provide a plan map of the boundaries and the site plan of the proposed project.

E. Project Description

Provide a description of the proposed project, including prospective tenants, project phasing, location, and purpose.

F. Site Control

List all properties needed for this project, their current ownership, their status of occupancy, and proposed method of acquisition and relocation, if necessary. State specifically whether eminent domain will be required as a means of acquisition.

G. Schedule

Provide a preliminary project implementation schedule.

H. Substantial and Significant Public Benefit

Describe the public benefit to the City of Memphis and Shelby County that will result from the development of this project and how this project furthers the goals and objectives of the CRA Workable Program.

I. Project Cost (Sources and Uses of Funds)

Provide a list of the project costs. Total project cost is defined as the cost of development, including all land, site and public infrastructure, building, site amenity, professional fees, marketing costs, and financing costs associated with the implementation of the project. Operating costs are not included. Identify the sources of funding for the project costs, including the amount of developer equity, and designate the particular costs to which the identified sources of funds are allocated.

J. Incremental Real Property Taxes

Identify the amount of current assessed value by parcel and total. Project the appraised and assessed value after redevelopment.

K. TIF Reimbursable Costs

Identify the amount of TIF assistance requested and the project costs for which reimbursement through TIF assistance is requested. Show what percent the proposed TIF assistance would be of the total overall anticipated development budget.

L. Other Public Incentives

Identify other public incentives, if any, which are being sought by the applicant/developer for this project.

M. Project Pro Forma

Provide a simple, operating pro forma to match the same number of years for the term of the TIF that demonstrates why TIF assistance is necessary for this project and why the amount requested is necessary.

N. Benefit/Cost Analysis

Provide a Benefit/Cost Analysis illustrating the impact of the TIF Assistance on each affected taxing district.

O. Public Infrastructure

Describe what, if any, public infrastructure improvements would be made because of this project and the costs associated with these improvements.

P. Historic Properties

Identify any national, state, or locally designated historic properties involved or impacted by the project.

Q. Relocation

Identify what, if any, commercial, residential, or other uses will need to be relocated to implement the project.

R. Financing Ability

Provide evidence that the applicant possesses financial ability to successfully implement the project.

S. Experience and Technical Ability

Provide evidence that the applicant possesses the experience and technical ability to successfully implement the project.

T. Job Creation

Estimate the total number of jobs that will be created by this project, together with a preliminary estimate of the anticipated skills, education levels, and salary ranges expected.

U. Economic Impact on Adjacent Properties

Outline how this project might act as a catalyst for nearby development and/or help stabilize adjacent neighborhoods.

V. Broad Customer Base for Commercial Uses

If this project includes commercial uses, outline the potential tenants, demonstrate how the project will either attract customers from outside the City/County or provide retail/service currently in short supply in the City/County, and discuss how the new uses might impact nearby completion.

W. Residential Projects

If this project includes residential uses, describe how it will help fulfill a significant need for diverse income housing in the City/County, and how it will impact public services of the City/County and the other taxing districts.

I hereby certify that all the information in this application is true and complete to the best of my knowledge.

Applicant's Signature | Title | Date

APPENDIX F
MEMPHIS AND SHELBY COUNTY
COMMUNITY REDEVELOPMENT AGENCY
BOND POLICIES AND PROCEDURES & APPLICATION – 2009

INFORMATION FOR COMPANIES INVESTING IN COMMUNITY REDEVELOPMENT AND SEEKING BOND FINANCING IN MEMPHIS AND SHELBY COUNTY

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE

Community Redevelopment Agencies (CRAs) are public agencies set up pursuant to Community Redevelopment Act of 1998 to preserve and enhance the tax base through the removal of slum and blighted areas. CRAs have all the necessary powers to plan, finance and implement development and redevelopment activities. Where all legal requirements have been met, redevelopment revenue bonds may be issued, payable solely from the revenues of the community redevelopment agency held for that purpose and the revenue bonds do not obligate the local governing body, state or any political subdivision to make payment of the principal or interest. All such revenue bonds shall contain on their face a statement to this effect. For federal tax purposes, the interest paid to holders of such revenue bonds are exempt from federal taxation.

The Community Redevelopment Act of 1998 (the "Act") permits a CRA to directly finance or refinance:

> *administrative and overhead expenses necessary or incidental to the implementation of a community development plan adopted by the agency; expenses of redevelopment planning, surveys, and financial analysis, including the reimbursement of the community redevelopment agency for such expenses incurred before the redevelopment plan was approved and adopted; the acquisition of real property in the redevelopment area; the clearance and preparation of any redevelopment area for redevelopment and relocation of site occupants as provided in Section 17 of the Act; the repayment of principal and interest or any redemption premium for loans, advances, bonds, bond anticipation notes, and any other form of indebtedness; all expenses incidental to or connected with the issuance, sale, redemption, retirement, or purchase of agency bonds, bond anticipation notes, or other form of indebtedness, including funding of any reserve, redemption, or other fund or account provided for in the ordinance or resolution authorizing such bonds, notes, or other forms of indebtedness; and the development of affordable housing within the area.*

It is the purpose of The Community Redevelopment Agency of the City of Memphis and County of Shelby, Tennessee (the "Board") to encourage sustainable, planned development/redevelopment; reclamation of areas through conservation or rehabilitation where appropriate in the City of Memphis or Shelby County in order to provide affordable housing for low or moderate income families, including the elderly; and preserve or enhance the tax base of the community. To further this purpose, the Board will approve bond financings which serve a public interest, which are economically sound and which will have a positive impact on the City of Memphis and Shelby County tax base by preventing or eliminating slum and blighted conditions. The public interest will take into consideration the number and mixture of public housing, affordable and market rate housing units created; the reduction of disease and crime; repair or replacement of aging infrastructure; enhancement of the public realm and public facilities; improvement of the transportation system; the number of temporary and permanent, full- and part-time jobs created by the redevelopment project; the ratio of public to private capital investment;

minimum number of tax abatements approved in the area; and if there is any environmental impact.

While the Board may serve as a facilitator between the advantages of tax-exempt financing and those applicants wishing to invest in the City of Memphis and Shelby County area, it is not a financial institution and its funds are public property to be used for essential public and governmental purposes.

It is recommended that a prospective applicant present a concise, detailed scope of work and corresponding funding request in its redevelopment plan or redevelopment plan amendment and bond application to provide the CRA Board with a complete, comprehensive view of redevelopment activities and costs associated with redevelopment projects to be undertaken. This will permit the Board to accurately determine the most efficient type of financing, either through a public sale of bonds or private placement bonds to a financial institution. Bond issues will not normally be approved unless evidence of economic feasibility of the project is submitted and funding can be cost effectively secured by the Board.

Prospective applicants for bond financing should be aware of certain restrictions arising from federal and state statutory law. A proposed project must be found by the Board to further a specified public purpose such as preservation or enhancement of the tax base or increasing housing opportunities for low or moderate income residents in Shelby County, including the elderly. This requirement is normally fulfilled when a proposed project will result in capital reinvestment that preserves or enhances the local tax base or the creation of additional housing units in the redevelopment area. A Statement of Intent detailing these requirements is enclosed in this packet. The other major requirements are provided by the Community Redevelopment Act of 1998. Board approval in the form of an inducement agreement must be received before the applicant commits to spend any significant amount of public money with regard to the proposed community redevelopment project.

The foregoing constitutes a description of the general overview of the Board and the services which it offers. Anyone having further questions should contact the undersigned.

Community Redevelopment Agency
Memphis and Shelby County Division of Planning and Development
125 North Main, Room 450
Memphis, TN 38103
(901) 576-6601

STATEMENT OF APPLICATION PROCEDURES
THE COMMUNITY REDEVELOPMENT AGENCY BOARD OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE

A. BOND FINANCING GUIDELINES

1. Speculative housing development will be discouraged by the Board. Financing for speculative housing developments, excluding housing oriented to low and moderate income residents including the elderly, or to finance public infrastructure improvements needed to serve market rate housing and/or nonresidential development will be at the discretion of the Board. The Board may require the applicant to submit a market study completed within the last six (6) months and/or provide proof that the applicant has pre-sold 50% of the market rate housing or leased 50% of the nonresidential space before public financing becomes available to the applicant. The Board may require the applicant to provide additional credit enhancement that it deems satisfactory when balanced against the potential risk. Speculative development proposals shall be considered upon their individual merits, but in no event shall a project owned by a party other than the primary applicant be considered unless the following factors are present:

    a. The housing will be used by low or moderate income residents, including the elderly, unless otherwise stated, in accordance with tax laws for tax-exempt financing.

    b. The applicant or its agent shall disclose all the terms of approved tax abatements or future application plans for tax abatement, such as, but not limited to, the amount, length of abatement and source.

    c. The applicant or its agents shall disclose all bridge or supplemental financing vehicles currently in place or anticipated in the future, including but not limited to providing a copy of the bridge loan or supplemental financing contract, description of circumstances that prompted this action and supporting documentation.

    d. All normal financing requirements, including those with regard to the financial condition of the primary user of the project, shall apply as if the financing were being approved directly on behalf of such primary user.

    e. Requests for such financings must be presented to the Board prior to commencement of construction or acquisition of the proposed project or expenditures in connection with the project.

2. Private development projects within a community redevelopment project, including but not limited to, market rate housing, office/retail space, and public infrastructure investment that do not provide an essential public and government purpose will not be considered for public bond financing.

3. Excluding any public infrastructure costs, the total amount of TIF assistance requested generally should not exceed 15% of the total project costs. This percentage may be

increased to as much as 20% for projects involving the redevelopment of existing assets, such as the rehabilitation of existing structures, or for projects that require the assembly and clearance of land. The final determination as to the level of assistance provided shall be based on the recommendation of the CRA staff and final approval of the CRA Board.

4. A reasonable equity investment or other evidence of financial capability will be expected from all applicants that are not governmental entities, civic or non-profit organizations. Equity and/or evidence of financial capability may include investments in land, buildings, infrastructure, or any tax-producing improvements.

   These guidelines, while not an exhaustive list, express the concern of the Board for the creation and preservation of housing units for low or moderate income residents, including the elderly; the preservation and expansion of the tax base; the improvement of the environment; and the public health, safety, morals and welfare of the residents of the state and local jurisdiction.

B. BOND FINANCING POLICY

1. Public Interest: No bond financing will be approved unless the Board has first determined that such financing is in the public interest as required by law and that the proposed financing is economically sound i.e. the benefits that accrue from the use of bond finances are appropriate for the project cost, project size and intensity, and term of bond issue. All applicants will be required to appear before the Board to respond to questions from the Board prior to approval of any financing.

2. Bond Maturity: The maturity date for all bonds shall be determined at the sole discretion of the Board after taking into account the useful life of the project, the security for the bonds, and all other relevant considerations for the proposed financing, provided that the maturity shall not be longer than 10 years after the end of the fiscal year in which the community redevelopment plan was approved. Unless the bonds pledge tax increment revenues to their repayment, then the bonds shall mature no later than the end of the twentieth (20th) fiscal year after the fiscal year in which increment revenues are first deposited into the redevelopment trust fund or the fiscal year in which the plan is subsequently amended.

3. Risk: Adequate provision shall be made to assure the Board that full disclosure is made with regard to each bond financing and that the applicant complies with all securities laws. For all publicly offered bond financings, the Board shall require the applicant to provide credit enhancement in the form of a letter of credit or bond insurance acceptable to the Board, or the bonds must be rated investment grade by a nationally recognized rating agency acceptable to the Board. In the case of private placements, the Board will normally require that:

   a. The bonds be in sufficiently large denominations that they would not constitute an attractive investment vehicle for the general public; and

   b. The purchaser executes an investment letter or bond purchase agreement containing the following representations and agreements:

      i. The purchaser represents that it has made an independent investigation;

ii. The purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in the bonds;

iii. The purchaser is purchasing the bonds for its own account for investment and with no present intention of selling the bonds or any part thereof, subject, nevertheless, to any requirement of law that the disposition of the purchaser's property shall at all times be within the purchaser's own control;

iv. The bonds will not be sold in contravention of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the securities laws of the state where sold, and it is aware that the sale of the bonds has not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from registration contained therein;

v. No sale, transfer, or other disposition of any of the bonds shall in any case be made unless each subsequent purchaser shall expressly agree in writing to the representations and agreements set out herein, and at the time of any such sale, transfer, or other disposition, the purchaser will notify the Board in writing thereof. Each such notice shall describe the manner and circumstances of the sale, transfer, or other disposition, and the name(s) of the purchaser(s), and shall be accompanied by the representations of such purchaser(s) as required herein. Such notice and other information is required for informational purposes only and receipt of the same shall not obligate the Board to respond thereto, nor to incur any liability with respect to any sale, transfer, or other disposition of any of the bonds by the purchaser; and

vi. The Board may, in appropriate circumstances, require that the original purchaser of the bonds hold them for a minimum period of time or otherwise limit its right to sale thereof.

4. Notification of Default: The documentation of each bond financing approved by the Board shall provide that the Board be notified immediately of any declaration of default with regard to its bond financings.

5. Bond Counsel: Any Bond Counsel used with regard to any bond financing must be counsel experienced in municipal bond law and must be approved by the Board. The Board generally requires that Bond Counsel or at least one Co-Bond Counsel be an attorney or law firm with offices in the State of Tennessee.6Trustee: The bond trustee of any bond issue of the Board shall be subject to the approval of the Board. Any bond trustee with permanent corporate trust offices located in Shelby County, Tennessee must be authorized to exercise corporate trust powers, subject to federal or state examination and have capital and surplus of not less than $50,000,000. Any bond trustee without permanent corporate trust offices located in Shelby County, Tennessee must be authorized to exercise corporate trust powers, subject to federal or state examination, have capital and surplus of not less than $100,000,000 and be of nationally recognized standing with respect to corporate trust operations. The minimum requirements for bond trustees may be waived by a two-third's (2/3) majority of members of the Board present and voting. It should also be understood that any bond issuance must be approved by both the Memphis City Council and the Shelby County Commission

6. Preliminary Funding: Prior to approval of any bond financing, the applicant must place a predetermined amount of funds or a bank letter of credit in an escrow account to cover the payment of bond related fees and expenses i.e. a good faith estimate of expenses required to hire bond professionals and associated subject matter experts necessary to prepare, coordinate and implement the bond issue. The escrowed funds will be used to pay all expenses associated with the bond issue regardless of its success or failure. The escrowed funds are nonrefundable. In addition to the Board's initial application fee, the board shall charge a final resolution and closing fee in accordance with the schedule set forth in the Application Procedures.

7. Redevelopment Trust Fund: Any proceeds from the issuance and a sale of any bonds covered under these provisions shall be deposited in the Redevelopment Trust Fund. The Board may disburse the proceeds from the trust fund to the applicant monthly beginning with the initial request and extending over the life of the project. The Board shall only issue a disbursement if the applicant has filed with the Board a quarterly report, as set forth in Section I herein, and an itemized financial request, identifying the exact use and need of each disbursement.

8. Conflicts of Interest: To avoid conflicts of interest, no financing will be approved if Board Counsel or Bond Counsel or other subject matter experts have a professional or legal relationship with the Applicant or any Sponsor of the financing other than incidental representations in connection with proposed financing or similar financings. The Board may waive this condition in appropriate circumstances. In the event of a conflict involving Board Counsel, special counsel shall be retained by the Board to represent it in connection with the particular project being considered. In addition, no project will be approved if any current Board member has a material direct or indirect ownership interest in the Applicant or any Sponsor of the Project. Each Board member shall be responsible for disclosing any interest which he or she may have in an Applicant.

10. Bond Issue Amendments: The Board will consider amendments to previous bond issues upon payment of an application fee in accordance with the application fee schedule set forth herein. The Application Fee must accompany the request. This fee must be paid prior to the Board hearing the Applicant's request and will be non-refundable. Applicant is further required to pay Board Counsel's or other subject matter experts' fees and expenses incurred with such transaction.

C. BOND FEES

For any redevelopment revenue bonds issues by the CRA with respect to a project, the project applicants will be required to pay a fee, as follows:

For TIF bonds:
One-quarter (¼) of 1% of the total gross bond proceeds plus all expenses incurred by the CRA in relation to such bond issue

For other revenue bonds:
1% of the total gross bond proceeds plus all expenses incurred by the CRA in relation to such bond issue.

Closing Fee computed as follows will be paid to the Board prior to or at the closing of all financings:

One-half of one percent (1/2%) of the principal amount of Bonds issued with a minimum of $10,000.

A final resolution fee will also be due and payable prior to the final Board action. The final resolution fee will be credited to the Applicant's closing cost.

All out of pocket expenses incurred that exceed the good faith estimate placed in the escrow account will be billed to the Applicant. These out of pocket expenses typically include long distance phone calls, postage, travel expenses, word processing, photocopies, etc. In the event the requested financial incentives are not granted or Applicant does not go forward with the Project, the Board will retain the escrowed funds to pay for legal and other subject matter professional services rendered and expenses incurred with regard to the proposed Project, and return the remainder, if any, to the Applicant, after a reasonable time has elapsed.

The above quoted fees include reimbursement of the fees of Board Counsel only. The Applicant is responsible for payment of all Bond Counsel fees. Other subject matter expert fees and other expenses of the financing will be paid by the applicant. In addition, the Board reserves the right to require the applicant to reimburse the Board for increased legal fees incurred by the Board with respect to projects involving numerous changes, restructuring, unusual delay or other complications which substantially increase the fees of Board Counsel.

The following constitutes the basic procedures involved in applications for bond financing through The Community Redevelopment Agency Board of the City of Memphis and County of Shelby, Tennessee (the "Board"). For purposes of these procedures the term "bond financing, is deemed to be inclusive of new financings as well as re-fundings and re-financings of previous bond transactions. The Board is not a financial institution and its funds are public property to be used for essential public and governmental purposes. It is recommended that a prospective applicant present a concise, detailed scope of work and corresponding funding request in its application to provide the CRA Board with a complete, comprehensive view of redevelopment activities and costs associated with redevelopment project(s) to be undertaken. This will permit the Board to accurately determine the most efficient type of financing, either through a public sale of bonds or a private placement with a financial institution. Bond financings for redevelopment projects will not normally be approved unless evidence of a public interest and/ or the project's economic feasibility through preservation or enhancement of the local tax base has been submitted to the Board.

1. All applicants must complete and file with the Board an application in the form attached hereto. An application fee computed according to the following schedule must accompany the application. This fee and a good faith estimate of bond related expenses must be escrowed prior to the Board hearing the Applicant's presentation of the project, and will be nonrefundable. The Application Fee will be in addition to the Closing Fee. The fee and other requirements listed below are not applicable to Shelby County, the City of Memphis or any other municipal undertaking a redevelopment project unless required specifically by the Board.

   Estimated Project Cost at Time of Application Fee for TIF bonds: ¼ of 1% of the total gross proceeds plus all expenses incurred by the CRA in relation to such bond issue.

For other revenue bonds: 1% of the total gross proceeds plus all expenses incurred by the CRA in relation to such bond issue.

2. A Closing Fee computed as follows will be paid to the Board prior to or at the closing of all financings:

   One-half percent (1/2%) of the principal amount of Bonds issued with a minimum of $10,000.

   A final resolution fee will also be due and payable prior to the final Board action. The final resolution fee will be credited to the Applicant's closing cost.

   All out of pocket expenses incurred that exceed the good faith estimate placed in the escrow account will be billed to the Applicant. These out of pocket expenses typically include long distance phone calls, postage, travel expenses, word processing, photocopies, etc. In the event the requested financial incentives are not granted or Applicant does not go forward with the Project, the Board will retain the escrowed funds to pay for legal and other subject matter professional services rendered and expenses incurred with regard to the proposed Project, and return the remainder, if any, to the Applicant, after a reasonable time has elapsed.

   The above quoted fees include reimbursement of the fees of Board Counsel only. The Applicant is responsible for payment of all Bond Counsel fees. Other subject matter expert fees and other expenses of the financing will be paid by the applicant. In addition, the Board reserves the right to require the applicant to reimburse the Board for increased legal fees incurred by the Board with respect to projects involving numerous changes, restructuring, unusual delay or other complications which substantially increase the fees of Board Counsel.

3. All applications will be reviewed by the Board Members and must be forwarded to the Board 60 days prior to formal considerations. The CRA staff will distribute the applications to the Board Members after the complete application is received from applicant.

4. The CRA Board will hold regular monthly meetings as indicated on its yearly calendar. All meetings will be held in City Hall, 125 N. Main, Memphis, Tennessee unless otherwise noticed. The CRA Board may hold special meetings as provided in the Bylaws of the Agency. The CRA Board ordinarily will hold special meetings to consider applications only if they come within the parameters outlined in the Board's Statement of Intent, set out in this application packet. Monthly meetings may be waived or held on a different date at the discretion of the Board. All meetings of the Board will be public meetings as required by law.

   Tennessee law requires that all CRA Board meetings be open to the public, and federal law requires that notice of any Board meetings at which public hearings on bond issues are to be held be published in a local newspaper fourteen (14) days prior to the meeting, which notice must contain information as to the meeting time and place and each project to be considered. Applicants requesting public hearings are requested to furnish to Board Counsel (name and address on enclosed application), sixty (60) days prior to a meeting at which an application for bond financing is to be considered, the following in-

formation: name of borrower-applicant, amount of bond issue, location of project, and description of project. The completed application [original and twenty (20) copies] must then be received by the Board no later than (sixty) 60 days prior to the meeting at which it is to be considered.

5. Board consideration of any particular financing proposal will be conducted as follows. In specific cases the Board may choose to take more than one of the actions described below in a single meeting.

   a. At the next regular Board meeting following timely receipt of an application, the Board will make a determination as to whether a particular redevelopment project financing is to be approved. If a project is approved, the Board will take official action in the form of an inducement resolution, in which the Board agrees to issue its redevelopment revenue bonds to finance the proposed project, subject to drafting of documentation in form satisfactory to the Board and other appropriate contingencies.

   c. Final approval of a financing and passage of a final resolution will occur after documentation has been prepared by Bond Counsel and reviewed by Board Counsel and after all other legal requirements have been met in anticipation of closing. Final approval of an issue and documentation therefore will be given contingent upon receipt of a satisfactory legal opinion from the Bond Counsel (if applicable) and Board Counsel. A final resolution fee will accompany the request of the Applicant for final approval of the project by the Board. This fee will be credited toward the closing fee.

   d. Closing of the financing will occur only after completion of the foregoing phases.
   A maximum of six (6) months will be allowed to transpire between the adoption of the inducement resolution and the request for final approval. If an Applicant can show cause for an extension beyond the six-month period, the Board may approve an extension, but the Applicant will be required to pay an extension fee. The extension fee is fifty percent (50%) of the application fee and is payable for each six-month extension. Extension fees will not be credited toward the Closing Fee. A new application need not be submitted for an extension consideration unless the project has substantially changed from that presented in the original application or has a change in applicant. Any sponsor or Applicant requesting approval of an extension of time will be required to present to the Board a complete project update.

   If a final resolution has been approved, an extension of the final resolution can be requested by the Applicant within six (6) months following final approval of the project by the Board. An extension fee equal to fifty percent (50%) of the final resolution fee will accompany the extension request and will not be credited toward the Closing Fee. The rules, policies, procedures, and fees (collectively, "regulations") in effect at the time of final approval will govern following adoption of the final resolution. Should new regulations come into effect, they would become binding upon the request for an extension of the final resolution.

6. To facilitate distribution to the members of the Board, an original and twenty (20) copies of your completed application and supporting documentation should be forwarded to the Memphis and Shelby County Community Redevelopment Agency, 125 North Main

Street, Room 450, Memphis, Tennessee 38103, together with your check for the Application Fee made payable to the City of Memphis with the notation "The Memphis and Shelby County Community Redevelopment Agency for Bond Application Fee".

PROCEDURES FOR BOND FINANCING
COMMUNITY REDEVELOPMENT AGENCY BOARD
OF THE CITY OF MEMPHIS AND COUNTY OF
SHELBY, TENNESSEE

1. Make an appointment for a pre-application conference with CRA Staff to discuss your request and obtain an application for bond financing from Community Redevelopment Agency Board of the City of Memphis and County of Shelby, Tennessee.

2. Discuss project with master developer, nonprofit organization and/or other redevelopment project team members to determine if public interest and marketability of the redevelopment project(s) meets the eligibility criteria for bond financing.

3. Decide on who will complete the application, who will serve as the contact person for information, and who will make presentation at the Board meetings.

4. Clarify any questions regarding fees, expenses and application costs for tax-exempt bond financing with CRA Staff. Staff will advise the CRA Finance Committee and TIF Review Committee of current applications, and presentations to the Committees by the Applicant will be scheduled as needed.

5. Make application to the CRA Board and obtain Board approval.

6. A fourteen (14) day TEFRA legal notice prior to a public hearing is required in tax-exempt bond transactions. The notice is published in the Commercial Appeal and the cost of publication is included in the closing costs. A seven (7) day notice is allowable for meetings when no TEFRA hearing is required.

7. After CRA Board approval, the request for a bond issue is forwarded to and scheduled for consideration by both the Memphis City Council and Shelby County Board of Commissioners.

8. After approval by the legislative bodies, contract documents for bond sale are generated. Final Resolution is approved by CRA Board and bond closing held. Proceeds will then be deposited in the Redevelopment Trust Fund and redevelopment activities can begin.

ALTER EGO

Public agencies engaged in public-private partnerships, nonprofit organizations, principals of a for profit company or subsidiary, partnership, etc. using tax increment revenues are allowed to obtain bond financing for property through a lease or ground lease of the property to the for profit company or subsidiary company, partnership, etc. if there is full and complete disclosure at the time of the bond application and if this arrangement is approved by the CRA Board and governing body(ies) or municipal chief executive(s). The alter ego arrangement cannot be used to obtain bond financing through the CRA to avoid paying ad valorem taxes that apply to the non-exempt portions of a community redevelopment project that does not serve an essential public and government purpose.

BOND APPLICATION

THE COMMUNITY REDEVELOPMENT AGENCY BOARD OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE

The Board requires that all the information requested from the Project Applicant and the Statements of Policies and Procedures be submitted at the time this application is filed. The definition and requirements in the Statements of Policies and Procedures are incorporated by reference in this application. Only those applications that are completed will be accepted and considered for Board action. An original and twenty (20) copies must be submitted in person to the CRA Staff at 125 N. Main Street, Room 450, Memphis, TN at least 60 days prior to formal consideration. **PLEASE PROVIDE COMPLETE AND DETAILED ANSWERS TO ALL QUESTIONS. YOUR ANSWERS MAY REQUIRE THE USE OF ADDITIONAL PAGES. IF THIS IS THE CASE, PLEASE INDICATE THE NUMBER OF THE APPLICATION QUESTION ON THE ADDITIONAL PAGES AND INCLUDE THESE PAGES WITH YOU APPLICATION.**

1. Applicant:

Agency/Nonprofit/Company's Name:
Mailing Address:
Phone/Fax: Phone/Fax:
Federal Employer Identification Number:
Email Address:_____

Representative to be contacted: _____
Name and Title:
Mailing Address:
Phone/Fax: Phone/Fax:
Email Address:_____

Sponsor (if applicable):
Agency/Nonprofit/Company's Name:
Mailing Address:
Phone/Fax: Phone/Fax:
Federal Employer Identification Number:
Email Address:_____

Representative to be contacted:
Name and Title:
Mailing Address:
Phone/Fax: Phone/Fax:
Email Address:_____

2. How is the increment revenue from the Redevelopment Trust Fund currently being used by your organization: on a pay as you use or pay as you go arrangement?

_____

If your organization is utilizing a pay as you use or pay as you go funding strategy, what percentage of TIF/increment revenue has been committed to date by the CRA Board of Directors on your behalf, i.e. how many years into the future of uncollected increment revenue has the CRA committed for your use? [Please include debt service for current commitments into your calculations as well as referencing TIF/increment revenue in terms of collected revenue by the taxing authorities as opposed to projected revenue]._____years

3. Will the approved redevelopment plan [and/or workable program, if applicable] need to be amended as a result of this request? Yes or No If yes, please explain changes needed to the redevelopment plan [and/or workable program, if applicable] and the reason(s) for each change._____

4. Describe the principal business of the applicant, each contractual entity or Sponsor and its legal status. Provide the same information for the parent of any contractual entity or Sponsor that is a subsidiary entity. Briefly describe each Sponsor's corporate or other legal structure and identify its state of organization. If Applicant is a foreign entity, state whether it is registered to do business in Tennessee.

5. Describe the proposed Community Redevelopment Project and provide a financial track record to date including, income streams, interest, expenditures and unpaid commitments. Also include in this description the name of the Project, its purpose, development fees, contractual commitments to date, accomplishments and remaining work.

   Describe the project's economic and environmental impact on Shelby County, the size of any buildings to be constructed, the number and type of jobs that will be added or retained as a result of the Project, how this project decreases slums, alleviates blighted conditions and/or provides affordable housing for low to moderate income families, including the elderly, and any other information needed to fully explain the Project in Shelby County?

   Attach as an exhibit any maps, renderings, budgets or other relevant written or printed information concerning the Community Redevelopment Project.

6. State the proposed location of the Project by street address and parcel identification number(s) as well as providing geographic boundary information by an attached map and legal description.

   Who owns the real property proposed for redevelopment activities at this time?
   Does Applicant have an option to purchase the real property if not already owned by Applicant?

   Are there presently any outstanding options or liens with regard to the property? If so, describe.

7. (a) State the estimated Community Redevelopment Project costs broken down by components (i.e. administrative fees, development fees, land acquisition, demolition of buildings and clearance, infrastructure, soft costs, etc.) If available, attach a third party cost estimates or bids.

   (b) State the principal amount and type of the bonds the Board will be requested to issue. Will this be a single series offering or a multiple series offering?

8. State the applicant's preference for bond credit enhancement and collateral for the enhancement. Name all principals who will be involved in providing this bond credit enhancement when needed. Include all principals mailing addresses, telephone numbers, and e-mail addresses. Attach a copy of the applicant's commitment letter for bond credit enhancement.

9. Name all representatives or contact people who will be involved with the issue. Provide addresses, telephone numbers and email addresses.

   Legal Counsel:
   Mailing Address:
   Phone/Fax: Phone/Fax:
   Email Address: _____

   Representative:
   Mailing Address:
   Phone/Fax: Phone/Fax:
   Email Address: _____

   Information Contact Person:
   Mailing Address:
   Phone/Fax: Phone/Fax:
   Email Address: _____

   Other / Describe:
   Mailing Address:
   Phone/Fax: Phone/Fax:
   Email Address: _____

10. Name all technical support participants who will be involved in the Project. Provide addresses, telephone numbers and email addresses.

    Company Counsel:
    Mailing Address:
    Phone/Fax: Phone/Fax:
    Email Address: _____

    Architects / Engineers:
    Mailing Address:
    Phone/Fax: Phone/Fax:
    Email Address: _____

Financial Consultants:
Mailing Address:
Phone/Fax: Phone/Fax:
Email Address: _____

Other (specify):
Mailing Address:
Phone/Fax: Phone/Fax:
Email Address: _____

11. State the anticipated cost of Bond issuance in detail, including all anticipated underwriting or similar fees, trustee's acceptance fees and similar charges.
    Uses: Amounts:
    $
    $
    $
    $
    $
    $
    Total: $

12. Attach as an exhibit a pro forma cash-flow statement matching the same number of years for the term of the TIF for the Community Redevelopment Project, which should include information showing how the Bond indebtedness will be serviced. Also provide a payment/distribution grid that names parties to be paid or receive revenue.

13. Attach the last five (5) years audited financial statements of the Applicant and the most recent interim statements with regard to the Applicant. If the Applicant does not have audited financial statements, unaudited statements and a current year audited statement or balance sheet must be submitted.

14. State the proposed time schedule for the Community Redevelopment Project including the dates anticipated for the following:

    (a) closing of the bond issue: _____
    (b) first expenditure of funds with regard to the Project:
    (c) anticipated date construction begins:
    (d) completion date of Project:

15. Does Applicant, any contractual entity or Sponsor of the Community Redevelopment Project have an application pending or intend to apply for funding, tax abatement or bond financing for this project or any phase or portion of this project with any other agency, board, commission or government? If yes, please explain who and the name of the request.

    Has Applicant, contractual entity or any Sponsor of this Community Redevelopment Project obtained funding, tax abatement or bond financing in the past for any phase or portion of this project by any other agency, board, commission or government? If yes, please list the type and amount of financial incentive together with the name and address of agency, board, commission or government. Has Applicant, contractual entity or any Sponsor of the

Project been in default on any obligation under such funding, tax abatement or bond financing?
Does Applicant, contractual entity or any Sponsor have present plans to incur indebtedness or other financial obligations which would materially affect its financial condition other than the financing applied for hereby? If so, please describe the type and amount of additional debt or financial obligation together with the name of the investor(s) or financial institution(s).

Does Applicant, contractual entity or any Sponsor of the Project know of any proposed or pending tender offers, mergers, or acquisitions by or affecting Applicant, contractual entity or any Sponsor of the Project or of any other materially significant corporate event in any way affecting Applicant, contractual entity or any Sponsor of the Project? If so, please describe.

16. Is any materially significant litigation pending or threatened against the Applicant, contractual entity or sponsor or consultant involved in this financing or the Project or against any officer or director of any of the above? If so, please describe.

    Has the Applicant, contractual entity, Sponsor, consultant, or any officer or director thereof, ever been charged with or convicted of any civil or criminal offense regarding or growing out of the issuance, sale or solicitation for sale of any type of security or has any such person been convicted or is any such person presently under indictment or complaint alleging commission of a felony or misdemeanor involving moral turpitude in any court? If so, supply a detailed explanation of any such suit or action.

APPLICATION REPRESENTATIONS AND COVENANTS

This Application is made in order to induce The Community Redevelopment Agency Board of the City of Memphis and Shelby County, Tennessee (the "Board"), to grant financial incentives to the Applicant. Applicant represents that the statements contained herein are true and correct and include all information materially significant to the Board in its consideration of this Application.

Applicant has read and agrees to comply with all requirements of the Application Procedures and Policies of the Board. Applicant specifically agrees to pay all reasonable costs, fees, and expenses incurred by the Board in connection with Application whether or not the financial incentives are granted or the project is built. In the event any proposed bond financing closes, Applicant agrees to annually pay its proportionate share (based on total bonds outstanding) of the costs of directors' and officers' liability insurance, if any is ever obtained by the Board, or carried while the Bonds are outstanding. Applicant also acknowledges that by signing this Application that Applicant agrees notify the CRA within 30 calendar days of any changes to the material/information provided herein.

Applicant:_____

By:_____

Title:_____

Date:_____

APPENDIX G
QUALIFICATION ANALYSIS &
COMMUNITY REDEVELOPMENT PLAN GUIDELINES

Guideline for Redevelopment Plans
(For Tax Increment Financing)
Prepared Pursuant to the Community Redevelopment Act of 1998 (the "Act")[6]

A. Chapter 1 – Redevelopment Area Designation

1. The Act requires that a Redevelopment Area be evaluated and found to qualify as either a "slum area" or a "blighted area" as such areas are defined by the Act.

2. The Act defines a "slum area" as:

3. " ... an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age, or obsolescence; inadequate provision for ventilation, light, air, sanitation, or open spaces; high density of population and overcrowding the existence of conditions which endanger life or property by fire or other causes; or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety, morals, or welfare."

4. The Act defines a "blighted area" as either:

5. "An area in which there are a substantial number of slum, deteriorated, or deteriorating structures and conditions which endanger life or property by fire or other causes or one or more of the following factors which substantially impairs or arrests the sound growth of a county of municipality and is a menace to the public health, safety, morals, or welfare in its present condition and use:

    i. Predominance of defective or inadequate street layout;

    ii. Faulty lot layout in relation to size, adequacy, accessibility, or usefulness;

    iii. Unsanitary or unsafe conditions;

    iv. Deterioration of site or other improvements;

    v. Tax or special assessment delinquency exceeding fair market value of the land; and,

    vi. Diversity of ownership or defective or unusual conditions of title which prevent the free alienability of land within the deteriorated or hazardous area; or

    An area in which there exists faulty or inadequate street layout; inadequate parking facilities; or roadways, bridges, or public transportation facilities incapable of handling the volume of traffic flow into or through the area, either at present or following the proposed construction. "

[6] For purposes of this outline, the term "CRA" refers to the "Community Redevelopment Area", The term "Act" refers to the Community Redevelopment Act. The Community Redevelopment Agency is referred to by its full name.

B. Chapter 2 – Documentation of Area Designation

Document the arguments that this CRA meets the definitions of one or a combination of the aforementioned areas. Describe the explicit factors that define these areas and demonstrate how the factors exist and how they meet the definition. Document each type of area independently. Generalized statements should be backed by data and analysis. Use engineering studies, expert testimony, field investigations, tax revenue analysis, market analysis, building code violations, or other available evidence to prove the case. Be sure to use the terminology and definitions provided in the Act. These terms are "terms of art" and should be used only as defined for the purposes of this Act. If the CRA does not qualify as one of these types of areas, just leave it out of the discussion. In other words, if a CRA qualifies as a "Blighted Area" but does not meet the definition of a "Slum Area," do not describe how it does not meet the criteria for a "Slum Area."

It is our interpretation of the CRA Act that the governing body must first find that the proposed redevelopment area meets these criteria prior to initiating the preparation of the community redevelopment plan.

C. Chapter 3 – Summary

Summarize the conclusions regarding whether the CRA qualifies for designation as one or more of the aforedescribed types of areas.

The Community Redevelopment Plan

A. Chapter 1 – Introduction

1. Purpose of the Act
2. General Description of the Act, CRA Criteria and Process
   a. Describe Role of the Community Redevelopment Agency
3. Memphis/Shelby County Adopted Workable Program
4. Statement that City/County adopted resolution with findings as required by Sect. 8 (1)&(2).
   a. Cite Resolution Number
5. Purpose of This Redevelopment Plan

B. Chapter 2 – Description of the Community Redevelopment Area

1. Boundaries
   a. Describe the boundaries and provide the reasons for the boundaries (Sec. 14 (1))
   b. Provide a boundary map
   c. Provide a legal description of the boundaries.

2. Existing Land Use
   a. Describe existing land use characteristics, including densities, and provide map
   b. Describe existing zoning and provide map
   c. Describe general history of the Community Redevelopment Area

3. Low or Moderate Income Housing
   a. Document the finding if the area does or does not contain low or moderate-income housing. If it does, a Neighborhood Impact Element must be prepared.

C. Chapter 3 – Description of the Community Redevelopment Plan[3]

1. Community Redevelopment Plan Map
   a. Provide a map of the Community Redevelopment Plan. On the map, identify: (Sect. 14 (1))
   b. The approximate amount of open space;
   c. The street layout;
   d. Limitations on the type, size, height, number and proposed use of buildings.
   e. The approximate number of dwelling units;
   f. Property intended for use as public parks, recreation areas, streets, public utilities, and public improvements of any nature.

[3] If you are amending a previously approved and adopted Plan, then Subsections (1), (3), (4), (8), (9) and (10) do not apply. If the legislative bodies or the Community Development Agency has adopted an ordinance or resolution authorizing the issuance of any bonds, notes, or other forms of indebtedness to which is pledge incremental revenues pursuant only to a community redevelopment plan as previously approved or adopted, these same Sections do not appear to apply.

Describe this information in the text. Note that per Section 19(a), The City/County or the CRA may acquire and dispose of land, but this may only occur after the community redevelopment plan has been approved. Importantly, the purchasers or lessees are "obligated to devote such real property only to the uses specified in the community redevelopment plan. (Sect. 19(a) It is necessary to clearly designate land uses in such a way as this determination can be met.

2. Publicly Funded Capital Projects

   Specifically identify any publicly funded capital improvement projects in the Community Redevelopment Area. (Sect. 14 (4)),

3. Implementation Safeguards

   Identify the "safeguards," i.e. the procedures, formal agreements, monitoring; and performance standards and requirements, for example, that will ensure that the Community Redevelopment will be implemented in accordance with the Plan. (Sect. 14 (5))

4. Retention of Controls for Land to be in Private Use

   For land to be sold or leased for private use, provide for the "retention of controls and the establishment of any restrictions or covenants running with the land sold or leased for private use for such periods of time and under such conditions as the governing body deems necessary to effectuate the purposes of this act." (Section 14 (6))

5. Replacement Housing for Relocated Persons

   Provide assurances that there will be replacement housing for the relocation of persons temporarily or permanently displaced from housing facilities within the community redevelopment area. Identify how this will be accomplished. (Sect. 14 (7))

6. Residential Element

   If residential uses exist in the redevelopment area prior to the adoption of the Plan or if the Plan is intended to remedy a shortage of affordable housing for low and moderate income or elderly residents, provide for an "element of residential use in the redevelopment area". If the Plan is not intended to remedy such shortage, identify the reasons. Provide documentation as to the coordination with the Housing Authority. (Sect. 14 (8) and Sect. 12 (b)(3))

7. Parks and Recreational Facilities

   One of the required findings is that the redevelopment plan gives "due consideration to the provision of adequate park and recreational areas and facilities that may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plans." (Sect. 12 (f)).

   Describe how the community redevelopment plan meets this requirement. If parks and recreation facilities are not to be provided as a part of this plan, explain why it was considered and determined to not be a part of this planning effort.

8. Statement of Projected Costs

   Provide a detailed statement of projected costs of the redevelopment:
   - Identify the amount to be expended' on publicly funded capital project in the Community Redevelopment Area; and
   - If the debt is to be repaid with incremental revenues, identify any indebtedness of the Community Redevelopment Agency, the County, or the City proposed to be incurred for the community redevelopment. (Sect. 14 (9)).

9. Increment Revenues

   The amount of Base Ad Valorem Taxes[4] must be identified and the increment revenues projected to ascertain if the plan is financially feasible and the schedule for implementation. Good planning practice would indicate that this task would be necessary to provide information helpful in the establishment of the redevelopment area boundaries, as well as in determining the nature and extent of the community redevelopment. While not stated by the CRA Act, it may be appropriate to include this analysis as a part of the community redevelopment plan. Note that when the city/county intends to issue bonds or other obligations to finance the community redevelopment, projections will need to be produced.

10. Time Certain for Completion

    State the time certain for completing all redevelopment financed by incremental revenues. This date shall be no later than 30 years after the fiscal year in which the Plan is approved, adopted, or amended. (Sect.14 (10))

11. Conformance with the Comprehensive Plan

    Describe how this Redevelopment Plan conforms to the comprehensive Plan. (Sect. 12 (b)(2))

    Discuss conformance with Memphis 2000 Policy Plan, Urban Growth Plan, Community Compact, Memphis 2005.

12. Conformance with the Memphis/Shelby County Unified Development Code

    Describe how the Redevelopment Plan conforms to the Memphis/Shelby County Unified Development Code.

13. Conformance with the Workable Program

    Describe how the Community Redevelopment Plan conforms to the adopted Workable Program.

[4] Note that because the Base Ad Valorem taxes are adjusted each year for the current tax rate, the base assessed value will need to be identified in order for future calculations of the increment revenue to be made.

14. Maximum Opportunity for Private Enterprise

    Identify how this Redevelopment Plan provides for the "maximum opportunity, consistent with the sound needs of the county or municipality as a whole, to the rehabilitation or redevelopment of the community redevelopment area by private enterprise." Sect. 4 (a)

D. Chapter 4 – Description of the Community Redevelopment Project

1. Describe the Community Redevelopment, meaning the undertakings, activities, or projects by the County, City, or the Community Redevelopment Agency.

2. Identify the specifics of the Community Redevelopment. The CRA Act requires that the Redevelopment Plan indicates the:

   a. Land Acquisition
   b. Demolition and removal of structures
   c. Redevelopment
   d. Improvements
   e. Rehabilitation
   f. Zoning and Planning Changes, if any
   g. Land Uses
   h. Maximum Densities
   i. Building Requirements (Sect. 12 (b) (2))

3. Describe how the Community Redevelopment eliminates or prevents the development or spread of slums and blight; or provides for affordable housing, whether for sale or rent, to residents of low or moderate income, including the elderly. This may include slum clearance and redevelopment, or rehabilitation or conservation in a CRA. Describe how this is in accord with the Community Redevelopment Plan.

4. Identify how the Community Redevelopment is eligible per the requirements of Section 17 that defines what a county and municipality may do within a community redevelopment area.

E. Chapter 5 – Economic Feasibility Study

The Economic Feasibility Study should communicate a thorough understanding of the existing and emerging markets for residential and commercial development in the area addressed by the Community Redevelopment Plan and the ways in which the proposed Community Redevelopment Project fits with such emerging market trends.

F. Chapter 6 –Benefit/Cost Analysis

The Act requires an analysis of tax increment revenues projected to be created via the implementation of a proposed Community Redevelopment Plan. Such an analysis should include the following:

   i. A statement of the existing assessed valuations of real property within the project area, ad valorem taxes levied within the area, and tax revenues generated by property within the area;

ii. Projected new, incremental tax revenues generated by the redevelopment project;
iii. Projected new tax revenues (portions of increment not captured by the Community Redevelopment Trust Fund, new taxes for debt service, and new sales taxes) to both the City of Memphis and Shelby County;
iv. Projected revenues to any affordable housing trust fund or building façade improvement program should such program funds be established by the CRA;
v. Projected new tax revenues generated and passed-through to partici-pating taxing districts as a result of the redevelopment project;
vi. Projected incremental real property tax revenue; and
vii. Projected new sales tax revenues if such redevelopment project includes the development or redevelopment of commercial retail uses.

G. Chapter 7 – Fiscal Impact Statement

The Fiscal Impact Statement shall communicate a thorough understanding of the existing and emerging markets for residential and commercial development in the Community Redevelopment Area and the ways in which the proposed development project fits in with such emerging market trends.

The study shall also demonstrate a reasonable expectation of either the furtherance of a public purpose as defined by the Act, listed herein and/or in the CRA's Workable Program, or the creation of new economic growth. The Study should also illustrate the relationship between the future value of the project (i.e. in terms of potential tax revenues) and the value of any TIF obligations issued in support of the project. This Fiscal Impact Statement should cover the same term as the term of the TIF Assistance for which the project is applying.

H. Chapter 8 – Neighborhood Impact Element (If Required)

Per Section 14 (4) of the Act, a neighborhood impact element must be prepared if the redevelopment area contains low or moderate-income housing. The Neighborhood Impact Element must describe in detail the impact on the residents of the redevelopment area and the surrounding areas in terms of:

- Relocation;
- Traffic Circulation;
- Environmental Quality;
- Availability of Community Facilities and Services;
- Effect on School Population; and
- Other Matter Affecting the Physical and Social Quality of the Neighborhood.

I. Chapter 9 – Findings

1. Section 12 (f) Findings

   a. Relocation Method Exists

      It must found that "A feasible method exists for the location of families who will be displaced from the community redevelopment area in decent, safe, and sanitary dwelling accommodations within their means and without undue hardship to such families." (Sect. 12 (f) (1))(Based on Chapter IV, E)

b. Conformance of Community Redevelopment Plan

It must be found that "The community redevelopment plan conforms to the general plan of the county or municipality as a whole." (Sect. 12 (f) (2)) ((Based on Chapter IV, I)

c. Provision of Adequate Park and Recreational Areas and Facilities

It must be found that "The community redevelopment plan gives due consideration to the provision of adequate park and recreational areas and facilities that may be desirable for neighborhood improvement, with special consideration for the health, safety, and welfare of children residing in the general vicinity of the site covered by the plans." (Sect. 12 (f) (3)) (Based on Chapter IV, G)

d. Maximum Opportunity for Private Enterprise

It must be found that "The community redevelopment plan will afford maximum opportunity, consistent with the sound needs of the county or municipality as a whole, for the rehabilitation or redevelopment of the community redevelopment area by private enterprise." (Sect. 12 (f) (4)) (Based on Chapter IV, L)

2. Section 12 (g) Findings, apply if vacant land is to be acquired by the City/County

Describe how each of these findings is met.

3. If the Open Land is to be used for residential uses, either in whole or In part it must be found that: (Section 12 (g)(1)

a. Shortage of housing of sound standards and design which is decent, safe, affordable to residents of low and moderate income, including the elderly, and sanitary exists in the county of municipality.

b. The need for housing accommodations has increased in the area.

c. Conditions of slum or blight in area or the shortage of decent, safe, affordable, and sanitary housing cause or contribute to an increase in and spread of disease and crime or constitute a menace to the public health, safety, morals, or welfare;" and

d. Acquisition of the area for residential uses in an integral part of and is essential to the program of the county or municipality.

4. If the Open land is to be Used for Nonresidential Uses, either in the Whole or In Part it must be found that: (Section 12(9)(2))

Describe how each of these findings is met.

a. Such nonresidential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives; and

b. Acquisition may require the exercise of governmental action, as provided in this act, because of: (provide map if appropriate)

   i. Defective, or unusual conditions of, title or diversity of ownership which prevents the free alienability of such land;
   ii. Tax Delinquency;
   iii. Improper Subdivision
   iv. Outmoded street patterns;
   v. Deterioration of site;
   vi. Economic disuse;
   vii. Unsuitable topography or faulty lot layouts;
   viii. lack of correlation of the area with other areas of a county or municipality by streets and modern traffic requirements; or
   ix. Any combination of such factors or other conditions which retard development of the area.

Appendices

Appendix A Maps

- CRA Boundaries
- Existing Land Use Existing Zoning
- Community Redevelopment Plan Map (Include Open Land)
- Low and Moderate Income Housing Areas (If applicable)
- Parks and Recreation Areas: Existing and Proposed (If applicable) Acquisition Factors (If applicable & appropriate)

Appendix B Eligibility Analysis
Identify Ordinance number of Findings Resolution by Governing Body

Appendix C Board of Commissioners of the Community Redevelopment Agency

Appendix D Community Redevelopment Act (Provide copy of legislation in place when plan is prepared.)