

**ECONOMIC DEVELOPMENT GROWTH ENGINE
INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

**ECONOMIC IMPACT PLAN
FOR
PARKSIDE AT SHELBY FARMS DEVELOPMENT AREA**

I. Introduction

Parkside at Shelby Farms, LLC (“Parkside”) owns certain real property located at 6678 Mullins Station Road at its intersection with Whitten Road, in the city limits of the City of Memphis (the “Property”). Parkside has requested assistance from the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee, a public nonprofit corporation organized under Tenn. Code Ann. §§ 7-53-101, *et. seq.* (the “Board”), in connection with a project to be developed on the Property, as more particularly described below.

What follows is an economic impact plan for the development of the Property (the “Plan”). First, the Plan explains the statutory authority for financial assistance from the Board (Section II). Second, the Plan describes the project, the area subject to this Plan, and the requested financial assistance from the Board in the form of tax increment financing (Sections III, IV, and V). Third, the Plan discusses the expected benefits to the City of Memphis and Shelby County from the redevelopment project (Section VI). Finally, the Plan explains the mechanics of the requested tax increment financing and the public approval process for the Plan (Sections VII and VIII).

II. Authority for Economic Impact Plan

The Board is an industrial development corporation under Tenn. Code Ann. § 7-53-101 *et. seq.* (an “IDB”). An IDB is authorized under Tenn. Code Ann. § 7-53-312 to prepare and submit to cities and counties an economic impact plan with respect to an area that includes a project within the meaning of Tenn. Code Ann. § 7-53-101 and such other properties that the IDB determines will be directly improved or benefitted due to the undertaking of such projects. Tennessee Code Annotated § 7-53-312 also authorizes cities and counties to apply and pledge new increment tax revenues that arise from the area subject to the economic impact plan, to the IDB to promote economic development, to pay the cost of projects, or to pay debt service on bonds or other obligations issued by the IDB to pay the costs of projects.

III. The Project

Parkside currently owns the Property, which consists of 60 acres +/- and is currently undeveloped. Parkside or one or more affiliates thereof (“Developer”) intends to develop the Property pursuant to a planned development that was approved on the site by the Memphis

City Council on September 5, 2017, for a new mixed-use community of residential, retail, office, and hotel uses. In total, the mixed-use development will include an approximately 130-room hotel, approximately 33,000 square feet of commercial space, office space, and approximately 1,700 structured parking spaces (the "Project"). The planned development will also include approximately 1,400 multi-family residential units that are not part of the Project.

The Project, however, is not feasible without significant investment in new and improved infrastructure and parking in the area, including construction of new roads, new pedestrian walkways, improvements to existing roads (e.g., widening, re-striping, re-paving, new signals, and sidewalks), new sewer lines, and new parking structures. In order to make the Project financially feasible, Developer has requested that the City of Memphis (the "City") and Shelby County, Tennessee (the "County") approve, as part of this Plan, a plan for tax increment financing through the Board pursuant to Title 7, Chapter 53 of Tennessee Code Annotated to provide funds to pay a portion of the costs of the improvements that are needed to permit the construction and operation of the Project, as more particularly described in Section V below. The proceeds of the tax increment financing would be used to pay certain eligible costs, in accordance with Tenn. Code Ann. § 7-53-312 and Tenn. Code Ann. §§ 9-23-101 *et. seq.* (collectively, the "Tax Increment Act"), relating to the Project.

IV. Boundaries of the Plan Area

The Property is generally located at the northwest corner of Mullins Station and Whitten Road just north of the terminus of Farm Road and north of Shelby Farms Park. The area that would be subject to this Plan and to the Tax Increment Incentive (the "Plan Area") includes only the Property, but to facilitate improved circulation and other infrastructure as recommended by the City and County and the Developer's engineering consultants, improvements will be made to the adjoining areas that will directly benefit the Project (such adjoining areas, the "Development Area"). The Plan Area and the Development Area are shown on the attached Exhibit A, and a list of the existing tax parcels that are included in the Plan Area is attached hereto as Exhibit C. The Plan Area is hereby declared to be subject to this Plan, and the Project is hereby identified as the project that will be located within the Plan Area.

V. Financial Assistance to Project

The Board will provide financial assistance to the Project by applying the proceeds of the tax increment financing described herein to pay for the following (the "Eligible Costs"): all costs that are (i) incurred in connection with the development of the Project (including related improvements in the Development Area) and the Tax Increment Incentive and (ii) permitted under the Tax Increment Act, including, without limitation, the costs of designing, constructing, and installing the improvements listed on the attached Exhibit B (the "Planned Improvements"). A final description of Planned Improvements, together with the costs and expenses of such improvements and fees to be reimbursed with the Tax Increment Incentive, will be set forth in a development agreement to be executed by the Board and the Developer in connection with the Tax Increment Incentive and consistent with this Plan (the "Development

Agreement”), as the same may be amended from time to time by the Board and the Developer so long as such amendments are consistent with this Plan. The Planned Improvements will not include Site Development Costs for the residential portion of the planned development. The Board, will pay for, reimburse Developer for, or repay the debt (principal and interest) or other financing of (as applicable) the Eligible Costs upon receipt of adequate documentation of such costs, as more particularly set forth in the Development Agreement. Notwithstanding the above, if (i) the grant for use of federal or state funding to construct the Shelby Farms Parkway is denied or terminated prior to Developer’s commencement of construction of the Shelby Farms Parkway or (ii) construction of the Shelby Farms Parkway has not been commenced within five (5) years of the Effective Date of the Development Agreement, then the City Mayor and the Shelby County Mayor may jointly instruct Developer in writing to utilize funds equal to the amount budgeted in the Planned Improvements for the twenty percent (20%) local matching funds required for the Shelby Farms Parkway grant to be utilized to improve one or more public roads designated by the mayors within two (2) miles of the Plan Area, in which case (i) this Plan and the Development Agreement shall be modified without further action to reflect the substitution of such substituted public road improvements and the Developer’s obligation to construct such substituted public road improvements, and (ii) the Developer shall have no obligation to construct the Shelby Farms Parkway. The Board is hereby authorized to issue and sell bonds, notes, or other obligations for purposes of paying the Eligible Costs, subject to the terms and conditions set forth in Section VII.b. below.

Tenn. Code Ann. § 9-23-108 does not permit the application of incremental tax revenues pursuant to this Plan to pay certain costs relating to privately owned land without first receiving a written determination from the Comptroller of the State of Tennessee (the “State”) and the Commissioner of Economic and Community Development of the State that the use of tax increment revenues for such purposes is in the best interest of the State. The Board will not apply any tax increment revenues to pay costs as to which a written determination is required without first obtaining such written determination.

VI. Expected Benefits to City and County

Implementation of the Project will yield significant benefits to the City of Memphis and Shelby County. This is one of the largest community development projects in the City and County in recent decades. The Project will generate substantial tax revenues to the local governments and help stem the outmigration of population to other areas.

The current ad valorem taxes generated in the Plan Area amount to only \$85,097 per year. The total Project investment is estimated at \$375 million distributed among the five phases of the Project. The total additional City and County property taxes to be generated by the Project during the term of the Tax Increment Incentive (after payment of certain fees to the Shelby County Trustee, the Board, and the Memphis City Treasurer as set forth in Section VII.a. below) are estimated to exceed \$172 million. Of these additional property taxes, the City will receive approximately \$38.9 million, and the County will receive approximately \$37.1 million. Approximately \$96.4 million of the new property taxes generated in the Plan Area will be

applied to pay for Eligible Costs and administrative expenses of the Project, as more particularly described below. Following the expiration of the Tax Increment Incentive, the City and County will benefit from the entire increase in the property taxes.

In addition to the new property taxes discussed above, the Project will benefit the City and County by the Developer's construction of off-site infrastructure improvements (for access and circulation as well as sewer upgrades) amounting to over \$15 million. Furthermore, the Project is estimated to generate hotel/motel and sales taxes in the amount of \$10.1 million over the term of the Tax Increment Incentive, and new sales taxes on the construction materials for the Project could amount to approximately \$3.8 million.

In addition to the direct financial benefits, the project will enhance the usage of Shelby Farms Park and support the commercial operations that have invested in the park amenities. Proceeds of the Tax Increment Incentive will also be used to improve traffic circulation in and around the park as well other public infrastructure that is needed to serve the broader area surrounding the site.

The Project will also create approximately 4,500 construction jobs over the duration of the project. Permanent direct jobs will amount to approximately 146 for the planned development.

VII. Distribution of Property Taxes and Tax Increment Financing

a. Distribution of Taxes. Subject to the provisions of this Plan, property taxes imposed on real property located within the Plan Area shall be allocated and distributed as provided in this subsection. The taxes assessed by the City and County on such property within the Plan Area will be divided and distributed as follows in accordance with the Tax Increment Act:

i. First, an amount equal to (x) the portion of the property taxes payable with respect to the Plan Area for the year prior to the date of approval of this Plan (other than any portion of such taxes that that constitutes Dedicated Taxes, as defined below) (the "Base Taxes") plus (y) that portion of property taxes levied upon property within the Plan Area for the payment of debt service of the City and County (the "Dedicated Taxes" and together with the Base Taxes, the "Total Base Tax Amount") will, pursuant to Tenn. Code Ann. § 9-23-103, be allocated to and, as collected, paid to the City and the County as all other taxes levied by the City and County on all other properties; provided, however, that in any year in which the taxes on the property within the Plan Area are less than the Total Base Tax Amount, only the taxes actually imposed will be allocated and paid to the City and County.

ii. Second, two percent (2%) of the excess Shelby County property taxes over the portion of the Base Taxes attributable to Shelby County property taxes shall be

payable to Shelby County Trustee to administer distribution of the Shelby County Tax Increment Incentive.

iii. Third, seventy-five percent (75%) of the excess of property taxes over the Total Base Tax Amount less the two percent (2%) fee due to the Shelby County Trustee as set forth above (the "TIF Revenues") will be allocated and, as collected, paid into a separate fund of the Board created to hold such payments until the tax proceeds in the fund are to be applied to pay the Eligible Costs as described above.

iv. Fourth, five percent (5%) of the of the excess of property taxes over the Total Base Tax Amount less the two percent (2%) fee due to the Shelby County Trustee as set forth above shall be payable to the Board as a fee for administering the Tax Increment Incentive. Of the fees received by the Board, the Board shall distribute (i) one percent (1%) of the excess of City of Memphis property taxes over the portion of the Total Base Tax Amount attributable to City of Memphis property taxes to the City Treasurer to administer the Memphis Tax Increment Incentive and (ii) two percent (2%) of the excess of Shelby County property taxes over the portion of the Total Base Tax Amount attributable to Shelby County property taxes to the Shelby County Trustee to administer the Memphis Tax Increment Incentive.

v. Fifth, twenty percent (20%) of the excess of property taxes over the Total Base Tax Amount less than two percent (2%) fee due to the Shelby County Trustee as set forth above will be allocated to and, as collected, paid to the City and the County as all other taxes levied by the City and County on all other properties.

The Board is authorized to make all calculations of TIF Revenues on the basis of each parcel within in the Plan Area instead of on an aggregate basis as permitted by the Tax Increment Act. If the Board opts to have such calculations made based upon each parcel, the Board shall give notice to the City and the County that such methodology will be used prior to the first allocation date of any TIF Revenues. However, EDGE will only accept up to three groupings of parcels comprising the Plan Area.

The Board is also authorized to designate, by notice to the City and the County, that the allocation of TIF Revenues from any parcel or group of parcels in the Plan Area shall begin in any tax year within the next five tax years in order to match TIF Revenues with the application of TIF Revenues for the purposes provided herein, subject to the time limitation on allocations provided below.

TIF Revenues relating to each tax year commencing January 1, 2019, shall be paid to the Board, to the extent received by the City or County, within ninety (90) days after the respective dates that taxes would be delinquent to the City and County for such tax year. TIF Revenues received by the City and County as delinquent taxes shall be paid to the Board by the City and the County within thirty (30) days of receipt.

b. TIF Obligations. In order to pay for Eligible Costs of the Project, the Board intends to use the incremental tax revenues that it would receive as a result of the adoption of the Plan to pay debt service on obligations incurred to finance such costs (or to reimburse Developer directly for Eligible Cost). This tax increment financing will be structured as follows:

i. The Board will borrow not to exceed \$96,400,000 (which represents the total amount necessary to pay for the Planned Improvements, the cost of financing the Planned Improvements, and related Eligible Costs) through the issuance and sale of notes, bonds or other obligations of the Board. Such amount will be applied to pay the costs relating to the Project after payment of costs incurred in connection with the issuance of the Tax Increment Financing. The Board shall pledge the TIF Revenues allocated to the Board pursuant to the Plan to the payment of such notes, bonds or other obligations, including, without limitation, principal and interest thereon. In no event will the obligation issued by the Board be considered a debt or obligation of the City or County in any manner whatsoever, and the source of the funds to satisfy the Board's payment obligation thereunder shall be limited solely to the TIF Revenues and such obligations shall otherwise be non-recourse to the Board.

ii. The proceeds of the notes, bonds, or obligations may be used to pay Eligible Costs as described above, the costs of issuances relating to notes, bonds or obligations described above, and interest on such notes, bonds, or other obligations.

iii. The notes, bonds or other obligations shall also be payable from other revenues of the Board and revenues from the Project as determined from time to time by the Board.

c. Time Period. Taxes on the real property within the Plan Area will be divided and distributed as provided in this Plan for a period, as to each parcel of property in the Plan Area, not in excess of twenty (20) years as to any parcel but, in any event, such allocations shall cease when there are not Eligible Costs, including debt service, to be paid from the TIF Revenues.

d. Qualified Use. The Board, the City and the County, by the adoption of this Plan, find that the use of the TIF Revenues as described herein, is in furtherance of promoting economic development in the City and County and that costs to be financed as described herein are costs of the Project.

VIII. Approval Process

Pursuant to Tenn. Code Ann. § 7-53-312, the process for approval of the Economic Impact Plan is as follows:

a. The Board will hold a public hearing relating to the proposed Plan after publishing notice of such hearing in a newspaper of general circulation in the City and County at least two (2) weeks prior to the date of the public hearing. The notice must include the time, place, and purpose of the hearing as well as notice of how a map of the subject area may be

viewed by the public. Following such public hearing, the Board may submit the Plan to the City and County for their approval.

b. The governing bodies of the City and County must approve the Plan to be effective as to both the City and the County. The Plan may be approved by resolutions of the City Council of the City and County Commission of the County, whether or not the local charter provisions of the governing bodies provide otherwise. If the governing body of the City approves this Plan but the governing body of the County does not approve this Plan, at Developer's option, this Plan shall still be effective as to the City, and all references to allocating TIF Revenues of the County shall be deemed deleted. If the governing body of the County approves this Plan but the governing body of the City does not approve this Plan, at Developer's option, this Plan shall still be effective as to the County, and all references to allocating TIF Revenues of the City shall be deemed deleted.

c. Once this Plan has been approved by the governing bodies of the City and County, the clerk or other recording official of the governing bodies shall transmit the following to the appropriate tax assessor and taxing agency affected: (a) a copy of the description of the property within the Plan Area, and (b) a copy of the resolutions approving the Plan. A copy of the Plan and the resolutions approving the Plan shall be filed with the Comptroller of the State, and annual statements of incremental tax revenues allocated to the Board shall be filed with the State Board of Equalization as required by the Tax Increment Act. The Board will also comply with all other procedural requirements of the Tax Increment Act and other applicable laws.

d. Once this Plan has been approved by the governing bodies of the City and County, the Board and the Developer shall execute the Development Agreement. The Board's obligation to provide financial assistance to the Project is subject to the subsequent approval and execution and delivery of the Development Agreement by the Board and the Developer.

EXHIBIT "A"
MAP OF PLAN AREA AND DEVELOPMENT AREA

(Map Following This Page)

Parkside Development TIF Exhibit

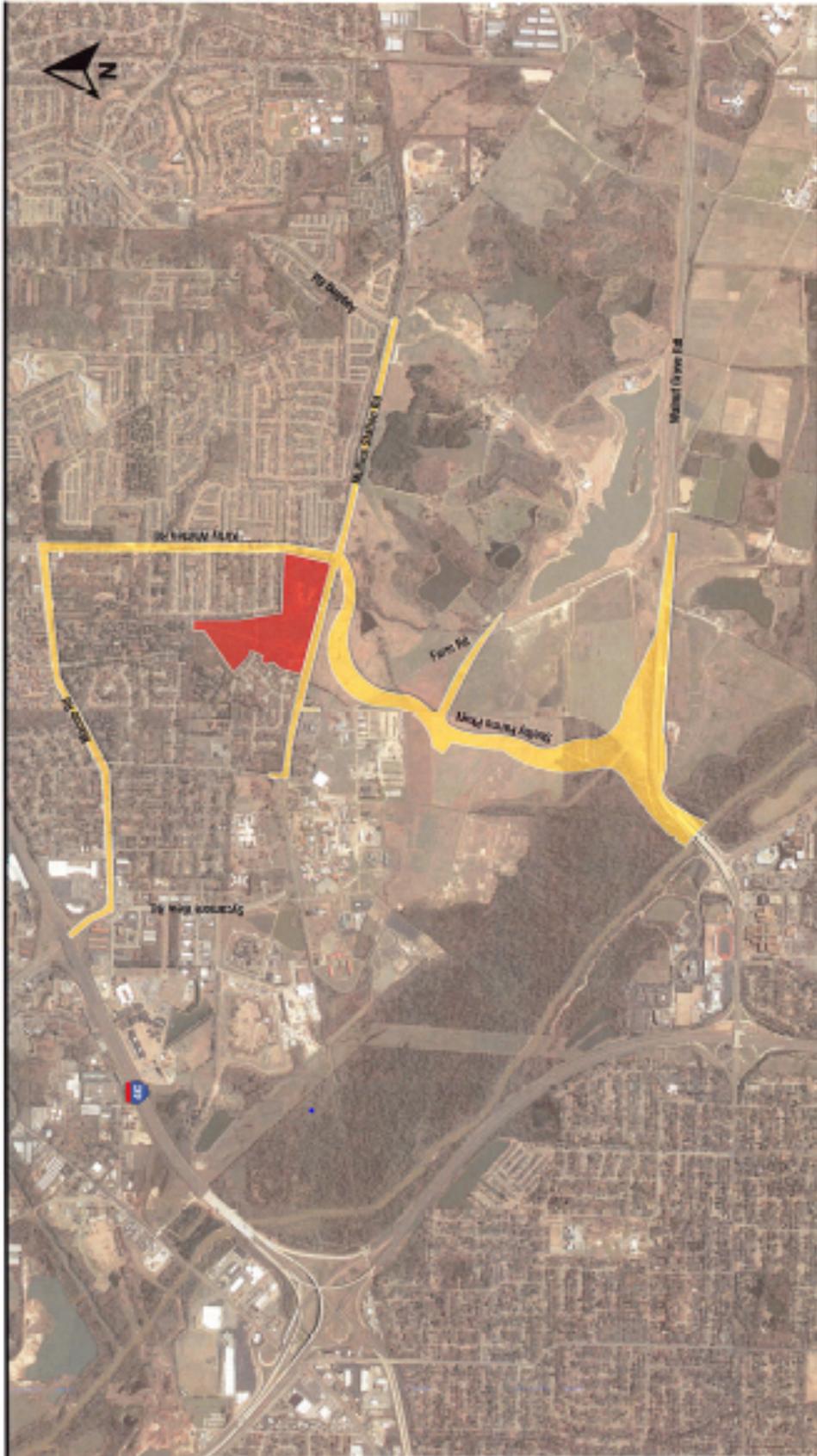


EXHIBIT "B"

PLANNED IMPROVEMENTS

Parkside at Shelby Farms: Infrastructure		
Planned Public Improvements		Estimated Costs
Storm Water Drainage		\$6,766,000
Water System Infrastructure		\$1,580,000
Electrical Grid System		\$2,500,000
Natural Gas Infrastructure		\$780,000
Excavation of Roadways		\$3,212,500
Interior Public Roadways		\$5,364,250
Street Lights		\$1,000,000
Surface Parking		\$3,500,000
Off-Site Sewer Connection		\$1,670,000
Off-Site Roadways		\$1,480,000
Structured Parking		\$31,590,825
Shelby Farms Parkway		
Construction Adjacent to Plan Area	\$5,700,000	
20% Local Match for Grant	\$6,586,180	\$12,286,180

TOTAL PUBLIC INFRASTRUCTURE COSTS **\$71,729,755**

EXHIBIT "C"
Parkside at Shelby Farms
Parcel Listing

Parkside at Shelby Farms: Parcel Listing	
Property Address	Parcel ID
0 PATMORE RD	089051 00256
0	089051 00255
0 WHITTEN RD	089051 00120
1059 WHITTEN RD	089051 00118
1047 WHITTEN RD	089051 00119
1019 WHITTEN RD	089051 00121
1009 WHITTEN RD	089051 00122
999 WHITTEN RD	089051 00123
989 WHITTEN RD	089051 00124
979 WHITTEN RD	089051 00238
0 WHITTEN RD	089051 00239
0 WHITTEN RD	089051 00126
6678 MULLINS STATION RD	089051 00128
6680 Mullins Station	089051 00127