

MEMPHIS CENTER CITY REVENUE FINANCE CORPORATION
BOND POLICY / DEBT MANAGEMENT POLICY
(Amended October 8, 2024)

INTRODUCTION

Memphis Center City Revenue Finance Corporation (the “Board”) is a public nonprofit corporation authorized pursuant to state law to issue its revenue bonds to finance certain projects located in Downtown Memphis and, in limited circumstances, to utilize the federal tax exemption available to counties and municipalities to promote investment in Downtown Memphis.

While the Board serves as a conduit between the advantages of tax-exempt and other financing and those entities wishing to invest in Downtown Memphis, it is not a financial institution and has no funds of its own to lend to private parties. Financing may be arranged through municipal bond underwriters or various financing institutions such as commercial banks. It is recommended that a prospective applicant determine the availability of financing, either through a public sale of bonds or a private placement to a financial institution, prior to making formal application to the Board. Bond issues will not normally be approved unless evidence of available financing has been submitted. To further its public purposes, the Board will only consider bond financings which are economically sound, and which will have a positive impact on Downtown Memphis.

Prospective applicants for bond financing should be aware of certain restrictions arising from federal and state statutory law. First, a proposed project must be found by the Board to further its public purposes. Second, federal law limits the types of projects that may be financed on a tax-exempt basis and the amount of certain types of tax-exempt bond financing. Third, taxable revenue bonds issued by the Board are generally more costly than traditional financing. Where all legal requirements can be met, bonds may qualify as municipal obligations for federal tax purposes and the interest paid to holders of such bonds is exempt from federal taxation. Normally this will result in a significantly lower interest cost to the borrower.

These guidelines are in addition to the normal rules and procedures of the Board and do not represent an exclusive list. From time to time and without notice, other important guidelines may be adopted, and others may be deleted. These guidelines do, however, express the concern of the Board for the creation and preservation of permanent jobs, the preservation and expansion of the tax base, the improvement of the environment, and the progress of the local economy. Exceptions may be made when a project, which would not otherwise qualify, provides significant contribution to the accomplishment of these goals.

FACILITIES TO BE FINANCED BY BOARD

1. Facilities of Non-Profit Entities (501(c)(3)) will be considered for tax-exempt bond financing on a case-by-case basis, subject to availability of tax-exempt bond financing under the Internal Revenue Code.

2. Office Buildings are generally not eligible for tax-exempt bond financing under the Internal Revenue Code.

3. Multifamily Housing. Multifamily Housing Facilities for low-income individuals may be eligible for tax-exempt bond financing under the Internal Revenue Code. The Internal Revenue Code requires users of tax-exempt Multifamily Bonds to reserve a percentage of the total units financed for low-income residents. The minimum requirement under the Code is either 20% of the total units set aside for households with incomes at or below 50% of median income; or 40% of the units set aside for households with incomes at or below 60% of median income.

4. Retail Centers and Entertainment and Recreation Facilities are generally not eligible for tax-exempt bond financing under the Internal Revenue Code.

5. Other Projects will be considered for tax-exempt bond financing on a case-by-case basis, subject to availability of tax-exempt bond financing under the Internal Revenue Code.

6. Taxable Bonds will be considered on a case-by-case basis.

7. Equity Investment. A reasonable equity investment or other evidence of financial capability will be expected from all applicants. This may include investments in land, buildings, equipment, or improvements.

BOND POLICY/ DEBT MANAGEMENT POLICY

1. General. 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. All applicants will be required to appear before the Board to respond to questions from the Board prior to approval of any financing. THE BOARD DOES NOT MAKE ANY RECOMMENDATIONS WITH REGARD TO THE PURCHASE OF ITS BONDS, NOR SHOULD ITS APPROVAL OF A FINANCING BE CONSTRUED AS A REPRESENTATION OF ANY SORT WITH REGARD TO THE FINANCIAL CONDITION OR SUITABILITY OF ANY FIRM RECEIVING FINANCING THROUGH THE BOARD. ALL BOND PURCHASERS ARE EXPECTED TO MAKE AN INDEPENDENT INVESTIGATION OF THE BONDS OF THE BOARD AND THEIR SECURITY.

2. Marketing of Bonds. All approved applicants shall make adequate

provision to assure the Board that full disclosure is made with regard to each bond financing and such financing is in compliance with all applicable securities laws. The Board requires that publicly traded bond financings provide credit enhancement in the form of a letter of credit or bond insurance acceptable to the Board or be rated investment grade by a 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 execute an investment letter or bond purchase agreement containing the following representations and agreements:
 - i. the purchaser represents that it has made an independent investigation of the credit of the company being financed and that it has not relied upon the Board for any information with regard to the company or the collateral for the bond issue;
 - 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, any other federal law applicable to the sale of such bonds, or the securities laws of any state, 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 written agreement 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 such bonds for a minimum period of time or otherwise limit its right to sale thereof.

3. Notice 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 regardless of the cause of such default.

4. 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.

5. Bond Trustee. The bond trustee of any bond issue of the Board shall be subject to the approval of the Board and 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.

6. Board's Fees and Expenses. Prior to approval of any bond financing, the applicant must make satisfactory arrangements with the Board with regard to payment of its fees and expenses in connection with the financing. In addition to the Board's initial application fee, the Board shall charge a closing fee in accordance with the schedule set forth in the policies.

7. Conflicts of Interest. To avoid conflicts of interest, no financing will be approved if Board Counsel has a professional legal relationship with the Applicant or any sponsor of the financing other than incidental representations in connection with proposed financing or similar financings, but the Board may waive this condition in appropriate circumstances. In addition, no project will be approved if any current Board member has a material direct or indirect ownership interest in the Applicant. Each Board member shall be responsible for disclosing any interest which he or she may have in an Applicant. Professionals hired or compensated by the Board shall be required to disclose to the Board existing client and business relationships between and among the professionals to a transaction (including but not limited to financial advisor, swap advisor, bond counsel, swap counsel, trustee, paying agent, underwriter, counterparty, and remarketing agent), as well as sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the Board to appreciate the significance of the relationships.

8. 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 in the policies. The application fee must accompany the request. This fee must be paid prior to the Board hearing the Applicant's request and will be nonrefundable. Applicant is further required to pay Board Counsel's legal fees and expenses incurred with such transaction.

9. Transfer of Projects. The Board will consider approvals of transfers of bond-financed projects upon payment of an application fee of one-half of one percent (0.5%) of the bond amount to be transferred, with a minimum application fee of \$1,500. This fee must be paid prior to the Board hearing the Applicant's request and will be nonrefundable. Applicant may also be required to pay Board Counsel's legal fees and expenses incurred with such transaction.

10. Public Meetings. Tennessee law requires that all Board meetings be open to the public and Federal law requires that notice of any Board meetings at which certain public hearings required by the Internal Revenue Code with respect to tax-exempt bond issues are to be considered be published electronically or in a local newspaper of general circulation seven (7) 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, twenty-one (21) days prior to a meeting at which an application for bond financing is to be considered, the following information: name of borrower-applicant, amount of bond issue, location of project, and description of project.

11. Professionals. The Board shall require all professionals engaged in the process of issuing debt to clearly disclose all compensation and consideration received related to services provided in the debt issuance process by the Board, the Applicant or any lender. This includes "soft" costs or compensations in lieu of direct payments. The Board shall enter into an engagement letter with each lawyer or law firm representing the Board in a debt transaction, provided that no separate engagement letter is required for any lawyer who is an employee of the Board or lawyer or law firm which is under a general appointment or contract to serve as counsel to the Board. The Board does not need an engagement letter with counsel not representing the Board. If the Board chooses to hire financial advisors, the Board shall enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions. Whether in a competitive or negotiated sale, the financial advisor shall not be permitted to bid on, privately place or underwrite an issue for which they are or have been providing advisory services. If there is an underwriter, the Board shall require the underwriter to clearly identify itself in writing as an underwriter and not as a financial advisor from the earliest stages of its relationship with the Board with respect to that bond issue. The underwriter must clarify its primary role as a purchaser of securities in an arm's-length commercial transaction and that it has financial and other interests that differ from those of the Board. In any bond issue secured by rents from a PILOT lease, which is a publicly offered through a negotiated sale, the underwriter shall be required to provide pricing information both as to interest rates and to takedown per maturity to

the Board's President or Chief Financial Officer in advance of the pricing of the debt.

APPLICATION PROCEDURES

The following constitutes the basic procedures involved in applications for industrial revenue bond financing through the Board. For purposes of these procedures the term "bond financing," is deemed to be inclusive of new financings as well as refundings and refinancings of previous bond transactions. The Board is not a financial institution and does not have any funds of its own available for loan. Any person wishing to utilize its bonding capacity should contact an investment banker or other financing source to determine the availability of funds prior to contacting the Board. Bond financings for projects will not normally be approved unless evidence of available financing has been submitted to the Board.

1. Pre-Submittal Conference. A meeting with a member of the Downtown Memphis Commission Development staff must be held prior to submission of a Bond application. This meeting is to acquaint all parties with the scope of the project and any related issues. This meeting also serves to familiarize the applicant with the overall submittal and review process as well as these policies.

2. Submittal of Application. An outline of the Bond application follows in this package. The official application must be assembled based on this outline. The application must be submitted no later than two weeks prior to the regularly scheduled CCRFC Board of Directors meeting. The application should be delivered electronically to the Board Counsel and by submitting a copy to:

Downtown Memphis Commission
114 North Main Street
Memphis, TN 38103
Attn: President

Incomplete applications will not be presented to the board for review. All incomplete applications will be subject to any new policies or procedures that are adopted by the Center City Revenue Finance Corporation Board of Directors.

3. Fees and Expenses. An application fee computed according to the following schedule must accompany the application. This fee must be paid prior to the Board hearing the Applicant's presentation of the project and will be nonrefundable except in cases where the Board rejects the application for non-compliance with its policies. The Application fee will be credited against the Closing Fee described below.

Estimated Project Cost at Time of Application		Application Fee
0	\$1,000,000	\$1,500
\$1,000,001 -	\$2,500,000	\$2,000
\$2,500,001 -	\$5,000,000	\$3,000
\$5,000,001 -	and greater	\$4,000

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 fee of \$10,000.

All out of pocket expenses, including long distance phone calls, postage, travel expenses, photocopies, etc., will be billed in addition to the above. In the event the requested financial incentives are not granted, or Applicant does not go forward with the Project, the Board reserves the right to submit a bill for legal services rendered and expenses incurred with regard to the proposed Project, with legal services billed on an hourly basis for legal time expended.

Generally, the above quoted fees will include reimbursement of the fees of Board Counsel and the Applicant will not be required to pay such fees separately. 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 Applicant is responsible for payment of all Bond Counsel fees and other expenses of the financing.

4. Board Review and Approval. The CCRFC Board of Directors generally meets on the second Tuesday of every month at 9:00 am. Meetings are held at the Downtown Memphis Commission offices at 114 North Main Street. The applicant's project will be publicly reviewed by the Board based on Downtown Memphis Commission staff evaluations. The project will be approved or denied at this meeting. In order for the application to be considered by the CCRFC Board, the applicant, or his/her appointed representative, must be present at the meeting. An appropriate representative could be any of the project principles, professionals contracted on the project, or someone who the applicant has identified and given authorization to the DMC Development staff.

5. Approval Process. 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. 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 bonds to finance the proposed project, subject to drafting of documentation in form satisfactory to the Board and other appropriate contingencies.
- B. Final approval of a financing and passage of a final resolution will occur after documentation has been prepared by Bond Counsel or Applicant's 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 therefor will be given contingent upon receipt of a satisfactory legal opinion from the Bond Counsel (if applicable) and the Applicant's Counsel.

6. Closing Deadline. A maximum of six (6) months is 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 ownership. Any Applicant requesting approval of an extension of time will be required to present to the Board a complete project update.

7. Extension of Closing Deadline. 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 for the six-month period 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.

8. Design Review Process. All applicants pursuing incentives from this or any other Downtown Memphis Commission affiliated board must have their projects reviewed by the DMC Design Review Board (DRB). This board reviews the project for architectural, historical and contextual compatibility to ensure that the agency's funds are being invested in a quality project that produces lasting benefits for the community.

9. Equal Business Opportunity Program. All new construction or renovation projects receiving bond financing shall comply with the Downtown Memphis Commission's Equal Business Opportunity Program's requirements as of the final approval by the Board of the financing.

BONDS SECURED BY THE RENTS FROM A PILOT LEASE

1. City and County Approval. No bond issue shall utilize funds received by the Board as rent from any Lease, as such term is defined in Section 7-53-101(6) of Tennessee Code Annotated, unless such approval has been approved by the Memphis City Council and the Board of Commissioners of Shelby County by Resolutions duly adopted. No bond issue shall utilize funds from the PILOT Extension Fund created by the Board without also receiving approval of the Mayors of the City of Memphis and Shelby County.

2. Fees and Expenses. The Board will charge the fees and expenses set out in these policies for any bond issue supported by the PILOT Extension Fund except for bonds issued for the benefit of the Downtown Parking Authority. The Downtown Parking Authority shall be required to reimburse the Board for its fees and expenses in connection with the bond issue.

3. Covenants Under Master Indenture. No bonds secured by the PILOT Extension Fund shall be approved unless the requirements for issuance of additional Bonds under the Master Indenture with respect to the PILOT Extension Fund are met, including all financial covenants.

4. Limitation on Use of PILOT Extension Funds. No bonds will be secured by the PILOT Extension Fund if the use of the PILOT Extension Fund would inure to the benefit of any private individual in violation of Section 7-53-308 of Tennessee Code Annotated.

PROCEDURES FOR BOND FINANCING

1. Obtain application for bond financing from Memphis Center City Revenue Finance Corporation.
2. Discuss project with an investment banker to learn of the marketability of the project (i.e. that the bonds can be sold)

3. Determine who will structure the deal. It could be the same investment banker or another financial advisor. This agent will help determine the best terms, if the bonds will be fixed or floating, if a letter of credit will be needed, if the project can be privately placed with a single buyer, insurance company, etc., or placed publicly, and answer specific questions about bond financing.

4. Obtain bond counsel. One of the first questions that bond counsel should answer before proceeding with the Board is whether or not the project is eligible for tax-exempt revenue bond financing. Bond counsel should also assure that State Allocation Funds are available for the project, if required.

5. Clarify facts on eligible costs for tax-exempt revenue bond financing with bond counsel. Obtain construction financing if necessary.

6. Make application to the Board and get an inducement resolution passed by the Board.

7. A seven (7) day TEFRA legal notice prior to a public hearing is required in most tax-exempt bond transactions. The notice is published electronically on the Board's website or in the newspaper of general circulation in Shelby County, Tennessee and the cost of publication shall be included in the closing costs.

8. Generate contract documents for bond. Final Resolution is approved by the Board and bond closing held. Proceeds will then be in place and construction can begin