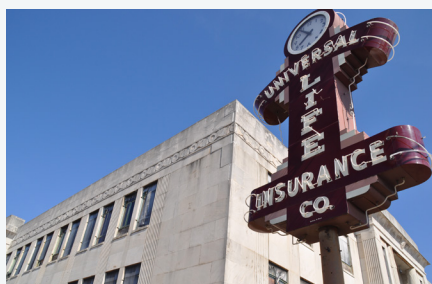


DOWNTOWN MEMPHIS DEVELOPMENT LOAN



A low-interest loan for permanent building improvements in the Central Business Improvement District.



Maximum Loan of **\$200,000**, based on a project's eligible costs.



A **one percent interest loan**, amortized on a 20 year schedule for low monthly payments.



Loan is for **permanent improvement**, not temporary furnishings and fixtures

Program Administered by the
Center City Development Corporation

114 North Main Street
Memphis, TN 38103

(901) - 575 - 0540
DowntownMemphisCommission.com



**DOWNTOWN
MEMPHIS
COMMISSION**

HOW TO APPLY

Read Full Packet for More Details

1



Submit your initial project idea.

Send DMC staff some basic info about your project -- including where the property is located, what you'd like to change, and current pictures of the existing space.



2



Prepare a project budget and design plans.

Create an itemized budget for your proposed project, and basic plans for the changes you plan to make.



3



Follow Equal Business Opportunity (EBO) Guidelines.

Every project that receives a DMC incentive must receive bids through an open and fair process. Before submitting your final application, meet with DMC staff to make sure you have a plan to comply with this requirement.



4



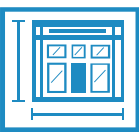
Submit your final application for CCDC approval.

The CCDC board meets the third Wednesday of every month at 9:00 AM. To have your project considered at a monthly board meeting, submit your final application three weeks before the meeting date.



If Project Includes Exterior Changes

5



Apply for Design Review Board (DRB) Approval

Every exterior project that receives a CCDC incentive must be approved by the DRB for architectural, historical, and contextual compatibility based on the Downtown Memphis Design Guidelines.



6



Begin work!

Once your application is approved by both the CCDC and DRB, and you've properly bid out work according to the DMC's EBO guidelines, you can start work. Grant funds will be dispursed after the project's completion.

DOWNTOWN DEVELOPMENT LOAN PROGRAM

The **Downtown Development Loan** program is a tool designed to support smaller development projects and emerging developers. This loan product can fill a critical gap in a project's financing package and help attract conventional lenders to the project. The Downtown Development Loan is a **low-interest loan of up to \$200,000** for permanent building renovations and new construction in the Central Business Improvement District (see map in **Appendix II**).

The Development Loan is not a construction loan; rather, it is permanent financing that can be used to take out a construction loan. As such, funds will not be released until after construction has been completed. The final loan amount is based on approved receipts. **Please note that the Development Loan is for property owners only.** Tenants are not eligible for this program.

Please note that this loan program is not an entitlement and not every application will be approved. The approved amount of a loan may be less than the maximum, depending on CCDC priorities, funding availability, and eligible project expenditures. DMC staff will work with each applicant to determine the recommended scope of work and confirm the total loan amount. You must be current on your City and County property taxes in order to apply.

WHAT PROJECTS ARE ELIGIBLE?

The Development Loan program is permanent financing for new construction and permanent building renovations only. The following are examples of eligible uses for the Development Loan:

- Exterior facade repairs such as brick tuck-pointing, painting, window and door replacement/repair, cornice line construction, storefront repair and canopy reconstruction.
- Other exterior improvements such as roof repair and replacement.
- Interior structural improvements such as floor joist installation and ceiling repairs.
- Building system improvements such as installation of plumbing and electrical service as well as heating, cooling, and ventilation systems.
- First floor, non-residential tenant improvements that are permanent in nature and non-tenant specific.
- Removable fixtures like lamps, switches, and interior doors are not eligible. Equipment like sinks, refrigerators, and shelves are not eligible.

LOAN AMOUNT & TERMS

- Maximum loan amount: \$200,000

- Interest rate: One percent
- Term: 10-years, amortized on a 20-year schedule
 - Balloon payment due in year 10.

Principal and interest payments are due at the first of each month.

APPLICATION SUBMISSION & FEES

Applications will only be accepted for projects that CCDC staff has determined to be complete, qualified, and meeting the purpose of the program while also taking into account available resources. A **non-refundable application fee of \$100** is due upon submission of a loan application to the CCDC. If the Development Loan is approved, **a fee of one percent of the loan amount is assessed**. The fee and any prepaid interest are due at closing.

EBO & DRB REQUIREMENTS

As a condition of receiving the loan, you must comply with the DMC's Equal Business Opportunity (EBO) program by having a fair and open bidding process for all contracting and sub-contracting opportunities associated with the project. Please review the attached document titled **DMC Equal Business Opportunity (EBO) Program Overview** for more information about this requirement. Also, the plans for all exterior improvements, if any are proposed, must be reviewed and approved by the Design Review Board (DRB) prior to the start of work.

ADDITIONAL INFORMATION

The Development Loan is the largest incentive program offered by the CCDC. While the CCDC has other grant programs available, our goal is to use resources efficiently while leveraging private investment to the fullest extent possible. **DMC staff will typically advise each applicant to apply for only one CCDC incentive program for their project.** However, DMC staff may choose to recommend approval for more than one CCDC incentive for a high-impact project or a strategically significant property located within a targeted retail node if doing so closely aligns with the DMC's strategic priorities.

DMC staff is charged with balancing financial risk to the CCDC with aggressively supporting commercial development Downtown. While every project is unique, **the amount of CCDC's Development Loan investment in the overall development budget of a project should typically not exceed 25%.**

HOW TO APPLY? SIX STEPS:

Step 1: Submit Your Project Idea

Submit a letter or email to DMC staff describing your interest in a Development Loan. Please include the following information:

- a. Property address
- b. Project description
- c. Photograph(s) showing how the building or site looks today
- d. Your contact information (name, phone number, and email address)

Step 2: Prepare a Project Budget and Design Plans

If DMC staff determines that your project idea is potentially eligible for a Development Loan, the next step is for the applicant to finalize the project's scope of work, and draft an itemized budget for the project. The itemized budget will allow DMC Staff to determine the available work eligible to receive loan funds, and estimate the potential loan amount.

In addition to the itemized project budget, work with DMC staff to determine what design plans, if any, are required. Depending on the scope of work, this could include floor plans, exterior elevations, site plans, or other similar pieces of documentation.

Step 3: Bidding Process & Equal Business Opportunity (EBO) Program

As a condition of receiving the loan, each applicant must comply with the DMC's Equal Business Opportunity (EBO) program by having a fair and open bidding process for all contracting and sub-contracting opportunities. You will be required to prepare and follow an Outreach & Inclusion Plan to ensure that proactive steps are taken to avail opportunities to minority and/or women-owned businesses. The DMC's goal is a minimum of 25% participation by minority and women-owned businesses (MWBE's) in the total project cost.

Each applicant must meet with DMC staff to discuss the EBO program prior to submitting an incentive application. The focus of this meeting will be to review how the EBO Program requirements will apply to your specific scope of work and potential strategies to include in your Outreach & Inclusion Plan.

Please review the attached **DMC Equal Business Opportunity (EBO) Program Overview** for more information about this requirement

Step 4: Submit Loan Application & Request Approval at Monthly CCDC Meeting

Once DMC staff reviews and accepts the proposed scope of work and budget, you can submit a formal grant application (see **Appendix I**). **The application deadline is three weeks prior to the CCDC meeting date at 4:00 PM.**

The applicant should submit a digital copy of the application via email and a \$100 application fee payable to the Center City Development Corporation by the application deadline. In most cases, DMC staff will ask that you deliver fifteen hard copies of the final application prior to the CCDC Board meeting. The printed materials are typically delivered one or two days prior to the Board meeting. If requested by staff, please deliver the materials to the following address:

**Center City Development Corp
114 North Main Street
Memphis, TN 38103**

Once an application has been submitted to the CCDC, the information contained in the application is a matter of public record. **The CCDC meets on the 3rd Wednesday of each month at 9:00 AM in the DMC Conference Room, 114 N. Main Street.** Please plan on attending the CCDC meeting when your project is on the agenda.

Step 5: Request Design Review Board Approval (If Applicable)

If the project involves exterior design changes, the project must also be approved by the Design Review Board (DRB) for architectural, historical, and contextual compatibility based on the Downtown Memphis Design Guidelines. DRB approval can happen concurrently with, or immediately following, CCDC review and approval. Staff will advise you on how best to proceed with DRB review depending on your scope of work and project type.

Step 6: Start of Work

Following CCDC and DRB approval, the applicant will be given a notice to proceed and can hire the general contractor and sub-contractors. The applicant is responsible for documenting all expenses and submitting receipts to the DMC after the project is complete. All work must be consistent with the approved loan application and the DMC must approve any changes in work scope or materials in advance of that work being performed. **Please note that an approved Development Loan may be canceled if your project has not started within six months of the date it was approved.** The project must be completed within 18 months of the date it was approved. If good cause can be shown for a project delay, a six month extension (on closing or completion) may be granted at the discretion of the board.

Contact DMC staff when the project is complete and you are ready to close the loan. Loan funds will only be disbursed from the DMC to the applicant upon receipt of final

contractor receipt and waiver(s), satisfactory inspection of the completed work and compliance with standard closing conditions.

Once the Development Loan has closed, an applicant must provide a formal written request for any subordination of the previously-approved loan. DMC Staff will evaluate each subordination request administratively to evaluate any change in financial risk for the project. Refinancing of existing loans will be administratively reviewed and approved by DMC staff as long as the original loan amount is not increased by more than 10 percent.

READY TO APPLY OR HAVE QUESTIONS? CONTACT:

Brett Roler, AICP

Senior Vice President, Planning & Development

Downtown Memphis Commission

roler@downtownmemphis.com

(901) 575-0574

APPENDIX I: DEVELOPMENT LOAN APPLICATION

Date of Application:		
Building/Property Address:		
Applicant's Name:		
Ownership Status:	<input type="checkbox"/> I own the property <input type="checkbox"/> I am purchasing the property <input type="checkbox"/> Other _____	
Primary Project Contact:	Name:	
	Phone:	Email:
	Mailing Address:	
Describe the existing condition of the property.		
Describe the proposed future use of the property.		
What improvements do you plan to make to the property?		
Square Footage of Building / Land Area To Be Improved:		
Architect (if applicable)	Name: Company:	Phone:
Total Project Budget:		
Total Loan Requested:		
Property Owner: (If not the applicant)	Name:	
	Phone:	Email:
	Mailing Address:	

Legal Disclosure:	<p><i>Disclose in writing whether any applicant, guarantor, or any other person involved with the project is currently engaged in any civil or criminal proceeding or ever filed for bankruptcy. Also, disclose whether any individual involved with the project has ever been charged or convicted of any felony or currently is under indictment:</i></p>
Board Relationship Disclosure:	<p><i>Disclose in writing whether the applicant or any guarantor has any previous or ongoing relationship with any Board member or legal counsel of the Board.</i></p>
Applicant's Certification:	<p>This application is made in order to induce the CCDC to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to the CCDC in its consideration of the application is included. The applicant acknowledges that it has reviewed the descriptions of the CCDC financial program for which it is applying and agrees to comply with those policies. The applicant shall also be required to show best faith efforts with regard to the employment of minority and/or women contractors and subcontractors in the project development. The applicant specifically agrees to pay all reasonable costs, fees and expenses incurred by the CCDC whether or not the incentive is granted or project completed.</p> <hr/> <p>Signature: _____ Date: _____</p>

Application Attachments

In addition to this completed and signed application, include the following attachments when you submit your grant request:

- **Applicant & Project Info**

- List all team members involved in the project at this point
- Description of applicant's development experience.
- Explanation of corporate or partnership structure, if applicable
- Summary of marketing plans describing the market potential and targeted market.
- If the project is speculative, describe how long full occupancy is expected to take and who will manage the project.
- Describe any and all existing financing, options, taxes owed, and liens on the property.

- **Required Drawings and Exhibits**

- Architectural plans and renderings if available
- Any available history on the property
- A letter from a certified engineer, licensed in the State of Tennessee, as to the structural integrity of the existing building for its intended usage, if applicable.
- Photos of current conditions
- Photos of all exterior building elevations
- Existing floor plan, if applicable.
- Plans and drawings as needed to understand the project scope.

- **Applicant Finances**

(Please note that personal financial information will not be disclosed unless there is a specific request to review the information.)

- Current audited financial statements of the applicant and guarantors. If audited financial statements are unavailable, please submit non-audited statements.
- State the relationship any applicant or grantor has had with any accounting firm over the last five years and reason for change, if any.
- Three years tax returns if applicant is an individual.
- Financial history of the project and previous attempts to develop, if applicable.

- **Project Finances**

- If any portion of the project has been leased or is currently under lease, state lessee and the income from the lease.
- If any additional loans are being sought for renovation of the project, give the name of the lender and the amount of the loan.
- Sources and uses statement including estimated project costs broken down by component (e.g. land, buildings, equipment, soft costs, etc.). Sample sources and uses statement attached (**Attachment A**).
- Five years cash flow pro forma showing the project's ability to service its debt (**Attachment B**).

- **Project Timeline**

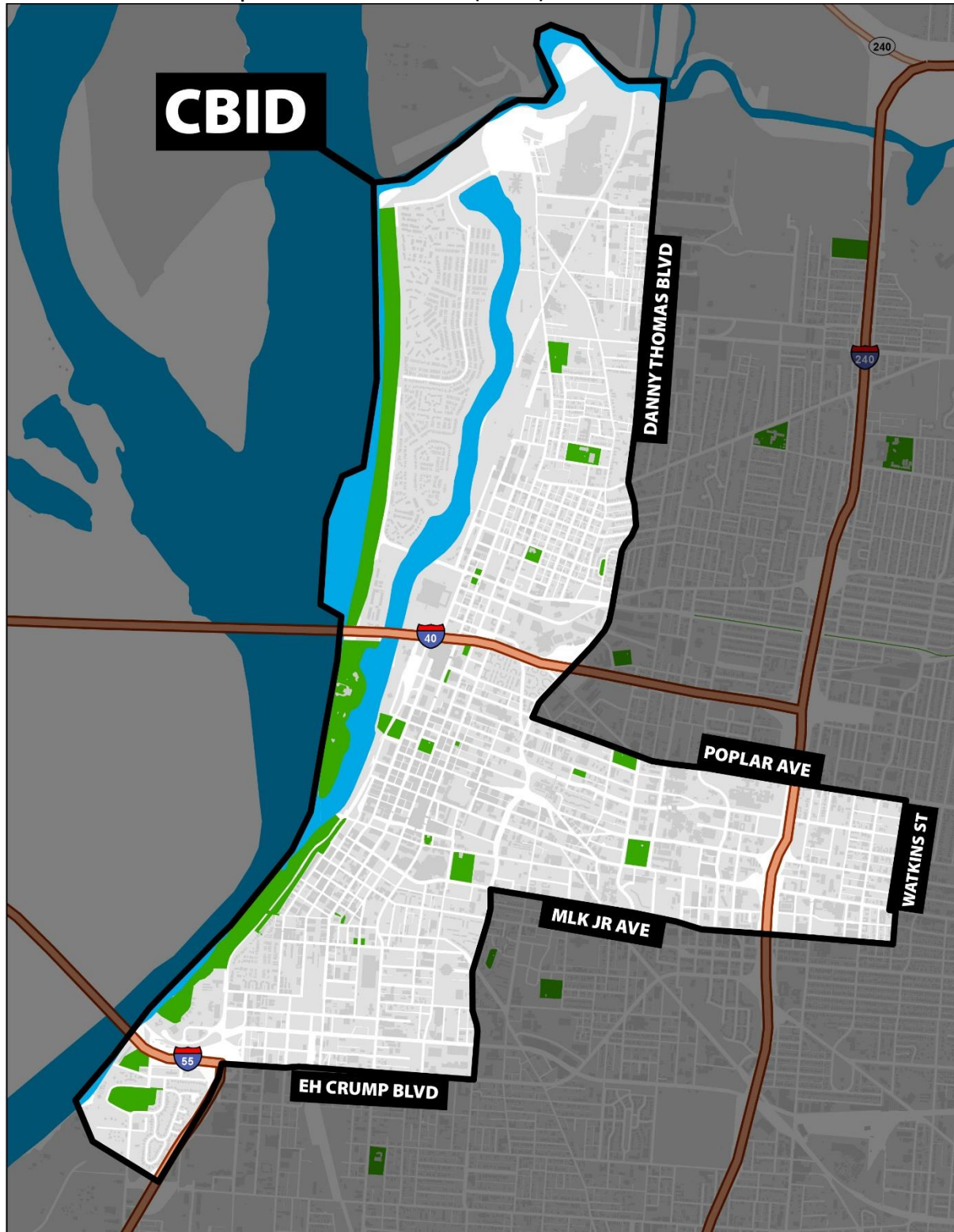
List estimated dates to begin and finish construction

- **References**

List three credit references

APPENDIX II – PROGRAM BOUNDARY

Central Business Improvement District (CBID)



ATTACHMENT A

Sources and Uses Statement Sample

SOURCES OF FUNDS:

Project Debt - including amount, rate and period	\$XXX,XXX
Owner's equity in project	\$XXX,XXX
Other Sources (specify each source)	<u>\$XXX,XXX</u>
Total Sources of Funds	<u>\$X,XXX,XXX</u>

USES OF FUNDS:

Detail of Project Costs including:	
Land Building Purchase	\$XXX,XXX
Construction Costs	\$XXX,XXX
Soft Costs	\$XXX,XXX
Financing Fees	\$XXX,XXX
Professional Fees	<u>\$XXX,XXX</u>
Total Project Costs	\$XXX,XXX
Other Uses	<u>\$XXX,XXX</u>
Total Uses of Funds	<u>\$X,XXX,XXX</u>

ATTACHMENT B

Five-Year Cash Flow Statement Sample

	<u>Yr 1</u>	<u>Yr 2</u>	<u>Yr 3</u>	<u>Yr 4</u>	<u>Yr 5</u>
REVENUE:					
Commercial Space Revenue					
Total Commercial Square Footage					
Vacancy Assumptions					
Revenue per Square Foot					
Residential Space Revenue					
Total Residential Square Footage					
Total Number of Units					
Vacancy Assumptions					
Revenue per Square Foot					
Other Revenue (if any)					
Total Projected Revenue					
EXPENSES:					
Operating Expenses					
Management/Leasing Fees					
Insurance					
Maintenance					
Utilities					
Legal/Accounting					
Taxes					
Total Projected Expenses					
NET OPERATING INCOME:					
DEBT SERVICE:					
Principal					
Interest					
Total Debt Service					
DEBT SERVICE RATIO:					
NET CASH FLOW:					
RETURN ON OWNER'S EQUITY:					

EQUAL BUSINESS OPPORTUNITY (EBO) PROGRAM OVERVIEW

Increasing contracting opportunities for minority and women-owned businesses is a high priority for the Downtown Memphis Commission (DMC). **All projects that request support from the DMC must meet the requirements of our Equal Business Opportunity (EBO) Program.**

Our goal is to provide an equal opportunity for minority and women-owned business enterprises (MWBEs) to bid on all eligible aspects of a project, including contracting and sub-contracting opportunities. The EBO program requires that you reach out proactively to MWBE's and hold a fair and open bidding process.

HOW TO MEET THE EBO PROGRAM REQUIREMENTS

If your project requests an incentive or financial support from the DMC, meeting the requirements of the EBO program will involve two main components:

1. You must demonstrate a **best-faith effort** to be inclusive when selecting companies to hire in executing the project and performing the necessary work. This process will usually start by meeting with DMC staff in a pre-application conference to discuss the project and identify opportunities for proactive outreach to MWBE companies.
2. You should strive to exceed the DMC's **minimum goal of 25% MWBE participation** in the total hard and soft costs associated with the project. Hard costs include things like new construction, renovation, or demolition. Soft costs cover professional services including design and architecture, engineering, and similar work. DMC will periodically reevaluate our minimum goal and work continuously to increase that average every year to the point where it reflects the makeup of our community.

THINGS TO KEEP IN MIND

- Please note that the DMC's EBO program does not require that an applicant select an unqualified firm or pay more in order to receive the same services. The EBO program simply requires that a fair and open process is used so that MWBE firms have an equal chance of being selected.
- The size, scope, and complexity of each project must be taken into consideration when developing the specific outreach and inclusion plan for a project. Each applicant will work with the DMC staff to craft a specific Outreach and Inclusion Plan based on their project scope.
- Failure to follow the EBO program will result in the incentive being canceled.
- Compliance with the Equal Business Opportunity (EBO) program is the responsibility of the incentive applicant. You must ensure that the general contractor adheres to the steps outlined in your Outreach & Inclusion Plan.

Please see the back page of this handout for examples of action steps that may be included in your Outreach & Inclusion Plan.

THE EBO PROCESS: STEP BY STEP GUIDE

Although every project is unique and will follow its own Outreach & Inclusion Plan, the following chart identifies steps typically involved in meeting the DMC's EBO requirements. The specific steps required for each applicant will be heavily influenced by the size, scope of work, and development costs associated with the project.

DEVELOPMENT COSTS:



STEP 1	Meet with DMC staff to discuss your project and requirements of the Equal Business Opportunity (EBO) Program.		
	Submit an Outreach and Inclusion Plan to DMC staff describing the steps you will take to meet the EBO requirements. This plan is typically submitted prior to requesting incentive approval at the Board meeting. DMC's goal is a minimum of 25% MWBE participation in the project development costs.		
STEP 2	Use the City of Memphis Business Diversity & Compliance Registry and the resources at the Shelby County Office of Equal Opportunity Compliance to identify qualified general contractors and tradespeople to perform your proposed scope of work.		
STEP 3	Meet and coordinate with minority-owned business assistance organizations such as the Memphis Area Minority Contractors Association (MAMCA) and the Mid-South Minority Business Council Continuum (MMBC) to make their members aware of your project and any contracting and sub-contracting opportunities.		Discuss with DMC staff the potential for MWBE firms to competitively bid on the general contracting work. If the project scope & need does not match the current capabilities of MWBE general contractors, look for opportunities to connect smaller MWBE firms with larger firms in joint ventures or collaborative partnerships for general contracting work on larger projects.
STEP 4	Contact a minimum of 3 certified MWBE businesses for each trade or type of work involved in the project using the firms identified in steps 2 and 3 above. Provide a fair opportunity for each business to submit a bid.	Contact a minimum of 3 certified MWBE general contractors using the firms identified in steps 2 & 3 above. Provide a fair opportunity for each business to submit a bid.	After a general contractor is selected, advertise and host a pre-bid conference to allow subcontractors an opportunity to ask questions and learn more about the job opportunity. Coordinate the pre-bid conference with minority-owned business assistance organizations .
	Document your outreach efforts and the submitted bids. Use Form titled "Proposed Utilization Plan" to submit your proposed service providers to DMC staff for review and approval.	Depending upon the size and scope of your project, staff may require that you advertise and host a pre-bid conference to allow general contractors and subcontractors an opportunity to ask questions and learn more about the job opportunity.	
STEP 5	After work has started, submit monthly updates to DMC staff detailing the project status and MWBE involvement at each major phase of the project.	Contact a minimum of 3 certified MWBE businesses for each trade or type of subcontractor needed. Provide a fair opportunity for each firm to submit a bid.	Contact a minimum of 3 certified MWBE businesses for each trade or type of work involved in the project. Provide a fair opportunity for each firm to submit a bid.
		Document your outreach efforts and the submitted bids. Use Form titled "Proposed Utilization Plan" to submit your proposed service providers to DMC staff for review and approval.	Document your outreach efforts and the submitted bids. Use Form titled "Proposed Utilization Plan" to submit your proposed service providers to DMC staff for review and approval.
STEP 5		After work has started, submit monthly updates to DMC staff detailing the project status and MWBE involvement at each major phase of the project.	After work has started, submit monthly updates to DMC staff detailing the project status and MWBE involvement at each major phase of the project.