

STATEMENT OF INTENT

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE

The Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the "Board"), was established by City of Memphis and Shelby County governments to assist in the financing of new business and industry and to promote local expansion. The corporation was organized in accordance with the State of Tennessee Industrial Development Corporation Act. It is the intention of this Board to conduct its activities consistent with the provisions of the Act and the intent of the City and County in establishing the Corporation. To this end, the following guidelines will apply to the consideration of applications for industrial revenue bond financing:

1. In accordance with the requirements of state law the Board must find each project financed 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 increase employment within the State of Tennessee. The Board interprets this to mean that the project results in a "net" increase in the number of jobs within Shelby County (or a "net" savings of jobs which might otherwise be lost). When the rules are applied to specific types of projects, the Board has determined as follows:
 - A. Industrial Projects for the manufacturing, assembling, processing or fabrication of agricultural, mining, or manufactured products can generally be located in any number of communities without changing the basic economics of the enterprise. Thus, industrial revenue bond financing provides a true inducement for the location of such facilities in Shelby County and, barring unusual circumstances, the Board will approve any such facility which otherwise meets the Boards' criteria.
 - B. Pollution Control projects are not eligible for tax-exempt bond financing under the Internal Revenue Code of 1986.
 - C. Distribution Facilities are not eligible for tax-exempt bond financing under the Internal Revenue Code of 1986.

- D. Office Building and Service Facilities are not eligible for tax-exempt bond financing under the Internal Revenue Code of 1986.
- E. General Commercial Projects, Housing Projects, Retail Centers, and Entertainment and Recreation Facilities will not usually be considered by the Board for financing.
- F. 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 of 1986.

2. Each applicant in its development, ownership and/or operations of a Board financed project 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, the repair and alteration thereof, and the use or manner of use of the Project.

3. Speculative development will not be considered as qualifying for bond financing. This policy, however, shall not be construed as preventing financing by the Board of projects for single users, even though actual ownership of such projects, may reside in an entity or entities other than the user. Such cases shall be considered upon their individual merits, but in no event shall a project owned by a party other than the primary user of the facility be considered unless the following factors are present:

- A. No such financing shall be approved if it would constitute an artifice or device to circumvent the Board's requirements that "speculative" rental projects not be approved.
- B. All of the facility will be used by one user or a limited number of related users.
- C. The primary user(s) shall be obligated to make lease or other payments sufficient to satisfy all principal and interest obligations on any bond financing for the full term during which the bonds will remain outstanding, such payments to include any "balloon" or similar principal reduction requirement which may be contained in the bonds.
- 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.

4. 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 any tax-producing improvements. It may also include investments in furnishings necessary for the successful operation of the facility.

5. The wage scale paid by applicants may be considered by the Board as a factor relevant to whether a proposed project will benefit the economic development of the community.

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 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.