

RESOLUTION

A RESOLUTION OF THE KNOX COUNTY COMMISSION APPROVING AN AMENDMENT TO THE NORTHSIDE WATERFRONT REDEVELOPMENT AND URBAN RENEWAL PLAN AND PROVIDING TAX INCREMENT FINANCING

WHEREAS, Knoxville's Community Development Corporation ("KCDC") has prepared an amendment to the redevelopment and urban renewal plan entitled the Northside Waterfront Redevelopment and Urban Renewal Plan and has submitted the same to the Knox County for its approval under T.C.A. § 13-20-203(b)(1); and,

WHEREAS, the Plan amends the Northside Waterfront Redevelopment and Urban Renewal Plan and provides tax increment financing for The Landings project located at 710 Hill Avenue.

NOW THEREFORE, BE IT RESOLVED BY KNOX COUNTY COMMISSION:

SECTION 1: That the amendment to the Northside Waterfront Redevelopment and Urban Renewal Plan, as presented to the County Commission on the date hereof, is hereby approved.

SECTION 2: That tax increment financing is hereby approved for The Landings project located at 710 Hill Avenue not to exceed the limits estimated in the plan amendment.


SECTION 2: This resolution will take effect from and after its passage, the welfare of Knox County requiring it.



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Alvin J. Nance, President/CEO

MEMORANDUM

To: Knox County Mayor and Members of County Commission
From: Don Peterson, Vice – President, Development, KCDC 
Subject: Northside Waterfront Redevelopment and Urban Renewal Plan – TIF Provision
Date: July 1, 2009

The Landings project is located at 710 East Hill Avenue. The developer is DVL, LLC. James S. Bush is the Owner. Dennis Ragsdale is their Legal Counsel. Robison & Associates is the Project Engineer, B3 Design Studio is the Architect and Southland Constructors is the General Contractor.

The official current Street address is 710 East Hill Avenue. The tax parcel numbers is 095IC4.02. The property is currently owned by City of Knoxville. The Landings will feature 234 upscale apartments with greenway enhancements and access parking, and a public riverside plaza. This program represents the anticipated current demand but may change depending on market conditions. Financial details are as follows:

CAPITAL INVESTMENT

Acquisition Cost	\$ 235,350
Soft costs	\$3,744,709
Construction	<u>\$24,260,262</u>
Total Project Cost	\$28,240,321

FINANCING

Construction Loan	\$21,540,321
Cash Equity	\$4,485,000
TIF Provision	<u>\$2,215,000</u>
Total	\$28,240,321

Note: The TIF amount is \$2,215,000 which represents 8% of total development costs.

**TAX INCREMENT AMENDMENT TO THE NORTHSIDE
WATERFRONT REDEVELOPMENT AND URBAN
RENEWAL PLAN**

Knoxville's Community Development Corporation ("KCDC") has previously prepared a redevelopment and urban renewal plan (the "Plan") for the Northside Waterfront area. After a public hearing held by KCDC, the Plan was approved by the City Council of the City of Knoxville and the County Commission of Knox County, Tennessee. KCDC has received a request from a developer for a redevelopment project within the amended redevelopment area to utilize tax-increment financing in connection with their project. The purpose of this amendment to the Plan is to permit the use of tax-increment financing for such purpose.

TAX INCREMENT FINANCING PROVISION

The Plan is hereby amended to provide that, subject to the limitations herein, taxes, if any, levied each year upon real property leased or sold by KCDC to private developers for development as part of a redevelopment project shall after the date this amendment is approved by the City Council of the City of Knoxville and the County Commission of Knox County, Tennessee shall be divided as follows:

(1) That portion of taxes which would be produced by the rate at which the tax is levied each year by each taxing agency, upon the assessed value of such property as shown upon the assessment roll of the appropriate assessor, as of the date of the most recently determined valuation prior to the date on which the redevelopment plan or urban renewal plan or amendment thereof was approved by the applicable municipality or municipalities pursuant to section 13-20-203, (the assessed value being herein called the "base assessment") shall be allocated to, and when collected, shall be paid to, the respective taxing agencies as taxes levied by such taxing agencies on all other property are paid; provided, that in any year in which the actual assessment of the area comprising a redevelopment project is less than the base assessment, there shall be allocated and paid to the respective taxing agencies only those taxes actually produced by the application of the current tax rates against such actual assessment;

(2) All the taxes levied in each year in excess of the amount provided for in subdivision (1) shall be allocated to and, when collected, shall be paid into a special fund or funds of KCDC to pay the principal of and interest on bonds, loan or other indebtedness incurred or to be incurred by KCDC to finance or refinance, in whole or in part, the redevelopment project contemplated by such redevelopment plan. If any portion of the taxes received by KCDC pursuant to this provision are not needed within the next six-month period to pay scheduled debt service payments, such excess shall either be used to prepay such indebtedness or to reimburse any guarantor of such indebtedness for payments made by such guarantor with respect to such indebtedness;

(3) Upon the retirement of all bonds, loans or other indebtedness incurred by KCDC and payable from such special fund or funds or at such time as moneys on deposit in such special fund or funds are sufficient for such purpose, all the taxes referred to in subdivision (2) shall,

when collected, be paid to the respective taxing agencies as taxes levied by such taxing agencies on all other property are paid, and KCDC shall give notice to the City of Knoxville and Knox County of such retirement. Any incremental taxes received by KCDC during the last tax year that the indebtedness is outstanding that is in excess of the amount needed to pay the remaining debt service on such indebtedness may be used to reimburse any guarantor of such indebtedness for payments made by such guarantor with respect to such indebtedness. Thereafter, all incremental tax revenues shall be retained by the appropriate taxing agency; and

(4) Taxes shall be levied and collected over all or any part of the area comprising a redevelopment project in the manner provided by the law with the following exceptions:

(A) The appropriate assessor shall, in each year during the period in which taxes are to be allocated to KCDC pursuant to subdivision (2), compute and certify the net amount, if any, by which the current assessed value of all taxable property located within the redevelopment project which is subject to taxation by the particular taxing agency exceeds the base assessment. The net amount of any such increase is referred to in this subdivision (4) as the incremental value for that particular year;

(B) In any year in which taxes are to be allocated to KCDC pursuant to subdivision (2) in which there is an incremental value, the appropriate assessor shall exclude it from the assessed value upon which the appropriate assessor computes the tax rates for taxes levied that year by the taxing agency. However, the appropriate assessor shall extend the aggregate tax rate of such taxes against the base assessment and the incremental value and shall apply the taxes collected therefrom, subject to any other provisions of this amendment or any other legal limitations, as provided above; and

(C) For purposes of this section, if in any year property comprising a portion of a particular redevelopment project shall be removed from the tax rolls of a taxing agency, the base assessment for the area of such redevelopment project shall be reduced by the amount of the base assessment allocable to the property so removed for each subsequent year in which taxes are to be allocated to a particular authority pursuant to the above provisions.

Notwithstanding the foregoing, this tax increment financing provision shall only apply to real property acquired by KCDC that is approved by the City Council of the City of Knoxville and the County Commissioners of Knox County, Tennessee pursuant to a subsequent amendment to the Plan, provided, however, that this amendment shall apply without any further approvals to the real property located in the redevelopment area known as the Northside Waterfront, The Landings project at 710 East Hill Avenue presently owned by the City of Knoxville.

ECONOMIC INFORMATION RELATING TO TAX INCREMENT

The project is known as The Landings at 710 East Hill Avenue. The estimated cost of the Project is approximately \$28,240,321. The sources that are expected to be used to pay the costs of the Project are a construction loan of \$21,540,321, tax increment financing of \$2,215,000, and owners equity of \$4,485,000. The estimated amount of the tax increment financing for the DVL,

LLC Building Project is \$2,215,000 and the final maturity is expected to be 20 years after the April 1 following the date that the project is completed pursuant to the redevelopment agreement with KCDC. The expected impact of the tax increment financing amendment upon the City of Knoxville is approximately \$105,088 per year and on Knox County approximately \$120,487 per year.

CERTAIN TAXES EXCLUDED

Notwithstanding anything to the contrary in this section, taxes levied upon property subject to tax increment financing provisions by any taxing agency for the payment of principal of and interest on all bonds, loans or other indebtedness of such taxing agency, and taxes levied by or for the benefit of the State of Tennessee, shall not be subject to allocation as provided in subsection (a), but shall be levied against such property and, when collected, paid to such taxing agency as taxes levied by such taxing agency on all other property are paid and collected.