

Additional Documents

1. Budget Committee Item 2 – Resolution to Amend Debt Management Policy
2. Working Lunch – Accelerate Memphis
3. Public Safety Committee Item 3 – A Resolution Requesting the City's Mayor And/Or The Council Chairman To Join Request To The Biden/Harris Administration By The Mayors Of 22 Of The Largest Cities In The United States For The Adoption Of A National Vaccination Distribution Plan For Cities. Sponsored by Councilmen Carlisle and Ford.
4. Presentation on Sewer Development and Extension Fees



Resolution to Amend the Debt Management Policy

WHEREAS, the City is poised to execute on a project identified as *Accelerate Memphis: Investment in Neighborhoods (Accelerate Memphis)* to facilitate catalytic community projects in neighborhoods throughout the City, all of which are intended to accelerate growth by improving quality of life, driving equity and inclusion, improving connectivity, and providing a transformative investment in our City; and

WHEREAS, project Accelerate Memphis necessitates a debt model structure identified as “balloon indebtedness” that requires submission to and approval by the Tennessee Comptroller of the Treasury for execution; and

WHEREAS, Public Chapter 766, Acts of 2014 (the “Act”) requires the Comptroller of the Treasury to approve plans of balloon indebtedness and authorizes the State Funding Board to establish guidelines with respect to such approval; and

WHEREAS, prior to the submission of a Plan of Balloon Indebtedness to the Comptroller of the Treasury, the local government must have amended its Debt Management Policy to permit the issuance of debt with a balloon indebtedness structure and included criteria to determine the appropriateness of delaying principal payments at a higher interest cost than a level principal or level debt service structure; and

WHEREAS, to accommodate the authority to seek State approval of a Plan of Balloon Indebtedness as defined in Tennessee Code § 9-21-134, it is necessary and desired to amend the current Debt Management Policy of the City of Memphis to include such required language as necessitated by the Act; and

WHEREAS, the amended City of Memphis Debt Management Policy is attached as Exhibit A to this resolution.

NOW, THEREFORE BE IT RESOLVED, that the Memphis City Council hereby approves the amended City of Memphis Debt Management Policy, attached hereto as Exhibit A, to include such language as to allow for authorization to seek approval for a Plan of Balloon Indebtedness from the Comptroller of the Treasury.

NOW, THEREFORE BE IT FURTHER RESOLVED, that amendment of the City of Memphis Debt Management Policy is approved upon the City of Memphis seeking approval for a Plan of Balloon Indebtedness for the sole purpose of executing the project identified as Accelerate Memphis.

Resolution to Amend the Debt Management Policy

EXHIBIT A

DEBT MANAGEMENT POLICY



CITY OF MEMPHIS

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PURPOSE

The City of Memphis recognizes the foundation of any well-managed debt program is a comprehensive debt management policy. The purpose of this policy is to establish parameters and provide guidance governing the issuance, management, continuing evaluation of and reporting on all debt obligations issued by the City, and to provide for the preparation and implementation necessary to ensure compliance and conformity with this policy and Federal, State, and local laws, rules, and regulations.

POLICY STATEMENT

Debt is a valuable source of capital project financing, and its use should be limited to projects that relate to the mission and strategic objectives of the City. The amount of debt incurred impacts the financial health of the City, its credit rating, and its cost of capital. The City will consider other funding opportunities (e.g., grants from federal, state and other sources; current revenues and fund balances; private sector contributions; public/private partnerships; etc.) when appropriate and advantageous to the City.

Under the governance and guidance of Federal and State laws and the City's Charter, ordinances and resolutions, the City will periodically enter into debt obligations to finance the construction, improvement or acquisition of infrastructure and other assets or to refinance existing debt for the purpose of meeting its governmental obligation to its residents. It is the City's desire and direction to ensure that such debt obligations are issued and administered in such fashion as to obtain the best long-term financial advantage to the City and its residents, while making every effort to maintain and improve the City's bond ratings and reputation in the investment community.

The issuance of debt to finance operating deficits is not permitted. However, the City may, pursuant to TCA §§9-21-801 et seq., issue Tax Anticipation Notes for the purpose of meeting appropriations for the then current fiscal year. The City may also issue Funding Bonds pursuant to TCA §§9-11-101 et seq. for the purpose of funding warrants, notes, or other indebtedness not evidenced by bonds which shall be outstanding at the close of the fiscal year immediately preceding authorization for issuance of such Funding Bonds.

GOALS AND OBJECTIVES

The primary goals of this policy are to provide the City with written guidelines to ensure quality debt management decisions concerning the amount, type, and structure of debt in the City's debt portfolio; promote consistency and continuity in the decision making process; demonstrate a commitment to long-term financial planning objectives; and ensure that debt management decisions comply with all laws related to debt issuance and are considered responsible by rating agencies, the investment community and taxpayers.

The guidelines outlined in this policy should be utilized as reference tools in making decisions involving the issuance and management of the City's debt. Specifically, this is intended to assist the City in the following:

- Establish clear criteria and promote prudent financial management for the issuance of all debt obligations to reflect responsibility, a good corporate image, and due care;
- Identify acceptable debt limits originating from legal, public policy, and financial and budgetary considerations;
- Maintain appropriate resources and funding capacity for present and future capital needs;
- Ensure the City's debt issuance conforms to all federal, state, and local laws; and
- Manage the City's exposure to interest rate and other inherent risks associated with certain debt instruments and derivative products.

CAPITAL IMPROVEMENT PROGRAM AND FINANCING SYSTEM

A sound debt management program begins with a well-devised Capital Improvement Program. A Capital Improvement Program, or CIP, is a short-range plan, usually four to ten years, which identifies capital projects and equipment purchases, provides a planning schedule and identifies options for financing the plan.

The City's CIP is a five-year plan that is updated annually to reflect the latest priorities and to provide updated cost estimates and available revenue sources. The CIP process begins each October with the submission of projects by each division. Costs and priorities for the projects are developed through a planning process that includes the Capital Committee and the Budget Office.

The planning process identifies funding sources for each project and analyzes the conformance of planned financings with policy targets regarding the magnitude and composition of the City's indebtedness, and the economic and fiscal resources of the City to bear such indebtedness over the life of the debt. The affordability of the plan is evaluated in consultation with the various City divisions. Projects in the CIP are ranked using various criteria such as the availability of funds, importance to the overall mission of the division and strategic priorities of the Mayor and City Council.

Projects are reviewed by the administration based on need, impact of the area, quality of life in our neighborhoods and the general economic climate of the City. The Mayor submits the proposed CIP to the City Council for adoption. Adoption by the City Council allocates funds for the first year of the program with specific language on how to appropriate and spend capital funds contained in the CIP resolution.

It is the responsibility of the Deputy Chief Financial Officer, within the context of the CIP, to oversee and coordinate the timing, process of issuance, and marketing of debt obligations required in support of the CIP. In this capacity, the Deputy Chief Financial Officer shall make recommendations to the Chief Financial Officer regarding necessary and desirable actions and shall keep him/her informed through regular and special reports as to the progress and results of current-year activities under the CIP.

DEBT AUTHORIZATION

The City's charter authorizes the City to issue general obligation bonds subject to adoption of a bond resolution by the City Council. Sections of the Tennessee Code Annotated and the Federal Tax Code may govern the issuance or structure of the City's debt.

DEBT LIMITATIONS AND AFFORDABILITY

G.O. Debt Limitation

Although there are no statutory limitations on the amount of general obligation debt the City can issue, the City shall conduct its finances so that the amount of general obligation debt outstanding does not exceed twelve percent (12%) of the City's taxable assessed valuation.

Limitations on General Fund Credit Support

As part of City's financing activities, non-ad valorem General Fund resources may be used to provide credit support for public or private projects that meet high priority City needs. Key factors that will be considered in determining whether or not the General Fund should be used to secure a particular debt obligation will include the following:

- Demonstration of underlying self-support, thus limiting potential General Fund financial exposure;
- Use of General Fund support as a transition to a fully stand-alone credit structure, where interim use of General Fund credit support reduces borrowing costs and provides a credit history for new or hard to establish credits; and
- General Fund support is determined by the Chief Financial Officer to be in the City's overall best interest.

Limitations on the Issuance of Revenue-Secured Debt Obligations

The City shall seek to finance the capital needs of its revenue producing enterprise activities through the issuance of revenue-secured debt obligations. Prior to issuing revenue-secured debt obligations the City in consultation with the appropriate City divisions will develop financial plans and projections showing the feasibility of the planned financing, required rates and charges needed to support the planned financing, and the impact of the planned financing on

ratepayers, property owners, City divisions, and other affected parties. The amount of revenue-secured debt obligations issued by the City will be limited by the economic feasibility of the overall financing plan as determined by the Chief Financial Officer.

Pledge of Restricted Funds to Secure Debt

The City has the authority to make an irrevocable pledge of a security interest in an account created exclusively for the security of holders of City obligations. Before such funds are used to secure a prospective financing, guidelines regarding the use of such restricted funds shall be developed by the affected division and the Deputy Chief Financial Officer, subject to approval by the Chief Financial Officer, to ensure that the use of such funds does not violate restrictions on such funds and that underlying program commitments can be maintained in addition to meeting debt service obligations on debt secured by the restricted funds. The pledge and use of such restricted funds shall be subject to the approval of City Council.

Affordability

The City is aware of the need to gauge the effect of ongoing debt service on its budgets and fiscal priorities over time. As part of the debt management process, the City will consider generally accepted debt affordability standards in evaluating the timing and amount of debt that is issued. Long-term debt obligations incorporated in debt ratios include general obligation debt and general fund backed obligations such as capital leases. While other long-term liabilities such as unfunded pension liabilities are taken into account in determining the overall credit rating of the City, they may be excluded in these ratios unless they are owed to a third party over a predetermined schedule such as pension obligation bonds.

Affordability ratios may include but are not limited to:

- Debt as a percent of assessed valuation;
- Debt per capita; and
- Debt service as a percentage of operating budget.

DEBT STRUCTURE

The City shall establish all terms and conditions relating to the issuance of debt obligations and will invest all proceeds of such obligations pursuant to the terms of the authorizing resolution and the City's Investment Policy where applicable.

Rapidity of Long-Term Debt Repayment

Generally, borrowings by the City should be of a duration that does not exceed the economic life of the improvement that it finances and where feasible should be shorter than the projected economic life. The City shall strive to repay the principal amount of its long-term general obligation by at least fifty-five percent (55%) or greater within ten years unless in the case

of issuing Balloon Indebtedness, as provided below. The City may choose to structure debt repayment so as to wrap around existing obligations or to achieve other financial planning goals.

Term

The term of any debt obligation or portion thereof used to fund a capital project shall not be greater than the useful life of the project. Generally, the final maturity of the indebtedness should be restricted to no more than thirty-one years after date of issuance unless otherwise specified in the authorizing resolution. The structure of each debt obligation shall at all times comply with federal, state, and local laws, rules, and regulations.

Balloon Indebtedness

Public Chapter 766, Acts of 2014, codified as Tenn. Code Ann. § 9-21-134 (the "Act"), requires that prior to the adoption of any action authorizing the issuance of Balloon Indebtedness, as defined within the Act, local governments shall submit a plan of balloon indebtedness to the Comptroller of the Treasury for approval. The Comptroller of the Treasury or the Comptroller's designee shall evaluate each plan of balloon indebtedness based on the plan's particular circumstances and shall approve the plan only if a determination is made that the repayment structure is in the public's interest.

The Act states that the Comptroller of the Treasury or the Comptroller's designee shall report the comptroller's approval or disapproval of the plan of balloon indebtedness to the governing body within fifteen (15) business days after receipt of the plan and all requested supplemental documentation.

Generally speaking, Balloon Indebtedness includes any indebtedness that: (i) has a final term to maturity totaling thirty-one (31) or more years from the original date of issuance of the indebtedness, including any subsequent refinancing thereof; (ii) delays principal repayment for more than three (3) years after the date of issuance; (iii) capitalizes interest beyond the later of the construction period or three (3) years from the date of issuance; or (iv) does not have substantially level or declining debt service.

The City recognizes that Balloon Indebtedness generally is not in the public's interest as delaying principal payments will usually lead to higher interest costs than a level principal or level debt service structure. Nevertheless, Balloon Indebtedness can be beneficial to the City in certain circumstances, particularly when viewed in the overall context of the City's outstanding debt and budget capacity.

The following examples provide situations in which the City may consider the issuance of Balloon Indebtedness. It should be noted that these examples specifically do not include a goal of simply delaying the repayment of principal on an issue for an extended period of time. The issuance of Balloon Indebtedness may be considered in, but is not limited to, the following:

- In the case of issuing new bonds to fund extraordinary or non-recurring capital projects with extended construction periods, a Balloon Indebtedness structure could potentially enable the City to structure the debt service to better match anticipated revenues to be received

following the completion of such projects or in consideration of the City's aggregate debt service structure; and

- In the case of a refunding issue, the principal payments on the refunding bonds could be scheduled to occur in the same years as the principal payments on the refunded bonds and the debt service savings resulting from refunding will be approximately level or proportional to the debt service of the refunded bonds during the principal repayment period of the refunding bonds.

In any of the cases such as described above where issuance of Balloon Indebtedness could be beneficial and in the public's interest, the City will ensure that any projected revenues used to secure the debt will:

- Be sufficient to pay for the debt being considered;
- Be sufficient to pay all of its other operating expenses and outstanding debt service secured by the same projected revenues; and
- Not hinder the City's ability to fund future capital needs or issue future debt with a level or declining debt service structure.

The City will also consider the possible reduction of the City's future debt capacity within the current projected revenue stream and the flexibility to use future revenues for other purposes.

If the City determines it is in the public's interest to issue Balloon Indebtedness, the City may present a Plan of Balloon Indebtedness to the Comptroller of the Treasury for approval in accordance with the Act, prior to the adoption of any authorizing resolution for debt structured as Balloon Indebtedness.

TYPES OF DEBT

There are many different types of debt instruments that are available to the City. Most of which require the approval of City Council by resolution or ordinance. The following are brief summaries of the various types of long-term and short-term financing instruments the City is authorized to consider.

General Obligation Bonds

The City may pledge its full faith, credit and unlimited taxing power as to all taxable property in the City or a portion thereof, if applicable, to the punctual payment of principal of and interest on bonds or notes issued to finance any public works project as defined in TCA §§9-21-105. When issuing general obligation bonds, the following must be considered:

- The resolution authorizing the issuance must contain certain information as provided in TCA §§9-21-205;

- Once the resolution is passed, a public notice must be published once in a newspaper of general circulation containing the initial resolution as required by TCA §§9-21-206; and
- General obligation bonds may not be sold for less than 98 percent of par value and accrued interest as required by TCA §§9-21-202.

Revenue Bonds

Revenue bonds are obligations payable from revenues generated from specifically designated sources. Revenue bonds are typically issued for capital projects which can be supported from project or enterprise related revenues.

Pursuant to TCA §§9-21-303 et seq., revenue bonds may not be sold for less than 97 percent of par value and accrued interest and may not have a term greater than 40 years.

Notes

Pursuant to Title 9, Chapter 21 of Tennessee Code Annotated, the City may issue the following types of notes: bond anticipation notes, capital outlay notes, grant anticipation notes, tax anticipation notes, and healthcare anticipation notes. Such notes are subject to the approval of the Office of State and Local Finance.

Lease/Lease Purchase Agreements and Aid and Assistance

Pursuant to TCA §§7-51-903 et seq., the City may enter into leases and lease purchase agreements. However, when the term of the lease or lease renewal for real property is greater than five years or when the lease or lease purchase is for tangible personal property such as equipment or machines of any term, the approval of City Council by resolution or ordinance is necessary.

Pursuant to TCA §§7-53-311 and 7-53-315, the City may inter into leases or lease-purchase agreements of projects, or otherwise aid or provide assistance for projects or portions of projects, with the approval of City Council by resolution or ordinance.

Such leases and lease purchase agreements, or other agreements to provide aid or assistance, are not subject to the approval of the Office of State and Local Finance.

Funding Bonds

Pursuant to TCA §§9-11-101 et seq., the City may issue Funding Bonds for the purpose of funding warrants, notes, or other indebtedness not evidenced by bonds which shall be outstanding at the close of the fiscal year immediately preceding authorization for issuance of such Funding Bonds.

Loan Obligations

The City may use loan obligations to fund capital projects. Such loan obligation may include but is not limited to a State Revolving Fund loan, a loan through the U. S. Department of Housing and Urban Development Section 108 Loan Guarantee Program, or a loan with a conduit issuer such as an Industrial Development Board.

Interfund Loans

Pursuant to TCA §§9-21-408 and TCA §§9-21-1104, the City is authorized to make interfund loans in accordance with procedures for issuance of notes under TCA Title 9, Chapter 21, Parts 5, 7, 8 or 11 and TCA §§9-21-604.

All such borrowings are to be considered temporary loans from one fund to another and should be used to assist the City in managing the availability of cash for activities authorized and approved by City Council. Furthermore, the eventual source of repayment for each borrowing should be clearly demonstrated at the time of the borrowing and such borrowing should not be made to the detriment of any function or project of the lending fund.

Interfund loans shall be evidenced by a formal loan agreement and are subject to the approval of City Council by resolution or ordinance and the approval of the Office of State and Local Finance as the designee of the Comptroller of the Treasury.

A State Form CT-0253 must be prepared for each interfund loan and presented to City Council with a copy to the Office of State and Local Finance.

Pension Obligation Bonds

Pension Obligation Bonds ("POBs") are financing instruments used to pay some or all of the unfunded pension liability of a pension plan.

Revenue Securitization

Revenues are said to be secured when the right to receive such revenues is sold to investors at a discounted price in exchange for an upfront, lump-sum payment. The current value of the receivable is determined by applying a discount rate to the projected revenue stream.

Tax Increment Financing

Tax Increment Financing ("TIF") is a method to use future gains in taxes to finance current improvements which theoretically will create the conditions for those future gains.

DERIVATIVE PRODUCTS

Derivative products can be important interest rate management tools that, when used properly, can increase the City's financial flexibility, provide opportunities for interest rate savings,

alter the pattern of debt service payments, create variable rate exposure, change variable rate payments to fixed rate, and otherwise limit or hedge variable rate payments.

This policy will govern the City's use of financial derivative products, such as swaps, swaptions, caps, floors, collars, etc. ("derivatives"). The failure by the City to comply with any provision of this policy will not invalidate or impair any derivative agreement.

Purpose of Derivatives

Derivatives may be used for the following purposes only:

1. To achieve significant savings as compared to a product available in the bond market. Significant savings shall be calculated after adjusting for (a) applicable fees, including takedown, remarketing fees, credit enhancement and legal fees, and (b) options that may be available. Examples may include synthetic fixed rate debt and synthetic variable rate debt. Alternatively, significant savings are deemed to occur if the use of derivatives helps to achieve diversification of a particular bond offering;
2. To enhance investment returns within prudent risk guidelines;
3. To prudently hedge risk in the context of a particular financing or the overall asset/liability management of the City's debt. Examples may include buying interest rate caps and entering into delayed start swaps;
4. To incur variable rate exposure within prudent guidelines, such as selling interest rate caps or entering into a swap in which the City's payment obligation is floating rate; and
5. To achieve more flexibility in meeting overall financial objectives than can be achieved in conventional markets. An example may include a swaption with an up-front payment.

Legality

The City must receive an opinion from a nationally recognized law firm that the agreement relating to the derivative is a legal, valid and binding obligation of the City and entering into the transaction complies with applicable law.

No Speculation

Derivatives shall not be used for purposes outside of prudent risks that are appropriate for the City.

Methods of Soliciting and Procuring Derivatives

In general, the City should procure derivatives by competitive bidding. The City shall determine which parties and the number of parties it will allow to participate in a competitive transaction. The City may allow one or more bidders in addition to the winning bidder to participate in the transaction if the City deems such participation to be in its best interests.

Notwithstanding the above, the City may procure derivatives by negotiated methods in the following situations:

The City may enter into a derivatives transaction on a negotiated basis if the City makes a determination that due to the size or complexity of a particular derivative transaction, a negotiated transaction would result in the most favorable pricing. In this situation, the City should attempt to price the derivative based upon an agreed-to methodology relying on available pricing screens to obtain inputs to a mathematical model. If appropriate, the City should use a financial advisory firm to assist in the price negotiations.

The City may enter into a derivatives transaction on a negotiated basis if it determines, in light of the facts and circumstances, that doing so will promote its interests by encouraging and rewarding innovation or the substantial commitment of time and resources by a counterparty.

Regardless of the method of procurement, the City shall obtain an independent finding that the terms and conditions of any derivative entered into reflect a fair market value of such derivative as of the date of its execution.

Aspects of Risk Exposure Associated with Such Contracts

Before entering into a derivative, the City shall evaluate all the risks inherent in the transaction. These risks to be evaluated should include counterparty risk, termination risk, rollover risk, basis risk, tax event risk and amortization risk.

The City shall endeavor to diversify its exposure to counterparties. To that end, before entering into a transaction, it should determine its exposure to the relevant counterparty or counterparties and determine how the proposed transaction would affect the exposure. The exposure should not be measured solely in terms of notional amount, but rather how changes in interest rates would affect the City's exposure ("Value at Risk"). The Value at Risk should be based on all outstanding derivative transactions of the City. The City may also elect to take into account the exposure of the City and any related entities to a particular counterparty.

Counterparty Credit Standards

Many derivative products create for the City a continuing exposure to the creditworthiness of financial institutions that serve as the City's counterparties on derivative transactions. To protect its interests in the event of a credit problem, the City will take a three-tiered approach.

Use of highly rated and experienced counterparties

Standards of creditworthiness, as measured by the credit ratings, will determine eligible counterparties. Differing standards may be employed depending on the term, size and interest-rate sensitivity of a transaction, types of counterparty, and potential for impact on the City's credit ratings. In addition, eligible counterparties should have demonstrated experience in successfully executing derivative transactions.

Collateralization on Downgrade

If a counterparty's credit rating is downgraded below a specified threshold, the City will require that its exposure to the counterparty be collateralized as per an ISDA Credit Support Annex.

Termination

If a counterparty's credit is downgraded below a second (lower) threshold, the City may exercise a right to terminate the transaction prior to its scheduled termination date. The City will seek to require, whenever possible, that terminations triggered by a counterparty credit downgrade will occur on the side of the bid-offered spread which is most beneficial to the City, and which would allow the City to go back into the market to replace the downgraded party with another suitable counterparty at no out-of-pocket cost to the City.

Long-Term Implications

In evaluating a particular transaction involving the use of derivatives, the City shall review long-term implications associated with entering into derivatives, including costs of borrowing, historical interest rate trends, variable rate capacity, credit enhancement capacity, opportunities to refund related debt obligations and other similar considerations.

Reporting in Financial Statements

The City shall reflect the use of derivatives on its financial statements in accordance with generally accepted accounting principles.

SHORT-TERM DEBT AND INTERIM FINANCING VARIABLE-RATE SECURITIES

When appropriate, the City may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of the securities. The decisions to issue such securities must be reviewed and approved by the Chief Financial Officer before City Council is requested to approve their issuance.

Lines and Letters of Credit

Where their use is judged to be prudent and advantageous to the City, the City has the power to enter into agreements with commercial banks or other financial entities for purposes of acquiring lines or letters of credit that shall provide the City with access to credit under terms and conditions as specified in such agreements. Any agreements with financial institutions for the acquisition of lines or letters of credit shall be approved by City Council.

Bond Anticipation Notes

Where their use is judged to be prudent and advantageous to the City, the City may choose to issue Bond Anticipation Notes as a source of interim construction financing. The sale of such notes requires the approval of City Council and the Director of State and Local Finance.

Tax Anticipation Notes

Pursuant to TCA §§9-21-801 et seq., the City may issue Tax Anticipation Notes for the purpose of meeting appropriations for the then current fiscal year in anticipation of the collection of taxes and revenues of that fiscal year in amounts not exceeding sixty percent (60%) of such appropriation. The sale of such notes requires the approval of City Council and the Director of State and Local Finance and such notes must mature prior to the end of the fiscal year in which they were issued.

Commercial Paper

The City may choose to issue tax-exempt or taxable commercial paper as a source of interim construction financing for projects contained in the City's CIP.

REFUNDING OF CITY INDEBTEDNESS

The Deputy Chief Financial Officer in consultation with the City's financial advisor(s), has the responsibility to analyze outstanding bond issues for refunding opportunities that may be presented by underwriting and/or financial advisory firms. The City will, during periods of low interest rates, take advantage of the rate changes by refunding previously issued bonds.

The savings target for each type of permitted refunding is provided below; however, because the level of risk will vary depending on the specific structure of the transaction and market conditions at the time of issuance, the Chief Financial Officer has the discretion to prescribe different levels of target savings to optimize the City's financial objectives.

Advance Refundings

The City may issue advance refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible, prudent, and net present value savings equals or exceeds three and one-half percent (3.5%) or one million dollars (\$1,000,000). The present value savings will be net of all costs related to the refunding. If net present value savings are less than the savings target, the Chief Financial Officer may consider the option value of each maturity of the refunding candidates. If estimated savings for a maturity exceeds seventy percent (70.0%) of the estimated option value of that maturity, the Chief Financial Officer may opt to refund that maturity.

Prior to the issuance of any advance refunding bonds, the City shall engage an experienced bond counsel to ensure that the proposed advance refunding meets all federal tax compliance issues. Bond counsel shall verify the following:

- The proposed advance refunding meets federal tax requirements regarding the number of permitted advance refundings;
- The proposed advance refunding meets federal tax requirements that may be imposed on the redemption date of the refunded bonds;
- The proposed advance refunding complies with federal tax requirements which allow for the proceeds and replacement proceeds of an issue to be invested temporarily in higher yielding investments without causing the advance refunding bonds to be arbitrage bonds; and
- The proposed advance refunding will not enable the City to exploit the difference between tax-exempt and taxable interest rates to obtain a financial advantage nor will it overburden the tax-exempt bond market in a way that might be considered abusive.

If avoidable, the City shall not purchase zero-coupon State and Local Government Securities post-closing to blend down the escrow yield.

Forward Refundings

The City may issue forward refunding bonds when advantageous, legally permissible, prudent, and net present value savings equals or exceeds three and one-half percent (3.5%) or one million dollars (\$1,000,000). The present value savings will be net of all costs related to the refunding. If net present value savings are less than the savings target, the Chief Financial Officer may consider the option value of each maturity of the refunding candidates. If estimated savings for a maturity exceeds seventy percent (70.0%) of the estimated option value of that maturity, the Chief Financial Officer may opt to refund that maturity.

Synthetic Refundings

The City may use alternative refunding instruments such as swaps, derivatives, and hedges when advantageous, legally permissible, prudent, and net present value savings equals or exceeds four and one-half percent (4.5%) or one million dollars (\$1,000,000). The present value savings will be net of all costs related to the refunding. If net present value savings are less than the savings target, the Chief Financial Officer may consider the option value of each maturity of the refunding candidates. If estimated savings for a maturity exceeds seventy-five percent (75.0%) of the estimated option value of that maturity, the Chief Financial Officer may opt to refund that maturity.

Current Refundings

The City may issue current refunding bonds (as defined for federal tax law purposes) when advantageous, legally permissible, prudent, and net present value savings equal or exceed \$100,000. The present value savings will be net of all costs related to the refunding.

Restructuring of Debt

The City may choose to refund outstanding indebtedness when existing bond covenants or other financial structures impinge on prudent and sound financial management. Savings requirements for current, synthetic, forward or advance refundings undertaken to restructure debt may be waived by the Chief Financial Officer upon a finding that such a restructuring is in the City's overall best financial interests.

Open Market Purchase of City Securities

The City may choose to defease its outstanding indebtedness through purchases of its securities in the open market when market conditions make such an option financially feasible as determined by the Chief Financial Officer.

FINANCIAL CONSULTANTS AND SERVICE PROVIDERS

All professional service providers will be selected by the Chief Financial Officer.

The Deputy Chief Financial Officer shall be responsible for establishing a solicitation and selection process for securing professional services that are required to develop and implement the City's debt program. Goals of the solicitation and selection process shall include encouraging participation from qualified service providers, both local and national, at competitive prices. The selection process may allow for special consideration for minority and women owned business enterprises.

The City 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 both the City and the lender or conduit issuer, if any. This includes "soft" costs or compensations in lieu of direct payments.

- **Bond Counsel:** The City shall enter into an engagement letter agreement with each lawyer or law firm representing the City in a debt transaction.
- **Disclosure Counsel:** The City shall enter into an engagement letter agreement with a nationally recognized disclosure counsel firm or firms to act as disclosure counsel to the City to assist the City in preparing all of its primary offering and reoffering documents, continuing disclosure undertakings and bond purchase agreements, and to assist the City in developing policies and procedures regarding its primary and secondary market disclosure obligations, including continuing disclosure compliance obligations.
- **Financial Advisor:** If the City chooses to hire financial advisors, the City shall enter into a written agreement with each person or firm serving as financial advisor for debt management and transactions.

- **Underwriters:** If there is an underwriter, the City shall require the Underwriter to clearly identify itself in writing (e.g., in a response to a request for proposals or in promotional materials provided to an issuer) as an underwriter and not as a financial advisor from the earliest stages of its relationship with the City with respect to that 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 City. The Underwriter in a publicly offered, negotiated sale shall be required to provide pricing information both as to interest rates and to takedown per maturity to the Chief Financial Officer in advance of the pricing of the debt.
- **Other Service Providers:** The Deputy Chief Financial Officer shall periodically solicit providers of other services necessary to carry out the debt issuance activities of the City (including but not limited to swap advisor, swap counsel, trustee, paying agent, counterparty, and remarketing agent) and, in selecting such additional service providers, shall evaluate the cost and perceived quality of service of the proposed service provider.

Conflict of Interest

Professionals involved in a debt transaction hired or compensated by the City shall be required to disclose to the City 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 conduit issuers, sponsoring organizations and program administrators. This disclosure shall include that information reasonably sufficient to allow the City to appreciate the significance of the relationships.

No such relationship shall be permitted which could compromise the firm's ability to provide the highest quality level of independent advice or service which is solely in the City's best interests or which could reasonably be perceived as a conflict of interest.

Professionals who become involved in the debt transaction as a result of a bid submitted in a widely and publicly advertised competitive sale conducted using an industry standard, electronic bidding platform are not subject to this disclosure. No disclosure is required that would violate any rule or regulation or professional conduct.

METHOD OF SALE

Competitive Sale

The City, as a matter of policy, shall issue its debt obligations through a competitive sale unless the Chief Financial Officer determines that such a sale method will not produce the best results for the City. In such instances where the City deems the bids received through a competitive sale process as unsatisfactory or does not receive bids, it may, at the election of the City Council, enter into negotiation for sale of the securities.

Negotiated Sale

When determined appropriate by the Chief Financial Officer, the City may elect to sell its debt obligations through a negotiated sale. Such determination may be made on an issue by issue basis, for a series of issues, or for part or all of a specific financing program.

The City may use the negotiated sale process if the City makes a determination that due to the size or complexity of a particular transaction, a negotiated sale would result in the most favorable pricing. If appropriate, the City should use a financial advisory firm to assist in the negotiations.

The City may also use the negotiated sale process if it determines, in light of the facts and circumstances, that doing so will promote its interests by encouraging and rewarding innovation or the substantial commitment of time and resources by an underwriting firm.

Regardless of the reason for selecting the negotiated sale process, the City shall obtain an independent finding that the terms and conditions of the sale reflect a fair market value of such debt as of the date of its execution.

Private Placement

When determined appropriate by the Chief Financial Officer, the City may elect to sell its debt obligations through a private placement or limited public offering. Selection of a placement agent shall be made pursuant to selection procedures developed by the Deputy Chief Financial Officer.

Use of Technology in Bond Sale Process

The City shall encourage the use of electronic bidding systems, electronic dissemination of disclosure information and other technological methods whenever the use of such technology is expected to reduce sale costs and enhance market participation in City financings.

CREDIT RATINGS AND ENHANCEMENTS

The City seeks to maintain the highest possible credit ratings that can be achieved for debt instruments without compromising the City's policies and objectives. Ratings are reflections of the general fiscal soundness of the City and the capabilities of its management. By maintaining the highest possible credit ratings, the City can issue its debt at a lower cost of capital.

Rating Agency Relationships

The Deputy Chief Financial Officer is responsible for maintaining relationships with the rating agencies that currently assign ratings to the City's various debt obligations. This effort shall include providing periodic updates on the City's general financial condition along with coordinating meetings and presentations in conjunction with debt issuances.

Use of Rating Agencies

The Chief Financial Officer shall be responsible for determining whether or not a rating shall be requested on a particular financing, and which of the major rating agencies shall be asked to provide such a rating.

The City shall strive to maintain a rating of at least "AA" on its general obligation debt. A lower rating standard may be accepted for indirect or conduit obligations, subject to approval of the Chief Financial Officer.

Use of Credit Enhancement

The City shall seek to use credit enhancement (letters of credit, bond insurance, etc.) when such credit enhancement proves cost-effective. Selection of credit enhancement providers shall be subject to the approval of the Chief Financial Officer in consultation with the City's financial advisor.

The City will consider the use of credit enhancement on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when a clearly demonstrable savings can be shown shall enhancement be considered. The City will consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancement.

Bond Insurance

The City shall have the authority to purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination shall be based on such insurance being less costly than the present value of the difference in the interest on insured bonds versus uninsured bonds.

Debt Service Reserve Funds

When required, a reserve fund may be used to strengthen the underlying credit of the debt.

Minimum Debt Service Fund Balance

The City shall strive to maintain a Debt Service Fund ("DSF") undesignated fund balance equal to or greater than 1/12 or eight percent (8%) of DSF expenditures.

POST ISSUANCE COMPLIANCE

Transparency

The City shall comply with legal requirements for notice and for public meetings related to debt issuance. In the interest of transparency, all costs including interest, issuance, continuing, and one-time) shall be disclosed to the citizens, City Council, and other stakeholders in a timely manner.

Report on Debt Obligation

TCA §§9-21-151 requires all municipalities to submit, or cause to be submitted, a report of debt obligation to the governing body of the public entity, with a copy to the comptroller of the treasury or the comptroller's designee within 45 days of the issuance, regardless of whether the issuance had to be approved by the Director of State and Local Finance. The designated form for this purpose is Form CT-0253. The form should be completed by the City or its financial advisor then presented to City Council with a copy to the Director of State and Local Finance. The City shall retain a copy of the form for its records.

Investment Policy

The City has adopted a comprehensive Investment Policy. The investment of all debt proceeds shall comply with the City's Investment Policy where applicable and will not enable the City to exploit the difference between tax-exempt and taxable interest rates to obtain a financial advantage that might be considered abusive.

Tax-Exempt Status Compliance

The purpose of this section is to establish policies and procedures in connection with tax-exempt bonds issued by the City ("TEBs") so as to ensure that the City exercises due diligence in complying with Section 148 of the Code, and all applicable regulations to preserve the tax-exempt status of the TEBs, as well as to provide for the timely identification of and expeditious remediation of any violation.

The City shall consult with bond counsel and other advisors, as needed, throughout the bond issuance process to review any additional requirements necessary or appropriate so that the TEBs will continue to qualify for tax-exempt status. The City's current procedures regarding arbitrage rebate compliance and private use compliance are set forth below. Notwithstanding anything herein to the contrary, the Chief Financial Officer may adopt and maintain policies and procedures on tax-exempt compliance.

Arbitrage Rebate Compliance

Arbitrage rebate compliance is a critical and serious matter which may affect the tax-exemption of the interest on bonds issued by the City. Therefore, the City will comply with all arbitrage rebate requirements as established by the Internal Revenue Service. To assist the City in its effort, the City shall seek the service of a firm with extensive arbitrage rebate compliance and related experience. The firm shall provide the City with arbitrage rebate compliance services tailored to the specific needs of the City including rebate analysis for general obligations and revenue bonds with parity debt service reserve funds for multiple issues.

The Deputy Chief Financial Officer in consultation with certain professional service providers shall be responsible for:

- For advance refunding escrows, ensure that no 0% Securities of State and Local Government Securities are used when avoidable. If unavoidable, confirm that all scheduled purchases are made on the scheduled date;
- Seek the services of an arbitrage compliance service provider to annually or biennially calculate and report the City's cumulative rebate liability, if any; and
- Maintain special records required by safe harbor under Section 1.148-5 of the Code for investment contracts or defeasance escrows, where applicable.

Private Use Compliance

The Deputy Chief Financial Officer in consultation with certain professional service providers shall be responsible for:

- Monitoring the use of tax-exempt bond proceeds to ensure compliance with covenants and restrictions set forth in tax certificates;
- Conferring at least annually with other personnel given charge of certain facilities financed with TEBs to identify and discuss any existing or planned use of such facilities to ensure that the use of such facilities is consistent with all covenants and restrictions set forth in relating tax certificates;
- Consulting with bond counsel and other legal counsel and advisors in the review of any change in use of any facility financed with TEBs to ensure compliance with all covenants and restrictions set forth in the related tax certificates; and
- Consult with bond counsel and other legal counsel or advisors to determine a course of action to remediate all nonqualified bonds, if such counsel advises that a remedial action is necessary.

Continuing Disclosure

The Chief Financial Officer will adopt and maintain policies and procedures on primary and secondary disclosure compliance after consultation with disclosure counsel to the City in order to comply with applicable federal securities laws and regulations (the "Disclosure Policies and Procedures").

Document Retention

The City shall retain all documents relating to a debt transaction for three years beyond the final maturity of the debt or any subsequent refunding debt. A retention date shall be placed on all transaction folders to ensure compliance with the City's retention policy.

Each transaction folder shall contain the following as applicable:

- Final versions of debt issuance documents including the official statement or private placement memorandum;
- Copy of resolutions authorizing the debt issuance;
- Applicable IRS and state forms such as 8038-G, 8038-B, and CT-0253;
- CPA verification reports;
- All final debt service schedules;
- Final closing documents;
- Liquidity agreements;
- Investment contract information;
- Bond proceeds expenditure reports;
- Any relevant correspondence with the arbitrage consultant, bond counsel, or other advisors;
- Rebate calculation and yield restriction reports; and
- Any documents required under the Disclosure Policies and Procedures.

POLICY REVIEW

The guidelines outlined herein are only intended to provide general direction regarding the future use and execution of debt obligations and derivative products. The City reserves the right to modify the guidelines contained herein and make exceptions to any of them at any time to the extent that doing so achieves City goals. Any such modification should be submitted to City Council for its consideration and approval.

This policy is subject to review no less than annually.

This policy was adopted by City Council on February 19, 2002, and amended on November 4, 2003, December 6, 2011, May 21, 2013, December 3, 2013, April 19, 2016, and January __, 2021.

RESOLUTION APPROVING “ACCELERATE MEMPHIS: INVEST IN NEIGHBORHOODS” A PLAN TO INVEST IN COMMUNITY PROJECTS TO ACTIVATE NEIGHBORHOODS, IMPROVE PARKS AND REVITALIZE CITY ASSETS

WHEREAS, for the past decade, the Memphis City Council and Administration have exercised fiscal discipline in the wake of the great recession including reforming pension and OPEB, restraint in debt policy and spending, and instituting a culture of data-driven governmental decision-making; and

WHEREAS, thanks to these measures and other conditions such as a low-interest environment for issuing bonds and a newly adopted comprehensive plan (Memphis 3.0) to guide development, transportation, infrastructure, and civic space over the next two decades and beyond, the City of Memphis is facing a “debt cliff” coming in 2026, when annual debt service will fall dramatically (by \$63M); and

WHEREAS, capitalizing on these favorable conditions, the City of Memphis will take advantage of the drop in debt service payments in 2026 today and make an unprecedented \$200 million investment in catalytic community projects intended to accelerate growth by improving quality of life, driving equity and inclusion, and improving housing and connectivity by making transformative, one-time investments in a variety of capital projects; and

WHEREAS, known as “Accelerate Memphis: Invest in Neighborhoods,” proceeds from \$200 million in Accelerate Memphis bonds will be used in the following three ways:

- Activating Memphis 3.0 — \$75 million
- Improving our parks — \$75 million; and
- Revitalizing citywide assets — \$50 million

WHEREAS, the Accelerate Memphis Whitepaper (see Exhibit A attached) dated 21 January 2021 contains detailed plans of how these funds will be spent; and

WHEREAS, Accelerate Memphis map (see Exhibit B attached) details where these projects will take place across all council districts; and

WHEREAS, Accelerate Memphis will intentionally seek to leverage additional funds — such as private and philanthropic dollars — to increase its impact; more than \$170 million in potential leverage opportunities have been identified, which could bring the true impact of Accelerate Memphis to as much as \$370 million.

NOW, THEREFORE BE IT RESOLVED, that the Memphis City Council hereby adopts the conceptual Accelerate Memphis: Invest in Neighborhoods plan, attached, with the knowledge that specific approvals will come before the Council beginning in the third quarter of FY21, including approval of issuing a maximum of \$200 million of indebtedness consisting of capital appreciation bonds with a 25-year term through the Public Building Authority and current interest bonds with a 25-year term through EDGE.

Sponsor: Administration

Accelerate Memphis

Invest in Neighborhoods

Whitepaper

January 21, 2020



Executive Summary

Through the 2010s, the City of Memphis exercised fiscal discipline through adverse conditions, such as modest gains in overall annual revenue and outsized debt service that consumed approximately one of every three dollars of property tax revenue. While notable investments were made in infrastructure, fiscal limitations such as annual borrowing caps still fall short of the kind of transformative work Memphians deserve.

But as the decade of the 2020s begins, Memphis stands at the precipice of a confluence of events, including:

- An administration committed to legacy-building, quality-of-life improvements throughout all neighborhoods of Memphis.
- An economy on an upward trajectory in the wake of the COVID-19 pandemic, building upon the momentum of the latter part of the 2010s.
- An ingrained culture of data-driven governmental decision-making and fiscal discipline, which has inspired confidence among citizens, other elected officials, bond rating agencies, and the State of Tennessee.
- A “debt cliff” coming in the 2027 fiscal year, when annual debt service will fall dramatically.
- A low-interest environment for issuing bonds.
- A newly adopted comprehensive plan to guide development, transportation, infrastructure, and civic space over the next two decades and beyond.

Accelerate Memphis is born from this confluence of events.

Capitalizing on these favorable conditions, the City of Memphis will make an unprecedented **\$200 million investment** in catalytic community projects intended to accelerate its growth by improving quality of life, driving equity and inclusion, improving housing and connectivity, and solving stubborn problems that are deeper than any single Capital Improvement Plan can solve. The City will take advantage *today* of the drop in debt service in the 2027 fiscal year to make a transformative, one-time investment in a variety of capital projects.

Accelerate Memphis will intentionally seek to leverage additional funds — such as private and philanthropic dollars — to increase its impact. More than \$170 million in *potential* leverage opportunities have been identified, which could bring the true impact of Accelerate Memphis to as much as \$370 million. Further conversations with the private, philanthropic, and other government sectors are expected to increase this total, along with private sector investments that cannot be reasonably forecasted at this time.

Accelerate Memphis will be a great leap forward in advancing Mayor Strickland's call for continued investment through all parts of our city, a call that has been joined by more and more citizens.

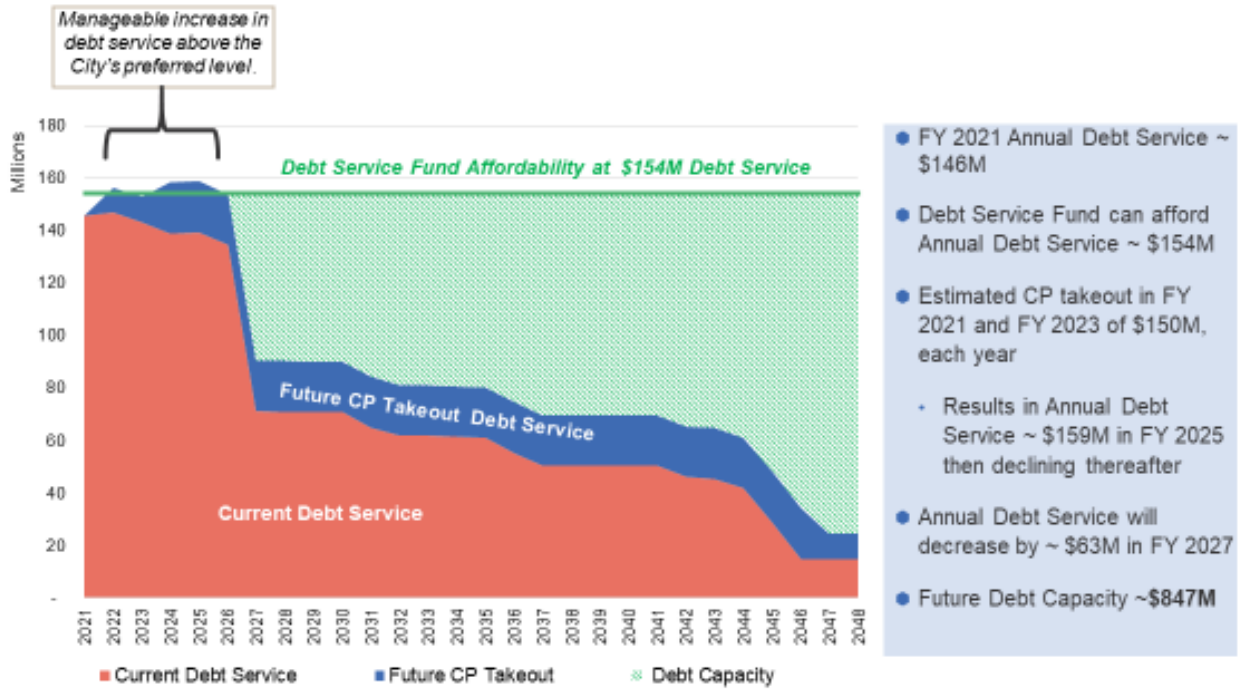
How this works

Accelerate Memphis hinges on the upcoming “debt cliff” — the expiration of a significant portion of the City’s current debt obligations — in FY27.

Pictured Below: City of Memphis debt profile and debt capacity, courtesy of Public Financial Management.



Overview of the City’s Debt Profile and Debt Capacity



Taking into account this profile, the financial structure of Accelerate Memphis is as follows:

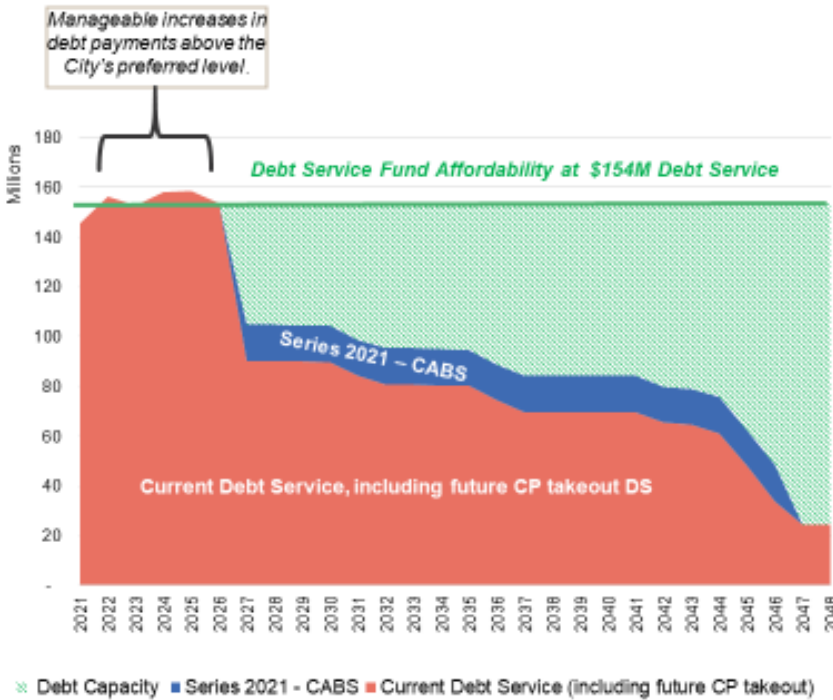
- On or shortly after July 1, 2021 (FY22), an entity or entities backed by the City will issue \$200 million in capital appreciation bonds. The term of the bonds will be for 25 years.

- In FY27, annual debt service of ~\$14.5 million will begin. That's also the fiscal year when the City's "debt cliff" is reached and annual debt service drops by \$63 million.

Below is a graphical representation of how the Accelerate Memphis bond issuance intersects with current City debt obligations:



Capital Appreciation Bonds Scenario – \$200M (Balloon Indebtedness)



- Funding of \$200M in projects with Capital Appreciation Bonds will not increase the annual debt service until FY 2027 but is considered balloon debt
- FY 2027 through FY 2046 annual debt service in the CAB structure ~ \$14.5M/year
 - Does not require any additional pennies to be contributed to the City's Debt Service Fund.
- Future Debt Capacity, after the issuance of \$200M in CABs is ~\$689M



How Accelerate Memphis will change our City

Deliberations between Mayor Strickland, the City’s senior leadership team, and the Accelerate Memphis team continue as it relates to specific projects. Following is a broad working outline of how proceeds from \$200 million in Accelerate Memphis bonds will be used:

- Activating Memphis 3.0 — \$75 million
- Improving our parks — \$75 million
- Revitalizing citywide assets — \$50 million

Activating Memphis 3.0 | \$75 million

As the adopted plan for Memphis by Mayor Strickland, the City Council, and the Land Use Control Board, Memphis 3.0 provides the road map for where and how to invest in communities to drive growth within our core — to “build up, not out.” More than 15,000 Memphians offered input at more than 400 events, ensuring that these priorities are informed by significant public input. Growth is anchored on the strength of our core and our neighborhoods, and these investments will kick-start that growth.

- **Improving neighborhoods with investments in 34 anchor areas across the city (\$13.6 million).** Memphis 3.0 identifies 71 anchor areas as “nurture anchors,” which typically do not have sufficient market-led activity to drive desired change, and 30 “accelerate anchors” with greater potential for private investment, but in need of public support. Early-stage investment in 34 of these anchors are a signal of public sector focus in these areas and designed to unlock opportunities for change. Each anchor will be funded at \$400,000 each for select improvements identified as actions associated with Nurture degree of change or actions specified in the District Priorities section of the comprehensive plan. These actions will be determined on an area-by-area basis, but may include:
 - Street recovering
 - Bus shelters
 - Light pole banners
 - Crosswalk/sidewalk improvements
 - Road diets
 - Public wifi
 - Street light upgrades
 - Street trees and street furniture
 - Repurposed vacant land as civic space
 - Closed curb cuts

- Signage improvements
- Those 34 anchor areas are:
 - Cleveland & Madison
 - Delano & Watkins
 - Frayser Gateway
 - Jackson & Evergreen
 - James Road/Old Raleigh
 - Kerr & Gaither
 - Kirby & Raines
 - Lamar & McLean
 - Lester
 - Macon & Berclair
 - Macon & Victor
 - Macon & Wells Station
 - Mendenhall & Knight Arnold
 - Merton & Harvard
 - Neptune & Walker
 - New Covington & Austin Peay
 - Old Cordova
 - Park & Getwell
 - Perkins & Knight Arnold
 - Poplar & Cleveland
 - Poplar & Danny Thomas
 - Raleigh Egypt
 - Ridgeway & Quince
 - Sea Isle
 - Sherwood
 - Soulsville
 - Southbrook/Southland
 - Southwest Tenn. Community College (Whitehaven)
 - Summer & Graham
 - Third & Belz
 - Third & Fairway/Levi Library
 - Wells Station & Grey
 - Winchester & Ridgeway
 - Winchester & Tchulahoma
- **Accelerating change with large-scale, targeted investments in nine anchor areas (\$37.4 million).** These nine anchors combine all elements from above: they are identified as priority anchors (either Accelerate or Nurture), intersect with high-frequency transit or bus rapid transit, and exhibit opportunities for greater private sector investment on the heels of public investment. Improvements in these areas will be directed by a small area plan that takes a deeper look at the types of public investments best suited to accelerate change in these areas. These nine areas are:
 - Raleigh Town Center (Austin Peay and Yale)
 - Whitehaven Plaza (Elvis Presley and Raines)
 - South City (Mississippi and Georgia; Lauderdale and Vance)

- Soulsville (Mississippi and Walker)
- Klondike (Jackson and Watkins; Brown and Watkins)
- Hollywood/Hyde Park (Chelsea and Hollywood)
- Orange Mound (Lamar/Park and Airways; Marechalneil and Park; Dallas and Park)
- Highland Heights (Summer and National)
- Oakhaven (Shelby and Tchulahoma)

Small area plans for Raleigh Town Center and Whitehaven Plaza are complete. A planning effort for the remaining small areas will soon begin. That planning effort will seek to identify opportunities for transit-oriented residential and business development in the selected areas and potential funding options and strategies to guide investment for future growth. Examples of the type of investments that may be recommended are found in the small area plans for Raleigh and Whitehaven and include:

- Public promenade and plaza (Raleigh and Whitehaven)
 - Installation of new streets, curb, and gutter (Raleigh and Whitehaven)
 - Neighborhood squares and parks (Raleigh and Whitehaven)
 - Landscaped medians (Raleigh)
 - Pedestrian scale street lights, new crosswalks, and signals (Raleigh)
 - New sidewalks and pedestrian trails (Raleigh and Whitehaven)
 - Broadband and wireless Internet (Raleigh and Whitehaven)
 - New community buildings (Whitehaven)
 - Rainwater detention (Whitehaven)
 - Mix of housing types, including affordable housing (Raleigh and Whitehaven)
- **Safety improvements in eight Memphis 3.0-identified infrastructure priority anchor areas or corridors (\$9 million).** Street improvements are proposed for areas of critical need. Accelerate Memphis dollars identified will match \$25.7 million in federal and state transportation funds. Street improvements may include: intersection redesign, improved lighting, signal upgrades, crosswalk/sidewalk

improvements, bike lanes and bicycle facility protection, street furniture, ADA improvements, or traffic calming. Areas include:

- Frayser & Overton Crossing — \$837,600
 - Hickory Hill & Winchester — \$497,200
 - Hollywood Street — \$1 million
 - Lamar/Kimball/Pendleton — \$730,800
 - Ridgeway & Quince — \$185,200
 - Third & Ford — \$2 million
 - Trinity & Germantown — \$468,000
 - Watkins/Cleveland/Bellevue/Elvis Presley corridor — \$3.2 million
- **Closing the knowledge gap with broadband infrastructure (\$7.5 million).** Too many Memphians do not have access to broadband Internet, negatively affecting learning, job access, and quality of life. By allocating \$7.5 million in Accelerate Memphis funds to bring fiber to more and more neighborhoods with strategies to be identified by the Memphis 3.0 Smart City Plan, the City could make meaningful progress in closing this gap.
 - **Investing in housing opportunities (\$7.5 million).** The City is committed to making investments in affordable housing that support the needs of Memphis residents. These funds will be used for infrastructure, acquisition, and demolition in support of affordable housing development in Memphis 3.0 anchors. These investments will ensure that long-term affordability in Memphis neighborhoods remains a priority as redevelopment occurs.

Improving our parks | \$75 million

Parks are often the focus of neighborhood life — from more than 150 Division of Parks and Neighborhoods parks of all sizes to 30 community and senior centers, 17 pools (14 outdoor, three indoor), seven golf courses, three splash pads, 81 playgrounds, 48 basketball courts, 78 pavilions, four dog parks, 80 tennis courts (12 indoor, 68 outdoor), and more. Parks has more than 3,200 fixed assets (benches, trash cans, water fountains, etc.) throughout 116 developed parks. As an initiative of Memphis 3.0 and the Division, a master plan for the city's parks is nearing completion. While the planning is not yet finalized, citizens have

already voiced a strong preference for bringing existing park assets to excellent condition. Furthermore, citizens have identified key priorities that include more splash pads, more and better walking trails, better connections to other parks, and amenities such as wireless Internet in parks and fitness rooms in community centers. Through a \$75 million allocation, Accelerate Memphis will attempt to address many of these issues while bringing vibrancy back to assets throughout the city.

- **Bringing our park assets back to life (\$35 million).** A wide range of maintenance needs exists in our parks system. By investing \$35 million in deferred maintenance, we will make significant, noticeable improvements to the assets citizens use on a daily basis.
 - Playground resurfacing (\$2.5 million). Twenty-five existing playgrounds will be resurfaced.
 - Neighborhood park maintenance and upgrades (\$14.5 million). More than 100 neighborhood park locations will receive repair, ranging from park fixtures, paving, and other grounds maintenance as needed.
 - Aquatic facilities (\$5 million). Fourteen indoor and outdoor aquatic facilities will be renovated based on recommendations from an assessment conducted by Duffield Aquatics for the Division of Parks and Neighborhoods. For example, a new splash pad will be installed at Hollywood Community Center based on community input.
 - Golf course/walking path maintenance (\$3 million). Seven city golf courses will receive clubhouse, cart path, and grounds maintenance. Cart paths often informally double as walking trails, meaning the cart path investment will benefit both golfers and walkers alike.
 - Community and senior center maintenance (\$10 million). This allocation will allow for repairs to be addressed at all 30 community and senior centers, based on recommendations from an assessment conducted by Allworld Project Management. The site assessment categorized repairs into five priority levels; this allocation will enable repairs for priority levels 1 through 4. Examples of projects include roof repairs, HVAC, and plumbing.
- **Immediate investments in community-identified improvements (\$40 million).** These are either new amenities or significant renovations to existing facilities:

- Audubon Park (\$425,000). Construct a new picnic pavilion on the north end of the park.
- Chelsea Greenline (\$1,075,000). Design, acquire right-of-way, and construct a 2.5-mile shared-use path in the unused Union Pacific Railroad right-of-way adjacent to Chelsea Avenue from Evergreen Street to Washington Park. The project will also include modernization of traffic crossing at Chelsea Avenue, west of Watkins Street. This is a 20% local match to 80% federal grant.
- Douglass Park (\$1 million). Build a splash pad, improve the sports fields, and repave asphalt. This would match a federal grant.
- Gaisman Community Center (\$8 million). Replacement of current facility, which was constructed in the 1960s.
- Gaisman Park (\$1.1 million). Construction of two new soccer fields on the south end of the park and upgrades to park furnishings and paving.
- Gaston Community Center (\$4 million). Complete renovation of facility.
- Heights Line (\$4 million). Enables construction of a new 1.75-mile linear park and multi-use path in the Highland Heights community, located in the median of National Street between Summer Avenue and Bayliss Avenue, connecting to the Hampline and Wolf River Greenway.
- May Park improvements (\$1.5 million). This heavily used soccer complex will receive two rebuilt primary soccer fields and new paving on all drives and parking areas.
- Pine Hill Golf Course (\$4 million). A new clubhouse will be built both to serve the golf course and as a multipurpose room for the community.
- Pine Hill Park (\$600,000). Construct a new playground and picnic pavilion.
- Riverview Community Center renovation/improvements (\$2 million).
- Shelby Farms Greenline western extension (\$1,065,000). Construction of a bridge over the CN Railroad allowing westward expansion of Shelby Farms Greenline into Tobey Park and Liberty Park/Fairgrounds via Flicker Street. This is a 20% local match to 80% federal grant.
- South Memphis Greenline (\$737,000). Design, land acquisition, and construction for a shared-use path to be constructed in an unused right-of-way alignment in northeast direction from Marjorie Street to Trigg Avenue in South Memphis. This is a 20% local match to 80% federal grant.

- Southwest Twin Drive-In (\$1 million). Acquisition and demolition of former drive-in movie theater on South Third, for future conversion into community asset.
- Whitehaven Community Center (\$2 million). New multipurpose room and parking.
- Wolf River Greenway (\$2.5 million). This allocation is consistent with the agreement for the City to provide matching funds to realize the vision of a 26-mile shared-use trail through 22 neighborhoods stretching from the Mississippi River to Germantown. This would provide funds for Phase 10B alternate route, acquiring property and developing the route under the Austin Peay Highway bridge to connect to Phase 11.

In addition to the items outlined above, any additional dollars remaining under this category will go toward project contingency.

Revitalizing Citywide Assets | \$50 million

Regardless of the neighborhoods in which Memphians live, there are common assets that all of us enjoy. Many are progressing through their life cycle to a critical point at which major repairs or renovations are necessary to maintain their usefulness and vibrancy.

- **AutoZone Park Capital Repair Fund (\$5 million).** A City-owned asset since 2014, AutoZone Park is now more than 20 years old and is carrying significant deferred maintenance.
- **FedExForum Capital Repair Fund (\$10 million).** The City and County are obligated per the terms of the 2002 Operating Agreement to maintain FedExForum to NBA standards. As the arena, which was constructed in 2004, ages, these costs are increasing annually. By placing \$10 million into a sinking fund, and combining those dollars with excess bond repayment from the Memphis-Shelby County Sports Authority and funds from Shelby County, we will be able to continue to keep FedExForum among the NBA and NCAA's best arenas while saving annual CIP dollars for other priorities.
- **Historic Melrose mixed use/library/housing development (\$10 million).** Historic Melrose is the location of the former Melrose High School building, which was built in

the 1930s and closed in 1979. Since that time, the building has been vacant and the subject of many community discussions. Since 2017, the City of Memphis has worked with the neighborhood to identify a use for the building that respects the history and culture of the school and the Orange Mound Community. This investment will fund a state-of-the-art library and genealogy center in the building, which will be co-located with senior housing on upper floors.

- **Liberty Park youth sports complex (\$10 million).** As part of the larger Liberty Park development and youth sports complex, the construction of which will be funded through Tourism Development Zone bonds, this \$10 million allocation will be used to construct assets on site — such as a playground, the replacement track and football stadium, and soccer fields — that will be of use to citizens of the surrounding neighborhoods of Orange Mound, Belt Line, and the Cooper-Young area of Midtown. When coupled with planned private development on the north side of Liberty Park (hotel, retail, family entertainment, restaurants), the facility will be both an asset for the neighborhoods as well as an engine for family tourists.
- **Mud Island River Park rehab (\$4 million).** Improvements to the existing amphitheater will allow that facility to come back online as a concert venue. Additional infrastructure improvements will increase the park's visibility, improve its north entrance and rehab parking areas.
- **100 N. Main remediation (\$10 million).** To catalyze activity on the north end of Downtown, and to complement the nearby \$200 million transformation of the Renasant Convention Center and the forthcoming Loews Hotel, these funds will be set aside for remedying the challenge of the vacant eyesore on the city's skyline.
- **Underpass improvements (\$1 million).** Cosmetic, safety, and lighting improvements to a variety of railroad and street underpasses throughout the city, improving the experience and sense of safety for pedestrians and motorists.

Legend

★ Large-Scale Investment Anchors

■ Safety Improvements

● Early-Stage Investment Anchors

● Parks or Community Centers

● City Assets

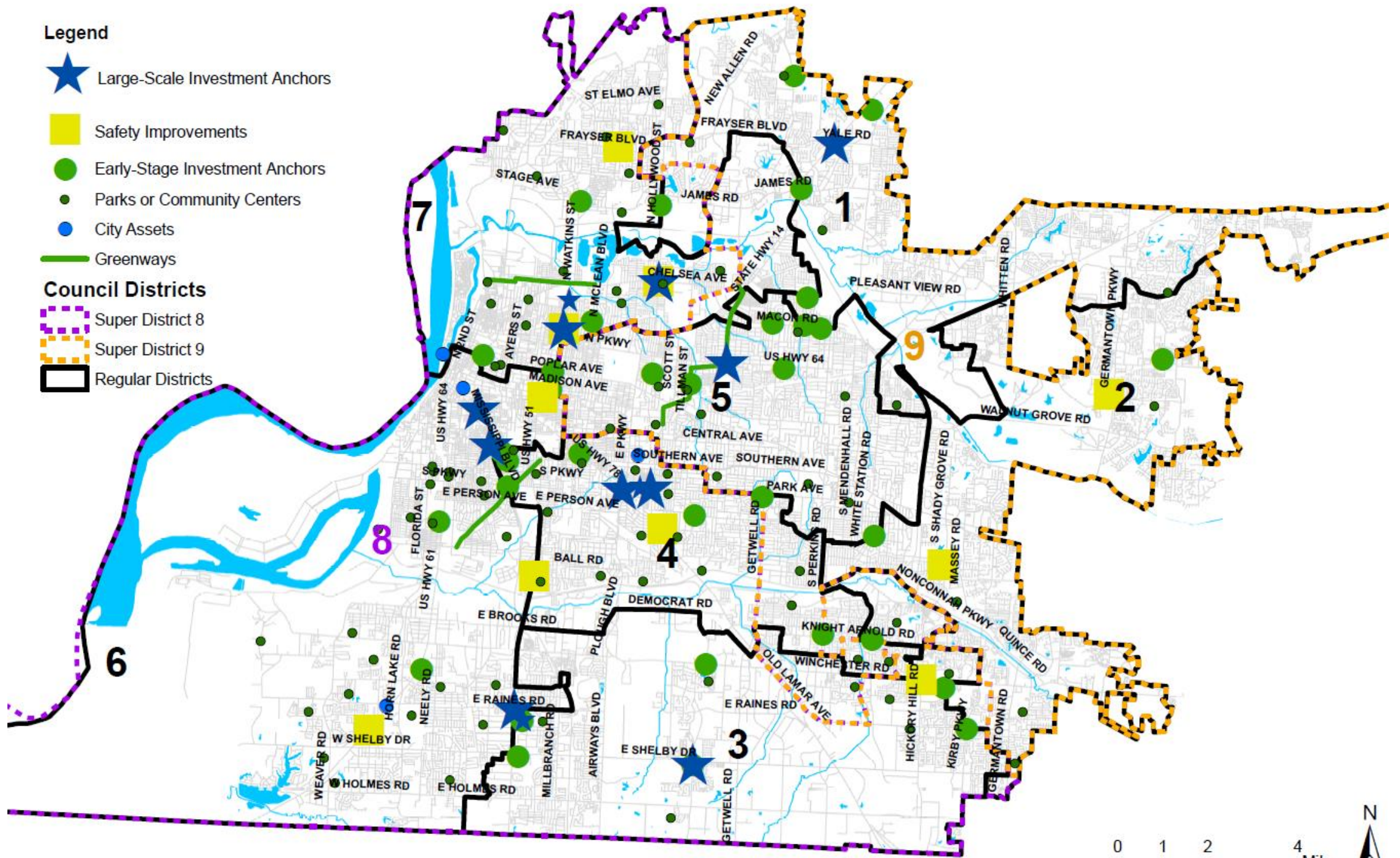
— Greenways

Council Districts

Super District 8

Super District 9

Regular Districts



**A RESOLUTION REQUESTING THE CITY’S MAYOR AND/OR THE COUNCIL CHAIRMAN TO JOIN
REQUEST BY THE MAYORS OF 22 OF THE LARGEST CITIES IN THE UNITED STATES TO THE
BIDEN/HARRIS ADMINISTRATION FOR THE ADOPTION OF A NATIONAL VACCINATION
DISTRIBUTION PLAN FOR CITIES**

WHEREAS, by letter dated January 13, 2021 the Mayors of the 22 largest cities in the United States requested direct access to vaccines, funding to support scaling a distribution infrastructure and funding to support engagement and outreach to disadvantaged communities that are “vaccine hesitant”; and

WHEREAS, like many of our sister U.S. municipalities, Memphis has suffered from the present distribution of vaccines routed through state and the local health department networks, which have not been quick and nimble enough to distribute vaccines throughout the City, especially in the African-American communities and other communities that are unique to Memphis; and

WHEREAS, the amount of vaccines provided for eligible City residents through the state/local health department model has been inadequate; and

WHEREAS, as a result, the vaccine distribution in the City has not been equitable or successful to date, especially in African American and disadvantaged populations; and

WHEREAS, the needs of these populations are not being met and no effort has been made to even create vaccination sites in those historically underserved communities; and

WHEREAS, many of the highest coronavirus case rates are in majority-Black communities of North and South Memphis. Black people represent 56% of all COVID-19 cases and 58% of virus-related deaths in Shelby County, while making up about 54% of the population, according to Health Department data and no effort has been made or planned to provide targeted vaccine distribution for those communities; and

WHEREAS, those same neighborhoods in North and South Memphis were among the last to receive access to COVID-19 testing when the pandemic first hit Shelby County in March, 2020. For example, Frayser, one of the highest populated Black neighborhoods in Memphis, did not have its first government sponsored coronavirus testing event until April 25, 2020. It appears that a similar pattern is emerging as to vaccine distribution; and

WHEREAS, the National Vaccination Distribution Plan proposed by our sister cities contemplates that cities are better equipped to quickly mobilize vaccine administration, especially among minority and disadvantaged citizens, using their logistical expertise in deploying municipal services and their credentialed staffs of paramedics and EMT to support vaccine distribution; and

WHEREAS, the City is similar to many of its sister cities as having demonstrated enormous success by almost single-handedly establishing testing regimes for all of Shelby County, which makes the City well qualified to create and administer a streamlined and effective vaccine distribution system for its citizens; and

WHEREAS, by allocating vaccines directly to the City and providing funding to support a City distribution plan, the City can work along with state and local public health authorities, healthcare

providers and pharmacies to aid President Biden in meeting his ambitious goal of vaccinating 100 million Americans in the next 100 days; and

WHEREAS, the Mayors of the 22 largest cities in the United States have requested the opportunity to assist the Biden/Harris administration in developing and implementing a national roll-out strategy that allows cities to get their residents vaccinated as quickly as possible; and

WHEREAS, the Memphis City Council desires for the City's administration to have a seat at the table to help develop such strategies so that the City will be among the Cities chosen to be included in the national roll-out strategy by the Biden/Harris administration for the rapid the distribution of Covid-19 vaccines.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMPHIS CITY COUNCIL that the Mayor and the Council Chairman advise the Biden/Harris administration by letter and/or by other means that the City of Memphis endorses and supports the National Vaccination Distribution Plan for Cities proposed by the Mayors of the country's 22 largest cities on January 13, 2021 and requests the opportunity to assist the Biden/Harris administration in developing and implementing a national roll-out strategy that includes Memphis to allow the City to get their residents vaccinated as quickly as possible.

Sponsor: Councilmen Ford and Carlisle

FRANK COLVETT, JR.
CHAIRMAN

January 13, 2021

The Honorable Joseph R. Biden, Jr.
President-elect
Office of the President-elect
1401 Constitution Ave., NW
Washington, DC 20230

RE: National Vaccination Distribution Plan for Cities

Dear President-elect Biden:

As mayors of the undersigned cities with populations totaling over 40 million, we look forward to you, Vice President-elect Harris, and your administration taking the reins of government on January 20th. We hope to work closely with you to ensure your administration can meet its stated goal of vaccinating 100 million Americans in your first 100 days. However, to meet this ambitious and crucially important challenge, cities need direct access to vaccines, funding to support scaling the distribution infrastructure, and funding to support engagement and outreach to disadvantaged communities that are “vaccine hesitant.”

While it is essential to work with state and local public health agencies, healthcare providers, pharmacies, and clinics, there is a need to be nimble and fill gaps that are unique to each local area. Very few cities are receiving direct allocations, and as a result, the necessary outreach needed to lay the groundwork for your vaccination goals are not being met. Mayors have the ability and expertise to build the local partnerships necessary and fill these gaps, especially when it comes to reaching disadvantaged communities.

Mayors across the country have already established successful testing regimes that can be transitioned to a vaccine administration infrastructure local communities will be familiar with. For example, the City of Los Angeles has tested 3.5 million Angelenos through a streamlined and effective system. In the City of Seattle, despite representing 10% of the state's population, firefighters are single-handedly carrying out 20% of all statewide testing.

Combining their unique programmatic reach with the success of established testing regimes, mayors are among the best-equipped to mobilize vaccine administration with the support of their credentialed staff like EMTs and paramedics, especially from an

equity perspective. Even for cities like Chicago that are receiving their own vaccine shipments, the doses received are woefully inadequate and simply will not be enough to reach Brown and Black communities that have been disproportionately impacted by COVID-19.

While the traditional healthcare network will be the answer to ongoing vaccinations in the long term, by allocating vaccines directly to cities and providing funding to support their efforts, more vaccines can be administered in a more quick and efficient manner. Indeed, cities have a proven history of accomplishing this: when vaccinating for polio, New York City was able to vaccinate five million people in roughly two weeks. That level of outreach is what your administration needs to meet its goal.

To help plan for this national rollout, we hope to engage with your transition advisors and incoming administration on day one to immediately develop and implement a strategy that allows cities to get their residents vaccinated as quickly as possible.

Sincerely,

Mayor Eric Garcetti, City of Los Angeles, CA
Mayor Jenny A. Durkan, City of Seattle, WA
Mayor John Giles, City of Mesa, AZ
Mayor Bill de Blasio, City of New York, NY
Mayor Steve Adler, City of Austin, TX
Mayor Ted Wheeler, City of Portland, OR
Mayor Lori E. Lightfoot, City of Chicago, IL
Mayor Kate Gallego, City of Phoenix, AZ
Mayor Sam Liccardo, City of San Jose, CA
Mayor Ron Nirenberg, City of San Antonio, TX
Mayor LaToya Cantrell, City of New Orleans, LA
Mayor Mike Duggan, City of Detroit, MI
Mayor Michael B. Hancock, City and County of Denver, CO
Mayor Greg Fischer, City of Louisville, KY
Mayor Vi Lyles, City of Charlotte, NC
Mayor Todd Gloria, City of San Diego, CA
Mayor Mike Coffman, City of Aurora, CO
Mayor Sylvester Turner, City of Houston, TX
Mayor London Breed, City and County of San Francisco
Mayor Erin Mendenhall, City of Salt Lake City, UT
Mayor Tom Barrett, City of Milwaukee, WI
Mayor Keisha Lance Bottoms, City of Atlanta, GA

City of Memphis Sewer Development and Sewer Extension Fee Ordinance Amendments

January 2021





Property
Line

SEWER DEVELOPMENT FEES

Based on the utility's equity in the system. Payment of the Sewer Development Fee constitutes new user's "buy-in."



Capacity Part

For costs associated with construction of WWTP and related assets

Collection & Conveyance Part

For costs associated with construction of sewage collection & conveyance system including sewer mains, manholes, lift stations, and associated appurtenances.

CUSTOMER FACILITIES COST

Covers the costs of facilities from property line to dwelling. **These costs are the responsibility of the property owner** with prior approval of the City. Included in this cost is a payment to the Memphis and Shelby County Code Enforcement Office for inspection of these facilities.

CONNECTION COST

Covers the cost of the facilities installed between the sewer main and the property line of the property being connected. The facilities are owned by the City, but installed and paid for by the property owner. The connection cost also includes the cost of the City's inspection of the customer owned and installed facilities from the curb to the City's main line (through the "Standard Improvements Contract" or the "Street Cut Permit").

Sewer Development Fee

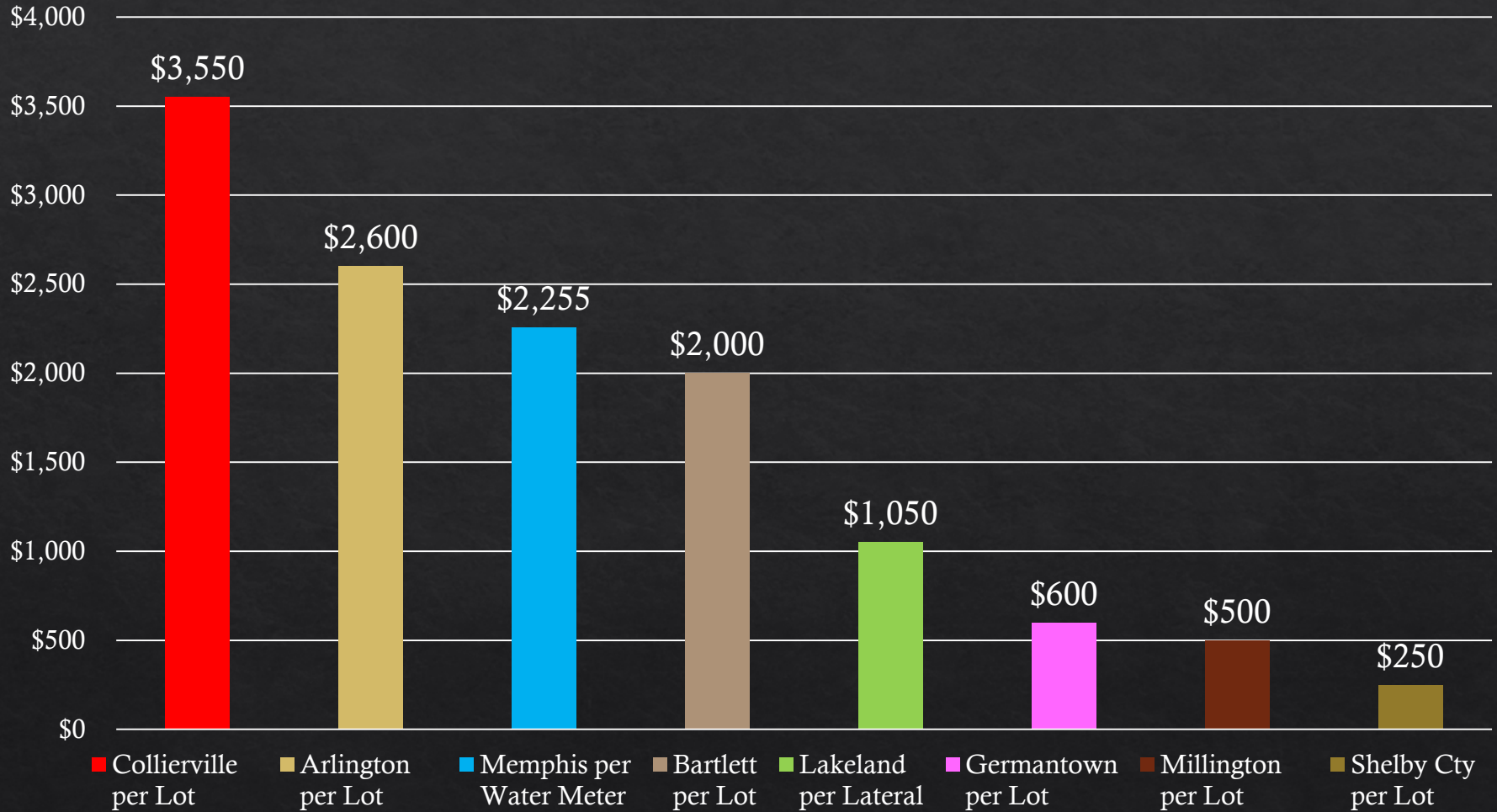
- Proposed Sewer Development Fee Rates
 - Uses Trended Original Cost Method – This method states the historical cost of the City's assets in today's dollar amount which is reflective of the City's equity investment.
 - Proposed Ordinance Amendment authorizes Director of Public Works to reduce the fee by 50% to support the objectives of Memphis 3.0 to encourage development of affordable residential housing
 - Fee will be calculated based upon the size of the water meter used for connection

Sewer Development Fee

Existing Fee		Meter Size (inches)	Proposed Sewer Development Fee
• Residential lot, including churches/schools- \$240/lot		5/8	\$2,255
• Multi dwelling/public facilities - \$840/acre or \$1,000/unit, whichever is greater		3/4	\$3,383
• Commercial/Industrial - \$12/front ft on longest abutting street or \$840/acre, whichever is greater		1	\$5,638
		1 ½	\$11,277
		2	\$18,043
		3	\$33,830
		4	\$56,384
		6	\$112,767
		8	\$180,427
		10	\$259,364
		12	\$484,899

- Proposed schedule implements a phase in approach.
 - New rate to go into affect July 1, 2021 and will be reduced at 50%, effective July 1, 2022 full rate.

Sewer Development Fee Comparison to Local Municipalities



*Memphis rate is for typical 5/8" residential meter

Sewer Extension Fee

- Sewer Extension Fee is paid by the developer, owner or applicant upon execution of a sewer extension contract and is needed for new developments that do not have access to City of Memphis sewer.
- Proposed Sewer Extension Fee Ordinance Modifications
 - Codifies the City's 2017 policy about cost sharing of sewer extension fee associated with development
 - For developments outside the City limits, 100% of costs shall be borne by the developer, if they are eligible to connect to the sewer system
- Current Sewer Extension policy allows "sewer credits" to be applied to sewer development fees for the cost paid by a developer for a sewer extension. This is being removed based on the administrative burden associated with oversight of such credits and potential loss of payment of future sewer development fees resulting from application of credits
- Extension Fees paid prior to July 1, 2021 shall run with the land as described in the contract and will be used to defray sewer development fees. On or after July 1, 2021, extension fees paid, shall not be used to defray sewer development fees.