



Prepared for:

The City of Memphis
Division of Housing and Community
Development (HCD)
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I. EXECUTIVE OVERVIEW

A. Introduction and Purpose

RKG Associates, Inc. (RKG) was retained by the City of Memphis, Division of Community Housing and Development (HCD), to complete an analysis of the potential incremental sales tax generated within a designated tax increment zone including the Fairgrounds, as part of a proposed tourism development zone (TDZ). The estimated



Figure 1 – Aerial View of the Fairgrounds (pre-repositioning)

incremental sales tax revenue from the proposed retail and other commercial development within the Fairgrounds TDZ could serve as a financial resource to support on-site improvements to the Fairgrounds. In this research and analysis, RKG is working with O. T. Marshall Architects for design/cost analysis.

1. Fairgrounds Development Plan

The Fairgrounds is a 155± acre site generally bounded by Central Avenue (north), Hollywood Street (east), Southern Avenue (south) and East Parkway (west). Construction is complete on the Memphis Public Greenspace Project (Tiger Lane), providing access through the Fairgrounds from East Parkway as a new gateway entrance and serving as a passive recreation facility for events at the Liberty Bowl. Existing development that will remain as part of the Fairgrounds includes the Liberty Bowl, the Children’s Museum of Memphis, the Kroc Center and the Fairview School. Components of the overall redevelopment, in addition to the recently completed Tiger Lane, include, but may not be limited to, the following:

- Renovations to the Liberty Bowl Memorial Stadium including improved handicap accessibility, a new scoreboard as well as suite and press box improvements.
- A multi-purpose sports complex with soccer fields, ball fields and other recreational amenities.
- An indoor sports facility with basketball and volleyball courts.
- Expansion of the Children’s Museum of Memphis.
- Retail development in an urban village type setting with an approximate 120,000 SF anchor store, and up to 280,000 SF of other retail development.

- An approximate 180-room hotel, totaling approximately 111,400 SF, inclusive of 20,000± SF of conference center/meeting space.

Also included as part of the Fairgrounds development is the acquisition of 32 adjacent parcels of land, totaling about 11.4 acres. This additional land is to be utilized as a greenbelt parking area and land buffer for the adjoining residential neighborhoods. In this analysis these parcels have been included as part of the Fairgrounds site “proper”. Estimated development costs¹ to the public sector are \$176± million² which includes \$32 million in infrastructure improvements for the proposed Fairgrounds development. The estimated private sector costs for development are estimated to be slightly more than \$57 million.

B. Summary Findings

The key findings of this analysis are summarized in this section. It should be noted that a separate report, *Memphis Fairgrounds, Memphis, TN – Market and Feasibility Analysis, draft of November 2009*, prepared by C. H. Johnson Consulting, Inc. for the City, discusses the general market demographics and feasibility for a sports and recreation complex. That report is not duplicated in this analysis. However, specifics with respect to retail and real estate conditions potentially impacting the TDZ are discussed. The inputs and assumptions which are the basis of the financial estimates in this analysis are presented in greater detail throughout this report and represent the consultants’ best professional opinions. However, there is no assurance that actual events will correspond with the assumptions on which such estimates are based. Consequently, no guarantee can be made that the estimated net new TDZ revenues will correspond with the results actually achieved in the future.

1. Employment and Wage Impacts

The following Table 1 presents estimated employment and wage impacts, as if fully-built out and at stabilized occupancy, from the redevelopment of the Fairgrounds site, indicating:

- The estimated ongoing direct employment is 1,461 positions with an estimated annual payroll of \$32.4 million. Ongoing employment at the Fairgrounds site represents the proposed private sector retail and hospitality development. The estimated direct employment is a function of the size of the development, such that a 120,000 SF anchor store, divided by industry standards³ reflecting average SF per employee, in this example 425 SF/employee, would result in 282 retail employees.
- The wages associated with this employment reflect the average annual wage for the retail industry sector, as provided by the Tennessee Office of Labor and Workforce Development, inflated to 2016 dollars (the assumed first year of stabilized occupancy). As an example, the 282 employees at the anchor store, earning an annual \$21,410/employee, result in \$6 million in total wages.
- In addition to the direct employment and wages, this analysis presents an estimate of indirect/induced employment and wages as “spin-off” or multiplier impacts. The

¹ For ease to the reader, values are rounded in the narrative, but are unrounded in the tables and the spreadsheets.

² Public sector construction costs were provided by the City of Memphis, Division of Community Housing and Development. Private sector construction costs were provided by O. T. Marshall Architects, ranging from \$160/SF to \$175/SF, on average.

³ The Urban Land Institute (ULI)

multipliers were developed by the US Department of Commerce using the RIMS II modeling⁴ and are estimated to reflect local capture rates, or impacts, of 30%. For the anchor retail store the indirect/induced employment is estimated to be 46 positions with a total annual wage of \$1.3 million. The total ongoing and indirect/induced employment is estimated to be 237 positions with an annual wage of \$7 million.

In summary, the estimated ongoing employment and wages, both direct and indirect/induced, is 1,698 positions with an annual wage of \$39.5 million.

Table 1 – Estimated Employment and Wage Impacts from Fairgrounds Redevelopment

FAIRGROUNDS - Proposed Urban Village Commercial Development				
Inputs and Assumptions	Anchor Retail	Other Retail	Hotel Component	TOTAL FAIRGROUNDS
PROPERTY USE				
Square Feet (SF) of Development	120,000	280,000	111,400	511,400
Number of Hotel Rooms			180	180
ONGOING EMPLOYMENT and WAGE IMPACTS				
Estimated Direct Employment	282	1,120	59	1,461
Indirect Employment @ Local Capture 30.00%	46	181	10	237
Total Employment	328	1,301	69	1,698
Estimated Direct Annual Earnings	\$6,045,224	\$23,979,388	\$2,387,533	\$32,412,145
Indirect Annual Wages @ Local Capture 30.00%	\$1,306,857	\$5,183,864	\$542,710	\$7,033,431
Total Wages (2016)	\$7,352,080	\$29,163,253	\$2,930,243	\$39,445,576
Inputs and Assumptions				
Direct SF / Employee	425	250	1,900	NA
Indirect Employee Multiplier	0.5379	0.5379	0.5850	0.9141
Direct Annual Wage (FTEs)	\$21,410	\$21,410	\$40,721	\$60,988
Indirect Wage Multiplier	0.7206	0.7206	0.7577	0.8788
Sales / SF	\$400	\$250	NA	NA
Estimated Room Night Demand			65,700	
Estimated Occupancy			65.00%	
Estimated Room Revenue			\$130	

SOURCE : RKG ASSOCIATES, INC.

2. TDZ Revenue Stream

The proposed Fairgrounds TDZ is an approximate three square mile area about the Fairgrounds and the estimated retail sales in 2012 were nearly \$201.8 million, accounting for an estimated \$16.2 million in baseline sales tax (as adjusted)⁵. The first year of the incremental retail sales stream is assumed to be 2016. The baseline 2012 sales tax is inflated annually by 1½% through 2016 within the TDZ, which then becomes the baseline and benchmark year of 2016. As a result, the estimated baseline retail sales in 2016, is estimated to be slightly more than \$214.1 million and account for an adjusted \$17.1 million in sales tax, representing an approximate 6.1 % increase over the 2012 adjusted sales tax. The incremental and net new retail sales and sales tax in 2016, from the Fairgrounds, Overton

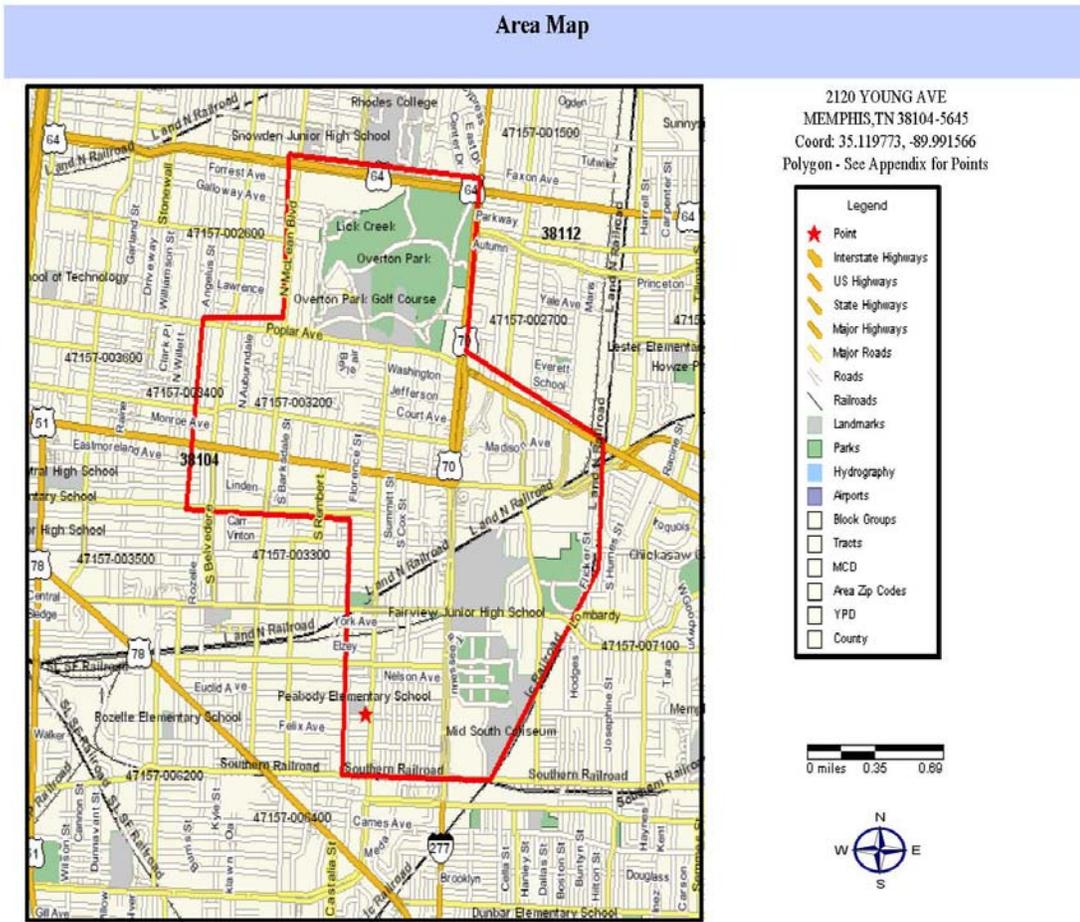
⁴ A discussion of the RIMS II modeling, by Boston University, is at www.bu.edu/esi/research-methodology/rims/.

⁵ Baseline state sales tax of 7% and a city sales tax of 2.25% for a total rate of 9.25%, however, the applicable sales tax rate is reduced by -0.5% to reflect a required set-aside for education funding. The applicable sales tax rate (non-grocery) for the proposed TDZ is 8.75%. The applicable sales tax rate for grocery purchases is 5%, less the -0.5% set aside, or 4.5%.

Square and other projects in the TDZ are estimated to be nearly \$130 million and \$11.5 million, respectively, assuming full build-out and full occupancy⁶.

Given the inputs and assumptions utilized in this analysis, over the 30-year term, the estimated Fairgrounds TDZ applicable incremental retail sales taxes total \$431.4 million or nearly \$14.4 million annually (Table 2). RKG cautions that there is no assurance that actual events will correspond with the assumptions on which the preceding estimates are based. Consequently, no guarantee can be made that the estimated net new TDZ revenues will correspond with the results actually achieved in the future. Additionally, the consultants are aware of an ongoing dialogue in Memphis regarding a potential increase in the sales tax rate; however, this analysis assumes that any such increase, if it comes to pass, will be a dedicated revenue stream for other specific uses/applications.

Map 1 – Boundaries of Fairgrounds Tourism Development one (TDZ)



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Prepared For:

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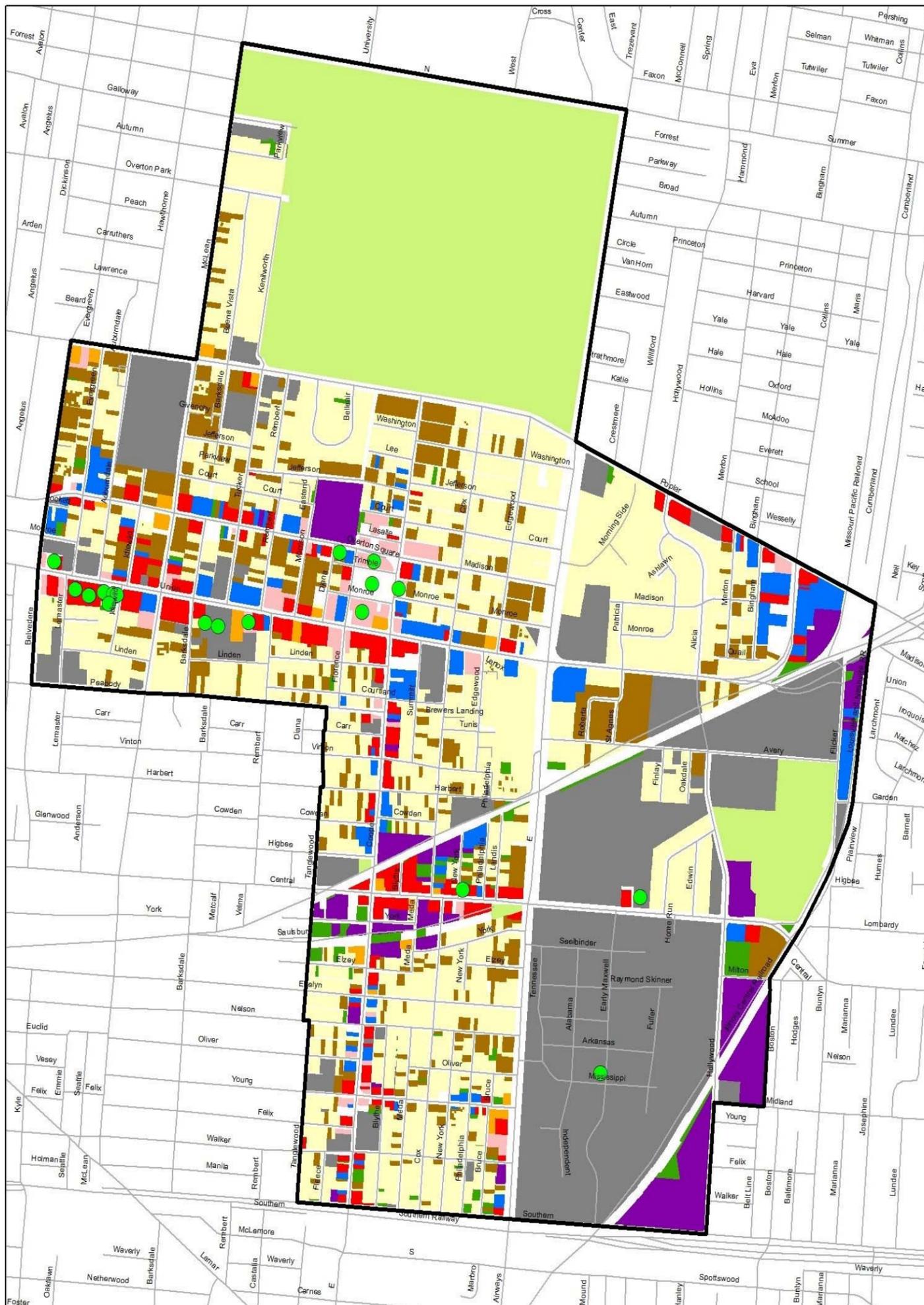
⁶ A 15% vacancy factor is applied except to the single-store anchor tenant. This factor coincides with that for Downtown / Midtown Memphis as reported by CB Richard Ellis (CBRE) in *Market View Memphis Retail First Quarter 2013*.

Table 2 – Fairgrounds TDZ Incremental Retail Sales Tax – 2016 through 2035

	FAIRGROUNDS - Proposed Urban Village Commercial Development				OTHER Projects					TOTAL OTHER	GRAND TOTAL	
	Inputs and Assumptions	Anchor Retail	Other Retail	Hotel Component	TOTAL FAIRGROUNDS	Dine & Drink	Other Retail	Overton Square Office	Overton Square Retail			Dine & Drink
PROPERTY USE												
Square Feet (SF) of Development		120,000	280,000	111,400	511,400	12,358	20,000	12,387	23,875	25,185	93,805	605,205
Number of Hotel Rooms				180	180							180
Annual Retail Sales (2016 \$)		\$48,000,000	\$70,000,000	NA	\$118,000,000	\$6,179,000	\$9,000,000		\$5,968,750	\$12,592,500	\$33,740,250	\$151,740,250
Less Vacancy Factor	-15.00%		(\$10,500,000)	NA	(\$10,500,000)	(\$926,850)			(\$895,313)	(\$1,888,875)	(\$3,711,038)	(\$14,211,038)
Less Sales Transfer	-5.0%	(\$2,400,000)	(\$3,500,000)	NA	(\$5,900,000)	(\$308,950)	(\$450,000)		(\$298,438)	(\$629,625)	(\$1,687,013)	(\$7,587,013)
Net Retail Sales		\$45,600,000	\$56,000,000	NA	\$101,600,000	\$4,943,200	\$8,550,000		\$4,775,000	\$10,074,000	\$28,342,200	\$129,942,200
ESTIMATED SALES TAX REVENUE												
Sales Tax (9.25% non-grocery and 5% grocery)		\$4,218,000	\$5,180,000	\$513,528	\$9,911,528	\$457,246	\$427,500		\$441,688	\$931,845	\$2,258,279	\$12,169,806
Less Set-Aside for Education	-0.50%	(\$228,000)	(\$280,000)	(\$27,758)	(\$535,758)	(\$24,716)	(\$42,750)		(\$23,875)	(\$50,370)	(\$141,711)	(\$677,469)
Estimated NET Sales Tax - YEAR 1 2016		\$3,990,000	\$4,900,000	\$485,769	\$9,375,769	\$432,530	\$384,750		\$417,813	\$881,475	\$2,116,568	\$11,492,337
Year 2 2017		\$4,049,850	\$4,973,500	\$493,056	\$9,516,406	\$439,018	\$390,521		\$424,080	\$894,697	\$2,148,316	\$11,664,722
Year 3 2018		\$4,110,598	\$5,048,103	\$500,452	\$9,659,152	\$445,603	\$396,379		\$430,441	\$908,118	\$2,180,541	\$11,839,693
Year 4 2019		\$4,172,257	\$5,123,824	\$507,959	\$9,804,039	\$452,287	\$402,325		\$436,897	\$921,739	\$2,213,249	\$12,017,288
Year 5 2020		\$4,234,841	\$5,200,681	\$515,578	\$9,951,100	\$459,072	\$408,360		\$443,451	\$935,565	\$2,246,448	\$12,197,547
Year 6 2021		\$4,298,363	\$5,278,692	\$523,312	\$10,100,366	\$465,958	\$414,485	NA	\$450,103	\$949,599	\$2,280,144	\$12,380,511
Year 7 2022		\$4,362,839	\$5,357,872	\$531,161	\$10,251,872	\$472,947	\$420,702	NA	\$456,854	\$963,843	\$2,314,346	\$12,566,218
Year 8 2023		\$4,428,281	\$5,438,240	\$539,129	\$10,405,650	\$480,041	\$427,013	NA	\$463,707	\$978,301	\$2,349,062	\$12,754,712
Year 9 2024		\$4,494,705	\$5,519,814	\$547,216	\$10,561,735	\$487,242	\$433,418	NA	\$470,663	\$992,975	\$2,384,298	\$12,946,032
Year 10 2025		\$4,562,126	\$5,602,611	\$555,424	\$10,720,161	\$494,550	\$439,919	NA	\$477,723	\$1,007,870	\$2,420,062	\$13,140,223
Year 11 2026		\$4,630,558	\$5,686,650	\$563,755	\$10,880,963	\$501,969	\$446,518	NA	\$484,888	\$1,022,988	\$2,456,363	\$13,337,326
Year 12 2027		\$4,700,016	\$5,771,950	\$572,212	\$11,044,178	\$509,498	\$453,216	NA	\$492,162	\$1,038,333	\$2,493,208	\$13,537,386
Year 13 2028		\$4,770,517	\$5,858,529	\$580,795	\$11,209,840	\$517,141	\$460,014	NA	\$499,544	\$1,053,908	\$2,530,607	\$13,740,447
Year 14 2029		\$4,842,074	\$5,946,407	\$589,507	\$11,377,988	\$524,898	\$466,914	NA	\$507,037	\$1,069,716	\$2,568,566	\$13,946,554
Year 15 2030		\$4,914,705	\$6,035,603	\$598,349	\$11,548,658	\$532,771	\$473,918	NA	\$514,643	\$1,085,762	\$2,607,094	\$14,155,752
Year 16 2031		\$4,988,426	\$6,126,137	\$607,324	\$11,721,888	\$540,763	\$481,027	NA	\$522,363	\$1,102,048	\$2,646,201	\$14,368,088
Year 17 2032		\$5,063,252	\$6,218,029	\$616,434	\$11,897,716	\$548,874	\$488,242	NA	\$530,198	\$1,118,579	\$2,685,894	\$14,583,609
Year 18 2033		\$5,139,201	\$6,311,300	\$625,681	\$12,076,182	\$557,107	\$495,566	NA	\$538,151	\$1,135,358	\$2,726,182	\$14,802,364
Year 19 2034		\$5,216,289	\$6,405,969	\$635,066	\$12,257,324	\$565,464	\$502,999	NA	\$546,223	\$1,152,388	\$2,767,075	\$15,024,399
Year 20 2035		\$5,294,533	\$6,502,059	\$644,592	\$12,441,184	\$573,946	\$510,544	NA	\$554,417	\$1,169,674	\$2,808,581	\$15,249,765
Year 21 2036		\$5,373,951	\$6,599,590	\$654,261	\$12,627,802	\$582,555	\$518,202		\$562,733	\$1,187,219	\$2,850,710	\$15,478,511
Year 22 2037		\$5,454,561	\$6,698,583	\$664,075	\$12,817,219	\$591,294	\$525,976		\$571,174	\$1,205,027	\$2,893,470	\$15,710,689
Year 23 2038		\$5,536,379	\$6,799,062	\$674,036	\$13,009,477	\$600,163	\$533,865		\$579,741	\$1,223,103	\$2,936,872	\$15,946,349
Year 24 2039		\$5,619,425	\$6,901,048	\$684,146	\$13,204,619	\$609,165	\$541,873		\$588,438	\$1,241,449	\$2,980,925	\$16,185,545
Year 25 2040		\$5,703,716	\$7,004,564	\$694,409	\$13,402,689	\$618,303	\$550,001		\$597,264	\$1,260,071	\$3,025,639	\$16,428,328
Year 26 2041		\$5,789,272	\$7,109,632	\$704,825	\$13,603,729	\$627,577	\$558,251		\$606,223	\$1,278,972	\$3,071,024	\$16,674,753
Year 27 2042		\$5,876,111	\$7,216,277	\$715,397	\$13,807,785	\$636,991	\$566,625		\$615,316	\$1,298,157	\$3,117,089	\$16,924,874
Year 28 2043		\$5,964,253	\$7,324,521	\$726,128	\$14,014,902	\$646,546	\$575,124		\$624,546	\$1,317,629	\$3,163,845	\$17,178,747
Year 29 2044		\$6,053,716	\$7,434,389	\$737,020	\$14,225,125	\$656,244	\$583,751		\$633,914	\$1,337,393	\$3,211,303	\$17,436,428
Year 30 2045		\$6,144,522	\$7,545,905	\$748,075	\$14,438,502	\$666,088	\$592,508		\$643,423	\$1,357,454	\$3,259,473	\$17,697,975
TOTAL		\$149,779,339	\$183,939,539	\$18,235,142	\$351,954,019	\$16,236,606	\$14,443,008	NA	\$15,684,130	\$33,089,409	\$79,453,153	\$431,407,172

SOURCE : RKG ASSOCIATES, INC.

Map 2 – Fairgrounds Tourism Development Zone (TDZ) and Land Uses



Legend		 Fairgrounds 2013 TDZ District
 Single Family/Condo	 Government/Institutional	
 Multifamily	 Accessory Use	
 Retail/Service	 Parks/Recreation	
 Auto-Related	 Vacant Land	
 Dine/Drink/Stay/Theater	 Project	
 Office	 Tourism Development Zone	
 Industrial/Whse/Trucking		

RKG ASSOCIATES INC. Prepared by RKG Associates, Inc. - June 2013
 Source: Assessors' Records, City of Memphis & Shelby County

II. TDZ – TOURISM DEVELOPMENT ZONE

This chapter presents an analysis of the existing baseline conditions for the Fairgrounds TDZ. Once the baseline has been established, particularly with respect to retail sales and activity, the proposed changes to the baseline are presented, including the development of the urban village concept at the Fairgrounds proper, as well as selected off-site activity such as the redevelopment occurring in Overton Square. After considering this new development, estimates of retail sales and resulting sales tax are developed in order to arrive at an estimate of the incremental retail sales tax revenue derived from with the Fairgrounds TDZ.

A. Baseline Indicators

The Fairgrounds TDZ consists of more than 4,000 tax parcels containing over 1,660 acres and improved with 8.8 million square feet of building area including 5,460 living units, as shown in Table 3. Residential properties, including single-family and multi-unit properties, are developed on 38% of the land area, and account for 77% of the building area, but 72% of the appraised value. Commercial properties (auto-related parcels; dine, drink, stay and theatre properties; and retail/services parcels, combined) represent about 6% of the acreage in the TDZ, contain almost 1.6 million SF of building area, or 18% of the building area, and contribute about 12% of the total appraisal value. Map 2 displays the land use characteristics of the Fairgrounds TDZ, and nearly all commercial properties line the major commercial corridors such as Madison, Union, Central and Poplar Avenues and Cooper Street.

Table 3 - Fairgrounds TDZ: Existing Land Uses (FY-2013)

Land Use	# of Parcels	Land in Acres	Living Units	Building SF	Appraisal Value	Percent of Total		
						Acres	Bldg SF	Appr. \$
Single Family/Condo	2,547	481.9	2,509	4,446,743	\$441,243,100	29.0%	50.1%	58.3%
Multifamily	676	144.8	2,587	2,393,956	\$104,529,000	8.7%	27.0%	13.8%
Subtotal	3,223	626.7	5,096	6,840,699	\$545,772,100	37.7%	77.1%	72.1%
Auto-Related	23	10.3	1	74,175	\$7,355,100	0.6%	0.8%	1.0%
Dine/Drink/Stay/Theater	65	24.8	5	553,234	\$29,820,300	1.5%	6.2%	3.9%
Retail/Service	167	59.7	142	957,551	\$52,316,000	3.6%	10.8%	6.9%
Subtotal	255	94.9	148	1,584,960	\$89,491,400	5.7%	17.9%	11.8%
Office	122	52.3	36	1,128,372	\$43,164,500	3.1%	12.7%	5.7%
Industrial/WHS/Trucking	51	73.1	1	1,200,608	\$22,893,800	4.4%	13.5%	3.0%
Government/Institutional	167	386.2	174	513,495	\$47,218,500	23.2%	5.8%	6.2%
Subtotal	340	511.5	211	2,842,475	\$113,276,800	30.7%	32.0%	15.0%
Parking/Accessory Use	65	22.0	3	6,465	\$4,261,000	1.3%	0.1%	0.6%
Vacant Land	113	20.6	3	8,226	\$3,123,400	1.2%	0.1%	0.4%
Parks/Recreation	9	387.9	0	0	\$1,506,900	23.3%	0.0%	0.2%
Subtotal	187	430.6	6	14,691	\$8,891,300	25.9%	0.2%	1.2%
Total	4,005	1,664	5,461	8,869,561	\$757,431,600	100%	100%	100%

Source: Shelby County Assessor; City of Memphis & RKG Associates, Inc.

Referring to Table 3, office, industrial and government/institutional uses, combined, utilize about 31% of the land area, and 32% of the building area. The City of Memphis is a key land

owner in the TDZ as well as the owner of the Fairgrounds property. Other major users in this group included Christian Brothers University; the Kroc Center; the Memphis Children’s Museum, Boy Scouts of America; Memphis College of Art; the Shelby County Board of Education as well as numerous churches, religious and social organizations. Most of the industrial uses are on the southeastern side of the TDZ near Southern Avenue, although Turner Dairy Foods has a location on Madison Street just west of Overton Square. Office users are also scattered along the major commercial corridors in the Fairgrounds TDZ.

Parking, vacant land and park/recreation uses account for 26% of the land area in the Fairgrounds TDZ. Overton Park with its 340 acres represents the largest land area in this category, and is home to many attractions such as the Memphis Zoo, the Brooks Art Museum, the Memphis College of Art, Veterans Plaza, the Links at Overton (9-hole golf) and the Levitt Shell. Another 20 acres is classified as vacant land and is scattered throughout the TDZ. Another 22 acres in this group is classified as parking and/or accessory use parcels.

1. Existing Commercial Uses

This section provides more details on the different types of commercial uses in the TDZ, namely auto-related; retail/services; and restaurants, entertainment and hospitality.

a) Auto-Related Uses

There are 23 parcels categorized as auto-related in the Fairgrounds TDZ as shown in Table 4. Service garages account for 56% of the building area for this group followed by 27% for convenience stores. The latter represents a 50% share of the appraisal value, while the former represents about 31% of appraisal value for this group.

Table 4 – Fairgrounds TDZ: Auto-Related Uses

Building Type	# of Parcels	Land in Acres	Bldg SF	Appraisal Value	Percent of Total		
					Acres	Bldg SF	Appr. \$
Service Garage	8	4.0	41,139	\$2,249,200	38.8%	55.5%	30.6%
Convenience Store	8	3.7	19,905	\$3,709,900	35.4%	26.8%	50.4%
Car Wash	3	1.5	7,500	\$868,000	14.7%	10.1%	11.8%
Mini Lube	1	0.3	3,540	\$340,500	3.2%	4.8%	4.6%
Other	3	0.8	2,091	\$187,500	7.8%	2.8%	2.5%
Total	23	10.3	74,175	\$7,355,100	100%	100%	100%

Source: Shelby County Assessor; City of Memphis & RKG Associates, Inc.

b) Dine, Drink, Stay and Theater

This group includes 65 properties improved on 25 acres and consisting of 553,200 SF of building area, with a total appraised value of \$29.8 million. The lodging component accounts for about 44% of the building area of this group but 13% of the appraisal value. The idle French Quarter Inn (5 parcels) in Overton Square is included in this group, as well as the 176-room Artisan Hotel on Union Street. There are 25 restaurant properties in the TDZ and most are concentrated in Overton Square and/or the Cooper-Young Historic District, and these properties account for nearly 20% of the building area and 37% of the acreage. Fast-food restaurants account for 5% of the building area but 27% of the acreage.

Table 5 – Fairgrounds TDZ: Restaurant, Lodging and Entertainment Uses

Building Type	# of Parcels	Land in Acres	Bldg SF	Appraisal Value	Percent of Total		
					Acres	Bldg SF	Appr. \$
Restaurant	25	9.3	109,749	\$9,997,500	37.4%	19.8%	33.5%
Fast Food	11	6.7	28,801	\$7,031,200	26.8%	5.2%	23.6%
Bar/Lounge	4	0.5	12,570	\$543,800	2.2%	2.3%	1.8%
Commercial & Converted Bldgs	13	3.3	84,211	\$2,683,800	13.2%	15.2%	9.0%
Hotel-Motel	6	2.5	242,835	\$3,806,800	10.2%	43.9%	12.8%
Theatre	6	2.5	75,068	\$5,757,200	10.3%	13.6%	19.3%
Total	65	24.8	553,234	\$29,820,300	100%	100%	100%

Source: Shelby County Assessor; City of Memphis & RKG Associates, Inc.

There are six parcels categorized as theatres including the Circuit Playhouse and Playhouse on the Square; Malco Studio on the Square, and Theater Works/Evergreen Theater. There is also an array of restaurants, bars and lounges in various commercial buildings and/or converted residential buildings, many in the Cooper-Young Historic District.

c) Retail and Services Uses

There are 167 parcels in the Fairgrounds TDZ categorized for retail and services uses containing nearly 960,000 SF of building area, as summarized in Table 6. Retail stores account for almost 48% of the building areas, and most of these properties are the stand-alone stores along the major corridors. Another 21% of the building areas are contained in strip shopping centers, while 16% are in commercial or converted buildings. Most of the remaining properties are utilized for service-oriented businesses and include day care centers, bank branches, funeral homes to name a few.

Table 6 – Fairgrounds TDZ: Retail/Services Uses

Building Type	# of Parcels	Land in Acres	Bldg SF	Appraisal Value	Percent of Total		
					Acres	Bldg SF	Appr. \$
Store-Retail	104	32.6	458,531	\$30,032,200	54.6%	47.9%	57.4%
SHP-CTR-Strip	26	12.3	196,397	\$9,047,800	20.6%	20.5%	17.3%
Commercial & Converted Bldgs	5	2.1	155,029	\$2,450,400	3.5%	16.2%	4.7%
Super Market	1	1.7	39,723	\$1,663,400	2.8%	4.1%	3.2%
Store/Apt	10	1.4	36,073	\$1,322,700	2.4%	3.8%	2.5%
Bank/Savings	8	5.1	28,487	\$5,358,700	8.6%	3.0%	10.2%
Day Care Center	7	1.9	17,213	\$897,000	3.2%	1.8%	1.7%
Veterinary Clinic	3	1.0	14,267	\$787,100	1.7%	1.5%	1.5%
Funeral Home	1	0.9	7,080	\$414,100	1.5%	0.7%	0.8%
Health Spa	1	0.2	3,736	\$263,200	0.4%	0.4%	0.5%
Lndspng or Nursery	1	0.5	1,015	\$79,400	0.8%	0.1%	0.2%
Total	167	59.7	957,551	\$52,316,000	100%	100%	100%

Source: Shelby County Assessor; City of Memphis & RKG Associates, Inc.

2. Cooper-Young Historic District

Included within the Fairgrounds TDZ is the neighboring Cooper-Young Historic District (immediately to the west), with its active/pedestrian friendly retail and entertainment district. There are nearly 200 non-residential properties in this neighborhood (which are members of

the Cooper Young Business Association) with a diverse mix of businesses and services as indicated in Table 7. Included in this mix are 20 restaurant and dining establishments.

Table 7 – Cooper Young Historic District Business Mix - 2013

Member Profile	# of Businesses	% of Businesses
Unspecified Businesses	4	2.0%
Auto Related	10	5.1%
Real Estate Related	6	3.0%
Media Related	10	5.1%
Children Stores and/or Pet Related	11	5.6%
Church and Non-Profit	9	4.5%
Financial and Professional Services	13	6.6%
General Business	15	7.6%
Art and Music Related	13	6.6%
Home Interior and Exterior	19	9.6%
Dining	20	10.1%
Personal Care and Fitness	21	10.6%
Vacant or Unleased	19	9.6%
Other Retail Businesses	28	14.1%
TOTAL	198	100.0%

Source: Cooper Young Business Association and RKG Associates Inc.

3. Major Projects Underway or Proposed

In addition to the Fairgrounds redevelopment proposal there are a number of projects within the Fairgrounds TDZ that were recently completed or are under construction, as shown in Table 8 (and highlighted on Map 2). Seven restaurants have recently opened in the TDZ, including two national fast-food chains Five Guys and TCBY. CVS drug store also recently moved into its new store, and Urban Outfitters moved into a new location at a repositioned retail mall. Two additional restaurants are presently under-construction, as well as the continuing redevelopment of Overton Square, where a new restaurant recently opened plus a new retailer. The Hattiloo Theatre has also recently broken ground for its new 12,000 SF building, adjacent to a new municipal parking garage under-construction. Referring to Table 8, three major project are currently in the planning stages and include an expanded grocery store and other assorted retail/restaurants upon completion. A major retail center is also being considered at a Memphis police station on Union Street.

Table 8 – Fairgrounds TDZ – Projects Recently Completed, On-Going or Planned

Address	Name	Type	Bldg SF	Status
2115 Union Ave	CVS	Store-Retail	14,208	Completed
2151 Central Ave	Urban Outfitters et al	Store-Retail	19,062	Completed
1708 Union Ave	TCBY	Fast Food	1,046	Completed
2100 Union Ave	Five Guys	Fast Food	2,101	Completed
1718 Madison Ave	Freda's Mexican	Restaurant	7,040	Completed
2059 Madison Ave	Chiwawa	Restaurant	3,190	Completed
1961 Union Ave	Panera Bread	Restaurant	4,588	Completed
2126 Madison Ave	Local Gastropub	Restaurant	5,826	Completed
	Bar Louis, Breakaway			
2087 Madison Ave	Running, et al	Rest/Retail	54,818	On-Going
2144 Monroe Ave	The Second Line	Restaurant	1,433	Under Construction
2250 Central Ave	Not Available	Fast Food	1,100	Under Construction
0 Monroe Ave	Hattiloo Theatre	Theatre	12,000	Under Construction
0 Central Ave	Not Available	Rest/Retail	10,000	Planning
1761 Union Ave	Kroger Plaza	Retail Plaza	20,000	Planning
0 Union Ave	Police Station	Retail Plaza	50,000	Planning

Source: Shelby County Assessor; City of Memphis & RKG Associates, Inc.

4. Retail Sales and Sales Tax

There are approximately 5,625 households within the Fairgrounds TDZ and in 2012 the estimated annual retail spending demand of these households was \$19,130/household or about \$107.6 million. As indicated in Table 9, the estimated TDZ retail sales total nearly \$201.8 million, indicating that the shops and businesses within the Fairgrounds TDZ were a net importer of retail sales, or overselling to the demand of the resident population. This is not particularly surprising, noting the following:

- Home center stores sales exceed local demand by \$17.4 million.
- There was nearly \$25.1 million more in sales among drug stores and health care stores when compared to the approximate \$8.4 million in demand.
- Most notable are the imported sales for selected restaurants and dining establishments (full and limited service) where sales exceed local demand by \$49.8 million, especially considering the many restaurants and destination dining establishments in the Cooper-Young Historic District.

Conversely, there are several store types and/or merchandise lines where retail sales in the Fairgrounds TDZ falls well below local demand, including the following:

- All apparel and accessory stores with a combined unmet demand of nearly \$2 million.
- Department and general merchandise stores with unmet local demand of \$14.1 million.

The proposed mix of retail businesses and store types at the Fairgrounds development could likely reinforce the destination strengths of the area, such as for dining, while also serving to fill local voids, such as for department store/general merchandise type retail.

The estimated 2012 baseline retail sales tax from within the Fairgrounds TDZ totals nearly \$16.2 million (Table 9). Of this total, approximately \$3.9 million is derived from the City of Memphis sales tax, with the remainder, at \$12.2 million, from the state sales tax, as adjusted⁷.

a) Revised Baseline Sales Tax

The baseline 2012 sales tax is inflated annually by 1½% through 2016 within the TDZ, which then becomes the baseline and benchmark year of 2016. As a result, the estimated baseline retail sales in 2016, is estimated to be slightly more than \$214.1 million and account for an adjusted \$17.1 million in sales tax, representing an approximate 6.1% increase over the 2012 adjusted sales tax.

⁷ Baseline state sales tax of 7% and city sales tax of 2.25% for a total of 9.25%, however, the applicable sales tax rate is diminished by -0.5% reflecting a set-aside for education funding. As a result the applicable sales tax rate (non-grocery) for the proposed TDZ is 8.75%. The applicable sales tax rate for grocery purchases is 5%, less the -0.5% set aside, or 4.5%.

Table 9 - Retail Sales and Sales Tax Analysis for the Fairgrounds TDZ – 2012

Retail Sales Analysis Memphis Fairgrounds TDZ	Total 2012 Retail GAP Analysis			Estimated 2012 Sales Tax		
	Demand	Sales	Over/Under	8.75%	4.50%	TOTAL
Major Merchandise Line (NAICS code)	\$107,599,184	\$201,755,327	\$94,156,143	\$14,567,888	\$1,586,933	\$16,154,821
Auto Parts-4413	\$2,048,088	\$732,161	(\$1,315,927)	\$64,064		\$64,064
Furniture Stores-4421	\$1,499,362	\$2,155,100	\$655,738	\$188,571		\$188,571
Home Furnishing Stores-4422	\$1,352,064	\$3,355,090	\$2,003,026	\$293,570		\$293,570
Household Appliances Stores-443111	\$581,767	\$648,512	\$66,745	\$56,745		\$56,745
Radio, Television, Electronics Stores-443112	\$2,102,007	\$1,854,503	(\$247,504)	\$162,269		\$162,269
Computer and Software Stores-44312	\$809,794	\$0	(\$809,794)	\$0		\$0
Camera and Photographic Equipment Stores-44313	\$144,612	\$0	(\$144,612)	\$0		\$0
Home Centers-44411	\$4,859,073	\$22,257,689	\$17,398,616	\$1,947,548		\$1,947,548
Paint and Wallpaper Stores-44412	\$283,668	\$826,280	\$542,612	\$72,300		\$72,300
Hardware Stores-44413	\$1,234,357	\$0	(\$1,234,357)	\$0		\$0
Other Building Materials Dealers-44419	\$3,819,389	\$0	(\$3,819,389)	\$0		\$0
Building Materials, Lumberyards-444191	\$3,133,848	\$8,177,264	\$5,043,416	\$715,511		\$715,511
Outdoor Power Equipment Stores-44421	\$193,669	\$62,737	(\$130,932)	\$5,489		\$5,489
Nursery and Garden Centers-44422	\$1,091,998	\$3,505,449	\$2,413,451	\$306,727		\$306,727
Supermarkets, Grocery (Ex Conv) Stores-44511	\$18,189,680	\$30,408,197	\$12,218,517		\$1,368,369	\$1,368,369
Convenience Stores-44512	\$1,070,522	\$824,850	(\$245,672)		\$37,118	\$37,118
Specialty Food Stores-4452	\$582,975	\$2,355,714	\$1,772,739		\$106,007	\$106,007
Beer, Wine and Liquor Stores-4453	\$1,689,069	\$1,676,412	(\$12,657)		\$75,439	\$75,439
Pharmacies and Drug Stores-44611	\$8,447,435	\$33,546,451	\$25,099,016	\$2,935,314		\$2,935,314
Cosmetics, Beauty Supplies, Perfume Stores-44612	\$350,389	\$312,290	(\$38,099)	\$27,325		\$27,325
Optical Goods Stores-44613	\$259,587	\$0	(\$259,587)	\$0		\$0
Other Health and Personal Care Stores-44619	\$621,550	\$298,350	(\$323,200)	\$26,106		\$26,106
Men's Clothing Stores-44811	\$337,172	\$0	(\$337,172)	\$0		\$0
Women's Clothing Stores-44812	\$1,260,615	\$647,770	(\$612,845)	\$56,680		\$56,680
Children's, Infants Clothing Stores-44813	\$230,667	\$18,294	(\$212,373)	\$1,601		\$1,601
Family Clothing Stores-44814	\$2,646,650	\$2,470,604	(\$176,046)	\$216,178		\$216,178
Clothing Accessories Stores-44815	\$121,856	\$95,416	(\$26,440)	\$8,349		\$8,349
Other Clothing Stores-44819	\$339,487	\$194,544	(\$144,943)	\$17,023		\$17,023
Shoe Stores-4482	\$1,050,028	\$673,448	(\$376,580)	\$58,927		\$58,927
Jewelry Stores-44831	\$1,024,199	\$1,005,038	(\$19,161)	\$87,941		\$87,941
Luggage and Leather Goods Stores-44832	\$85,277	\$0	(\$85,277)	\$0		\$0
Sporting Goods Stores-45111	\$1,073,965	\$329,901	(\$744,064)	\$28,866		\$28,866
Hobby, Toys and Games Stores-45112	\$700,858	\$577,923	(\$122,935)	\$50,568		\$50,568
Sew/Needlework/Piece Goods Stores-45113	\$133,356	\$262,440	\$129,084	\$22,964		\$22,964
Musical Instrument and Supplies Stores-45114	\$214,202	\$638,087	\$423,885	\$55,833		\$55,833
Book Stores-451211	\$826,383	\$1,435,862	\$609,479	\$125,638		\$125,638
News Dealers and Newsstands-451212	\$39,669	\$0	(\$39,669)	\$0		\$0
Prerecorded Tapes, CDs, Record Stores-45122	\$329,237	\$1,082,626	\$753,389	\$94,730		\$94,730
Department Stores Excl Leased Depts-4521	\$9,810,248	\$0	(\$9,810,248)	\$0		\$0
All Other General Merchandise Stores-45299	\$10,865,972	\$6,533,800	(\$4,332,172)	\$571,708		\$571,708
Florists-4531	\$276,754	\$285,615	\$8,861	\$24,991		\$24,991
Office Supplies and Stationery Stores-45321	\$974,661	\$1,634,692	\$660,031	\$143,036		\$143,036
Gift, Novelty and Souvenir Stores-45322	\$718,151	\$425,660	(\$292,491)	\$37,245		\$37,245
Used Merchandise Stores-4533	\$355,640	\$2,274,136	\$1,918,496	\$198,987		\$198,987
Other Miscellaneous Store Retailers-4539	\$2,136,459	\$2,652,487	\$516,028	\$232,093		\$232,093
Full-Service Restaurants-7221	\$8,043,422	\$23,364,724	\$15,321,302	\$2,044,413		\$2,044,413
Limited-Service Eating Places-7222	\$7,275,031	\$41,752,065	\$34,477,034	\$3,653,306		\$3,653,306
Special Foodservices-7223	\$1,430,332	\$285,302	(\$1,145,030)	\$24,964		\$24,964
Drinking Places -Alcoholic Beverages-7224	\$933,990	\$117,844	(\$816,146)	\$10,311		\$10,311

Source : Claritas and RKG Associates, Inc.

B. Components of TDZ Retail Sales Tax Increment

This section presents an overview of planned and existing retail development both on-site and off-site in the Fairgrounds TDZ that would result in incremental changes in the amount of retail sales activity and resulting sales tax receipts.

1. Fairgrounds – On-Site Development

Specific retail/commercial tenants proposed for the Fairgrounds are unknown at this time, although it is generally considered that such development will include a 120,000 SF anchor tenant; 280,000 SF of other retail; and a 180 room hotel.

2. Overton Square Project

Loeb Properties is repositioning a portion of the Overton Square development, an approximate \$42± million investment, totaling nearly 8.7 acres of land including several vacant and/or underutilized parcels. In addition to structured parking, the proposed redevelopment (assumed to be taxable) is to include an office component (12,400 SF), assorted retail (23,900 SF) and 25,200 SF of restaurant uses. Adjacent development is to include the 12,000 SF home for Hattiloo, a not-for-profit theater.

3. Other Development and Projects

The proposed redevelopment of the Fairgrounds and Overton Square, coupled with an improving retail/economic environment, has helped to stimulate investment activity throughout the TDZ, as previously referenced in Table 8. This includes the announced expansion plans for an area grocery store as well as numerous dining and drinking establishments (note the projects highlighted on Map 2). Some of these establishments have recently opened and others are currently under construction (or pending construction). In either event, the estimated annual sales activity from these businesses, along with their contributory sales tax, *is not reflected* in the 2012 baseline analysis presented in Table 9. As a result, the contribution of most of these establishments will be reflected in the TDZ model as incremental sales and sales tax, along with the Fairgrounds and Overton Square.

4. Inputs and Assumptions

The following inputs and assumptions are utilized in developing sales estimates for the Fairgrounds, as well as other new retail in the TDZ. The first full year of impacts and operations is assumed to be 2016:

- The 120,000 SF anchor is assumed to be a single-occupant general merchandise type store. While a specific tenant is unknown at this time, merchandise available would likely include apparel, electronics, home goods, sports related or other general merchandise. The estimated annual retail sales for this component are \$400/SF.
- For the 280,000 SF of other retail uses in the Fairgrounds (and elsewhere in the TDZ), a blended average of \$250/SF in retail sales is utilized for these establishments, considering the mix of potential store types and the size (SF) of the establishments.
- The estimated average TDZ restaurant sales are \$500/SF, while other retail sales (reflecting a grocery expansion in the TDZ) are \$450/SF.
- The proposed hotel component is assumed to experience an approximate 65% occupancy rate and an average nightly room rate of \$130.

- An overall 5% sales transfer rate is applied to all retail sales considering the number of restaurants in the Cooper-Young Historic District and surrounding TDZ and considering the unknown mix of tenants and possible duplication and/or competition with the nearby Highland Row⁸ and Overton Square projects. In other words it is assumed that 5% of the sales at new establishments will result in transfer from existing TDZ establishments.
- A vacancy factor of 15%, comparable to the estimated retail vacancy rate for the Downtown/Midtown district(s) of Memphis⁹ is applied to all retail excluding the single tenant store(s).
- An applicable sales tax rate of 8.75% is applied to non-grocery taxable sales (note that the hotel occupancy tax is not included), this rate reflects a deduction of -0.5% as a set aside for education funding. The applicable sales tax rate of 4.5% is used for the grocery, also exclusive of the education set aside.
- The current sales tax rate is held constant throughout this model and bonding period.

All other assumptions and inputs are footnoted as part of the following Table 10 which presents the first year estimates of incremental taxes (2016). Subsequent years are assumed to be inflated by a conservative 1½% and are presented through 2020.

5. Summary Findings

As indicated in Table 10, the estimated applicable incremental retail sales tax revenue for 2016, the assumed first full year of retail sales at the Fairgrounds is nearly \$9.4 million, after adjusting for vacancy and transfer. Of this total, approximately \$485,800 is estimated to come from the hotel retail sales tax. Adjusted 2016 contributions from other sources within the TDZ include:

- \$417,800 from other retail at Overton Square.
- The restaurant component of the Overton Square development is estimated to add an additional \$881,500.
- Other projects (as highlighted in Table 8) contribute an estimated \$817,300.

The total applicable (and adjusted) incremental retail sales tax revenue, from consumer activity at the Fairgrounds, Overton Square and throughout the TDZ, is estimated to be \$11.5 million for 2016 and increase by an inflation factor of 1½% thereafter.

⁸ The Highland Row mixed-use development is proposed to include 96,100 SF of retail, comprised of a 31,500 SF anchor tenant; a 20,000 SF bookstore (to be the off-campus bookstore for the University); 34,500 SF of other small-scale retail; and, three restaurants totaling 10,100 SF.

⁹ CB Richard Ellis *Market View Memphis Retail* first quarter 2013.

Table 10 - Estimated Impacts and Retail Sales Tax from Fairgrounds TDZ

	FAIRGROUNDS - Proposed Urban Village Commercial Development					OTHER Projects					GRAND TOTAL	
	Inputs and Assumptions	Anchor Retail	Other Retail	Hotel Component	TOTAL FAIRGROUNDS	Dine & Drink	Other Retail	Overton Square Office	Retail	Dine & Drink		TOTAL OTHER
PROPERTY USE												
Square Feet (SF) of Development		120,000	280,000	111,400	511,400	12,358	20,000	12,387	23,875	25,185	93,805	605,205
Number of Hotel Rooms				180	180							180
Annual Retail Sales (2016 \$)												
Annual Retail Sales (2016 \$)		\$48,000,000	\$70,000,000	NA	\$118,000,000	\$6,179,000	\$9,000,000	\$5,968,750	\$12,592,500		\$33,740,250	\$151,740,250
Less Vacancy Factor	-15.00%		(\$10,500,000)	NA	(\$10,500,000)	(\$926,850)		(\$895,313)	(\$1,888,875)		(\$3,711,038)	(\$14,211,038)
Less Sales Transfer	-5.0%	(\$2,400,000)	(\$3,500,000)	NA	(\$5,900,000)	(\$308,950)	(\$450,000)	(\$298,438)	(\$629,625)		(\$1,687,013)	(\$7,587,013)
Net Retail Sales		\$45,600,000	\$56,000,000	NA	\$101,600,000	\$4,943,200	\$8,550,000	\$4,775,000	\$10,074,000		\$28,342,200	\$129,942,200
ESTIMATED SALES TAX REVENUE												
Sales Tax (9.25% non-grocery and 5% grocery)		\$4,218,000	\$5,180,000	\$513,528	\$9,911,528	\$457,246	\$427,500	\$441,688	\$931,845		\$2,258,279	\$12,169,806
Less Set-Aside for Education	-0.50%	(\$228,000)	(\$280,000)	(\$27,758)	(\$535,758)	(\$24,716)	(\$42,750)	(\$23,875)	(\$50,370)		(\$141,711)	(\$677,469)
Estimated NET Sales Tax - YEAR 1	2016	\$3,990,000	\$4,900,000	\$485,769	\$9,375,769	\$432,530	\$384,750	\$417,813	\$881,475		\$2,116,568	\$11,492,337
Year 2	2017	\$4,049,850	\$4,973,500	\$493,056	\$9,516,406	\$439,018	\$390,521	\$424,080	\$894,697		\$2,148,316	\$11,664,722
Year 3	2018	\$4,110,598	\$5,048,103	\$500,452	\$9,659,152	\$445,603	\$396,379	\$430,441	\$908,118		\$2,180,541	\$11,839,693
Year 4	2019	\$4,172,257	\$5,123,824	\$507,959	\$9,804,039	\$452,287	\$402,325	\$436,897	\$921,739		\$2,213,249	\$12,017,288
Year 5	2020	\$4,234,841	\$5,200,681	\$515,578	\$9,951,100	\$459,072	\$408,360	\$443,451	\$935,565		\$2,246,448	\$12,197,547
Inputs and Assumptions		Anchor Retail	Other Retail	Hotel Component	Construction	Dine & Drink	Other Retail	Overton Square			Construction	
Direct SF / Employee		425	250	1,900	NA	200	475	300	400	200	NA	
Indirect Employee Multiplier		0.5379	0.5379	0.5850	0.9141	0.8906	0.5379	0.5468	0.5379	0.8906	0.9141	
Direct Annual Wage (FTEs)		\$21,410	\$21,410	\$40,721	\$60,988	\$21,410	\$21,410	\$45,017	\$21,410	\$14,967	\$60,988	
Indirect Wage Multiplier		0.7206	0.7206	0.7577	0.8788	1.1050	0.7206	0.7417	0.7206	1.1050	0.8788	
Sales / SF		\$400	\$250	NA	NA	\$500	\$450	NA	\$250	\$500	NA	
Estimated Room Night Demand				65,700								
Estimated Occupancy				65.00%								
Estimated Room Revenue				\$130								

SOURCE : RKG ASSOCIATES, INC.

C. Estimated TDZ Bond Potential (Preliminary and Illustrative)

RKG, in co-operation with the City of Memphis, prepared a *preliminary and illustrative analysis* to see how much the potential TDZ revenues, might support in terms of a bond repayment. Table 11 presents a hypothetical repayment schedule for an approximate \$172.5 million bond with varying interest rates as shown, and interest only payments in 2014 and 2015 (to be paid from the Capitalized Interest Funds made available from the issue). This schedule assumes principal and interest payments as offered by the client and as adjusted. The revenue streams indicated are a result of this TDZ analysis. Under the assumptions and inputs of this schedule, the debt coverage ratio averages 1.7 over the total term and total estimated interest payments are just under \$185 million. A balance of excess TDZ revenues after bond payments results at the end of the term of nearly \$67.2 million.

Table 11 – Fairgrounds TDZ - Repayment of Potential Bond (Preliminary and Illustrative)

Year	Principal	Coupon Rate	Interest Payment	TOTAL DUE Payment (P & I)	Payment from CIF funds	Payment from TDZ funds 1/	DCR	Over or Short	Running Balance after Payment
2014			\$2,127,038	\$2,127,038	(\$2,127,038)		1.00	\$0	\$0
2015			\$8,508,150	\$8,508,150	(\$8,508,150)		1.00	\$0	\$0
2016	\$1,120,000	3.0%	\$8,508,150	\$9,628,150		\$11,492,337	1.19	\$1,864,187	\$1,864,187
2017	\$1,295,000	3.0%	\$8,474,550	\$9,769,550		\$11,664,722	1.19	\$1,895,172	\$3,759,359
2018	\$1,480,000	3.0%	\$8,435,700	\$9,915,700		\$11,839,693	1.19	\$1,923,993	\$5,683,352
2019	\$1,675,000	4.0%	\$8,391,300	\$10,066,300		\$12,017,288	1.19	\$1,950,988	\$7,634,340
2020	\$1,895,000	4.0%	\$8,324,300	\$10,219,300		\$12,197,547	1.19	\$1,978,247	\$9,612,587
2021	\$2,120,000	5.0%	\$8,248,500	\$10,368,500		\$12,380,511	1.19	\$2,012,011	\$11,624,598
2022	\$2,385,000	5.0%	\$8,142,500	\$10,527,500		\$12,566,218	1.19	\$2,038,718	\$13,663,316
2023	\$2,660,000	5.0%	\$8,023,250	\$10,683,250		\$12,754,712	1.19	\$2,071,462	\$15,734,778
2024	\$2,955,000	5.0%	\$7,890,250	\$10,845,250		\$12,946,032	1.19	\$2,100,782	\$17,835,560
2025	\$3,265,000	5.0%	\$7,742,500	\$11,007,500		\$13,140,223	1.19	\$2,132,723	\$19,968,283
2026	\$3,595,000	5.0%	\$7,579,250	\$11,174,250		\$13,337,326	1.19	\$2,163,076	\$22,131,359
2027	\$3,940,000	5.0%	\$7,399,500	\$11,339,500		\$13,537,386	1.19	\$2,197,886	\$24,329,245
2028	\$4,310,000	5.0%	\$7,202,500	\$11,512,500		\$13,740,447	1.19	\$2,227,947	\$26,557,192
2029	\$4,695,000	5.0%	\$6,987,000	\$11,682,000		\$13,946,554	1.19	\$2,264,554	\$28,821,745
2030	\$5,105,000	5.0%	\$6,752,250	\$11,857,250		\$14,155,752	1.19	\$2,298,502	\$31,120,247
2031	\$5,540,000	5.0%	\$6,497,000	\$12,037,000		\$14,368,088	1.19	\$2,331,088	\$33,451,335
2032	\$5,995,000	5.0%	\$6,220,000	\$12,215,000		\$14,583,609	1.19	\$2,368,609	\$35,819,945
2033	\$6,480,000	5.0%	\$5,920,250	\$12,400,250		\$14,802,364	1.19	\$2,402,114	\$38,222,058
2034	\$6,990,000	5.0%	\$5,596,250	\$12,586,250		\$15,024,399	1.19	\$2,438,149	\$40,660,207
2035	\$7,525,000	5.0%	\$5,246,750	\$12,771,750		\$15,249,765	1.19	\$2,478,015	\$43,138,222
2036	\$8,095,000	5.0%	\$4,870,500	\$12,965,500		\$15,478,511	1.19	\$2,513,011	\$45,651,234
2037	\$8,695,000	5.0%	\$4,465,750	\$13,160,750		\$15,710,689	1.19	\$2,549,939	\$48,201,173
2038	\$9,325,000	5.0%	\$4,031,000	\$13,356,000		\$15,946,349	1.19	\$2,590,349	\$50,791,522
2039	\$9,995,000	5.0%	\$3,564,750	\$13,559,750		\$16,185,545	1.19	\$2,625,795	\$53,417,317
2040	\$10,695,000	5.0%	\$3,065,000	\$13,760,000		\$16,428,328	1.19	\$2,668,328	\$56,085,645
2041	\$11,435,000	5.0%	\$2,530,250	\$13,965,250		\$16,674,753	1.19	\$2,709,503	\$58,795,148
2042	\$12,220,000	5.0%	\$1,958,500	\$14,178,500		\$16,924,874	1.19	\$2,746,374	\$61,541,522
2043	\$13,040,000	5.0%	\$1,347,500	\$14,387,500		\$17,178,747	1.19	\$2,791,247	\$64,332,769
2044	\$13,910,000	5.0%	\$695,500	\$14,605,500		\$17,436,428	1.19	\$2,830,928	\$67,163,697
	\$172,435,000		\$184,745,688	\$357,180,688	(\$10,635,188)	\$413,709,197	1.16	\$67,163,697	

Source : City of Memphis, TN and RKG Associates, Inc.

1/ Inflation at 1.5% annually after initial year of 2016. Note that 2014 and 2015 are direct payments of interest

	FAIRGROUNDS - Proposed Urban Village Commercial Development				OTHER Projects					Sales Tax Contributions		
	Anchor Retail	Other Retail	Hotel Component	TOTAL FAIRGROUNDS	Dine & Drink	Other Retail	Overton Square Retail Dine & Drink		TOTAL OTHER	GRAND TOTAL	Estimated State	Estimated Local Option
PROPERTY USE												
Square Feet (SF) of Development	120,000	280,000	111,400	511,400	12,358	20,000	23,875	25,185	93,805	605,205		
Number of Hotel Rooms			180	180						180		
Annual Retail Sales (2016 \$)	\$48,000,000	\$70,000,000	NA	\$118,000,000	\$6,179,000	\$9,000,000	\$5,968,750	\$12,592,500	\$33,740,250	\$151,740,250		
Less Vacancy Factor		(\$10,500,000)	NA	(\$10,500,000)	(\$926,850)		(\$895,313)	(\$1,888,875)	(\$3,711,038)	(\$14,211,038)		
Less Sales Transfer	(\$2,400,000)	(\$3,500,000)	NA	(\$5,900,000)	(\$308,950)	(\$450,000)	(\$298,438)	(\$629,625)	(\$1,687,013)	(\$7,587,013)		
Net Retail Sales	\$45,600,000	\$56,000,000	NA	\$101,600,000	\$4,943,200	\$8,550,000	\$4,775,000	\$10,074,000	\$28,342,200	\$129,942,200		
ESTIMATED SALES TAX REVENUE												
Sales Tax (9.25% non-grocery and 5% grocery)	\$4,218,000	\$5,180,000	\$513,528	\$9,911,528	\$457,246	\$427,500	\$441,688	\$931,845	\$2,258,279	\$12,169,806		
Less Set-Aside for Education	(\$228,000)	(\$280,000)	(\$27,758)	(\$535,758)	(\$24,716)	(\$42,750)	(\$23,875)	(\$50,370)	(\$141,711)	(\$677,469)		
Estimated NET Sales Tax - YEAR 1	\$3,990,000	\$4,900,000	\$485,769	\$9,375,770	\$432,530	\$384,750	\$417,813	\$881,475	\$2,116,568	\$11,492,337	\$4,598,245	\$1,508,322
Year 2	\$4,049,850	\$2,450,000		\$6,499,850	\$439,018	\$390,521	\$424,080	\$894,697	\$2,148,316	\$8,648,166	\$6,512,069	\$2,136,097
Year 3	\$4,110,598	\$4,936,750	\$485,769	\$9,533,117	\$445,603	\$396,379	\$430,441	\$908,118	\$2,180,541	\$11,713,658	\$8,820,384	\$2,893,273
Year 4	\$4,172,257	\$5,010,801	\$493,056	\$9,676,114	\$452,287	\$402,325	\$436,897	\$921,739	\$2,213,249	\$11,889,362	\$8,952,690	\$2,936,673
Year 5	\$4,234,841	\$5,085,963	\$500,451	\$9,821,255	\$459,072	\$408,360	\$443,451	\$935,565	\$2,246,448	\$12,067,703	\$9,086,980	\$2,980,723
Year 6	\$4,298,363	\$5,162,253	\$507,958	\$9,968,574	\$465,958	\$414,485	\$450,103	\$949,599	\$2,280,144	\$12,248,718	\$9,223,285	\$3,025,433
Year 7	\$4,362,839	\$5,239,687	\$515,578	\$10,118,103	\$472,947	\$420,702	\$456,854	\$963,843	\$2,314,346	\$12,432,449	\$9,361,634	\$3,070,815
Year 8	\$4,428,281	\$5,318,282	\$523,311	\$10,269,874	\$480,041	\$427,013	\$463,707	\$978,301	\$2,349,062	\$12,618,936	\$9,502,059	\$3,116,877
Year 9	\$4,494,705	\$5,398,056	\$531,161	\$10,423,922	\$487,242	\$433,418	\$470,663	\$992,975	\$2,384,298	\$12,808,220	\$9,644,590	\$3,163,630
Year 10	\$4,562,126	\$5,479,027	\$539,128	\$10,580,281	\$494,550	\$439,919	\$477,723	\$1,007,870	\$2,420,062	\$13,000,343	\$9,789,258	\$3,211,085
Year 11	\$4,630,558	\$5,561,212	\$547,215	\$10,738,985	\$501,969	\$446,518	\$484,888	\$1,022,988	\$2,456,363	\$13,195,348	\$9,936,097	\$3,259,251
Year 12	\$4,700,016	\$5,644,630	\$555,423	\$10,900,070	\$509,498	\$453,216	\$492,162	\$1,038,333	\$2,493,208	\$13,393,279	\$10,085,139	\$3,308,140
Year 13	\$4,770,517	\$5,729,300	\$563,755	\$11,063,571	\$517,141	\$460,014	\$499,544	\$1,053,908	\$2,530,607	\$13,594,178	\$10,236,416	\$3,357,762
Year 14	\$4,842,074	\$5,815,239	\$572,211	\$11,229,525	\$524,898	\$466,914	\$507,037	\$1,069,716	\$2,568,566	\$13,798,090	\$10,389,962	\$3,408,128
Year 15	\$4,914,705	\$5,902,468	\$580,794	\$11,397,968	\$532,771	\$473,918	\$514,643	\$1,085,762	\$2,607,094	\$14,005,062	\$10,545,812	\$3,459,250
Year 16	\$4,988,426	\$5,991,005	\$589,506	\$11,568,937	\$540,763	\$481,027	\$522,363	\$1,102,048	\$2,646,201	\$14,215,138	\$10,703,999	\$3,511,139
Year 17	\$5,063,252	\$6,080,870	\$598,349	\$11,742,471	\$548,874	\$488,242	\$530,198	\$1,118,579	\$2,685,894	\$14,428,365	\$10,864,559	\$3,563,806
Year 18	\$5,139,201	\$6,172,083	\$607,324	\$11,918,608	\$557,107	\$495,566	\$538,151	\$1,135,358	\$2,726,182	\$14,644,790	\$11,027,527	\$3,617,263
Year 19	\$5,216,289	\$6,264,664	\$616,434	\$12,097,387	\$565,464	\$502,999	\$546,223	\$1,152,388	\$2,767,075	\$14,864,462	\$11,192,940	\$3,671,522
Year 20	\$5,294,533	\$6,358,634	\$625,680	\$12,278,848	\$573,946	\$510,544	\$554,417	\$1,169,674	\$2,808,581	\$15,087,429	\$11,360,834	\$3,726,595
Year 21	\$5,373,951	\$6,454,014	\$635,066	\$12,463,031	\$582,555	\$518,202	\$562,733	\$1,187,219	\$2,850,710	\$15,313,740	\$11,531,247	\$3,782,494
Year 22	\$5,454,561	\$6,550,824	\$644,592	\$12,649,976	\$591,294	\$525,976	\$571,174	\$1,205,027	\$2,893,470	\$15,543,447	\$11,704,215	\$3,839,231
Year 23	\$5,536,379	\$6,649,086	\$654,260	\$12,839,726	\$600,163	\$533,865	\$579,741	\$1,223,103	\$2,936,872	\$15,776,598	\$11,879,778	\$3,896,820
Year 24	\$5,619,425	\$6,748,823	\$664,074	\$13,032,322	\$609,165	\$541,873	\$588,438	\$1,241,449	\$2,980,925	\$16,013,247	\$12,057,975	\$3,955,272
Year 25	\$5,703,716	\$6,850,055	\$674,035	\$13,227,807	\$618,303	\$550,001	\$597,264	\$1,260,071	\$3,025,639	\$16,253,446	\$12,238,845	\$4,014,601
Year 26	\$5,789,272	\$6,952,806	\$684,146	\$13,426,224	\$627,577	\$558,251	\$606,223	\$1,278,972	\$3,071,024	\$16,497,248	\$12,422,427	\$4,074,820
Year 27	\$5,876,111	\$7,057,098	\$694,408	\$13,627,617	\$636,991	\$566,625	\$615,316	\$1,298,157	\$3,117,089	\$16,744,706	\$12,608,764	\$4,135,942
Year 28	\$5,964,253	\$7,162,954	\$704,824	\$13,832,031	\$646,546	\$575,124	\$624,546	\$1,317,629	\$3,163,845	\$16,995,877	\$12,797,895	\$4,197,982
Year 29	\$6,053,716	\$7,270,399	\$715,397	\$14,039,512	\$656,244	\$583,751	\$633,914	\$1,337,393	\$3,211,303	\$17,250,815	\$12,989,864	\$4,260,951
Year 30	\$6,144,522	\$7,379,455	\$726,128	\$14,250,105	\$666,088	\$592,508	\$643,423	\$1,357,454	\$3,259,473	\$17,509,577	\$13,184,712	\$4,324,866
TOTAL	\$149,779,339	\$172,676,440	\$16,750,033	\$339,205,812	\$16,236,606	\$14,443,008	\$15,684,130	\$33,089,409	\$79,453,153	\$418,658,965	\$315,250,201	\$103,408,764

SOURCE : RKG ASSOCIATES, INC.