

JOHNSON CITY DEVELOPMENT AUTHORITY

AMENDMENTS TO REDEVELOPMENT AND URBAN RENEWAL PLAN FOR THE DOWNTOWN AND OTHER IDENTIFIED REDEVELOPMENT DISTRICTS

I. Background

The Johnson City Development Authority (“JCDA”) has previously submitted to Washington County, Tennessee (the “County”) and the City of Johnson City, Tennessee (the “City”) a Redevelopment and Urban Renewal Plan dated August 2011 (the “Plan”) relating to downtown Johnson City and other identified redevelopment districts and which amended and restated a redevelopment plan adopted and approved by JCDA, the County and the City in 2006. The Plan was previously approved by the City Commission of the City and by the County Commission of the County. In order to memorialize certain requirements imposed by the County and the City relating to the Plan in resolutions that were separate from and not included in the Plan, JCDA desires to adopt certain amendments to the Plan pursuant to this Amendment, subject to the approval of this Amendment by the City and the County.

II. Amendments

a. Restatement of Subsection on Tax Increment Financing

The subsection captioned “TAX INCREMENT FINANCING” under the Section “FINANCING” is hereby amended and restated to state as follows:

TAX INCREMENT FINANCING

The Plan shall be subject to the provisions of the Uniformity in Tax Increment Financing Act of 2012 (the “Tax Increment Act”) upon approval by JCDA, the City and the County and by all holders of outstanding TIF Indebtedness issued pursuant to the Plan; provided, however, (i) unless specifically provided herein, only those provisions of the Tax Increment Act that are required to apply to the Plan shall be deemed to be applicable and (ii) no portion of the TIF Revenues, as defined below, allocated by the County to JCDA shall be applied to pay administrative expenses without the consent of the governing body of the County. TIF Revenues allocated by the City to JCDA may be applied to pay administrative expenses of JCDA to the extent permitted by the Tax Increment Act and subject to the prior agreement of the City.

In connection with the application of the Tax Increment Act, the following provisions are hereby incorporated in the Plan, and any inconsistent provisions, including the section entitled “DIVISION OF PROPERTY TAXES”, shall no longer be effective once the necessary approvals set forth above are received:

Property taxes imposed on the real property located and collected within the Redevelopment District shall be allocated and distributed as provided below. The taxes collected by the County and the City on the real property within the Redevelopment District will be divided and distributed as follows in accordance with Tenn. Code Ann. § 13-20-205(c) and Title 9, Chapter 23 of the Tennessee Code Annotated, being the Tax Increment Act:

i. The portion of the real property taxes payable with respect to the Redevelopment District equal to the year prior to the date of approval of this Plan (the “Base Tax Amount”) (but subject to the special provisions below relating to using an alternative base year for the County (2008) and the City (2006)) shall be allocated to and, as collected, paid to the County and the City as all other taxes levied by the County and the City on all other properties; provided, however, that in any year in which the taxes on the property within the Redevelopment District are less than the Base Tax Amount, there shall be allocated and paid to the County and the City only the taxes actually imposed.

ii. Subject to the limitations below, the excess of real property taxes over the Base Tax Amount (the “TIF Revenues”) shall be allocated and, as collected, paid into a separate fund or funds of JCDA, created to hold such payments until such TIF Revenues are applied to pay debt service on TIF Indebtedness. For purposes of clarification, the allocation provided by the Tax Increment Act and the Plan is based upon taxes collected and not utilizing a base assessment methodology.

This allocation is subject to the following limitations, which are authorized by Section 9-23-103(b) of the Tax Increment Act:

i. The County shall only be required to allocate 75% of the TIF Revenues of the County calculated as provided above to JCDA for each tax year, and shall be permitted to retain 25% of such TIF Revenues for County purposes.

ii. The County shall only be required to pay the Collected Amount (as defined below) of the TIF Revenues to JCDA with respect to each tax year, which payment shall be made no later than June 30th of each year for the prior tax year, and the County shall not be required to allocate any delinquent taxes collected after the calculation of the Collected Amount by the County Trustee except as is provided below. The Collected Amount shall be the percentage, as selected by the County Trustee, in the County Trustee’s discretion, equal to (x) the percentage for all property taxes actually collected in the Redevelopment District for such tax year or (y) the percentage for all property taxes collected for the entire County for such tax year, each determined as of the date the amount of allocation is determined and not earlier than June 1st of each year for the prior tax year. The manner and timing of allocations of TIF Revenues by the City shall be governed by the existing Operating Procedures approved by City Commission on September 16, 2010, relating to the payment of such TIF Revenues, provided, however, that the City shall also only be required to pay the Collected Amount, as defined above, with such Collected Amount payable by the City being determined by the City Recorder, and the City shall not be required to allocate any delinquent taxes collected after the calculation of the Collected Amount by the City Recorder except as is provided below. To the extent of any conflict between this Amended and such Operating Procedures of the City, the terms of the Plan shall control. Any delinquent taxes (exclusive of penalties and interest) collected after the calculation of the Collected Amount for any year and identified by JCDA and/or the holder of any TIF Indebtedness to the satisfaction of the City and County (and only to the extent such delinquent taxes have not already been paid) shall be allocated to JCDA with the next annual payment of the Collected Amount (but not later than the following June 30th), provided, however, that any delinquent taxes that are required to be applied to TIF

Indebtedness payable from specifically identified parcels within the Redevelopment District shall be paid to JCDA (and by JCDA to the holder of such TIF Indebtedness) upon notice to JCDA, the City and the County by the holder of the TIF Indebtedness that such delinquent taxes have been paid by the applicable taxpayer. In no event shall the delinquent taxes and the Collected Amount allocated to JCDA as to any tax year exceed the amount required to be allocated to JCDA by the County or the City under the Plan.

iii. No TIF Indebtedness issued pursuant to the Plan shall be payable from incremental taxes allocated to JCDA for any tax year after the 2029 tax year except as is provided below. Neither the County nor the City shall be required to make any allocation under the Plan for any period after the tax year ending December 31, 2029, provided, however, if any TIF Indebtedness that is outstanding as of August 1, 2020 is not paid in full with the allocations of TIF Revenues made with respect to the 2029 tax year and prior years, the County and the City shall continue to make allocations of TIF Revenues pursuant to the Plan until all such TIF Indebtedness is paid in full provided that (i) JCDA shall not extend the maturity or increase the principal amount of any such TIF Indebtedness and (ii) all TIF Revenues allocated by the County and the City to JCDA for any tax year after the 2029 tax year shall be applied to pay debt service on such TIF Indebtedness with any remainder applied to promptly prepay such TIF Indebtedness.

iv. If the amount of the TIF Revenues allocated to JCDA by the County would be reduced if the 2008 tax year is used as the base year for purposes of the calculation of the amount of TIF Revenues allocated for any tax year, as compared to using the base year provided by applicable law, which is 2005, the amount of TIF Revenues determined using the 2008 tax year as the base year shall be allocated to JCDA by the County instead of in the manner provided above assuming a 2005 base tax year. If the amount of the TIF Revenues allocated to JCDA by the City would be reduced if the 2006 tax year is used as the base year for purposes of the calculation of the amount of TIF Revenues allocated for any tax year, as compared to using the base year provided by applicable law, which is 2005, the amount of TIF Revenues determined using the 2006 tax year as the base year shall be allocated to JCDA by the City instead of in the manner provided above assuming a 2005 base tax year.

v. The allocation of incremental taxes provided for above is subject to the requirements of the Tax Increment Act that Dedicated Taxes, as defined in the Tax Increment Act, which are applied by the City and County to pay debt service of the City and the County, are excluded each year from the allocation of taxes provided above.

However, at no time shall the total outstanding principal amount of all TIF Indebtedness for the Redevelopment District be in excess of 10% of the value of the real property located in the Redevelopment District as determined by the most recent assessments available from the tax assessor of the County, provided, however if the total outstanding principal amount of all TIF Indebtedness outstanding pursuant to the Plan exceeds such limitation due to a decrease in the assessed values in the Redevelopment District, the

validity of any TIF Indebtedness previously issued by JCDA shall not be affected by the occurrence of such event. JCDA shall not incur any TIF Indebtedness with a principal amount in excess of \$25,000 without the prior approval of the governing body of the County, provided, however, JCDA may refinance any outstanding TIF Indebtedness without the approval of the governing body of the County if such refinancing does not extend the maturity of the TIF Indebtedness.

All TIF Revenues allocated to JCDA shall be applied to pay debt service on debt obligations without the mutual consent of the governing bodies of the County and the City.

b. Restatement of Subsection on Tax Increment Financing

The subsection captioned “PROPERTY TAX ASSESSMENTS AND COLLECTION” under the Section “FINANCING” is hereby amended and restated to state as follows:

PROPERTY TAX ASSESSMENTS AND COLLECTION

The City and/or the County may exclude the assessed value of property subject to the allocation of taxes provided herein for purposes of establishing tax rates and in connection with periodic equalization of taxes as is permitted by applicable law.

c. Deletion of Assessment Calculation

The subsection captioned “PROPERTY TAX ASSESSMENTS AND COLLECTION” under the Section “FINANCING” is hereby deleted in its entirety.

III. Approval Process

This Amendment shall be subject to approval by JCDA, the County and the City in the same manner as the original Plan after a public hearing by JCDA, and the City and the County hereby approve a representative of JCDA conducting such public hearing. Upon approval of this Amendment, neither the City, the County nor JCDA shall have any right to withdraw from complying with the terms of the Plan, as amended by this Amendment, except as is specifically provided herein.

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