

Form **1023**
(Rev. April 1984)

Department of the Treasury
Internal Revenue Service

Application for Recognition of Exemption

Under Section 501(c)(3) of the Internal Revenue Code

For Paperwork Reduction Act Notice, see page 1 of the instructions.

OMB No. 1545-0056

To be filed in the key district for the area in which the organization has principal office or place business.

This application, when properly completed, constitutes the notice required under section 508(a) of the Internal Revenue Code so that an applicant may be treated as described in section 501(c)(3) of the Code, and the notice required under section 508(b) for an organization claiming not to be a private foundation within the meaning of section 509(a). (Read the instructions for each part carefully before making any entries.) If required information, a conformed copy of the organizing and operational documents or financial data are not furnished, the application will not be considered on its merits and the organization will be notified accordingly. Do not file this application if the applicant has no organizing instrument (see Part II).

Part I.—Identification

1 Full name of organization The RiverCity Co.		2 Employer identification number (If none, see instructions) 62-1273871	
3(a) Address (number and street) c/o Miller & Martin, 10th Floor, Volunteer Building		Check here if applying under section: <input type="checkbox"/> 501(e) <input type="checkbox"/> 501(f)	
3(b) City or town, State, and Zip code Chattanooga, Tennessee 37402		4 Name and phone number of person to be contacted Allen McCallie/Joe Richardson (615) / 6	
5 Month the annual accounting period ends June 30	6 Date incorporated or formed February 27, 1986	7 Activity codes 400 403 404	
8 Has the organization filed Federal income tax returns or exempt organization information returns? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form number(s), years filed, and Internal Revenue office where filed.			

Part II.—Type of Entity and Organizational Document (see instructions)

Check the applicable entity box below and attach a conformed copy of the organization's organizing document and bylaws as indicated for each entity.
 Corporation—Articles of incorporation and bylaws. Trust—Trust indenture. Other—Constitution or articles of association and bylaws.

Part III.—Activities and Operational Information

1 What are or will be the organization's sources of financial support? List in order of size.

The Corporation operated for its first 3 months with funding from Chattanooga and Hamilton County, as allocated through the Chattanooga/Hamilton County Regional Planning Commission. The Corporation has also solicited major capital support from several foundations located in Chattanooga. These foundations are being asked to together contribute to the Corporation a sum totalling not less than \$10 million to fund the Corporation's operations and specific projects for many years. The Corporation expects to receive commitments for such funding by mid-July, 1986.

2 Describe the organization's fund-raising program, both actual and planned, and explain to what extent it has been put into effect. (Include details of fund-raising activities such as selective mailings, formation of fund-raising committees, use of professional fund raisers, etc.) Attach representative copies of solicitations for financial support.

The Corporation has not yet engaged in fund-raising activities other than receiving the initial operational funding through the Planning Commission, and it has also sought capitalization of the entity from local foundations, as referred to in the preceding section. For future fund-raising, the Corporation expects to seek a broad base of support from private businesses, foundations, local and state governments, financial institutions, and individuals. The type of support which the Corporation seeks will be influenced in great degree by the type of city/county project for which support is desired.

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and I have examined this application, including the accompanying statements, and to the best of my knowledge it is true, correct, and complete.

(Signature)

(Title or authority of signer)

(Date)

Part III.—Activities and Operational Information (Continued)

3 Give a detailed narrative description of the organization's past, present, and proposed future activities, and the purposes for which it was formed. The narrative should identify the specific benefits, services, or products the organization has provided or will provide. If the organization is not fully operational, explain what stage of development its activities have reached, what further steps remain for it to become fully operational, and when such further steps will take place. (Do not state the purposes and activities of the organization in general terms or repeat the language of the organizational documents.) If the organization is a school, hospital, or medical research organization, include enough information in your description to clearly show that the organization meets the definition of that particular activity that is contained in the instructions for Part VI-A.

SEE ATTACHMENT NO. 1

4 The membership of the organization's governing body is:

(a) Names, addresses, and titles of officers, directors, trustees, etc.	(b) Annual compensation
The names, addresses, titles and positions of the Corporation's Board members and officers are set forth in <u>ATTACHMENT NO. 2</u>	No member of the Board or any corporate officer receives any compensation by virtue of their position on the Board.

ATTACHMENT NO. 1

Form 1023

RIVERCITY CO., CHATTANOOGA, TENNESSEE

PART III, LINE 3

Although the Corporation is a newly-chartered entity, it represents the outgrowth of about three year's worth of different public and private planning initiatives occurring simultaneously in Chattanooga. These initiatives all were generally directed towards identifying ways to improve the "quality of life" in Chattanooga, and all independently recognized the need for greater public/private cooperation in accomplishing large-scale development projects. Thus, out of these findings grew the conclusion that a formal public/private entity needed to be created to spearhead future cooperative efforts.

The purpose of the Corporation in the form it has been chartered is to bring together on its Board of Directors leading elements of local governments, private industry, and recognized civic organizations to create a "public-private partnership", which will serve as the focal point for the planning and implementation of various economic and recreational development opportunities in the Chattanooga area. In addition, where large-scale recreational or economic development projects are envisioned by the City and/or County, the Corporation will specifically assume some of the major planning initiatives, in order to assist and augment the planning and development capabilities of the governmental units. Direct financial assistance to the City and County in these circumstances is also contemplated.

With the composition of the Board, and with the significant capital funding contributed to the Corporation, it is anticipated that the Corporation will have an impact on development at three levels. First, the Corporation's staff will be charged with providing expert urban planning services on both small and large-scale public and private developments. Present examples of this include the development of a "Riverway", a ten-mile boardwalk along the banks of the Tennessee River from the heart of downtown Chattanooga to Chickamauga Dam, and the development of the Tennessee State "Museum of the Living River", a state and private-sponsored museum/aquarium being planned for the Ross's Landing area in downtown Chattanooga.

On the second level, the Corporation intends to provide direct financial assistance to spur economic development, with such assistance coming in the form of low interest loans, guaranteed loans, architectural design and planning, and the like. The beneficiaries of these loans will include the City and County, and in appropriate circumstances, private developers as well. It is anticipated that such assistance will leverage significantly larger amounts of private development, in a fashion very similar to the low interest UDAG loans entered into by municipal governments and private developers.

On the third level, the composition of the Corporation's board is intended to facilitate large-scale planning and unified approaches toward economic development and civic improvement by bringing together major governmental, business, and civic leaders in a forum which has not existed previously. Development in the Chattanooga area in the past has often been

hampered by the fact that developers must negotiate separately with both the City government and County government, and it is hoped that the participation by the Mayor, County Executive, and other political offices involved in the corporation will dramatically enhance the ability of the separate governments to work together for future development purposes.

The supportive role offered to both the City and County by the Corporation has been formally recognized by each commission. Each government has adopted a resolution confirming their relationship to the Corporation, and ratifying their respective appointments to the Corporation's Board of Directors. A certified copy of the Resolution from the City Commission, adopted May 26, 1986, is attached to this Application as SUPPLEMENT NO. ONE, and a copy of the County's Resolution, adopted June 2, 1986, is attached as SUPPLEMENT NO. TWO. The Corporation's charter and bylaws are also attached as SUPPLEMENT NOS. THREE and FOUR, respectively.

ATTACHMENT NO. 2

Form 1023

RIVERCITY CO., CHATTANOOGA, TENNESSEE

PART III, LINE 4

(a) Names, Addresses and Titles of Officers, Directors, Trustees, etc.

Set forth below are the names and addresses of the current board members of the corporation, listed in the order of the membership classes specified in the company's charter.

<u>NAME</u>	<u>ADDRESS</u>	<u>TITLE</u>
Dalton Roberts, Chief Exec. Officer, Hamilton County, TN	Room 208, Hamilton County Courthouse, Chattanooga, TN 37402	Director
Gene Roberts, Mayor, City of Chattanooga	City Hall, East 11th Street Chattanooga, TN 37402	Director
David Rye (Position elected by the members of the Hamilton County Commission), President Track 29	Track 29, 18 Market Street Chattanooga, TN 37402	Director
Deaderick C. Montague (Position elected by the members of the Chatt. City Commission), President, Lyndhurst Foundation	Lyndhurst Foundation, 701 Tallan Bldg., Chattanooga, TN 37402	Director
Lamar Partridge (Posi- tion elected by the black elected officials in the City, County & State government), President, Valley Capital Corporation	Valley Capital Corporation, Suite 806, Krystal Bldg., Chattanooga, TN 37402	Director
William Evans (Position elected by the member- ship of the Chatt. Area Labor Council), Community Service Dir., United Way	United Way, P. O. Box 4027, Chattanooga, TN 37405	Director

Mai Bell Hurley (Position elected by virtue of serving as Chairman of Chattanooga Venture), Chairman, Chattanooga Venture	Chattanooga Venture, 606-B Georgia Ave., Chattanooga, TN 37403	Director
Joseph F. Decosimo (Position elected by virtue of serving as Chairman of Partners For Economic Progress), Partner, Joseph Decosimo & Company, CPA's	Decosimo & Company, 11th Floor, Tallan Building, Two Union Square, Chattanooga, TN 37402	Director
Senator Ward Crutchfield (Position elected by the 7 members of Hamilton County delegation to the Tenn. State Legislature)	615 Lindsay Street, Chattanooga, TN 37402	Director
H. Carey Hanlin (The first of the three "Private Sector" members of the Board), President, Provident Life & Accident Insurance Co.	Provident Life & Accident Insurance Co., Fountain Square, Chattanooga, TN 37402	Director, Chairman of Board
Olan Mills, II (The second of the "Private Sector" members of the Board), Chairman of the Board, Olan Mills, Inc.	Olan Mills, Inc., 4325 Amnicola Highway, Chatt. TN 37406	Director, Treasurer
John T. Lupton (The third of the "Private Sector" members of the Board), Chairman of Board, JTL Corporation	JTL Corporation, 701 Tallan Building, Chattanooga, TN 37402	Director

In addition to the foregoing twelve directors, the Board elected two nonmembers as Secretary and Assistant Secretary. These offices are respectively held by Allen L. McCallie and Ardena J. Garth, two Chattanooga attorneys.

Part III.—Activities and Operational Information (Continued)

4 (c) Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No

If "Yes," name those persons and explain the basis of their selection or appointment.

Under the corporate charter, the Mayor of Chattanooga (Gene Roberts) and the Hamilton County Executive (Dalton Roberts) serve on the Board. In addition, the County's delegation to the state legislature chooses one of its members (Senator Ward Crutchfield), and the City Commission and County Commission each also appoint one nominee (not one of their members). These two nominees are Deaderick C. Montague (City) and David Rye (County).

(d) Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons?" (See specific instruction 4(d).) Yes No

If "Yes," explain. Three of the present twelve Board members are also on the Board of the Lyndhurst Foundation, which has been solicited and is anticipated to be a substantial contributor to the Corporation's capital. These three include Deaderick Montague, who is nominated by the City Commission, Mai Bell Hurley, who is chairperson of Chattanooga Venture, and John T. Lupton, one of the three "Private Sector" Board members.

(e) Have any members of the organization's governing body assigned income or assets to the organization, or is it anticipated that any current or future member of the governing body will assign income or assets to the organization? Yes No

If "Yes," attach a complete explanation stating which applies and including copies of any assignments plus a list of items assigned.

5 Does the organization control or is it controlled by any other organization? Yes No

Is the organization the outgrowth of another organization, or does it have a special relationship to another organization by reason of interlocking directorates or other factors? Yes No

If either of these questions is answered "Yes," explain.

The organization is intended to be a 509(a)(3) organization whose functions and purpose will be to support the City of Chattanooga and Hamilton County by undertaking various projects and/or developments which the City and County would otherwise undertake.

6 Is the organization financially accountable to any other organization? Yes No

If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

7 (a) What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. The organization currently leases only office space and equipment, and operates through the use of grant proceeds. The anticipated grant described in III(1) above are to be used to help fund future projects

(b) To what extent have you used, or do you plan to use contributions as an endowment fund, i.e., hold contributions to produce income for the support of your exempt activities? It is anticipated that most of the grants received will be held to produce income, which will be used to carry out the exempt purposes and*

8 Will any of the organization's facilities be managed by another organization or individual under a contractual agreement? Yes No

If "Yes," attach a copy of each contract and explain the relationship between the applicant and each of the other parties.

*to defray operating expenses. However, this "endowment fund" will also be directly used for carrying out the organizations exempt activities by creating the ability for the organization to guarantee the indebtedness of other entities and to provide bridge or gap financing for other entities.

Part III.—Activities and Operational Information (Continued)

9 (a) Have the recipients been required or will they be required to pay for the organization's benefits, services, or products? Yes No

If "Yes," explain and show how the charges are determined. Though not presently included in the Corporation's plans, it is possible that at some point, if requested, the Corporation may make loans to the City and/or County, with such loans to accrue interest at nominal rates. It is also possible that any private developers who receive assistance from the Corporation may be required to pay some of the charges associated therewith. (b) Does or will the organization limit its benefits, services, or products to specific classes of individuals? Yes No

10 Is the organization a membership organization? Yes No

If "Yes," complete the following:

(a) Describe the organization's membership requirements and attach a schedule of membership fees and dues. The "membership" in the Corporation is limited to the ten very specific membership "classes" set forth in the corporate charter. These membership classes exist only to elect the members of the Board of Directors.

(b) Describe your present and proposed efforts to attract members, and attach a copy of any descriptive literature or promotional material used for this purpose.

(c) Are benefits, services, or products limited to members? Yes No
If "No," explain. N/A

11 Does or will the organization engage in activities tending to influence legislation or intervene in any way in political campaigns? Yes No

If "Yes," explain. (Note: You may wish to file Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation.)

12 Does the organization have a pension plan for employees? Yes No

13 (a) Are you filing Form 1023 within 15 months from the end of the month in which you were created or formed as required by section 508(a) and the related regulations? (See general instructions.) Yes No

(b) If you answer "No," to 13(a) and you claim that you fit an exception to the notice requirements under section 508(a), attach an explanation of your basis for the claimed exception.

(c) If you answer "No," to 13(a) and section 508(a) does apply to you, you may be eligible for relief under regulations section 1.9100 from the application of section 508(a). Do you wish to request relief? Yes No

(d) If you answer "Yes," to 13(c) attach a detailed statement that satisfies the requirements of Rev. Proc. 79-63.

(e) If you answer "No," to both 13(a) and 13(c) and section 508(a) does apply to you, your qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider your application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date you were formed (see instructions)? Yes No

Part IV.—Statement as to Private Foundation Status (see instructions)

1 Is the organization a private foundation? Yes No

2 If you answer "Yes," to question 1 and the organization claims to be a private operating foundation, check here and complete Part VII.

3 If you answer "No," to question 1 indicate the type of ruling you are requesting regarding the organization's status under section 509 by checking the box(es) below that apply:

(a) Definitive ruling under section 509(a)(1), (2), (3), or (4) . Complete Part VI.

(b) Advance ruling under sections 509(a)(1) and 170(b)(1)(A)(vi) or section 509(a)(2)—see instructions.

(c) Extended advance ruling under sections 509(a)(1) and 170(b)(1)(A)(vi) or section 509(a)(2)—see instructions.

(Note: If you want an extended advance ruling you must check the appropriate boxes for both 3(b) and 3(c). You must also complete and attach two Forms 872-C to the application.)

Statement of Support, Revenue, and Expenses for the period beginning 19....., and ending 19..... See attachments A & B - Financial Data

Note: Complete the financial statements for the current year and for each of the three years immediately before it. If in existence less than four years, complete the statements for each year in existence. If in existence less than one year, also provide proposed budgets for the two years following the current year.

Attachments A & B - Financial Data

Table with columns for Support and Revenue (lines 1-8), Expenses (lines 9-18), and Excess of support and revenue over expenses (line 19). Includes categories like Gross contributions, dues, and fund raising expenses.

Balance Sheet

(at the end of the period shown above)

Enter date

May 31, 1986

Ending date

5/31/1986

Balance Sheet table with sections for Assets (lines 20-30), Liabilities (lines 31-35), and Fund Balances or Net Worth (lines 36-37).

If there has been any substantial change in any aspect of your financial activities since the period shown above ended, check the box and attach a detailed explanation



ATTACHMENTS TO FINANCIAL DATA

FORM 1023

THE RIVERCITY CO., CHATTANOOGA, TENNESSEE

Note of Explanation. As indicated elsewhere in this application, the creation of The RiverCity Co. was an outgrowth of several years' worth of study, and several different planning initiatives, which involved both City and County governments and numerous individual citizens. The funding for much of this work came through the Chattanooga-Hamilton County Regional Planning Commission, and included professional consulting fees, staff salaries, travel expenses, office expenses, printing expenses, and the like.

Most of the initial expenses of The RiverCity Co. were also funded in this matter; that is, as a continuation of the funding to these jointly-sponsored initiatives through the Planning Commission. However, after the Corporation had been chartered and in operation for several months, and after the City, the County, and the Planning Commission were satisfied as to the scope of operations of the new Corporation, the balance of the planning funds held by the Planning Commission were turned over to the Corporation. In return, the Corporation expressly assumed certain remaining contractual obligations of the City, County and the Planning Commission.

On the two attached financial statements, Attachment A details the income and disbursements of the Corporation during the period when it was funded directly through the Planning Commission (from late February through the first week of April, 1986). At the end of this period, the balance of the Planning Commission funds, totalling \$114,237.97, were transferred directly to the Corporation's account. The income and expenses for this subsequent period (from early April through and including May 31, 1986) are detailed on Attachment B.

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ATTACHMENT A - FINANCIAL DATA

FORM 1023

THE RIVERCITY CO., CHATTANOOGA, TN

PART V, PAGE 5

STATEMENT OF SUPPORT, REVENUE AND EXPENSES

For the period from February 1, 1986 to May 31, 1986

The revenues and expenses listed below are those which were received and disbursed by the City of Chattanooga and Hamilton County in their jointly sponsored efforts for the period indicated. The items listed below will be referred to either as City or County for the purpose of simplicity:

Support and revenues:

Grants received:

County
City

\$ 72,250.00
127,382.76

\$ 199,632.76
1,237.85
200,870.61

Interest earned

Expenses:

All funds above were deposited to one bank account and all disbursements made by the City as follows:

Salaries
Professional fees (consultants, etc.)
Other services (office rental, contracted services, insurance and FICA expenses)
Office administrative (supplies, postage, telephone, advertising, etc.)
Travel
Utilities

21,949.36
117,156.85
12,943.69
2,723.91
1,746.14
43.00

156,562.95

Excess of Support Over Expenses for Period

\$ 44,307.66

ATTACHMENT B - FINANCIAL DATA

FORM 1023

THE RIVERCITY CO., CHATTANOOGA, TN

PART V, PAGE 5

STATEMENT OF SUPPORT, REVENUE AND EXPENSES

For the period from date of incorporation February 27, 1986
(operations as separate entity began April, 1986) to and
including May 31, 1986:

Support and revenue:

Grants received:

Unrestricted grants

\$ 5,000.00

Transfer of unrestricted funds from
City of Chattanooga

114,237.97

119,237.97

Income received:

Interest earned

13.50

Total Support and Revenue

119,251.47

Expenses:

Salaries

\$ 5,883.18

Contracted services

1,232.88

Consultants

29,893.92

Office equipment rental

192.00

Utilities

559.72

Telephone

529.63

Office improvements

1,235.00

Advertising and publicity

407.63

Office supplies

165.81

Total Expenses

40,099.77

Excess of Support and Revenue Over Expenses

\$ 79,151.70

BALANCE SHEET (Lines 20 to 27)

May 31, 1986

ASSETS

Cash: Interest bearing accounts

\$ 78,045.42

Petty cash

100.00

78,145.42

Depreciable assets: Office equipment - net

1,431.75

Total Assets

\$ 79,577.17

LIABILITIES

Other liabilities: Employee payroll tax deductions

\$ 425.47

FUND BALANCES

Excess of support and revenue over expenses
for the period ended May 31, 1986

79,151.70

Total Liabilities and Fund Balances

\$ 79,577.17

Part VI.—Non-Private Foundation Status (Definitive ruling only)

A.—Basis for Non-Private Foundation Status (Check one of the boxes below.)

The organization is not a private foundation because it qualifies as:

✓	Kind of organization	Within the meaning of	Complete
1	a church or a convention or association of churches	Sections 509(a)(1) and 170(b)(1)(A)(i)	/
2	a school	Sections 509(a)(1) and 170(b)(1)(A)(ii)	/
3	a hospital or a medical research organization operated in conjunction with a hospital	Sections 509(a)(1) and 170(b)(1)(A)(iii)	/
4	a governmental unit described in section 170(c)(1)	Sections 509(a)(1) and 170(b)(1)(A)(v)	/
5	being organized and operated exclusively for testing for public safety	Section 509(a)(4)	/
6	being operated for the benefit of a college or university which is owned or operated by a governmental unit	Sections 509(a)(1) and 170(b)(1)(A)(iv)	Part VI.—B
7	normally receiving a substantial part of its support from a governmental unit or from the general public	Sections 509(a)(1) and 170(b)(1)(A)(vi)	Part VI.—B
8	normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions)	Section 509(a)(2)	Part VI.—B
9	<input checked="" type="checkbox"/> being operated solely for the benefit of or in connection with one or more of the organizations described in 1 through 4, or 6, 7, and 8 above	Section 509(a)(3)	Part VI.—C

B.—Analysis of Financial Support

Period ended 5/31/1986 4/9/86 to 5/31/86	(a) Most recent tax year	(Years next preceding most recent tax year)			(e) Total
	1986...	(b) 19...N/A	(c) 19...N/A	(d) 19...N/A	
1 Gifts, grants, and contributions received	119,237.97				119,237.97
2 Membership fees received					
3 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity which is not an unrelated business within the meaning of section 513					
4 Gross investment income (see instructions for definition)					
5 Net income from organization's unrelated business activities not included on line 4					
6 Tax revenues levied for and either paid to or spent on behalf of the organization					
7 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)					
8 Other income (not including gain or loss from sale of capital assets)—attach schedule	Interest Income 13.50				13.50
9 Total of lines 1 through 8	119,251.47				119,251.47
10 Line 9 minus line 3	119,251.47				119,251.47
11 Enter 2% of line 10, column (e) only					2,385.03

12 If the organization has received any unusual grants during any of the above tax years, attach a list for each year showing the name of the contributor, the date and amount of grant, and a brief description of the nature of such grant. Do not include such grants on line 1 above—(See instructions).

Part VI.—Non-Private Foundation Status (Definitive ruling only) (Continued)

B.—Analysis of Financial Support (Continued)

13 If the organization's non-private foundation status is based on:

- (a) Sections 509(a)(1) and 170(b)(1)(A)(iv) or (vi).—Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts for the entire period were more than the amount shown on line 11.
- (b) Section 509(a)(2).—For each of the years included on lines 1, 2, and 3, attach a list showing the name of and amount received from each person who is a "disqualified person."
For each of the years on line 3, attach a list showing the name of and amount received from each payor (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payor" includes but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any government agency or bureau.

C.—Supplemental Information Concerning Organizations Claiming Non-Private Foundation Status Under Section 509(a)(3)

1 Organizations supported by applicant organization:

Name and address of supported organization	Has the supported organization received a ruling or determination letter that it is not a private foundation by reason of section 509(a)(1) or (2)?
City of Chattanooga, c/o Office of the Mayor, City Hall, East 11th Street, Chattanooga, TN 37402	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Not Applicable
Hamilton County, Tennessee, c/o County Executive, Room 208, Hamilton County Courthouse, Chattanooga, TN 37402	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Not Applicable
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 To what extent are the members of your governing board elected or appointed by the supported organization(s)?
The Mayor and County Executive are always to be members of the Board of Directors, and the City and County Commissions each also will always have a nominee on the Board. The elected state legislature from the County also choose a nominee, as do all the elected black officials from the County.

3 What is the extent of common supervision or control that you and the supported organization(s) share?
SEE ATTACHMENT NO. 3

4 To what extent do(es) the supported organization(s) have a significant voice in your investment policies, the making and timing of grants, and in otherwise directing the use of your income or assets?
SEE ATTACHMENT NO. 3

5 Does the mentioning of the supported organization(s) in your governing instrument make you a trust that the supported organization(s) can enforce under State law and compel to make an accounting? Yes No
If "Yes," explain.

6 What portion of your income do you pay to each supported organization and how significant is the support to each?
SEE ATTACHMENT NO. 3

7 To what extent do you conduct activities which would otherwise be carried out by the supported organization(s)? Explain why these activities would otherwise be carried on by the supported organization(s).
SEE ATTACHMENT NO. 3

8 Is the applicant organization controlled directly or indirectly by one or more "disqualified persons" (other than one who is a disqualified person solely because he or she is a manager) or by an organization which is not described in section 509(a)(1) or (2)? Yes No
If "Yes," explain.

ATTACHMENT NO. 3

Form 1023

THE RIVERCITY CO., CHATTANOOGA, TENNESSEE

PART VI, SUBSECTION C

No. 3: What is the extent of common supervision or control that you and the supported organization(s) share?

As indicated in the answer to the preceding question, the City and County will always have a direct voice on the Board through the Mayor and County Executive, respectively. The City and County Commissions will also be represented by the two nominees which they place on the Board. These elected officials will also have further voice through the election of the black member of the Board by all of the local black elected officials, and by the member of the state legislative delegation who is nominated to sit on the Board. The City Commission and County Commission have also specifically requested that the Corporation act to assist and support them in their development initiatives; see the Resolutions attached as SUPPLEMENT NO. 1 and SUPPLEMENT NO. 2, respectively.

No. 4: To what extent do(es) the supported organization(s) have a significant voice in your investment policies, the making and timing of grants, and in otherwise directing the use of your income or assets?

The City and County will have direct voting representation through the Board members mentioned in the preceding two questions. In addition, the corporation does not have any "governmental" powers, such as the right of eminent domain, the right of taxation, and the like. Thus, all large-scale public/private developments which require land assemblage, bond financing, or any similar public participation will at all times require direct participation and/or approval by the City and County Commissions, planning staffs, and the like. In addition, any project involving new construction or rehabilitation which in any is assisted by the Corporation will have to comply with all zoning codes, building codes, design standards, etc. Furthermore, much of the land on which the large recreational developments are planned is already owned either jointly by the City and County or individually by the City, so the governments will have direct control over the development which takes place on these properties.

No. 6: What portion of your income do you pay to each supported organization and how significant is this to each?

It is not possible to determine at this stage how often and in what amount any direct payments will be made to either the City or County governments, as opposed to the undertaking of projects on behalf of these governments. In the first two projects being actively considered (the construction of a two mile segment of the Riverway along the banks of the Tennessee River and the creation of a large recreational "fishing park"), it is expected that approximately \$3.1 million of recreational development will be undertaken by the City and County. Of these amounts, it is anticipated that the Corporation will contribute \$400,000 directly in a grant to the City and

County, plus \$400,000 in the form of a low-interest or no-interest five year loan. In addition, the Corporation is expected to expend on its own an additional \$375,000 for architectural design development, construction documents, bidding, negotiation, and the like. (Of course, the expenditure of all of this money will be conditioned upon receiving the major capital support from area foundations, as mentioned in III above.)

The construction of these portions of the Riverway and Fishing Park by the City and County are the first major projects which the Corporation will be involved in, and it is probable that the Corporation's direct economic involvement in these projects will be, on a percentage basis, much greater than subsequent projects. It is also expected that for future projects, the City and County will share equally in the support being offered by the Corporation. However, since most of the area where the Corporation's proposed activities will take place is located within or near the downtown Chattanooga area, rather than only in Hamilton County, it is possible that the City of Chattanooga will be in some respects the larger recipient of support from the corporation.

7. To what extent do you conduct activities which would otherwise be carried out by the supported organization(s)? Explain why these activities would otherwise be carried on by the supported organization(s).

For a period of about three years, ending in January of 1986, the City and County jointly sponsored an economic development study which was conducted by a group of government officials and private citizens known as the "Moccasin Bend Task Force." The findings of this study, which was endorsed and adopted by the City and County Commissions, essentially concluded that future economic growth in the City and County would be greatly enhanced by the large-scale development of the area's riverfront for recreational and multi-use projects. Though the City and County already jointly own over 600 acres on Moccasin Bend, the governmental leaders realized that the scale of development of this type, plus the development of the Riverway boardwalk along up to twenty miles of the Tennessee River through Chattanooga, would require far more resources than either the City or County could marshal without substantial private sector participation. Thus, City and County leaders and the planners who served on the Moccasin Bend Task Force sought to create an organization which would serve as funnel or conduit between public and private resources, and which would in part also aid the process of interaction between the public and private sectors. It is also hoped that the Corporation will become a vehicle for leverage on behalf of the City and County, whereby the City and County will be able to attract large private development because of the work performed by the Corporation in undertaking more public developments.

Part VII.—Basis for Status as a Private Operating Foundation

If the organization—

(a) bases its claim to private operating foundation status on normal and regular operations over a period of years; or (b) is newly created, set up as a private operating foundation, and has at least one year's experience; provide the information under the income test and under one of the three supplemental tests (assets, endowment, or support). If the organization does not have at least one year's experience, complete line 21. If the organization's private operating foundation status depends on its normal and regular operations as described in (a) above, attach a schedule similar to the one below showing the data in tabular form for the three years next preceding the most recent tax year. (See regulations section 53.4942(b)-1 for additional information before completing the "Income Test" section of Part VII.)

Income Test

1 (a) Adjusted net income, as defined in regulations section 53.4942(a)-2(d). (Complete this line for each tax year covered by the application.) (b) Minimum investment return, as defined in regulations section 53.4942(a)-2(c). (Complete this line only for tax years beginning after December 31, 1981.) 2 Qualifying distributions: (a) Amounts (including administrative expenses) paid directly for the active conduct of the activities for which organized and operated under section 501(c)(3) (attach schedule) (b) Amounts paid to acquire assets to be used (or held for use) directly in carrying out purposes described in sections 170(c)(1) or 170(c)(2)(B) (attach schedule) (c) Amounts set aside for specific projects which are for purposes described in section 170(c)(1) or 170(c)(2)(B) (attach schedule) (d) Total qualifying distributions (add lines 2(a), (b), and (c)) 3 For tax years beginning before January 1, 1982, enter an amount on 3(a) only. For tax years beginning after December 31, 1981, enter an amount on 3(a) or 3(b) whichever is smaller. (a) Percentage of qualifying distributions to adjusted net income (divide line 2(d) by line 1(a)) (b) Percentage of qualifying distributions to minimum investment return (divide line 2(d) by line 1(b)) (Percentage must be at least 85% for 3(a) or 3(b))

Assets Test

4 Value of organization's assets used in activities that directly carry out the exempt purposes. Do not include assets held merely for investment or production of income (attach schedule) 5 Value of any stock of a corporation that is controlled by applicant organization and carries out its exempt purposes (attach statement describing corporation) 6 Value of all qualifying assets (add lines 4 and 5) 7 Value of applicant organization's total assets 8 Percentage of qualifying assets to total assets (divide line 6 by line 7—percentage must exceed 65%)

Endowment Test

9 Value of assets not used (or held for use) directly in carrying out exempt purposes: (a) Monthly average of investment securities at fair market value (b) Monthly average of cash balances (c) Fair market value of all other investment property (attach schedule) (d) Total (add lines 9(a), (b), and (c)) 10 Subtract acquisition indebtedness related to line 9 items (attach schedule) 11 Balance (subtract line 10 from line 9(d)) 12 Multiply line 11 by 3 1/3 % (2/3 of the percentage for the minimum investment return computation under section 4942(e)). Line 2(d) above must equal or exceed the result of this computation

Support Test

13 Applicant organization's support as defined in section 509(d) 14 Subtract amount of gross investment income as defined in section 509(e) 15 Support for purposes of section 4942(j)(3)(B)(iii) (subtract line 14 from line 13) 16 Support received from the general public, five or more exempt organizations, or a combination of these sources (attach schedule) 17 For persons (other than exempt organizations) contributing more than 1% of line 15, enter the total amounts that are more than 1% of line 15 18 Subtract line 17 from line 16 19 Percentage of total support (divide line 18 by line 15—must be at least 85%) 20 Does line 16 include support from an exempt organization that is more than 25% of the amount on line 15? Yes No 21 Newly created organizations with less than one year's experience: Attach a statement explaining how the organization is planning to satisfy the requirements of section 4942(j)(3) for the income test and one of the supplemental tests during its first year's operation. Include a description of plans and arrangements, press clippings, public announcements, solicitations for funds, etc.

Part VIII.—Required Schedules for Special Activities

	If "Yes," check here:	And, complete schedule—
1 Is the organization, or any part of it, a school?		A
2 Does the organization provide or administer any scholarship benefits, student aid, etc.?		B
3 Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		C
4 Is the organization, or any part of it, a hospital or a medical research organization?		D
5 Is the organization, or any part of it, a home for the aged?		E
6 Is the organization, or any part of it, a litigating organization (public interest law firm or similar organization)?		F
7 Is the organization, or any part of it, formed to promote amateur sports competition?		G

SCHEDULE A.—Schools, Colleges, and Universities

- 1 Is the organization an instrumentality of a State or political subdivision of a State? Yes No
If "Yes," document this in Part III and do not complete items 2 through 8 of this schedule. (See instructions for Schedule A.)
- 2 Does or will the organization (or any department or division within it) discriminate in any way on the basis of race with respect to:
 - (a) Admissions? Yes No
 - (b) Use of facilities or exercise of student privileges? Yes No
 - (c) Faculty or administrative staff? Yes No
 - (d) Scholarship or loan program? Yes No
 If "Yes," for any of the above, explain.
- 3 Does the organization include a statement in its charter, bylaws, or other governing instrument, or in a resolution of its governing body, that it has a racially nondiscriminatory policy as to students? Yes No
Attach whatever corporate resolutions or other official statements the organization has made on this subject.
- 4 (a) Has the organization made its racially nondiscriminatory policies known in a manner that brings the policies to the attention of all segments of the general community which it serves? Yes No
If "Yes," describe how these policies have been publicized and state the frequency with which relevant notices or announcements have been made. If no newspaper or broadcast media notices have been used, explain.
 - (b) If applicable, attach clippings of any relevant newspaper notices or advertising, or copies of tapes or scripts used for media broadcasts. Also attach copies of brochures and catalogues dealing with student admissions, programs, and scholarships, as well as representative copies of all written advertising used as a means of informing prospective students of your programs.
- 5 Attach a numerical schedule showing the racial composition, as of the current academic year, and projected as far as may be feasible for the next academic year, of: (a) the student body, (b) the faculty and administrative staff.
- 6 Attach a list showing the amount of any scholarship and loan funds awarded to students enrolled and the racial composition of the students who have received the awards.
- 7 (a) Attach a list of the organization's incorporators, founders, board members, and donors of land or buildings, whether individuals or organizations.
(b) State whether any of the organizations listed in (a) have as an objective the maintenance of segregated public or private school education, and, if so, whether any of the individuals listed in (a) are officers or active members of such organizations.
- 8 Indicate the public school district and county in which the organization is located.

SCHEDULE B.—Organizations Providing Scholarship Benefits, Student Aid, etc. to Individuals

1 (a) Describe the nature of the scholarship benefit, student aid, etc., including the terms and conditions governing its use, whether a gift or a loan, and the amount. If the organization has established or will establish several categories of scholarship benefits, identify each kind of benefit and explain how the organization determines the recipients for each category. Attach a sample copy of any application the organization requires or will require of individuals to be considered for scholarship grants, loans, or similar benefits. (Private foundations that make grants for travel, study or other similar purposes are required to obtain advance approval of scholarship procedures. See regulations sections 53.4945-4(c) and (d).)

(b) If you want this application considered as a request for approval of grant procedures in the event we determine that you are a private foundation, check here

2 What limitations or restrictions are there on the class of individuals who are eligible recipients? Specifically explain whether there are, or will be, any restrictions or limitations in the selection procedures based upon race and whether there are, or will be, restrictions or limitations in selection procedures based on the employment status of the prospective recipient or any relative of the prospective recipient. Also indicate the approximate number of eligible individuals.

3 Indicate the number of grants you anticipate making annually

4 List the names, addresses, duties, and relevant background of the members of your selection committee. If you base your selections in any way on the employment status of the applicant or any relative of the applicant, indicate whether there is or has been any direct or indirect relationship between the members of the selection committee and the employer. Also indicate whether relatives of the members of the selection committee are possible recipients or have been recipients.

5 Describe any procedures you have for supervising grants, such as obtaining reports or transcripts, which you award and any procedures you have for taking action if the terms of the grant are violated.

SCHEDULE C.—Successors to "For Profit" Institutions

1 What was the name of the predecessor organization and the nature of its activities?

2 Who were the owners or principal stockholders of the predecessor organization? (If more space is needed, attach schedule.)

Name and address	Share or interest
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(continued on next page)

SCHEDULE C.—Successors to "For Profit" Institutions (Continued)

3 Describe the business or family relationship between the owners or principal stockholders and principal employees of the predecessor organization and the officers, directors, and principal employees of the applicant organization.

4 (a) Attach a copy of the agreement of sale or other contract that sets forth the terms and conditions of sale of the predecessor organization or of its assets to the applicant organization.
(b) Attach an appraisal by an independent qualified expert showing the fair market value of the facilities or property interest sold at the time of sale.

5 Has any property or equipment formerly used by the predecessor organization been rented to the applicant organization or will any such property be rented?
If "Yes," explain and attach copies of all leases and contracts.

6 Is the organization leasing or will it lease or otherwise make available any space or equipment to the owners, principal stockholders, or principal employees of the predecessor organization?
If "Yes," explain and attach a list of these tenants and a copy of the lease for each such tenant.

7 Were any new operating policies initiated as a result of the transfer of assets from a profit-making organization to a nonprofit organization?
If "Yes," explain.

SCHEDULE D.—Hospitals and Medical Research Organizations

Check here if you are claiming to be a hospital and complete the questions in Part I of this Schedule and write "N/A" in Part II.
Check here if you are claiming to be a medical research organization operated in conjunction with a hospital and complete the questions in Part II of this Schedule and write "N/A" in Part I.

Part I.—Hospitals

1 (a) How many doctors are on the hospital's courtesy staff?
(b) Do these doctors include all the doctors in the community?
If "No," give the reasons why and explain how the courtesy staff is selected.

2 Composition of board of directors or trustees. (If more space is needed, attach schedule.)

Table with 2 columns: Name and address, Occupation. Multiple rows for listing board members.

SCHEDULE D.—Hospitals and Medical Research Organizations (Continued)

Part I.—Hospitals (Continued)

3 (a) Does the hospital maintain a full-time emergency room? Yes No

(b) What is the hospital's policy on administering emergency services to persons without apparent means to pay?

(c) Does the hospital have any arrangements with police, fire, and voluntary ambulance services for the delivery or admission of emergency cases? Yes No Explain.

4 (a) Does or will the hospital require a deposit from persons covered by Medicare or Medicaid in its admission practices? Yes No If "Yes," explain.

(b) Does the same deposit requirement apply to all other patients? Yes No If "No," explain.

5 Does or will the hospital provide for a portion of its services and facilities to be used for charity patients? . Yes No Explain (include data on the hospital's past experience in admitting charity patients and arrangements it may have with municipal or governmental agencies for absorbing the cost of such care).

6 Does or will the hospital carry on a formal program of medical training and research? Yes No If "Yes," describe.

7 Does the hospital provide office space to physicians carrying on a medical practice? Yes No If "Yes," attach a list setting forth the name of each physician, the amount of space provided, the annual rent (if any), and the expiration date of the current lease.

Part II.—Medical Research Organizations

1 Name the hospital(s) with which you have a relationship and describe the relationship(s).

2 Describe your present and proposed (indicate which) medical research activities, show the nature of the activities, and the amount of money which has been or will be spent in carrying them out. (Making grants to other organizations is not direct conduct of medical research.)

3 Attach a statement of assets showing the fair market value of your assets and the portion of the assets directly devoted to medical research.

SCHEDULE E.—Homes for Aged

1 What are the requirements for admission to residency? Explain fully and attach promotional literature and application forms.

2 Does or will the home charge an entrance or founder's fee? Yes No
If "Yes," explain.

3 What periodic fees or maintenance charges are or will be required of its residents?

4 (a) What established policy does the home have concerning residents who become unable to pay their regular charges?

(b) What arrangements does the home have or will it make with local and Federal welfare units, sponsoring organizations, or others to absorb all or part of the cost of maintaining those residents?

5 What arrangements does or will the home have to provide for the health needs of its residents?

6 In what way are the home's residential facilities designed to meet some combination of the physical, emotional, recreational, social, religious, and similar needs of the aged?

7 Has the home established or will it establish any reserves for future expenditures? Yes No
If "Yes," state the source of such reserves and explain how they will be used.

8 Attach a sample copy of the contract or agreement the organization makes with or requires of its residents.

SCHEDULE F.—Litigating Organizations (Public Interest Law Firms and Similar Organizations)

1 Will the organization conform to the guidelines for organizations engaged in litigation activities issued by the Internal Revenue Service in Rev. Proc. 71-39, 1971-2 C.B. 575, and Rev. Proc. 75-13, 1975-1 C.B. 662? Yes No
If "No," explain.

2 What is the organization's area of public interest or concern?

3 Is the organization set up primarily to try the case of a particular person or prosecute a particular cause of action? Yes No
If "Yes," explain.

4 What are the organization's criteria for selection of cases?

5 In what cases has the organization started legal proceedings and in what other cases is it preparing to start proceedings? Describe the legal issues involved in each case and explain how they relate to the organization's area of concern.

6 (a) Composition of the organization's board of directors or trustees:

Table with 2 columns: Name and address, Business or Occupation. Multiple rows for listing board members.

(b) Will any of the attorneys hired by the organization be a trustee or member of the board of directors of the organization or be associated in the practice of law with any such trustee or member? Yes No
If "Yes," explain.

7 Does or will the organization share office space with a private law firm? Yes No
If "Yes," explain.

8 Does or will the organization receive fees for its professional services? Yes No
If "Yes," explain.

SCHEDULE G.—National or International Amateur Sports Competition

1 Does your organization directly or indirectly provide any facilities or equipment for the use of amateur athletes engaged in national or international sports competition? Yes No

2 How do you foster national or international sports competition?

3 Do you provide financial assistance to amateur athletes? Yes No