

Residential PILOT Term Sheet
Broad Avenue Residential
June 20, 2018

3D Realty, LLC (“Applicant”) is seeking a 15-year Residential PILOT to construct approximately 414 apartment units at the intersection of Broad Avenue and Bingham Street. 3D Realty has been formed by James Maclin of M&M Enterprises as lead developer and Bob Loeb of Loeb Properties.

The Residential PILOT will support redevelopment of property originally built in 1945 as a Sears warehouse. The existing buildings are 75% vacant, in very poor condition and will be razed to create the site for new construction (the water tower will remain). The project will consist of multiple four-story buildings containing 124 studio apartments, 207 one-bedroom units and 83 two-bedroom units. Additionally, the project will create 10,000 square feet of ground floor commercial space and 394 off-street parking spaces.

All apartments will feature black or stainless-steel appliances, quartz or granite countertops and 9-foot ceilings. Resident amenities will include a swimming pool, fitness center, pet parks, and multiple outdoor lounge areas.

Financial assistance is needed to deliver new class-A multi-family living space to Binghampton, increase population density in historic parts of Memphis and ensure profitability of this \$51,100,000 investment. The Applicant has committed to reserving 20% of the project, or 83 units, for Low to Moderate income residents. The project is supported by the Binghampton Development Corporation consistent with the Residential PILOT policies.

Parcel 033020 00015 (2542 Broad) is 7.36 acres and contains a 222,671 square foot industrial warehouse to be demolished. Only real property investments on this site will be included in the PILOT.

Today, this property produces \$33,204 a year in property taxes. Staff projects this will increase to \$307,052 a year during the term of the PILOT agreement and to \$1,147,571 post-PILOT. Total local tax revenue during the term of the PILOT is expected to be \$7,041,586 and benefit to the Applicant is expected to be \$12,622,335.

The 15-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Real Property	Year 1-15 25%	Real Property	Year 1-15 25%

PILOT Evaluation Matrix

CATEGORY	DATA	YEAR(S)
Residential Units Constructed or Renovated	413	41
Location in City of Memphis	Yes	1
New Market Tax Credit Eligible	Yes	2
Exceptional LBP	No	0
Extraordinary Number of Low/Mod Units	No	0
Environmental Sustainability Certification	No	0
Subtotal		44
Maximum Total Allowed		15-Years

Project Budget Detail

REAL PROPERTY	
Purchase Price	\$3,900,000
Hard Construction and Site Work	\$38,000,000
Sub-Total	\$41,900,000
PERSONAL PROPERTY	
New	NONE
Transferred*	NONE
Sub-Total	\$0
Total Investment in PILOT	\$41,900,000

**Personal property relocated from a facility outside of Shelby County is considered at its depreciated, current value.*

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	NONE
Other Personal Property	\$300,000
Fees & Soft Costs	\$8,900,000
Sub-Total	\$9,200,000
Total Capital Investment	\$51,100,000

Local Business Participation

Spending with City of Memphis or Shelby County certified minority and women business enterprises (MWBES) shall be an amount equal to or greater than:

		Basis	\$ LBP
	25%	Construction/Site Work	\$9,500,000
+	25%	Third-Party Contracts	\$2,625,000
=	Total		\$12,125,000

Ramp Up Period

The Applicant shall close on all real property PILOT Leases within two years of approval and meet all commitments related to the project within two years of the first real property PILOT lease closing.

Terms & Conditions

Award of a PILOT in accordance with the recommendations of the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee EDGE Staff, as set forth herein, is subject to the following conditions.

1. The award is subject to the review and approval of the Board's counsel.
2. The award of a PILOT to the real property of Applicant is subject to the review and approval of the Applicant's phase I environmental impact study.
3. The award is subject to receipt of letters of approval from the mayors of both the City of Memphis and the County of Shelby.
4. The EDGE Board of Directors (the "Board") reserves the right to assign the PILOT, or its rights with respect thereto, to the Memphis and Shelby County Industrial Development Board (the "IDB"), in accordance with the service agreement between the Board and the IDB, if the Board ultimately deems it beneficial.
5. The award is subject to the negotiation and execution of PILOT lease agreements requiring the payment of rent in the amount of \$100.00 per year.
6. In the absence of an explicit written waiver of this condition, no conveyance will be deemed to have been accepted by EDGE, the IDB or any other affiliate or agent of EDGE unless and until all of the documents for the subject transaction, including the PILOT lease agreement, have been negotiated and delivered.
7. Except as explicitly provided in this term sheet or in a resolution of the Board, the award is subject to the provisions of the Residential PILOT Policies and Procedures.
8. The Applicant will reserve 20% of units available for low to moderate income occupants.
9. The award is subject to an architectural review more fully described in the policies.