

Residential PILOT Term Sheet

Thrive at the Park

June 20, 2018

Makowsky Ringel Greenberg, LLC on behalf of the yet to be formed Thrive Partners (“Applicant”) is seeking a 15-year Residential PILOT to construct approximately 176 apartment units at the intersection of East Parkway and Sam Cooper Boulevard.

The Residential PILOT will support redevelopment of property originally acquired for Interstate 40. The property has been vacant for more than forty years, driving a wedge between neighborhoods to the north and south of the site. The project will consist of two three-story buildings and ten smaller two-story townhouses. This will create 113 one-bedroom units, 63 two-bedroom units and 233 off-street parking spaces.

All apartments will feature kitchens and living areas with open floor plans, nine-foot ceilings, solid surface counter tops and stainless steel (or equivalent) luxury appliances. Resident amenities will include indoor and outdoor lounge areas, fitness center, pet washing facilities and bike storage.

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 \$22,255,410 investment. The Applicant has committed to reserving 21% of the project, or 36 units, for Low to Moderate income residents. The project is supported by the Binghampton Development Corporation consistent with the Residential PILOT policies.

Parcel 033005 00042Z is 4.63 acres and Parcel 033002 00036Z is 2.03 acres. Only real property investments on this site will be included in the PILOT.

Today, this property produces \$12,222 a year in property taxes. Staff projects this will increase to \$152,461 a year during the term of the PILOT agreement and to \$573,178 post-PILOT. Total local tax revenue during the term of the PILOT is expected to be \$3,288,208 and benefit to the Applicant is expected to be \$6,310,755.

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	176	17
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		20
Maximum Total Allowed		15-Years

Project Budget Detail

REAL PROPERTY	
Purchase Price	\$370,152
Hard Construction and Site Work	\$18,998,765
Sub-Total	\$19,368,917
PERSONAL PROPERTY	
New	NONE
Transferred*	NONE
Sub-Total	\$0
Total Investment in PILOT	\$19,368,917

**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	NONE
Fees & Soft Costs	\$2,886,493
Sub-Total	\$2,886,493
Total Capital Investment	\$22,255,410

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	\$4,749,691
+	25%	Third-Party Contracts	\$441,090
=	Total		\$5,190,781

Initiation and 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 local business participation award is subject to Applicant meeting the minimum requirements of the Local Business Participation program.
9. The Applicant will reserve 20% of units available for low to moderate income occupants.
10. The award is subject to an architectural review more fully described in the policies.