

**Residential PILOT Term Sheet
Link Apartments Broad Avenue
March 18, 2020**

The EDGE Board of Directors approved a project at this location for the Broad Avenue Mixed Use Development in June of 2018. A new application was submitted due to changes in project partners, size, design and scope. This project, its Term Sheet and the information contained herein is being treated as a new application that supersedes the previous approval.

Grubb Management, LLC (“Applicant”) is seeking a 15-year Residential PILOT to construct approximately 350 apartment units at the intersection of Broad Avenue and Bingham Street. Grubb Properties is the lead developer in partnership with the Memphis-based landowner, Loeb Properties. Charlotte based BB+M Architecture along with Memphis-based Shapiro & Company, Pickering Civil Engineering and Dalhoff Thomas are providing design work. VCC from Little Rock is the general contractor.

The Residential PILOT will support redevelopment of property originally built in 1945 as a Sears warehouse. The existing buildings are largely vacant and functionally obsolete, 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 two four-story buildings (three stories visible from Broad Avenue) containing an estimated 31 studio apartments, 211 one-bedroom units, 108 two-bedroom units and 377 off-street parking spaces.

The project will complement the style and scale of buildings found on the south side of Broad Avenue and preserve views of the iconic water tower. All units will feature stainless steel appliances, granite countertops and glass tile backsplashes, contemporary cabinets, hardwood-style plank flooring, stackable washers and dryers, and modern amenities such as USB outlets and pendant lighting. Resident amenities will include a swimming pool, grilling stations, lawn and garden areas, yoga and fitness rooms, mail center, dog wash and a cycle center.

Financial assistance is needed to deliver new class-A multi-family living space to Binghampton, continuing the revitalization along Broad Ave, increasing population density in historic parts of Memphis. The Applicant has committed to reserving 20% of the project, or approximately 70 units, for Moderate income residents.

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 \$32,601 per year in property taxes. Staff projects, based on the application presented, this will increase to \$427,834 per year during the term of the PILOT agreement and to \$1,600,018 annually post-PILOT. Total local tax revenue during the term of the PILOT Lease Term is expected to be \$7,171,313 and benefit to the Applicant is expected to be \$17,607,750.

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	350	35
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		38
Maximum Total Allowed		15-Years

Project Budget Detail

REAL PROPERTY	
Land and Existing Building Value	\$4,000,000
Hard Construction and Site Work	\$54,000,000
Sub-Total	\$58,000,000
PERSONAL PROPERTY	
New	Not Included
Transferred*	Not Included
Sub-Total	\$0
Total Investment in PILOT	\$58,000,000

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

INVESTMENT NOT INCLUDED IN PILOT	
Real Property	None
Personal Property	\$525,000
Fees & Soft Costs	\$10,475,000
Sub-Total	\$11,000,000
Total Capital Investment	\$69,000,000

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	\$13,500,000
+	25%	Third-Party Contracts	\$645,315
=	Total		\$14,145,315

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.