

Residential PILOT Term Sheet

Central Lofts

May 20, 2020

Central Junction, LLC (“Applicant”), is seeking a 15-year Residential PILOT to construct 127 residential units and invest \$20,049,255 at 2601 Central Avenue.

Marion Threatt is Managing Member of Central Junction, LLC. He has been a partner in projects ranging from single family lot subdivisions, to retail and industrial buildings, to cellphone towers. In Memphis, Mr. Threatt most recently led the development of 25 apartments at 999 South Cooper. Central Junction, LLC is lead developer, Scott Bojko is Project Consultant, Memphis-based LRK Architects and Civil Engineering Solutions are providing design work, and Carpenter Construction is the general contractor.

The Residential PILOT will support development of a site that is currently vacant.

The project will consist of one 127,464 square foot apartment building containing an estimated 106 one-bedroom units, 21 two-bedroom units, and 149 off-street parking spaces, all within walking distance to the Fairground’s, Children’s Museum of Memphis, Liberty Bowl Memorial Stadium and other staples in center city Memphis. All apartments will feature modern open floor plans and top of market quality. Resident amenities will include a convivial indoor/outdoor gathering suite at the top floor, and a relaxed plaza outside at the ground level.

Financial assistance is needed to develop this site, activate a long vacant property and deliver new housing that will complement the City’s investment in the Memphis Fairgrounds Redevelopment, and ensure profitability of this \$20 million investment. The applicant has committed to reserving 20% or 26 units, for low-moderate income residents.

The project is supported by The City of Memphis Division of Housing & Community Development consistent with the Residential PILOT Policies and Procedures.

Parcel 045017 00007 is 2.6 acres. Only real property investments on this site will be included in the PILOT.

Today, this property produces \$11,107 a year in property taxes. Staff projects this will increase to \$130,117 a year in property taxes during the term of the PILOT agreement and to \$481,617 a year in property taxes after the expiration of the PILOT term. Total local tax revenue during the term of the PILOT is expected to be \$2,972,317 and benefit to the Applicant is expected to be \$5,282,730.

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%

Project Budget Detail

REAL PROPERTY	
Purchase Price	\$896,000
Hard Construction and Site Work	\$16,201,250
Sub-Total	\$17,097,250
PERSONAL PROPERTY	
New	NONE
Transferred*	NONE
Sub-Total	\$0
Total Investment in PILOT	\$17,097,250

**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	\$214,720
Fees & Soft Costs	\$2,737,285
Sub-Total	\$2,952,005
Total Capital Investment	\$20,049,255

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	\$4,050,313
+	25%	Third-Party Contracts	\$603,506
=	Total		\$4,653,819

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.