

## Residential PILOT Term Sheet

### Poplar Plaza

August 19, 2020

Finard Properties, LLC and Panther Residential Management (collectively "Applicant") are seeking a 15-year Residential PILOT to construct approximately 240 apartment units at the intersection of Poplar Avenue and Highland to be marketed as Poplar Plaza. Finard Properties and Panther Residential will partner to create a new legal ownership entity. HBG Design, Bass Berry & Sims, and Pinnacle Planning Advisors have been consulting on the project.

The Residential PILOT will support redevelopment of a retail shopping center property originally built in 1952 for anchor stores such as Lowenstein's, J.C. Penney's, McCrory's, Woolworth's and Walgreen's. The existing building on the southeast corner of the site is largely vacant and growing functionally obsolete as retailing evolves. This building will be razed to create the site for new construction.

The project will consist of five-stories of apartments above a podium for retail tenants. The mix of uses is projected to be an estimated 62 studio apartments, 91 one-bedroom units, 87 two-bedroom units, 34,359 square feet of retail, a 144-vehicle parking deck and 260 additional off-street parking spaces. Resident amenities will include a rooftop pool, terraces, courtyards and a fitness center. Apartments units will include designer cabinetry, stone countertops, pendant lighting, large closets and fiber internet.

Financial assistance is needed to deliver new class-A multi-family living space to the University of Memphis area, increasing population density in maturing parts of Memphis. The Applicant has committed to making available 20% of the units, or approximately 48 units, for low to Moderate income residents pursuant to the EDGE policies.

Parcel 044052 00001C (3486 Poplar Avenue) is 8.712 acres and contains a 192,383 square foot retail property to be partially demolished. Parcel 044052 00002 (3585 Plaza Avenue) is 0.687 acres and contains a 23,364 square foot retail property to be demolished. A new residential mixed-use site will be re-platted with a new parcel number when the new ownership structure is completed. Only real property investments on this site will be included in the PILOT.

Today, this property produces \$113,335 per year in property taxes. Staff projects, based on the application presented, this will increase to \$376,489 per year during the term of the PILOT agreement and to \$1,357,850 annually post-PILOT. Total benefit to the Applicant is expected to be \$14,720,415.

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	240	24
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		27
Maximum Total Allowed		15-Years

### Project Budget Detail

REAL PROPERTY	
Land and Existing Building Value	\$2,500,000
Hard Construction and Site Work	\$45,145,000
Sub-Total	\$47,645,000
PERSONAL PROPERTY	
New	\$0
Transferred*	\$0
Sub-Total	\$0
<b>Total Investment in PILOT</b>	<b>\$47,645,000</b>

INVESTMENT NOT INCLUDED IN PILOT	
Real Property	None
Personal Property	\$605,000
Fees & Soft Costs	\$8,235,500
Sub-Total	\$8,840,000
<b>Total Capital Investment</b>	<b>\$56,485,000</b>

### 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	\$11,286,250
+	25%	Third-Party Contracts	\$489,683
=	<b>Total</b>		<b>\$11,775,933</b>

### Initiation and Ramp Up Period

The Applicant shall close on a real property PILOT Lease 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 make 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.