

Residential PILOT Term Sheet
University Park Apartments
August 19, 2020

Water to Wine LLC (“Applicant”) is seeking an 11-year Residential PILOT to construct 80 apartment units and a retail restaurant space at 3637 Park Avenue to be marketed as University Park Apartments. Water to Wine LLC, owned by Adam Underwood and Daniel Shumate, will develop the property. Ross Witt Architecture (Bartlett, TN) designed the plans.

The Residential PILOT will support the renovation of an existing 35,164 square foot office building that has been vacant for approximately ten years along with the construction of a new building of approximately the same size that will be constructed on the rear of the parcel. In total, the project will contain 30 studio apartments, 22 one-bedroom units, 28 two-bedroom units, approximately 2,000 square feet of ground floor commercial space and 99 off-street parking spaces.

The project is located 0.5 miles directly south of the University of Memphis Main Campus and 0.5 miles directly west of the University of Memphis South Campus. The retail space will be on the ground floor facing Park Avenue with a landscaped paved outdoor seating area. The property will offer keycard gated parking and building access, rooftop club house, covered picnic area and a secure dog run. Interior amenities will include energy efficient appliances, granite countertops, modern cabinets, polished concrete and tile floors, vaulted ceilings, and ceiling fans. Most units will also have a balcony.

Financial assistance is needed to deliver additional housing options for students at the University and young professionals along a long neglected commercial corridor. The Applicant has committed to making available 20% of the units, or approximately 16 units, for low to Moderate income residents pursuant to the EDGE policies.

Parcel 058048 00005 (3637 Park Avenue) is 1.728 acres and contains a 35,164 square foot office building. Only real property investments on this site will be included in the PILOT.

Today, this property produces \$3,246 per year in property taxes. Staff projects, based on the application presented, this will increase to \$65,753 per year during the term of the PILOT agreement and to \$253,460 annually post-PILOT. Total benefit to the Applicant is expected to be \$2,064,777.

The 11-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Real Property	Year 1-11 25%	Real Property	Year 1-11 25%

PILOT Evaluation Matrix

CATEGORY	DATA	YEAR(S)
Residential Units Constructed or Renovated	80	8
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		11
Maximum Total Allowed		15-Years

Project Budget Detail

REAL PROPERTY	
Purchase Price	\$435,000
Hard Construction and Site Work	\$8,200,000
Sub-Total	\$8,635,000
PERSONAL PROPERTY	
New	Not Included
Transferred*	Not Included
Sub-Total	\$0
Total Investment in PILOT	\$8,635,000

**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	None
Fees & Soft Costs	\$600,000
Sub-Total	\$600,000
Total Capital Investment	\$9,235,000

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:

				*Minimum For Bonus Opportunity	
		Basis	\$ LBP	1 Added Year	2 Added Years
	25%	Construction/Site Work	\$2,050,000	\$2,870,000	\$3,690,000
+	25%	Third-Party Contracts	\$30,555	\$36,666	\$42,777
=	Total		\$2,080,555	\$2,906,666	\$3,732,777

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.
11. The Applicant has requested and shall receive Community Reinvestment Credit for the project.