

Community Builder PILOT Term Sheet
3393 Summer Avenue
May 19, 2021

The Heights General Partnership (“Applicant”) led by Drew Joyner, Octavius Nickson and Chris Hendrix is seeking a 15-year Community Builder PILOT to purchase and restore a highly visible community shopping center at 3393 Summer Avenue in a New Markets Tax Credits Eligible Census Tract within the City of Memphis.

The total project investment includes \$1,400,000 to purchase the property and \$1,320,000 for renovations. The building requires roof and shell improvements to prevent further water damage, mechanical upgrades, and complete restoration of the 1925 era exterior façade.

- Storefronts – Remove and replace approximately 400 linear feet of retail storefronts.
- Masonry Tuckpointing – Repair damaged and deteriorated brick and mortar.
- Wood Framing – Frame new roofing system on northeast corner of building.
- Thermal and Moisture Protection – Replace roofing system with new TPO (Thermoplastic Polyolefin) system.
- EIFS – Remove deteriorated Exterior Insulated Finish System and replace on rear of building.
- Paint – Paint entire building.
- Signage – Install new exterior signage.
- Plumbing – Flush entire system to clear debris from sewer.
- Heating and Air – Install new rooftop units for tenants.
- Landscaping – Install plants and shrubs in small south-facing courtyard.

The 54,001 square foot property houses 11 businesses on short-term or month-to-month contracts with four spaces currently vacant. The Applicant is working to retain five to seven tenants on long-term leases and would like to fill approximately 50% of the property with new community-serving tenants once construction is complete.

Filling the vacant and underutilized space could create approximately 40 retail jobs in the building.

The project is made up of three contiguous parcels.

- Parcel 044040 00001C (3393 Summer) is 1.9996 acres and contains a 41,661 square foot building.

- Parcel 044040 00039 (3437 Summer) is 0.419 acres and contains a 6,292 square foot building.
- Parcel 044040 00034C (610 National) is 0.259 acres and contains a 6,048 square foot building.

Only real property will be included in the PILOT. Community Reinvestment Credit will be awarded for the first five years of the fifteen-year term.

The Heights General Partnership is driving this redevelopment project. Mr. Joyner has an extensive history with the United States Army and has been investing in Memphis area real estate ventures since 2006. Mr. Nickson has built a career in the construction industry and has been President of Nickson General Contractors since 2015. Mr. Hendrix, who previously led the construction job training program for the Binghampton Development Corporation, is Vice-President of Nickson General Contractors.

Financial assistance is needed to remove blight, redevelop the property and improve the overall neighborhood quality of life consistent with the Community Builder PILOT policies. The project's Census Tract is severely distressed based on poverty rate, unemployment and median family income. The intersection of Summer and National is a priority Accelerate Anchor in the Memphis 3.0 Comprehensive Plan.

The project is supported by the Heights CDC and the Summer Avenue Merchants Association.

The property currently produces \$35,537 in City of Memphis and Shelby County property taxes annually. Annual property taxes are estimated to average \$40,909 during the PILOT term, and \$78,476 after the PILOT Term expires.

The 15-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Real Property Improvements	Year 1-15 25%	Real Property Improvements	Year 1-15 25%

Ramp-Up Period

The Applicant will have a two (2) year Ramp-Up Period within which to achieve its project commitments. This two (2) year period shall begin upon the date when any property, in whole or in part, is conveyed to EDGE, covered by a PILOT Lease, and begins to enjoy the benefits of the PILOT incentive.

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	\$330,000
+	15%	Real & Personal Property Savings	\$85,337
=	Total		\$415,337



Project Budget Detail

REAL PROPERTY INVESTMENT IN PILOT	
Purchase Price	\$1,400,000
Hard Construction and Site Work	\$1,320,000
Sub-Total	\$2,720,000

PERSONAL PROPERTY INVESTMENT IN PILOT	
New	\$0
Transferred*	\$0
Sub-Total	\$0

Total New Capital Investment in PILOT	\$2,720,000
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INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$0
Sub-Total	\$0

Total Capital Investment	\$2,720,000
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**Personal property relocated from a facility outside of Shelby County is considered at its depreciated, current value.*

Terms & Conditions

Award of a PILOT in accordance with the recommendations of the Economic Development Growth Engine (EDGE) Industrial Development Board of the City of Memphis and County of Shelby, Tennessee staff, as set forth herein, is subject to the following conditions.

1. The award of a PILOT to the real property used for Applicant's project is subject to Board Counsel's review and approval of the environmental impact study for said real property to be produced or procured by Applicant.
2. Applicant will have five (5) years from the date of the Board's approval to initiate the Project by conveyance of all real property to EDGE. Applicant will also have a one (1) year ramp-up from the initial closing to meet all obligations imposed on the Project.
3. Applicant may close the Project in phases. The first phase must be greater than one-third (1/3) of the project based on size and scope presented in this Term Sheet.
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. Except as explicitly provided in this term sheet or in a resolution of the Board, the award is subject to the provisions of the Community Builder PILOT Program and Procedures of the Board (the "PILOT Policies").
6. The award is subject to the negotiation and execution of a PILOT lease agreement requiring the payment of base rent in the amount of \$100.00 per year plus the PILOT payment.
7. 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 a PILOT lease agreement, have been negotiated and delivered.
8. Benefit shall only be awarded to real property improvements.
9. The Applicant shall receive Community Reinvestment Credit for the Project for the first five years of the term following closing. Benefit in years six through fifteen shall be calculated as follows:
 - a. Taxes otherwise owed on land shall be paid at 100%.
 - b. Taxes otherwise owed on the value of the real property improvements at the time of

approval of \$752,600 shall be paid at 100%.

- c. Taxes otherwise owed on value of the real property improvements above \$752,600 shall be paid at 25%.
10. The award is subject to an architectural review by EDGE's architect including final approval of design drawings prior to construction and final project inspection for conformance with the approved plans following construction. EDGE shall pay for all construction review fees and expenses associated with the EDGE architect.