



To: Downtown Mobility Authority (DMA) Board of Directors
From: DMC Staff
Date: January 18, 2023
RE: 100 N. Main Project – Request to Begin Property Cleanup & Abatement

Background:

The Downtown Memphis Commission and its affiliate agencies partnered with the City of Memphis on a bold strategy to acquire, reposition, and redevelop the blighted property at 100 N. Main. Following a 90-day due diligence period, the property was purchased in March 2021 by the Downtown Mobility Authority (DMA) using the PILOT Extension Fund. The use of the PILOT Extension Fund required approval by the DMA, the Center City Revenue Finance Corporation (CCRFC), the City of Memphis Mayor, Memphis City Council, the Shelby County Mayor, and the Shelby County Commission. The \$10.75M purchase price included 9 total parcels and 2 acres in the heart of the Downtown Core. The 37-story main tower building was originally built in 1965 and is approximately 579,000 square feet in gross area. Vacant since June 2014, the tower building was added to the National Register of Historic Places in April 2015.

On January 19, 2022, the DMA Board of Directors selected a local development team, 100 N. Main Development Partners, as the identified partner to redevelop the property in response to a national Request for Proposals (RFP). 100 N. Main Development Partners is led by Kevin Woods and includes Billy Orgel, Jay Lindy, Adam Slovis, and Michael McLaughlin as key partners. The development team provided a formal update to the DMA at its November 16, 2022 meeting regarding the current status of active and ongoing pre-development work including architecture, engineering, environmental, and construction cost estimation. This pre-development work is being done by the development team at their sole expense.

The development team, DMC Staff, DMA Legal Counsel, and the City of Memphis are actively working to negotiate the terms of a final development agreement prior to any transfer of the property. As part of their continued commitment to this important project, the development team is requesting DMA approval to begin site cleanup, hazardous material abatement, and select interior demolition in preparation of full renovation to start in late 2023 or early 2024. This cleanup, abatement, and select demolition work is estimated to cost up to \$7,000,000 and take approximately 12-14 months to complete.

Timeline & Phasing of Preparatory Work:

Beginning in February 2023, Phase I will include the removal of existing trash and debris throughout the tower. To facilitate this task, improvements will include the addition of temporary power, interior lighting, select elevator repair, and testing and inspection of the fire pump and standpipes. This cleanup will remove all remaining furniture, trash, and non-attached material from the building interior. The cost of Phase I is expected to be approximately \$1.4M.

Phase II will include the abatement and removal of any hazardous building materials within the tower, including lead paint and asbestos. This work must begin prior to general interior demolition. The abatement phase is expected to take 6-8 months to complete at a cost of approximately \$1.25M.

Phase III will include the select interior demolition and removal of all non-load bearing walls and interior partitions throughout the tower. At the end of this phase, the property will be in a raw, broom-swept condition ready for the permanent improvements to begin. This interior demolition phase is expected to take 5-7 months to complete at a cost of \$4.25M.

It is expected that the project phases will overlap and that some work can happen concurrently. For example, the abatement work of Phase II can begin, starting from the top floor, once the cleanout work of Phase I has progressed below floor 30.

The DMC's Equal Business Opportunity program sets a minimum goal of 25% spending for contracting and subcontracting with local minority and/or women business enterprises (MWBs). The developer is fully committed to meeting or exceeding this 25% goal, which would be approximately \$1,750,000 based on current estimates for Phases I-III of the preparatory work.

Property Disposition:

The developer has agreed to pay the DMA a total of \$10,000,000 for the entire 2-acre site. It is contemplated that the developer will pay DMA \$5,000,000 for the northern half of the site, including the 37-story tower and the attached parking garage. The renovation of the existing tower will be the first phase of the project. As a later project phase, the developer will pay DMA \$5,000,000 for the southern half of the site including the surface parking lot, dog park, and the historic buildings fronting Main Street.

Staff Request:

In the interest of quickly beginning work to improve the condition of the property and prepare the site for full renovation, staff recommends that the DMA approve the following request:

1. Allow the 100 N. Main Development Partners Team to begin cleanout, environmental remediation, and select interior demolition at the 37-story tower in advance of the start of full renovation. This preparatory work will happen at the sole expense of the developer, and at their own risk, since the DMA still retains full ownership of the site.
2. In the event that a development agreement is executed and the developer pays DMA \$5,000,000 to purchase the northern half of the site and starts the renovation project, a total of \$3,750,000 of the developer's expenses occurred during the cleanout, remediation, and select interior demolition work will be credited against the total purchase price.