



To: Center City Development Corporation (CCDC) Board of Directors
From: 114 N. Main Renovation Committee & DMC Staff
Date: September 30, 2021
RE: 114 N. Main Tower Renovation - Recommendation and Next Steps

Background:

The current home of the Downtown Memphis Commission (DMC) was originally built in 1901 as the North Memphis Savings Bank and also served as headquarters for The Crump Insurance Company. Following a period of public use and eventual vacancy, the City of Memphis deemed the property to be surplus. The Center City Commission, now known as the DMC, and its affiliate the Center City Development Corporation (CCDC) acquired the property from the City of Memphis in 1997 and renovated the ground floor and mezzanine for office use. The basement was designated for storage space and mechanical equipment.

To reduce development costs, a for-profit subsidiary of the CCDC was originally created to own the building and utilize the Federal Historic Tax Credit (HTC) program. This organization, Crump Building Inc., was dissolved after the renovation debt was paid off in 2015. Due to budget limitations and a focus on creating sufficient office space for DMC operations, only part of the building was renovated in 1997. The tower portion of the building was left unimproved. It was always contemplated that the tower would be renovated at a later date as funding became available.

With no outstanding debt on the building, favorable lending conditions, and development momentum growing in the North Main area, the DMC Staff believes the time is right to complete the renovation of the 114 N. Main tower. In addition to being good stewards of this historic property, full renovation will provide additional opportunity for office tenants interested in leasing space in a historic building. Although available to market-rate office tenants, the leasable space will be highly attractive for non-profit users, entrepreneurs, and smaller companies that value the location in Civic Center Plaza.

On September 26, 2019, the DMC Board authorized staff to take the necessary next steps to prepare a scope of work and likely redevelopment budget. A 114 N. Main Renovation Committee was formed to assist staff in this effort. Following a RFQ process, Arch Inc. was engaged as the architect. During the Design Development (DD) phase, Nickson General was engaged through an additional RFQ process to collaborate with the architect as general contractor during the Construction Documents (CD) phase of the project. The result of these efforts is a complete set of architectural drawings for the renovation and a realistic understanding of project cost based on bids from the general contractor and well-qualified subcontractors.

Proposed Renovation Scope:

If the CCDC ultimately decides to undertake the project, the recommended strategy is to secure bank financing and renovate floors 2-6 for use as leasable office space. DMC currently occupies only the ground floor and mezzanine.

The total area of the tower to be renovated is approximately 7,891 sq. ft. The design plans call for the reuse of the existing historic stair and a new elevator installed within the existing historic elevator shaft. Floors 2-6 will be brought up to a “vanilla-box” condition ready for an open office use. Tenants would be responsible for any tenant improvements if individual offices or additional interior partition walls are desired. Each floor will contain an ADA-accessible unisex restroom.

Floor 4 will be designed as shared meeting space available to both the DMC and office tenants in the building. Meeting space will include a pre-function area, kitchenette, two small conference rooms, and a large conference room. The tower office will remain physically separated from the current DMC office space. The tower already has the major advantage of an original entrance at 110 Adams Avenue that will function as the front door for office tenants with access control in place.

114 N. Main Tower Renovation Plan			
Floor	Gross Sq. Ft.	Leasable Sq. Ft.	Proposed Use
2	1,589	1,230	Office space for lease
3	1,589	1,230	Office space for lease
4	1,589	1,230	Shared meeting space for office tenants
5	1,589	1,230	Office space for lease
6	1,535	1,181	Office space for lease
Total	7,891	6,101 (including meeting space)	

Contingent on receiving CCDC approval in September, construction can proceed following DRB approval, loan closing, and all necessary permitting. Construction is estimated to begin in Q4 2021 and could be complete in Q3 2022.

Tenancing Strategy:

The proposed design will accommodate both single-floor tenants and tenants interested in occupying multiple floors. It is contemplated that the DMC will handle leasing internally, led by DMC’s CFO. While market-rate tenants could occupy the space, the DMC’s preferred tenancing strategy is to partner with mission-aligned organizations, non-profits, and/or MWBE companies that would benefit from a central Downtown location near Civic Plaza.

Budget & Financing Approach:

The current estimated construction budget is \$2,671,736. This includes a 10% construction contingency of \$218,048. The project will fully comply with the DMC’s Equal Business Opportunity (EBO) Program. The entire project team has worked hard to significantly exceed the minimum 25% MWBE goal for this project. The current utilization plan forecast MWBE inclusion at +40% of the total development budget with the identified contractor and subcontractors.

Under the recommended development strategy, CCDC will establish the creation of a new legal entity to own the property and take out the loan. While the expected office tenant rent can certainly be used to help repay the loan, the plan does not rely on tenant rent as a main revenue source for servicing the debt. It is anticipated that a portion of the annual CBID assessment will be used to service the debt. DMC will enter a lease with a to-be-formed legal entity for use of the office space currently occupied on the ground floor, basement, and mezzanine. This approach is consistent with past practice whereby DMC paid rent to Crump Building Inc. prior to the original debt being retired. On September 23, 2021, the DMC Board unanimously approved this approach and authorized DMC Staff to enter into a lease for existing office space to help facilitate the redevelopment.

Staff is recommending a loan in a total amount of up to \$2,800,000 in order to finance both the proposed hard cost improvements and architecture and engineering costs to date. Staff reviewed term sheets from three different banks. While all three were competitive, Staff recommends Tri-State Bank as the preferred lending partner for this project. Tri-State is a minority-owned bank with a long history in Downtown Memphis. See attached term sheet for loan details. This recommendation for preferred lender is subject to final negotiations with the lender on key terms.

Staff Recommendation:

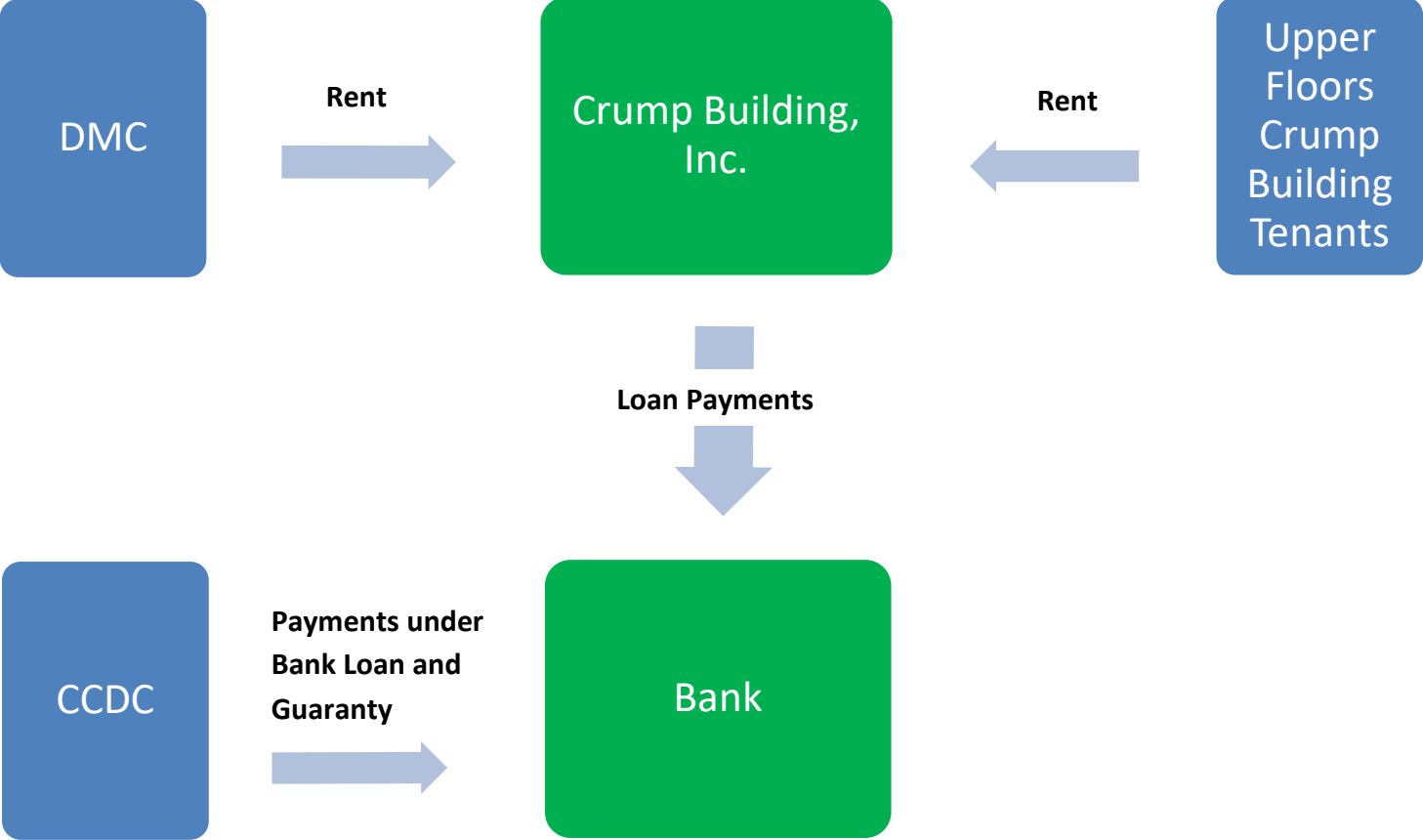
DMC Staff & the 114 N. Main Renovation Committee request that the CCDC Board approve the outlined approach and take the following steps to move forward:

1. Establish the creation of a new legal entity to own the property in a manner that provides the greatest tax advantage for the organization.
2. Appoint officers of the to-be-formed legal entity.
3. Authorize officers of the to-be-formed legal entity to make application of a loan in an amount up to \$2,800,000 to complete the renovation project.
4. Authorize CCDC and the to-be-formed legal entity to enter into a lease with the DMC for its continued use of the existing office space on the ground floor, basement, and mezzanine.
5. Authorize Staff and the to-be-formed legal entity to take any other legal steps necessary to facilitate the intent of this resolution.

Supporting information is attached to this memo including renovation design plans, estimated development budget, and proposed terms from Tri-State Bank.

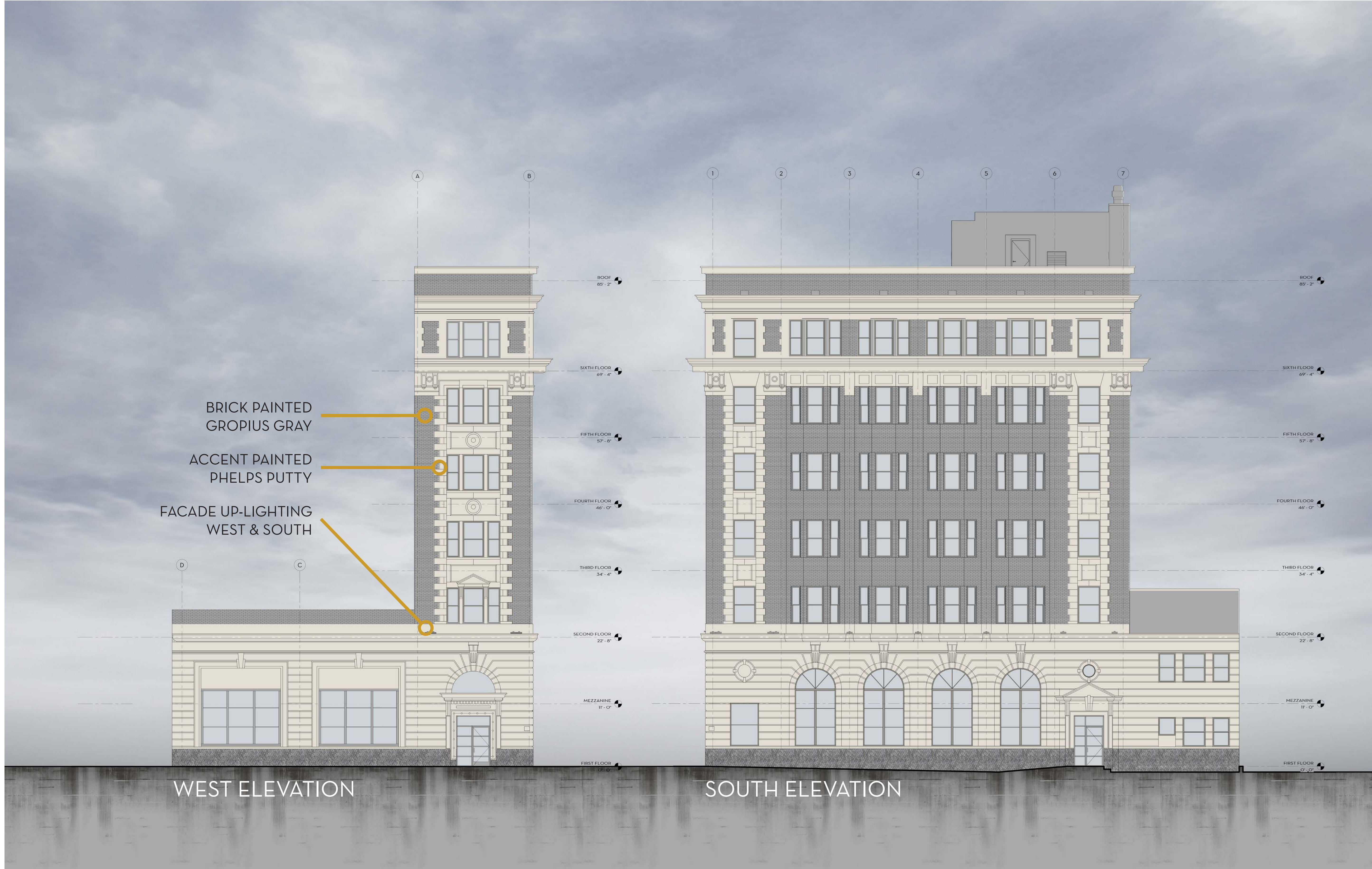
FUNDS FLOW

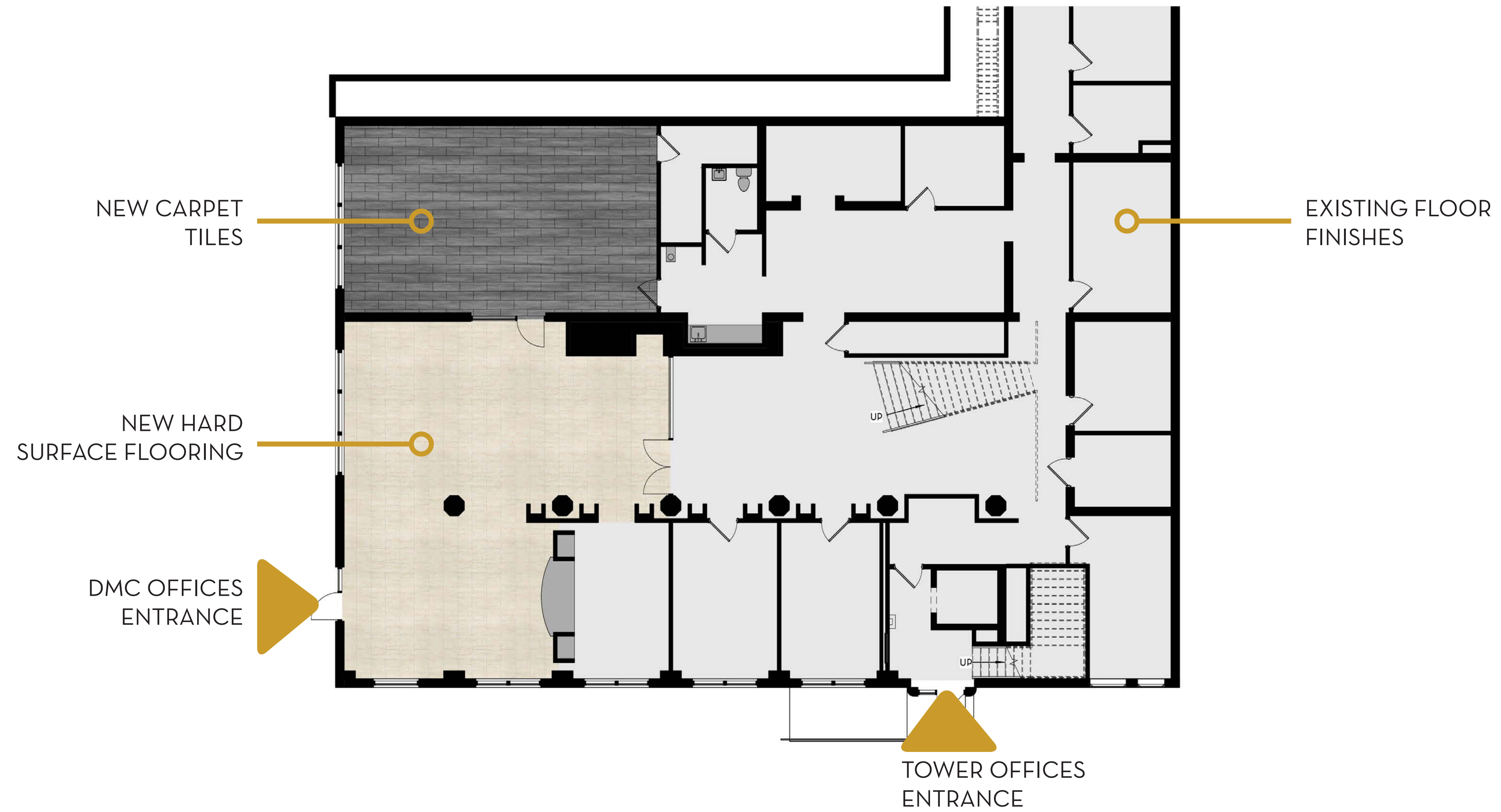
Crump Building

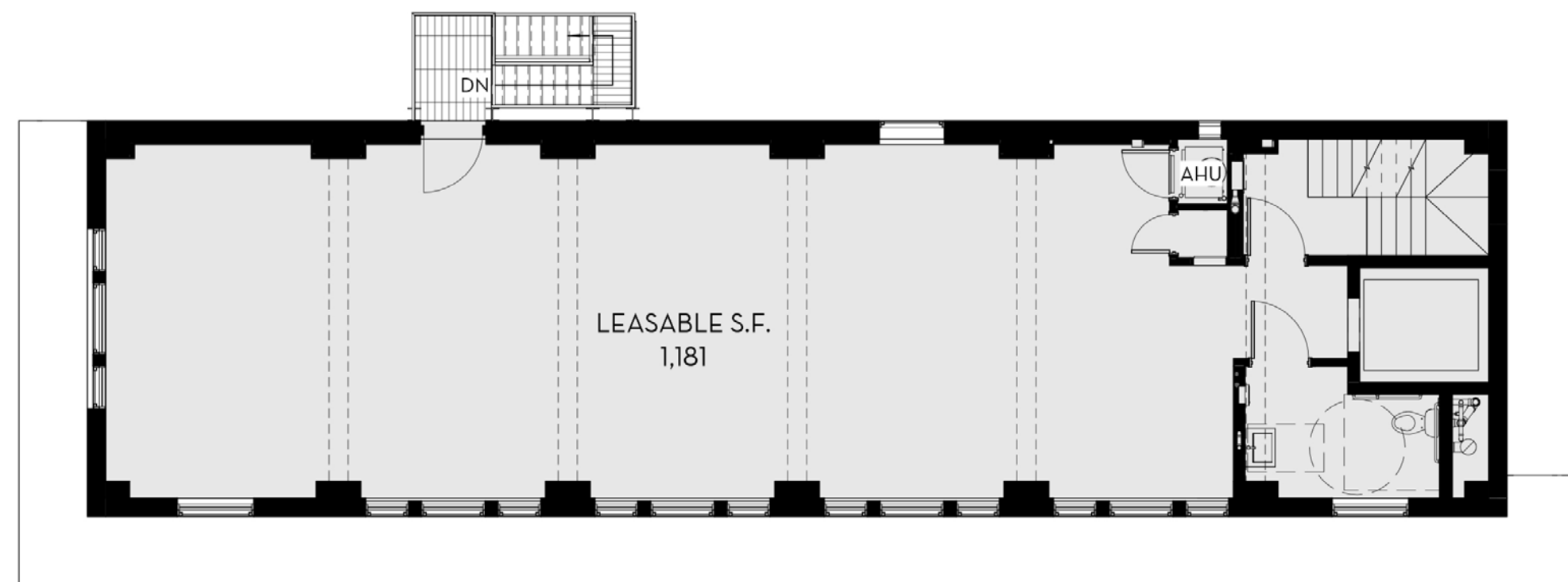


Background & Key Milestones

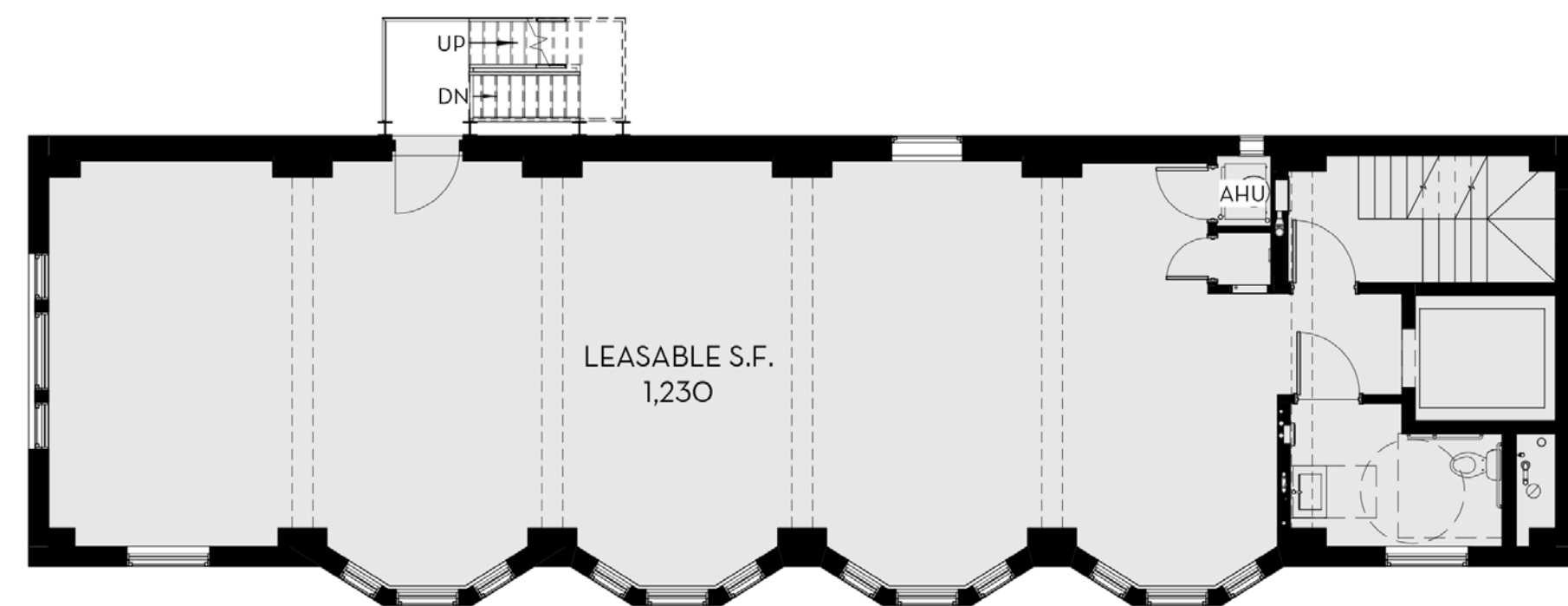
Sept 2019	DMC Board authorized staff to form a Building Renovation Committee to investigate the potential scope of work and likely development budget to complete the tower renovation.
Oct - Nov 2019	Arch. Inc selected as project architect through an open RFQ process.
March 2020	Committee Meeting #1 – Renovation approach and scope of work determined.
June 2020	Committee Meeting #2 – Schematic design review and feedback.
Nov-Dec 2020	RFQ issued to identify a general contractor.
Jan 2021	Nickson General selected by Committee as general contractor to collaborate with architect to prepare final design plans.
Jan-Aug 2021	Arch Inc. and Nickson General finalized construction documents and solicited bids from subcontractors.
Sept 2, 2021	Committee Meeting #3 – Determine Committee recommendation.
Sept. 23, 2021	Request project approval at DMC Board meeting.
TBD Sept. 2021	Request project approval at special-called CCDC Board meeting.
TBD Oct. 2021	Request DRB approval.
Q4 2021	Start of construction (target date).
Q3 2022	Construction complete (target date).



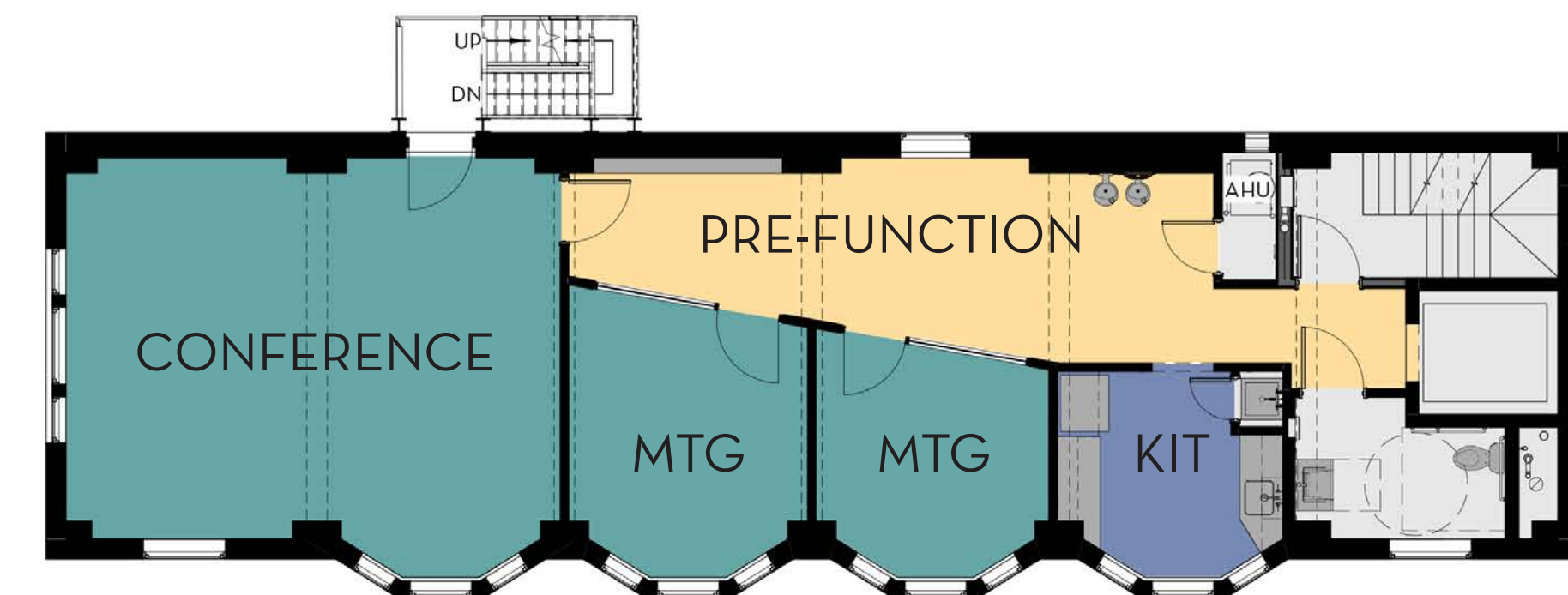




SIXTH FLOOR



SECOND, THIRD, FIFTH FLOORS



FOURTH FLOOR - SHARED



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Project Information

Total Sq Ft 6840	Project Name:	DMC North Tower Renovation
	Owner:	Downtown Memphis Commission
	Due Date:	8/12/2021
	Project Type:	Adaptive Reuse

CSI#	BID PACKAGE DISCRPTION	QTY	UNIT	TOTALS	COMMENTS
10000	Technical Specifications				
	Temporary Utilities	1		\$ 10,000.00	Allowance provided by NGC to cover utility cost throughout project. Can be removed if provided by owner.
	Scaffolding for the Elevator Shaft	1		\$ 13,500.00	Scaffold the elevator shaft and structural scaffold the sidewalk under the chute and dumpster
	Swing Stage Exterior - All 4 Sides	1		\$ 24,092.00	Swing stage on all four sides - includes setup and moving
	Dumpsters and Chute for Demolition	1		\$ 14,500.00	16-18 dumpsters and a trash chute throughout demolition
	Misc for Necessary Hoisting and Loading Material	1		\$ 5,000.00	Misc expense for loading materials to upper floors
20000	Site Construction				
	Demo Walls, Bathrooms, and Floor Coverings	1		\$ 21,100.00	Labor and equipment
	Demo Elevator and Equipment	1		\$ 22,800.00	Labor and equipment
	Asbestos and Lead Abatement	1		\$ 9,000.00	Asbestos -\$5k (spot abatement) Lead - \$4k (partial)
	Sawcutting	1		\$ 3,500.00	
30000	Concrete				
	Mortar Beds	1		\$ 5,000.00	Bathroom floor prep at each level after demolition
	Concrete for Bollards	1		\$ 1,325.00	Set bollards
	Concrete Encased Conduit	1		\$ 2,960.00	For conduit running from the generator to the basement
	Egress Stair Footings	1		\$ 8,440.00	For new egress stairs leading to courtyard
40000	Masonry				
	North Elevation - Brick Work	1		\$ 18,000.00	Brick demo and rebuild openings and sills
	Tuckpointing	1		\$ 5,000.00	Budget for 200SF
	East Elevation Brick Work	1		\$ 12,700.00	Brick infill and repair
	Structural Brick Repair, Pinning, and Expansion Joints	1		\$ 65,153.00	Repair structural cracks in existing exterior limestone
	Elevator Shaft Block Work - Basement Level	1		\$ 17,330.00	Need detail drawing for clarification
	Shaft Non-shrink Grout - 45deg Angle	1		\$ 6,745.00	Allowance for 2 men for 2 full days
50000	Metals				
	New Catwalk with New Fire Escape	1		\$ 237,800.00	Remove existing fire escape and replace w/all new steel
	Interior Stairwell Handrails	1		\$ 15,600.00	ADA rails on outside wall of existing stairs
	Elevator Steel Allowance	1		\$ 32,400.00	Any unused portion will go back to the DMC.
	Bollards for Remote Fuel Filler	1		\$ 1,000.00	Bollards only
60000	Wood and Plastics				
	Wood Blocking and Curbing	1		\$ 3,900.00	
	Wood Base and Base Cap	1		\$ 6,500.00	
	Wood Chair Rail	1		\$ 3,300.00	
	Window Casing	1		\$ 5,300.00	
	Labor to Install Trim	1		\$ 12,000.00	
	Kitchenette Cabinets and Countertops	1		\$ 6,250.00	
70000	Thermal and Moisture Protection				
	Flash in Generator Structural Supports	1		\$ 2,365.00	
	Flash in Conduit Penetrations	1		\$ 475.00	
	Flash in Base Plate Penetrations	1		\$ 780.00	
	Flash in HVAC Roof Equipment at Penthouse	1		\$ 885.00	
80000	Doors and Windows				
	Steel Frames and Solid Core Doors and Hardware	1		\$ 35,000.00	Birch Doors, HM Frames with transoms, Grade 1 Hardware
	Door and Hardware Install	1		\$ 6,500.00	
	Storefront Glazing, Exterior Windows, & Interior Storm Windows	1		\$ 67,250.00	Glass in interior HM Frames, interior storm windows, door glass, and new windows on the north side
	Window Caulking and Glazing	1		\$ 33,000.00	All existing windows
	Fire Rated Coiling Door	1		\$ 9,517.00	
90000	Finishes				
	Frame Interior Walls, Hang and Finish Drywall	1		\$ 102,450.00	Existing north wall, new walls, and drywall ceiling grid
	Plaster Repair at Exterior Walls	1		\$ 70,200.00	Plaster repair on west and south walls, stairwell and entrance at first floor
	Bathroom Tile Supply and Install	1		\$ 22,500.00	Large format tile, 5'wainscot, floor tile w/underlayment
	Floor Prep for Each Floor	1		\$ 7,500.00	approx \$1500 each floor
	4th Floor Kitchenette Tile	1		\$ 2,800.00	floor tile w/underlayment with backsplash
	Carpet Tile	1		\$ 3,500.00	4th Floor
	Elevator Flooring	1		\$ 750.00	
	Interior Paint	1		\$ 26,205.00	Interior and Exterior Walls
	Exterior Paint	1		\$ 33,915.00	Entire outside

	FRP in Mop Sink Closet	1		\$ 1,700.00	4' high - 1 mop sink room on 4th floor
	Marble Repair in Front Entrance	1		\$ 8,500.00	
100000	Specialties				
	Bath Accessories Allowance	1		\$ 4,300.00	1 bathroom each floor
	Fire extinguishers with Recessed Cabinets	1		\$ 2,200.00	1 each floor and 2 on the fourth floor
	Install Fire Extinguishers Cabinets and Bath Accessories	1		\$ 2,700.00	
110000	Equipment				
	Standard Upright Refrigerator/Freezer	1		\$ 1,265.00	
	Dishwasher	1		\$ 840.00	
	Appliance Install	1		\$ 300.00	
140000	Conveying Systems				
	Overhead Machine Traction Elevator	1		\$ 275,000.00	Standard Finishes with 6 stops. Elevator company to provide their own guide rails.
210000	Fire Suppression			\$ -	
	New Fire Suppression System	1		\$ 137,884.00	
220000	Plumbing				
	Bathroom Plumbing Fixtures and Install	1		\$ 172,836.00	VE plumbing package and pex piping
230000	Heating Ventilating and Air Conditioning				
	HVAC on Floors 2-6	1		\$ 168,977.00	
260000	Electrical				
	Relocate Switch Gear and Panels in Basement	1		\$ 379,000.00	replace existing service with new 1200 amp service. Add (5) 225/3, 250v panel boards (one for each floor). Branch circuitry for lighting & receptacles for each floor. Elevator circuitry and fire alarm. Mechanical equip electrical. 25KW Generac Generator and aluminum feeders.
270000	Communications				
	Entrance Door Access Controls	1		\$ 9,200.00	For storefront entrance on south side
	Subtotal			\$ 2,180,489.00	
	General Conditions			\$ 129,904.00	Proj mgmt, supv, gen labor, builders risk, staging, etc..
	Permit			\$ 7,525.00	
	Bond			\$ 20,250.00	
	Fee			\$ 115,519.65	
	Contingency - 10%			\$ 218,048.90	
	TOTAL			\$2,671,736.55	Total cost

	ALTERNATES (ADD or DEDUCT)				
1	2 Additional Stops for Elevator			\$ 21,000.00	Basement and Mezzanine. Need to verify with elevator company that this price is still good.
2					
3					

ADDITIONAL CLARIFICATIONS					
1	All quotes found in this bid came from subcontractors who toured the site. Some saw the site multiple times. These numbers aren't from subs who just priced the plans				
3	Plumbing bid includes 125 possible core drills for piping to go to the roof. Much of existing will be demo'd to the basement, capped and new pipe run. All new water from basement. All new piping will be cast iron or copper unless instructed otherwise. Sump pump is included for the elevator. Insulation for all water lines and fire caulking.				
4	Fire Suppression sub mentioned the possible need for a stand alone fire rated riser room with a separate floor drain in the basement.				



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Total Square Ft		Project Information	
6840	Project Name:	DMC North Tower Renovation	
	Owner:	Downtown Memphis Commission	
	Due Date:	8/12/2021	
	Project Type:	M/WBE Totals	

CSI#	BID PACKAGE DISCRPTION	QTY	UNIT	TOTALS	COMMENTS
20000	Site Construction				
	Demo Walls, Bathrooms, and Floor Coverings	1		\$ 21,100.00	Edco Construction or Prestige Wall Systems - MBE
	Demo Elevator and Equipment	1		\$ 22,800.00	Edco Construction or Prestige Wall Systems - MBE
	Sawcutting	1		\$ 3,500.00	Pat's Pro Cut - WBE
40000	Masonry				
	North Elevation - Brick Work	1		\$ 18,000.00	Tag Masonry - MBE
	Tuckpointing	1		\$ 5,000.00	Tag Masonry - MBE
	East Elevation Brick Work	1		\$ 12,700.00	Tag Masonry - MBE
	Elevator Shaft Block Work - Basement Level	1		\$ 17,330.00	Tag Masonry - MBE
	Shaft Non-shrink Grout - 45deg Angle	1		\$ 6,745.00	Tag Masonry - MBE
60000	Wood and Plastics				
	Wood Blocking and Curbing	1		\$ 3,900.00	A. Wistock Contractors - MBE
	Wood Base and Base Cap	1		\$ 6,500.00	A. Wistock Contractors - MBE
	Wood Chair Rail	1		\$ 3,300.00	A. Wistock Contractors - MBE
	Window Casing	1		\$ 5,300.00	A. Wistock Contractors - MBE
	Labor to Install Trim	1		\$ 12,000.00	A. Wistock Contractors - MBE
90000	Finishes				
	Frame Interior Walls, Hang and Finish Drywall	1		\$ 102,450.00	Integrity Drywall - MBE
	Plaster Repair at Exterior Walls	1		\$ 70,200.00	Prestige Wall Systems - MBE
	Interior Paint	1		\$ 26,205.00	Taylor's Painting - MBE
	Exterior Paint	1		\$ 33,915.00	Taylor's Painting - MBE
	FRP in Mop Sink Closet	1		\$ 1,700.00	NGC - MBE
100000	Specialties				
	Bath Accessories Allowance	1		\$ 4,300.00	Division 10 - WBE
	Fire extiguishers with Recessed Cabinets	1		\$ 2,200.00	Division 10 - WBE
	Install Fire Extinguishers Cabinets and Bath Accessories	1		\$ 2,700.00	NGC - MBE
230000	Heating Ventilating and Air Conditioning				
	HVAC on Floors 2-6	1		\$ 168,977.00	Robinson Mechanical - MBE
260000	Eletrical				
	Relocate Switch Gear and Panels in Basement	1		\$ 379,000.00	Davis Electric - WBE
	General Contractor Fee and General Conditions				
	General Conditions and Fee	1		\$ 245,423.00	NGC - MBE
	Subtotal - MBE			\$ 786,245.00	
	Subtotal - WBE			\$ 389,000.00	
	TOTAL M/WBE			\$ 1,175,245.00	

ALTERNATES (ADD or DEDUCT)					
1					
2					
3					
ADDITIONAL CLARIFICATIONS					
1					
3					
4					