



**PILOT Application:**

**509 BB King, Memphis TN 38126**

Administered by:  
Center City Revenue Finance Corporation

Dear Members of the Board,

Thank you for the opportunity to present the enclosed PILOT application for the activation of 509 BB King "Butler Row" as a new mixed-use urban community.

The proposed development anchors the southeastern end of the Historic South Main District, a vibrant retail district with a present need for residential density. The development not only provides density but, by bridging the South Main Historic District and the South City Neighborhood, also serves as a vital connecting "node" between these growing areas. The development greatly improves the "street presence" of developing corridors including GE Patterson & South BB King Boulevard while bringing residents and retail to a growing downtown market.

The site is currently under contract by KRN Development, LLC and Capital Square Acquisitions, LLC. Extensive due diligence, budgeting and schematics have been performed to determine the viability of the project. With your help, the development team believes this project will greatly benefit the downtown market by adding approximately 10,000sf of ground floor commercial and amenity space, approximately 285 new residential units, and an approximately 300-space structured parking garage.

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The project itself is organized as a series of residential bars activated by generous courtyards which will be thoughtfully programmed and landscaped to support various activities. The primary goal of the Butler Row project is to create an infill development that will positively impact the South Downtown area by increasing the walkability and activity of the surrounding neighborhood.

We appreciate your deepest consideration for the approval of the proposed PILOT and we look forward to partnering with the DMC to bring this project to fruition.

Sincerely,

Scott Kern, President

KRN Development  
1331 Union Avenue Ste. 1028  
Memphis, TN 38104



**1. Applicant Background of the applying entity**

*State the name(s) of the applying entity’s representatives and any other financial guarantors of the Project and their addresses and telephone numbers if different from above.*

Applicant:

Butler Row Partners, LLC (or its assignee)

Address:

1331 Union Avenue Ste. 1028, Memphis, TN 38104

Representative:

Scott Kern  
Butler Row Partners, LLC  
(619) 302-0536

2. *Provide background information about the applicant and guarantors, including development experience, if any, and all other relevant information this organization may need to consider while reviewing the application. Describe the corporate or partnership structure as applicable.*

**KRN Development** - Established in 2019, KRN Development has a staff with robust experience with real estate development and project management. Scott Kern, President & CEO, has over 25 years of experience in commercial real estate development, with notable projects like Highland Row, Southaven Outlets, and the River Oaks District development in Houston, TX.

**Capital Square** – Based in Richmond, VA, Capital Square Development has over a half a century of combined commercial real estate development experience. Over the past 15 years, the Capital square Development team has completed more than 30 developments throughout the Washington DC and Richmond, VA areas, having delivered over 5,500 units of Class A, high-end multifamily units.

**3. Proposed Project description**

- a) *Location:*

*Project Address: 509 B.B. King Avenue, Memphis Tennessee 38126*

*Parcel ID: 002135 00003C*

*Parcel ID: 002135 00004C*

*Parcel ID: 002135 00007*

*Parcel ID: 005019 00002*

*Parcel ID: 005019 00001C*





509 B.B. King is located in one of the most exciting up and coming nodes of downtown Memphis. The site, immediately adjacent to the South Main Historic District along with the new Wiseacre Brewing Company Headquarters is becoming a perfect place to introduce a new mixed-use program and density. Additionally, while minimum parking spaces are not required by the South Main (SM) zoning district to provide a minimum number of parking spaces, the development will provide approximately 300 spaces of structured parking on-site.

b) *Intended Use:*

The proposed Butler Row project will be a mixed-use development including approximately 285 new apartment units, over approximately 10,000 SF of ground floor commercial and amenity space, and approximately 300 spaces of structured parking. The developer is working with an experienced team of project managers, architects, contractors, and consultants to deliver a project that meets the demands of a growing downtown Memphis market while also raising the bar for new construction development projects. The target rents will be market rate for both the apartments and retail.

c) *Economic and Environmental impact:*

Since the early 2000s, the site has been used primarily for warehousing and industrial storage. While a large portion of the site has remained vacant since 2008, currently, the site is being used as warehousing for a trucking operation, with trailers often being stored on-site. The proposed development will bring over 285 new residents to downtown Memphis as well as 10,000sf of new commercial space with a focus on restaurants and fast casual dining along the B.B. King and G.E. Patterson corridors. It will also include 300 parking spaces within a 2-story podium structure. The site is immediately adjacent to the new Wiseacre Brewery headquarters which has spurred activity along the BB King/3<sup>rd</sup> street Corridor. By activating the currently vacant site this project will create a critical connection between the South Main Historic District and South City. The project development will spend approximately \$65,000,000 with local trades, contractors and professionals.

d) *The square footage of the building/ land area to be renovated:*

- a. New Garage footprint: Approximately 50,000 sf
- b. New commercial/amenity space & Apartment footprint: Approximately 56,722 sf
- c. Total: Appx. 106,722 sf of Land area / 2.45 ac.

e) Attached are the conceptual plans and renderings. **Please See Attached Exhibits.**

f) *A Letter from certified engineer, licensed in the State of Tennessee, as to the structural integrity of the building for its intended usage:*

**Existing buildings on-site will be demolished. The new building is being designed by Tennessee licensed architects and engineers and will meet all applicable building code requirements.**



- g) *State the Marketing plans for the project identifying the intended market. What types of lessees are anticipated?*

**Ground Floor Retail and Commercial spaces will be leased as NNN. Commercial Tenants will be determined over the course of project design & construction with an emphasis on restaurants, fast casual dining, and service. Upper floor multi-family residential will be leased at market rate with full occupancy expected conservatively within twelve (12) months from substantial completion.**

- h) *If the project is speculative, how long is full occupancy expected to take and who will manage the project?* **Residential multi-family units are expected to be leased as traditional leases at market rates with full occupancy conservatively expected within twelve (12) months from substantial completion. Commercial Retail leases are expected to be signed during the construction phase, transition to tenant improvements, and have tenants occupy the property immediately thereafter. Property management services will be provided by a premier third-party management company with offices on-site.**

- i) *Are changes needed to the public space around the project (for example; sidewalks, lighting and planting)?* **Improvements will be required to the sidewalk, new or re-located curb cuts, and possible road closures on Butler and G.E. Patterson during construction. New architectural lighting is anticipated to be included in the project's design. New landscaping is expected to be included at ground level adjacent to public sidewalks and at raised amenity spaces. Additionally, the development team is contemplating improvements to the adjacent Navy Park in cooperation with the City of Memphis and Shelby County to serve as an additional amenity for residents and locals alike.**

#### **4. Site Control**

- a) *Name the property owner at the time of application:* **Butler Row Partners, LLC (or its assignees) is under contract to purchase the subject property from DRAPAC GROUP 51 LLC.**

#### **5. Financial items:**

- a) **Financial Background:**  
*Attach current audited financial statements of the applicant and guarantors. If audited financial statements are unavailable, please submit non-audited statements. State the relationship any applicant or grantor has had with any accounting firm of the last five years. To be provided to Board Chairman or Board Attorney as required.*
- b) *Describe any and all existing financing, options, and liens on the property:* **Butler Row Partners, LLC is scheduled to purchase the property on February 18<sup>th</sup>, 2022 and will use bank financing to complete the construction.**



*Attach three years of tax returns if applicant is an individual: **To be provided to Board Chairman or Board attorney as required.***

*Provide the following information about the loan or proposed loan for the project: **See attached.***

*Attach information about the financial history of the project and previous attempts to develop, if possible: **Through the PILOT program, the applicant can make an investment that will add density and vibrancy to the downtown core.***

**c) Financial Projections:**

*State the estimated Project costs broken down by component (i.e. land, buildings, equipment, soft costs, etc.) attach bid estimates and show amounts to be paid from loans and equity amount. **See attached sources and uses.***

**d) Attach a cash flow pro-forma along with a statement of Sources and Uses of funds for the project. **See attached cash flow-proforma.****

**6. Project Timeline:**

**a) State the proposed time schedule for the Project including the dates anticipated for the following:**

- a. Closing of the loan or contributing financing availability. Upon PILOT approval and prior to the Commencement of Construction (see attached project schedule).**
- b. First expenditure of funds with regard to the project. Soft cost expenditures have begun as well as acquisition funds.**
- c. Anticipated construction will begin. See attached project schedule.**
- d. Anticipated completion date. See attached project schedule.**

**7. Project Team:**

**a) Architects and Engineers:**

- a. Architecture:**  
cnct. Design, PLLC  
John Halford, AIA, NCARB, LEED AP BD+C
- b. Structural and Civil Engineering:**  
Davis Patrikios Criswell , Inc.
- c. M, P, E & FP Engineer;**  
HNA Engineering, PLLC

**b) Contractor for Project: TBD**

**c) Other Professionals:**

- a. Project Management**  
KRN Development, LLC  
Scott Kern



**b. Landscape Architect; TBD**

d) *Does the applicant or guarantor have any previous or ongoing relationship with any board member or legal counsel of the board: No.*

**8. References:**

- a) **Josh Poag**  
President and CEO  
Poag Shopping Centers, LLC  
1770 Kirby Pkwy Ste 215, Memphis, TN 38138  
(901) 761-7604
- b) **Ben Schulman**  
Director of Real Estate  
Memphis Medical District Collaborative  
656 Madison Ave, Memphis, TN 38103  
(901) 552-4781
- c) **Greg Spillyards**  
CEO and Managing Director  
Cushman & Wakefield | Commercial Advisors, LLC  
5101 Wheelis Dr, Memphis, TN 38117  
(901) 366-6070

**9. Items for Lease Preparation:**

- a) *State law requires that title to the projects be conveyed to CCRFC in order for it to grant payments in lieu of taxes; CCRFC then leases the property to the applicant or entity designated by the applicant. Indicate who the lessee will be for the Project. **Butler Row Partners, LLC***
  - a. *State the tax parcel number for all Property involved with the project and the current assessed value of the Property.*
    - a. **185 E Butler Ave | Parc. ID: 002135 00003C | Assessed Value: \$129,800**
    - b. **509 S BB King Blvd | Parc. ID: 002135 00004C | Assessed Value: \$164,320**
    - c. **0 E Calhoun Ave | Parc. ID: 002135 00007 | Assessed Value: \$46,120**
    - d. **0 E Calhoun Ave | Parc. ID: 005019 00001C | Assessed Value: \$9,040**
    - e. **521 S BB King Blvd | Parc. ID: 005019 00002 | Assessed Value: \$6,000**
  - b. *Are there any assessments presently under appeal? **No***
  - c. *Will the Project result in the subdivision of any present tax parcel? **No***

**10. Disclosures:**

a) *Please disclose whether applicant, guarantor or any other person involved with the project is currently engaged in any civil or criminal proceeding. **No.***



- b) Also, disclose whether any individual involved with the project has ever been charged or convicted of any felony or currently is under indictment. **No.**
- c) Please supply detailed information. **N/A**

**11. Applicant Affirmation:**

Scott Kern  
 skern@krndev.com  
 Butler Row Partners, LLC  
 372 S Main St Ste 201 Memphis, TN 38103



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 KRN Development, LLC  
 Scott Kern

12/21/2021

*This application is made in order to induce the Memphis Center City Revenue Finance Corporation (CCRFC) to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to the CCRFC in its consideration of the application is included. The applicant expressly consents to the CCRFC's investigation of its credit in connection with this application. The applicant acknowledges that it has reviewed the descriptions of the CCRFC financial program for which it is applying and agrees to comply with those policies. The applicant shall also be required to show a good faith effort with regard to the employment of MWBE contractors. The applicant specifically agrees to pay all reasonable costs, fees and expenses incurred by the CCRFC whether or not the incentive is granted or project completed.*



\_\_\_\_\_  
 KRN Development, LLC  
 Scott Kern

12/21/2021

**On behalf of Capital Square Acquisitions, LLC**



INDEX OF EXHIBITS:

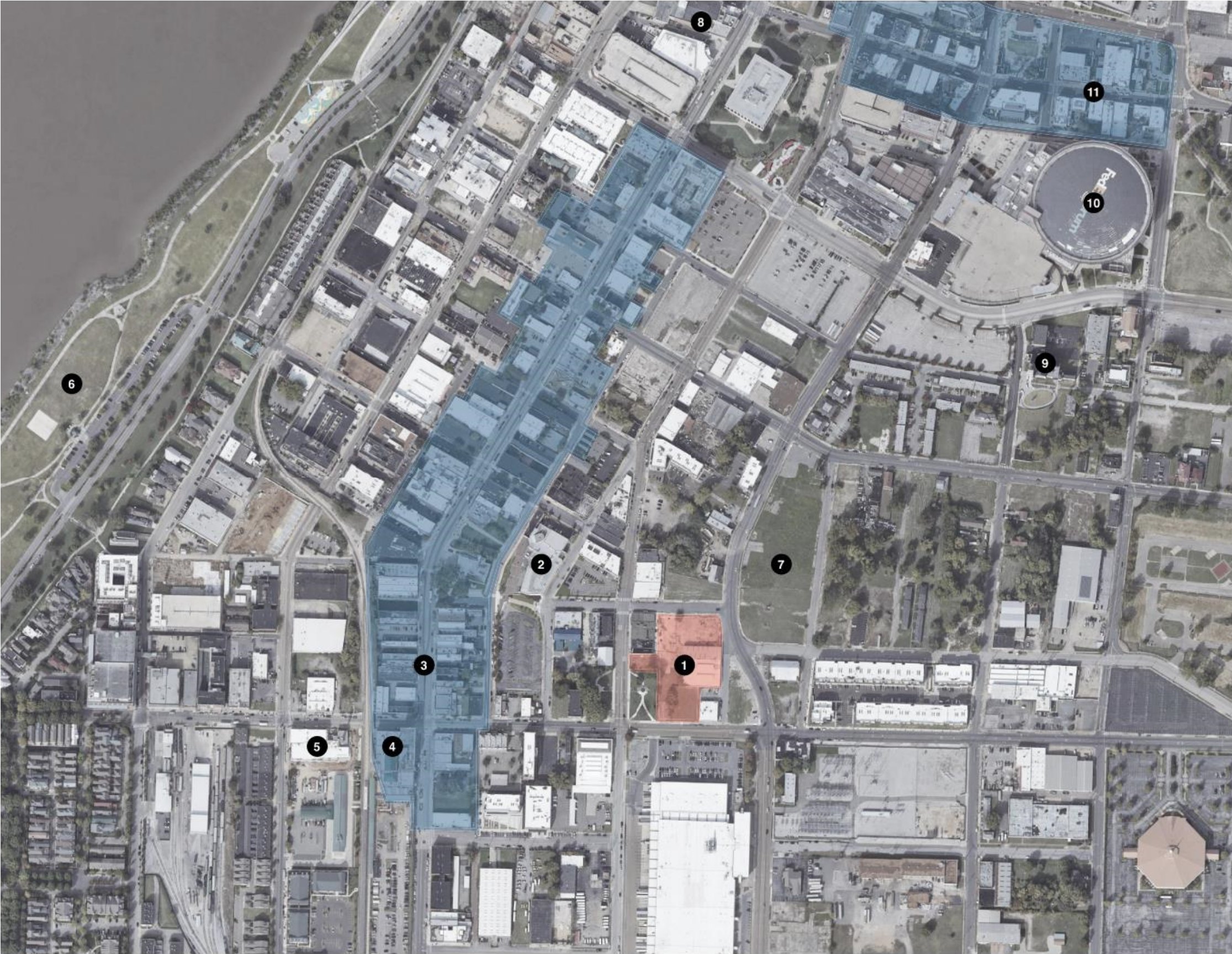
- A) Architectural Plans & Renderings
- B) Sources & Uses
- C) Cash Flow Proforma
- D) PILOT Grading Matrix
- E) Project Schedule



**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

**Vicinity Map**

- 1 509 S. B.B. King Blvd.
- 2 National Civil Rights Museum
- 3 South Main District
- 4 Central Station
- 5 Malco Movie Theatre + Farmer's Market
- 6 Tom Lee Park
- 7 Wiseacre Brewery (not shown)
- 8 Orpheum Theatre
- 9 Clayborn Temple
- 10 FedEx Forum
- 11 Beale Street



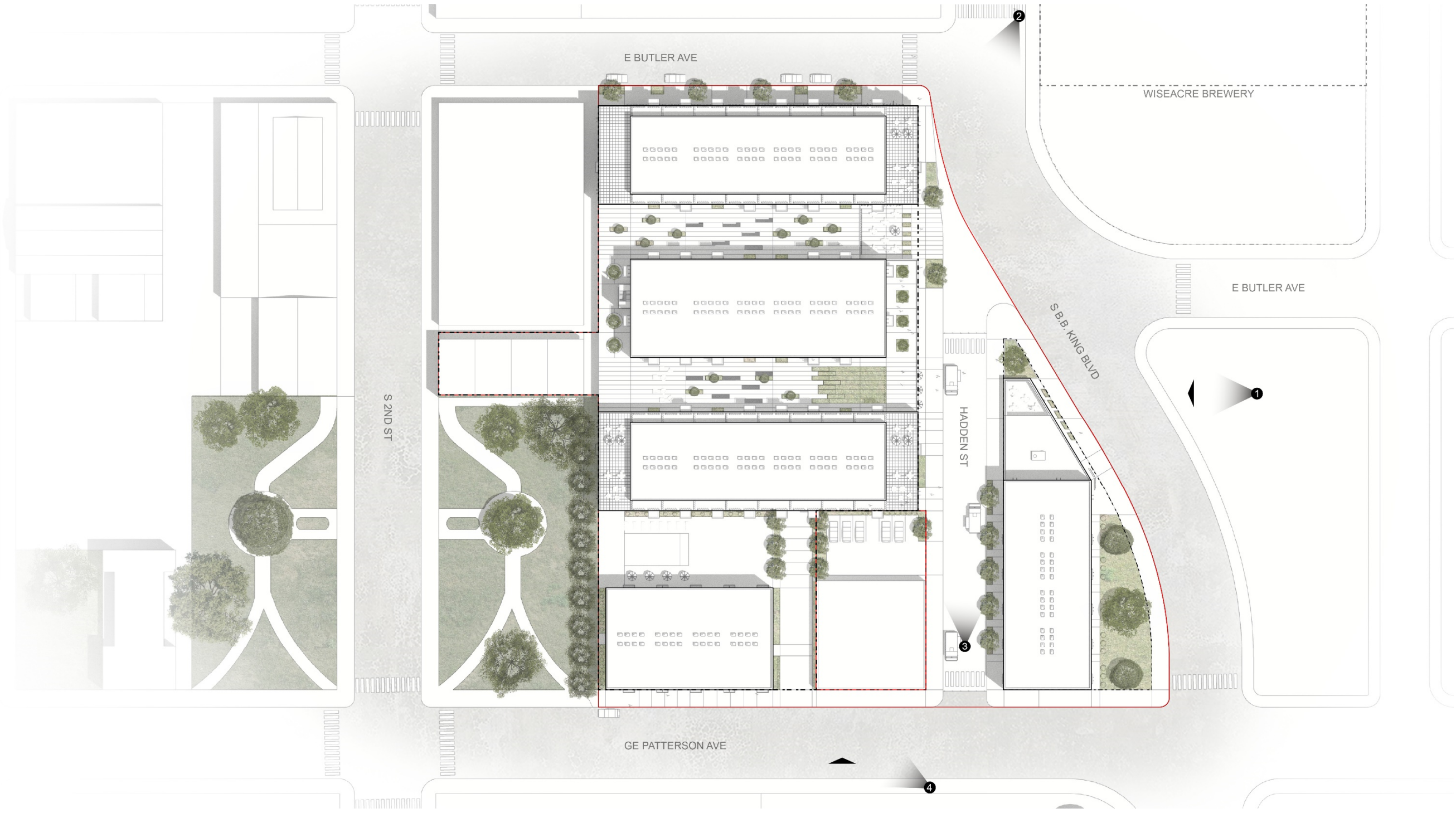


**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**





**EXHIBIT A**  
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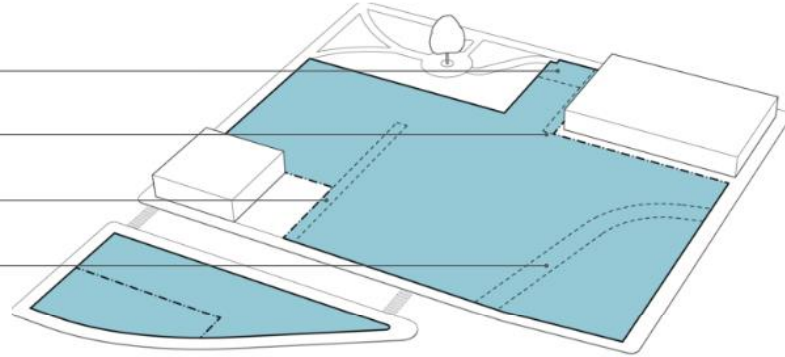


**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

## Diagrams

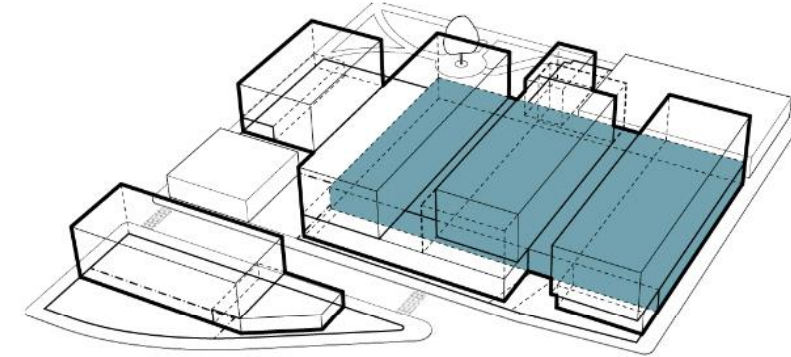
### Site Constraints

- Drainage Easement (33.71 ft)
- MLGW Easement (10 ft)
- Alley Easement (closure petition incomplete)
- Little Bettie Bayou



### Parking Structure

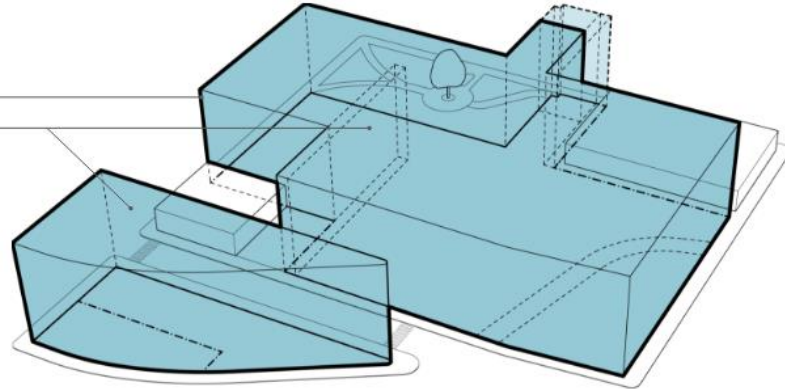
GSF: 100,440 sf  
Parking Spaces: +/-300



### Zoning Constraints

South Main District (UDC 7.2.2)

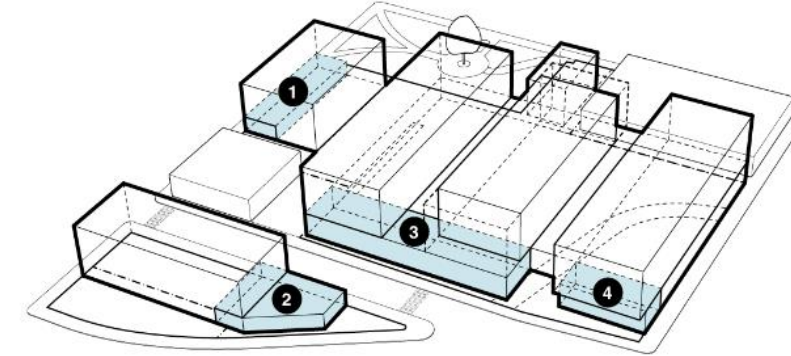
- Max. Height: 90ft / 8 Stories
- Max. Density: 60 units/acre (mixed-use)
- Parking Req's: Exempt
- Setbacks: Subject to ASPR



### Commercial

GSF: 13,575 sf

- 1 GE Patterson Ave: 2,250 sf
- 2 BB King Blvd: 3,200 sf
- 3 Hadden St: 6,225 sf
- 4 Butler Ave: 1,900 sf



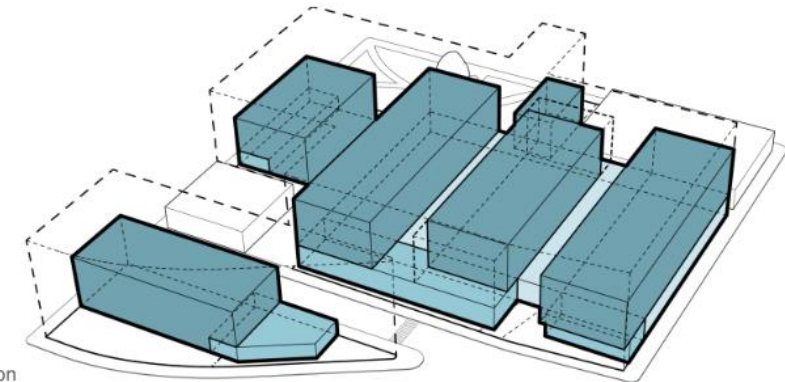
### Construction Constraints

Podium (Type IA)

Unlimited Height, Stories, & Area  
for B, M, R, & S Occupancies

Upper Levels (Type VA)(R-2 Occupancy)

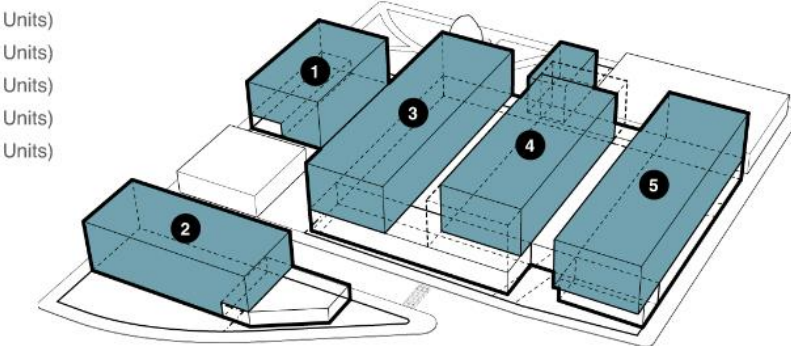
- Max. Height\*: 60ft / 4 Stories (S13R)
- 70ft / 4 Stories (SM)
- Max. Area\*\*: 12,000 GSF (S13R)
- 36,000 GSF (SM)



### Residential

GSF: 223,390 sf (284 Units)

- 1 GE Patterson Ave: 28,630 sf (35 Units)
- 2 BB King Blvd: 33,240 sf (41 Units)
- 3 South Bar: 56,840 sf (72 Units)
- 4 Middle Bar: 47,840 sf (64 Units)
- 5 North Bar: 56,840 sf (72 Units)



\*: Highest occupied floor level should be no more than 75ft above grade to avoid high-rise classification

\*\* : Area increases can be achieved due to frontages



**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

**B. B. King Blvd.**

“Butler Row” will be a community-focused, mixed-use development east of Memphis’ evolving South Main Historic District. The project will anchor developing corridors including GE Patterson and BB King while bringing residents to a growing downtown market.

The project is organized as a series of residential “bars” resting on a podium parking garage which is screened at the ground level by commercial retail.

Spaces between residential bars are activated by generous courtyards which will be thoughtfully programmed to support various community activities while providing options for personal space.





**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

**Butler Ave.**

A primary goal of the project is to promote a healthy, urban lifestyle by encouraging walkability and multi-modal transit. New crosswalks and pedestrian lighting will provide for traffic-calming and improve safety measures. Sidewalks will be designed to maintain continuity for walking, biking, and other means of personal transport.

Ground-floor retail spaces will activate street corners, providing meaningful connections between BB King Blvd. and the South Main Historic District.





**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

**Hadden St.**

Hadden Street, framed by commercial retail and restaurants, is envisioned as an urban market and a new amenity to the downtown neighborhood. Commercial retail and leasing offices address BB King Blvd. facing a newly built brewery.

The surface of Hadden St. will be designed in collaboration with Memphis artists to designate the “market” while serving to slow vehicular traffic.





**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

**G.E. Patterson Ave.**

A mixed-use building will address GE Patterson Ave. adjacent to Navy Park. Separated from the podium structure, this building will be in-line with the scale of other buildings on the street.

In addition to the raised courtyards, the development will offer a variety of amenities including a pool and co-working space intended to compliment the live / work / play lifestyle of downtown residents.





**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**



BB KING ELEVATION



GE PATTERSON ELEVATION



**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

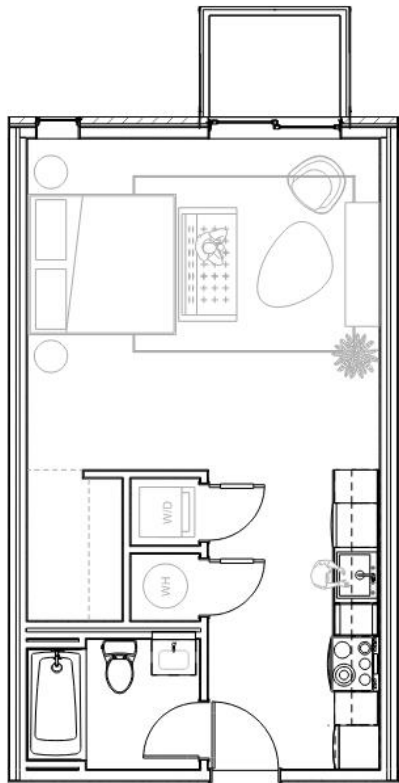
14,960 GSF  
Studios: 9 (47.4%)  
1-Bedrooms: 8 (42.1%)  
2-Bedrooms: 2 (10.5%)



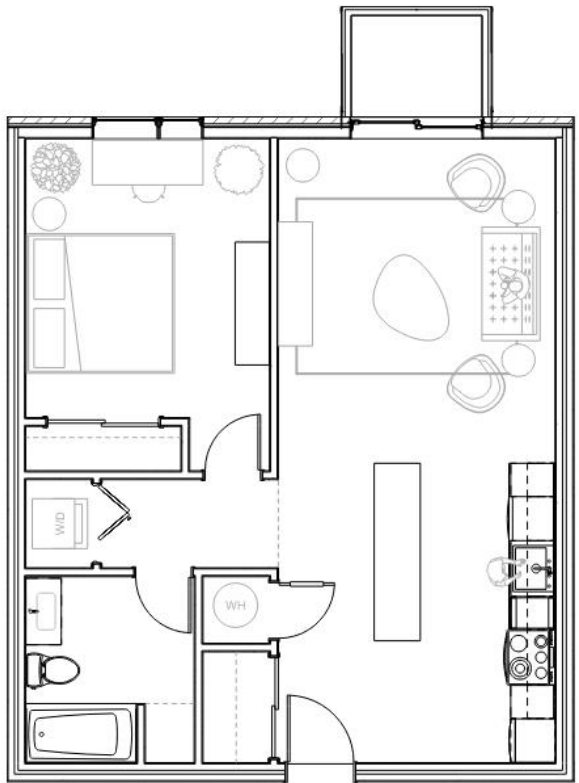
TYPICAL FLOOR PLAN

**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

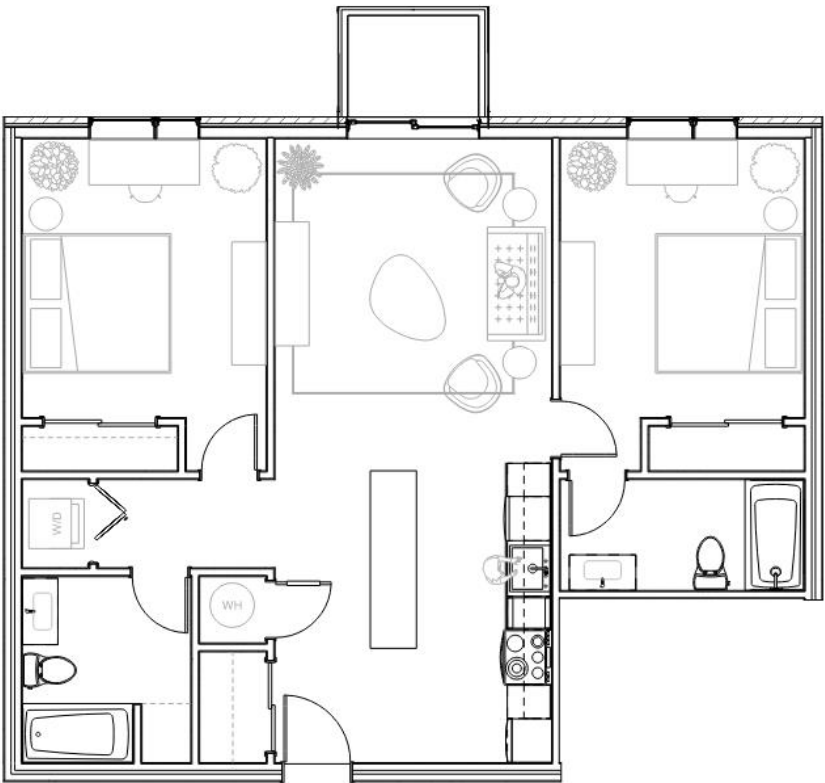
Studio: 457 sf  
Total/Floor: 9 (47.4%)



1-Bedroom: 679 sf  
Total/Floor: 8 (42.1%)



2-Bedroom: 916 sf  
Total/Floor: 2 (10.5%)



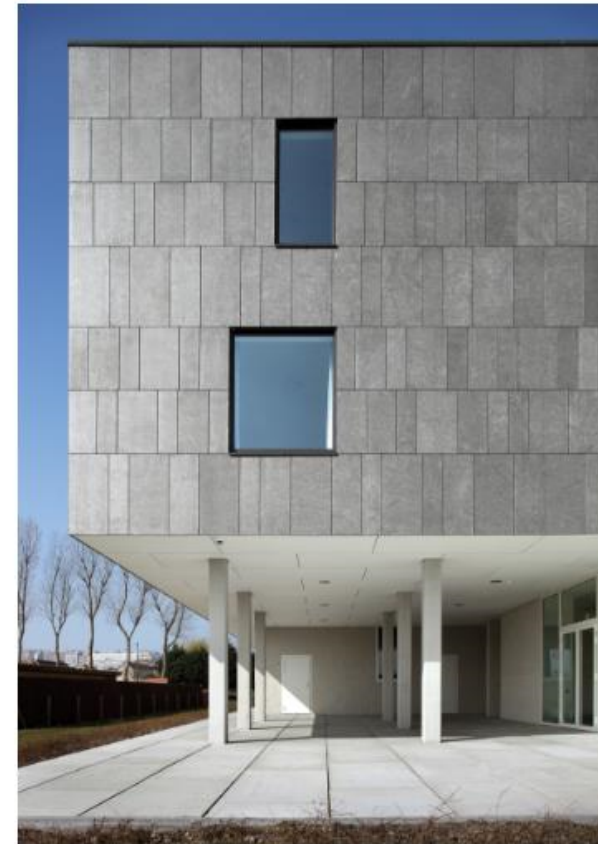
TYPICAL UNIT PLANS



**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

**Exterior**

Exterior massing responds to site-specific constraints including adjacent buildings and public infrastructure such as the Little Bettie Bayou. Materials will include earthy, brick tones mixed with white forms that reflect light deep into courtyard spaces. Black and steel accents will define crisp edges and profiles.





**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

## Courtyard

Raised courtyards are designed to provide a variety of experiences ranging from community gathering spaces to private reading nooks. Planting native to the region will be selected to minimize irrigation and connecting residents to Memphis's ecological history. Soft, warm lighting will illuminate the courtyards at night so that residents may take advantage of pleasant summer evenings. Lighting across the project will be designed to minimize light pollution while accommodating the desired use.

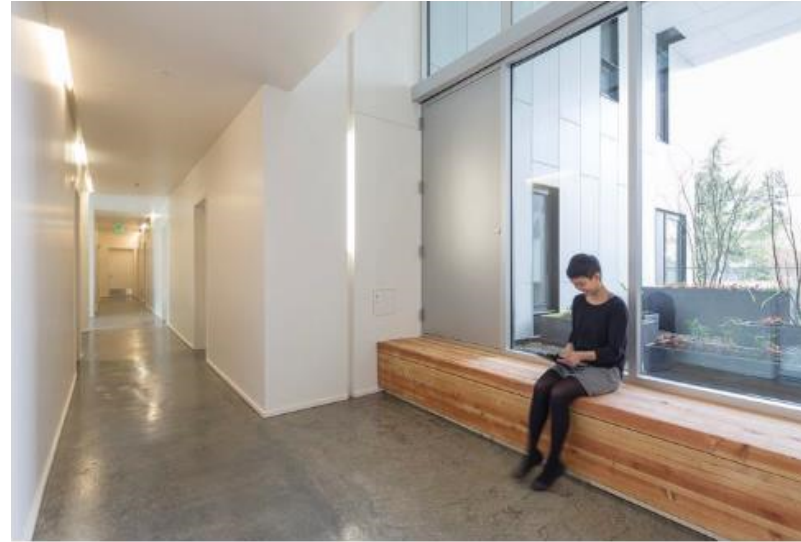




**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

**Commons**

Common spaces will be located to allow for convenient access for residents. In many cases the commons will be integrated or adjacent to partnering “coffee shops” or co-workspaces providing convenience and practicality. Designs for common spaces will be simple and stress-free, offering efficient access to daily needs as residents leave and return home





**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**

## Interiors

Apartments will be designed to accommodate a modern lifestyle while delivering timeless comforts and spatial organization. Simple colors and natural textures will act as a backdrop for a variety of design styles. Large windows, access to outdoor spaces, and balconies will provide fresh air, daylight, and views to the Downtown skyline.





**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**



Overall Site Facing West



Overall Site Facing North



Overall Site Facing Southwest



Aerial View Facing North on Hadden St.



**EXHIBIT A**  
**ARCHITECTURAL PLANS & RENDERINGS**



Facing South on BB King



Facing West on GE Patterson



Existing Building



Ground View Facing North on Hadden St.



**Exhibit B: Butler Row - Sources & Uses**

<b>Source of Funds</b>	<b>Amount</b>	
Equity	22,867,413	
Debt Financing (assumed 20-year amort, floating 4.5% average rate)	42,382,156	
<b>Total</b>	<b>65,249,569</b>	
<b>Use of Funds</b>	<b>Amount</b>	
Hard Costs	49,282,004	
Soft Costs (less PILOT Fee)	6,534,519	
<i>Architect</i>	759,800	
<i>Structural Engineer</i>	150,000	
<i>Landscape Architect</i>	75,000	MWBE - JPA Inc.
<i>Civil Engineer</i>	75,000	
<i>Interior Design</i>	75,000	
<i>MEP Engineer</i>	150,000	
<i>Waterproofing Consultant</i>	45,000	
<i>Low Voltage</i>	25,000	
<i>Land Planner</i>	10,000	MWBE - Solomito Land Planning
PILOT Fee	964,279	
Acquisition	3,415,475	
Cash Reserves	485,275	
Developer Fee	2,839,040	
Financing	1,728,977	
<b>Total</b>	<b>65,249,569</b>	

**EXHIBIT C: Butler Row 12-Year Pro Forma Cash Flow**

**12-Year Cash Flow With PILOT**

Year		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Project Status		Construction	Construction	Partial	Partial	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Rental Revenue	3%	-	-	660,761	4,497,073	5,602,872	5,763,720	5,924,568	6,085,416	6,246,264	6,407,112	6,567,960	6,728,808
Additional Income	13.90%	-	-	91,846	625,093	778,799	801,157	823,515	845,873	868,231	890,589	912,946	935,304
Retail Revenue	-	-	-	44,769	179,075	179,075	179,075	179,075	179,075	179,075	179,075	179,075	179,075
Total Revenue	-	-	-	797,375	5,301,242	6,560,746	6,743,952	6,927,158	7,110,364	7,293,570	7,476,776	7,659,981	7,843,187
Vacancy	5.00%	-	-	(37,630)	(256,108)	(319,084)	(328,244)	(337,404)	(346,564)	(355,725)	(364,885)	(374,045)	(383,206)
Credit Loss	0.85%	-	-	(6,778)	(45,061)	(55,766)	(57,324)	(58,881)	(60,438)	(61,995)	(63,553)	(65,110)	(66,667)
<b>Gross Revenue</b>		-	-	<b>752,967</b>	<b>5,000,073</b>	<b>6,185,896</b>	<b>6,358,385</b>	<b>6,530,873</b>	<b>6,703,361</b>	<b>6,875,850</b>	<b>7,048,338</b>	<b>7,220,826</b>	<b>7,393,315</b>
Operating Expenses	2%	-	-	(652,660)	(1,427,540)	(1,503,516)	(1,538,192)	(1,573,077)	(1,608,172)	(1,643,475)	(1,678,987)	(1,714,707)	(1,750,637)
RE Taxes	-	-	(93,079)	(93,079)	(264,878)	(264,878)	(264,878)	(264,878)	(264,878)	(264,878)	(264,878)	(264,878)	(264,878)
<b>Net Operating Income</b>		-	<b>(93,079)</b>	<b>7,228</b>	<b>3,307,655</b>	<b>4,417,503</b>	<b>4,555,315</b>	<b>4,692,918</b>	<b>4,830,312</b>	<b>4,967,497</b>	<b>5,104,473</b>	<b>5,241,241</b>	<b>5,377,800</b>
Debt Service	-	-	-	(476,799)	(1,907,197)	(3,374,453)	(3,667,904)	(3,667,904)	(3,667,904)	(3,667,904)	(3,667,904)	(3,667,904)	(3,667,904)
Capital Repl. & Impr. Reserves	-	-	-	(255,600)	(511,200)	(511,200)	(511,200)	(511,200)	(511,200)	(511,200)	(511,200)	(511,200)	(511,200)
<b>Net Cash Flow</b>		-	<b>(93,079)</b>	<b>(725,171)</b>	<b>889,258</b>	<b>531,850</b>	<b>376,211</b>	<b>513,814</b>	<b>651,208</b>	<b>788,393</b>	<b>925,369</b>	<b>1,062,137</b>	<b>1,198,696</b>
Debt Service Coverage:		0.00	0.00	0.01	1.73	1.30	1.24	1.27	1.31	1.35	1.39	1.42	1.46
OpEx / Revenue		0%	0%	99%	34%	29%	28%	28%	28%	28%	28%	27%	27%
Project Yield (w/PILOT)	6.72%												
Return on Equity		0.00%	-0.41%	-3.17%	3.89%	2.33%	1.65%	2.25%	2.85%	3.45%	4.05%	4.64%	5.24%

**12-Year Cash Flow Without PILOT**

Year		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Project Status		Construction	Construction	Partial	Partial	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized	Stabilized
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Rental Revenue	3%	-	-	660,761	4,497,073	5,602,872	5,763,720	5,924,568	6,085,416	6,246,264	6,407,112	6,567,960	6,728,808
Additional income	13.90%	-	-	91,846	625,093	778,799	801,157	823,515	845,873	868,231	890,589	912,946	935,304
Retail Revenue	-	-	-	44,769	179,075	179,075	179,075	179,075	179,075	179,075	179,075	179,075	179,075
Total Revenue	-	-	-	797,375	5,301,242	6,560,746	6,743,952	6,927,158	7,110,364	7,293,570	7,476,776	7,659,981	7,843,187
Vacancy	5.00%	-	-	(37,630)	(256,108)	(319,084)	(328,244)	(337,404)	(346,564)	(355,725)	(364,885)	(374,045)	(383,206)
Credit Loss	0.85%	-	-	(6,778)	(45,061)	(55,766)	(57,324)	(58,881)	(60,438)	(61,995)	(63,553)	(65,110)	(66,667)
<b>Gross Revenue</b>		-	-	<b>752,967</b>	<b>5,000,073</b>	<b>6,185,896</b>	<b>6,358,385</b>	<b>6,530,873</b>	<b>6,703,361</b>	<b>6,875,850</b>	<b>7,048,338</b>	<b>7,220,826</b>	<b>7,393,315</b>
Operating Expenses	2%	-	-	(652,660)	(1,427,540)	(1,503,516)	(1,538,192)	(1,573,077)	(1,608,172)	(1,643,475)	(1,678,987)	(1,714,707)	(1,750,637)
RE Taxes	-	-	(93,079)	(93,079)	(993,824)	(993,824)	(993,824)	(993,824)	(993,824)	(993,824)	(993,824)	(993,824)	(993,824)
<b>Net Operating Income</b>		-	<b>(93,079)</b>	<b>7,228</b>	<b>2,578,709</b>	<b>3,688,557</b>	<b>3,826,369</b>	<b>3,963,972</b>	<b>4,101,366</b>	<b>4,238,551</b>	<b>4,375,528</b>	<b>4,512,295</b>	<b>4,648,854</b>
Debt Service	-	-	-	(476,799)	(1,907,197)	(3,374,453)	(3,667,904)	(3,667,904)	(3,667,904)	(3,667,904)	(3,667,904)	(3,667,904)	(3,667,904)
Capital Repl. & Impr. Reserves	-	-	-	(255,600)	(511,200)	(511,200)	(511,200)	(511,200)	(511,200)	(511,200)	(511,200)	(511,200)	(511,200)
<b>Net Cash Flow</b>		-	<b>(93,079)</b>	<b>(725,171)</b>	<b>160,312</b>	<b>(197,096)</b>	<b>(352,735)</b>	<b>(215,132)</b>	<b>(77,738)</b>	<b>59,447</b>	<b>196,424</b>	<b>333,191</b>	<b>469,750</b>
Debt Service Coverage:		0.00	0.00	0.01	1.35	1.09	1.04	1.08	1.11	1.15	1.19	1.23	1.26
OpEx / Revenue		0%	0%	99%	48%	40%	40%	39%	39%	38%	38%	38%	37%
Project Yield (w/out PILOT)	5.22%												
Return on Equity		0.00%	-0.41%	-3.17%	0.70%	-0.86%	-1.54%	-0.94%	-0.34%	0.26%	0.86%	1.46%	2.05%

PILOT RE Tax Benefit **728,946**

<b>Unit Mix</b>	<u>Unit SF</u>	<u>Ratio</u>	<u>Count</u>	<u>Rent</u>	<u>\$/SF</u>
A - Studio	457	33%	94	\$1,200	\$2.63
B - 1 Bedroom	679	46%	130	\$1,600	\$2.36
C - 2-Bedroom	916	21%	60	\$2,100	\$2.29
D - Efficiency Units	600	0%	0	\$1,300	\$2.17
E - Townhomes	0	0%	0	\$0	\$0.00
<b>Total/Average</b>	<b>656</b>	<b>100%</b>	<b>284</b>		<b>\$2.43</b>
					<b>Rent/unit</b>
<b>Retail</b>					
Restaurant & Fast Casual	9,425			\$20.00	\$1.67

**EXHIBIT D**  
**PILOT GRADING MATRIX**

**APPENDICES**

**Appendix I – PILOT Grading**

*A project must meet at least one primary qualification category in order to be eligible for any applicable secondary qualifications and/or additional term accumulation. Exceptions for projects that further the priorities of the CCRFC may be granted at the discretion of the CCRFC board.*

<b>PRIMARY QUALIFICATION</b>	<b>SECONDARY QUALIFICATION</b>
<b>RESIDENTIAL</b>	
2 to 5 Units: <i>1 Year</i>	2 to 5 Units: <i>.5 Year</i>
6 to 10 Units: <i>2 Years</i>	6 to 10 Units: <i>1 Year</i>
11 to 15 Units: <i>3 Years</i>	11 to 15 Units: <i>1.5 Years</i>
16 to 25 Units: <i>4 Years</i>	16 to 25 Units: <i>2 Years</i>
26 to 50 Units: <i>5 Years</i>	26 to 50 Units: <i>2.5 Years</i>
51 Units +: <i>6 Years</i>	51 + Units: <i>3 Years</i>
<b>OFFICE</b>	
Below 15,000 sf: <i>1 Year</i>	Below 15,000 sf: <i>.5 Year</i>
15,000 to 50,000: <i>2 Years</i>	15,000 to 50,000: <i>1 Year</i>
50,001 to 100,000: <i>3 Years</i>	50,001 to 100,000: <i>1.5 Years</i>
100,001 to 200,000: <i>4 Years</i>	100,001 to 200,000: <i>2 Years</i>
200,001 to 300,000: <i>5 Years</i>	200,001 to 300,000: <i>2.5 Years</i>
300,001 sf +: <i>6 Years</i>	300,001 sf +: <i>3 Years</i>
<b>EDUCATION</b>	
Below 15,000 sf: <i>1 Year</i>	Below 15,000 sf: <i>.5 Year</i>
15,000 to 50,000: <i>2 Years</i>	15,000 to 50,000: <i>1 Year</i>
50,001 to 100,000: <i>3 Years</i>	50,001 to 100,000: <i>1.5 Years</i>
100,001 to 200,000: <i>4 Years</i>	100,001 to 200,000: <i>2 Years</i>
200,001 to 300,000: <i>5 Years</i>	200,001 to 300,000: <i>2.5 Years</i>
300,001 sf +: <i>6 Years</i>	300,001 sf +: <i>3 Years</i>
<b>HOTEL</b>	
2 to 10 Rooms: <i>1 Year</i>	2 to 10 Rooms: <i>.5 Year</i>
11 to 25 Rooms: <i>2 Years</i>	11 to 25 Rooms: <i>1 Year</i>
26 to 50 Rooms: <i>3 Years</i>	26 to 50 Rooms: <i>1.5 Years</i>
51 to 100 Rooms: <i>4 Years</i>	51 to 100 Rooms: <i>2 Years</i>
101 to 200 Rooms: <i>5 Years</i>	101 to 200 Rooms: <i>2.5 Years</i>
201 Rooms +: <i>6 Years</i>	201 Rooms +: <i>3 Years</i>
<b>INDUSTRIAL</b>	
Below 50,000 sf: <i>1 Year</i>	Below 50,000 sf: <i>.5 Year</i>
50,000 to 150,000: <i>2 Years</i>	50,000 to 150,000: <i>1 Year</i>
150,001 to 250,000: <i>3 Years</i>	150,001 to 250,000: <i>1.5 Years</i>
250,001 to 350,000: <i>4 Years</i>	250,001 to 350,000: <i>2 Years</i>
350,001 to 500,000: <i>5 Years</i>	350,001 to 500,000: <i>2.5 Years</i>
500,001 sf +: <i>6 Years</i>	500,001 sf +: <i>3 Years</i>
<b>PARKING STRUCTURES</b>	
200 to 300 cars: <i>1 Year</i>	200 to 300 cars: <i>.5 Year</i>
301 to 400 cars: <i>2 Years</i>	301 to 400 cars: <i>1 Year</i>
401 to 500 cars: <i>3 Years</i>	401 to 500 cars: <i>1.5 Years</i>
501 to 600 cars: <i>4 Years</i>	501 to 600 cars: <i>2 Years</i>
601 to 700 cars: <i>5 Years</i>	601 to 700 cars: <i>2.5 Years</i>
701 cars +: <i>6 Years</i>	701 cars +: <i>3 Years</i>

**EXHIBIT D  
PILOT GRADING MATRIX**

<b>RETAIL</b>	
15,000 to 20,000 sf:	4 Years
20,001 to 30,000 sf:	5 Years
30,001 sf + :	6 Years
Below 5,000 sf:	.5 Year
5,000 to 9,999 sf:	1 Year
10,000 to 14,999 sf:	1.5 Years
15,000 to 20,000 sf:	2 Years
20,001 to 30,000 sf:	2.5 Years
30,001 sf + :	3 Years
<b>TOTAL PROJECT DEVELOPMENT COST</b>	
\$1 – 5 Million:	1 Year
\$5+ – 10 Million:	2 Years
\$10+ – 15 Million:	3 Years
\$15+ – 20 Million:	4 Years
\$20+ Million:	5 Years
<b>CCRFC Priorities</b>	
<b>General Location</b>	
Located in CBID (Appendix II):	3 Years
Located outside CBID, but inside CCRFC boundaries (Appendix II):	1 Year
<b>Core &amp; Historic</b>	
<i>Project may only qualify for one of the following five:</i>	
Construction of a new structure in the Downtown Core:	1 Year
Renovation of an existing structure in the Downtown Core:	2 Years
Renovation of a structure listed as non-contributing property in a National Register or Landmarks Commission Historic District:	3 Years
Renovation of a structure listed as significant or contributing in a National Register or Memphis Landmarks Commission Historic District:	4 Years
Renovation of a structure listed individually on the National Register of Historic Places:	5 Years
<b>Community-based Initiatives &amp; Economically Distressed Areas</b>	
<i>Project may qualify for up to two of the following:</i>	
Fronting the Main to Main Multi-Modal Connector Route (Appendix II):	3 Years
Located within the boundaries of the Edge Neighborhood (Appendix II):	3 Years
Located within the boundaries of the South City Impact Area (Appendix II):	3 Years
Located within the boundaries of the Pinch Neighborhood (Appendix II):	4 Years
Located in a Census Tract with a Poverty Rate over 20 percent*:	2 Years
Located in a Census Tract earning 80 or less of Area Median Income (AMI)*:	2 Years
<b>Design &amp; Energy</b>	
<i>Project may qualify for one or more of the following:</i>	
Including permanent public art (qualification determined by the DMC Design Review Board):	1 Year
Including enhanced architectural lighting (qualification determined by the DMC Design Review Board):	1 Year
Leadership in Energy and Environmental Design (LEED) Certification:	4 Years

**EXHIBIT D**  
**PILOT GRADING MATRIX**

Net Zero Energy Building (NZE) Certification:	4 Years
Memphis Light, Gas and Water (MLGW) Energy Advantage Certification:	1 Years

\* Applicants may refer to the HUD map to confirm qualification; <https://www.huduser.gov/act/actmap.html>.

**PILOT TERM CALCULATION**

Primary Qualification:	6 Years
Secondary Qualification A:	0.5 Years
Secondary Qualification B:	0.5 Years
Secondary Qualification C:	1 Years
Total Project Development Cost:	5 Years
CCRFC Priorities:	8 Years
<b>PILOT TERM:</b>	21 Years

\*REQUESTED PILOT: TWELVE (12) YEARS

**EXHIBIT E**  
**PROJECT SCHEDULE MILESTONES**

1. Programming & Concept Phase	11/5/2021 – 02/18/2021
2. PILOT Application	12/21/2021
3. PILOT CCRFC Review	01/11/2022
4. Schematic Design Phase	02/18/2022 – 04/19/2022
5. Design Development Phase	04/19/2022 – 06/18/2022
6. Construction Document Phase	06/18/2022 – 10/16/2022
7. Bidding & Negotiation	Q4 2022
8. Permitting	10/16/2022 – 12/15/2022
9. Commencement of Construction	Q4 2022
10. Substantial Completion	Q2 2025
11. Full Occupancy Expected	Q2 2026