

# APPLICATION

SUBMITTED TO:  
**MEMPHIS CENTER CITY REVENUE FINANCE CORPORATION**

FOR FINANCIAL INCENTIVES  
THROUGH THE

**PAYMENT IN LIEU OF TAXES PROGRAM (PILOT)**

**CENTRAL YARDS  
SOUTHWEST QUADRANT OF CENTRAL AND COOPER  
2101 CENTRAL AVENUE/2074-2078-2093 York  
MEMPHIS, TN 38104**



SUBMITTED BY:  
**RE&D Investment, LLC**

**Central Yards PILOT Application November 16, 2020  
Memphis, TN**

**1. State the name, address, and telephone number 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.**

RE&D Investments, LLC  
232 Southmill Drive  
Eads, Tennessee 38028

Representative: Clayton Kemker  
claygk@comcast.net  
901-831-6656

**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.**

**3. Briefly describe the proposed Project. Include in this section:**

a. **Intended Usage:** The proposed development would incorporate three parcels containing 5.65 acres at the southwest corner of Central and Cooper and a parcel on the south side of York Avenue. The property is currently zoned EMP but development under these uses would not be appropriate for the neighborhood and market conditions. A Planned Development application has been submitted to the Office of Planning and Development to provide for a mixed use development containing 51,865 square feet of retail/office/commercial space, 348 multi-family units and 615 parking spaces. In addition, a public gathering/open space is designed in the middle of the property to facilitate outdoor activities within the development.

The Planned Development was approved unanimously by the Land use Control Board on December 10, 2020.

b. **Economic and Environmental Impact:** The property has been used for the operations of a plumbing company for many years that contained outdoor storage and other uses that were not compatible with the neighborhood and certainly did not contribute to the aesthetics or vitality of the Central Gardens and Copper Young neighborhoods. The investment of \$60+ million into this edge between strong neighborhoods will remove blighted properties, strengthen all adjoining neighborhoods, as well as build the tax base for Memphis. The Proposed development supports the Memphis 3.0 Comprehensive Plan principle of "building up not out". In addition to these benefits, one key ingredient of the project is to provide sorely needed additional parking above and beyond the required parking spaces to serve the adjoining commercial properties. Depending upon the time of day and week, there will be approximately 100-200 additional parking spaces provided above and beyond the ordinance requirements.

**c. The Square footage of the building/ land area:** Proposed building would consist of approximately 51,865 rentable commercial square feet, and approximately 342,347 square feet of multi-family square feet on approximately 5.65 acres of land.

**d. All other information needed to fully explain the project:** Numerous redevelopment efforts have attempted to assemble the needed property and develop plans that were feasible for this high-profile site in Midtown. The bulk of the subject property was acquired for redevelopment in May of 2019. Additionally the last remaining parcel on the western end of the property is under contract and in final due diligence stage.

**e. Attach architectural plans and renderings and any available history on the subject:** See attached site plans, floor plans, building rendering, and architectural design principles.

**f. A letter from a certified engineer, licensed in the State of Tennessee, as to the structural integrity of the building for its intended usage:** All new construction not any existing structures.

**4. State the marketing plans for the project identifying the intended market. What types of lessees are anticipated? If the project is speculative, how long is full occupancy expected to take and who will manage the project?**

This location in Midtown is in a strategic location on Central Avenue between highly desirable neighborhoods and at the intersection of highly travelled arterials. To the west is the Central Gardens neighborhood that contains very few multi-family properties and is a highly desirable area of Midtown. To the north is Overton Square and the successful redevelopment of the commercial and entertainment district. To the south is Cooper Young and a successful revitalization initiative over the last four or more decades. To the east is Christian Brothers University, the Fairgrounds Complex, and the University of Memphis.

Vacant parcels in the entire Midtown Area are extremely limited and the potential to undertake this level of mixed-use development is virtually non-existent. Being surrounded by these high-quality neighborhoods and activity centers, combined with the lack of additional space for significant developments, makes this site an ideal location for a transformative development like that being proposed.

It is anticipated that the design and permitting process will allow construction to begin in the second quarter of 2021 and take approximately sixteen months. A marketing firm has been retained to assist in the marketing and branding of the property. The target market is broad based including millennials, empty nesters, professionals employed at the medical center and downtown, and students and faculty at the local universities.

We would expect construction to take approximately 16 months and lease up to take an additional 8 months for a total of approximately 2 years from commencement of construction through full occupancy.

**5. Property Location** (See Site Plan for Area "A" and "B")

**a. State the location of the proposed property by street address and legal description.**

2101 Central Avenue  
2093 York Avenue  
Memphis, Tennessee 38104

**PROPERTY DESCRIPTION – AREA 'A'**

BEGINNING AT THE NORTHWEST CORNER OF SOUTH COOPER STREET (75' R.O.W.) AND YORK AVENUE (50' R.O.W.); THENCE N86°27'18"W ALONG THE NORTH LINE OF SAID YORK AVENUE A DISTANCE OF 784.28 FEET TO A POINT; THENCE N4°45'13"E LEAVING SAID NORTH LINE A DISTANCE OF 30.00 FEET TO A POINT; THENCE N86°27'18"W A DISTANCE OF 50.00 FEET TO A POINT; THENCE N4°45'13"E A DISTANCE OF 47.82 FEET TO A POINT ON THE SOUTH LINE OF THE CSX RAILROAD PROPERTY; THENCE N67°41'47"E ALONG SAID SOUTH LINE A DISTANCE OF 329.45 FEET TO A POINT; THENCE S4°41'29"W A DISTANCE OF 17.96 FEET TO A POINT; THENCE N67°41'47"E A DISTANCE OF 134.92 FEET TO A POINT; THENCE N2°53'01"E A DISTANCE OF 20.22 FEET TO A POINT ON THE SOUTH LINE OF CENTRAL AVENUE (70' R.O.W.); THENCE S86°20'59"E ALONG SAID SOUTH LINE A DISTANCE OF 281.15 FEET TO A POINT; THENCE S4°20'13"W LEAVING SAID SOUTH LINE A DISTANCE OF 118.62 FEET TO A POINT; THENCE S86°28'58"E A DISTANCE OF 138.57 FEET TO A POINT ON THE WEST LINE OF SOUTH COOPER STREET; THENCE S4°30'48"W ALONG SAID WEST LINE A DISTANCE OF 163.50 FEET TO THE POINT OF BEGINNING AND CONTAINING 3.96 ACRES.

**PROPERTY DESCRIPTION – AREA 'B'**

BEGINNING AT A POINT ON THE SOUTH LINE OF YORK AVENUE (50' R.O.W.) 236.21 FEET WEST OF THE WEST LINE OF SOUTH COOPER STREET (75' R.O.W.), SAID POINT BEING THE NORTHWEST CORNER OF THE BRENT BARRETT PROPERTY (INST. #06054672); THENCE ALONG THE WEST LINE OF SAID BARRETT PROPERTY WITH A 280.86 FOOT RADIUS CURVE TO THE RIGHT AN ARC DISTANCE OF 253.64 FEET TO A POINT ON THE NORTH LINE OF THE CSX RAILROAD PROPERTY; THENCE S86°38'00"W ALONG SAID NORTH LINE A DISTANCE OF 54.66 FEET TO A POINT; THENCE S88°06'14"W A DISTANCE OF 218.47 FEET TO A POINT ON THE EAST LINE OF TANGLEWOOD STREET (50' R.O.W.); THENCE N4°45'13"E ALONG SAID EAST LINE A DISTANCE OF 193.08 FEET TO A POINT ON THE SOUTH LINE OF YORK AVENUE; THENCE S86°27'18"E ALONG THE SOUTH LINE OF SAID YORK AVENUE A DISTANCE OF 448.26 FEET TO THE POINT OF BEGINNING AND CONTAINING 1.56 ACRES.

**b. Name the property Owner at the time of the application submittal:** (See Ownership Exhibit)

Property is currently held in the name of several entities that will be combined under the RE&D LLC umbrella. Parcel one which is the largest parcel is held in the name of Cooper York Development Company, Inc. Parcel 2 on the south side of York Avenue is held by RD&E Investments, LLC. The remaining parcel under contract is current owned by Scott Industries, Inc.

**c. If the Applicant does not presently own the property, does the Applicant have a valid option to purchase the property?** Of the primary three parcels the developer owns two of the parcels and the third is under contract to purchase and in the final due diligence stage..

**d. Describe any and all existing financing, options, and liens on the property:** The property is currently unencumbered by a mortgage or any liens.

**6. 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 amounts.**

See attached financial analysis

**7. Are changes needed to the public space around the Project (For example; sidewalks, lighting and planting)?**

Access, Circulation and Parking:

- A. Improve Tanglewood Street with curb, gutter, sidewalk.
- B. Improve York Avenue with curb, gutter, sidewalk, and on-street parking.
- C. Provide a round-about at the intersection of York Avenue and Tanglewood Street.
- D. Provide a north-south private drive connecting Central Avenue to York Avenue. It shall be constructed to meet City Standards and provide a minimum pavement width of 20 feet, exclusive of curb and gutter and on-street parking.
- E. All existing sidewalks shall be replaced if damaged during construction of this project, non-ADA compliant or in disrepair.
- F. Parking shall be provided in accordance with the Unified Development Code (UDC). A minimum of 100 extra spaces will be provided for additional public parking.

All streetscapes will meet the Midtown Overlay requirements approved by the Division of Planning and Development.

Landscaping and Screening

- A. All streets shall be landscaped in accordance with a modified Type S Plate as submitted with this application.
- B. A pedestrian plaza including greenspace shall be provided at the northwest corner of Cooper and York.

Utilities/Drainage

Utilities above ground on York Avenue will be removed and constructed underground. Storm drainage that bisects the site will be preserved and enhanced as needed.

**8. State the proposed time schedule for the Project including the dates anticipated for the following:**

- a. **Closing of the loan or contributing financing availability:** Loan Closing and project capitalization is expected in January after approval of the Planned Development and PILOT application.

**b. First Expenditure of funds with regard to the project:** The first parcels were acquired in May, 2019 and land acquisition has continued for the remaining parcel secured by contract in 2020. In September of 2019 the design team was retained to bring conceptual designs for the property. In the fall of 2019, the attorney representing the project was retained. In 2020, engineering, marketing, and financial consultants have been retained and funds expended for their services.

**c. Anticipated date Construction will begin:** June, 2021

**d. Anticipated Completion Date:** October, 2022

## **9. Financial Background**

**a. Attach current audited financial statements of the applicant and guarantors. If audited financial statements are unavailable, please submit non-audited statements.**

Applicable financial information will be forwarded under separate "confidential" cover and reviewed with the appropriate CCRFC staff.

**b. State the relationship any applicant or grantor has had with any accounting firm over the last five years and reason for change, if any.**

Joe Banker, CPA, Memphis, Tennessee

**c. Attach three years tax returns if Applicant is an individual.** N/A

**10. Name any of the following that will be involved with the Project (with address and phone numbers):**

**a. Counsel for Applicant**

Dedrick Brittenum, Jr.  
Brittenum Law pllc  
3385 Airways Blvd. Suite 229  
Memphis, TN 38116  
(901) 347-3978

**b. Architect**

Scott Fleming  
Fleming Architects  
5101 Wheelis Dr. Suite 215  
Memphis, TN 38117  
(901) 767-3924

**Engineers**

Harvey Marcom  
The Reaves Firm, Inc.  
6800 Poplar Avenue, Suite01  
Memphis, TN 38138

(901) 761-2016

**c. Other Professionals:**

Deidre Malone  
Carter Malone Group  
1509 Madison Avenue  
Memphis, TN 38104  
(901) 278-0881

Dexter Muller  
Development Innovations, LLC  
3800 Berlinwood Cove N.  
Bartlett, Tn 38133  
(901) 275-4803

**d. Does the Applicant or any guarantor have any previous or ongoing relationship with any Board member or legal counsel of the Board? If so please describe in detail.** There are no previous or ongoing relationships that the applicant is aware of.

**11. Give three credit references for you personally, and three for your business.**

**12. Please disclose whether any applicant, guarantor or any other person involved with the project is currently engaged in any civil or criminal proceeding. Also disclose whether any individual involved with the project has ever been charged or convicted of any felony or currently is under indictment. Please supply detailed information.** None.

**13. 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.**

Project Lessee:

RE&D, LLC  
232 Southmill Drive  
Eads, Tennessee 38028  
Representative: Clayton Kemker

**a. State the tax parcel number for all property involved with the Project and the current assessed value of the Property.**

<b>Site Addresses &amp; Parcel #s</b>	<b>Acres</b>	<b>2020 Appraisal</b>
2101 Central Avenue 031136 00004	1.7805	\$179,200
0 Central Avenue 031136 00005C	0.741	\$65,500

2074 York Avenue 031136 00001	0.4289	\$77,600
2078 York Avenue 031136 00012	0.1573	\$48,100
2093 York Avenue 031133 00003	0.416	\$33,600
0 York Avenue 031133 00001	0.105	\$7,300
0 York Avenue 031133 00002	0.856	\$62,900
0 York Avenue 031136 00010Z	0.045	\$4,000
0 York Avenue 03113500006	0.034	\$5,900
0 S. Cooper 031136 00010	0.243	\$25,200
0 S. Cooper 031136 00008	0.172	\$18,800
0 S. Cooper 031136 00009	0.057	\$6,300
0 Tanglewood 031136 00011	0.1666	\$19,700
0 Tanglewood 031135 00003C	0.193	\$19,900
0 York Avenue 031133 00004C	<u>0.263</u>	<u>\$19,400</u>
<b>Totals</b>	<b>5.6583</b>	<b>\$593,400</b>

**b. Are any assessments presently under appeal? If so, describe the status of the appeal.**

No assessments are under appeal.

**c. Will the Project result in the subdivision of any present tax parcel?**

None of the tax parcels will need to be subdivided.

**14. Provide the following information about the loan or proposed loan for the Project.**

**a. Name Address, and Phone number of lender and contact person with lender:** Developer is presently in negotiations with multiple prospective lenders to finance the proposed project.

**b. Amount of Loan:** Approximately \$61,000,000

**c. Attach lender's commitment letter:**

**15. Attach two (2) cash flow proformas – one that includes a PILOT and one that does not – for at least the length of the PILOT term requested, along with a statement of Sources and Uses of Funds for the project(this may be prepared by the applicant). Sample formats are attached.**

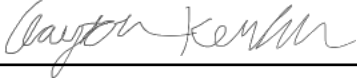
Please see attached.

**16. Attach information about the financial history of the project and previous attempts to develop, if possible.**

Several options to purchase and development plans have been investigated in years past but were unable to come to fruition in part related to inability to assemble the property, property values, and costs for public improvements.



17. The following statement must be included along with a dated signature of the applicant or applicant's representatives. 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 minority 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.



12-31-2020

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**Applicant Signature**

**Date**

## **Appendices**

- I. Project Financials: Cash flow pro-forma along with a statement of Sources and Uses of Funds for the project
- II. Project Description
- III. Architectural Schematic Drawings

**FACILITY  
PROGRAM**

<b>Program</b>	<b>Units</b>	<b>Square Footage</b>	<b>Totals</b>
<b>New Construction</b>			
Retail Space	1	18,153	18,153
Office Space	1	33,712	33,712
Residential Flats	348	984 Average	342,357
Common Area	1	60,000	<u>60,000</u>
<b>Total Gross Square Footage</b>			<b>454,222</b>

<b>Site Parcels</b>	<b>Acres</b>	<b>Appraisal</b>	
2101 Central Avenue 031136 00004	1.7805	\$179,200	
0 Central Avenue 031136 00005C	0.741	\$65,500	
2074 York Avenue 031136 00001	0.4289	\$77,600	
2078 York Avenue 031136 00012	0.1573	\$48,100	
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0 Tanglewood 031135 00003C	0.193	\$19,900	
0 York Avenue 031133 00004C	<u>0.263</u>	<u>\$19,400</u>	
<b>Site Improvements</b>	<b>5.6583</b>	<b>\$593,400</b>	\$ 5.6583

(Demo, Parking Lot, Landscape, Streetscape)

<b>Construction Budget</b>			
Building Construction			\$ 41,000,000
Mechanical/HVAC			\$ 2,385,000
Plumbing/Sprinkler System			\$ 2,952,000
Electrical Systems			\$ 3,407,000
500 Space Parking Structures	500	\$18,000	\$ 9,000,000
On & Off Site Utilities			\$ 1,000,000
Sitework Improvements, Demo, & Utilities			\$ 3,762,000
<b>5% Contingency</b>			<b><u>\$ 3,000,000</u></b>
<b>Total Construction Budget</b>			<b>\$ 66,506,000</b>

		Diffence	
Construction Cost per s.f.	Excluding Garage		\$ 126.60
	Excluding Sitework & Garage		\$ 116.12

Total Site - 615 Parking Spaces

**PROJECT  
SOURCES AND USES**

**Sources**

Debt - 7% 20 yr amortization	\$ 61,449,731
Owner Equity	\$ 15,362,433
Other Sources	\$ -
	<u>\$ 76,812,164</u>

**Uses**

Property Purchase	\$ 5,650,000	
Hard Construction Costs	\$ 66,506,000	
<b><u>Soft Costs w/o PILOT Fee</u></b>		\$ 3,542,770
Professional Fees	\$ 2,992,770	
Permits & Testing	\$ 250,000	
Legal, Insurance & Marketing	\$ 300,000	
PILOT Closing Fee	<u>\$ 1,113,394</u>	
	<u>\$ 76,812,164</u>	

**DEBT SERVICE  
20 YEAR  
AMORTIZATION SCHEDULE**

7.000%

**Payment:** \$5,800,419.88  
**Borrower:**  
**Loan:** 61,449,730.88

<b>Pymt No.</b>	<b>Date</b>		<b>Balance</b>	<b>Scheduled Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Payoff</b>
1	01/01/21	365	61,449,730.88	\$5,800,419.88	4,301,481.16	1,498,938.72	
2	01/01/22	365	59,950,792.16	5,800,419.88	4,196,555.45	1,603,864.43	
3	01/01/23	365	58,346,927.73	5,800,419.88	4,084,284.94	1,716,134.94	
4	01/01/24	366	56,630,792.79	5,800,419.88	3,964,155.50	1,836,264.38	
5	01/01/25	365	54,794,528.41	5,800,419.88	3,835,616.99	1,964,802.89	
6	01/01/26	365	52,829,725.52	5,800,419.88	3,698,080.79	2,102,339.09	
7	01/01/27	365	50,727,386.43	5,800,419.88	3,550,917.05	2,249,502.83	
8	01/01/28	365	48,477,883.60	5,800,419.88	3,393,451.85	2,406,968.03	
9	12/31/28	365	46,070,915.57	5,800,419.88	3,224,964.09	2,575,455.79	
10	12/31/29	365	43,495,459.78	5,800,419.88	3,044,682.18	2,755,737.70	
11	12/31/30	365	40,739,722.08	5,800,419.88	2,851,780.55	2,948,639.33	
12	12/31/31	365	37,791,082.75	5,800,419.88	2,645,375.79	3,155,044.09	
13	12/30/32	365	34,636,038.66	5,800,419.88	2,424,522.71	3,375,897.17	
14	12/30/33	365	31,260,141.49	5,800,419.88	2,188,209.90	3,612,209.98	
15	12/30/34	365	27,647,931.51	5,800,419.88	1,935,355.21	3,865,064.67	
16	12/30/35	365	23,782,866.84	5,800,419.88	1,664,800.68	4,135,619.20	
17	12/29/36	365	19,647,247.64	5,800,419.88	1,375,307.33	4,425,112.55	
18	12/29/37	365	15,222,135.09	5,800,419.88	1,065,549.46	4,734,870.42	
19	12/29/38	365	10,487,264.67	5,800,419.88	734,108.53	5,066,311.35	
20	12/29/39	365	5,420,953.32	5,800,419.88	379,466.73	5,420,953.15	
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## CASH FLOW STATEMENT With PILOT

	Year One	Year Two	Year Three	Year Four	Year Five	Year Six	Year Seven
Lease Revenue							
Commercial Space	51,865	51,865	51,865	51,865	51,865	51,865	51,865
Occupancy Rate	40%	60%	80%	85%	85%	85%	85%
Revenue per sf.	\$ 22.00	\$ 22.22	\$ 22.44	\$ 22.67	\$ 22.89	\$ 23.12	\$ 23.35
Commercial Revenue	\$ 456,412	\$ 691,464	\$ 931,172	\$ 999,264	\$ 1,009,256	\$ 1,019,349	\$ 1,029,542
Residential Flats	342,347	342,347	342,347	342,347	342,347	342,347	342,347
Occupancy Rate	40%	60%	80%	92%	92%	92%	92%
Revenue per sf.	\$ 1.90	\$ 1.90	\$ 1.95	\$ 1.95	\$ 2.00	\$ 2.00	\$ 2.02
Commercial Revenue	\$ 3,122,205	\$ 4,683,307	\$ 6,408,736	\$ 7,370,046	\$ 7,559,022	\$ 7,559,022	\$ 7,634,612
<b>Total Lease Revenue</b>	<b>\$ 3,578,617</b>	<b>\$ 5,374,771</b>	<b>\$ 7,339,908</b>	<b>\$ 8,369,310</b>	<b>\$ 8,568,278</b>	<b>\$ 8,578,371</b>	<b>\$ 8,664,154</b>
Operating Expense							
Utilities	107,358	161,243	220,197	251,079	257,048	257,351	259,925
Real Estate Taxes	516,523	516,523	516,523	516,523	516,523	516,523	516,523
Property Insurance	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Service Maint.& Clean'g	161,038	161,843	162,652	163,465	164,283	165,104	165,930
Marketing	71,572	71,930	72,290	72,651	73,015	73,380	73,747
Property Management	143,145	143,860	144,580	145,303	146,029	146,759	147,493
<b>Total Expenses</b>	<b>1,109,636</b>	<b>1,165,399</b>	<b>1,226,241</b>	<b>1,259,021</b>	<b>1,266,897</b>	<b>1,269,117</b>	<b>1,273,616</b>
<b>Net Operating Income</b>	<b>2,468,981</b>	<b>4,209,372</b>	<b>6,113,666</b>	<b>7,110,289</b>	<b>7,301,381</b>	<b>7,309,254</b>	<b>7,390,538</b>
Debt Service							
Principal	1,470,203	1,573,118	1,683,236	1,801,062	1,927,137	2,062,036	2,206,379
Interest	4,219,019	4,116,105	4,005,987	3,888,161	3,762,086	3,627,187	3,482,844
	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223
<b>Net Cash Flow</b>	<b>\$ (3,220,242)</b>	<b>\$ (1,479,851)</b>	<b>\$ 424,443</b>	<b>\$ 1,421,066</b>	<b>\$ 1,612,158</b>	<b>\$ 1,620,031</b>	<b>\$ 1,701,315</b>
Debit Coverage Ratio (DCR)	0.43	0.74	1.07	1.25	1.28	1.28	1.30
Return on Equity (ROE)	-21%	-10%	3%	9%	11%	11%	11%
Return on Investment (ROI)	-4%	-2%	1%	2%	2%	2%	2%

## CASH FLOW STATEMENT With PILOT

	Year Eight	Year Nine	Year Ten	Year Eleven	Year Twelve	Year Thirteen	Year Fourteen
<b>Lease Revenue</b>							
Commercial Space	51,865	51,865	51,865	51,865	51,865	51,865	51,865
Occupancy Rate	85%	80%	80%	80%	80%	80%	80%
Revenue per sf.	\$ 23.59	\$ 23.82	\$ 24.06	\$ 24.30	\$ 24.54	\$ 24.79	\$ 25.04
Commercial Revenue	\$ 1,039,838	\$ 988,458	\$ 998,342	\$ 1,008,326	\$ 1,018,409	\$ 1,028,593	\$ 1,038,879
Residential Flats	342,347	342,347	342,347	342,347	342,347	342,347	342,347
Occupancy Rate	92%	90%	90%	90%	90%	90%	90%
Revenue per sf.	\$ 2.04	\$ 2.06	\$ 2.08	\$ 2.10	\$ 2.12	\$ 2.14	\$ 2.17
Commercial Revenue	\$ 7,710,958	\$ 7,618,762	\$ 7,694,949	\$ 7,771,899	\$ 7,849,618	\$ 7,928,114	\$ 8,007,395
<b>Total Lease Revenue</b>	<b>\$ 8,750,796</b>	<b>\$ 8,607,219</b>	<b>\$ 8,693,292</b>	<b>\$ 8,780,225</b>	<b>\$ 8,868,027</b>	<b>\$ 8,956,707</b>	<b>\$ 9,046,274</b>
<b>Operating Expense</b>							
Utilities	262,524	258,217	260,799	263,407	266,041	268,701	271,388
Real Estate Taxes	516,523	516,523	516,523	516,523	516,523	516,523	516,523
Property Insurance	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Service Maint.& Clean'g	166,759	167,593	168,431	169,273	170,120	170,970	171,825
Marketing	74,115	74,486	74,858	75,233	75,609	75,987	76,367
Property Management	148,231	148,972	149,717	150,465	151,217	151,974	152,733
<b>Total Expenses</b>	<b>1,278,151</b>	<b>1,275,790</b>	<b>1,280,327</b>	<b>1,284,900</b>	<b>1,289,509</b>	<b>1,294,154</b>	<b>1,298,836</b>
<b>Net Operating Income</b>	<b>7,472,644</b>	<b>7,331,430</b>	<b>7,412,964</b>	<b>7,495,324</b>	<b>7,578,518</b>	<b>7,662,553</b>	<b>7,747,438</b>
<b>Debt Service</b>							
Principal	2,360,825	2,526,083	2,702,909	2,892,112	3,094,560	3,311,179	3,542,962
Interest	3,328,398	3,163,140	2,986,314	2,797,110	2,594,663	2,378,043	2,146,261
	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223
<b>Net Cash Flow</b>	<b>\$ 1,783,422</b>	<b>\$ 1,642,207</b>	<b>\$ 1,723,742</b>	<b>\$ 1,806,102</b>	<b>\$ 1,889,295</b>	<b>\$ 1,973,330</b>	<b>\$ 2,058,216</b>
Debit Coverage Ratio (DCR)	1.31	1.29	1.30	1.32	1.33	1.35	1.36
Return on Equity (ROE)	12%	11%	11%	12%	13%	13%	14%
Return on Investment (ROI)	2%	2%	2%	2%	3%	3%	3%





## CASH FLOW STATEMENT Without PILOT

	Year One	Year Two	Year Three	Year Four	Year Five	Year Six	Year Seven
Lease Revenue							
Commercial Space	51,865	51,865	51,865	51,865	51,865	51,865	51,865
Occupancy Rate	40%	60%	80%	85%	85%	85%	85%
Revenue per sf.	\$ 22.00	\$ 22.22	\$ 22.44	\$ 22.67	\$ 22.89	\$ 23.12	\$ 23.35
Commercial Revenue	\$ 456,412	\$ 691,464	\$ 931,172	\$ 999,264	\$ 1,009,256	\$ 1,019,349	\$ 1,029,542
Residential Flats	342,347	342,347	342,347	342,347	342,347	342,347	342,347
Occupancy Rate	40%	60%	80%	92%	92%	92%	92%
Revenue per sf.	\$ 1.90	\$ 1.90	\$ 1.95	\$ 1.95	\$ 2.00	\$ 2.00	\$ 2.02
Commercial Revenue	\$ 3,122,205	\$ 4,683,307	\$ 6,408,736	\$ 7,370,046	\$ 7,559,022	\$ 7,559,022	\$ 7,634,612
Total Lease Revenue	\$ 3,578,617	\$ 5,374,771	\$ 7,339,908	\$ 8,369,310	\$ 8,568,278	\$ 8,578,371	\$ 8,664,154
Operating Expense							
Utilities	107,358	161,243	220,197	251,079	257,048	257,351	259,925
Real Estate Taxes	1,673,073	1,673,073	1,673,073	1,739,995	1,739,995	1,739,995	1,739,995
Property Insurance	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Service Maint.& Clean'g	161,038	161,843	162,652	163,465	164,283	165,104	165,930
Marketing	71,572	71,930	72,290	72,651	73,015	73,380	73,747
Property Management	143,145	143,860	144,580	145,303	146,029	146,759	147,493
Total Expenses	2,266,186	2,321,949	2,382,791	2,482,494	2,490,370	2,492,590	2,497,089
Net Operating Income	1,312,431	3,052,822	4,957,116	5,886,816	6,077,908	6,085,781	6,167,065
Debt Service							
Principal	1,470,203	1,573,118	1,683,236	1,801,062	1,927,137	2,062,036	2,206,379
Interest	4,219,019	4,116,105	4,005,987	3,888,161	3,762,086	3,627,187	3,482,844
	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223
Net Cash Flow	\$ (4,376,792)	\$ (2,636,401)	\$ (732,107)	\$ 197,593	\$ 388,685	\$ 396,558	\$ 477,842
Debit Coverage Ratio (DCR)	0.23	0.54	0.87	1.03	1.07	1.07	1.08
Return on Equity (ROE)	-29%	-17%	-5%	1%	3%	3%	3%
Return on Investment (ROI)	-6%	-3%	-1%	0%	1%	1%	1%

## CASH FLOW STATEMENT Without PILOT

	Year Eight	Year Nine	Year Ten	Year Eleven	Year Twelve	Year Thirteen	Year Fourteen
<b>Lease Revenue</b>							
Commercial Space	51,865	51,865	51,865	51,865	51,865	51,865	51,865
Occupancy Rate	85%	80%	80%	80%	80%	80%	80%
Revenue per sf.	\$ 23.59	\$ 23.82	\$ 24.06	\$ 24.30	\$ 24.54	\$ 24.79	\$ 25.04
Commercial Revenue	\$ 1,039,838	\$ 988,458	\$ 998,342	\$ 1,008,326	\$ 1,018,409	\$ 1,028,593	\$ 1,038,879
Residential Flats	342,347	342,347	342,347	342,347	342,347	342,347	342,347
Occupancy Rate	92%	90%	90%	90%	90%	90%	90%
Revenue per sf.	\$ 2.04	\$ 2.06	\$ 2.08	\$ 2.10	\$ 2.12	\$ 2.14	\$ 2.17
Commercial Revenue	\$ 7,710,958	\$ 7,618,762	\$ 7,694,949	\$ 7,771,899	\$ 7,849,618	\$ 7,928,114	\$ 8,007,395
<b>Total Lease Revenue</b>	<b>\$ 8,750,796</b>	<b>\$ 8,607,219</b>	<b>\$ 8,693,292</b>	<b>\$ 8,780,225</b>	<b>\$ 8,868,027</b>	<b>\$ 8,956,707</b>	<b>\$ 9,046,274</b>
<b>Operating Expense</b>							
Utilities	262,524	258,217	260,799	263,407	266,041	268,701	271,388
Real Estate Taxes	1,809,595	1,809,595	1,809,595	1,809,595	1,881,979	1,881,979	1,881,979
Property Insurance	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Service Maint.& Clean'g	166,759	167,593	168,431	169,273	170,120	170,970	171,825
Marketing	74,115	74,486	74,858	75,233	75,609	75,987	76,367
Property Management	148,231	148,972	149,717	150,465	151,217	151,974	152,733
<b>Total Expenses</b>	<b>2,571,224</b>	<b>2,568,862</b>	<b>2,573,400</b>	<b>2,577,973</b>	<b>2,654,966</b>	<b>2,659,611</b>	<b>2,664,292</b>
<b>Net Operating Income</b>	<b>6,179,572</b>	<b>6,038,357</b>	<b>6,119,892</b>	<b>6,202,252</b>	<b>6,213,061</b>	<b>6,297,096</b>	<b>6,381,982</b>
<b>Debt Service</b>							
Principal	2,360,825	2,526,083	2,702,909	2,892,112	3,094,560	3,311,179	3,542,962
Interest	3,328,398	3,163,140	2,986,314	2,797,110	2,594,663	2,378,043	2,146,261
	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223	5,689,223
<b>Net Cash Flow</b>	<b>\$ 490,349</b>	<b>\$ 349,134</b>	<b>\$ 430,669</b>	<b>\$ 513,029</b>	<b>\$ 523,838</b>	<b>\$ 607,874</b>	<b>\$ 692,759</b>
Debit Coverage Ratio (DCR)	1.09	1.06	1.08	1.09	1.09	1.11	1.12
Return on Equity (ROE)	3%	2%	3%	3%	3%	4%	5%
Return on Investment (ROI)	1%	0%	1%	1%	1%	1%	1%



<b>PILOT Request</b>		
Requested PILOT Term (years)	20.0	
Project Type	New Construction	
Located in the CBID?	No	
<b>Current Amounts</b>		
Base Appraisal (estimated 2021 re-appraisal)	\$4,520,000	\$4,520,000
Base Assessment	\$1,808,000	
Annual City Tax on Base Assessment	\$57,782	
Annual County Tax on Base Assessment	\$73,224	
<b>Annual RE Taxes on Base Assessment</b>	<b>\$131,006</b>	
<b>Project Costs</b>		
Acquisition Cost	\$5,650,000	
Hard Costs	\$66,506,000	
Soft Costs	\$3,542,770	
<b>Total Project Costs w/o PILOT fee</b>	<b>\$75,698,770</b>	
<b>Hard Costs Investment Check - 87.9%</b>	<b>YES</b>	
Public grants eligible for PILOT fee basis reduction	\$0	
PILOT fee basis	\$75,698,770	
<b>PILOT fee</b>	<b>\$1,135,482</b>	
<b>Total Project Costs w/ PILOT fee</b>	<b>\$76,834,252</b>	
<b>Valuation &amp; CBID Assessment</b>		
Base Appraisal	\$4,520,000	
Percentage of Hard Costs	\$53,204,800	
Estimated Appraisal after Improvements	\$57,724,800	
<b>Estimated Assessment after Improvements</b>	<b>\$23,089,920</b>	
<b>Estimated Annual CBID Assessment after Improvements</b>	<b>\$0</b>	
<b>Annual RE Taxes</b>		
<i>Hypothetical annual taxes without PILOT*</i>		
Estimated Hypothetical Annual City Tax without PILOT*	\$737,931	
Estimated Hypothetical Annual County Tax without PILOT*	\$935,142	
<b>Estimated Hypothetical Total Annual Taxes without PILOT*</b>	<b>\$1,673,073</b>	
<i>Estimated annual taxes with PILOT</i>		
Estimated Annual City Tax with PILOT	\$227,819	
Estimated Annual County Tax with PILOT	\$288,703	
<b>Estimated Total Annual Taxes with PILOT</b>	<b>\$516,523</b>	
<b>Estimated Annual Benefit</b>	<b>\$1,156,550</b>	
<b>Cumulative RE Taxes</b>		
<i>Hypothetical cumulative taxes without PILOT*</i>		
Estimated Hypothetical Cumulative City Tax without PILOT*	\$14,758,615	
Estimated Hypothetical Cumulative County Tax without PILOT*	\$18,702,835	
<b>Estimated Hypothetical Total Cumulative Taxes without PILOT*</b>	<b>\$33,461,450</b>	
<i>Estimated cumulative taxes with PILOT</i>		
Estimated Cumulative City Tax with PILOT	\$4,556,382	
Estimated Cumulative County Tax with PILOT	\$5,774,069	
<b>Estimated Total Cumulative Taxes with PILOT</b>	<b>\$10,330,451</b>	
<b>Estimated Cumulative Benefit over 20-Year PILOT</b>	<b>\$23,131,000</b>	
<b>Estimated Cumulative Increase in Taxes due to PILOT</b>	<b>\$7,710,333</b>	

\*Staff has concluded that this project would not go forward without a PILOT. Hence, the "Estimated Hypothetical" amounts are fictional/moot numbers used to calculate the benefit of the PILOT to the project. The benefit figure does not represent lost tax revenue to the City or County. Without the PILOT, the property would remain unimproved and the tax assessment would continue to be based upon the unimproved value. With the PILOT, the amount listed above as "Estimated Cumulative Increase in Taxes due to PILOT" would be the approximate benefit over the PILOT term to the City and County from newly generated property tax revenue. That amount does not include any new sales taxes that will be generated by the construction and operation of the project. Furthermore, after the PILOT term has finished, it is expected that the annual taxes will be approximate to the amount listed as "Estimated Hypothetical Total Annual Taxes without PILOT".

# Central Yards

## Project Description

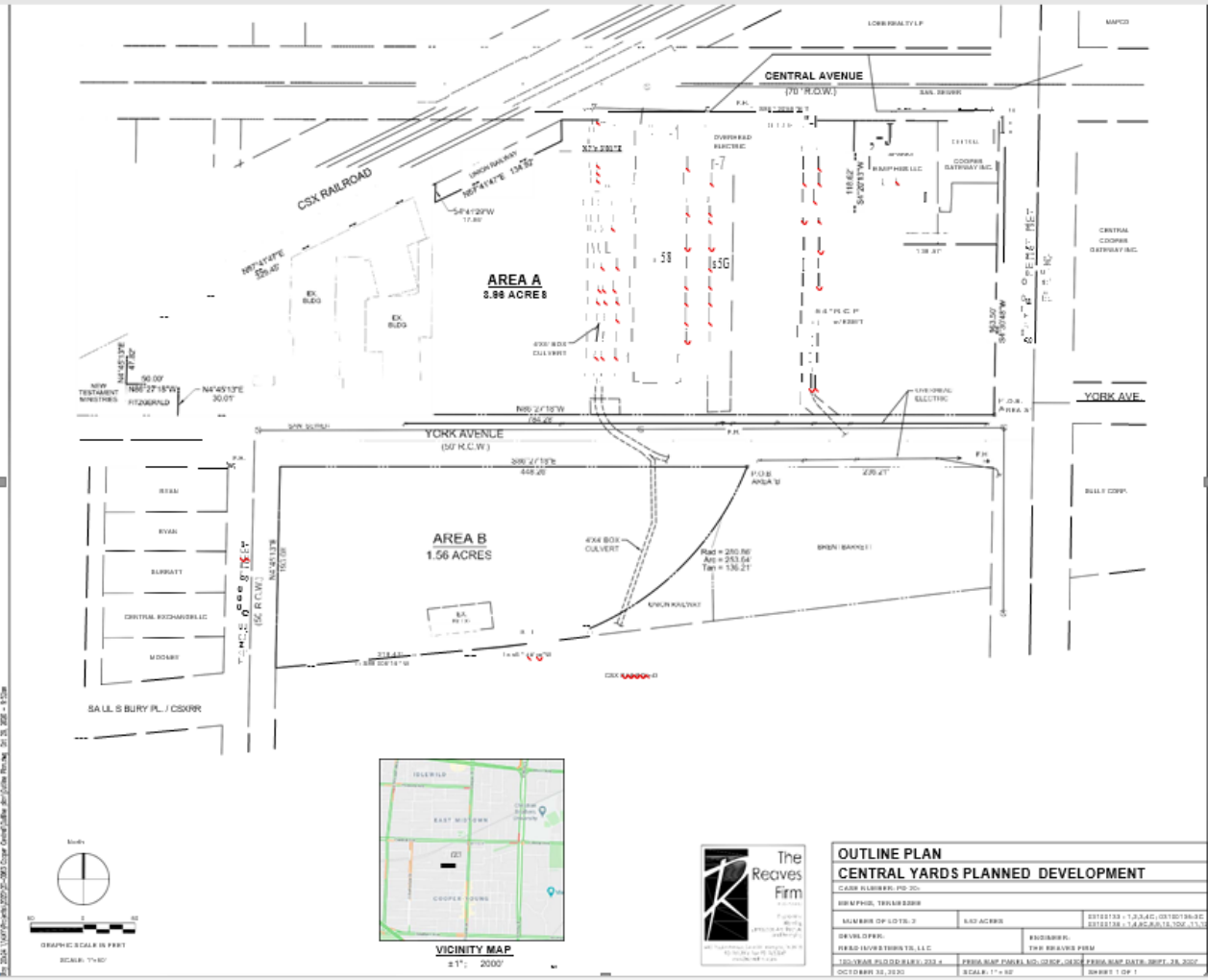
- The Central Yards development, located at Central and Cooper, is nestled between two raised railroad lines, one active and one abandoned. The edges of both railroad lines are covered with heavy vegetation and mature trees which provide a visual separation from the site's neighbors to the west and south. The two existing railroad overpasses help frame and separate the site by providing a gateway into the Central and Cooper area from the west and the south. Special consideration in the design and placement of the buildings was given to minimizing the impact of the development on its residential neighbors.
- The name Central Yards is a nod to the history of the site as a former railroad supported industrial development. Camden Yards in Baltimore, and Hudson Yards (with the adjoining Highline) in NYC are notable redevelopments of former industrial and railyard uses in other cities.
- New Urbanism and Memphis 3.0 principles have been used in the design of project including the promotion of pedestrian use, well-designed streetscapes, on-street parking, articulation of building facades, transparency at ground floor levels and concealment of major public parking.
- The current Central Yards site is comprised of abandoned lots and underutilized facilities that are in poor condition. The Central Yards development will alleviate the area of the blight currently found on the site. Carefully developing the Central Yards site into a mixed-use development of residential, retail, restaurant, bar, office, and commercial space will energize the entire area.
- Two multi-level parking structures are provided to serve the Central Yards development. Furthermore, additional capacity has been built into the parking structures to accommodate public parking for visitors to the entire Central and Cooper area.
- The large plaza located at the corner of Cooper and York features both green and hardscape spaces providing areas for gathering, seating, dining, and congregating. Like the Highline in New York City used old railroad ties incorporated into the landscaping to refer to its history as a rail line, the plaza will use similar materials to harken back to its former use. This space will be perfect for staging public festivals, races, and other events.
- The main north-south private drive connecting Central Avenue to York will provide not only vehicular and pedestrian public access on a daily basis but can be closed off to accommodate festivals and other special events.

- Central Yards' massing and architecture is built on the existing structures located along the corners of Central and Cooper, namely the former Toad Hall/Haizlip Studio building and the Urban Outfitters across the street. This architecture features boxy, punched masonry openings on upper floors, and large glass facades offering transparency to passersby on the ground floor.
- The raw, rough building materiality found on the existing surrounding buildings provide texture and depth to the area. This same architectural language will be used on the new buildings, with moments of pristine, clean metals used to highlight certain areas of focus. The intent is for the buildings to feel as if they have been part of the community for a long time.
- The raised railroad tracks and existing thick tree lines along the west and south property lines provide a backdrop and screen to the nearby neighbors.
- The building facades feature a modern interpretation of traditional storefronts on the ground floors with large openings to energize the area and encourage pedestrians to explore the area. Blank walls on the sides of the buildings will provide opportunities for public art. Industrial elements found in the adjacent railroad lines are incorporated into the building and landscape design. The selection of brick and metal for use as building veneers, the building massing, and streetscape will help reinforce the urban design context.
- The building facades push in and out, the window sizes vary, and the building materials change from the lower levels to the upper floors to help create the feel of an urban village. By breaking up the large facades into smaller and more diverse vertical components, the buildings become more pedestrian in scale, inviting and people friendly.

Provided by:

**Scott Fleming, AIA**

**President, Fleming Architects**



OUTLINE PLAN			
CENTRAL YARDS PLANNED DEVELOPMENT			
CASE NUMBER: PD 20			
SHEET NO. 1919 2008			
NUMBER OF LOTS: 2	4.57 ACRES	0310133 - 1.25 AC, 0310134-32	0310138 - 1.8 AC, 0310139 - 11.0
OWNER: REED INVESTMENTS, LLC	ENGINEER: THE REEVES FIRM		
DESIGNER: REED INVESTMENTS, LLC	DATE: 10/20/11		
PROJECT NO.: 10111111111111111111	PROJECT NAME: 10111111111111111111	PROJECT DATE: 10/20/11	SHEET 1 OF 1
OCTOBER 20, 2011	SCALE: 1" = 10'		





- AB** BUILDING NAME
- GREEN SPACE
- POOL
- ROOFTOP AMENITY
- PARKING GARAGE OUTLINE
- ELEVATED RAIL LINE

**AA - 4 FLOORS**

1ST FLOOR - RETAIL/FLEX  
2-4 FLOORS - UNITS

**AB - 6 FLOORS**

1ST FLOOR - PARKING + RETAIL/FLEX  
2ND FLOOR - PARKING + UNITS  
3-6 FLOORS - UNITS

**AC - 5 FLOORS**

1ST FLOOR - RETAIL/FLEX  
2-5 FLOORS - UNITS

**AD - 5 FLOORS**

1ST FLOOR - RETAIL/FLEX  
2ND FLOOR - RETAIL + UNITS  
3-5 FLOORS - UNITS

**AE - 4 FLOORS**

1ST FLOOR - RETAIL/FLEX  
2-4 FLOORS - UNITS

**AF - 7 FLOORS**

1ST FLOOR - PARKING + RETAIL/FLEX  
2-4 FLOORS - PARKING  
5-7 FLOORS - UNITS

**AG - 6 FLOORS**

1ST FLOOR - RETAIL/FLEX  
2-6 FLOORS - UNITS

**CENTRAL** YARDS CONCEPT SITE PLAN  
MEMPHIS

FLEMING  
ARCHITECTS







