

DMC PILOT Application

Greyhound Bus Complex

Memphis, TN

November 6 Investments

August 16, 2022

1. Applicant Background

November 6 Investments, LLC

825 Valleybrook Dr.

Memphis TN 38119

901.428.3132

2. Representatives and Guarantors

Gabe Velasquez

2396 Corinne Oak Ct

Memphis, TN 38119

Gabriel Velasquez serves as a director and Secretary and Treasurer of Developer, Owner and N6IQOF. He is also president of N6GH. Mr. Velasquez is Venezuelan-born but a Memphis-native at heart. Originally arriving in the US with his family at the age of eight, Mr. Velasquez lived in Memphis until graduating from Christian Brothers High School. While earning his bachelor's degree in finance, he founded a medical recruitment company and pharmaceutical importer to Latin America. After completing his degree, he relocated to Venezuela where he served as Treasurer and Chief Investment Officer to a firm of over six hundred employees and managed an investment fund geared towards the mitigation of the economic hyperinflation through currency arbitrage and importation. Since returning to Memphis in 2015, Mr. Velasquez, as head of investments, has helped steer DarSalud Care, a multi-specialty healthcare organization committed to providing Memphis underserved minority population with preventive care and treatment solutions. In this role, he also founded DarSalud Pharmacy to ameliorate pervasive healthcare barriers including polypharmacy, fragmentation of care and accessibility to treatment. In 2017, Mr. Velasquez founded November 6 Investments, a real estate development firm committed to Memphis' continued growth and prosperity. Mr. Velasquez works, owns, and consults on projects across several industries including, medical, pharmaceutical, health and fitness, but predominantly focusing on commercial and residential real estate development opportunities in the Memphis market.

William Ganus

600 McLean

Memphis, TN 38104

Bill Ganus serves as a director and President of Developer, Owner and N6IQOF. He is Vice President of N6GH. Mr. Ganus is an investor, advisor, and business development professional who has built partnerships and opened businesses in real estate, food and beverage, health and fitness, media and tech industries. Additionally, Mr. Ganus has consulted with dozens of real estate developments, food and beverage businesses, investors, and foundations. Mr. Ganus served as the operating partner for the reopening of the Historic Clayborn Temple in Memphis, TN, after decades of abandonment, and he is now the Owner/Publisher of Edible Memphis, a local food media company that produces digital and print content to support the local food industry. The broad diversity of professional experiences, combined with master's and doctoral work in Organic Chemistry, provide a unique mix of data-driven, fiscally-responsible, and socially-minded project leadership. Mr. Ganus' current focus on mixed-use real estate development was precipitated by experiences as a tenant in search of innovative developments to join. With operations and business development experience across multiple industries, Mr. Ganus enjoys working with prospective stakeholders to build the partnerships that are quantifiably impactful for investors, tenants, and communities.

Susannah Herring

476 W Racquet Club Place

Memphis, TN 38117

Susannah Herring serves as a director and Vice President of Developer, Owner, N6GH, and N6IQOF. Ms. Herring is a native Memphian who has spent most of her adulthood out West, abroad and in Nashville, Tennessee. She recently chose to move back to her hometown because of the opportunities and the people, both which she believes are bringing new life, energy and movement to the next chapter of Memphis. With a masters in finance, Ms. Herring started her career in investment banking and private equity at Morgan Keegan (now Raymond James). After successfully raising and investing a \$100 million private equity fund of funds and subsequently joining the mezzanine private equity team in Nashville, Ms. Herring moved into the world of entrepreneurship and real estate development in Nashville. She has spent the past 9 years growing a chain of yoga studios, called Hot Yoga Plus, across Tennessee and Mississippi. She also created, developed, opened, and has since sold, a successful vegan restaurant concept in Nashville called Avo. During her decade in Nashville, Ms. Herring was an active investor and developer in residential real estate in Nashville. Her experience in finance, operations and real estate lends itself to her current focus on commercial and residential real estate development in Memphis.

Pedro Velasquez, Sr.

5272 Winestone Cove
Memphis TN, 38120

Dr. Velasquez-Mieyer is a Director and Guarantor of Owner. He is the Founder and Chairman of Lifedoc Health and Darsalud Care as well as President of LifeDOC Research. He has built an extensive career in population health and translational research, particularly in the area of cardio- metabolism. His contributions to these fields have striven to elucidate the limitations of current clinical approaches for diabetes, obesity and associated conditions, and further demonstrate the importance of individual risk-stratification and a culturally-competent, interdisciplinary approach.

He obtained his medical degree from Universidad Central de Venezuela in 1983, where he then completed his Residency in Internal Medicine. He was awarded Harvard University's Fellowship in Endocrinology and Diabetes, completed at Joslin Diabetes Center and Clinic Laboratories (Boston, MA). In 1998, he was appointed as faculty in the Department of Pediatrics, Division of Endocrinology and Metabolism at the University of Tennessee Health Science Center (UTHSC). During his academic career, he co-founded the Youth Lifestyle Clinic at Lebonheur Children's Research Hospital and University of Tennessee Lifestyle Diabetes and Obesity Center (UT-LifeDOC), both of which focused on the clinical management of Obesity and Type 2 Diabetes in youth. In 2004 he founded Darsalud Care, a primary care clinic. 2009, together with Dr. Claudia P Neira, he founded LifeDOC, a self-standing, private center that has been recognized by NCQA's Diabetes Recognition Program (DRP) and PCMH certifications, as well as a Cardiovascular Center of Excellence (COSEHC). DarSalud's unique clinical model is designed to implement an intuitive, holistic approach utilizing predictive and preventive medicine to generate clinical improvement in the patients with chronic conditions that are both remarkable and cost-effective. As of 2021, DarSalud rebranded as Lifedoc Health and transitioned to a 501(c)(3) non-profit organization with Dr. Velasquez serving as the Chairman of its Board. Its mission is focused on scaling public health efforts to the community, including a partnership to integrate full-time, in-school clinics into a number of Green Dot Schools as well as a community health initiative to offer health screenings, education and healthy food to families in Memphis' most underserved areas.

Dr. Velasquez-Mieyer has been a well-funded investigator in the area of cardio- metabolism affecting youth and Minorities. He has been awarded funding from both private and government agencies including UTHSC, Methodist Research Foundation, Children Foundation, NIDDK, NINR, NCRR as well as several pharmaceutical companies, including, Novartis, Novo Nordisk, Janssen, AstraZeneca, Bristol-Meyers Squibb and Genentech. He has authored/co- authored more than 30 peer-reviewed manuscript publications, as well as a book chapters. He has served on the Editorial Board for several medical journals, including Diabetes Care, The American Journal of Medical Science and The Journal of Physiology and Pathophysiology. He is also an active member of Janssen Pharmaceuticals Speakers Bureau and has held a seat on UHC's Administrative Advisory Council, BCBS's Clinical Advisory Committee, and the Consortium for Southeastern Hypertension Control (COSEHC). Most recently, he has established an Evidence Generation Partnership between LifeDOC Research and Novo Nordisk to evaluate clinical outcomes

Daniel Szymanek

5410 Southwood Dr.
Memphis TN, 38120

Daniel Szymanek serves as director of Owner and is a lifelong Memphian who has worked in the construction and real estate industries for the past 10 years. He is currently a Principal and Vice President at ViktorHall Construction, where he has overseen multiple mixed-use construction projects in the Memphis area. During his time at ViktorHall, the company has constructed projects in excess of \$250M, including various multi-use projects within the city of Memphis. Prior to ViktorHall, Daniel worked in investment banking at Morgan Keegan and Wunderlich Securities, gaining experience with real estate analysis both in the private and public equity markets. During this time, he was part of over \$1B in REIT secondary and initial public offerings. Mr. Szymanek is also an experienced real estate developer and investor, with current holdings in single-family, multi-family, multi-use and office investments. Mr. Szymanek graduated from Christian Brothers University with a BSBA in Finance.

3. Proposed Project

a. Description:

The "Greyhound Project" will consist of both historic rehabilitation and new construction and is to be located at the historic Greyhound Bus Complex and the adjacent parcel. The site is currently operating as a ministorage and a commercial surface parking lot. After successful development and construction, the project will occupy both 525 N Main and 475 N. Main and consist of the following:

- i. Historic rehabilitation of the northernmost 50,100 sf, two-story historic building located at 525 N main to accommodate 43 Class A apartments.
- ii. New construction of a two-story 17,600 sf residential building housing 25 Class A apartments on the southeast quarter of the 525 N. main parcel, which is currently outdoor mini storage.
- iii. New Construction of a four-story, approximately 80,000 sf mixed-use building on 475 N. Main. Uses include retail, artist studios, and storage. The site is currently an abandoned commercial parking lot.
- iv. Historic rehabilitation of the two-story, 36,340 sf southernmost historic building on the 525 N. Main site to

- accommodate an action-based food and beverage concept.
- v. New construction of 2,500 sf commercial building on the southeast corner of 525 N. Main site on the lot between the two historic buildings, which is currently outdoor ministorage.
- vi. Flex plaza space that connects the artist/retail bays of 475 N. Main and the commercial building on the of 525 N main parcel.

b. History:

The Dixie Greyhound Bus Lines Complex, located at 525 N. Main Street. The complex is composed of two commercial buildings located between North Main and North Front streets. Located one city block beyond the western edge of the residential Greenlaw Addition Historic District (NR, 8/16/84). The larger of the two buildings, which contained the maintenance garage and corporate business offices, extends from Main Street west to Front Street. The building was constructed for Memphis businessman and entrepreneur Frederick Smith, Sr. between 1936-1937.

Built with a Modern-style, two-story façade, this split-level garage and office building has an irregular plan, steel frame construction with 13 x 20 storage bays, yellow colored brick, and a flat, built-up roof. It contains 26,250 sf constructed at a cost of \$250,000. The interior retains integrity, although it has been adapted for use as mini storage space.

Located to the southwest and recessed from Main Street is a second building, called "the bus barn," because of its historical use as bus storage. This structure was originally built in 1902 as a stable for the Schlitz Brewery. The bus barn extends to the northeast corner of Front Street at Sycamore Street. This two-story brick building was remodeled in 1935 by Dixie Greyhound to its present appearance. A plain building with no decorative features, the interior of the building is characterized by the large open space. Both buildings exhibit multi-light windows that are currently covered by metal.

c. Statement of Significance:

Similar to other 1920s bus service entrepreneurs, Frederick Smith, Sr. began with a one-vehicle company. However, Smith went on to become the chairman of the Dixie Greyhound Bus Lines, a division of the Greyhound Corporation, as well as the chairman and president of the Toddle House restaurants. Both of these Memphis-based, transportation-related businesses were headquartered in this maintenance and office complex. The Dixie Greyhound Bus Lines, and after the 1950s merger, simply the Greyhound Lines were located there from 1937 until sometime in the 1990s. Toddle House restaurants office was located there from 1937 until 1949. The modern style, steel frame and brick veneer complex is the only surviving commercial property associated with Smith's business career.

However, the era of steamboats was drawing to a close and eventually the elder Smith moved his family to Memphis in 1913 and began working in the grocery business. Young Frederick once worked for the Memphis based Piggly Wiggly stores; however he was drawn to transportation and began working as a salesman and mechanic at the John T. Fisher Motor Company in 1918. By the 1920s, the number of motor vehicles in the United States had swelled to a total of 9.2 million cars, trucks, and buses and there were over 4,000 independent bus lines running between selected cities.

One of those independent lines was established in Memphis by Frederick Smith who recognized the local transportation needs. Using saved and borrowed money he began the Smith Motorcoach Company in September 1925 with outdoor offices on the sidewalks of the old city market by the Louisville & Nashville train station at Poplar Avenue and Front Street. In the beginning, his entire fleet consisted of a bus he built using a truck body and the routes consisted of one daily run between Rosemark in Shelby County and Memphis that he personally drove. A short time later, he extended the line to Dyersburg in Dyer County. In six short years, Smith's company grew to a fleet of more than 200 coaches covering 20,000 actual miles a day. It was one of the largest bus lines in the South when the Greyhound Corporation approached him about merging the Smith Motorcoach Company with them.

The Greyhound Corporation, which rose to become the country's dominant long-distance bus operator, was created through the efforts of one man, Carl Wickman. Swedish immigrant Wickman began the Mesaba Transportation Company in 1914 by transporting miners between the villages of Hibbing and Alice, Minnesota on a seven-seat Hupmobile for twenty-five cents round trip or fifteen cents one-way. The Hupmobile was conceived as a smart, reliable, yet economical, motorcar that bore the words Guaranteed for Life emblazoned below the nameplate. It offered as regular features many items considered optional or even unobtainable on other cars of the time such as good performance from a four-cylinder engine, folding windshields, elliptical spring suspension and kerosene powered front and side lights.

In 1926, Wickman and his now partner Orville Swan Caesar, another regional line owner, began to expand their intrastate bus system nationally with capital supplied by the Great Northern Railroad. By 1930 their company officially became the Greyhound Corporation.

The merger with the Greyhound Corporation allowed Smith the opportunity to purchase a minority interest in the newly named Dixie Greyhound Bus Lines. This merger was organized to consolidate the Greyhound Corporation in the South

Central states from St. Louis, Missouri to Jackson, Mississippi and Birmingham, Alabama. Plans were announced for the construction of a new garage and office building located on Union Avenue west of the Peabody Hotel in Memphis. The Union Avenue garage and office building is no longer extant.

During the 1930s, the Greyhound Corporation developed into a genuine national network. In a very successful instance of early product placement, Greyhound bus travel by women was substantially increased after the release of the 1934 Academy Award romantic comedy, *It Happened One Night* starring Clark Gable and Claudette Colbert on a road trip involving a Greyhound bus.

After the Greyhound merger, Frederick Smith now had capital and the acumen to recognize a business opportunity, especially one connected to the transportation industry. So in 1935, when a Houston, TX, based restaurateur J. C. Steadman approached him about investing venture capital into Toddle House, his small struggling, quick-service chain restaurant, Smith not only invested but he created the national headquarters in Memphis.

Chain restaurants had been around since the 1870s, especially on the Eastern Seaboard. They sprang up because increasingly more Americans found themselves away from home at mealtime and wanted a reliable place to eat. Heretofore, chain restaurants had existed in tight, dense urban patterns of development where they shared sidewalks with neighboring structures. However, recent changes in transportation such as the proliferation of the automobile provided a newfound mobility. Hence, restaurants now needed to stand as separate objects with distinctive architecture in order to capture the attention of the new legion of motorists and the need for a place to park.

Steadman specialized in quality controlled hamburgers, chili and pies, such as Chocolate Ice Box Pie. He called them Toddle Houses because the pre-assembled buildings tended to toddle somewhat when they were hauled to a site. Frederick Smith quickly built a national chain of these portable units of soothing, domestic images of brick or clapboard cottages with pitched roofs, twin chimneys and traditional detailing down to a white picket fence. The interior containing metal stools, tiled floors and shiny stainless steel equipment conveyed cleanliness and efficiency.

The first Toddle House in Memphis opened at Cleveland and Union in the 1930s. It was actually called Stevens Sandwich Service because, in the beginning, the owners of the franchises kept their names on their signs. Other Toddle Houses quickly opened all over town — on Poplar and Union and Madison and Lamar.

Business boomed, and in 1947 the owners announced plans for a Master Toddle House, to open downtown across the street from the Sterick Building. This one had 40 seats — four times the size of the original diners— and the interior featured the latest innovations: automatic doors, air conditioning, fluorescent lighting, and something called "Conduction Cookers," which could fry bacon in 30 seconds and ham in a minute.

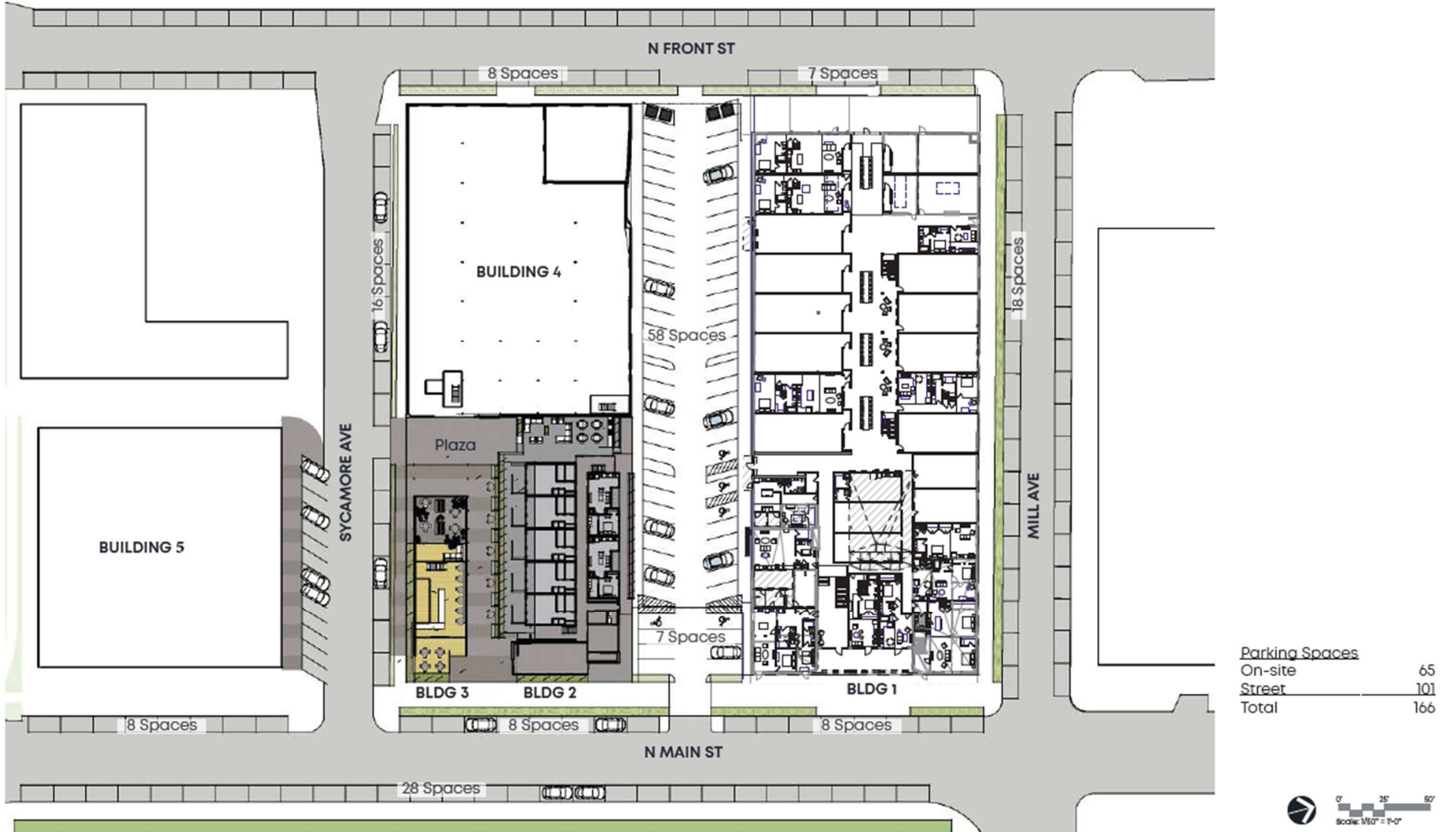
The need for national offices for the Toddle House Corporation and the larger Dixie Greyhound corporate offices as well as a larger garage and bus barn to handle the ever-expanding fleet of buses resulted in the June 1936 announcement of plans to construct a new \$250,000 Dixie Greyhound garage and office building at the corner of North Main Street and Mill Avenue, the first new investment in that area in years.

The outgoing, flamboyant Frederick Smith, Sr. was married four times and had three children. His first two marriages each produced a daughter, one of which was adopted. His short-lived third marriage did not produce any heirs. In 1944, the 49-year-old Smith's 23-year-old fourth wife went into labor while they were visiting their Hernando, Mississippi farm and gave birth to his only son, Frederick Wallace Smith, Jr. in near-by Marks, Mississippi.

By 1946, Smith's health had declined to the point that he resigned the presidency of Greyhound and was elected to the newly created position of chairman-of-the-board. After World War II ended, the personal automobiles and the passenger airplane began displacing buses for interstate travel. When Frederick Smith, Sr. passed away at age 53 from a heart attack in November 1948, his death coincided with the end of the dominance of the transcontinental bus industry as overcrowding and frequent breakdowns alienated the traveling public.

The capping of fares by regulators, notwithstanding rising wage and other costs, made it difficult in the early post-war era for the bus companies to modernize their fleets and terminals. The Dixie Greyhound Bus Lines operations continued at 525 North Main Street with Frederick's brother, Earl W. Smith, serving as president. The 1950s saw the merger of Dixie Greyhound with Southeastern and Teche divisions of the Greyhound Corporation, and the relocation of the main offices to Louisville, Kentucky. However, the complex continued to serve as a garage and credit union for Greyhound Corporation employees until 1995.

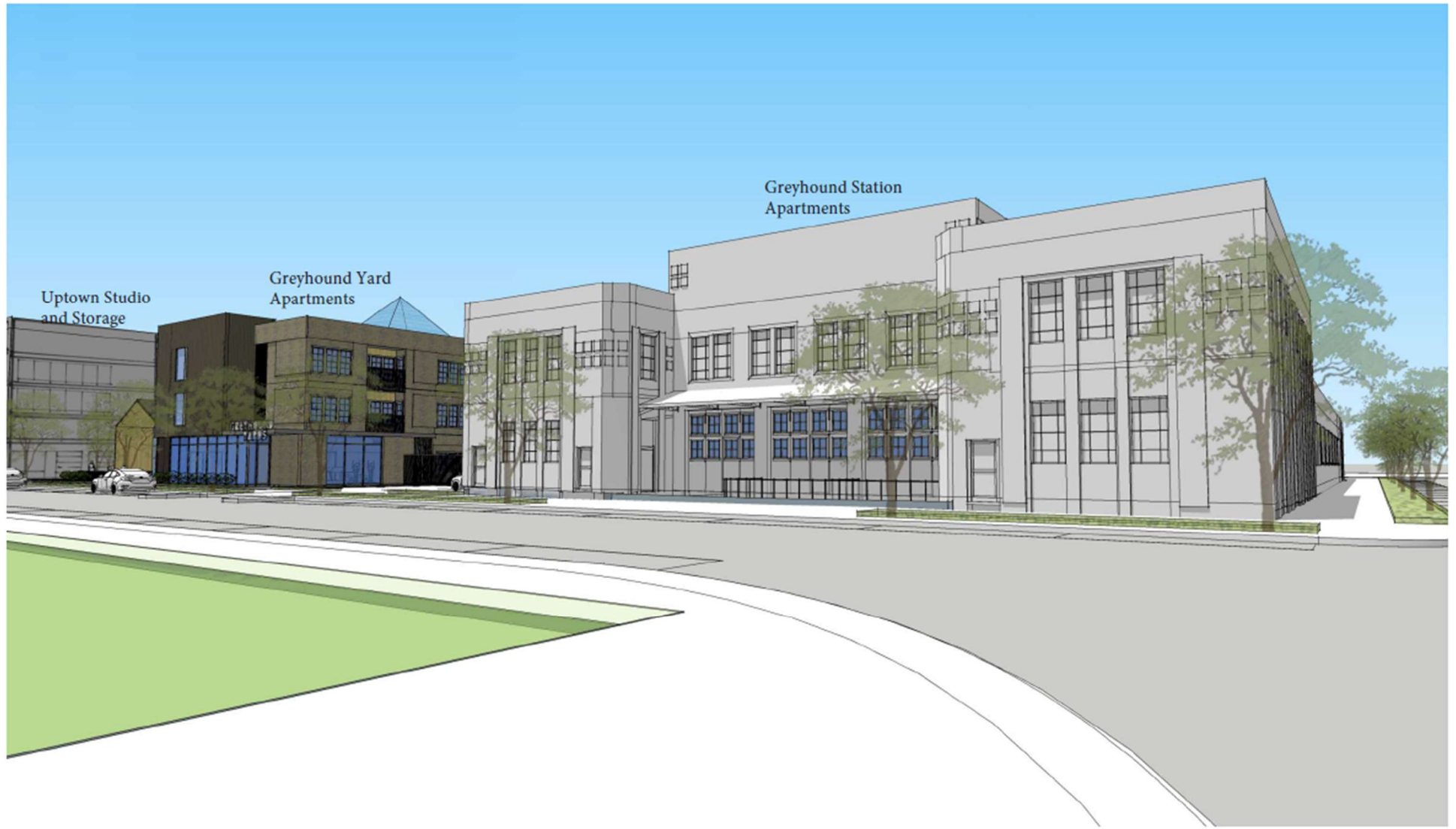
c. Proposed Site Plan



Proposed Renderings



Proposed Renderings



Proposed Renderings



Greyhound Bus Complex
Memphis, TN | 01.19083.00 | 04.29.2022
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View from Main and Sycamore

November 6 Investments

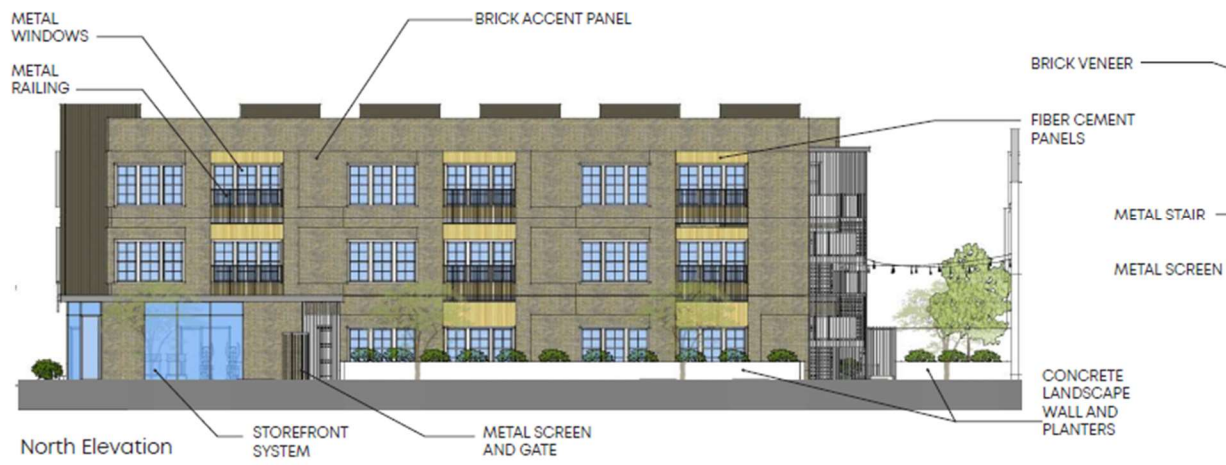
VIEW FROM NORTHEAST



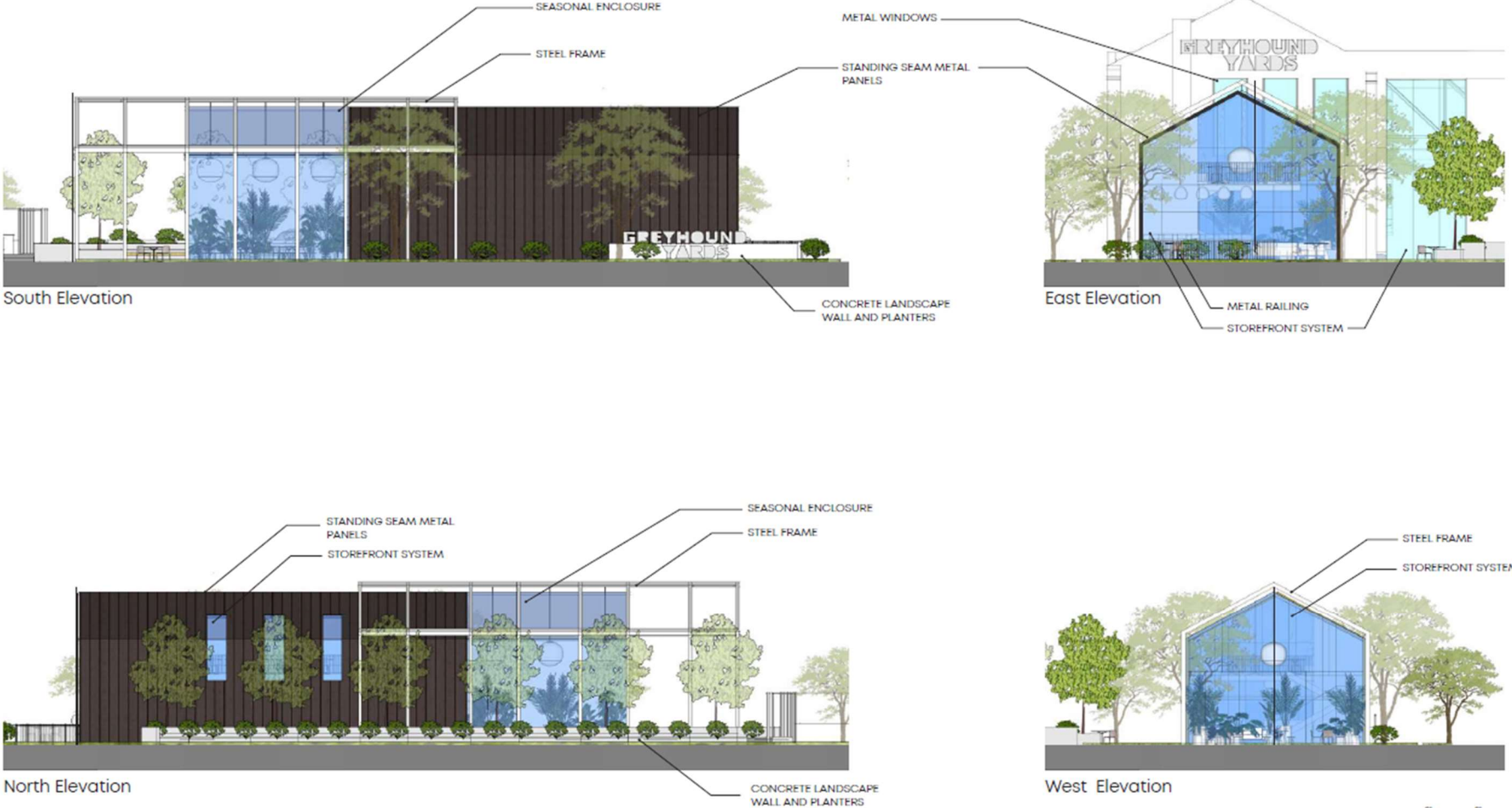
VIEW FROM NORTHEAST



d. New Construction Proposed Elevations
Greyhound Yards Apartments



d. New Construction Proposed Elevations
 Greyhound Yards Food and Drink



0' 8' 16'
 Scale: 1" = 10'-0"

d. New Construction Proposed Elevations
Uptown Studio Street Facing Elevations

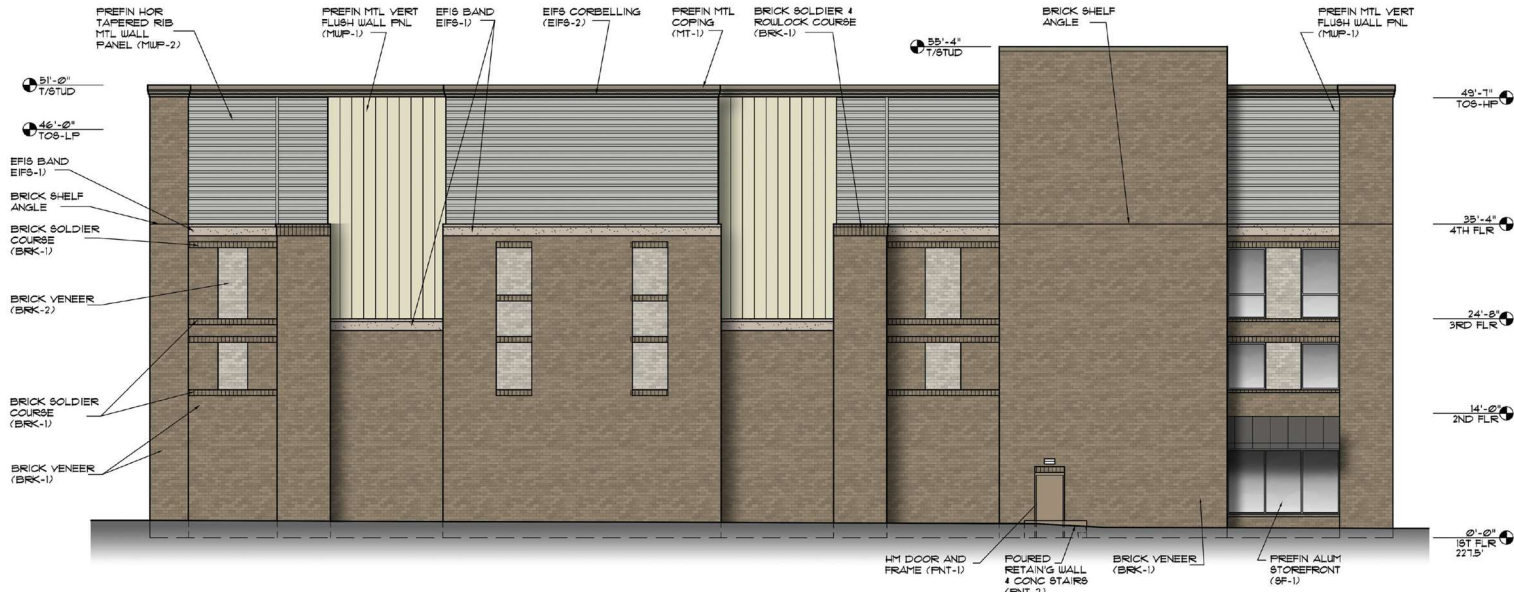


1 EAST ELEVATION
SCALE: 1/8"=1'-0"

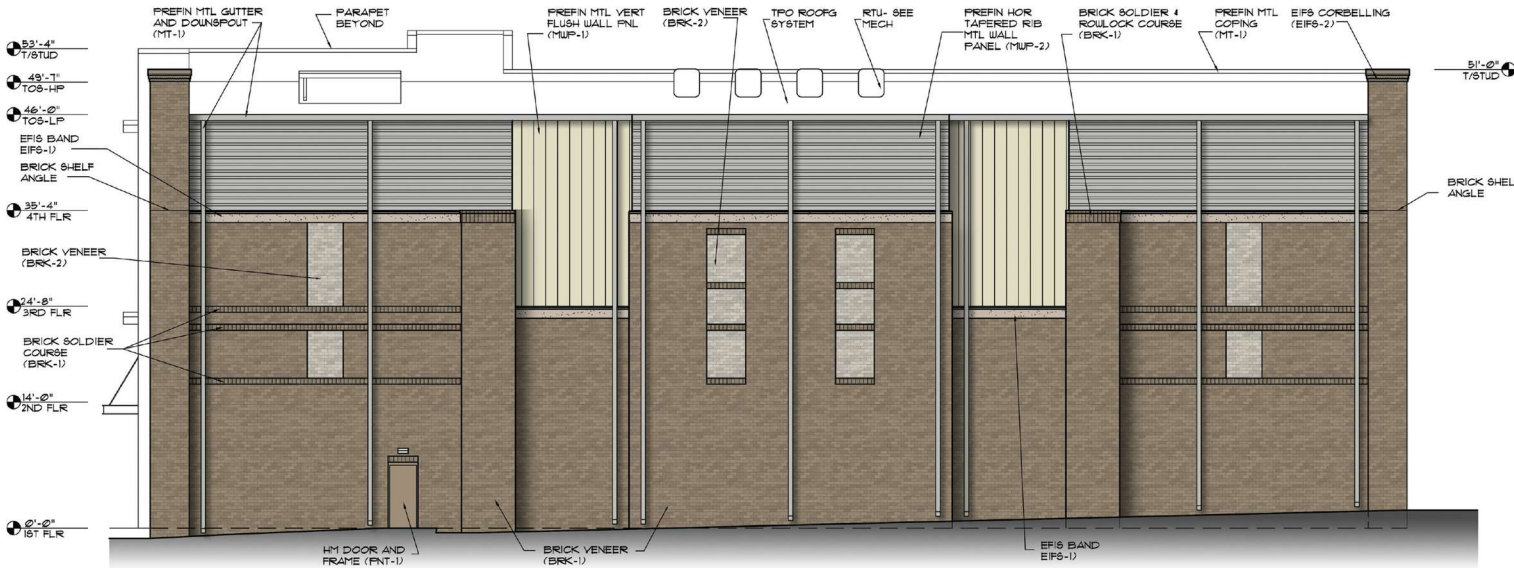


2 NORTH ELEVATION
SCALE: 1/8"=1'-0"

d. New Construction Proposed Elevations
 Uptown Studio Non-public-facing Elevations



2 SOUTH ELEVATION
 SCALE: 1/8"=1'-0"



1 WEST ELEVATION
 SCALE: 1/8"=1'-0"

Breakdown by Building					
	Building 1	Building 2	Building 3	Building 4	Building 5
Use	Residential	Residential	(Commercial)	(Commercial)	(Commercial)
Type	Historic Rehab	New Construction	New Construction	Historic Rehab	New Construction
Total Units (Tenants)	43	25	(1)	(1)	(474)
Studio (Artist studio/Retail)	12	17	-	(1)	(15)
1 Bed 1 Bath (Food and Beverage)	28	8	(1)	(1)	-
2 Bedroom (Office/Cowork)	3	-	-	(1)	(1)
Other (Storage)	2	2	-	(1)	(458)
Building Gross SF	50,100	17,577	2,500	36,340	78,208
Building Net SF	38,217	13,216	2,500	36,340	55,623
Estimated Hard Cost	\$ 12,525,000.00	\$ 4,042,710.00	\$ 750,000.00	\$ 7,994,800.00	\$ 6,647,680.00
Estimated hard cost/sf	\$ 280.00	\$ 230.00	\$ 300.00	\$ 220.00	\$ 85.00
Estimated Occupancy at Stabilization	95%	95%	100%	100%	92%
Estimated Base Year Revenue/Net SF	\$ 26.04	\$ 24.00	\$ 30.00	\$ 21.00	\$ 18.50

4. Site Control

The developer currently owns both parcels and schematic design is substantially complete. First lien position is held by Financial Federal Bank. To date, the developer has incurred over \$ 1 million in architectural, engineering, and consultant fees.

5. Financial Items

- a. The site has been operating as a successful artist studio and self-storage operation since 1998, serving the Downtown, Harbor Town, Uptown, and Pinch districts. The site is currently at 100% occupancy both for studio and storage. Storage operations will be relocated to the second, third and fourth stories of the 475 N. Main new construction, which should allow for very little interruption to the business. The first story of the 475 N. Main will serve to expand the artist studio portion of the business and allow for small flexible retail space. Each artist/retail space will have a movable and transparent façade that will allow for the tenant to interact with the public independently.
- b. The applicant is requesting a 10 year PILOT from the CCRFC. Without a pilot, the debt service coverage ratio for the project is less than 1.25 and there for less than what any lender will accept. Unfortunately, historic rehabilitation is expensive, and the only way to execute this project, with a very elevated design and materials, is with the benefit of a PILOT. Should a PILOT not be granted, alternative, more cost effective construction must be considered, including demolition of historic structures and replacement with more modern, cost effective construction.



August 10, 2022

N6GH Investments, LLC
c/o
Pedro Velazquez
Gabe Velasquez
Bill Ganus
Susannah Herring
825 Valleybrook Dr
Memphis, TN 38120

Re: Commercial Construction Loan for the historic rehabilitation and development known as the Mixed Use Greyhound Facility located 475/525 S Main Memphis, TN 38103

Dear Mr. Velasquez:

Financial Federal Bank wishes to thank you for allowing us to propose possible financing options for a Commercial Construction Loan for the historic rehabilitation and development known as the Mixed Use Greyhound Facility located 475/525 S Main Memphis, TN 38103. We have prepared a Term Sheet to review the proposed terms and conditions for the above referenced loan transaction and they are as follows.

BORROWER:

GUARANTORS:

Pedro Velasquez
Gabe Velasquez
Bill Ganus
Suzannah Herring
All guarantees are 100% joint and several

PURPOSE:

Provide a Commercial Construction Loan for the historic rehabilitation and development known as the Mixed Use Greyhound Facility located 475/525 S Main Memphis, TN 38103 (Budget has been furnished to bank)

AMOUNTS:

\$35,000,000

COLLATERAL:

- 1) 1st Deed of Trust on Property located at 475/525 S Main Memphis, TN 38103 (behind potential PILOT DMC lien)
- 2) Leasehold Deed of trust on Property located at 475 S Main Memphis, TN 38103
- 2) Assignment of Rents and Leases

TERM AND

PAYMENTS:

- 1) 60 month term
- 2) 18 months Interest Only payments, followed by
- 3) 42 months of Principal and Interest and taxes payments based on a 25 year amortization

INTEREST RATE:

Fixed at 5.25%, per annum. Interest to be calculated on an Actual/360 basis for actual number of days elapsed. If the loan has not closed by October 30th, 2022

rate will be subject to change to a fixed rate equal to the current WSJ Prime Rate +.25% for any closing date thereafter, but must be closed by December 31st, 2022.

ORIGINATION FEE: .25% of the principal balance at closing

PRE-PAYMENT

PENALTY: 1% years 1-3

EXPENSES:

Borrower agrees to and will pay to Bank all expenses incurred in connection with the Loan and Loan Documents, including, without limitation, fees and expenses of Bank's counsel, recording costs, insurance premiums, and all other expenses irrespective of whether the Loan closes or funds.

The above terms and conditions are subject to the following conditions.

- Approval by the Loan Committee.
- All Terms and Conditions subject to an approved PILOT by the Downtown Memphis Commission
- Review and approval of the Environmental Phase I and appraisal
- No material change to the borrower's and/or guarantor's financial wherewithal prior to closing
- Final Approval by Financial Federal Bank's Board of Directors
- Final budget and construction plans to be submitted to bank for review

PLEASE BE ADVISED THAT THIS TERM SHEET HAS BEEN PREPARED FOR DISCUSSION PURPOSES ONLY AND SHOULD NOT BE CONSTRUED AS A COMMITMENT TO LEND BY FINANCIAL FEDERAL BANK.

Thank you for allowing Financial Federal to put together the above referenced Term Sheet. If you have any questions or concerns, please do not hesitate to call either of us direct. If the recommended terms are acceptable to you, please sign below and we will proceed accordingly with our formal approval.

Gabriel Velasquez

Date: _____

Sincerely,

FINANCIAL FEDERAL BANK



Gideon L Scoggin
Senior Vice President

USES OF FUNDS

	<u>% of Total Cost</u>	<u>Per Unit RSF</u>	<u>Total</u>
Land & Acquisition Costs	10.30%		\$ 4,197,000
Total Hard Costs	78.46%	\$ -	\$ 31,960,190
Historic Rehab North (building 1)		\$ 250.00	\$ 12,525,000
New Construction Res (building 2)		\$ 230.00	\$ 4,042,710
New Construction Com (building 3)		\$ 300.00	\$ 750,000
Historic Rehab South (building 4)		\$ 220.00	\$ 7,994,800
Uptown studio and Sto. (building 5)		\$ 85.00	\$ 6,647,680
Total Soft Costs and Fees	% of Total Hard Costs	\$ -	\$ 2,298,359
Soft Costs	6.00%	\$ -	\$ 1,917,611
Pilot Fee	1.00%	\$ -	\$ 380,748
Total Development Costs (TDC)	94.41%	\$ -	\$ 38,455,549
Operating Reserves & Financing	5.59%	\$ -	\$ 2,277,879
TDC + Startup Costs (Total Cost)	100.00%	\$ -	\$ 40,733,429

SOURCES OF FUNDS

Equity %: 30.00%

	<u>% of Total Equity</u>	<u>% of Total Cost</u>	<u>Total Equity</u>
Equity			
Owner Equity	38.54%	11.56%	\$ 4,709,183
HTC	28.75%	8.63%	\$ 3,513,445
Commercial equity	32.71%	9.81%	\$ 3,997,400
Equity Total	100.00%	30.00%	\$ 12,220,029
Senior Loan		% of Total Cost	Total Loan
Term	5.00% Interest	70.00%	\$ 28,513,400
Start Date	25 Years		
Interest only period	1/1/2023		
	36		
Total Sources of Funds for Development			\$ 40,733,429

Soft Costs

Dilligence/regulatory	Soft Costs:	95,881
Architecture and engineering	Soft Costs:	1,093,038
Appraisal / Environmental	Soft Costs:	84,418
Civil Engineering	Soft Costs:	95,881
Mortgage recoding tax	Soft Costs:	37,018
Title Insurance, etc.	Soft Costs:	74,037
Property Insurance	Soft Costs:	51,826
Building permit / survey	Soft Costs:	48,124
Insurance	Soft Costs:	57,528
R/E taxes	Soft Costs:	95,881
Legal fee (Borrower)	Soft Costs:	95,881
Legal fee (Bank)	Soft Costs:	84,418

Total Soft & Development Costs

1,913,931

Cash Flow w/ Pilot

As of August 16, 2022

	2022	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Construction and leaseup	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Historic Rehab North (building 1)		\$ 945,412.15	\$ 964,320.39	\$ 983,606.80	\$ 1,003,278.93	\$ 1,023,344.51	\$ 1,043,811.40	\$ 1,064,687.63	\$ 1,085,981.38	\$ 1,107,701.01	\$ 1,129,855.03
New Construction Res (building 2)		\$ 301,324.80	\$ 307,351.30	\$ 313,498.32	\$ 319,768.29	\$ 326,163.65	\$ 332,686.93	\$ 339,340.67	\$ 346,127.48	\$ 353,050.03	\$ 360,111.03
New Construction Com (building 3)		\$ 71,250.00	\$ 72,675.00	\$ 74,128.50	\$ 75,611.07	\$ 77,123.29	\$ 78,665.76	\$ 80,239.07	\$ 81,843.85	\$ 83,480.73	\$ 85,150.35
Historic Rehab South (building 4)		\$ 724,983.00	\$ 739,482.66	\$ 754,272.31	\$ 769,357.76	\$ 784,744.91	\$ 800,439.81	\$ 816,448.61	\$ 832,777.58	\$ 849,433.13	\$ 866,421.80
Uptown studio and Sto. (building 5)		\$ 977,574.23	\$ 997,125.71	\$ 1,017,068.22	\$ 1,037,409.59	\$ 1,058,157.78	\$ 1,079,320.94	\$ 1,100,907.35	\$ 1,122,925.50	\$ 1,145,384.01	\$ 1,168,291.69
Total Revenue	-	\$ 3,020,544.17	\$ 3,080,955.05	\$ 3,142,574.16	\$ 3,205,425.64	\$ 3,269,534.15	\$ 3,334,924.83	\$ 3,401,623.33	\$ 3,469,655.80	\$ 3,539,048.91	\$ 3,609,829.89
Operating Costs	-	\$ 435,452.01	\$ 440,396.20	\$ 445,439.26	\$ 450,583.19	\$ 455,830.00	\$ 461,181.74	\$ 466,640.52	\$ 472,208.47	\$ 477,887.78	\$ 483,680.68
Operations and Admin		\$ 90,616.33	\$ 92,428.65	\$ 94,277.22	\$ 96,162.77	\$ 98,086.02	\$ 100,047.75	\$ 102,048.70	\$ 104,089.67	\$ 106,171.47	\$ 108,294.90
Repairs & Maintenance (Building and grounds)		\$ 60,410.88	\$ 61,619.10	\$ 62,851.48	\$ 64,108.51	\$ 65,390.68	\$ 66,698.50	\$ 68,032.47	\$ 69,393.12	\$ 70,780.98	\$ 72,196.60
Advertising and Promotion		\$ 12,082.18	\$ 12,323.82	\$ 12,570.30	\$ 12,821.70	\$ 13,078.14	\$ 13,339.70	\$ 13,606.49	\$ 13,878.62	\$ 14,156.20	\$ 14,439.32
Utilities		\$ 120,821.77	\$ 123,238.20	\$ 125,702.97	\$ 128,217.03	\$ 130,781.37	\$ 133,396.99	\$ 136,064.93	\$ 138,786.23	\$ 141,561.96	\$ 144,393.20
Insurance/licensing		\$ 28,072.24	\$ 28,633.68	\$ 29,206.36	\$ 29,790.48	\$ 30,386.29	\$ 30,994.02	\$ 31,613.90	\$ 32,246.18	\$ 32,891.10	\$ 33,548.92
Other		\$ 56,027.51	\$ 57,148.06	\$ 58,291.02	\$ 59,456.84	\$ 60,645.98	\$ 61,858.90	\$ 63,096.08	\$ 64,358.00	\$ 65,645.16	\$ 66,958.06
Other Operating Costs											
Real Estate Taxes		\$ 235,303.60	\$ 235,303.60	\$ 235,303.60	\$ 235,303.60	\$ 235,303.60	\$ 235,303.60	\$ 235,303.60	\$ 235,303.60	\$ 235,303.60	\$ 235,303.60
Reimbursed expenses		\$ (167,882.49)	\$ (170,298.92)	\$ (172,763.69)	\$ (175,277.75)	\$ (177,842.09)	\$ (180,457.71)	\$ (183,125.65)	\$ (185,846.95)	\$ (188,622.68)	\$ (191,453.92)
EBITDA (w/ Pilot)	-	\$ 2,585,092.16	\$ 2,640,558.86	\$ 2,697,134.89	\$ 2,754,842.45	\$ 2,813,704.16	\$ 2,873,743.10	\$ 2,934,982.82	\$ 2,997,447.33	\$ 3,061,161.13	\$ 3,126,149.21
Debt Obligations		\$ 2,197,907.93	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97
DEBT SERVICE COVERAGE RATIO		-	1.29	1.32	1.35	1.38	1.41	1.44	1.47	1.50	1.53
ROE		-18%	5%	5%	6%	6%	7%	7%	8%	8%	9%
Cash Flow Before Taxes		\$ (2,197,908)	\$ 584,854	\$ 640,321	\$ 696,897	\$ 754,604	\$ 813,466	\$ 873,505	\$ 934,745	\$ 997,209	\$ 1,060,923

Cash Flow w/o Pilot

As of August 16, 2022

	2022	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Construction and leaseup	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
Historic Rehab North (building 1)	- \$	945,412.15	\$ 964,320.39	\$ 983,606.80	\$ 1,003,278.93	\$ 1,023,344.51	\$ 1,043,811.40	\$ 1,064,687.63	\$ 1,085,981.38	\$ 1,107,701.01	\$ 1,129,855.03
New Construction Res (building 2)	- \$	301,324.80	\$ 307,351.30	\$ 313,498.32	\$ 319,768.29	\$ 326,163.65	\$ 332,686.93	\$ 339,340.67	\$ 346,127.48	\$ 353,050.03	\$ 360,111.03
New Construction Com (building 3)	- \$	71,250.00	\$ 72,675.00	\$ 74,128.50	\$ 75,611.07	\$ 77,123.29	\$ 78,665.76	\$ 80,239.07	\$ 81,843.85	\$ 83,480.73	\$ 85,150.35
Historic Rehab South (building 4)	\$	724,983.00	\$ 739,482.66	\$ 754,272.31	\$ 769,357.76	\$ 784,744.91	\$ 800,439.81	\$ 816,448.61	\$ 832,777.58	\$ 849,433.13	\$ 866,421.80
Uptown studio and Sto. (building 5)	- \$	977,574.23	\$ 997,125.71	\$ 1,017,068.22	\$ 1,037,409.59	\$ 1,058,157.78	\$ 1,079,320.94	\$ 1,100,907.35	\$ 1,122,925.50	\$ 1,145,384.01	\$ 1,168,291.69
Total Revenue	- \$	3,020,544.17	\$ 3,080,955.05	\$ 3,142,574.16	\$ 3,205,425.64	\$ 3,269,534.15	\$ 3,334,924.83	\$ 3,401,623.33	\$ 3,469,655.80	\$ 3,539,048.91	\$ 3,609,829.89
Operating Costs	- \$	785,799.27	\$ 790,743.46	\$ 795,786.52	\$ 800,930.45	\$ 806,177.26	\$ 811,529.00	\$ 816,987.78	\$ 822,555.73	\$ 828,235.04	\$ 834,027.94
Operations and Admin	- \$	90,616.33	\$ 92,428.65	\$ 94,277.22	\$ 96,162.77	\$ 98,086.02	\$ 100,047.75	\$ 102,048.70	\$ 104,089.67	\$ 106,171.47	\$ 108,294.90
Repairs & Maintenance (Building and grounds)	- \$	60,410.88	\$ 61,619.10	\$ 62,851.48	\$ 64,108.51	\$ 65,390.68	\$ 66,698.50	\$ 68,032.47	\$ 69,393.12	\$ 70,780.98	\$ 72,196.60
Advertising and Promotion	- \$	12,082.18	\$ 12,323.82	\$ 12,570.30	\$ 12,821.70	\$ 13,078.14	\$ 13,339.70	\$ 13,606.49	\$ 13,878.62	\$ 14,156.20	\$ 14,439.32
Utilities	- \$	120,821.77	\$ 123,238.20	\$ 125,702.97	\$ 128,217.03	\$ 130,781.37	\$ 133,396.99	\$ 136,064.93	\$ 138,786.23	\$ 141,561.96	\$ 144,393.20
Insurance/licensing	- \$	28,072.24	\$ 28,633.68	\$ 29,206.36	\$ 29,790.48	\$ 30,386.29	\$ 30,994.02	\$ 31,613.90	\$ 32,246.18	\$ 32,891.10	\$ 33,548.92
Other	- \$	56,027.51	\$ 57,148.06	\$ 58,291.02	\$ 59,456.84	\$ 60,645.98	\$ 61,858.90	\$ 63,096.08	\$ 64,358.00	\$ 65,645.16	\$ 66,958.06
Other Operating Costs	- \$	585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86
Real Estate Taxes	- \$	585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86	\$ 585,650.86
Reimbursed expenses	- \$	(167,882.49)	\$ (170,298.92)	\$ (172,763.69)	\$ (175,277.75)	\$ (177,842.09)	\$ (180,457.71)	\$ (183,125.65)	\$ (185,846.95)	\$ (188,622.68)	\$ (191,453.92)
EBITDA (w/o Pilot)	- \$	2,234,744.90	\$ 2,290,211.60	\$ 2,346,787.63	\$ 2,404,495.19	\$ 2,463,356.89	\$ 2,523,395.83	\$ 2,584,635.55	\$ 2,647,100.07	\$ 2,710,813.87	\$ 2,775,801.95
Debt Obligations	\$	2,197,907.93	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97	\$ 2,000,237.97
DEBT SERVICE COVERAGE RATIO	-	1.12	1.14	1.17	1.20	1.23	1.26	1.29	1.32	1.36	1.39
ROE	-18%	2%	2%	3%	3%	4%	4%	5%	5%	6%	6%
Cash Flow Before Taxes	\$	(2,197,908)	\$ 234,507	\$ 289,974	\$ 346,550	\$ 404,257	\$ 463,119	\$ 523,158	\$ 584,398	\$ 646,862	\$ 710,576

6. Project team

- a. Legal: Harley Steffens, Joel Sklar, Evans Petree
- b. Architect: Tony Peliciotti, Kyle Archer, Katie Hunt, et al. LRK; Scott Stinard, Stinard Architects
- c. Engineers: Kimley Horne; Rockwell Engineering
- d. General Contractor: TBD
- e. Consultants: Michael Fahy, MJF Consulting; Justin Grinder, Grinder Taber Grinder; Thomas and Daniel Szymanek; ViktorHall Construction

7. Credit Referenced

- a. Financial Federal
- b. Bank of Bartlett
- c. Evolve Bank and Trust

8. Items for lease

- a. Lessee will be N6GH Investments
- b. 525 and 475 North Main St, Memphis TN 38103


Parcel	Address	Appraisal	Assessment
001020 00001C	525 N Main	\$2,051,900	\$820,760.0
001019 00002	475 N Main	\$168,000	\$67,200.0
Total		\$2,219,900	\$887,960.0

9. Disclosure:

- a. No applicant, guarantor, or any other principal involved with the project are currently engaged in any civil or criminal proceeding.
- b. No applicant guarantor, or any other principal involved with the project has ever been charged or convicted of any felony or is currently under indictment.
- c. None of the applicants have ever filed for bankruptcy protection.

10. Applicant Affirmation

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.


8.18.22

PILOT Request	
Requested PILOT Term (years)	10.0
Project Type	New & Rehab
Located in the CBID?	Yes
Current Amounts	
Base Appraisal	\$2,219,900
Base Assessment	\$887,960
Annual City Tax on Base Assessment	\$23,989
Annual County Tax on Base Assessment	\$30,102
Annual RE Taxes on Base Assessment	\$54,091
Project Costs	
Acquisition Cost	\$4,197,000
Hard Costs	\$31,960,190
Soft Costs	\$ 6,084,150
Total Project Costs w/o PILOT fee	\$42,241,340
Hard Costs Investment Check - 75.7%	YES
Public grants eligible for PILOT fee basis reduction	\$0
PILOT fee basis	\$42,241,340
PILOT fee	\$422,413
Total Project Costs w/ PILOT fee	\$42,663,753
Valuation & CBID Assessment	
Base Appraisal	\$2,219,900
Percentage of Hard Costs	\$22,372,133
Estimated Appraisal after Improvements	\$24,592,033
Estimated Assessment after Improvements	\$9,836,813
Estimated Annual CBID Assessment after Improvements	\$63,874
Annual RE Taxes	
<i>Hypothetical annual taxes without PILOT*</i>	
Estimated Hypothetical Annual City Tax without PILOT*	\$265,755
Estimated Hypothetical Annual County Tax without PILOT*	\$333,468
Estimated Hypothetical Total Annual Taxes without PILOT*	\$599,223
<i>Estimated annual taxes with PILOT</i>	
Estimated Annual City Tax with PILOT	\$84,431
Estimated Annual County Tax with PILOT	\$105,943
Estimated Total Annual Taxes with PILOT	\$190,374
Estimated Annual Benefit	\$408,849
Cumulative RE Taxes	
<i>Hypothetical cumulative taxes without PILOT*</i>	
Estimated Hypothetical Cumulative City Tax without PILOT*	\$2,657,553
Estimated Hypothetical Cumulative County Tax without PILOT*	\$3,334,680
Estimated Hypothetical Total Cumulative Taxes without PILOT*	\$5,992,233
<i>Estimated cumulative taxes with PILOT</i>	
Estimated Cumulative City Tax with PILOT	\$844,309
Estimated Cumulative County Tax with PILOT	\$1,059,434
Estimated Total Cumulative Taxes with PILOT	\$1,903,743
Estimated Cumulative Benefit over 10-Year PILOT	\$4,088,489
Estimated Cumulative Increase in Taxes due to PILOT	\$1,362,830

\$540,913.27

**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".*