



6-1-2022

Mr. Paul Young  
President  
Downtown Memphis Commission  
114 North Main Street  
Memphis, TN 38103

RE: PILOT for Rise on the Ravine Multifamily Development

Mr. Young,

On behalf of Memphis-based Development Services Group, LLC, (“DSG”) and META Real Estate Partners (“META”) of Atlanta, I am pleased to present this application for the opportunity to forge a new partnership with the Downtown Memphis Commission through a 20-Year PILOT agreement, enabling a major redevelopment of a prominent stretch of Union Avenue in the Edge District. We believe Rise on the Ravine will be a paradigm shift for the way Memphians and visitors perceive the area: another significant step forward for Downtown Memphis.

The Edge District is a neighborhood of Downtown Memphis connecting the historic urban core of the city to the Memphis Medical District. Originally built out as “Auto Row” with dealerships, auto paint shops, and even a Ford Motor Company manufacturing plant, the Edge District has seen a long slow decline as businesses vacated the area. However, the district has seen a recent resurgence, due in part to our significant efforts redeveloping the former Wonderbread Bakery and surrounding parcels. The Rise Apartments, Orion Credit Union HQ, LEO Events, Memphis Made Brewing Company, and the Edge parking garage came to fruition thanks to our 2017 partnership with Downtown Memphis Commission.

Moving forward with our second phase of our 2017 Edge Master Plan presented to DMC, we are proposing a substantially larger multifamily investment to bring 266 units and a 320-space garage to the neighborhood. The existing site encompasses a former auto transmission remanufacturing shop, a surface parking lot, and a vacant warehouse. With a total proposed investment of \$79,600,000, the development will contribute \$7,400,000 of increased real estate taxes over the PILOT term, plus new tax proceeds from future redevelopments nearby. No parking assistance will be sought from Downtown Mobility Authority for this project.

The Rise on the Ravine is not possible without relief from the substantial taxes assessed on new construction. A 20-Year PILOT is critical to secure financing and appraisal requirements. New challenges include significant headwinds with economic inflation, escalation of construction materials, and lasting COVID impacts.

The development team has demonstrated its commitment to the neighborhood and downtown Memphis. As a result of our team’s extensive industry experience and this new partnership with Downtown Memphis Commission, we have the ability and determination to execute on the vision and create a new era for the Edge and Downtown Memphis.

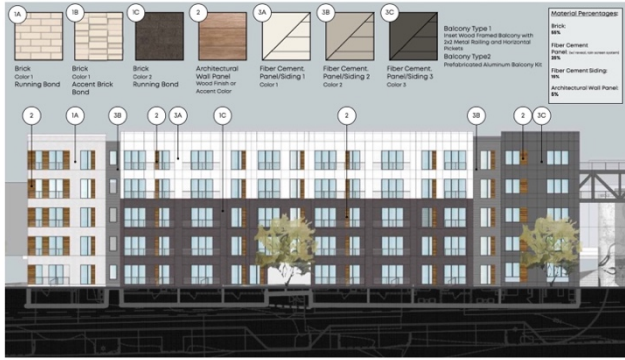
Sincerely,

A handwritten signature in blue ink that reads 'Ethan Knight'. The signature is fluid and cursive, with the first name 'Ethan' being more prominent than the last name 'Knight'.

Ethan Knight  
Vice President of Development  
Development Services Group

# Proposed Rise on the Ravine Multifamily Project

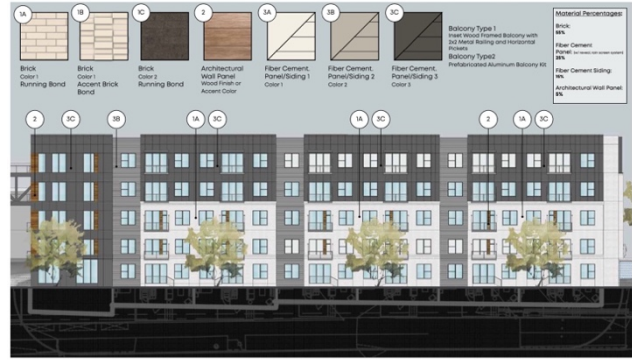
see attached LRK Presentation for more detail



Rise on the Ravine  
Memphis, TN | 01.20.2025.00 | 03.22.22  
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South Elevation - Building II - Union Ave  
Scale: 1/8"=1'-0"

DSG META  
DESIGN STUDIO DEVELOPMENT SERVICES GROUP REAL ESTATE PARTNERS



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South Elevation - Building I - Union Ave  
Scale: 1/8"=1'-0"

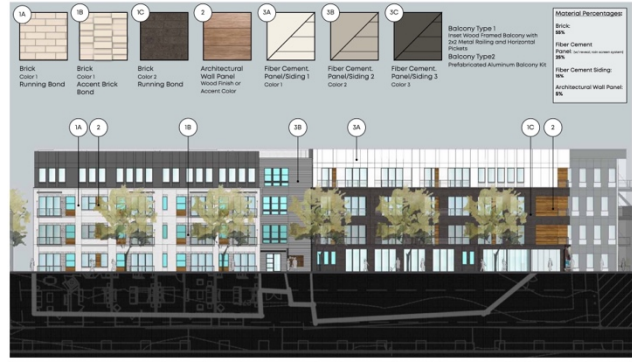
DSG META  
DESIGN STUDIO DEVELOPMENT SERVICES GROUP REAL ESTATE PARTNERS



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Rendering - Union Ave  
Scale: NTS

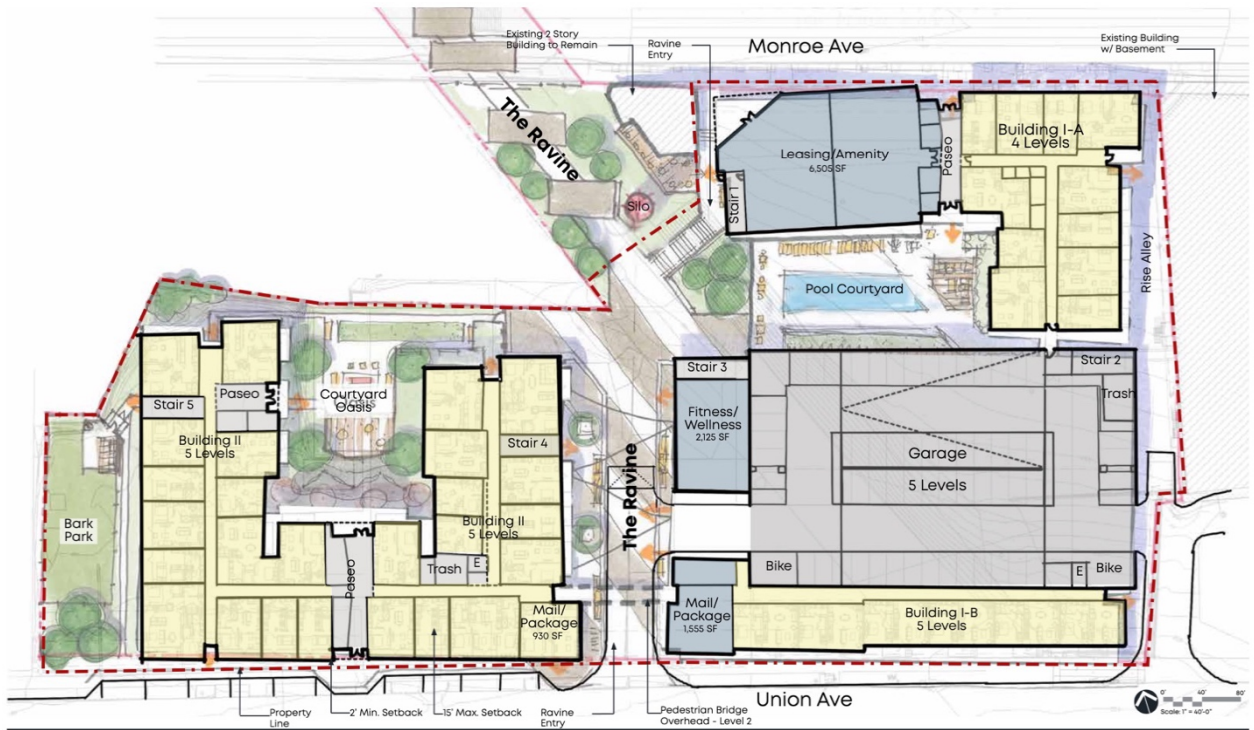
DSG META  
DESIGN STUDIO DEVELOPMENT SERVICES GROUP REAL ESTATE PARTNERS

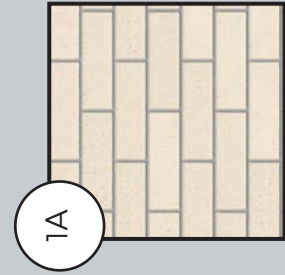


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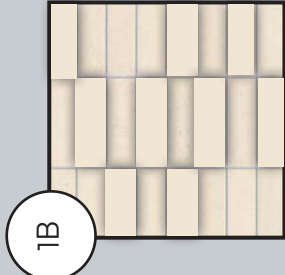
North Elevation - Building I - Monroe Ave  
Scale: 1/8"=1'-0"

DSG META  
DESIGN STUDIO DEVELOPMENT SERVICES GROUP REAL ESTATE PARTNERS

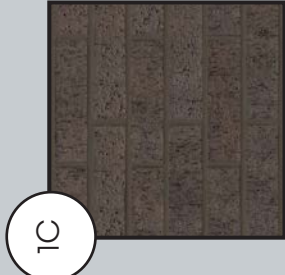




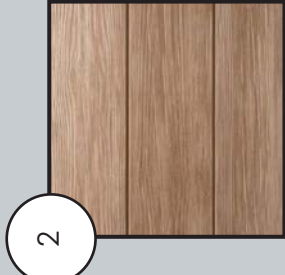
Brick Color 1 Running Bond



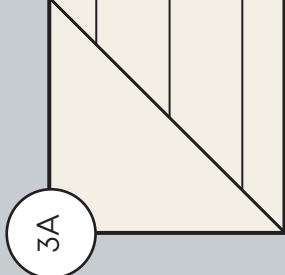
Brick Color 1 Accent Brick Bond



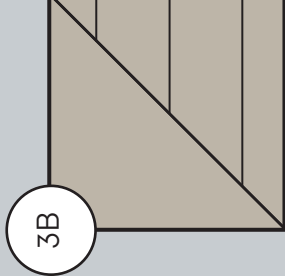
Brick Color 2 Running Bond



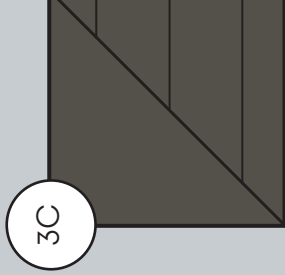
Architectural Wall Panel Wood Finish or Accent Color



Fiber Cement Panel/Siding 1 Color 1



Fiber Cement Panel/Siding 2 Color 2



Fiber Cement Panel/Siding 3 Color 3

Balcony Type 1  
Inset Wood Framed Balcony with 2x2 Metal Railing and Horizontal Pickets

Balcony Type 2  
Prefabricated Aluminum Balcony Kit

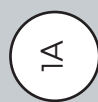
**Material Percentages:**

Brick: **55%**

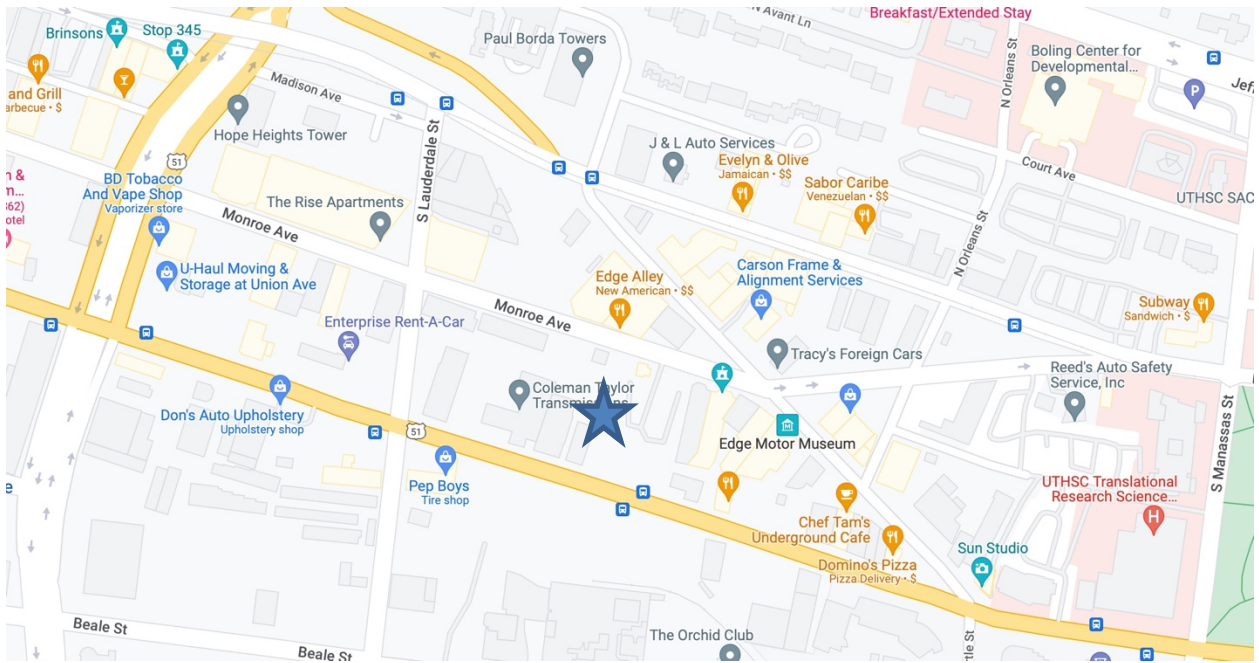
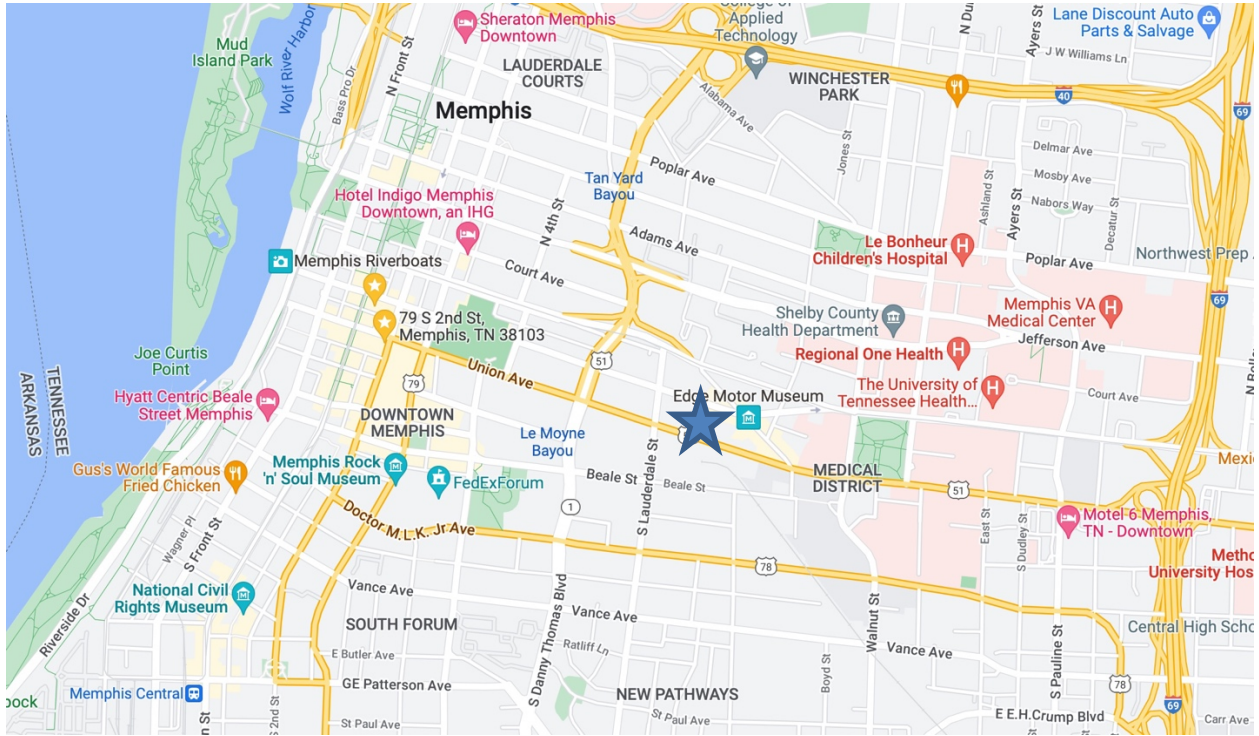
Fiber Cement Panel: (w/ reveal, rain screen system) **25%**

Fiber Cement Siding: **15%**

Architectural Wall Panel: **5%**



# Project Location



Existing Site for Proposed Rise on the Ravine Development:



## Applicant Information

480 Union Partners, LLC is owned and developed by members of DSG and META.



# DEVELOPMENT SERVICES GROUP

Development Services Group (“DSG”) is the formal applicant and co-developer of record. DSG has extensive experience with adaptive reuse both locally and abroad. See attached Experience Appendix for detail.

- **The Butler Brothers Apartments** St. Louis, Missouri (Under construction)  
384-multifamily unit adaptive reuse in Downtown West neighborhood (2023)
- **The Harper Fort Worth** 226-room Kimpton hotel, adaptive reuse in downtown Fort Worth. (2021)
- **The Rise Memphis** 199-upscale multifamily units, new construction in the Edge District. (2020)
- **Candler Curio Atlanta** 285-room luxury hotel, adaptive reuse in downtown Atlanta. (2019)
- **Le Meridien Houston** 255-room boutique hotel, adaptive reuse in Downtown Houston. (2017)
- **The Chisca Memphis** 164-units, adaptive reuse, mixed use development. (2016)
- **Le Meridien Tampa** 130-room boutique hotel, adaptive reuse of federal courthouse (2014)
- **Le Meridien Philadelphia** 250-room, adaptive reuse, 4-star hotel development (2010)

**Gary Prosterman**, President of DSG, has founded, led and grown successful enterprises in healthcare and real estate and enhanced the quality of life and opportunity in various markets through his business, civic, educational and charitable involvements during the past 30 years. He serves as a director for Hapten Sciences, Inc., the University of Tennessee-College of Consumer Services, West Tennessee Family Solutions, St. Mary’s Episcopal School, and the Housing Foundation of West Tennessee, where he represents the U.S. Department of Justice on the board overseeing housing for mentally handicapped adults in Tennessee.

A cum laude graduate of the University of Tennessee, Gary was selected to the national leadership society (Omicron Delta Kappa). He also completed advanced studies on political and economic systems at Georgetown University while serving as an intern for former US Senator and Senate Majority Leader Howard H. Baker.

**Ethan Knight**, Vice President of Development for DSG, is responsible for due diligence, research, property acquisition, project proforma analysis, and construction management. Ethan has been hands on with all efforts in the Edge District, including predevelopment, construction, and management of investments in the neighborhood. Before coming to DSG, Ethan was a project engineer for Memphis-based Architecture and Engineering firm A2H, where he specialized in project management, transportation engineering, and bridge design. Ethan graduated from Auburn University in 2009 with a degree in Civil Engineering, and he remains actively involved with Second Presbyterian Church and the non-profit Alcy Ball Development Corporation.

***Development Services Group, Inc***  
Gary Prosterman and Ethan Knight  
700 Colonial, Suite 105  
Memphis, TN 38117  
901-300-3423

DSG Project Imagery  
www.dsginc.net



Butler Brother, St Louis, Under Construction (Cross Section)



Kimpton Harper Fort Worth, TX



Le Meridien Tampa



Le Meridien Philadelphia



Le Meridien Houston



Candler Curio Atlanta



## Experience

- **Founded:** 1991
- **Principals:** Robert W. Worthington  
John B. Tirrill
  
- **Office:** Atlanta, GA
- **Website:** [www.metareps.com](http://www.metareps.com)

Mr. John Tirrill  
 5605 Glenridge Dr, Suite 880  
 Atlanta, GA 30342  
 770-448-8998

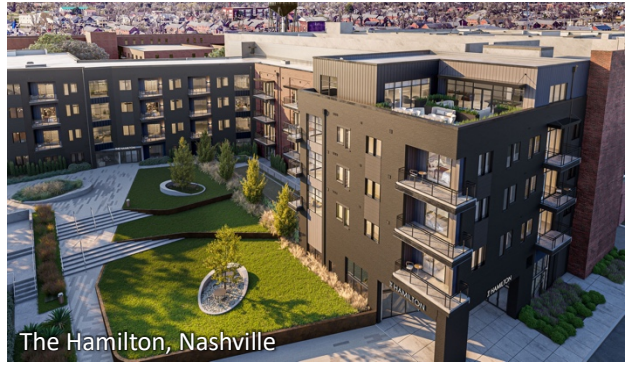
## SWH/META Multifamily Development Summary

2012 - Present

Completion Date	Property Name	Location	Product	Units	Total Costs
Q2 2014	Grove at Shadow Green	Franklin, TN	Garden	196	\$ 26,000,000
Q4 2014	Flats at Taylor Place	Nashville, TN	Wrap	282	\$ 50,000,000
Q4 2014	Gateway at South Orange	South Orange, NJ	Podium	57	\$ 22,000,000
Q4 2014	Grove at Morrison Plantation	Mooresville, NC	Garden	281	\$ 35,000,000
Q4 2015	Terra House	Nashville, TN	Wrap	194	\$ 36,000,000
Q4 2016	Greenhaven at Shadow Green	Franklin, TN	Garden	222	\$ 39,000,000
Q4 2017	River House	Nashville, TN	Podium	247	\$ 49,000,000
Q3 2018	North & Line	Atlanta, GA	Podium	228	\$ 69,000,000
Q3 2019	Grove at Carolina Park	Mt. Pleasant, SC	Garden	280	\$ 54,000,000
Q3 2020	The Rise	Memphis, TN	Wrap	199	\$ 33,000,000
Q3 2021	Henry House	Huntsville, AL	Garden	273	\$ 42,000,000
UC	Palmer House	Huntsville, AL	4-Story Surface Parked	286	\$ 53,000,000
UC	The Hamilton	Nashville, TN	Wrap	85	\$ 26,000,000
UC	Hume House	Nashville, TN	Wrap	245	\$ 74,000,000
Planning	Paxton Place	Huntsville, AL	Garden	350	\$ 89,000,000
Planning	The Upton	Atlanta, GA	Podium + Wrap	396	\$ 117,000,000
Planning	The Rowan	Knoxville, TN	4-Story Surface Parked	303	\$ 78,000,000
Planning	Rise on the Ravine	Memphis, TN	Wrap	266	\$ 80,000,000
<b>18 Developments</b>				<b>4,390</b>	<b>\$ 972,000,000</b>



# META Project Imagery



## Site Control

All parcels are owned and controlled by 480 Union Partners, LLC and affiliated entity PGK Properties, LLC. Applicants have complete site control.

## Financial Items

**Financials:** Audited financials and tax returns of development entity and guarantors are confidentially available upon further correspondence with the Board Attorney and DMC President. DSG has used Watkins Uiberall Accounting for over 20 years.

**Terms:** Financing terms are TBD and subject to a rapidly evolving market. Assumed interest rates are detailed in the attached pro forma. Applicants have extended relationships with a number of lenders.

**Projections:** Please see the attached pro forma detailing the project.

## Project Timeline

Applicant is underway with Schematic Designs with LRK. The development team is moving as expediently as possible.

- Site Acquisition completed in 2021.
- Construction Start anticipated to begin Q1 2023.
- Construction Duration of approximately 24 months, delivering Q1 2025.
- Project Stabilization anticipated 18 months thereafter, Q3 2026.

## Project Team

Ownership / Developers:

- META Real Estate Partners
  - o John Tirrill
  - o Webb Worthington
  - o Mary Jordan Burns
- Development Services Group, Inc
  - o Gary Prosterman
  - o Ethan Knight
  - o Mike Goforth

Counsel: Lynn Landau, Baker Donelson

Architects: LRK, Inc, Chris Marble, Tom Gorney, and Tony Pellicciotti

Contractor: Montgomery Martin Contractors, LLC, Richard Meena

Property Management: RAM Partners, LLC, Amy Tucker

Civil: ETI Corp, Matt Wolfe

Landscape: DT Studio, Michelle Ye

Structural: DPC Engineers, Eric Criswell

## Credit References

Letters of Support to be Provided

## Items for Lease Preparation

Proposed Lessee: 480 Union Partner, LLC

### Parcel ID – Assessed Value

A - 007003 00012 - \$178,160

B - 007003 00014 - \$144,400

C - 007003 00009 - \$72,480

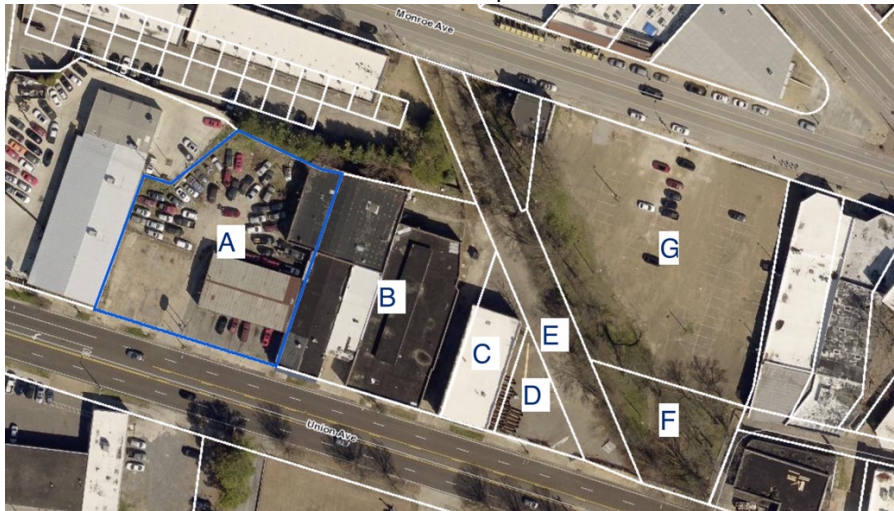
D - 007003 00010 - \$14,880

E - 007003 00011 - \$2,000

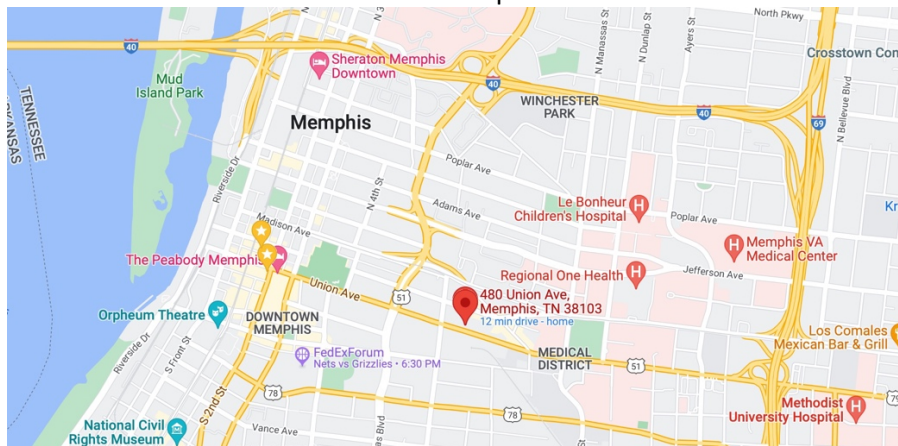
F - 007031 00022 - \$51,920

G - 007031 00002 - \$222,600

Parcel Map:



Area Map:



## Disclosures

- Is the applicant, guarantor, or any other principal involved with the project currently engaged in any civil or criminal proceeding? *No.*
- Has the applicant, guarantor, or any other principal involved with the project ever been charged or convicted of any felony or currently under indictment? *No.*
- Has the applicant ever filed for bankruptcy? *No.*

## Application Affirmation

Ethan Knight  
700 Colonial Rd. #105  
Memphis, TN 38117  
901-300-3423  
eknight@dsginc.net

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.

Sincerely,



**Ethan Knight, Development Services Group**  
*On behalf of 480 Union Avenue Partners, LLC*

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

<b>RETAIL</b>			
15,000 to 20,000 sf:	4 Years	Below 5,000 sf:	.5 Year
20,001 to 30,000 sf:	5 Years	5,000 to 9,999 sf:	1 Year
30,001 sf + :	6 Years	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

**CCRFC Priorities**

**General Location**

Located in CBID (Appendix II):	3 Years
Located outside CBID, but inside CCRFC boundaries (Appendix II):	1 Year

**Core & Historic**

*Project may only qualify for one of the following five:*

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

**Community-based Initiatives & Economically Distressed Areas**

*Project may qualify for up to two of the following:*

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

**Design & Energy**

*Project may qualify for one or more of the following:*

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

Net Zero Energy Building (NZEB) 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/gct/gctmap.html>.

**PILOT TERM CALCULATION**

Primary Qualification:	6 Years
Secondary Qualification A:	1 Year
Secondary Qualification B:	
Secondary Qualification C:	
Total Project Development Cost:	4 Years
CCRFC Priorities:	11 Years
<b>PILOT TERM:</b>	22 Years

## Rise on the Ravine

### Development Budget

Sources and Uses			
Sources of Funds	Total	Per Unit	Per SF
480 Union Partners LLC	23,891,686	89,818	121.13
<u>Construction Loan (Lender TBD)</u>	<u>55,747,267</u>	<u>209,576</u>	<u>282.63</u>
<b>Total Sources</b>	<b>\$ 79,638,952</b>	<b>299,395</b>	<b>403.76</b>
<b>Uses of Funds</b>			
Land Purchase	2,230,000	8,383	11.31
Construction	71,065,262	267,163	360.29
Professional Fees	2,468,637	9,281	12.52
Financing Fees	2,299,024	8,643	11.66
PILOT Fee	1,000,000	3,759	5.07
<u>Other Soft Costs</u>	<u>576,029</u>	<u>2,166</u>	<u>2.92</u>
<b>Total</b>	<b>\$ 79,638,952</b>	<b>299,395</b>	<b>403.76</b>



# Rise on the Ravine

## Rent Assumptions

Unit Mix Assumptions							
Unit Type	Code	# of Units	Unit Mix	S.F	Rent	Rent/s.f.	Total
S1		25	9%	488	1,250	2.56	31,250
S2		28	11%	488	1,350	2.77	37,800
S2A		24	9%	578	1,400	2.42	33,600
S3		34	13%	806	1,550	1.92	52,700
A1		39	15%	648	1,775	2.74	69,225
A1A		54	20%	770	1,900	2.47	102,600
A2		18	7%	928	2,025	2.18	36,450
A2A		9	3%	928	2,150	2.32	19,350
A3		9	3%	885	2,100	2.37	18,900
B1		9	3%	1,095	2,400	2.19	21,600
B2		8	3%	1,151	2,500	2.17	20,000
B2A		9	3%	1,241	2,650	2.14	23,850
<b>Total/Avg</b>		<b>266</b>	<b>100%</b>	<b>742</b>	<b>1,757</b>	<b>2.37</b>	<b>467,325</b>

<b>PILOT Request</b>		
Requested PILOT Term (years)	<b>20 Year</b>	20.0
Project Type		New Construction
Located in the CBID?		Yes
<b>Current Amounts</b>		
<b>Base Appraisal</b>		<b>\$1,716,100</b>
Base Assessment		\$686,440
Annual City Tax on Base Assessment		\$22,457
Annual County Tax on Base Assessment		\$28,212.68
<b>Annual RE Taxes on Base Assessment</b>		<b>\$50,669</b>
<b>Project Costs</b>		
Acquisition Cost		\$2,230,000
Hard Costs		\$62,842,500
Soft Costs		\$13,389,521
<b>Total Project Costs w/o PILOT fee</b>		<b>\$78,462,021</b>
<b>Hard Costs Investment Check - 80.1%</b>		<b>YES</b>
Public grants eligible for PILOT fee basis reduction		\$0
PILOT fee basis		\$78,462,021
<b>PILOT fee</b>		<b>\$1,176,930</b>
<b>Total Project Costs w/ PILOT fee</b>		<b>\$79,638,952</b>
<b>Valuation &amp; CBID Assessment</b>		
Base Appraisal		\$1,716,100
Percentage of Hard Costs		\$50,274,000
Estimated Appraisal after Improvements		\$51,990,100
<b>Estimated Assessment after Improvements</b>		<b>\$20,796,040.00</b>
<b>Estimated Annual CBID Assessment after Improvements</b>		<b>\$135,109</b>
<b>Annual RE Taxes</b>		
<i>Hypothetical annual taxes without PILOT*</i>		
Estimated Hypothetical Annual City Tax without PILOT*		\$680,338
Estimated Hypothetical Annual County Tax without PILOT*		\$854,717
<b>Estimated Hypothetical Total Annual Taxes without PILOT*</b>		<b>\$1,535,056</b>
<i>Estimated annual taxes with PILOT</i>		
Estimated Annual City Tax with PILOT		\$186,927
Estimated Annual County Tax with PILOT		\$234,839
<b>Estimated Total Annual Taxes with PILOT</b>		<b>\$421,766</b>
<b>Estimated Annual Benefit</b>		<b>\$1,113,290</b>
<b>Cumulative RE Taxes</b>		
<i>Hypothetical cumulative taxes without PILOT*</i>		
Estimated Hypothetical Cumulative City Tax without PILOT*		\$13,606,770
Estimated Hypothetical Cumulative County Tax without PILOT*		\$17,094,345
<b>Estimated Hypothetical Total Cumulative Taxes without PILOT*</b>		<b>\$30,701,115</b>
<i>Estimated cumulative taxes with PILOT</i>		
Estimated Cumulative City Tax with PILOT		\$3,738,544
Estimated Cumulative County Tax with PILOT		\$4,696,776
<b>Estimated Total Cumulative Taxes with PILOT</b>		<b>\$8,435,320</b>
<b>Estimated Cumulative Benefit over 20-Year PILOT</b>		<b>\$22,265,795</b>
<b>Estimated Cumulative Increase in Taxes due to PILOT</b>		<b>\$7,421,932</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".*

<b>Rise on the Ravine - Pro Forma</b>		Stabilized	Constr	Constr	Partial	Stabilized	Stabilized					
Revenue	Assumptions	YR 1	YR 2	YR 3	YR 4	YR 5	YR 6	YR 7	YR 8	YR 9	YR 10	YR 11
Total Residential Square Footage	197245											
Total Number of Units	266											
Vacancy Assumptions	7%			45%	7%	7%	7%	7%	7%	7%	7%	7%
Revenue per Square Foot	2.37				Rev Growth -->	0%	2%	2%	2%	2%	2%	2%
Annual Growth												
Rental Revenue	5,607,900			5,607,900	5,607,900	5,607,900	5,720,058	5,834,459	5,951,148	6,070,171	6,191,575	6,315,406
Additional Income	534,022			534,022	534,022	534,022	544,702	555,596	566,708	578,042	589,603	601,395
Vacancy and Economic Losses	(392,553)			(2,763,865)	(429,935)	(429,935)	(438,533)	(447,304)	(456,250)	(465,375)	(474,682)	(484,176)
<b>Total Projected Revenue</b>	<b>5,749,369</b>			<b>3,378,057</b>	<b>5,711,987</b>	<b>5,711,987</b>	<b>5,826,227</b>	<b>5,942,751</b>	<b>6,061,606</b>	<b>6,182,839</b>	<b>6,306,495</b>	<b>6,432,625</b>
<b>Expenses</b>					Base Year / Incr -->	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Operating Expenses	832,566			832,566	832,566	849,217	866,202	883,526	901,196	919,220	937,605	956,357
Management Fees	158,108			158,108	158,108	161,270	164,495	167,785	171,141	174,564	178,055	181,616
Insurance	133,000			133,000	133,000	135,660	138,373	141,141	143,963	146,843	149,780	152,775
Maintenance	93,100			93,100	93,100	94,962	96,861	98,798	100,774	102,790	104,846	106,943
Utilities	93,100			93,100	93,100	94,962	96,861	98,798	100,774	102,790	104,846	106,943
Legal/Accounting	99,750			99,750	99,750	101,745	103,780	105,855	107,973	110,132	112,335	114,581
Taxes without PILOT	1,670,165			1,670,165	1,670,165	1,703,568	1,737,640	1,772,392	1,807,840	1,843,997	1,880,877	1,918,495
<b>Total Projected Expenses</b>	<b>3,079,789</b>			<b>3,079,789</b>	<b>3,079,789</b>	<b>3,141,384</b>	<b>3,204,212</b>	<b>3,268,296</b>	<b>3,333,662</b>	<b>3,400,336</b>	<b>3,468,342</b>	<b>3,537,709</b>
<b>Net Operating Income No PILOT</b>	<b>2,669,580</b>			<b>298,268</b>	<b>2,669,580</b>	<b>2,570,603</b>	<b>2,622,015</b>	<b>2,674,455</b>	<b>2,727,944</b>	<b>2,782,503</b>	<b>2,838,153</b>	<b>2,894,916</b>
Total Cost	79,638,952				79,638,952							
Yield on Cost	3.35%				3.35%							
Total Debt Service	(3,133,650)				(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)
Debt Service Ratio	0.85				0.85	0.82	0.84	0.85	0.87	0.89	0.91	0.92
Net Cash Flow	(464,070)				(464,070)	(563,047)	(511,635)	(459,195)	(405,706)	(351,147)	(295,497)	(238,734)
Return on Equity	-1.9%				-1.9%	-2.4%	-2.1%	-1.9%	-1.7%	-1.5%	-1.2%	-1.0%
Taxes with PILOT	\$ 556,875				\$ 556,875	\$ 559,660	\$ 562,458	\$ 565,270	\$ 568,097	\$ 570,937	\$ 573,792	\$ 576,661
<b>NOI With 20 Yr PILOT</b>	<b>3,782,870</b>				<b>3,782,870</b>	<b>3,714,511</b>	<b>3,797,196</b>	<b>3,881,577</b>	<b>3,967,688</b>	<b>4,055,563</b>	<b>4,145,238</b>	<b>4,236,750</b>
Yield on Cost	4.75%				4.75%							
Total Debt Service (30 yr AM, 4% IR)	(3,133,650)				(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)
Debt Service Ratio	1.21				1.21	1.19	1.21	1.24	1.27	1.29	1.32	1.35
Net Cash Flow	649,220				649,220	580,861	663,546	747,927	834,038	921,913	1,011,588	1,103,100
Return on Equity					0.0%	2.4%	2.8%	3.1%	3.5%	3.9%	4.2%	4.6%
Total Taxes Paid over 30 Year Proj.	<b>35,462,582</b>				556,875	559,660	562,458	565,270	568,097	570,937	573,792	576,661

**Rise on the Ravine - Pro Forma**

Revenue	YR 12	YR 13	YR 14	YR 15	YR 16	YR 17	YR 18	YR 19	YR 20	YR 21	YR 22
Total Residential Square Footage											
Total Number of Units											
Vacancy Assumptions	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Revenue per Square Foot	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Annual Growth											
Rental Revenue	6,441,714	6,570,549	6,701,960	6,835,999	6,972,719	7,112,173	7,254,417	7,399,505	7,547,495	7,698,445	7,852,414
Additional Income	613,423	625,691	638,205	650,969	663,989	677,269	690,814	704,630	718,723	733,097	747,759
Vacancy and Economic Losses	(493,860)	(503,737)	(513,812)	(524,088)	(534,570)	(545,261)	(556,166)	(567,289)	(578,635)	(590,208)	(602,012)
<b>Total Projected Revenue</b>	<b>6,561,278</b>	<b>6,692,503</b>	<b>6,826,353</b>	<b>6,962,880</b>	<b>7,102,138</b>	<b>7,244,181</b>	<b>7,389,064</b>	<b>7,536,846</b>	<b>7,687,583</b>	<b>7,841,334</b>	<b>7,998,161</b>
<b>Expenses</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
Operating Expenses	975,484	994,993	1,014,893	1,035,191	1,055,895	1,077,013	1,098,553	1,120,524	1,142,935	1,165,793	1,189,109
Management Fees	185,248	188,953	192,732	196,587	200,519	204,529	208,620	212,792	217,048	221,389	225,817
Insurance	155,831	158,947	162,126	165,369	168,676	172,050	175,491	179,000	182,580	186,232	189,957
Maintenance	109,081	111,263	113,488	115,758	118,073	120,435	122,843	125,300	127,806	130,362	132,970
Utilities	109,081	111,263	113,488	115,758	118,073	120,435	122,843	125,300	127,806	130,362	132,970
Legal/Accounting	116,873	119,210	121,595	124,027	126,507	129,037	131,618	134,250	136,935	139,674	142,468
Taxes without PILOT	1,956,864	1,996,002	2,035,922	2,076,640	2,118,173	2,160,537	2,203,747	2,247,822	2,292,779	2,338,634	2,385,407
<b>Total Projected Expenses</b>	<b>3,608,463</b>	<b>3,680,633</b>	<b>3,754,245</b>	<b>3,829,330</b>	<b>3,905,917</b>	<b>3,984,035</b>	<b>4,063,716</b>	<b>4,144,990</b>	<b>4,227,890</b>	<b>4,312,448</b>	<b>4,398,697</b>
<b>Net Operating Income No PILOT</b>	<b>2,952,814</b>	<b>3,011,871</b>	<b>3,072,108</b>	<b>3,133,550</b>	<b>3,196,221</b>	<b>3,260,146</b>	<b>3,325,349</b>	<b>3,391,856</b>	<b>3,459,693</b>	<b>3,528,887</b>	<b>3,599,464</b>

Total Cost  
Yield on Cost

Total Debt Service	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)
Debt Service Ratio	0.94	0.96	0.98	1.00	1.02	1.04	1.06	1.08	1.10	1.13	1.15
Net Cash Flow	(180,836)	(121,779)	(61,542)	(100)	62,571	126,496	191,699	258,206	326,043	395,237	465,814
Return on Equity	-0.8%	-0.5%	-0.3%	0.0%	0.3%	0.5%	0.8%	1.1%	1.4%	1.7%	1.9%

Taxes with PILOT	\$ 579,544	\$ 582,442	\$ 585,354	\$ 588,281	\$ 591,222	\$ 594,178	\$ 597,149	\$ 600,135	\$ 603,136	reversion to full tax	
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<b>NOI With 20 Yr PILOT</b>	<b>4,330,135</b>	<b>4,425,431</b>	<b>4,522,676</b>	<b>4,621,910</b>	<b>4,723,172</b>	<b>4,826,504</b>	<b>4,931,947</b>	<b>5,039,543</b>	<b>5,149,336</b>	<b>3,528,887</b>	<b>3,599,464</b>
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Yield on Cost											
Total Debt Service (30 yr AM, 4% IR)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)
Debt Service Ratio	1.38	1.41	1.44	1.47	1.51	1.54	1.57	1.61	1.64	1.13	1.15
Net Cash Flow	1,196,485	1,291,781	1,389,026	1,488,260	1,589,522	1,692,854	1,798,297	1,905,893	2,015,686	395,237	465,814
Return on Equity	5.0%	5.4%	5.8%	6.2%	6.7%	7.1%	7.5%	8.0%	8.4%	1.7%	1.9%
Taxes Paid	579,544	582,442	585,354	588,281	591,222	594,178	597,149	600,135	603,136	2,338,634	2,385,407

<b>NOI With 15 Yr PILOT</b>	<b>4,330,135</b>	<b>4,425,431</b>	<b>4,522,676</b>	<b>4,621,910</b>	<b>3,196,221</b>	<b>3,260,146</b>	<b>3,325,349</b>	<b>3,391,856</b>	<b>3,459,693</b>	<b>3,528,887</b>	<b>3,599,464</b>
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Yield on Cost											
Total Debt Service	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)
Debt Service Ratio	1.38	1.41	1.44	1.47	1.02	1.04	1.06	1.08	1.10	1.13	1.15
Net Cash Flow	1,196,485	1,291,781	1,389,026	1,488,260	62,571	126,496	191,699	258,206	326,043	395,237	465,814
Return on Equity	5.0%	5.4%	5.8%	6.2%	0.3%	0.5%	0.8%	1.1%	1.4%	1.7%	1.9%
Taxes Paid	579,544	582,442	585,354	588,281	2,118,173	2,160,537	2,203,747	2,247,822	2,292,779	2,338,634	2,385,407

## Rise on the Ravine - Pro Forma

Revenue	YR 23	YR 24	YR 25	YR 26	YR 27	YR 28	YR 29	YR 30
Total Residential Square Footage								
Total Number of Units								
Vacancy Assumptions	7%	7%	7%	7%	7%	7%	7%	7%
Revenue per Square Foot	2%	2%	2%	2%	2%	2%	2%	2%
Annual Growth								
Rental Revenue	8,009,462	8,169,651	8,333,044	8,499,705	8,669,699	8,843,093	9,019,955	9,200,354
Additional Income	762,714	777,969	793,528	809,399	825,587	842,098	858,940	876,119
Vacancy and Economic Losses	(614,052)	(626,333)	(638,860)	(651,637)	(664,670)	(677,963)	(691,523)	(705,353)
<b>Total Projected Revenue</b>	<b>8,158,124</b>	<b>8,321,287</b>	<b>8,487,712</b>	<b>8,657,467</b>	<b>8,830,616</b>	<b>9,007,228</b>	<b>9,187,373</b>	<b>9,371,120</b>
<b>Expenses</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
Operating Expenses	1,212,891	1,237,149	1,261,892	1,287,130	1,312,873	1,339,130	1,365,913	1,393,231
Management Fees	230,333	234,940	239,638	244,431	249,320	254,306	259,392	264,580
Insurance	193,756	197,631	201,584	205,615	209,728	213,922	218,201	222,565
Maintenance	135,629	138,342	141,109	143,931	146,809	149,746	152,740	155,795
Utilities	135,629	138,342	141,109	143,931	146,809	149,746	152,740	155,795
Legal/Accounting	145,317	148,223	151,188	154,211	157,296	160,442	163,650	166,923
Taxes without PILOT	2,433,115	2,481,777	2,531,413	2,582,041	2,633,682	2,686,356	2,740,083	2,794,884
<b>Total Projected Expenses</b>	<b>4,486,670</b>	<b>4,576,404</b>	<b>4,667,932</b>	<b>4,761,291</b>	<b>4,856,516</b>	<b>4,953,647</b>	<b>5,052,720</b>	<b>5,153,774</b>
<b>Net Operating Income No PILOT</b>	<b>3,671,454</b>	<b>3,744,883</b>	<b>3,819,780</b>	<b>3,896,176</b>	<b>3,974,099</b>	<b>4,053,581</b>	<b>4,134,653</b>	<b>4,217,346</b>

Total Cost

Yield on Cost

Total Debt Service	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)
Debt Service Ratio	1.17	1.20	1.22	1.24	1.27	1.29	1.32	1.35
Net Cash Flow	537,804	611,233	686,130	762,526	840,450	919,931	1,001,003	1,083,696
Return on Equity	2.3%	2.6%	2.9%	3.2%	3.5%	3.9%	4.2%	4.5%

Taxes with PILOT

<b>NOI With 20 Yr PILOT</b>	<b>3,671,454</b>	<b>3,744,883</b>	<b>3,819,780</b>	<b>3,896,176</b>	<b>3,974,099</b>	<b>4,053,581</b>	<b>4,134,653</b>	<b>4,217,346</b>
Yield on Cost								
Total Debt Service (30 yr AM, 4% IR)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)	(3,133,650)
Debt Service Ratio	1.17	1.20	1.22	1.24	1.27	1.29	1.32	1.35
Net Cash Flow	537,804	611,233	686,130	762,526	840,450	919,931	1,001,003	1,083,696
Return on Equity	2.3%	2.6%	2.9%	3.2%	3.5%	3.9%	4.2%	4.5%
Taxes Paid	2,433,115	2,481,777	2,531,413	2,582,041	2,633,682	2,686,356	2,740,083	2,794,884

## Before and After Images of Applicant's Efforts in the Edge

**411 Monroe**  
Vacant Automotive Paint Shop  
converted to  
LEO Events Offices

Before



After



**435 Madison**  
435 Madison  
Converted into  
Memphis Made Brewing Company  
(under construction)

Before



After



Memphis Made Brewery Interior (Under Construction)





Orion Federal Credit Union



The Rise Apartments

