

Jones Urban DEVELOPMENT Co.

To: Center City Development Corporation

Subject: Request for Increased Development Loan for Malone Park Commons

Malone Park Commons is a planned rental housing community in Uptown Memphis made up of a collection of small to mid-scaled cottages, four-plexes and live/work buildings. Malone Park Commons originally consisted of 25 rental housing units, but due to a low appraisal, the unit count was increased to 35 units.

| Original Sources: | Cost | % of Total Project Cost |
|-----------------------|-------------|-------------------------|
| Project Debt | \$1,724,763 | 73% |
| Owner's Equity | \$435,000 | 18% |
| CCDC Development Loan | \$200,000 | 9% |
| Total Sources | \$2,359,763 | 100% |

| Original Uses: | | % of Total Project Cost |
|------------------------|-------------|-------------------------|
| Property Acquisition | \$50,000 | 2% |
| Hard Costs | \$1,750,841 | 74% |
| Soft Costs | \$304,674 | 14% |
| Financing Fees | \$17,248 | 0.5% |
| Other misc. uses | \$25,000 | 1% |
| Equity pay down (YR 2) | \$200,000 | 8% |
| Professional Fees | \$12,000 | .5% |
| Total Uses | \$2,359,763 | 100% |

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| Revised Sources: | Cost | % of Total Project Cost |
|----------------------------------|-------------|-------------------------|
| Construction/Perm Loan @ 77% LTV | \$2,349,445 | 77% |
| Junior Debt | \$280,000 | 9% |
| Owner's Equity | \$125,000 | 4% |
| CCDC Development Loan | \$200,000 | 7% |
| Total Sources | \$2,954,445 | 97% |

| Revised Uses: | Cost | % of Total Project Cost |
|----------------------|-------------|-------------------------|
| Property Acquisition | \$75,000 | 2.5% |
| Hard Costs | \$2,529,825 | 83% |
| Soft Costs | \$404,620 | 13% |
| Financing Fees | \$29,000 | 1% |
| Professional Fees | \$16,000 | 0.5% |
| Total Uses | \$3,054,445 | 100% |

The issue at hand is the revised appraisal, while pretty good based on current conditions, is still lower than expected. This less than target appraisal has created a gap in financing, for which we have struggled to fill. The gap is approximately \$100K.

To attempt to fill the gap caused by the appraisal, we have contemplated/implemented a few solutions. Along with being the developer, we are also the general contractor. As part of the solution we reduced the construction fee from the standard 14% to 9%.

We also reached out to potential investors, touting the benefits of investing in an Opportunity Zone, in which Malone Park Commons is located. The terms received in response from these contacts weren't feasible.

In light of the current situation, we are requesting a \$100K increase to the previously awarded \$200K CCDC Development Loan, for a total loan amount of \$300K. We understand this would be an exception to the development loan program and will require that we sign a personal guarantee.

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There are several planned developments and beautification projects in close proximity to Malone Park Commons (Snuff District, Bayou Gayoso Beautification - CRA, Soul & Spirits and Grind City Breweries).

We know these projects will increase Malone Park Commons value and demand in the immediate future. This neighborhood needs a project like Malone Park Commons. Our firm has spurred over \$3.1M in investment in Uptown since we began work here in the early 2000's. We hope that you will continue to help us revitalize Uptown and other core communities in and near Downtown Memphis.

If this revised Development Loan request is approved, we plan to close construction financing by no later than 9/30/2019 and begin construction immediately thereafter. We anticipate starting construction on October 1, 2019 with completion by August 1, 2021.

Sincerely,

Andre D. Jones

Jones Urban Development