

**Center City Revenue Finance Corporation
Board Meeting**

CENTER CITY DEVELOPMENT
CORPORATION

To: Center City Revenue Finance Corporation (CCRFC) Board of Directors
From: DMC Staff, Planning & Development Department
Date: May 6, 2015
RE: PILOT Application – Tennessee Brewery Development

CENTER CITY REVENUE
FINANCE CORPORATION

DOWNTOWN PARKING
AUTHORITY

The enclosed PILOT application has been submitted for consideration at the May 12, 2015, CCRFC Board Meeting. The following report describes the project.

DESIGN REVIEW
BOARD

Project: Tennessee Brewery Development

Applicant/Property Owner: 495 Tennessee, LLC
4091 Viscount Ave.
Memphis, TN 38118

Representatives: Mr. William Orgel
Mr. Jay Lindy
Mr. Adam Slovis

Subject Property: 495 Tennessee St. & 11 E. Butler Ave.

Applicant's Request: 20-year PILOT lease for a mixed-use project involving adaptive reuse and new construction

Project Description: The subject property consists of the parcel at 495 Tennessee Street and an adjacent parcel to the east. The mixed-use project involves renovating the existing building that originally housed the Tennessee Brewery, constructing an addition just to the north, and partnering with the CCRFC and the Downtown Parking Authority (DPA) to build a parking garage on a separate parcel (11 E. Butler Ave.) to the east.

The parcel at 495 Tennessee Street is approximately 0.93 acres in size. The applicant plans to renovate the existing Tennessee Brewery building to include 46 apartment units and approximately 13,500 sq. ft. of commercial space. On that same parcel, a new 6-floor apartment building will be constructed to the north of the existing brewery building on an empty lot. The new building will include 90 apartment units organized around a new courtyard space.

The Crump Building
114 North Main Street
Memphis, TN 38103
901.575.0540

Across the street and to the east of the existing building is the 1.63 acre parcel located at 11 E. Butler Ave. As an integral part of a private-public partnership to facilitate the development of the project (as further discussed below), the DMC staff proposes a partnership amongst the developer, CCRFC, and DPA to construct a new 4-story public parking garage with about 339 spaces on this parcel. The parking garage will also provide about 3,800 sq. ft. of ground-floor commercial space along Tennessee Street. The design of the garage will allow the option to add 15 apartment units directly above the ground floor commercial space. The garage structure will only occupy about half of the parcel (the parcel would be subdivided), leaving the remainder to be used as a temporary green space until future market demand dictates its long-term use. The subdivided parcel that the applicant retains would not be included in the PILOT as this time.

The applicant purchased both parcels (Parcel ID #002083 00003- 495 Tennessee & #002092 00001- 11 E. Butler) in late 2014. Both parcels are classified as Industrial by the Shelby County Assessor of Property and currently have assessed values of \$277,960 (495 Tennessee) and \$137,120 (11 E. Butler).

The applicant's goal is to close on financing during the third quarter of 2015. Construction would begin in late 2015 or early 2016 and could be complete by mid-year 2017.

Project Budget:

The total development cost of the project, including the proposed public garage, is approximately \$28,112,981.

To be eligible for a PILOT, the value of the proposed building renovations, site improvements, or new construction must be equal to or greater than at least sixty percent (60%) of the total project cost. Based on the preliminary budget, the project meets this requirement. The following describes the sources and uses of funding:

Sources:

Project Debt	\$13,552,856	48%
Equity	\$4,828,801	17%

Grant(s)	\$2,500,000	9%
Historic Tax Credits	\$2,050,199	7%
Proposed Garage Funding	\$5,191,125	19%
Total Sources	\$28,112,981	100%

Uses:

Land	\$1,387,500	5%
Construction Costs	\$24,121,303	86%
Soft Costs	\$2,007,150	7%
Financing Fees	\$367,028	1%
Professional Services	\$240,000	1%

Total Uses:	\$28,112,981	100%
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Project Grading:

Per the PILOT scoring system, the project has a base grade of 17.5 years and could achieve a maximum grade of 19.5 years with approved public art and enhanced architectural lighting.

Primary Qualification:

Residential (+51 Units) 6 Years

Secondary Qualifications:

Office (Below 15,000 sq. ft.) 0.5 Year

Retail (5,000 - 9,999 sq. ft.) 1 Year

Total Project Development Costs:

+20 Million 5 Years

CCRFC Priorities:

Renovation of individually-listed structure on the National Register 5 Years

Other Possible Credits:

Exterior Public Art 1 Year

Enhanced Architectural Lighting 1 Year

Total:	19.5 Years
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Requested PILOT Term:

The applicant is requesting approval of a 20-year PILOT. According to the applicant, approval of a PILOT is necessary for the project to be viable and attract financing. The applicant's lender has indicated that financing will be subject to obtaining a PILOT for the project.

Design Review: The applicant intends to submit design plans to the Design Review Board (DRB) in the coming months. Moreover, the National Park Service and the Tennessee Historic Commission will require the project to meet certain historic preservation standards and guidelines as a condition of receiving Historic Preservation Tax Credits.

Affordable Housing: Per the PILOT Program policies, residential projects with 51 or more units are subject to, and must be compliant with, DMC's affordable housing policy. Per the policy, at all times during the PILOT term, at least twenty percent (20%) of the residential units shall be occupied by or held available solely for individuals and families of low and moderate income such that the percentage of median gross income shall not exceed eighty percent (80%) of the median gross income for Shelby County, Tennessee.

EBO Program: Any project that is awarded financial incentives from the Downtown Memphis Commission (DMC), or any of its affiliate boards, shall include a best faith effort to attain no less than 20% participation by women and/or minority-owned businesses (W/MBEs) in the project's development costs (design soft costs and construction hard costs). Compliance with this Equal Business Opportunity (EBO) Program is a closing requirement. **If the requirements of the EBO Program are not met, the CCRFC reserves the right to cancel the incentive.**

The following project costs are subject to the EBO Program:

Construction Costs	\$24,121,303
Soft Costs	\$1,235,543
Professional Fees	\$240,000
Total:	\$25,556,846

According to the above estimates, a 20% level of W/MBE inclusion for the above costs related to design and construction would be approximately **\$5,119,369.**

Estimated Payments: The current annual property taxes on the property total \$21,597. A PILOT would allow for improvements that would produce an estimated annual payment in lieu of taxes of \$81,226 (\$169,285 during years 16 through 20); thus a 20-year PILOT would result in a cumulative payment increase of approximately \$1,632,861 over the term of the PILOT.

Partnership- Public Garage: As mentioned earlier, in addition to a PILOT, this public-private partnership is proposed to include support from the CCRFC/DPA for a 4-story public parking garage with about 339 spaces. The applicant is requesting that the CCRFC purchase the portion of the parcel (to be subdivided) at 11 E. Butler of which the garage would be built on. CCRFC would own that subdivided parcel and the new parking garage, of which will be financed using resources available through the PILOT Extension Fund, contingent upon approval from the Memphis City Council and the Shelby County Commission. The CCRFC/DPA (as lessor) would enter into a capital lease with the applicant (as lessee) which would outline the manner in which the garage would be constructed and operated as a public parking facility, as well as other terms and conditions. The capital lease would provide the applicant the option of eventually purchasing the garage from the CCRFC. The applicant will maintain ownership of the green space next to the proposed garage.

Staff Evaluation: Based on the submitted application and the accompanying pro forma, staff agrees with the applicant that a PILOT is needed for the project to be viable and attract financing.

The DMC's Strategic Plan encourages facilitating and accelerating real estate development, incentivizing Downtown development when necessary to increase investment and economic development, and fighting blight to improve the visual appearance of the built environment Downtown.

The circa 1890 Tennessee Brewery building has sat vacant for over 30 years. While the recent pop-up revitalization efforts labeled Untapped and Revival have been very successful in terms of attendance

and publicity, the building is still in need of considerable investment in order to put it back into productive long-term use. The redevelopment of this building has consistently been one of the highest priorities of the Downtown Memphis Commission and the structure was perennially at the top of the list of the most-endangered historic properties in Tennessee.

Based on the following reasons staff is in full support of the applicant's request for a 20-year PILOT:

- There are extraordinary costs associated with renovating the historic Tennessee Brewery building as planned. In this case, mitigating these costs requires a public-private partnership with adequate financial incentives to make the project viable.
- Even with approval of the proposed public financial incentives, to include a 20-year PILOT, the project's financials are tenuous. Financing of the project as planned is contingent on approval of a 20-year PILOT term.
- Completing the project would turn a blighted and deteriorating building into a historic and economic asset to the area.
- The Tennessee Brewery building has been vacant for over 30 years; and its redevelopment has long been a high priority of the Downtown Memphis Commission.

Recommendation:

Staff recommends approval of a 20-year PILOT, as requested, subject to inclusion of public art and enhanced architectural lighting as approved by the DRB, and all standard closing requirements and conditions.

PILOT Request	
Requested PILOT Term (years)	20 0
Project Type	New & Rehab
Current Amounts	
Current Appraisal	\$694,900
Current Assessment	\$277,960
Current Annual City Tax	\$9,451
Current Annual County Tax	\$12,147
Current Annual RE Taxes	\$21,597
Project Costs	
Acquisition Cost	\$1,387,500
Hard Costs	\$19,492,678
Soft Costs w/o PILOT fee	\$1,712,784
Total Project Costs w/o PILOT fee	\$22,592,962
Public grants eligible for PILOT fee basis reduction	\$0
PILOT fee basis	\$22,592,962
PILOT fee	\$338,894
Total Project Costs w/ PILOT fee	\$22,931,856
Hard Costs Investment Check - 85.0%	YES
Valuation & CBID Assessment	
Current Appraisal	\$694,900
Percentage of Hard Costs	\$13,644,875
Estimated Appraisal after Improvements	\$14,339,775
Estimated Assessment after Improvements	\$5,735,910
Estimated Annual CBID Assessment after Improvements	\$37,218
Annual RE Taxes	
<i>Without PILOT</i>	
Estimated Annual City Tax without PILOT	\$195,021
Estimated Annual County Tax without PILOT	\$250,659
Estimated Total Annual Taxes without PILOT	\$445,680
<i>With PILOT</i>	
Estimated Annual City Tax with PILOT - Years 1 to 15	\$9,451
Estimated Annual County Tax with PILOT	\$71,775
Estimated Total Annual Taxes - Years 1 to 15	\$81,226
Estimated Annual Benefit - Years 1 to 15	\$364,455
Estimated Annual City Tax with PILOT - After Year 15	\$97,510
Estimated Total Annual Taxes - After Year 15	\$169,285
Estimated Annual Benefit - After Year 15	\$276,395
Cumulative RE Taxes	
<i>Without PILOT</i>	
Estimated Cumulative City Tax without PILOT	\$3,900,419
Estimated Cumulative County Tax without PILOT	\$5,013,185
Estimated Total Cumulative Taxes without PILOT*	\$8,913,604
<i>With PILOT</i>	
Estimated Cumulative City Tax with PILOT - Years 1 to 15	\$141,760
Estimated Cumulative City Tax with PILOT - After Year 15	\$487,552
Estimated Cumulative County Tax with PILOT	\$1,435,499
Estimated Total Cumulative Taxes with PILOT	\$2,064,811
Estimated Cumulative Benefit over 20-Year PILOT	\$6,848,793
Estimated Cumulative Increase in Taxes due to PILOT	\$1,632,861

*Staff has concluded that this project would not go forward without a PILOT. Hence, the "Estimated Total Cumulative Taxes without PILOT" figure is a fictional/moot number used to calculate the benefit of the PILOT to the project ("Cumulative" meaning over the term of the PILOT). The benefit figure does not represent lost tax revenue to the city and 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 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 Total Annual Taxes without PILOT".

495 Tennessee, LLC
Tennessee Brewery/ Brewery District Development (the "Project")
PILOT Application

1. Applicant:
495 Tennessee, LLC
4091 Viscount Ave.
Memphis, Tennessee 38118
901 -794-9494

Representatives:

William Orgel	901-870-7555
Jay Lindy	901 -277-8297
Adam Slovis	901- 831-0683

2. The Project is being developed by the Applicant, whose principles and investor group have been involved with redevelopment efforts in Memphis, and specifically in the downtown area, for over twenty years.

William Orgel (Billy) is a native of Memphis, Tennessee. He received a BBA from the University of Texas at Austin in 1985. After graduation, he moved to Memphis to work at his family business, Majestic Communications, which he helped build into the areas' largest retailer of Motorola two-way radios. Due to the Telecommunications Act of 1996 there was an emergence of new wireless phone carriers across the country, and Billy began to build on his existing portfolio of communications towers by performing build to suit services for these new carriers. His company that he runs with his partners, Tower Ventures, currently own over 580 towers and they have built and sold an additional 400 towers since the company began its operations. Currently, Tower Ventures leases tower space in over 35 states and is one of the largest private tower companies in the country. Tower Ventures has also established a REIT, Tower Ventures REIT, to purchase easements and land underneath existing tower sites across the country. Billy is a past President of the Board of Trustees at Temple Israel Synagogue in Memphis and former Co-Chair of their 25 million capital campaign. Recently, he was re-elected to a second term to the Shelby County School Board and served as its Chairman of this body for two years. He is a Past Chairman of the Board of Directors of Bridges, Inc., where he chaired the Building Committee for their new facility. Billy is also a past Board Member of the New Memphis Arena Public Building Authority that oversaw the construction of the FedEx Forum, the home of the University of Memphis Tigers and the NBA's Memphis Grizzlies. This past year he also became one of the members of the Grizzlies ownership group. In addition, he is a member of the Executive Board of the National Civil Rights Museum in Memphis (site of the Lorraine Motel and assassination of Dr. King), a member of the Methodist Hospital Board and a new member of the Memphis University School Board of Trustees. In the past, he was a member of both the Port Commission for Memphis and Shelby County and the Memphis and Shelby County Charter Commission. Billy and his wife, Robin, are also Ambassadors for the

University of Memphis Athletic Department In 1999; Billy was selected by the Memphis Business Journal as one of their "Top 40 Under 40" of local community leaders and was recently selected as a member of the Memphis chapter of the Society of Entrepreneurs, where he now serves on the board. In addition, Billy is an Organizer and Director of the First Capital Bank located in Germantown, Tennessee, a community bank with 230 million in assets. Over the years, Billy became interested in preserving historic buildings in Downtown Memphis, and to date he and his partners have completed new construction as well as the preservation of 7 buildings that include commercial space and 500 apartments, and he is part of the investment group for South Junction Apartments. Currently, he and his group are working on the renovation of the historic Tennessee Brewery built in 1890 and located above the Mississippi River in Downtown Memphis. Billy is also involved in the restaurant business as a franchisee of Ruth's Chris in Rogers, Arkansas.

Jay Lindy, is a native of Memphis, Tennessee. He received a B.A. from Cornell University and his J.D. from the University of Denver. After graduation from law school, he moved to Memphis to practice law. Jay is a past member of the Center City Development Corporation, including being a past Chairman of the Center City Development Corporation. He is a founder and director of Emerge Memphis, and is part of the investment group for South Junction Apartments. Prior to his present position as Chief Operating Officer and General Counsel of Tower Ventures, Jay was in private law practice for 21 years. While in private practice, he served as counsel to the development team for 113 South Main, 99-105 South Main, 66 South Main, and 100 S Main.

Adam Slovis is a Principal Real Estate Broker with eighteen years plus experience in historic redevelopment, development, brokerage, and leasing and tenant representation. Slovis spent eight years with Belz Enterprises, responsible for the leasing of 7.5 million square feet of retail space through-out the Memphis metro area and provided extensive brokerage and leasing services throughout Memphis and the mid-south region. In the fall of 2004, Slovis & Associates, LLC was formed and Slovis began providing commercial real estate development and brokerage services as an independent agency. Slovis specializes in the developing and leasing of the downtown Memphis market and contributed to multiple historic redevelopment projects; including The Cornerstone, Main Street Flats, Radio Center Flats and Barboro Flats along S. Main Street; as well as many other various properties throughout the downtown Memphis area. Currently he is working with owners, tenants and developers in the Memphis market and throughout the United States.

3. In a once-abandoned part of downtown Memphis, now bustling with activity, new businesses and residential developments, stands a relic of history, and a time capsule to another world. The Tennessee Brewery (the "Brewery"), a castle-like structure, has long been the subject of local fascination and urban legend, yet it has stood neglected and under the threat of destruction for the past 34 years. It may look like an empty shell, but inside The Brewery holds an epic tale of Memphis' past and the promise of its bright future.

In the early 2000's, the adaptive reuse of abandoned breweries became a symbol of the urban revitalization movement across America. The Tennessee Brewery's location, remarkable look, and quality of its construction should have made it a prime restoration project for Memphis. Yet, even as neighborhood warehouses were being transformed into luxury condos, offices and art galleries, the Brewery received little attention, serving mainly as a location for photo shoots, videos, and films like "Trespass" and "Walk the Line."

- a) The residential/commercial complex and new parking garage in the former Brewery facility located on Tennessee Street, will require a complex structure involving the public/private development catalysts that have been used so successfully to develop downtown Memphis, including 100 South Main (CCRFC, DPA and private investment), One Commerce Square (CCRFC, DPA, CCDC and private investment) and Chisca Hotel (CCRFC, DPA, CCDC and private development).

The development team will construct a new six floor residential building on the North lot of the Brewery. The new construction will contain 90 residential units designed around an interior courtyard with a majority of the new units having river views. The Brewery building will be renovated to contain 46 residential units and approximately 13,500 sq/ft of commercial space. Across the street from the Brewery, the developers plan to construct a four floor public parking garage with up to 339 parking spaces, 3,800 sq/ft of commercial space and 15 additional residential flex units above the commercial space. The northern half of the garage property will be reserved for future development and will be a temporary green space, until markets dictate its use.

- b) The development team commissioned a Local Economic Impact Analysis from Younger Associates. The result of this analysis is included in this application as Appendix 3b.
- c) 495 Tennessee Street,
Memphis, Shelby County, Tennessee (Brewery lot)
0.93 acres - 40,350 sq/ft
Planned commercial space - approximately 13,500 sq/ft
Residential units, 136 units - approximately 118,498 sq/ft
- 11 E. Butler,
Memphis, Shelby County, Tennessee (Parking garage lot)
1.6360 acres – 71,264 sq/ft
Planned commercial space – approximately 3,830 sq/ft
Parking – up to 339 spaces
(concept plans include 15 units over the parking garage commercial space)
- d) Reserved.

- e) The Brewery was built in 1890 and closed in 1954. The building's subsequent owner used the building to conduct its scrap metal operations until the 1970's, when local investors bought the build with the intent to develop it. For over 30 years the building has been vacant. While there is much history on the Brewery itself, the development team is focused on its redesign to repurpose the building from a "turn of the century" industrial age brewery to a 21st century urban residential space and node for the revival of the south downtown area. Architectural plans and renderings are attached as Schedule 3e.
 - f) Letter from a certified engineer, licensed in the State of Tennessee, as to the structural integrity of the building for its intended usage. Attached as Appendix 3f.
4. The marketing plans for the project will encompass various strategies and timing. The market user for the project will be residential, apartment renters who are interested in living in the downtown market within a historic redevelopment, multi-use project located on the city bluff walk near the river parks and other existing residential developments. This renter is typically made up of younger, professionals who are either single or coupled and/or an older individual or couple looking for a downtown residence. The marketing will be done via print, social media, direct marketing, referrals, etc. as typically done by a leasing/management company. The typical lease will be made up of at least a 12 month period with options to extend. Average rent for the apartment units will range in the \$1,000 per month area. Fogelman Management Group is the anticipated leasing/property manager and it is anticipated to be fully occupied within 12 months after construction completion.
- a) Location of the proposed project by street address: 495 Tennessee Street and 11 E Butler. Legal Descriptions are attached as Schedule 4a.
 - b) Property owner at the time of application submittal: 495 Tennessee, LLC.
 - c) n/a
 - d) The financing of the Brewery and Garage is estimated at \$27 million. The developers are requesting CCRFC to grant a PILOT for the 20 years, the number of years where the project grades out. This request is for CCRFC to grant an exception to the maximum 15 year PILOT as set forth in the CCRFC rule. In addition, the developers propose to subdivide 11. E Butler and sell the parcel for the parking garage to the CCRFC/CCDC/DPA for \$562,500, the pro-rated cost 495 Tennessee paid for the lot, and DPA would finance the cost of constructing the new parking facility not to exceed \$5,191,125. The Applicant would then operate and lease the improved property from the DPA on a long term lease for payments to reimburse DPA over 60 years at 3.0%. CCRFC/DPA would grant Applicant an option to subdivide and purchaser the green space area and would also grant the Applicant an option to purchase the garage at some future time. The applicant will also employ historic tax credits, conventional bank debt financing, and other available public funds to offset the unusually high cost related to the rehabilitation of the historic building after so many years of neglect (approximately \$2,500,000 for structural repairs due to neglect). The balance of Project costs and expenses will be funded by the investor group.
5. 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 Schedule 5

6. Are changes needed to the public space around the Project (For example; sidewalks, lighting and planting)? We anticipate that the public areas around the buildings will require significant repair to sidewalks. In addition changes to the public alley on the west side of the existing building will be needed.
7. State the proposed time schedule for the Project including the dates anticipated for the following:
 - a) Closing of the loan or contributing financing availability. We anticipate closing the financing for the Project third quarter 2015.
 - b) First expenditure of funds with regard to the project. We are already paying for some soft costs related to design and cleanup of the building. We anticipate first expenditures of funds on construction fourth quarter of 2015.
 - c) Anticipated date construction will begin. WE anticipate construction beginning end of fourth quarter 2015, beginning of first quarter 2016.
 - d) Anticipated completion date. We anticipate completion of the project, assuming renovations and construction beginning first quarter 2016, middle of 2017.
8. Financial Background
 - a) Attach current audited financial statements of the applicant and guarantors. If audited financial statements are unavailable, please submit non-audited statements. N/A
 - 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. The Applicant will use Padawer & Associates.
 - c) Attach three years tax returns if Applicant is an individual. N/A
9. Name any of the following that will be involved with the Project (with address and phone numbers):
 - a) Counsel for the Applicant
Jay Lindy
4091 Viscount Ave.
Memphis, TN 38118
901.277.8297
 - b) Architects and engineers
Tony Pellicciotti
Looney Ricks Kiss
175 Toyota Plaza
Suite 500
Memphis, TN
521.1440
 - c) Contractor for project
Montgomery Martin Contractors, LLC
8245 Tournament Drive, Ste. 300

Memphis, TN 38125
374-9400

- d) Other professionals N/A
- e) Does the Applicant or any guarantor have any previous or ongoing relationship with any Board member or legal counsel of the Board? No If so please describe in detail.

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

Personal:

Henry Turley, The Henry Turley Company	901-255-2122
Jeff Meskin, Brown Brothers	212-493-8896
Mark Halperin, Boyle	901-766-4299

Business:

Brandon Cooper, Iberia Bank	901- 757-7108
Louise Bardon, Trustmark Bank	901-309-6201
Damon Bell, First Tennessee	901-681-2500

11. 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. N/A

12. 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.

495 Tennessee, LLC

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

Parcel #002083 00003 Assessed Value: \$277,960

Parcel #002092 00001 Assessed Value: \$137,120

b) Are any assessments presently under appeal? No. If so, describe the status of the appeal.

c) Will the Project result in the subdivision of any present tax parcel? Yes, the project will result in a subdivision of tax parcel #002092 00001.

13. 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.

Rick Neal

Senior Vice President

Memphis Region Manager

Commercial Real Estate

Trustmark National Bank
Trustmark Centre
5350 Poplar Avenue, Ste. 210
Memphis, TN 38119
901-309-6200-Direct

- b) Amount of loan. \$ 14.7 million
 - c) Attach lender's commitment letter. See attached
14. Attach two (2) cash flow pro formas – 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. See Attached.
 15. Attach information about the financial history of the Project and previous attempts to develop, if possible. N/A
 16. Attach EBO Form A - Proposed Utilization Plan. Form is located as an attachment in this section. At this point in time we have no subcontractors on board and can't provide any meaningful recording on the Form A. What we can say is that Montgomery Martin has an excellent track record for working with the Downtown Memphis Commission on these types of projects and they have repeatedly met or exceeded goals. We have discussed with staff having a pre-bid contracting conference at the MMBC Continuum for this project. Given the requirement of availing contracting opportunities to the minority owned businesses (EBO Program), not just those that MMC knows and has worked with in the past, and the size and nature of this project, working with MMBC Continuum, and the Memphis Area Minority Contractors Association, will be part of our outreach efforts.
 17. The statement on the following page must be included along with a dated signature of the applicant or applicant's representatives.

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.

Applicant Signature

A handwritten signature in black ink, appearing to be "MAG" followed by a flourish.

Date 4/22/2015



Tennessee Brewery District Economic Impact Summary

April 15, 2015

Project Description:

Residential Space	118,498 square feet
Commercial Space	13,500 square feet
Parking Garage	339 parking spaces

Construction Cost: \$22.9 Million

Construction Impact:

Jobs	307 During construction period
Economic Impact	\$43.8 Million, non-recurring

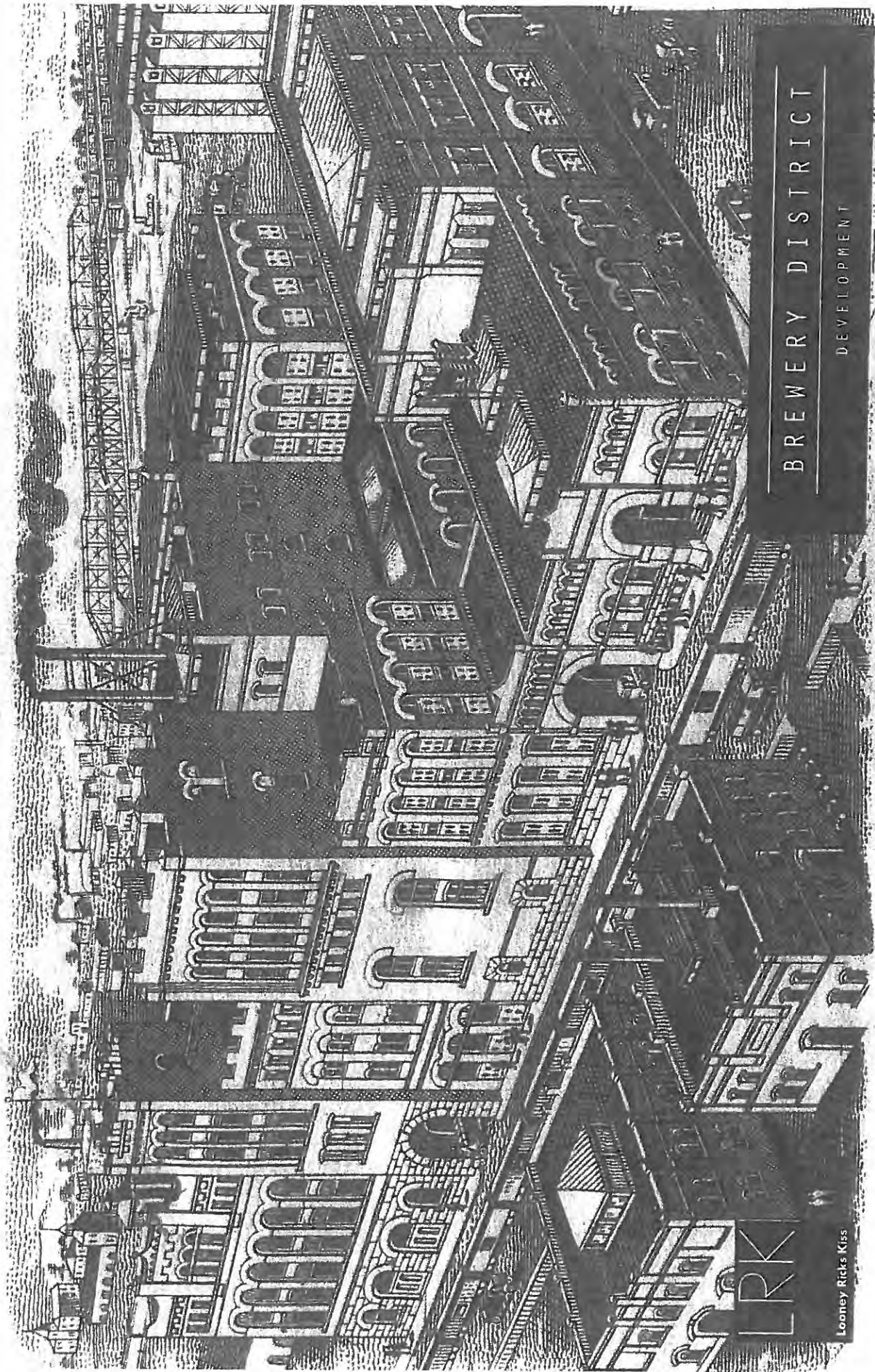
Operating Impact: (at stabilized operating level)

Jobs	107
Economic Impact	\$8.2 Million, annual
New Residents	204 based upon 1.5 residents per unit

Memphis ♦ Jackson, TN
901-272-5005 ♦ 731-668-7367

Market Research | Economic Development Consulting | Strategic Communication

Schedule 3e - Architectural plans



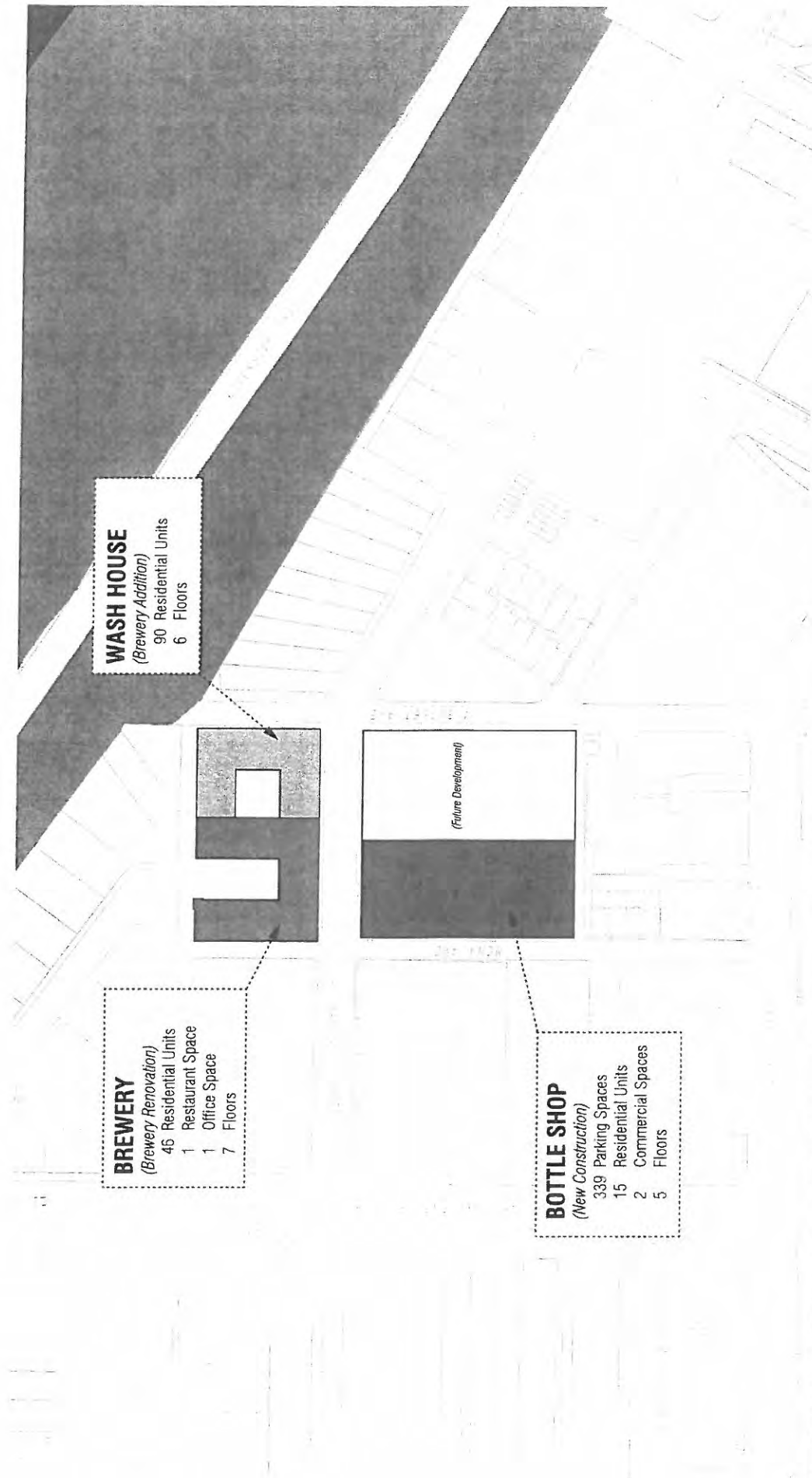
BREWERY DISTRICT

DEVELOPMENT

CONCEPT PACKAGE F-1 APRIL 17, 2015

LRK

Looney Ricks Kiss



WASH HOUSE
(Brewery Addition)
 90 Residential Units
 6 Floors

BREWERY
(Brewery Renovation)
 46 Residential Units
 1 Restaurant Space
 1 Office Space
 7 Floors

BOTTLE SHOP
(New Construction)
 339 Parking Spaces
 15 Residential Units
 2 Commercial Spaces
 5 Floors

(Future Development)

LRK
Looney Ricks Kiss

Brewery District
Master Plan

1:1 Scale
 11/15/2015
 11/15/2015
 11/15/2015

BREWERY DISTRICT
 DEVELOPMENT

Concept Package #
 Brewery District Development
 Memphis, TN
 April 17, 2015
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DEVELOPMENT SUMMARY

BREWERY

46	RESIDENTIAL UNITS
25	UNIT TYPES
31	STUDIO/ 1 BED UNITS
15	2 BED UNITS
1668	SQFT LOBBY/ GYM (GROSS)
40.979	RESIDENTIAL NET RENTABLE SQFT
12.688	COMMERCIAL NET RENTABLE SQFT

WASH HOUSE

90	RESIDENTIAL UNITS
7	UNIT TYPES
78	1 BED UNITS
12	2 BED UNITS
73.038	RESIDENTIAL NET RENTABLE SQFT

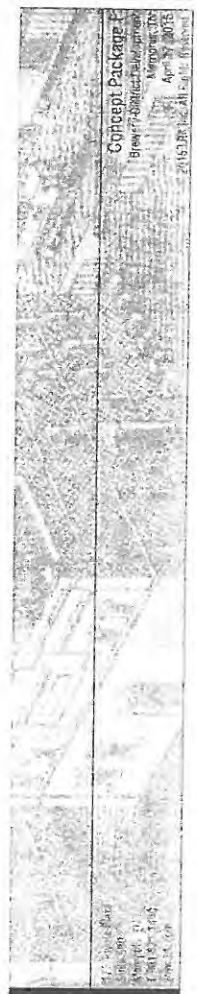
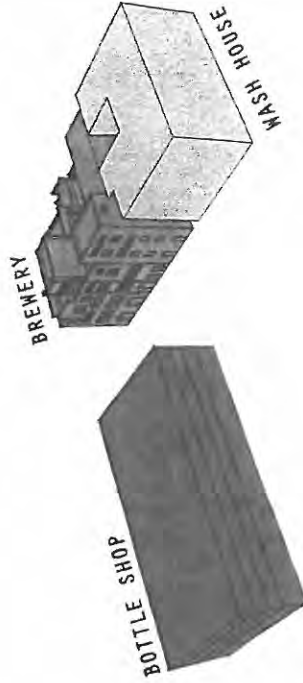
BOTTLE SHOP

339	PARKING SPOTS
1	UNIT TYPE
15	1 BED UNITS
11.016	RESIDENTIAL NET RENTABLE SQFT
3.830	COMMERCIAL NET RENTABLE SQFT

* COMMERCIAL CAM FACTOR TBD

151 RESIDENTIAL UNITS
33 UNIT TYPES

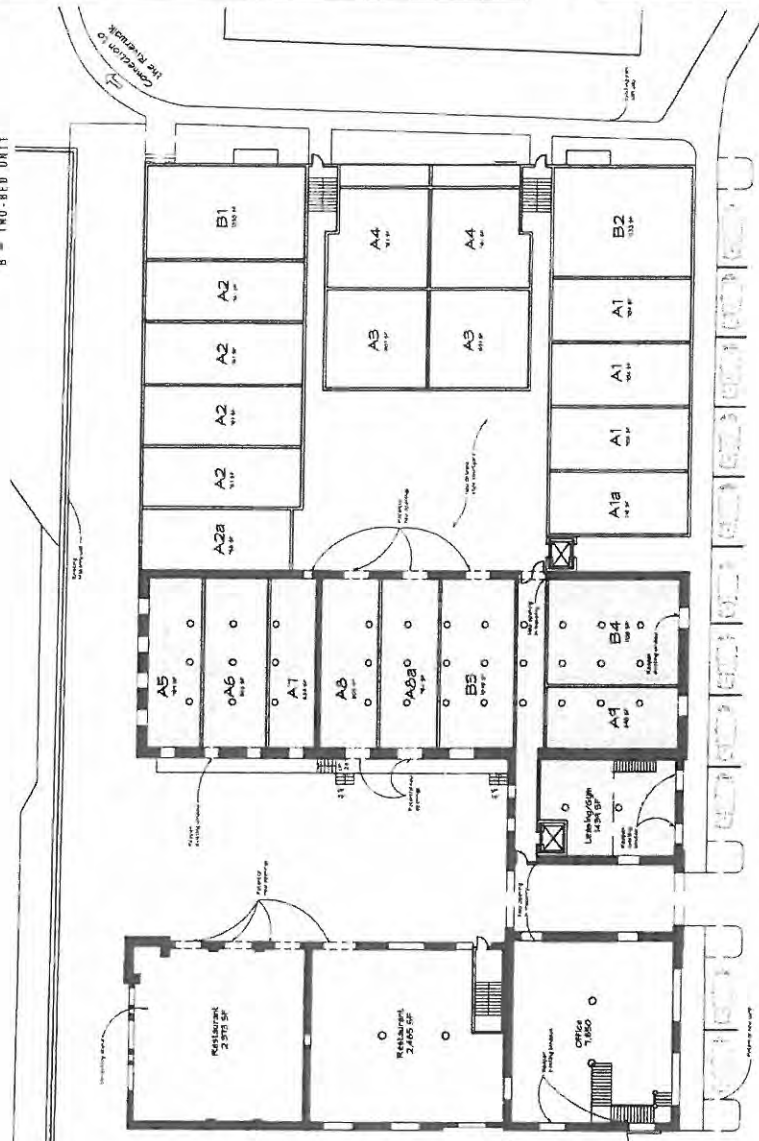
339 PARKING SPOTS (PLUS STREET PARKING)
125,033 RESIDENTIAL NET RENTABLE SQFT
16,518 COMMERCIAL NET RENTABLE SQFT



BREWERY DISTRICT DEVELOPMENT

FLOOR 1 UNIT COUNT	
BREWERY	
1	A5 757
1	A6 866
1	A7 664
1	A8 803
1	A8A 784
1	A9 690
1	B3 1045
1	B4 1126
WASH HOUSE	
3	A1 704
1	A1A 718
4	A2 761
1	A2A 756
2	A3 801
2	A4 761
1	B1 1230
1	B2 1232
23 TOTAL UNITS	

* S = STUDIO UNIT
 A = ONE-BED UNIT
 B = TWO-BED UNIT



KEY:

- BREWERY (EXISTING CONSTRUCTION)
- BREWERY (NEW CONSTRUCTION/ FLOOR PLATE)
- WASH HOUSE (NEW CONSTRUCTION)

NOTE: UNIT PLANS ARE CONCEPTUAL



SCALE 1/32" = 1'-0"

East Lot

Tennessee Street

BREWERY DISTRICT

DEVELOPMENT

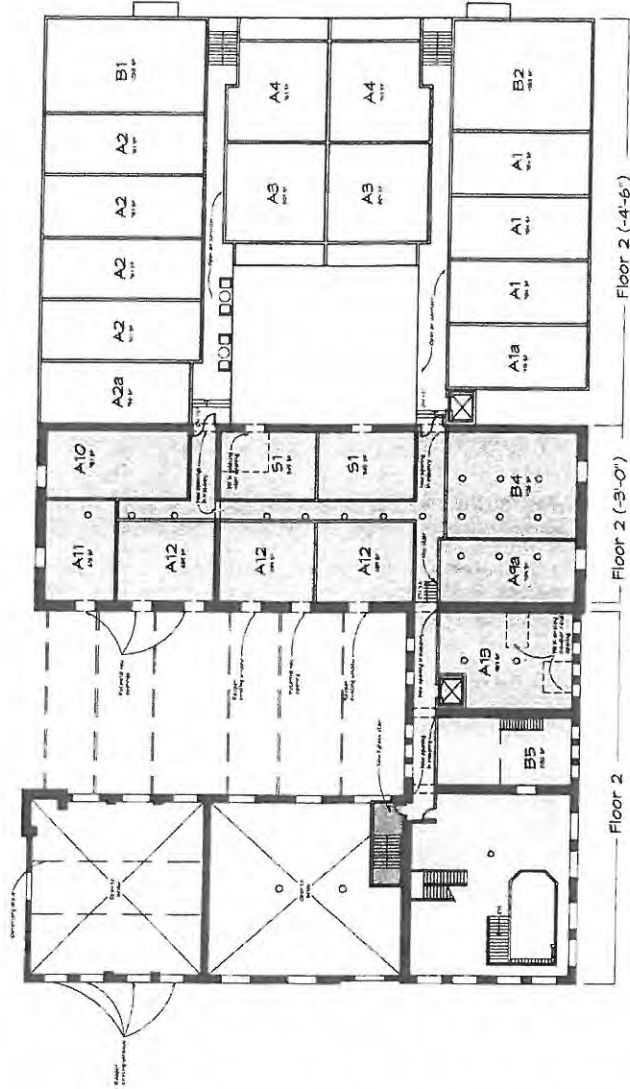
LRK
 Looney Ricks Kiss

115 Third Party
 512.408.1111
 12400 N. Loop West, Suite 1000
 Dallas, TX 75243
 P: 214.221.4444
 F: 214.221.4444

Brewery & Wash House Floor 1

Concept Package #
 Brewery - Budget Development
 Memphis, TN
 April 17, 2015
 All rights reserved.

* S - STUDIO UNIT
 A - ONE-BED UNIT
 B - TWO-BED UNIT



FLOOR 2 UNIT COUNT	
BREWERY	
2	S1 545
1	A9A 704
1	A10 787
1	A11 615
3	A12 639
1	A13 987
1	B4 1126
1	B5 1130
WASH HOUSE	
3	A1 704
1	A1A 718
4	A2 761
1	A2A 756
2	A3 801
2	A4 761
1	B1 1230
1	B2 1232
26 TOTAL UNITS	



NOTE: UNIT PLANS ARE CONCEPTUAL



Brewery & Wash House
Floor 2

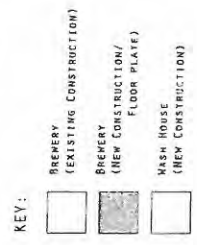
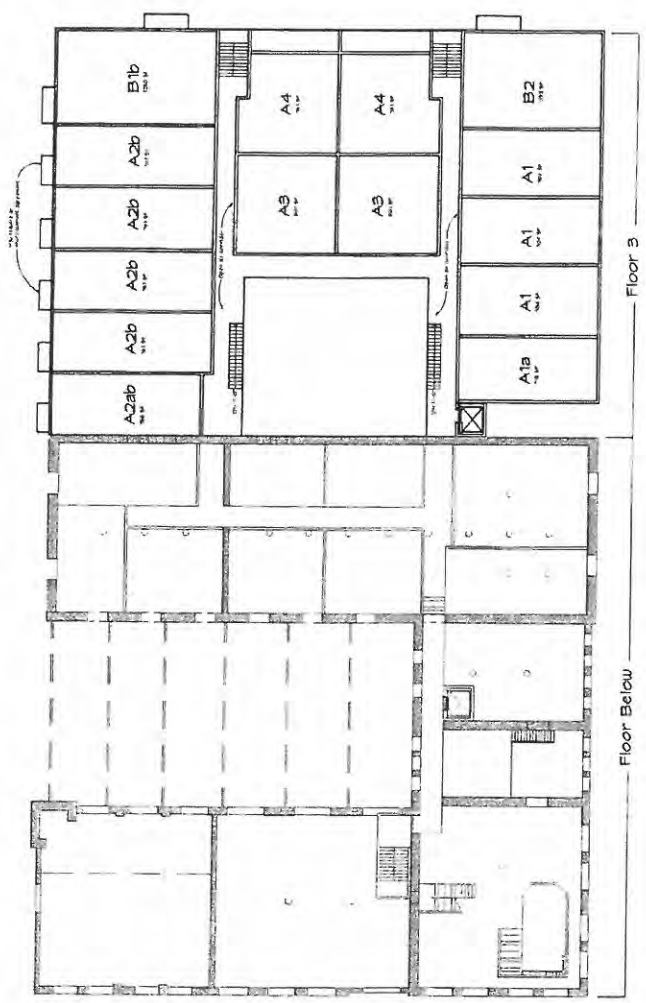
Concept Package #
 Brewery District Development
 1111 North
 Suite 200
 West 1st St
 Chicago, IL 60607
 April 12, 2015

BREWERY DISTRICT
 DEVELOPMENT

LRK
 Looney Ricks Kiss

* F = STUDIO UNIT
 A = ONE-BED UNIT
 B = TWO-BED UNIT

FLOOR 3 UNIT COUNT	
WASH HOUSE	
3	A1 704
1	A1A 718
4	A2B 761
1	A2AB 756
2	A3 801
2	A4 761
1	B1B 1230
1	B2 1232
15 TOTAL UNITS	



NOTE: UNIT PLANS ARE CONCEPTUAL



LRK
Looney Ricks Kiss

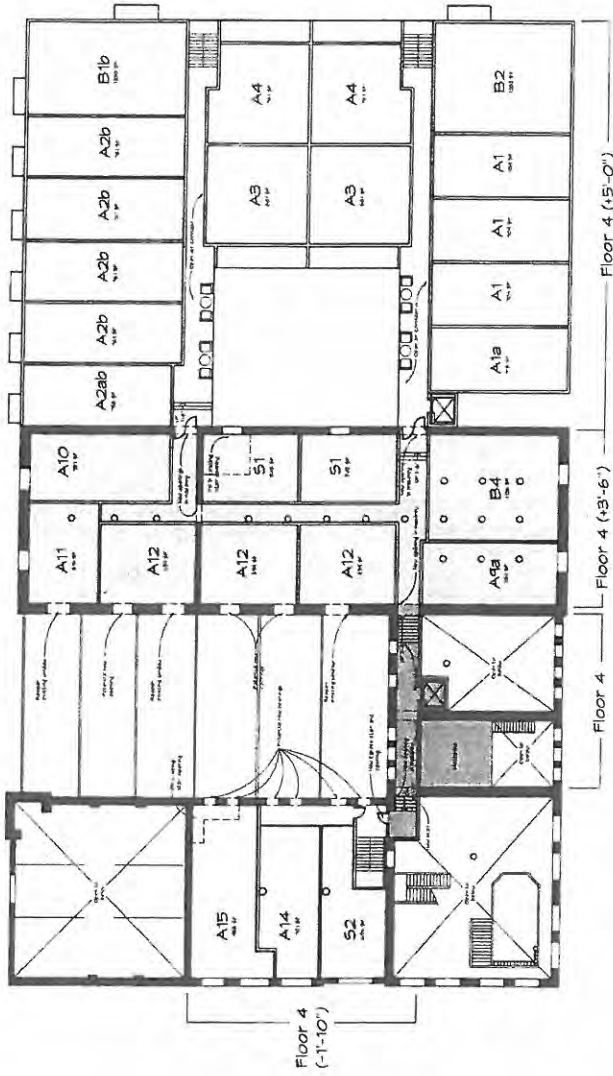
117 1st Ave
 Suite 200
 Everett, WA
 98201-1420
 www.lrk.com

Brewery & Wash House
Floor 3

Concept Package F
 Brewery Project Dashboard
 Approved: [Signature]
 April 17, 2015
 15.02.15.01.01.01.01.01.01

BREWERY DISTRICT
DEVELOPMENT

* S = STUDIO UNIT
 A = ONE-BED UNIT
 B = TWO-BED UNIT



FLOOR 4 UNIT COUNT	
BREWERY	
2	S1 545
1	S2 605
1	A9A 704
1	A10 787
1	A11 615
3	A12 639
1	A14 701
1	A15 958
1	B4 1126
WASH HOUSE	
3	A1 704
1	A1A 718
4	A2B 761
1	A2AB 756
2	A3 801
2	A4 761
1	B1B 1230
1	B2 1232
27 TOTAL UNITS	

KEY:

- BREWERY (EXISTING CONSTRUCTION)
- BREWERY (NEW CONSTRUCTION/ FLOOR PLATE)
- WASH HOUSE (NEW CONSTRUCTION)

NOTE: UNIT PLANS ARE CONCEPTUAL



Brewery & Wash House
Floor 4

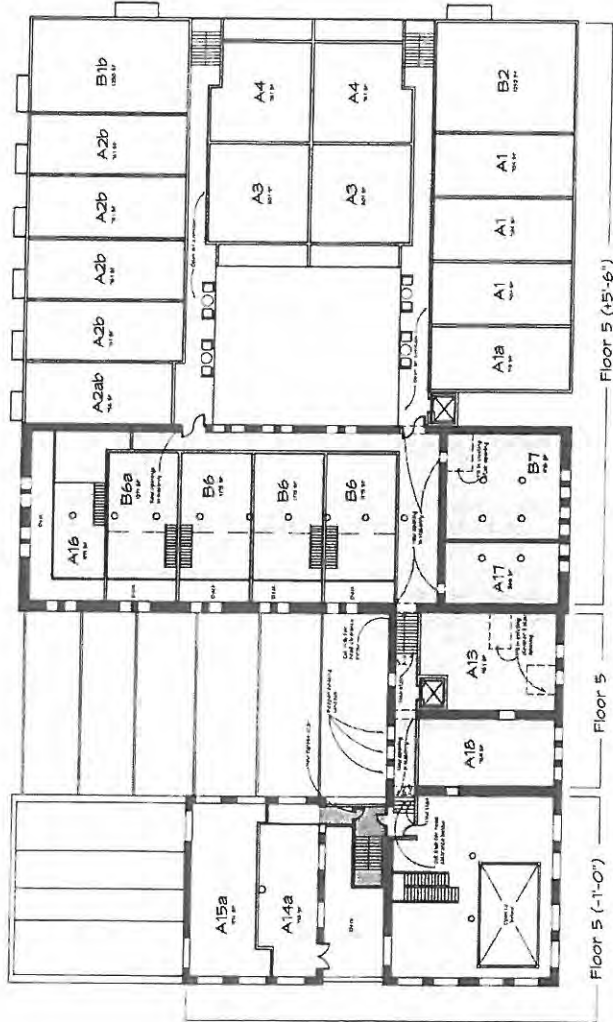
BREWERY DISTRICT
 DEVELOPMENT

110 Town Hall
 Suite 200
 Concord, CA
 94520
 925.309.1100
 www.lrk.com

Looney Ricks Kiss

Concept Package
 Brewery & Wash House
 Floor 4
 11/15/2017
 11/15/2017

* S - STUDIO UNIT
 A - ONE-BED UNIT
 B - TWO-BED UNIT



FLOOR 5 UNIT COUNT	
BREWERY	
1	A13 987
1	A14A 718
1	A15A 974
1	A16 977
1	A17 586
1	A18 769
3	B6 1173
1	B6A 1217
1	B7 978
MASH HOUSE	
3	A1 704
1	A1A 718
4	A2B 761
1	A2AB 756
2	A3 801
2	A4 761
1	B1B 1230
1	B2 1232
26 TOTAL UNITS	

KEY:

	BREWERY (EXISTING CONSTRUCTION)
	BREWERY (NEW CONSTRUCTION/ FLOOR PLATE)
	MASH HOUSE (NEW CONSTRUCTION)

NOTE: UNIT PLANS ARE CONCEPTUAL



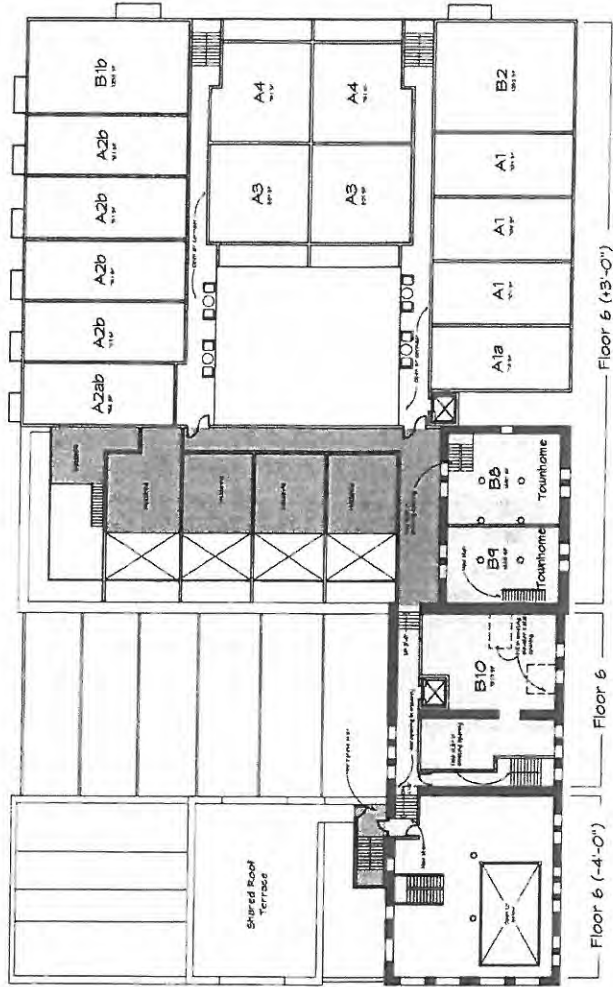
BREWERY DISTRICT
 DEVELOPMENT

Brewery & Wash House Floor 5

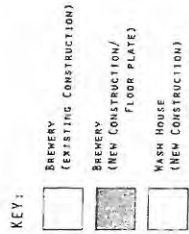
Concept Package
 Brewery District Development
 Prepared by: LRP
 Date: April 12, 2015
 Project No.: 2015-08-001-01-01-01

LRK
 Looney Risks Kiss

* 1 - STUDIO UNIT
 A - ONE-BED UNIT
 B - TWO-BED UNIT



FLOOR 6 UNIT COUNT	
BREWERY	
1	B8 1690
1	B9 1440
1	B10 1527
WASH HOUSE	
3	A1 704
1	A1A 718
4	A2B 761
1	A2AB 756
2	A3 801
2	A4 761
1	B1B 1230
1	B2 1232
18 TOTAL UNITS	



NOTE: UNIT PLANS ARE CONCEPTUAL



Looney Ricks Kiss

Brewery & Wash House

Floor 6

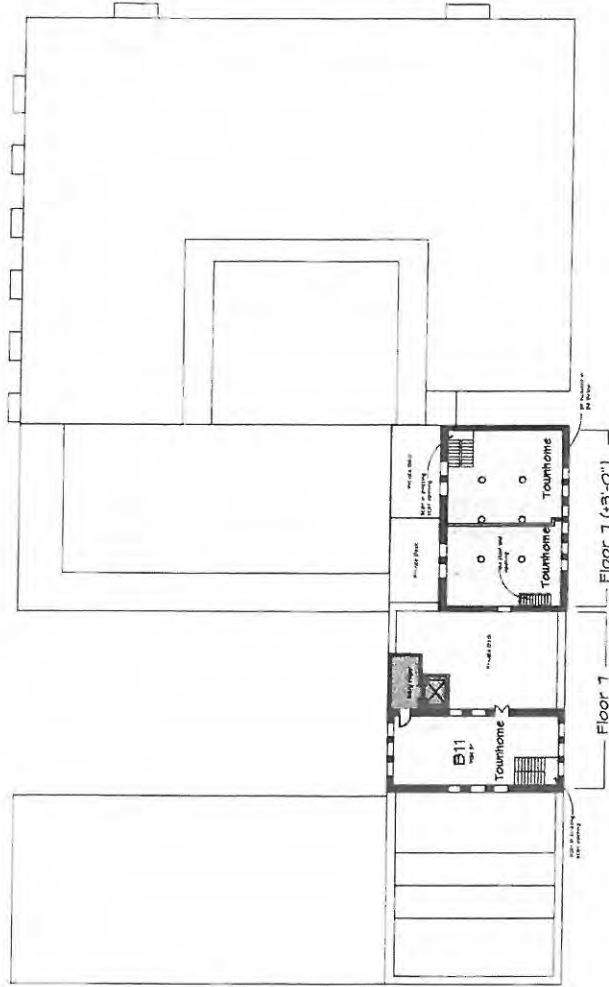
CONCEPT PACKAGE FOR
 BREWERY DISTRICT DEVELOPMENT
 1001 BRIDGE AVENUE, RICHMOND, VA
 DATE: 11/11/15

BREWERY DISTRICT

DEVELOPMENT

* S - STUDIO UNIT
 A - ONE-BED UNIT
 B - TWO-BED UNIT

FLOOR 7 UNIT COUNT	
BREWERY	
1 B11	1924
1 TOTAL UNITS	



KEY:

- BREWERY (EXISTING CONSTRUCTION)
- BREWERY (NEW CONSTRUCTION/ FLOOR PLATE)
- WASH HOUSE (NEW CONSTRUCTION)

NOTE: UNIT PLANS ARE CONCEPTUAL



SCALE 1/32" = 1'-0"

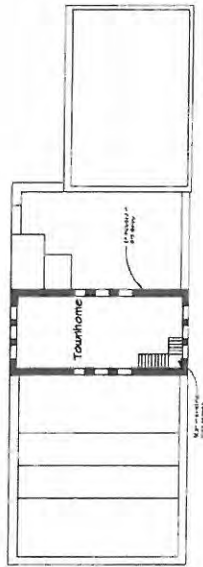
BREWERY DISTRICT

DEVELOPMENT

LRK
 Looney Ricks Kiss

Brewery & Wash House
Floor 7

Concept Package
 Brewery District Development
 10000 1st Avenue, Suite 100
 Minneapolis, MN 55426
 763.429.1143
 www.lrk.com



- KEY:
- BREWERY (EXISTING CONSTRUCTION)
 - BREWERY (NEW CONSTRUCTION/ FLOOR PLATE)
 - WASH HOUSE (NEW CONSTRUCTION)

NOTE: UNIT PLANS ARE CONCEPTUAL



SCALE 1/32" = 1'-0"



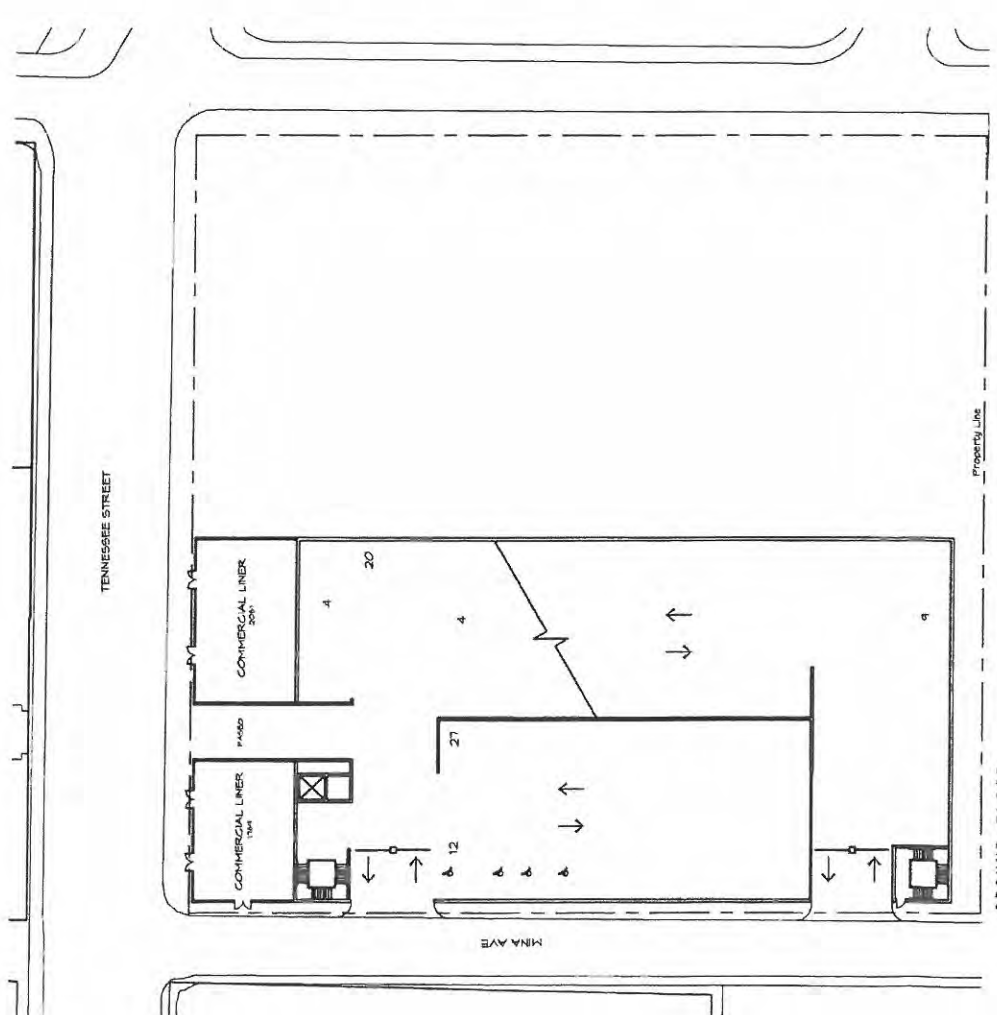
Looney Ricks Kiss

Brewery & Wash House
Floor 8

Concept Package:
Brewery & Dining Hall
November 14, 2015
April 12, 2015
April 14, 2015
April 16, 2015

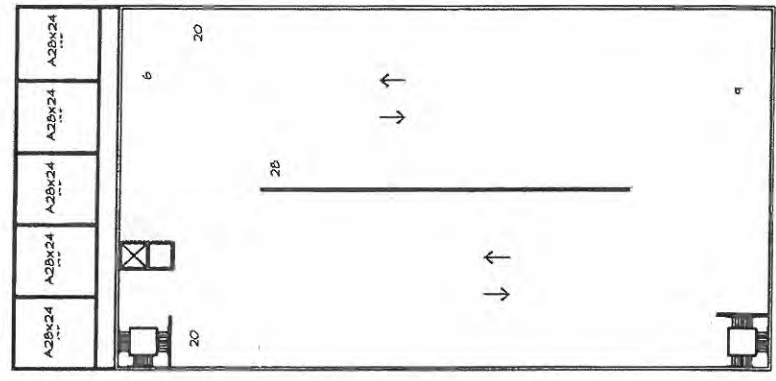
BREWERY DISTRICT

DEVELOPMENT



GROUND FLOOR

BOTTLE SHOP UNIT/SPOT COUNT	339
PARKING SPOTS	15
WASH HOUSE	A (28X24)
15 TOTAL UNITS	



TYPICAL UPPER FLOOR

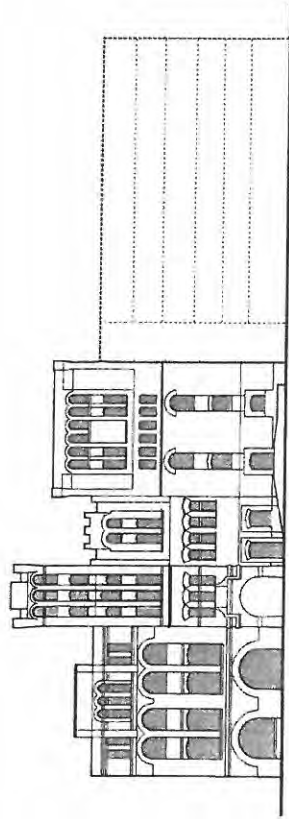
SCALE : 1" = 40'

LRK
Looney Ricks Kiss

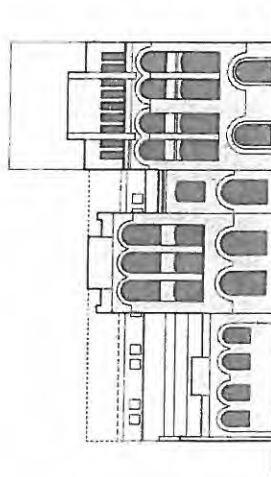
Bottle Shop
Floor Plans

BREWERY DISTRICT
DEVELOPMENT

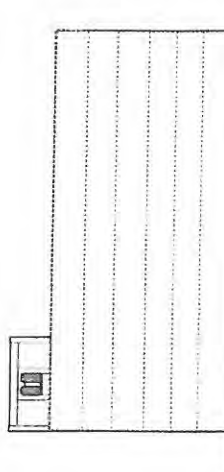
Concept Package F
Brewery District Development
Memphis, TN
April 17, 2015
© 2015 LRK Inc. All rights reserved.



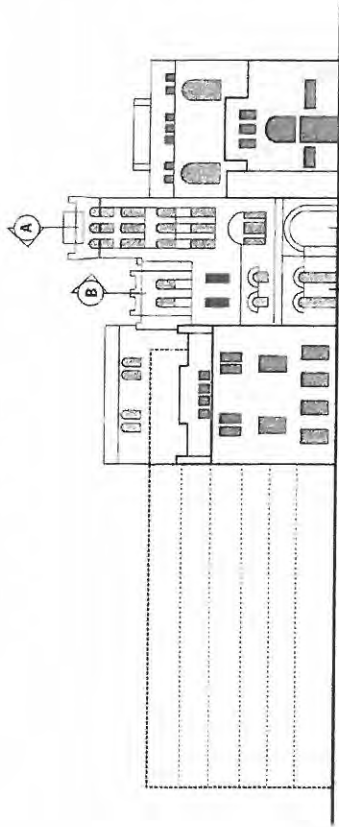
SECTION 1 - WEST ELEVATION



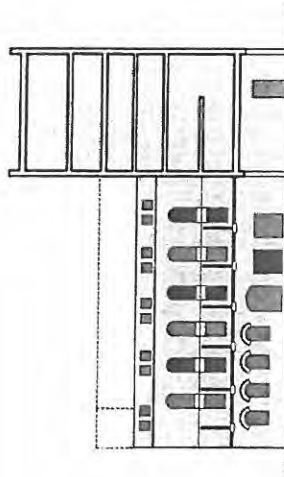
SECTION 2 - NORTH ELEVATION



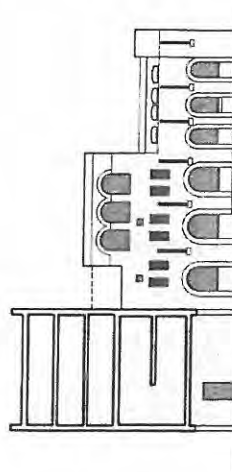
SECTION 3 - NORTH ELEVATION



SECTION 4 - WEST ELEVATION



SECTION 5 - NORTH ELEVATION



SECTION 6 - NORTH ELEVATION



EXISTING CONDITIONS

RECONSTRUCTION

LRK
Looney Ricks Kiss

477 Taylor Plaza
Suite 200
Memphis, TN
38103-2714
www.lrk.com

Brewery & Wash House
Diagrammatic Elevations

Concept Package G
Brewery District Development
Memphis, TN
January 19, 2018
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BREWERY DISTRICT
DEVELOPMENT



April 10, 2015

Mr. Tony Pellicciotti, AIA
LRK, Inc.
175 Toyota Plaza, Suite 600
Memphis, TN 38103

Re: Tennessee Brewery
Structural
Memphis, TN

Dear Tony:

I am writing to inform you that I have reviewed the aforementioned structure and find that it is structurally sound to begin renovations.

Please call if you have any questions.

Sincerely:

A handwritten signature of Chad Stewart in black ink, overlaid on a circular professional engineer seal. The seal contains the text: 'CHAD E. STEWART', 'PROFESSIONAL ENGINEER', 'XV', 'AGRICULTURE', 'COMMERCE', '1942', and 'STATE OF TENNESSEE'.

Chad Stewart, P.E., LEED AP
President

Chad Stewart & Associates, Inc. 9700 Village Circle, Suite 300, Lakeland, TN 38002
Phone (901) 260-7850

Lakeland, TN

Knoxville, TN

Schedule 4a

11 Butler:

Beginning at a set chisel mark located at the intersection of the East Line of Tennessee Street (60' R.O.W.) and the south line of Butler Street (30' R.O.W.); thence north 89 degrees 58 minutes 49 seconds east with the south line of said Butler Street, 270.64 feet to a set 1/2" rebar with plastic cap in the west line of Parcel II of the Faxon Gillis Homes, Inc. property recorded in Instrument No. 02012231; thence south 00 degrees 05 minutes 15 seconds east with the west line of said property recorded in Instrument No. 02012231, 266.05 feet to a set chisel mark in the north line of Mina Alley (20' R.O.W.); thence north 89 degrees 59 minutes 45 seconds west with the north line of said Mina Alley, 271.05 feet to a set cotton picker spindle in the east line of said Tennessee Street; thence north 00 degrees 00 minutes 00 seconds east with the east line of said Tennessee Street, 265.93 feet to the point of beginning and containing 1.654 acres of land.

495 Tennessee Street

Description of The Tennessee Brewery, LLC property recorded at Instrument No. JV-9315 in Memphis, Shelby County, Tennessee:

Beginning at a set 1/2" rebar with plastic cap at the intersection of the west line of Tennessee Street (60' R.O.W.) and the south line of West Butler Avenue (30' R.O.W.); thence south 04 degrees 27 minutes 26 seconds west with the west line of said Tennessee Street, 268.20 feet to a set pk nail in the north line of Center Alley (20' Wide Public Alley); thence north 85 degrees 52 minutes 47 seconds west with the north line of said Center Alley, 150.00 feet to a set pk nail in the east line of an 18' Wide Public Alley; thence north 04 degrees 27 minutes 26 seconds east with the east line of said 18' Wide Public Alley, 268.80 feet to a set 1/2" rebar with plastic cap in the south line of the aforesaid West Butler Avenue; thence south 85 degrees 39 minutes 02 seconds east with the south line of said West Butler Avenue, 150.00 feet to the Point of Beginning and containing 40,275 square feet or 0.925 acres of land.

Schedule 5

MONTGOMERY MARTIN CONTRACTORS

BREWERY DISTRICT

Memphis, TN

5/6/2015

	339 Spaces		15 Units		90 Units		46 Units		TOTAL COST
	PARKING GARAGE		BOTTLE SHOP		WASH HOUSE		BREWERY		
	100,800	TOTAL	\$100,800	TOTAL	87,470	TOTAL	72,949	TOTAL	
Land Purchase		\$562,500							\$562,500
General Conditions	2.11	\$212,501	0.80	\$60,188	4.27	\$373,457	5.86	\$427,277	\$1,013,235
Demolition	0.20	\$20,000	-	\$0	-	\$0	3.33	\$242,573	\$262,573
Sitework	1.19	\$119,759	1.36	\$137,500	1.03	\$89,657	4.61	\$336,587	\$546,003
Concrete	28.13	\$2,835,900	1.35	\$136,500	9.70	\$848,146	7.11	\$533,363	\$4,217,409
Masonry	0.42	\$42,000	0.85	\$85,680	5.07	\$443,520	15.72	\$1,147,100	\$1,672,620
Structural & Misc Steel	1.74	\$175,460	0.04	\$4,200	2.06	\$180,300	7.56	\$551,290	\$906,990
Rough Carpentry	-	\$0	2.15	\$216,720	10.73	\$978,449	3.45	\$251,663	\$1,190,112
Exterior Trim & Decor	-	\$0	0.22	\$22,620	0.85	\$74,304	-	\$0	\$74,304
Cabinets & Tops	-	\$0	0.51	\$51,000	3.50	\$306,000	2.19	\$159,800	\$465,800
Interior Trim	-	\$0	0.16	\$16,380	1.09	\$95,285	0.94	\$68,878	\$164,163
Building Insulation & Waterproofing	0.94	\$94,500	0.24	\$24,120	1.33	\$116,759	0.12	\$8,480	\$219,739
Roofing	-	\$0	0.64	\$64,800	1.53	\$134,080	4.79	\$349,080	\$487,160
Sheetmetal/Flashing	-	\$0	0.04	\$4,000	0.29	\$25,000	-	\$0	\$25,000
Caulking & Firestopping	0.25	\$25,200	0.04	\$4,200	0.25	\$21,514	0.46	\$33,555	\$80,269
Doors & Hardware	0.41	\$41,200	0.33	\$33,750	1.77	\$154,900	1.59	\$115,675	\$311,775
Windows, Glass & Glazing	-	\$0	0.60	\$60,900	1.75	\$152,800	10.35	\$754,950	\$907,750
Plaster	-	\$0	-	\$0	-	\$0	0.44	\$32,400	\$32,400
Sheetrock	-	\$0	0.88	\$89,040	6.08	\$531,396	12.87	\$939,145	\$1,470,541
Finishes	0.35	\$35,280	0.72	\$72,436	3.09	\$270,043	3.47	\$253,418	\$556,742
Specialties	0.20	\$20,160	0.12	\$11,850	0.52	\$45,540	0.30	\$22,010	\$87,710
Appliances	-	\$0	0.79	\$39,750	2.73	\$236,500	1.71	\$124,550	\$363,050
Furnishings	-	\$0	0.02	\$2,400	0.20	\$17,600	0.21	\$15,000	\$32,600
Special Construction	-	\$0	-	\$0	1.08	\$64,560	0.59	\$43,170	\$137,730
Conveying Systems	0.79	\$80,000	0.18	\$18,000	1.43	\$125,000	1.85	\$135,000	\$340,000
Plumbing	0.50	\$50,400	0.97	\$97,775	5.87	\$513,072	7.13	\$520,103	\$1,083,575
Fire Protection	0.21	\$21,450	0.41	\$41,075	2.46	\$215,140	2.30	\$167,775	\$404,365
HVAC	-	\$0	0.98	\$98,455	5.66	\$494,748	7.59	\$553,658	\$1,048,406
Electrical	3.60	\$302,400	1.24	\$124,815	7.59	\$663,822	8.94	\$652,025	\$1,618,247
SUBTOTAL	\$46.02	\$4,638,650	\$15.26	\$1,538,154	\$81.90	\$7,163,593	\$115.68	\$8,438,523	\$20,240,765
Fees & Other Costs									
Permit	0.10	\$10,190	0.23	\$4,845	0.20	\$17,909	0.29	\$21,096	\$49,190
Builders Risk Insurance	0.08	\$8,173	0.18	\$3,084	0.16	\$14,363	0.23	\$16,919	\$39,455
Overhead & Fee	1.62	\$163,781	3.68	\$61,803	3.29	\$287,835	4.65	\$339,062	\$790,677
Construction Management	0.25	\$25,000	-	-	-	-	-	\$0	\$25,000
GC Bond	-	NIC	-	NIC	-	NIC	-	NIC	\$0
A&E Fees	1.49	\$150,000	-	-	-	-	-	-	\$150,000
Contingency	1.69	\$170,332	3.83	\$64,275	3.42	\$299,348	9.67	\$703,248	\$1,174,928
TOTAL CONST COST	\$51.25	\$5,166,125	\$16.58	\$1,671,162	\$88.98	\$7,783,047	\$130.51	\$9,520,848	\$22,470,020
Allowances									
Lead Abatement	-	-	-	-	-	-	1.37	\$100,000	\$100,000
Asbestos Abatement	-	-	-	-	-	-	0.14	\$10,000	\$10,000
MLG&W Fees	0.25	\$25,000	-	-	0.57	\$50,000	0.69	\$50,000	\$125,000
TOTAL COST	\$51.50	\$5,191,125	\$16.58	\$1,671,162	\$89.55	\$7,833,047	\$132.71	\$9,680,848	\$22,705,020

Adjustments:

Commercial Build Out	\$507,520	\$07,520.00
Removal of 14 Units	(\$1,200,000.00)	(1,200,000.00)
Rough In of Additional Ground Floor	\$475,000.00	475,000.00
AT&T Comcast Upfront Payments	(\$12,650)	(37,400.00)

NET TOTAL COSTS **\$5,191,125** **\$1,671,162** **\$7,808,297** **\$9,450,718** **24,121,302.73**

Schedule 13c – Bank letter



Trustmark Centre
5350 Poplar Ave., Suite 210
Memphis, TN 38119
www.trustmark.com

April 24, 2015

Billy Orgel
President
Tower Ventures
4091 Viscount Avenue
Memphis, TN 38118

RE: Tennessee Brewery

Dear Billy:

I am pleased to provide you with this letter outlining terms and conditions under which Trustmark National Bank may provide financing for the Tennessee Brewery project. The maximum amount of the loan will be Fourteen Million Seven Hundred Thousand (\$14,700,000) for the historic rehabilitation of the Tennessee Brewery and the new construction of the adjacent Wash House property into 151 residential units and 16,518 square feet of commercial space.

Borrower: 495 Tennessee, LLC

Purpose: The historic rehabilitation of the Tennessee Brewery and the new construction of the adjacent Wash House property into a 151 unit apartment complex with 16,518 square feet of commercial space located in downtown Memphis, TN.

Loan Amount: Lesser of:
i) \$14,700,000
ii) Maximum 80% loan to appraised value
iii) Maximum 67% loan to total estimated cost

Equity: Greater of 33% or \$7,550,000

Interest Rate: Floating Rate of 2.75% over One Month LIBOR

Term: 24 months from closing

Extension Option: Borrower has the option for 1, 36 month extension option, subject to the following:
i) No event of default
ii) Project generates minimum DSCR requirement
iii) Payment of Extension Fee



People you trust.
Advice that works.

<u>Payment:</u>	Interest only for 24 months. If Extension Option is granted, there will be 36 monthly principal plus interest payments based upon a 25 year amortization
<u>Security:</u>	First deed of trust on the property financed, along with assignment of rents, leases, profits, contracts, plans, and drawings, all grants and equity investments receivable
<u>Guarantors:</u>	Billy Orgel (100%)
<u>Fee:</u>	½%
<u>Extension Fee:</u>	¼%
<u>DSCR:</u>	Debt service coverage shall be tested at the end of the interest only period and will require a minimum 1.20x DSCR, based upon pro forma permanent loan assumptions, in order to enter the Extension Option. Thereafter, the DSCR test will take place annually and require a minimum 1.25x DSCR based on actual debt service
<u>Other Covenants:</u>	Loan to Value not to exceed 80%
<u>Property Manager:</u>	Experienced property manager acceptable to Trustmark
<u>Contractor:</u>	Contractor, which shall provide bonded, fixed-price guaranteed contract, acceptable to Trustmark
<u>Other:</u>	Subordination of all other funding to Trustmark of both payments and collateral rights 20 Year PILOT Agreement acceptable to Trustmark 339 Space Parking Garage located at the corner of Tennessee Street and Mena Avenue with appropriate documentation demonstrating availability for project use All operating and reserve funds to be held by Trustmark All requested financial information including audited financial statements and three years tax returns.

All conditions are subject to review and approval of Trustmark. Typical closing costs including, but not limited to legal, survey, title insurance, inspection fees, appraisal, front-end analysis report/feasibility study and environmental study will be paid by borrower.

People you trust.
Advice that works.

Other Requirements:

1. Approval of this transaction is subject to the receipt, review and acceptance of financial information on the Borrower, Project and Guarantors. Confirmation and acceptance of final project underwriting assumptions, complete global property schedule will be submitted by Guarantors to include location, type of property, market value, loan amount, lender, maturity date, interest rate, NOI, annual debt service, and all contingent liabilities. The financial condition of each must be acceptable to the Bank at its sole and absolute discretion.
2. Borrower must show evidence of proper zoning as well as all permits needed to construct the proposed project on said site before closing.
3. Appraisal will be ordered, received, and reviewed by the Bank and paid for by the Borrower. Said Appraisal shall be satisfactory to Bank.
4. Phase I Environmental Assessment may be required if the Bank's initial review of property determines a need. If ordered, the report must be acceptable to Bank and will be paid for by the Borrower.
5. Title, survey, and flood determination must be satisfactory to the Bank.
6. Borrower shall maintain insurance satisfactory to the Bank naming Trustmark National Bank as Mortgagee.
7. The Borrower's primary construction and operating account(s) must be maintained at Trustmark National Bank.
8. No subordinate debt shall be placed against the property.
9. Documentation must be acceptable in all respects to the Bank and its counsel.

Thank you for this opportunity and please let me know if you have any questions or comments.

Sincerely,



Rick Neal
Senior Vice President
Trustmark National Bank

People you trust.
Advice that works.

Schedule 14 – Pro forma(s)

Tennessee Brewery Total Project P&L
5/5/2015

	<u>Annual</u>	<u>Notes</u>
Leasing Revenue		
Brewery	\$614,685	40,979 Sq Ft @ \$1.25
Wash House	\$1,121,864	73,038 Sq Ft @ \$1.28
Bottle Shop	\$178,350	10,250 Sq Ft @ \$1.45
Commercial Brewery	\$285,480	12,688 Sq Ft @ \$1.88
Commercial Other	\$68,940	3,830 Sq Ft @ \$1.88
Parking Garage	\$302,400	Assumes 50% spaces leased and \$100K additional annually
Vacancy Assumptions	(\$161,762)	8% Residential
Net Revenue	\$2,409,956	
Expenses		
Total Payroll	\$245,000	
General and Admin	\$43,428	
Marketing	\$35,000	
Utilities	\$77,000	
Insurance	\$56,000	
Management Fee	\$72,000	
Repair and Maintenance	\$147,000	
Tax Credit investor Return	\$61,506	
Parking Garage	\$320,162	See Garage P&L
Total Expenses	\$1,057,096	
Net Operating Income	\$1,352,860	
Debt Service		
Principal	\$199,954	Year One Principal
Interest	\$673,102	Year One Interest
Total Debt Service	\$873,056	
Property Taxes Without PILOT	\$499,531	
NET CASH FLOW WITHOUT PILOT	(\$19,727)	
PILOT Adjustment	\$361,364	
NET CASH FLOW WITH PILOT	\$341,638	

Tennessee Brewery Projected Statement of Cash Flows
5/5/2015

<u>Project Cash flow Assumptions</u>	<u>2017</u> ¹⁾	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Proj Gross Annual Rental Revenues	\$2,357,409	\$2,571,719	\$2,597,436	\$2,623,410	\$2,649,644
Less Vacancy (assumes 8% apartments)	(\$188,593)	(\$161,762)	(\$163,380)	(\$165,014)	(\$166,664)
Less Operating Expenses	(\$1,018,699)	(\$1,111,308)	(\$1,122,422)	(\$1,133,646)	(\$1,144,982)
Less Property Taxes	(\$457,903)	(\$499,531)	(\$504,526)	(\$509,572)	(\$514,667)
Estimated NOI W/O PILOT:	\$ 692,213	\$ 799,117	\$ 807,108	\$ 815,179	\$ 823,331
Estimated NOI W/ PILOT:	\$ 1,011,950	\$ 1,160,481	\$ 1,173,468	\$ 1,186,584	\$ 1,199,832
Less Annual Debt Service	\$ (508,232)	\$ (824,203)	\$ (873,056)	\$ (873,056)	\$ (873,056)
<u>WITHOUT PILOT</u>					
Cash Available for Distribution	\$ 183,981	\$ (25,086)	\$ (65,948)	\$ (57,877)	\$ (49,725)
DSC Ratio	0.79	0.92	0.92	0.93	0.94
Cash flow Return on Equity	3.81%	-0.52%	-1.37%	-1.20%	-1.03%
<u>WITH PILOT</u>					
Cash Available for Distribution	\$ 503,718	\$ 336,279	\$ 300,412	\$ 313,528	\$ 326,776
DSC Ratio	1.16	1.33	1.34	1.36	1.37
Cash flow Return on Equity	10.43%	6.96%	6.22%	6.49%	6.77%

1) Operational February 1, 2017

<u>Project Cash flow Assumptions</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Proj Gross Annual Rental Revenues	\$ 2,676,141	\$ 2,702,902	\$ 2,729,931	\$ 2,757,231	\$ 2,784,803
Less Vacancy (assumes 8% apartments)	\$ (168,330)	\$ (170,014)	\$ (171,714)	\$ (173,431)	\$ (175,165)
Less Operating Expenses	\$ (1,156,432)	\$ (1,352,514)	\$ (1,176,396)	\$ (1,188,160)	\$ (1,200,042)
Less Property Taxes	\$ (519,814)	\$ (525,012)	\$ (530,262)	\$ (535,565)	\$ (540,921)
Estimated NOI W/O PILOT:	\$ 831,564	\$ 655,362	\$ 851,559	\$ 860,075	\$ 868,675
Estimated NOI W/ PILOT:	\$ 1,213,212	\$ 1,042,208	\$ 1,243,655	\$ 1,257,473	\$ 1,201,429
Less Annual Debt Service	\$ (873,056)	\$ (873,056)	\$ (873,056)	\$ (873,056)	\$ (873,056)
<u>WITHOUT PILOT</u>					
Cash Available for Distribution	\$ (41,492)	\$ (217,694)	\$ (21,497)	\$ (12,981)	\$ (4,381)
DSC Ratio	0.95	0.75	0.98	0.99	0.99
Cash flow Return on Equity	-0.86%	-4.51%	-0.45%	-0.27%	-0.09%
<u>WITH PILOT</u>					
Cash Available for Distribution	\$ 340,156	\$ 169,152	\$ 370,599	\$ 384,417	\$ 328,373
DSC Ratio	1.39	1.19	1.42	1.44	1.38
Cash flow Return on Equity	7.04%	3.50%	7.67%	7.96%	6.80%

<u>Project Cash flow Assumptions</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>
Proj Gross Annual Rental Revenues	\$ 2,812,651	\$ 2,840,777	\$ 2,869,185	\$ 2,897,877	\$ 2,926,856
Less Vacancy (assumes 8% apartments)	\$ (176,917)	\$ (178,686)	\$ (180,473)	\$ (182,278)	\$ (184,101)
Less Operating Expenses	\$ (1,212,042)	\$ (1,224,162)	\$ (1,236,404)	\$ (1,248,768)	\$ (1,261,256)
Less Property Taxes	\$ (546,330)	\$ (551,793)	\$ (557,311)	\$ (562,884)	\$ (568,513)
Estimated NOI W/O PILOT:	\$ 877,362	\$ 886,136	\$ 894,997	\$ 903,947	\$ 912,986
Estimated NOI W/ PILOT:	\$ 1,285,525	\$ 1,299,762	\$ 1,314,141	\$ 1,328,665	\$ 1,343,333
Less Annual Debt Service	\$ (873,056)	\$ (873,056)	\$ (873,056)	\$ (873,056)	\$ (873,056)
<u>WITHOUT PILOT</u>					
Cash Available for Distribution	\$ 4,306	\$ 13,080	\$ 21,941	\$ 30,891	\$ 39,931
DSC Ratio	1.00	1.01	1.03	1.04	1.05
Cash flow Return on Equity	0.09%	0.27%	0.45%	0.64%	0.83%
<u>WITH PILOT</u>					
Cash Available for Distribution	\$ 412,469	\$ 426,706	\$ 441,086	\$ 455,609	\$ 470,277
DSC Ratio	1.47	1.49	1.51	1.52	1.54
Cash flow Return on Equity	8.54%	8.84%	9.13%	9.44%	9.74%

Tennessee Brewery Projected Statement of Cash Flows

5/5/2015

Project Cash flow Assumptions	2032	2033	2034	2035	2036
Proj Gross Annual Rental Revenues	\$ 2,956,124	\$ 2,985,686	\$ 3,015,542	\$ 3,045,698	\$ 3,076,155
Less Vacancy (assumes 8% apartments)	\$ (185,942)	\$ (187,801)	\$ (189,679)	\$ (191,576)	\$ (193,492)
Less Operating Expenses	\$ (1,273,868)	\$ (1,286,607)	\$ (1,299,473)	\$ (1,312,468)	\$ (1,325,592)
Less Property Taxes	\$ (574,198)	\$ (579,940)	\$ (585,739)	\$ (591,597)	\$ (597,513)
Estimated NOI W/O PILOT:	\$ 922,116	\$ 931,337	\$ 940,651	\$ 950,057	\$ 959,558
Estimated NOI W/ PILOT:	\$ 1,358,148	\$ 1,303,111	\$ 1,318,224	\$ 1,333,488	\$ 1,348,904
Less Annual Debt Service	\$ (873,056)	\$ (873,056)	\$ (873,056)	\$ (873,056)	\$ (873,056)
WITHOUT PILOT					
Cash Available for Distribution	\$ 49,060	\$ 58,282	\$ 67,595	\$ 77,001	\$ 86,502
DSC Ratio	1.06	1.07	1.08	1.09	1.10
Cash flow Return on Equity	1.02%	1.21%	1.40%	1.59%	1.79%
WITH PILOT					
Cash Available for Distribution	\$ 485,092	\$ 430,055	\$ 445,168	\$ 460,432	\$ 475,848
DSC Ratio	1.56	1.49	1.51	1.53	1.55
Cash flow Return on Equity	10.05%	8.91%	9.22%	9.54%	9.85%
Project Cash flow Assumptions	2037	2038	2039	2040	2041
Proj Gross Annual Rental Revenues	\$ 3,106,916	\$ 3,137,986	\$ 3,169,365	\$ 3,201,059	\$ 3,233,070
Less Vacancy (assumes 8% apartments)	\$ (195,426)	\$ (197,381)	\$ (199,355)	\$ (201,348)	\$ (203,362)
Less Operating Expenses	\$ (1,338,848)	\$ (1,352,237)	\$ (1,365,759)	\$ (1,379,417)	\$ (1,393,211)
Less Property Taxes	\$ (603,488)	\$ (609,523)	\$ (615,618)	\$ (621,774)	\$ (627,992)
Estimated NOI W/O PILOT:	\$ 969,154	\$ 978,845	\$ 988,634	\$ 998,520	\$ 1,008,505
Estimated NOI W/ PILOT:	\$ 1,364,475	\$ 1,450,201	\$ 1,466,085	\$ 1,482,128	\$ 1,498,330
Less Annual Debt Service	\$ (873,056)	\$ (873,056)	\$ (873,056)	\$ (873,056)	\$ (873,056)
WITHOUT PILOT					
Cash Available for Distribution	\$ 96,098	\$ 105,789	\$ 115,578	\$ 125,464	\$ 135,449
DSC Ratio	1.11	1.12	1.13	1.14	1.16
Cash flow Return on Equity	1.99%	2.19%	2.39%	2.60%	2.81%
WITH PILOT					
Cash Available for Distribution	\$ 491,419	*20 Year PILOT EXPIRED			
DSC Ratio	1.56				
Cash flow Return on Equity	10.18%				
Project Cash flow Assumptions	2042	2043	2044	2045	2046
Proj Gross Annual Rental Revenues	\$ 3,265,400	\$ 3,298,054	\$ 3,331,035	\$ 3,364,345	\$ 3,397,989
Less Vacancy (assumes 8% apartments)	\$ (205,395)	\$ (207,449)	\$ (209,524)	\$ (211,619)	\$ (213,735)
Less Operating Expenses	\$ (1,407,143)	\$ (1,421,215)	\$ (1,435,427)	\$ (1,449,781)	\$ (1,464,279)
Less Property Taxes	\$ (634,272)	\$ (640,615)	\$ (647,021)	\$ (653,491)	\$ (660,026)
Estimated NOI W/O PILOT:	\$ 1,018,590	\$ 1,028,776	\$ 1,039,064	\$ 1,049,454	\$ 1,059,949
Estimated NOI W/ PILOT:	\$ 1,514,695	\$ 1,531,224	\$ 1,547,918	\$ 1,564,779	\$ 1,581,808
Less Annual Debt Service	\$ (873,056)	\$ (873,056)	\$ (873,056)	\$ (873,056)	\$ (873,056)
WITHOUT PILOT					
Cash Available for Distribution	\$ 145,534	\$ 155,720	\$ 166,008	\$ 176,398	\$ 186,893
DSC Ratio	1.17	1.18	1.19	1.20	1.21
Cash flow Return on Equity	3.01%	3.22%	3.44%	3.65%	3.87%

Tennessee Brewery Sources and Uses
5/5/2015

Notes

SOURCES OF FUNDS

Project Debt	13,552,856
Equity	4,828,801
Government Grants (Local, State, Federal)	2,500,000
Federal Historic Tax Credit	2,050,199
Downtown Parking Authority	5,191,125

Assumes 5% Interest, 30 Yr Amortization

Not to Exceed

TOTAL SOURCES OF FUNDS

28,122,981

USES OF FUNDS

Land	1,387,500
Construction Costs	24,121,303
Soft Costs	2,007,150
Financing Fees	367,028
Professional Fees	240,000

Includes \$562.5K for DPA Purchase of Land for Parking Garage

Includes A&E, Pilot Fee, Developer Fee and Contingencies

Includes Construction Interest

TOTAL USES OF FUNDS

28,122,981

NET CASH FLOW

0

Tennessee Brewery Parking Garage
Up To 339 Spaces
5/5/2015

	<u>Annual</u>
Parking Revenue	
Monthly Parking	\$203,400
Event Parking	\$99,000
Net Revenue	\$302,400
Expenses	
Salaries & Wages	
Management	\$14,000
Supervisors	\$13,104
Clerical	\$1,560
Attendants	\$24,570
Maintenance	\$1,638
Total Payroll	\$54,872
Payroll Taxes (FICA, FUTA, SUTA)	\$6,118
Insurance - Work Comp	\$2,826
Insurance - Liability	\$5,255
Insurance - Health	\$3,000
Postage	\$234
Telephone / Cell Phones	\$1,200
Repairs & Maintenance	\$5,000
Uniforms	\$1,200
Taxes & Licenses	\$1,100
Elevator	\$9,000
Gasoline / Lubricants / Tools	\$1,200
Supplies - Office	\$1,200
Supplies - General	\$1,200
Electricity	\$24,000
Water	\$500
Trash Removal	\$1,200
Ticket Purchase Expense	\$600
Bank Fees	\$600
Credit Card Fees	\$0
Data Processing Fee	\$1,200
Management Fee	\$12,000
Garage Capital Lease Payment	\$186,657
Total Expenses	\$320,162
Net Operating Income	(\$17,762)