

JAY H. LINDY
495 TENNESSEE STREET, SUITE 152
MEMPHIS, TENNESSEE 38103
TELEPHONE 901-277-8297

January 25, 2021

Ray Brown
Downtown Memphis Commission
114 North Main Street
Memphis, TN 38103

Brett Roler
Downtown Memphis Commission
114 North Main Street
Memphis, TN 38103

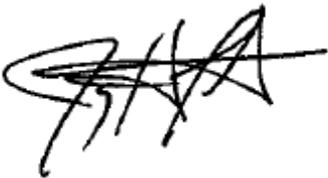
Re: Conwood II - PILOT APPLICATION

Dear Ray and Bret:

Please accept for filing the PIOLT application for Wolf River Harbor Holdings, LLC (“Applicant”). The Applicant is requesting a 20-year PILOT for the \$62,000,000 mixed use building to include 292 residential apartments and a public parking garage. I will deliver the application fee under separate cover before the CCRFC’s meeting. The Applicant and its developers would like this application’s approval to be considered at the February 2021 CCRFC meeting. Please let me know what other information you need.

I look forward to working with you and your staff.

Sincerely,

A handwritten signature in black ink, appearing to be "JAY LINDY", written in a stylized, cursive script.

Jay Lindy



**WOLF RIVER HARBOR HOLDINGS, LLC
CONWOOD II DEVELOPMENT (the "Project")
PILOT APPLICATION**

January 25, 2021

**WOLF RIVER HARBOR HOLDINGS, LLC
CONWOOD II DEVELOPMENT (the “Project”)
PILOT APPLICATION**

Conwood II is a major part of the overall development of The Historic Snuff District. This Project is a six story mixed use building including a 2 story public parking garage and 4 story multi-family buildings and 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), the Chisca Hotel (CCRFC, DPA, CCDC and private development), One Beale Street (CCRFC, DPA and private investment) and the Tennessee Brewery (CCRFC, DPA and private investment).

The Project will also include ground floor commercial retail space and residential amenity space. Currently the property is vacant land. The principles and investor group of the Applicant have been involved with redevelopment efforts in Memphis, and specifically in the downtown area, for over twenty years. Recently, the Applicant has completed the aggregation of over 65 acres of the historic Snuff District and is excited about the potential for making this area a live, work, entertainment, public amenity and riverfront gateway to the north part of downtown Memphis, particularly activating the eastern riverbank and waterfront of Wolf River Harbor.

PILOT APPLIATION
CONWOOD II

Overview of Snuff District Redevelopment:

The Snuff District Masterplan is a 65 +/- acre development located generally between Wolf River Harbor to the West, N. Main Street to the East, Saffrans Street to the South and Hickory Street to the North in the Uptown West Area of Memphis, Shelby County, Tennessee.



PILOT APPLIATION CONWOOD II

Plans for the multi-phase development of the main focal node at Keel and Front Street call for the renovation and repurposing of the existing Conwood building (construction beginning February 2021), construction of a new multi-family building to the south of the Conwood Building and an associated public parking garage (Conwood II), renovation of the historic AquaServe



building at 61 Keel into an event facility (construction beginning March 2021), street scape improvements along Front Street, a pedestrian plaza, utility infrastructure improvements, pedestrian and bike lanes, clean up of areas west of the railroad tracts to attract public use of the waterfront.

The existing Conwood building will be renovated from its previous factory and office use to include new mixed-use elements including ground floor retail space, approximately 138 multifamily units and 65,000 square feet of corporate office space. The exterior of the building will be restored to its original warehouse style with new windows, updated streetscapes and pedestrian space.

PILOT APPLIATION CONWOOD II

The current railroad underpass at Keel will be used as a circulation portal from a new public plaza along Front Street and connect to a new river walk and community park that will connect a stretch from Tom Lee Park to the area near the new Grind City Brewing Co. A new streetscape along Front Street will serve to activate the Snuff District area including bike lanes, better pedestrian access and improved visibility for the new buildings planned in the area, including a newly redeveloped historic 27,000 square foot event venue space.



The development team will construct a public parking structure that will support the 430 apartments and a new, redeveloped, 27,000 square foot historic warehouse event facility. The event venue can host up to 1,000 people and has started booking weddings, meetings and events to begin early 2022 and it is anticipated that this facility will host, approximately, 72 events per year. Additionally, the parking garage will support the 250 employees at Varsity Spirits' office headquarters and new retail spaces being built in Conwood phases I and II. The garage spaces will be needed for anyone visiting the area that will enjoy the two new local breweries and visitors to, what we hope will be, a new City park space and possible Memphis River Parks Partnership park built along the Wolf River frontage that could connect to the Willis Bridge/2nd Street pathway to Mud Island. Also, this public garage will provide additional spaces, above the 155 parking spaces being built for the Conwood I development, along with other parking options we are working on to supplement this garage and the surrounding neighborhood. Without building a garage to support the neighborhood developments we will be required to surface park the lot to support Varsity Spirit and their employees, the event space patrons and all visiting the area.

PILOT APPLIATION CONWOOD II



Conwood II, a proposed 6-story building south of Keel will house retail liner space, a parking garage, and multifamily units with views of the river and downtown. The new mixed-use buildings will draw their inspiration from the existing Conwood “warehouse style” while incorporating new materials to activate the streetscape and provide public gathering areas throughout the district and along the harbor. The Snuff District plans to become a destination that energizes this former industrial area with new residents and businesses.



PILOT APPLIATION
CONWOOD II

Estimate Cost of Conwood I and Conwood II:

The developers believe that the first phase of redevelopment, starting with the Conwood I and Conwood II will cost approximately \$205,000,000, broke down as follows:

SOURCES OF FUNDS	OVERALL
Project Debt	133,321,500
Equity	33,272,979
Historic Tax Equity	9,295,378
TIF Funding	12,056,695
Parking Garage Funding	17,160,000
TOTAL SOURCES OF FUNDS	<hr/> 205,106,552
USES OF FUNDS	
Land	3,650,000
Construction Costs	171,105,023
A&E	5,742,651
Soft Costs	10,811,000
Misc. Fees	2,313,305
Financing Fees	9,375,841
Professional Fees	2,108,732
TOTAL USES OF FUNDS	<hr/> 205,106,552
NET CASH FLOW	<hr/> <hr/> 0

*The Financial Forecast is based on certain assumptions and not on performance.

PILOT APPLIATION
CONWOOD II

Applicant, Project Principals and Developers:

The Applicant:

Wolf River Harbor Holdings, LLC
495 Tennessee Street, Suite 152
Memphis, Tennessee 38103
901 -794-9494

Representatives:

William Orgel	901-870-7555
Tom Marsh	901-335-2768
Jay Lindy	901-277-8297
Adam Slovis	901- 831-0683

Project Principals and Developers:

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 370 towers and they have built and sold an additional 1000 towers since the company began its operations over 20 years ago. Currently, Tower Ventures leases tower space in over 35 states and is one of the largest private tower companies in 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. Billy is 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, a member and Chairman of the Sports gaming Council for the State of Tennessee. 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

PILOT APPLIATION CONWOOD II

located in Germantown, Tennessee, a community bank with \$330 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 9 buildings that include commercial space and 850 apartments, and he is part of the investment group for South Junction Apartments and Central Station. Most recently, he and his group renovated the Tennessee Brewery. Currently, he and his group are working on the renovation to the Stewart and Oliver Builds on Front Street in Downtown Memphis, a master planned development for the Snuff District, including the historic renovation and reuse of the Conwood Building at the northwest corner of Keel and Front Street (“Conwood I”), and several multi-family projects in Midtown Memphis and Austin Texas.

Tom Marsh is a native of Memphis, TN and received his BBA from the University of Memphis in 1986. After graduation he began working at Richards Medical (Smith and Nephew) in the marketing department. In 1988 Tom began his commercial real estate career representing land and building owners in the acquisition and disposition of property. In 1993 Tom moved into the shopping center development and retail tenant representation side of commercial real estate. He participated in the planning, leasing and development of over \$150,000,000 of shopping centers in the Memphis and surrounding markets. Thru out his career he has represented national retailers such as Walgreens, Walmart, Arby’s and Lowes Home Improvement Centers for their site acquisitions in Memphis and surrounding cities. Tom guided Lowe’s in developing their overall strategy in entering the Memphis market and then represented them in the site selection and acquisition of all of their sites in and around Memphis. In order to create sites large enough for big box retailers or new larger shopping center sites Tom has had to assemble multiple parcels in many instances to make a project work. The largest assemblage was of over 70 parcels in “Washington Bottoms” in Midtown Memphis at Poplar and Cleveland that will be developed as a future mixed use project. Currently he focuses on redevelopment infill projects in the Midtown and Downtown areas of Memphis, including the Conwood I buildings and continues the development of owned parcels in and around Memphis.

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 back 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 many multifamily projects, including South Junction Apartments and Central Station. 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. Most recently, he has been an active developer/investor in the group that renovated the Tennessee Brewery, is renovating the Stewart and Oliver Builds on Front Street in Downtown Memphis, developing a master planned development for the Snuff District, including the historic renovation and reuse of the Conwood I Building, and several multi-family projects in Midtown Memphis and Austin Texas.

Adam Slovis is a Principal Real Estate Broker with twenty plus years’ experience in historic redevelopment, development, brokerage, and leasing and tenant representation. Slovis

PILOT APPLIATION CONWOOD II

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. Most recently, he has been an active developer/investor in the group that renovated the Tennessee Brewery, is renovating the Stewart and Oliver Builds on Front Street in Downtown Memphis, developing a master planned development for the Snuff District, including the historic renovation and reuse of the Conwood I Building, and several multi-family projects in Midtown Memphis.

PILOT APPLIATION CONWOOD II

Proposed Project:

Conwood II is planned to be a newly constructed six story building on vacant land south of the Conwood I historic redevelopment by the Applicant. The 3.22 acres of vacant property consists of 47 Keel and 0 Saffarans Ave. It is the south west corner of Front Street and Keel. The legal description for the property is set forth on Exhibit A. The Project plans for a new structure using a two story, 420 space, public parking garage as the building's podium with 243,300 square feet of residential space, approximately 292 apartments, above and 10,900 square feet of ground floor commercial retail space.

Conwood II, will house retail liner space, a parking garage, and multifamily units with views of the river and downtown. The new mixed use buildings will draw their inspiration from the existing "warehouse style" structures surrounding the Project while incorporating new materials to activate the streetscape and provide public gathering areas throughout the district and along the harbor. Conwood II will contribute significantly to the overall Snuff District plans to become a destination that energizes this former industrial area with new residents and businesses



Architectural plans and renderings are attached as Exhibit B.

The overall development area is part of an approximate 65-acre assembly of parcels of historic buildings, industrial buildings, and raw land. This revitalization master planned area will become a destination for multi-family, commercial, retail, office and recreational users. There is a current railroad underpass at Keel Avenue that will be used as a circulation portal from a new public plaza along Front Street. A new streetscape along Front Street will serve to activate the area including bike lanes, better pedestrian access and improved visibility and security for the neighborhood. The Applicant is hopeful that the City of Memphis or its River Parks Partnership

PILOT APPLIATION CONWOOD II

will extend the Riverwalk along the community being planned by the Applicant to connect with the Willis Bridge at 2nd Street path to Mud Island. Working with the City, the Applicant can foresee connecting existing infrastructure along the City's river bluff area to a new river walk and community park stretching from Tom Lee Park to the area near the newly established brewery just north of our Snuff District Development. The Snuff District Development will become a destination that energizes this former historical, industrial part of downtown Memphis.

In December 2019, the CCRFC approved a PILOT tax incentive up to 20 years in length in support of Conwood I. The existing CONWOOD I building will be renovated from its previous factory and office use to include new mixed-use elements including ground floor retail space, approximately 105 multifamily units and possible commercial office space. The exterior of the building will be restored to its warehouse style with new windows, outdoor pedestrian space and a roof terrace original warehouse style with new windows, outdoor pedestrian space and a roof terrace.



PILOT APPLIATION CONWOOD II

The current railroad underpass at Keel will be used as a circulation portal from a new public plaza along Front Street and connect to a new river walk and community park that will connect a stretch from Tom Lee Park to the area near the new Grind City Brewing Co. A new streetscape along Front Street will serve to activate the Snuff District area including bike lanes, better pedestrian access and improved visibility for the new buildings planned in the area. Also, a raised pedestrian bridge over Front Street from the CONWOOD I building to a future 6-story mixed use building will provide safe circulation from parking for residents and commercial users.



PILOT APPLIATION CONWOOD II

Buildings in the district date from 1912 to 1952. The district is composed of six reinforced concrete and brick spandrel panel factory buildings and a frame with brick veneer office building. While its immediate neighborhood is also industrial in character, this area was the first subdivision in Memphis and developed before the Civil War. This provided worker housing for the industries that sprang up adjacent to the Mississippi River which lies immediately to the west. To the immediate north is the American Tobacco Company, east is the Tri-State Iron Works at (NR 3/1/97) and further east is the Greenlaw Historic District (NR 8/16/1984).

The architecture styles of this factory district include Late 19th & early 20th Century American Movements Commercial Style and Modernist.

The factory buildings north of the Project are erected along the Canadian National Railway (Illinois-Central) railroad track constructed c. 1890. In addition, abandoned spur tracks are located on Front Street and served both the factory and the warehouse. Facilities were intentionally located near the railroad and adjacent to a historic working class residential neighborhood. The direct access to the railroad and ready source of nearby potential employees probably led to the selection of this particular site.

The Applicant commissioned a Local Economic Impact Analysis from Younger Associates. The result of this analysis is included in this application as Exhibit C.

The marketing plans for the project will encompass various strategies and timing. The Applicant currently plans for the 292 apartments mix to be 52 two bedroom units and 240 one bedroom units. The market for the project will be market rate apartments for the residential units in line with CCRFC's median income requirement for residential units subject to a PILOT, 10,000 square feet of ground floor commercial space, and a 420 space public parking garage. Applicant has provided a recent parking summary from Fleming and Associates as Exhibit D.

The Applicant anticipates that the public areas around the property will require significant repair to sidewalks and other streetscape repairs to offset the unusually high cost related to the rehabilitation neglected historic areas.

PILOT APPLIATION
CONWOOD II

Site Control:

The Property owner at the time of application submittal: KEEL STREET, LLC, a wholly owned by the Applicant WOLF RIVER HARBOR HOLDINGS, LLC. On or before the closing of the PILOT, Keel Street, LLC will be merged into the Applicant.

Financing Items:

Financial Background:

The Project is estimated to cost \$61,944,405. . Debt financing of the new construction for the residential, commercial/retail and Applicant's share of the garage construction is estimated at \$43,361,500. The Applicant is requesting CCRFC to grant a PILOT for the 20 years. The Applicant is also seeking CCRFC and DPA approval for the DPA to fund an estimated at \$3,506,290¹ for 37% of the cost of a 420 space public parking garage. The balance of Project costs and expenses estimated at \$15,076,615 will be funded by the investor group.

Financial Statement of the Applicant and its tax returns (over the last three years) will be provided upon request.

Financial Projections:

The name, address, and phone number of lender and contact person with lender:

KATHERINE GRAHAM
Senior Vice President
Katherine Graham
Pinnacle Financial Partners, Inc.
949 Shady Grove South, Suite 200
Memphis, TN 38120
Phone: 901.259.5638
Mobile: 256.436.1799
www.pnfp.com

See attached Exhibit D for lender's commitment letter setting forth loan amount, interest rate, term, amortization period and other conditions to fund.

Attach as Exhibit E is a detailed description as to why a PILOT is needed for this Project. Presented are 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 with estimated Project costs broken down by component (i.e., land, buildings, equipment, soft costs, etc.).

Project Timeline:

The applicant estimates that the closing of the loan will take place in the second

¹Unlike projects in the DMC's core where recent parking garage requests seek, the CCRFC/CCDC/DPA to finance the cost of the public parking garage 80% CCRFC/CCDC/DPA and 20% Applicant, the Applicant understands the challenges that this request presents and has been working with DMC staff to create a structure that provides some DPA participation for a public parking facility, but places the majority of the cost on the Applicant.

PILOT APPLIATION
CONWOOD II

quarter of 2020. The Applicant is already paying for some soft costs related to design. The first expenditures of funds on construction are expected to occur in eth second quarter of 2020. It is anticipated that the Project will be completed, assuming construction begins third quarter 2022.

Project Team:

Counsel for the Applicant
Jay Lindy
495 Tennessee Street, Suite 152
Memphis, TN 38103
901.277.8297

Architects and engineers
Fleming Architects
Scott Fleming
5101 Wheelis Drive, Ste 215
Memphis, TN 38117
901.767.3924

Contractor for project TBD

Accountant:

Dixon Hughes Goodman LLP
John A. May, Jr., CPA
999 South Shady Grove Road, Suite 400
Memphis, TN 38120
P 901.761.3000

Other professionals N/A

The Applicant or any guarantor does not have any previous or ongoing relationship with any Board member or legal counsel of the Board.

Credit References:

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, Simmons Bank	901- 249-2008
Louise Bardon, Trustmark Bank	901-309-6201
Damon Bell, Pinnacle Bank	901-681-2500

PILOT APPLIATION
CONWOOD II

Items for Lease Preparation:

The lessee of the property for purposes of the PILOT will be the Applicant, WOLF RIVER HARBOR HOLDINGS, LLC.

The tax parcel number for all property involved with the Project and the current assessed value of the Property:

Based on the Dedication Plat of Conwood North Sniff District recorded **at Instrument No 20019042, Bk 285 Pag 13** in the office of the Shelby County Tenness Register of Deeds, and further described as :

Tax Parcel	Current Assessed Value (2019)
Tax Parcel #001047 00001	\$12,400
Tax Parcel #1047 00002C	\$11,250

No assessments presently under appeal

The Project will not result in the subdivision of any present tax parcel except as set forth on the Dedication Plat of Conwood North Sniff District recorded **at Instrument No 20019042, Bk 285 Pag 13** in the office of the Shelby County Tenness Register of Deeds.

PILOT APPLIATION
CONWOOD II

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

Date 1/ 25 /2021

WOLF RIVER HARBOR HOLDINGS, LLC

Jay Lindy

495 Tennessee Street

Suite 152

Memphis, TN 38103

Office: 901.794.9494 x 121

Cell: 901.277.8297

jlindy@towerventures.com

PILOT APPLIATION
CONWOOD II

EXHIBIT A

Legal description of the property subject to the PILOT request will be provided based on the Dedication Plat of Conwood North Sniff District recorded **at Instrument No 20019042, Bk 285 Pag 13** in the office of the Shelby County Tennessee Register of Deeds, and further described as :

Tax Parcel #001047 00001 and

Tax Parcel #1047 00002C



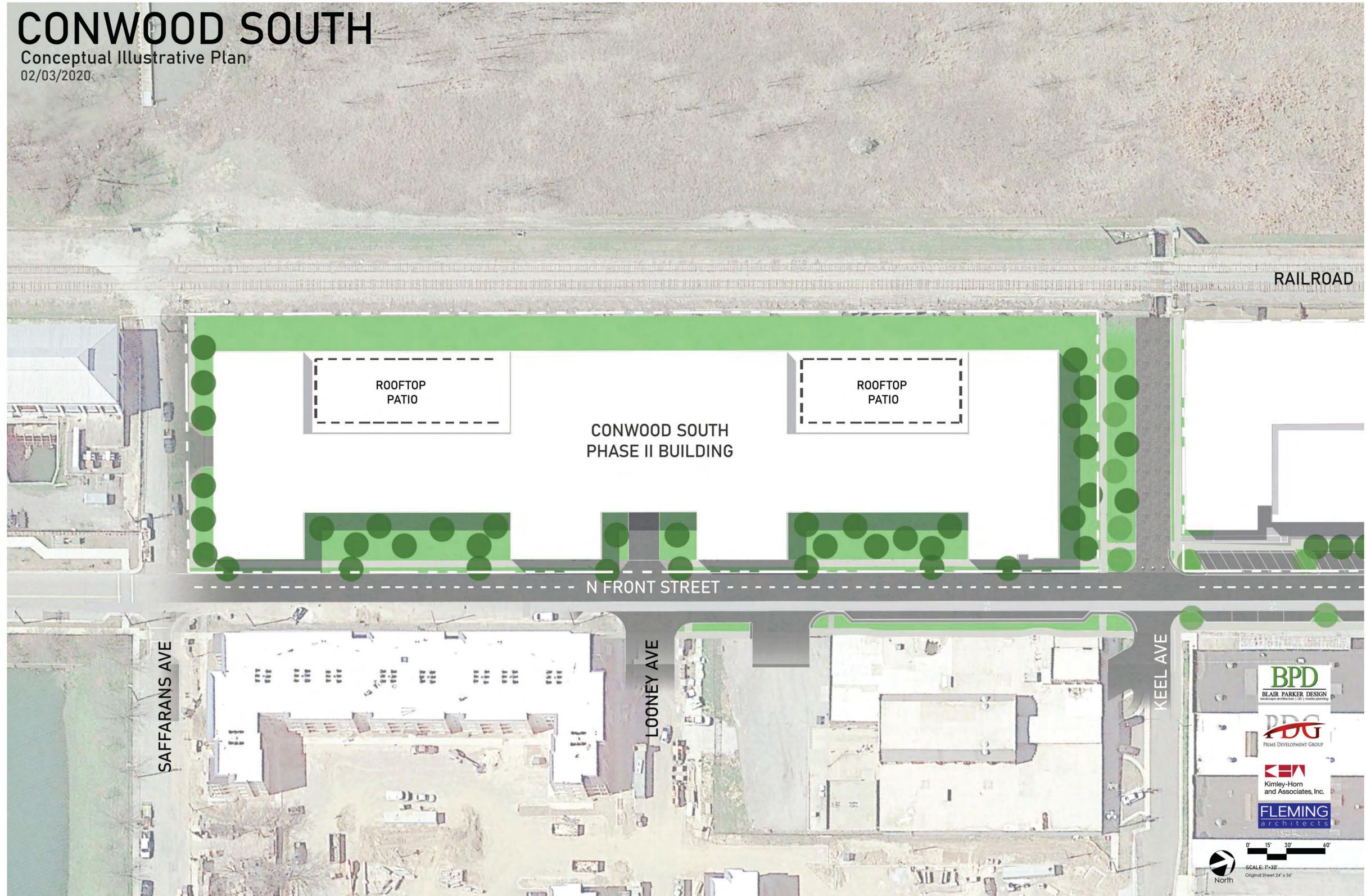
FLEMING
architects

FLEMING
architects

CONWOOD SOUTH APARTMENTS CONCEPT IMAGE

CONWOOD SOUTH

Conceptual Illustrative Plan
02/03/2020



FLOOR PLAN - LEVEL 1 - 2

	Per Floor	Total
Garage Parking Spaces	210	420



FLOOR PLAN - LEVEL 3 - 6

Room Legend	Per Floor	Total
1 BED	54	216
2 BED	13	52
CORRIDOR	-	-
STUDIO	6	24
		13



Room Legend

1 BED
2 BED
CORRIDOR
STUDIO



EAST ELEVATION



WEST ELEVATION



NORTH/SOUTH ELEVATION

PILOT Request	
Requested PILOT Term (years)	20.0
Project Type	New Construction
Located in the CBID?	Yes
Current Amounts	
Base Appraisal	\$59,800
Base Assessment	\$23,920
Annual City Tax on Base Assessment	\$764
Annual County Tax on Base Assessment	\$969
Annual RE Taxes on Base Assessment	\$1,733
Project Costs	
Acquisition Cost	\$0
Hard Costs	\$54,758,664
Soft Costs	\$6,256,566
Total Project Costs w/o PILOT fee	\$61,015,230
Hard Costs Investment Check - 89.7%	YES
Public grants eligible for PILOT fee basis reduction	\$0
PILOT fee basis	\$61,015,230
PILOT fee	\$915,228
Total Project Costs w/ PILOT fee	\$61,930,458
Valuation & CBID Assessment	
Base Appraisal	\$59,800
Percentage of Hard Costs	\$43,806,931
Estimated Appraisal after Improvements	\$43,866,731
Estimated Assessment after Improvements	\$17,546,692
Estimated Annual CBID Assessment after Improvements	\$113,989
Annual RE Taxes	
<i>Hypothetical annual taxes without PILOT*</i>	
Estimated Hypothetical Annual City Tax without PILOT*	\$560,790
Estimated Hypothetical Annual County Tax without PILOT*	\$710,641
Estimated Hypothetical Total Annual Taxes without PILOT*	\$1,271,431
<i>Estimated annual taxes with PILOT</i>	
Estimated Annual City Tax with PILOT	\$140,771
Estimated Annual County Tax with PILOT	\$178,387
Estimated Total Annual Taxes with PILOT	\$319,158
Estimated Annual Benefit	\$952,273
Cumulative RE Taxes	
<i>Hypothetical cumulative taxes without PILOT*</i>	
Estimated Hypothetical Cumulative City Tax without PILOT*	\$11,215,797
Estimated Hypothetical Cumulative County Tax without PILOT*	\$14,212,821
Estimated Hypothetical Total Cumulative Taxes without PILOT*	\$25,428,618
<i>Estimated cumulative taxes with PILOT</i>	
Estimated Cumulative City Tax with PILOT	\$2,815,416
Estimated Cumulative County Tax with PILOT	\$3,567,737
Estimated Total Cumulative Taxes with PILOT	\$6,383,153
Estimated Cumulative Benefit over 20-Year PILOT	\$19,045,465
Estimated Cumulative Increase in Taxes due to PILOT	\$6,348,488

*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".

CONWOOD II, LLC - CONWOOD SOUTH

THE SNUFF DISTRICT

1/22/2021

CONWOOD II, LLC - CONWOOD SOUTH SOURCE AND USES

With PILOT

1/22/2021

NOTES

SOURCES OF FUNDS

Project Debt
Equity
Parking Garage Funding

OVERALL

43,361,500
15,076,615
3,506,290

Assumes 4.875% Interest, 35 Yr Amortization

Assumes 37% Funding

TOTAL SOURCES OF FUNDS

61,944,405

USES OF FUNDS

Land
Construction Costs
Soft Costs
PILOT Fee
Financing Fees
Professional Fees

0
54,758,664
4,230,646
929,175
1,690,920
335,000

Lease from WRHH

Includes A&E, Developer Fee and Contingencies

Includes Construction Interest

Taxes, Accounting, Legal, & Marketing

TOTAL USES OF FUNDS

61,944,405

NET CASH FLOW

0

The Financial Forecast is based on certain assumptions and not on performance. *

CONWOOD II, LLC - CONWOOD SOUTH PRO FORMA P&L
1/22/2021

	<u>Annual</u>	<u>Notes</u>
Leasing Revenue		
Two Bedroom Units	\$1,226,235	52 Units
One Bedroom Units	\$3,903,826	240 Units
Commercial	\$187,332	
Other Revenue	\$256,503	
Vacancy Assumptions	(\$359,104)	7% Residential
Net Revenue	\$5,599,166	
Expenses		
Total Payroll	\$227,760	
Ground Lease	\$73,200	
General and Admin	\$70,080	
Marketing	\$70,080	
Utilities	\$204,342	
Insurance	\$120,000	
Management Fee	\$187,078	
Repair and Maintenance	\$147,168	
Accounting and Overhead	\$12,000	
Parking Garage Note	\$122,920	2.5%, 50 year amortization
Total Expenses	\$1,234,628	
Net Operating Income	\$4,364,538	
Debt Service		
Principal	\$654,289	Year One Principal
Interest	\$2,099,382	Year One Interest
Total Debt Service	\$2,753,671	
Property Taxes Without PILOT	\$1,234,228	
NET CASH FLOW WITHOUT PILOT	\$376,639	
PILOT Adjustment	\$905,438	
NET CASH FLOW WITH PILOT	\$1,282,076	

*Assumes Income and Expenses escalate annually at 1%

CONWOOD II, LLC - CONWOOD SOUTH PROJECTED SUMMARY OF CASH FLOWS
1/22/2021

Project Cash flow Assumptions	2023 ⁽¹⁾	2024	2025	2026	2027
Proj Gross Annual Rental Revenues	\$ 2,744,420	\$ 5,543,729	\$ 5,599,166	\$ 5,655,158	\$ 5,711,709
Less Vacancy <i>(assumes 8% apartments)</i>	\$ (176,014)	\$ (355,549)	\$ (359,104)	\$ (362,695)	\$ (366,322)
Less Operating Expenses	\$ (617,314)	\$ (1,246,974)	\$ (1,259,444)	\$ (1,272,039)	\$ (1,284,759)
Less Property Taxes	\$ (617,114)	\$ (1,234,228)	\$ (1,246,570)	\$ (1,259,036)	\$ (1,271,626)
Estimated NOI W/O PILOT:	\$ 1,333,978	\$ 2,706,978	\$ 2,734,048	\$ 2,761,388	\$ 2,789,002
Estimated NOI W/ PILOT:	\$ 1,786,697	\$ 3,612,415	\$ 3,651,827	\$ 3,691,634	\$ 3,731,838
Less Annual Debt Service	\$ (1,056,937)	\$ (2,113,873)	\$ (2,380,456)	\$ (2,753,671)	\$ (2,753,671)
WITHOUT PILOT					
Cash Available for Distribution	\$ 277,041	\$ 593,105	\$ 353,592	\$ 7,717	\$ 35,330
DSC Ratio	0.48	0.98	0.99	1.00	1.01
Cash flow Return on Equity	1.49%	3.19%	1.90%	0.04%	0.19%
WITH PILOT					
Cash Available for Distribution	\$ 729,760	\$ 1,498,542	\$ 1,271,372	\$ 937,962	\$ 978,166
DSC Ratio	0.65	1.31	1.33	1.34	1.36
Cash flow Return on Equity	3.93%	8.06%	6.84%	5.05%	5.26%

(1) Partial Year Beginning July, 2023

Project Cash flow Assumptions	2028	2029	2030	2031	2032
Proj Gross Annual Rental Revenues	\$ 5,768,826	\$ 5,826,515	\$ 5,884,780	\$ 5,943,628	\$ 6,003,064
Less Vacancy <i>(assumes 8% apartments)</i>	\$ (369,986)	\$ (373,685)	\$ (377,422)	\$ (381,196)	\$ (385,008)
Less Operating Expenses	\$ (1,297,607)	\$ (1,310,583)	\$ (1,323,688)	\$ (1,336,925)	\$ (1,350,295)
Less Property Taxes	\$ (1,284,342)	\$ (1,297,186)	\$ (1,310,158)	\$ (1,323,259)	\$ (1,336,492)
Estimated NOI W/O PILOT:	\$ 2,816,892	\$ 2,845,061	\$ 2,873,511	\$ 2,902,247	\$ 2,931,269
Estimated NOI W/ PILOT:	\$ 3,772,444	\$ 3,813,456	\$ 3,854,879	\$ 3,896,716	\$ 3,938,971
Less Annual Debt Service	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)
WITHOUT PILOT					
Cash Available for Distribution	\$ 63,220	\$ 91,389	\$ 119,840	\$ 148,575	\$ 177,598
DSC Ratio	1.02	1.03	1.04	1.05	1.06
Cash flow Return on Equity	0.34%	0.49%	0.64%	0.80%	0.96%
WITH PILOT					
Cash Available for Distribution	\$ 1,018,773	\$ 1,059,785	\$ 1,101,207	\$ 1,143,044	\$ 1,185,299
DSC Ratio	1.37	1.38	1.40	1.42	1.43
Cash flow Return on Equity	5.48%	5.70%	5.93%	6.15%	6.38%

Project Cash flow Assumptions	2033	2034	2035	2036	2037
Proj Gross Annual Rental Revenues	\$ 6,063,095	\$ 6,123,726	\$ 6,184,963	\$ 6,246,812	\$ 6,309,281
Less Vacancy <i>(assumes 8% apartments)</i>	\$ (388,859)	\$ (392,747)	\$ (396,675)	\$ (400,641)	\$ (404,648)
Less Operating Expenses	\$ (1,363,798)	\$ (1,377,436)	\$ (1,391,210)	\$ (1,405,122)	\$ (1,419,173)
Less Property Taxes	\$ (1,349,857)	\$ (1,363,355)	\$ (1,376,989)	\$ (1,390,759)	\$ (1,404,666)
Estimated NOI W/O PILOT:	\$ 2,960,582	\$ 2,990,188	\$ 3,020,089	\$ 3,050,290	\$ 3,080,793
Estimated NOI W/ PILOT:	\$ 3,981,648	\$ 4,024,753	\$ 4,068,288	\$ 4,112,259	\$ 4,156,669
Less Annual Debt Service	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)
WITHOUT PILOT					
Cash Available for Distribution	\$ 206,910	\$ 236,516	\$ 266,418	\$ 296,619	\$ 327,122
DSC Ratio	1.08	1.09	1.10	1.11	1.12
Cash flow Return on Equity	1.11%	1.27%	1.43%	1.60%	1.76%
WITH PILOT					
Cash Available for Distribution	\$ 1,227,977	\$ 1,271,081	\$ 1,314,617	\$ 1,358,587	\$ 1,402,998
DSC Ratio	1.45	1.46	1.48	1.49	1.51
Cash flow Return on Equity	6.61%	6.84%	7.07%	7.31%	7.55%

CONWOOD II, LLC - CONWOOD SOUTH PROJECTED SUMMARY OF CASH FLOWS
1/22/2021

Project Cash flow Assumptions	2038	2039	2040	2041	2042
Proj Gross Annual Rental Revenues	\$ 6,372,373	\$ 6,436,097	\$ 6,500,458	\$ 6,565,463	\$ 6,631,117
Less Vacancy <i>(assumes 8% apartments)</i>	\$ (408,694)	\$ (412,781)	\$ (416,909)	\$ (421,078)	\$ (425,289)
Less Operating Expenses	\$ (1,433,365)	\$ (1,447,699)	\$ (1,462,176)	\$ (1,476,797)	\$ (1,491,565)
Less Property Taxes	\$ (1,418,713)	\$ (1,432,900)	\$ (1,447,229)	\$ (1,461,701)	\$ (1,476,318)
Estimated NOI W/O PILOT:	\$ 3,111,601	\$ 3,142,717	\$ 3,174,144	\$ 3,205,886	\$ 3,237,945
Estimated NOI W/ PILOT:	\$ 4,201,524	\$ 4,246,827	\$ 4,292,583	\$ 4,338,797	\$ 4,385,473
Less Annual Debt Service	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)
WITHOUT PILOT					
Cash Available for Distribution	\$ 357,930	\$ 389,046	\$ 420,473	\$ 452,214	\$ 484,273
DSC Ratio	1.13	1.14	1.15	1.16	1.18
Cash flow Return on Equity	1.93%	2.09%	2.26%	2.43%	2.61%
WITH PILOT					
Cash Available for Distribution	\$ 1,447,853	\$ 1,493,156	\$ 1,538,912	\$ 1,585,126	\$ 1,631,801
DSC Ratio	1.53	1.54	1.56	1.58	1.59
Cash flow Return on Equity	7.79%	8.04%	8.28%	8.53%	8.78%
Project Cash flow Assumptions	2043	2044	2045	2046	2047
Proj Gross Annual Rental Revenues	\$ 6,697,428	\$ 6,831,377	\$ 6,968,005	\$ 7,107,365	\$ 7,249,512
Less Vacancy <i>(assumes 8% apartments)</i>	\$ (429,542)	\$ (433,837)	\$ (438,176)	\$ (442,557)	\$ (446,983)
Less Operating Expenses	\$ (1,506,481)	\$ (1,521,546)	\$ (1,536,761)	\$ (1,552,129)	\$ (1,567,650)
Less Property Taxes	\$ (1,491,082)	\$ (1,505,992)	\$ (1,521,052)	\$ (1,536,263)	\$ (1,551,626)
Estimated NOI W/O PILOT:	\$ 3,270,324	\$ 3,370,002	\$ 3,472,015	\$ 3,576,416	\$ 3,683,253
Estimated NOI W/ PILOT:	\$ 4,432,616				
Less Annual Debt Service	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)	\$ (2,753,671)
WITHOUT PILOT					
Cash Available for Distribution	\$ 516,653	\$ 616,330	\$ 718,344	\$ 822,744	\$ 929,582
DSC Ratio	1.19	1.22	1.26	1.30	1.34
Cash flow Return on Equity	2.78%	3.32%	3.87%	4.43%	5.00%
WITH PILOT					
Cash Available for Distribution	\$ 1,678,944				
DSC Ratio	1.61				
Cash flow Return on Equity	9.03%				

***20 Year PILOT Ends in 2043**

CONWOOD II, LLC - CONWOOD SOUTH FINANCIAL DISCLAIMER

This Financial Forecast is based on assumptions made by the developers and the Company. No assurance can be given that the results described in this Financial Forecast will be achieved, or that there has been no change in underlying considerations since the date of the Financial Forecast. The Company's actual future operations and financial conditions will differ from those projected, and the actual future events and conditions will differ from those assumed by the Company and set forth in the Financial Forecast. Such differences may be material and adverse. Actual operating results may be affected by many factors, including, but not limited to, increased costs, lower than anticipated revenues (as a result of insufficient occupancy, low rental rates, concessions or otherwise), taxes, financing charges, changes in demographic trends, changes in the residential/ multi-family rental apartment industry and local and general economic conditions.