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PILOT AGREEMENT

THIS PILOT AGREEMENT (the "**PILOT Agreement**") is made and entered into as of the 16 day of September, 2024, by and between the METROPOLITAN DEVELOPMENT AND HOUSING AGENCY ("**MDHA**") and WCO North River, LP (the "**Owner**").

WITNESSETH:

WHEREAS, MDHA is a public body and a body corporate and politic organized under the Tennessee Housing Authorities Law, Tenn. Code Ann. §13-20-101, et seq., (the "**Act**");

WHEREAS, §13-20-104(f) of the Act provides that a metropolitan government may delegate to a housing authority the authority to negotiate and accept in lieu of ad valorem taxes ("**In Lieu of Tax Payments**") from a party that operates a low income housing tax credit ("LIHTC") property, as such term is defined in the Act (a "**LIHTC Property**") on property leased by such party from a housing authority;

WHEREAS, MDHA is the housing authority, as defined in the Act, for the Metropolitan Government of Nashville and Davidson County, Tennessee (the "**Metropolitan Government**");

WHEREAS, by Ordinance No. BL2015-1281 as amended by Ordinance No. BL2016-334 (collectively, the "**PILOT Ordinance**"), the Metropolitan Government (i) authorized MDHA to negotiate and accept In Lieu of Tax Payments from lessees of LIHTC Property owned by MDHA, and (ii) approved MDHA's program for determining qualifications and eligibility for such In Lieu of Tax Payments (the "**PILOT Program**");

WHEREAS, Owner has acquired land located at 3720 Clarksville Pike, and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "**Project Site**");

WHEREAS, Owner intends to develop a 241 unit apartment project, known as North River, on the Project Site and operate it as a LIHTC Property (the "**Project**");

WHEREAS, MDHA is authorized by law and has deemed it necessary and desirable to acquire the Project Site for the purpose of facilitating the Project in accordance with the PILOT Program, the PILOT Ordinance and the Act;

WHEREAS, the Board of Commissioners of MDHA approved MDHA's purchase of the Project Site and authorized the Executive Director of MDHA to take all actions on behalf of MDHA to undertake the following:

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(A) acquire the Project Site;

(B) enter into a lease with Owner pursuant to which Owner will (i) lease the Project Site and the Project from MDHA with MDHA having the right to cause Owner to purchase the Project Site and the Project from MDHA upon expiration of the tenth (10^{th}) Tax Year, (ii) rehabilitate the Project on the Project Site, and (iii) by recorded agreement, commit to operate the Project as a LIHTC Property in accordance with the requirements of the Internal Revenue Code and the Tennessee Housing Development Agency ("THDA") for a minimum period of fifteen (15) years after the Project is complete (the "**Project Lease**");

(C) enter into this PILOT Agreement;

(D) submit this PILOT Agreement to the Metropolitan Planning Commission to obtain a recommendation of approval or disapproval, as envisioned by the PILOT Ordinance;

(E) submit this PILOT Agreement to the Metropolitan Council of the Metropolitan Government (the "**Metropolitan Council**") for approval as required by the PILOT Ordinance; and

(F) take such other action and execute such other documents as the Executive Director deems necessary or desirable to facilitate rehabilitation of the Project and the transactions described above consistent with this PILOT Agreement, the Act, the Project Lease, the Metropolitan Ordinance and the PILOT Program (including MDHA's application and policies and procedures related thereto).

WHEREAS, MDHA intends to acquire the Project Site from Owner and will concurrently enter into the Project Lease; and

WHEREAS, Owner has agreed to make In Lieu of Tax Payments with respect to the Project as described herein.

NOW, THEREFORE, for and in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged by the parties hereto, and as an inducement to Owner to rehabilitate the Project and operate the Project as LIHTC Property, MDHA and Owner agree as follows:

1. With respect to Project Site and the real property component of the Project, Owner shall make In Lieu of Tax payments to MDHA who will then remit the payment to the Metropolitan Government, as follows:

(a) The In Lieu of Tax Payments shall be equal to the Applicable Ad

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Valorem Taxes, as defined below, through and including the calendar year in which the rehabilitation of the Project is completed.

(b) Commencing on January 1st of the calendar year following the year in which the Project is placed into service ("**Tax Year 1**") and each tax year subsequent to the Tax Year 1 (Tax Year 1 and each subsequent tax year being referred to herein as a "**Tax Year**") through the tenth (10th) Tax Year, in Lieu of Tax Payments shall be as follows:

1	$25,000
2	$25,750
3	$26,523
4	$27,318
5	$28,138
6	$28,982
7	$29,851
8	$30,747
9	$31,669
10	$32,619

Subject to Section 1(e) below, the In Lieu of Tax Payments shall be fixed and shall not fluctuate with the amount of the assessment for the Project Site or the Project or the tax rate in effect for any Tax Year. The amount of the In Lieu of Tax Payments is approximately equal to $104 per unit within the Project, with a three percent (3%) annual increase. In Lieu of Tax Payments for each Tax Year shall be paid when due but in any event not later than the date on which the Applicable Ad Valorem Taxes would become delinquent.

(c) After the tenth Tax Year, this Agreement shall expire and Owner shall pay 100% of the Applicable Ad Valorem Taxes.

(d) The term **"Applicable Ad Valorem Taxes"** shall mean any real property ad valorem taxes that, but for ownership of the Project Site and the Project by MDHA, would have been due and payable to the Metropolitan Government pursuant to Tenn. Code Ann. § 67-5-102 with respect to the Project Site and the Project.

(e) Notwithstanding anything contained herein to the contrary, if THDA or the IRS determines that the Project is not in compliance with LIHTC requirements and is therefore not operated as a LIHTC Property at any time

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during a Tax Year, and Owner has failed to cure such default within any specified cure period, Owner shall pay 100% of the Applicable Ad Valorem Taxes with respect to such Tax Year.

(f) Notwithstanding anything contained herein to the contrary, Owner shall pay 100% of the Applicable Ad Valorem Taxes for the periods before Tax Year 1 and after Tax Year 10, if the Project Lease is in effect during such periods.

2. Commencing in Tax Year 1 and in each Tax Year subsequent through the (10th) Tax Year, Owner shall provide to MDHA an annual report not later than September 1st of each Tax Year containing the following information:

(a) The value of the Project, as estimated by the Owner;

(b) The date and remaining term of the Project Lease;

(c) The amount of In Lieu of Tax Payments payable in such Tax Year;

(d) The date in which the Project is scheduled to return to the regular tax rolls and be eligible to pay 100% of the Applicable Ad Valorem Taxes following the tenth (10th) Tax Year;

(e) A calculation of the Applicable Ad Valorem Taxes for such Tax Year that, but for ownership of the Project Site and the Project by MDHA, would have been due and payable to the Metropolitan Government pursuant to Tenn. Code Ann. § 67-5-102 with respect to the Project Site and the Project;

(f) A copy of the Owner's most recent Annual Certification as submitted to THDA, certifying compliance with LIHTC requirements; and

(g) A copy of any monitoring or compliance reports provided by THDA to the Owner during such Tax Year.

3. Commencing with Tax Year 1 and each Tax Year thereafter, Owner shall pay to MDHA a monitoring and reporting fee to be set by MDHA but not to exceed five percent (5%) of the amount In Lieu of Tax Payment due with respect to such Tax Year (the "Annual MDHA Fee"). The Annual MDHA Fee shall be paid not later than fifteenth (15) day of such Tax Year. Unpaid amounts shall bear interest at the rate of four percent (4%) in excess of the average prime rate of interest published from time to time by the Federal Reserve or similar commonly accepted reporting organization if the Federal Reserve ceased to publish such information. Owner's failure to pay the Annual MDHA Fee within thirty (30) days after written notice from MDHA shall constitute a default under this PILOT Agreement in which event Owner shall pay 100% of the Applicable Tax Rate for such Tax Year instead of the In Lieu of

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Tax Payment set forth above.

4. Owner's payment of the In Lieu of Tax Payments shall satisfy the requirement in Tenn. Code Ann. § 67-5-206(a) that MDHA pay the Metropolitan Government for services, improvements or facilities furnished by the Metropolitan Government for the benefit of the Project.

5. This PILOT Agreement may not be assigned to any party other than the assignee of the lessee's interest under the PILOT Lease pursuant to an assignment that is made in accordance with the PILOT Lease, including MDHA consent requirements, if any, specified therein. Each permitted assignee shall assume Owner's obligations under this PILOT Agreement concurrent with the assignment of the PILOT Lease.

6. This PILOT Agreement shall be construed in accordance with the laws of the State of Tennessee, and if any one or more of the provisions of this PILOT Agreement shall be held invalid, illegal or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, legality or unenforceability shall not affect any other provision hereof, but this PILOT Agreement shall be construed the same as if such invalid, illegal or unenforceable provision had never been contained herein. This PILOT Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument.

7. This PILOT Agreement is subject to and conditioned upon (i) approval of this PILOT Agreement by the Metropolitan Council as required by the PILOT Ordinance, (ii) Owner's satisfaction of all conditions and requirements imposed by MDHA in connection this PILOT Agreement or the transaction contemplated herein, (iii) MDHA taking title to the Property and entering into a mutually acceptable Project Lease, and (iv) THDA's approval of the Project and allocation of low income housing tax credits, to the extent such approval or allocation has not been received as of the date of this PILOT Agreement.

8. MDHA shall remit all In Lieu of Tax Payments received in connection with the Project and/or the Project Lease to the Metropolitan Government within fifteen (15) days of receipt.

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IN WITNESS WHEREOF, the parties hereto have executed this PILOT Agreement as of the day and date first above written.

METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

By: DocuSigned by: Troy D. White 1CA327FEFF2844E...

Title: Executive Director

WCO North River, LP

By: DocuSigned by: Hunter Nelson 13BF95CFA7A44F6...

Title: Secretary

FILED WITH THE METROPOLITAN CLERK

_____

Austin Kyle

_____

Date

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EXHIBIT A

LAND IN DAVIDSON COUNTY, TENNESSEE described as follows:

A tract of land in the 13th District of said County, and described according to a copy of a survey thereof made March 25, 1946, by Lewis D. Justice, Surveyor, as follows: Beginning at a point at the northeast corner of the property conveyed to the Seventh Day Adventists by deed from J. E. Curtis, of record in Book 597, Page 210, Register's Office for said County, being the most southeasterly corner of this tract in the westerly line of a tract of 5.66 acres this day being conveyed to Maurice Lincoln Santi; thence along the westerly line of said 5.66 acre tract as follows: North 43° 45' west 291 feet to a stake, North 24° 45' west 76.5 feet to a stake, North 9° 35' East 118 feet to a stake, North 27° 30' East 336 feet to a stake in the line of the property of Earnest Santi, being the most northerly corner of said 5.66 acre tract; thence along Santi's line North 42° west 378 feet to a stake on the bank of whites Creek: thence along said creek as follows: South 47° west 115 feet, South 56° 45' west 100 feet, south 67° 30' west 100 feet to a corner of the Teague property; thence along said line, South 20° 45' West 772 feet to a stake, a corner of the Bratton property; thence along said Bratton property south 48° 10' East 579 feet to the northwest corner of the property of the seventh Day Adventists' property above mentioned; thence with the line of the same North 54° East 512 feet to the point of beginning, containing 13.99 acres, more or less.

BEING part of the same property conveyed to Curtis Street Development, LLC, a Tennessee limited liability company, by deed from Curtis Partners, LLC, a Tennesee limited liability company, of record in Instrument No. 20220105-0002079 in the Register's Office for Davidson County, Tennessee.

OMB Approval No. 2506-0112 (Exp. 6/30/2017)

Certification of Consistency with the Consolidated Plan

U.S. Department of Housing and Urban Development

I certify that the proposed activities/projects in the application are consistent with the jurisdiction's current, approved Con solidated Plan.

(Type or clearly print the following information:)

Applicant Name: WCO North River, LP

Project Name: North River

Location of the Project: 3720 Clarksville Pike
Nashville, TN 37218

Name of the Federal Program to which the applicant is applying: 4% LIHTC

Name of Certifying Jurisdiction: MDHA

Certifying Official of the Jurisdiction Name: Emel Alexander

Title: Director of Community Development

Signature:

Date: 9/18/2024

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
Planning Department
Metro Office Building
800 Second Avenue South
Nashville, Tennessee 37201
615.862.7150
615.862.7209

Memo

To: MDHA

From: Metropolitan Nashville Planning Department

Date: September 4, 2024

Re: Planning Commission Recommendation for PILOT Agreement

This memo fulfills the Planning Commission obligations as outlined in the MDHA Housing Tax Credit PILOT Program General Program Description which was attached as Exhibit A to BL2016-435. The memo consists of two parts: the staff recommendation and a map.

PART I: RECOMMENDATION ON GENERAL PLAN CONSISTENCY

Project: **WCO North River, LP (6900004500 6912021200, 0 Curtis Street)**
232 multi-family units
Units targeting 60% of the Area Median Income (AMI)

Zoning: Specific Plan – Mixed Use (SP-MU) is a zoning district category that provides for additional flexibility of design, including the relationship of streets to buildings, to provide the ability to implement the specific details of the General Plan. This Specific Plan includes residential uses in addition to office and/or commercial uses.

Specific Plan – Mixed Residential (SP-MR) is a zoning district category that provides for additional flexibility of design, including the relationship of streets to buildings, to provide the ability to implement the specific details of the General Plan. This Specific Plan includes a mixture of housing types.

Policy:
T3 Suburban Neighborhood Evolving (T3 NE) is intended to create and enhance suburban residential neighborhoods with more housing choices, improved pedestrian, bicycle, and vehicular connectivity, and moderate density development patterns with moderate setbacks and spacing between buildings. T3 NE policy may be applied either to undeveloped or substantially under-developed "greenfield" areas or to developed areas where redevelopment and infill produce a different character that includes increased housing diversity and connectivity. Successful infill and redevelopment in existing neighborhoods needs to take into account considerations such as timing and some elements of the existing developed character, such as the street network, block structure, and proximity to centers and corridors. T3 NE areas are developed with creative thinking in environmentally sensitive building and site development techniques to balance the increased growth and density with its impact on area streams and rivers.

Conservation (CO) is intended to preserve environmentally sensitive land features through protection and remediation. CO policy applies in all Transect Categories except T1 Natural, T5 Center, and T6 Downtown. CO policy identifies land with sensitive environmental features including, but not limited to,

steep slopes, floodway/floodplains, rare or special plant or animal habitats, wetlands, and unstable or problem soils. The guidance for preserving or enhancing these features varies with what Transect they are in and whether or not they have already been disturbed.

Project Details:
The site is approximately 31 acres located at the terminus of Curtis Street. The overall project calls for a mixed residential development. This proposal is located in Specific Plan 2021SP-041-001 and 2019SP-061-001. The combined SP's will allow for 232 units. The plan proposed includes a 4-story apartment building wrapping a parking garage and townhomes. There is some surface level parking located primarily behind buildings in two sections of the development. Six townhomes and an outdoor amenity are located on the eastern side of the development, transitioning the site to the less intense development in the remainder of the Specific Plan.

Planning Department Analysis:

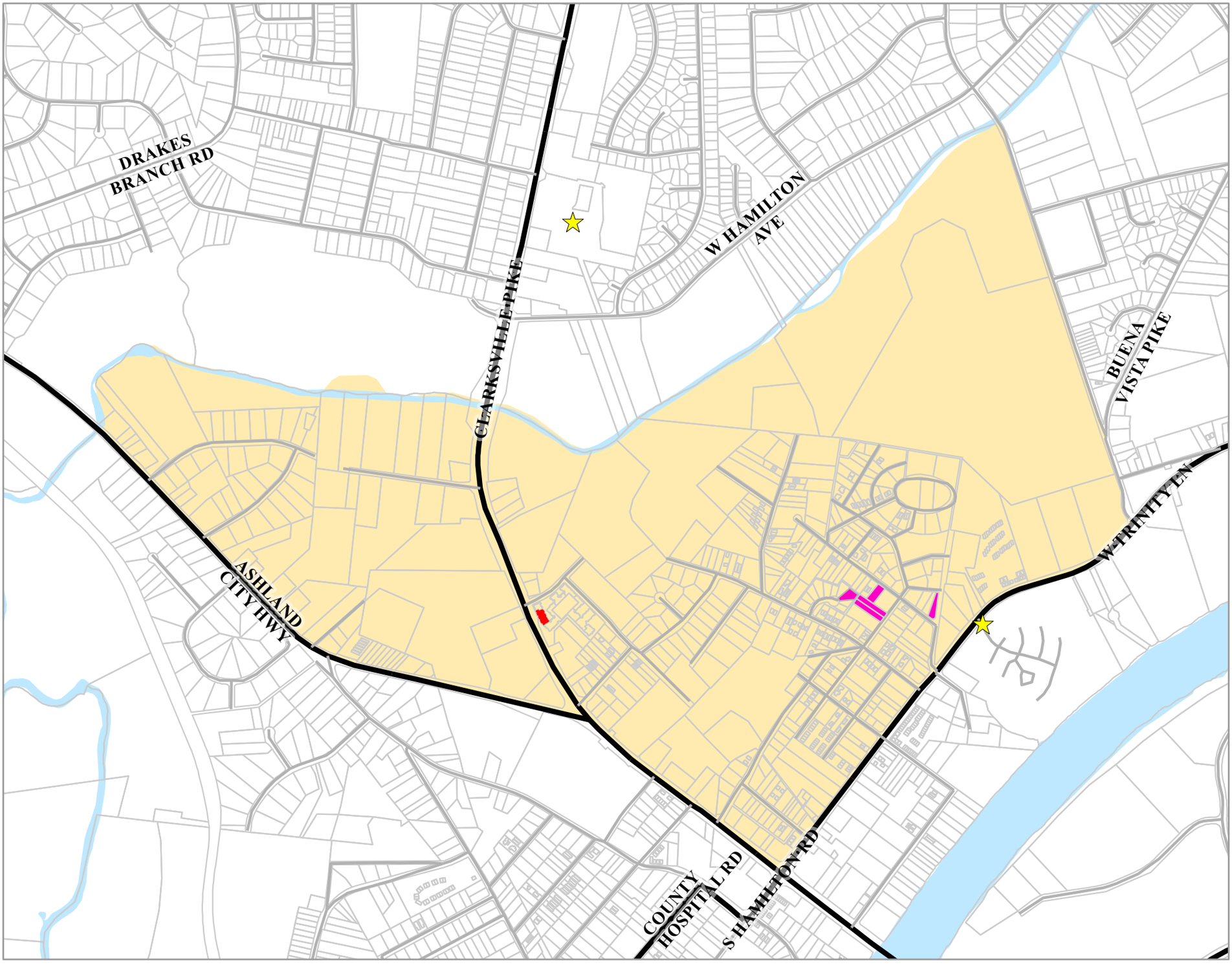
The plan is consistent with the proposed T3 NE and CO policies. The T3 NE policy is intended to create and enhance suburban residential neighborhoods with more housing choices, improved pedestrian, bicycle, and vehicular connectivity, and moderate density development patterns with moderate setbacks and spacing between buildings. The plan calls for a mixed residential development that would provide additional density and housing options as well as improved pedestrian, bicycle, and vehicular connections within the neighborhood. The plan and architectural standards are consistent with the expanded suburban nature of the NE policy. The plan enhances the pedestrian realm by placing parking away from the proposed local streets within the site. Pedestrian and vehicular connectivity will be improved through the sidewalks and public streets as shown within the plan which meets the connectivity goals stated in the T3 NE policy. The CO policy is intended to preserve environmentally sensitive land features through protection and remediation. CO policy applies to the floodplain/stream buffers and the areas of steep slope on the property in excess of 25%. A small area of steep slopes in the southern half of the overall project will be graded, but the overall disturbance will be minimal.

Planning Determination: The proposed development is consistent with the NashvilleNext adopted general plan and the Community Character Policies.

PART II: LIST OF FEDERALLY SUBSIDIZED MULTI-FAMILY PROPERTIES WITHIN THE CENSUS TRACT

See attached map.

Federally Subsidized Multi-Family Projects within Census Tract 470370128012



3720 Clarksville Pike

MDHA

Tract 470370128012

☆ Other Federal Affordable Housing Units

NASHVILLE PLANNING

Source :
U.S Census Bureau &
Nashville Planning
August 2024

N

0 0.1 0.2 0.4 0.6 0.8 Miles