

**Coves at Yale Apartments****Original PILOT Term: 12.30.2013-12.29.2023**

**Applicant:** Coves Apartments Utah, LLC  
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**Management:** Property Asset Management, Inc. (an affiliate of the ownership entity)  
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**Lender:** Pinnacle Bank (Servicer and originator of the Freddie Mac SBL Loan)  
Alex Yates  
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Memphis, TN 38120  
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\*NO NEW FINANCING- This lender is applicable to an existing loan closed in September 2017 when PILOT was transferred to current owner.

**PILOT Application Summary:** The Coves at Yale is a 182-unit apartment community located in the Raleigh/Bartlett Submarket of Memphis. Its addresses are 4933 and 5022 Yale Road, Memphis, Tennessee. The Coves at Yale offer a diverse mix of one, two, and three bedroom garden patio and townhouse style units spread over 23 two-story buildings with ten floor plans. Units average a spacious 932 square feet. The property also offers residents a full suite of amenities including: a swimming pool and sundeck, washer/dryer connections in every unit, large eat-in kitchens, and private patios or balconies. Property was constructed in 1973. The total rentable square footage is 169,600 situated on 11.585 acres. The existing owners have spent over \$1,160,000 in capital improvements since purchasing the property in the fall of 2017 and will continue to spend an estimated \$150,000 a year---\$1,500,000 over the next 10 years to continue to maintain and upgrade the property.

Current ownership purchased the Coves in the fall of 2017 over the last six years, the Coves have invested \$1,161,142 in many areas including: sidewalks \$37,404, roofing (newer when purchased - \$16,180 in maintenance), HVAC \$233,322 (replaced with high energy efficient air-handers and condensers), sewer/waterlines \$34,537, LED exterior lighting \$33,931, and landscaping/tree removal and lifting \$160,034. In addition, we have spent \$400,223 in interior improvements of appliances, flooring, updating the plumbing and light fixtures.

Going forward we have budgeted \$78,100 per year for interior upgrading and replacements and \$71,900 for exterior and special improvements. This will provide funds for continued maintenance of sidewalks, tree pruning, fence repairs, common area painting, exterior light fixture replacement, etc; special improvements will include replacing toilets with

those with energy star ratings and updating the security camera system. See the attachment of Historical and Future Capital Improvements.  
 Several of these improvements are made in conjunction with Safeway representative's suggestions and recommendations.

Total Units	BR/BA	Units	SF	Rent:	Rent: Pre/Post \$/SF
182	1 BR/1 BA	34	689	\$750	\$1.09
	2 BR/2 BA	21	1014	\$860	\$0.85
	2 BR/1.5 BA	70	900	\$835	\$0.93
	3 BR/1.5 BA	9	1100	\$1,000	\$0.91
	2 BR/1.5 BA TH	28	1125	\$895	\$0.80
	3 BR/1.5 BA	6	1285	\$1,000	\$0.78
	1 BR/1 BA PATIO	6	689	\$750	\$1.09
	2 BR/1 BA PATIO	1	900	\$835	\$0.93
	2 BR/2 BA PATIO	7	1014	\$860	\$0.85

**Total Development Cost:** \$4,000,000 \*Original PILOT  
**Development Cost per Unit:** \$ 21,978.02 \*Original PILOT  
**Location:** 5022 Yale Road, 4933 Yale Road, 38128  
**Occupancy:** 100% Occupied (Q3 2023 Occupancy Report)

**Sources and Uses of Funds: 2017 PILOT Transfer- No new financing for PILOT Term Extension Application**

Sources		Uses	
Pinnacle Bank	\$5,940,000	Land	\$850,000
Cash from Purchaser	2,004,242	Existing Structure	6,575,000
		Rehabilitation Hard Costs	400,000
		Lender Costs	8,879
		Title Insurance	19,038
		Permanent Loan Origin Fees	59,400
		Appraisal/Environmental/Survey	6,900
		Real Estate Attorney	20,372
		Property Taxes	4,654
<b>Total Development Costs</b>	<b>\$7,944,242</b>	<b>Total All Costs</b>	<b>\$7,944,242</b>

<b>Tenant Benefit Breakdown</b>	<b>Actual Cost</b>
Continued Involvement with the Safeway (safety) Program Safety	\$4,550
Security Guard Patrols Seven Days a week – Safety Benefit	12,000
Security Cameras – reoccurring monitoring costs Safety Benefit	2,400
Updating of Camera system – Security/Safety Benefit	64,000
Exterior Light Yearly Exterior budget – Security/Safety Benefit	3,000
Landscaping to cut back shrubbery and limb up tree branches	24,000
Installing energy efficient appliances – annual budget	23,500
Install vinyl plank floor throughout except bedrooms	20,000
Install carpet in bedrooms	8,000
Install LED Interior light fixtures	3,000
Install energy star Toilets	7,350
HVAC preventative maintenance (filters/cleaning)	5,000
Professional Landscape Maintenance & daily grounds clean-up	50,000
Install 10' fence around the swimming pool	7,740

<b>Annual Swimming Pool Maintenance</b>	5,500
<b>Rain gutter and roof cleaning &amp; maintenance</b>	4,100
<b>Pest Control Treatment – Monthly (annual cost)</b>	5,000
<b>Common area cleaning of dumpster area &amp; breezeways</b>	12,000
<b>Subtotal</b>	<b>\$261,140</b>

**Tenant Benefit Statement:** The PILOT enables the property to have the funds to make “TENANT BENEFITS” of a safe community by being able to provide daily security guard patrols, comprehensive LED exterior lighting, security cameras to monitor potentially dark areas, and to provide the Safeway service that provides another set eyes to keep the property security and provide MPD visits and activity at the property to alert us to potential problem unit locations.

The PILOT also enables the property the resources to maintain the exterior appearance, ie: mowing the sod areas, pruning shrubs, limbing trees, storm clean ups, seal coating the parking lot and striping, cleaning gutters of pine needles to provide a sense of pride and enjoy for their living environment.

The PILOT also provides the ability to provide pest control service, preventative maintenance quarterly to the HVAC system, and inspections of smoke detectors, auto-outs, faucet leaks, and toilets running to reduce resident utility costs.

**TENANT BENEFITS PROVIDED:**

The primary concern of our residents is safety and the quality of their living environment. The Safety Tenant Benefits have been to 1) add additional LED exterior lighting throughout the property and modify landscaping to allow light to filter to the group to prevent black out areas so tenants feel safe coming home at night and criminals are deterred, 2) a new guard company has been retained in the last 3 months to provide multiple patrols from 10 pm to 4 am each day of week with documentation showing their presence to deter criminals, 3) enhanced state of art camera system is being installed over the next 6 months to track and record movement throughout the property. Those being monitored are alerted by a blue light, 4) Neighborhood Watch Meetings and Coffee with Cops programs have been implemented to involve our residents in being comfortable to call upon, support, and rely on local law enforcement, and 5) we have continued the Safeway Program to get weekly reporting on reasons MPD visited the property to enable us to take appropriate action to keep residents safe from potential threats. This program also alerts us to potential safety risk areas on the property.

Improve the Quality of the Tenants Living Environment. The following areas have been implemented over the last few years to upgrade the quality of the units when new residents move in. These include modern paint colors, wood like vinyl plank flooring throughout the unit except bedrooms, updated light and plumbing fixtures, and replacement of the heating and air-conditioning system. Also, when existing tenants renew their leases the following upgrade types are available depending on their circumstances and preferences ie: carpet cleaning, vinyl plank floor, interior painting, ceiling fans, and appliance upgrade. Also, major emphasis has been made to keep the property exterior well maintained with little to no deferred maintenance and clean debris free grounds.

Safe, well maintained, with modern attractive features has made the Coves at Yale a highly sought after living environment with a 100% occupancy and a waiting list.

**Proposed timing/anticipated dates for the following:**

- a. Closing of the loan, bond, or related supplemental financing: N/A
- b. First expenditure of funds related to the project: N/A
- c. Anticipated date of demolition and/or commencement of construction: N/A
- d. Anticipated completion date of the project: N/A
- e. When the project will be placed into service: In service now.
- f. Anticipated closing date for the PILOT: Early December 2023 or sooner if available.

