

Proposal

FOR PURCHASE, DESIGN, AND DEVELOPMENT OF THE

ANDREW JOHNSON BUILDING

BY BNA ASSOCIATES

FOR KNOX COUNTY



ASSOCIATES

07.13.2017



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HOTEL & RESIDENCES

PART I

SIGNED LETTER



B&T

THE A HOTEL



July 13, 2017

Knox County Procurement Division
Suite 100
1000 North Central Street
Knoxville, Tennessee 37917

AUTHORIZATION LETTER

For: Sale and Redevelopment of the Andrew Johnson Building

Mr. Sharbel:

BNA Associates is honored to have the opportunity to present our vision for the redevelopment of the Historic Andrew Johnson Building. We have a distinctive skillset in reimagining the adaptive reuse of historic properties throughout the Southeast.

The following proposal outlines our plans redevelopment and restoration of this asset into **The AJ Hotel & Residences**; a **94-room** boutique hotel with **75 residences**, the *Hank Williams Social rooftop bar*, and various **retail & restaurants**.


While there is likely to be significant interest in this property from both out-of-town and local developers, we believe our team and this proposal offers the following differentiating factors:

- **Creativity & Adaptability:** Our blend of boutique hotel rooms, micro-residences and standard residences offer an incomparable product to both out-of-town visitors and local residents
- **Local Presence:** As creators and proprietors of *The Oliver Hotel*, Downtown Knoxville's most successful boutique hotel, BNA is invested in this community and will continue to envision and create distinctive and successful ventures
- **Economic & Community Impact:** Permanent jobs – roughly 100 of them with an annual gross payroll of \$3.7 million. Local Sales & Room Tax – over \$1 million per year; \$49 million value over 25-years.
- **Award-Winning Design & Construction:** The capable team of McCarty Holsaple McCarty and Denark Construction are well-regarded throughout East Tennessee and have collaborated many times before, including the restoration of the *Historic Tennessee Theatre*, downtown Knoxville's most prominent National Historic Register property
- **Optimal Timing:** As BNA nears completion of *The Fairlane & The Clermont*, will enable our development team to focus its energy and resources toward this project's timely completion
- **Simple, No-Strings-Attached Offer:** We are offering a fair, cash purchase with no contingencies and, regardless of where Knox County Schools chooses to relocate, we will work with all parties to ensure a smooth and seamless transition

As requested in the Request for Proposal, on behalf of BNA Associates, I authorize Knox County to investigate, if necessary, our ability to finance, develop and operate the proposed and existing facilities.

In summary, we believe this proposal is uniquely aligned to exceed Knox County's expectations for redevelopment of this landmark and we look forward to working with you.

Sincerely,


Philip Welker
Managing Member





HOTEL & RESIDENCES

PART II

PROPOSER INFORMATION

WHO WE ARE Company Name: BNA Associates, LLC
 401 Union Street, 2nd Floor
 Nashville, TN 37219

Contact: Philip Welker
 Philip@bna-re.com
 (917)-325-4055

Vendor Number: 36-4669066

EIN 73931

Addenda Addendum I,II,III, and IV received

THE TEAM **BNA Associates, LLC**, owned by Philip Welker and Ethan Orley, brings a creative perspective to real estate development that strives to meet both social and economic objectives. BNA looks for opportunities in multifamily, mixed use and hospitality asset classes. BNA’s focus is developing unique urban properties that fulfill under served demand in primary and secondary markets. To date, BNA has raised over **\$74 million in capital** for projects completed or under construction. To redevelop the Andrew Johnson building, **BNA has assembled an experienced, first-tier team** to deliver what will become one of Knoxville’s most recognized projects.

McCarty Holsaple McCarty is a full service architectural, interior design and planning firm located in Knoxville, Tennessee. MHM has designed landmarks in East Tennessee for 50 years.

Denark Construction is a full-service general contractor, design-builder, and construction manager, based in Knoxville, Tennessee – with over \$1.3 billion in public, institutional, commercial, and industrial contracts since its launch in 1985.

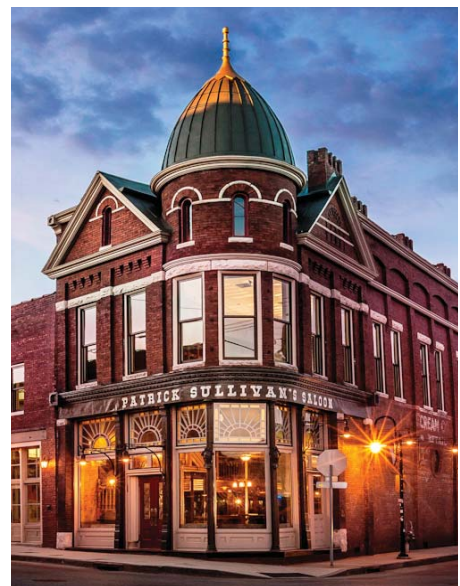
Knox Heritage has been engaged and will be an active team member to complete the certification for the historic tax credits.



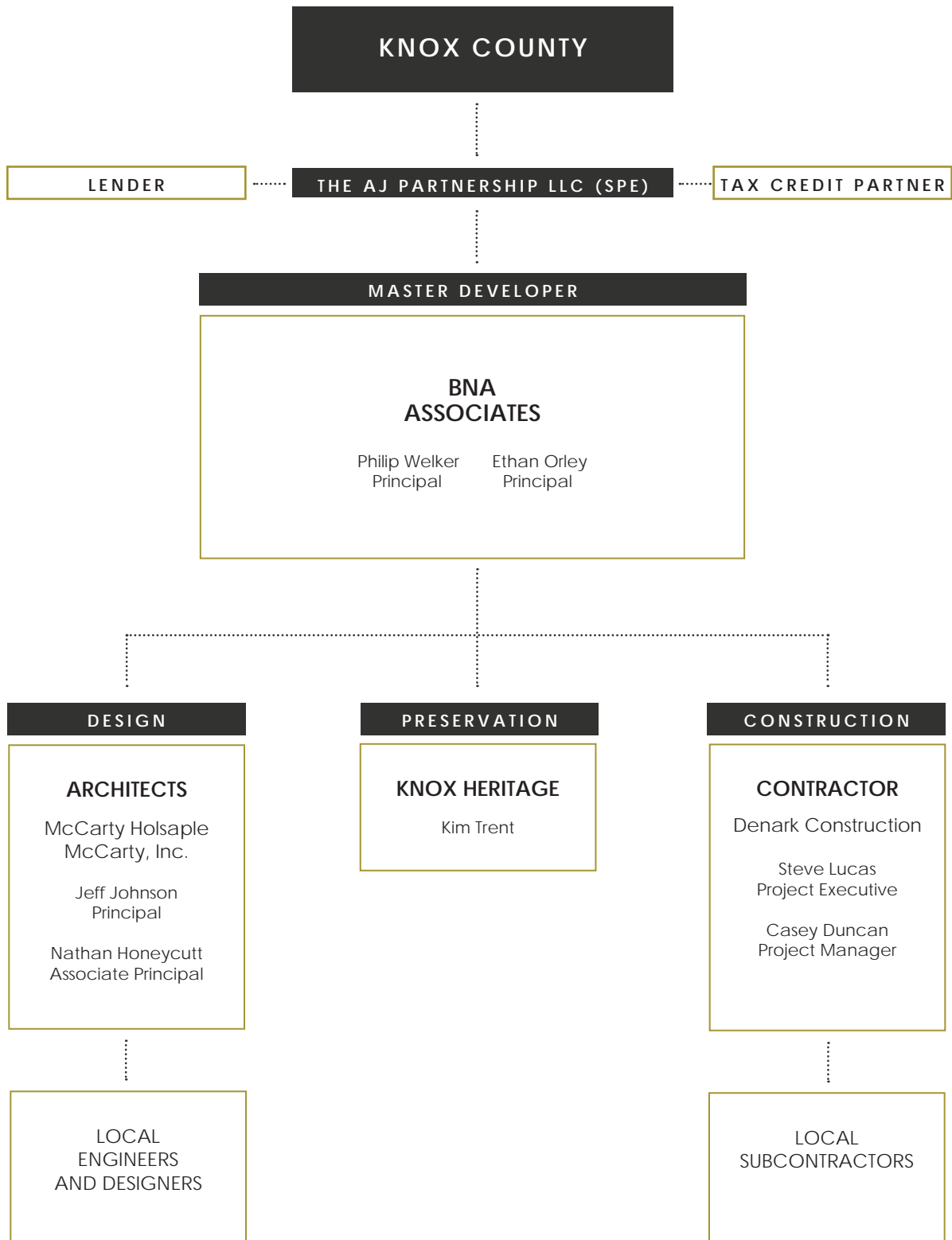
MHM



BNA



DENARK



HOTEL ANDREW JOHNSON





HOTEL & RESIDENCES

PART III

INTENDED USE / PLANS FOR DEVELOPMENT

INTENDED USE When the Andrew Johnson Hotel was first constructed during the Roaring Twenties, downtown Knoxville was the commercial and entertainment capital for East Tennessee. Through two decades of public and private investment and redevelopment the city is once again the urban center of the Tennessee Valley.

HOTEL RESIDENCES DINING **BNA Associates is offering a historic restoration of the Andrew Johnson Building to recapture its original form and purpose.** As a mixed-used redevelopment, the AJ Hotel & Residences will present a restored hotel lobby, a variety of dining venues, quality hotel rooms and apartment residences. More details follow in Part IV.

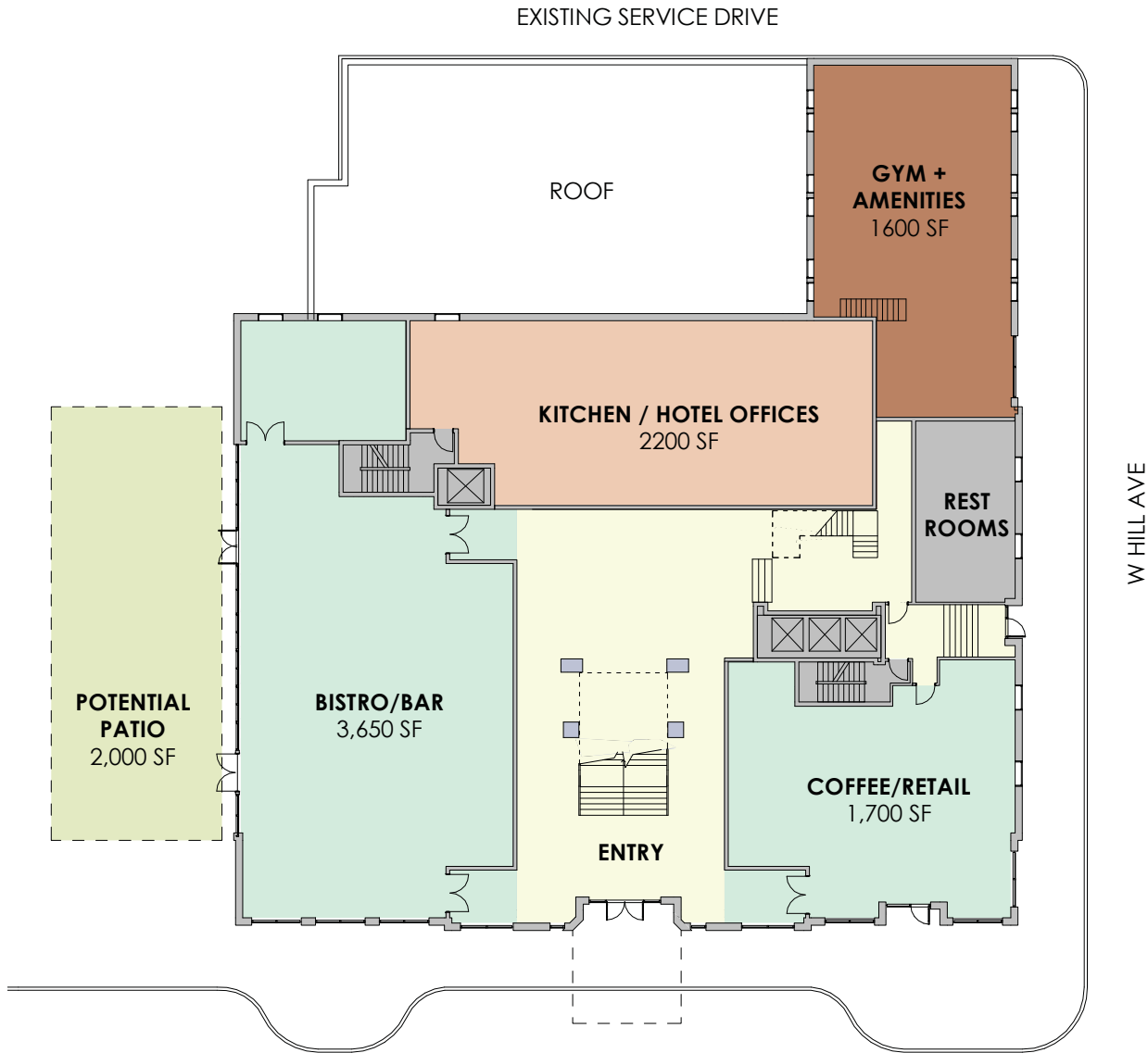
- Restored 4,000 SF Grand Lobby and Lounge Space
- 3,650 SF Bistro with Adjoining Patio
- 1,700 SF Coffee Shop
- 1,600 SF Workout Facility open to the public
- 2,000 SF Dining Room with Adjoining Commercial Kitchen Facilities
- Restored 1,900 SF Historic Ballroom with associated conference spaces
- 94 Boutique Hotel Rooms
- 30 Micro Apartments
- 45 Standard Apartments
- 4,000 SF Rooftop Bar
- Rooftop Hank Williams Social Suite

INTERIOR CONCEPT RENDERING OF LOBBY ▼

EXTERIOR CONCEPT RENDERING OF HOTEL ►







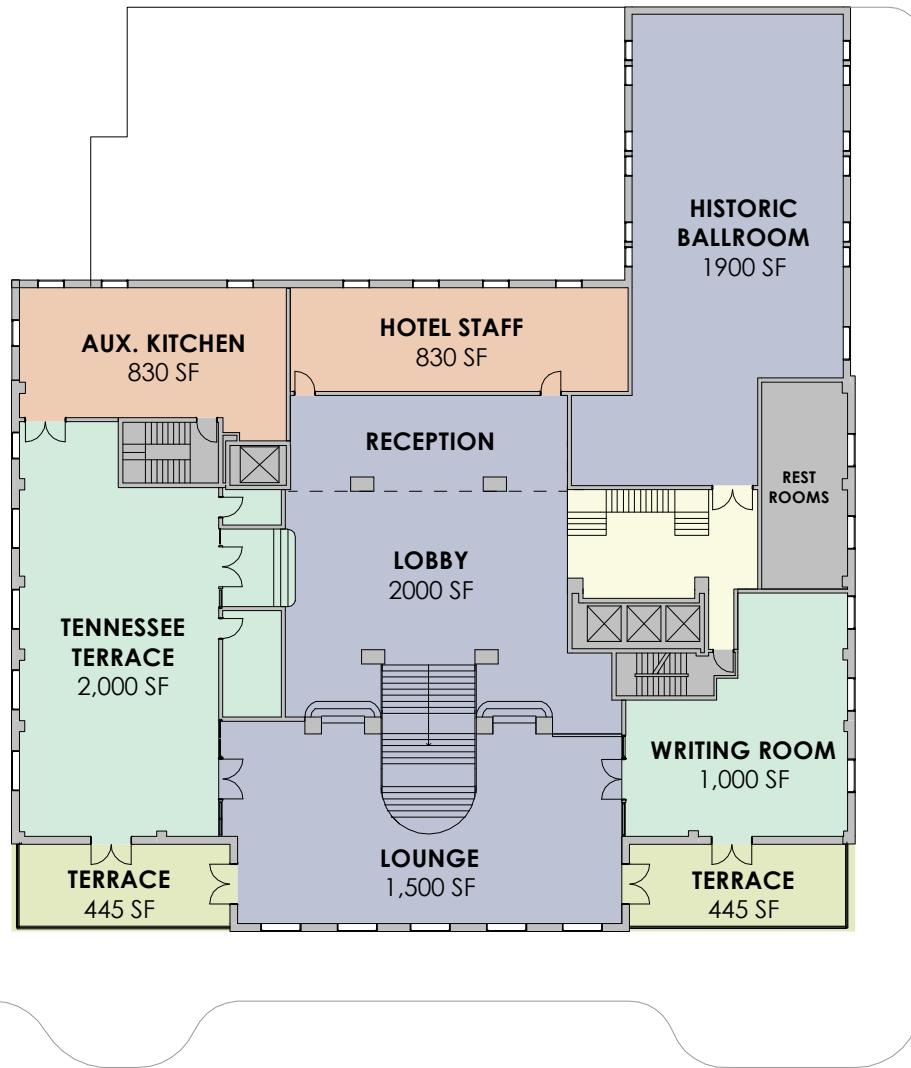
THE GROUND LEVEL

FLOOR 01

- | | |
|--|---|
| <p>SQ. FT.
13,850s.f.</p> <p>PROGRAM
ENTRY
RESTAURANT
COFFEE SHOP
RETAIL
24 HOUR GYM</p> | <p>The street level restaurant will be a classic upscale American restaurant in the style of Regas Restaurant and Houston's. The atmosphere will be high energy – with rotations of live music. Menu offerings of steaks, burgers and classic cuisine will be simple and delicious. The environment will reflect the character of Knoxville as seen through the hotel's brand.</p> <p>The AJ will feature a Stumptown Coffee Roasters Shop. The store will have a vintage feel furnished to be an ideal social meeting place and co-working environment. It will serve all types of coffees, along with pastries, sandwiches, desserts and other assorted drinks.</p> <p>The AJ will feature a 1,600 SF fitness room fronting West Hill Avenue. The upscale gym will offer membership for locals who are not residents or guests of the hotel.</p> |
|--|---|

CONCEPT FOR STREET LEVEL





THE LOBBY LEVEL

FLOOR 02

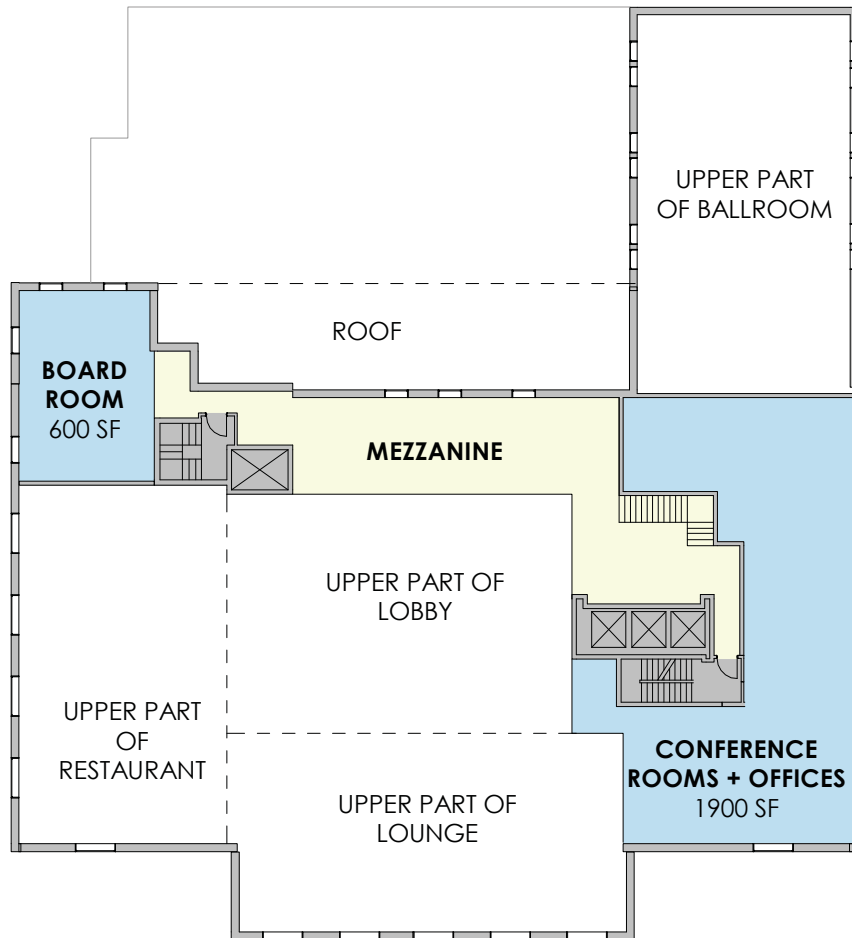
SQ. FT.
13,850s.f.

PROGRAM
LOBBY
BALLROOM
RESTAURANT

Guests and residents will ascend the main staircase into the **double height hotel lobby and reception area**. The original architectural character of the space will be restored and then enhanced with modern lighting and furniture that is inspired by the period of the original building. **The Historic Ballroom, Tennessee Terrace, and Writing Room** will all be available to lease for weddings, business functions, holiday parties and a variety of other events. The team proposes to **restore the terraces overlooking Gay Street** to their original design. The brick enclosures will be removed so that these exterior spaces can be returned to their intended use creating dynamic spaces overlooking the most prominent street in Knoxville.

CONCEPT FOR LOUNGE / LOBBY SPACE





THE MEZZANINE LEVEL

FLOOR 02.5

SQ. FT. 4,400s.f. The **mezzanine level** will be **open to the lobby** and lounge and host a variety of smaller meeting and office spaces. The boardroom and other meeting rooms will be attractive to guests, community groups, and other downtown businesses wanting to host functions.

PROGRAM
 BOARD ROOM
 CONFERENCE
 OFFICE

CONCEPT FOR CONFERENCE SPACE





THE HOTEL LEVEL

FLOOR 03 - 08

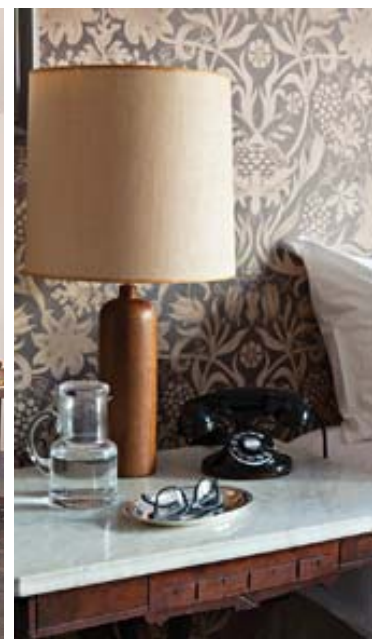
SQ. FT. **Ninety hotel rooms** will be on floors 03 through 08. The rooms will be crisp and residential in feel. The hotel and apartment styles will blend in a cohesive manner so that **residents feel like guests and guests feel like residents.**

PROGRAM
90 HOTEL ROOMS

The quality of finishes will be:

- White walls with dark trim
- Wood-appearance floors
- Persian-style area rugs
- Vintage wall paper
- Collected look of furniture & lighting

CONCEPT FOR HOTEL ROOMS





THE MICRO RESIDENCE LEVEL

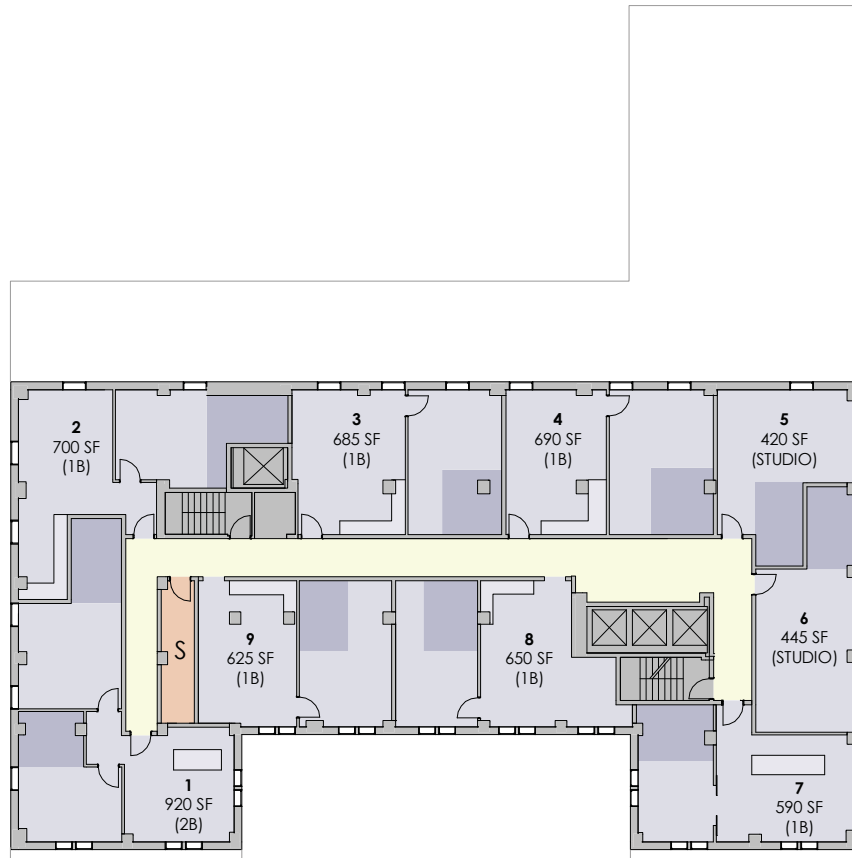
FLOOR 09 - 10

- SQ. FT.** 7,900s.f. Floors 09-10 will contain 30 well-appointed studio apartments. These units will range from 280 SF to 590 SF with the finish quality matching the hotel rooms but with kitchenettes containing:
- PROGRAM**
30 MICRO RES.
- Mini-refrigerator
 - 2-burner cook top
 - Microwave and single-bowl sink
 - Under-counter all-in-one washer/dryer

20% of the units will be affordable. Average rents will be approximately \$765 a month for Market Units and \$672 per month for Affordable Units. These units are increasingly popular in larger cities and offer maximum flexibility to the development team. The micro residences can be converted into hotel rooms in the future if needed based on market demand.

CONCEPT FOR MICRO RESIDENCES





THE STANDARD RESIDENCE LEVEL

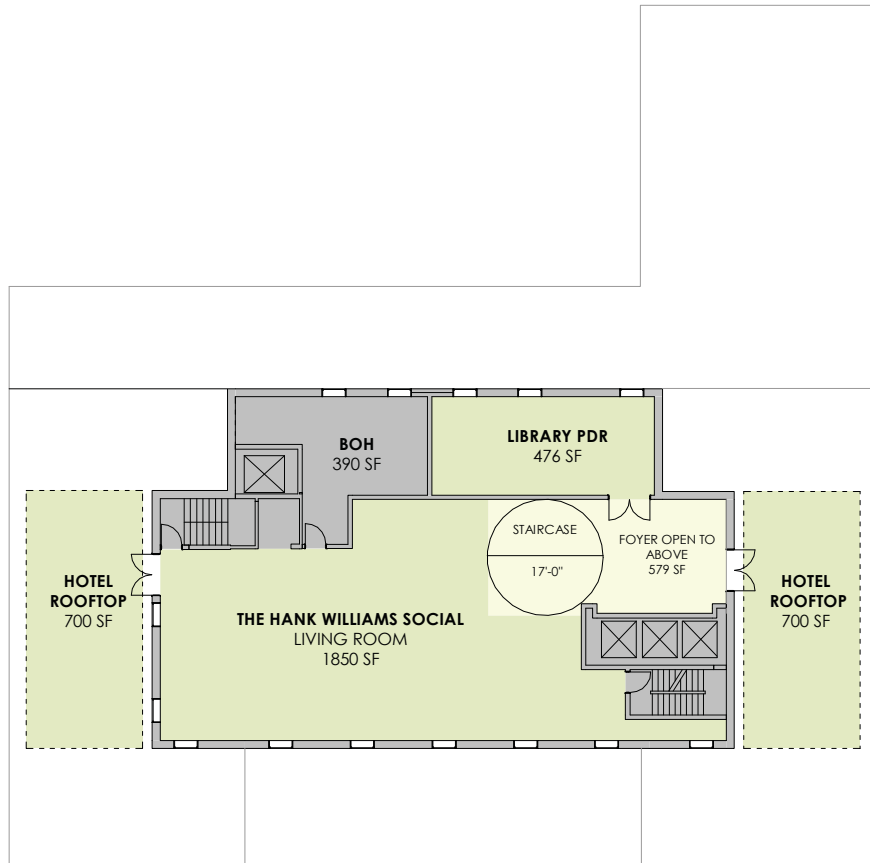
FLOOR 11 - 15

SQ. FT. 7,900s.f. Floors 11 through 15 will contain **larger apartments**. The 35 one bedroom units and 10 large studio apartments will range from 425 SF to 920 SF. 20% of the units will be affordable. Average rents will be approximately \$1275 a month for Market Units and \$720 per month for Affordable Units. The standard residence levels will offer affordable downtown living with the benefits of hotel amenities.

PROGRAM 45 STANDARD RES.

CONCEPT FOR STANDARD RESIDENCES





THE ROOFTOP LEVEL

FLOOR 16

SQ. FT.
4,000s.f.

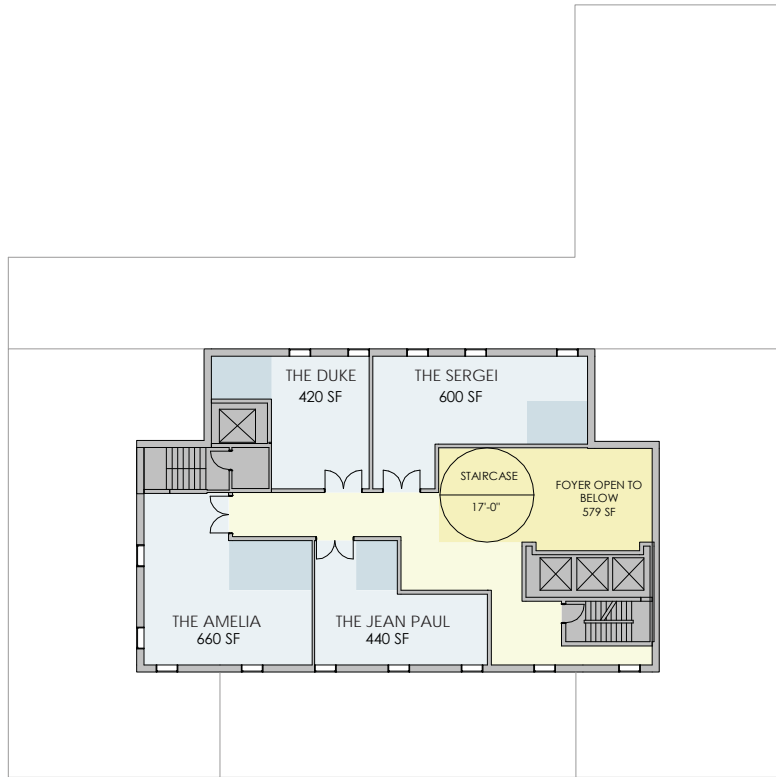
The Hank Williams Social will be the signature component. Fashioned as a **2-story penthouse suite**, the space will operate as a public bar on the lower level with 4 guest rooms available upstairs.

PROGRAM
ROOF TOP BAR
EVENT SPACE

The lower level will be a living room designed for socializing and live music. There will be a library room for private parties and **two outdoor terraces**. The North Terrace will be suitable for events and the South Terrace will offer general seating and an outdoor bar.

CONCEPT FOR HANK WILLIAMS ROOF TOP TERRACE





THE PENTHOUSE LEVEL

FLOOR 17

SQ. FT. 4,000s.f. Visitors to the **Hank Williams Social** will see a grand staircase leading to the four guest suites. Each suite will be named after a famous Andrew Johnson Hotel guest: The Duke, for Duke Ellington; The Amelia, for Amelia Earhart; The Sergei for Sergei Rachmaninoff and The Jean Paul, for writer Jean Paul Sartre.

PROGRAM
4 PENTHOUSE SUITES

The upper level guest suites will range from 420 SF to 660 SF and will feature sitting areas, all designed to coordinate with the lower level finishes yet feature references to the named celebrity.

CONCEPT FOR PENTHOUSE LEVEL

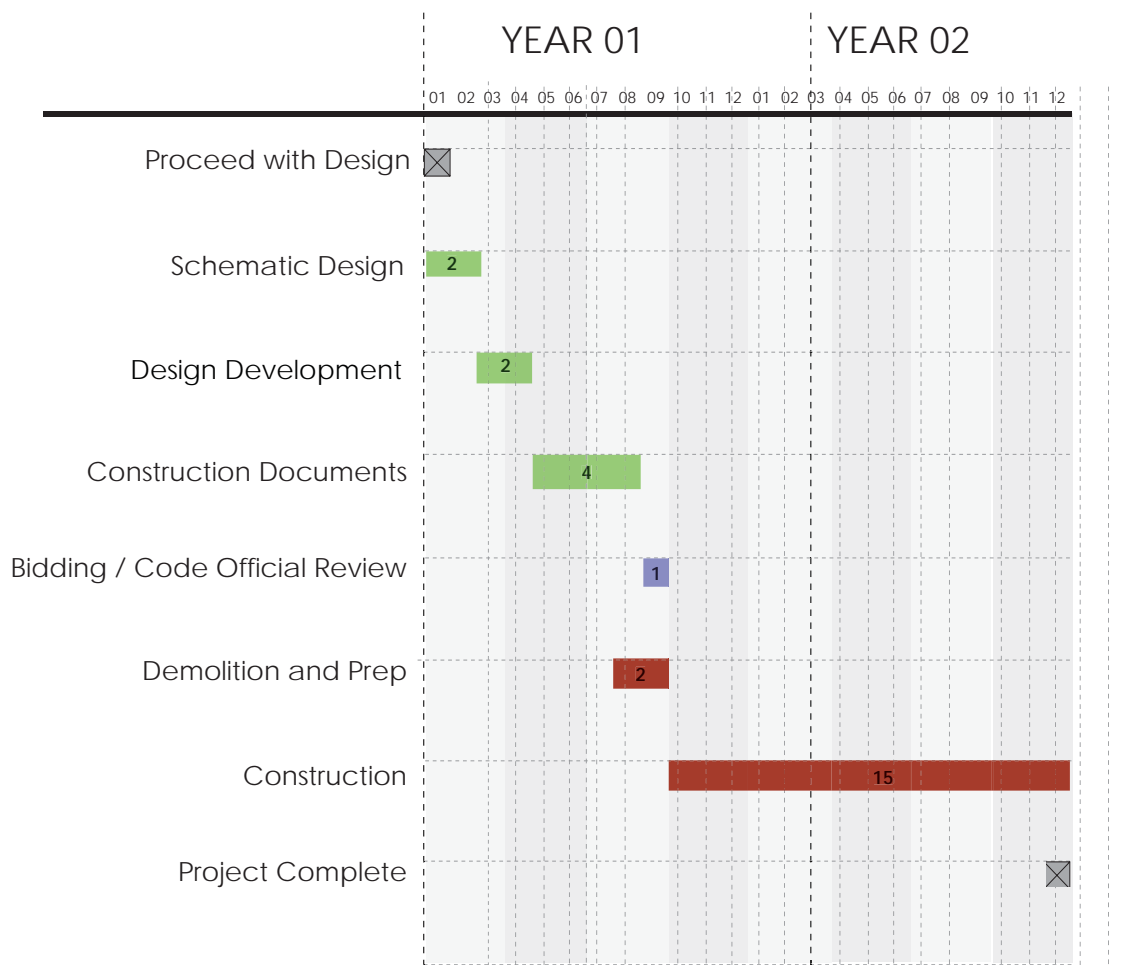


PROJECT SCHEDULE

24 MONTHS

TIME FRAME Once released to start design, our project team expects to complete design & construction within 24 months.

FLEXIBLE This project schedule will depend on how quickly Knox County Schools' administrative offices are relocated, however our team will work closely with County officials
EFFICIENT to ensure a smooth and expedited move. Our intent is to coordinate the design process to allow construction to begin shortly after the building is vacated.
QUALITY



SOURCES AND METHODS OF FINANCING/PRO FORMA

EQUITY BNA has established relationships to raise equity financing for each individual deal. Equity is used to acquire the property and fund pre-construction costs. During pre-construction planning, debt financing is marketed and is closed to complete and stabilize the project for a couple years until permanent financing is placed. BNA uses a network of over 40 lenders, both local and national.

LOCAL AND NATIONAL LENDERS

Below and on the following pages are BNA's sources and methods of financing, as well as our estimated budget and pro forma. We believe these are responsible projections that underscore the economic vitality of this project.

PROJECT SOURCES & USES

Hotel Andrew Johnson // Knoxville Tennessee Underwriting Summary

SOURCES AND USES

		169 rooms	142,800	
SOURCES OF FUNDS	Total	per Key	per SF	%
Senior Loan	\$ 21,500,000	\$ 127,219	\$ 150.56	50.0%
New Markets Tax Credit Equity	8,000,000	47,337	56.02	18.6%
Owner's Equity	7,714,563	45,648	54.02	17.9%
Historic Tax Credit Equity	5,785,437	34,233	40.51	13.5%
TOTAL SOURCES	\$ 43,000,000	\$ 254,438	\$ 301.12	100.0%

USES OF FUNDS	Total	per Key	per SF	%
Property Acquisition Costs	\$ 6,000,000	\$ 35,503	\$ 42.02	14.0%
Closing Costs	52,500	311	0.37	0.1%
Soft Costs	4,586,605	27,140	32.12	10.7%
Financing Costs	2,866,167	16,960	20.07	6.7%
Construction Costs	23,494,350	139,020	164.53	54.6%
FF&E	1,704,349	10,085	11.94	4.0%
Opening Expenses	1,179,200	6,978	8.26	2.7%
Contingency	3,116,830	18,443	21.83	7.2%
Done	-	-	-	0.0%
TOTAL USES	\$ 43,000,000	\$ 254,438	\$ 301.12	100.0%

Hotel Andrew Johnson // Knoxville Tennessee

Pro Forma Income Statement

	Year 1
Number of Rooms	94
Available Rooms	34,310
Occupied Rooms	22,302
Occupancy Rate	65.0%
ADR	\$ 165.00
RevPAR	\$ 107.25

	Amount	%	PAR	POR
<u>Revenue by Department</u>				
Rooms Revenue	\$ 3,673,748	45.3%	39,082	164.7
Other Operated Hotel Revenue	194,363	2.4%	2,068	8.7
Food and Beverage Revenue	3,300,000	40.7%	35,106	148.0
Residential Revenue	831,822	10.3%	8,849	37.3
Parking Income, net	111,508	1.4%	1,186	5.0
Total Revenue	8,111,440	100.0%	86,292	363.7
<u>Departmental Expenses</u>				
Rooms Department Expense	1,149,972	31.3%	12,234	51.6
Other Operated Department Expense	167,121	86.0%	1,778	7.5
Food & Beverage Department Expense	<u>2,510,000</u>	<u>76.1%</u>	<u>26,702</u>	<u>112.5</u>
Total Departmental Expenses	3,827,093	47.2%	40,714	171.6
<u>Unallocated Expenses</u>				
A & G	503,569	6.2%	5,357	22.6
Sales & Marketing	223,050	2.7%	2,373	10.0
Property R & M Expense	257,990	3.2%	2,745	11.6
Utilities Expense	<u>134,000</u>	<u>1.7%</u>	<u>1,426</u>	<u>6.0</u>
Total Undistributed OpEx	1,118,609	13.8%	11,900	50.2
Gross Operating Profit	3,165,737	39.0%	33,678	142.0
<u>Fixed Expenses</u>				
Property Insurance	185,900	2.3%	1,500	8.3
Hotel Property Taxes (Base Yr)	34,000	0.4%	362	1.5
Hotel Property Taxes (Incremental)	-	0.0%	-	-
Management Fees (Hotel)	<u>192,458</u>	<u>2.4%</u>	<u>2,047</u>	<u>8.6</u>
Total Fixed Expenses	412,358	5.1%	3,909	18
EBITDA	\$ 2,753,380	33.9%	29,291	123
FF&E Reserve	<u>162,229</u>	<u>2.0%</u>	<u>1,726</u>	<u>7.3</u>
NOI	\$ 2,591,151	31.9%	27,565	116.2

Year 2		Year 3		Year 4		Year 5	
94		94		94		94	
34,310		34,310		34,310		34,310	
24,017		24,703		25,389		25,733	
70.0%	7.7%	72.0%	7.5%	74.0%	0.0%	75.0%	0.0%
\$ 169.95	2.9%	\$ 175.05	2.9%	\$ 180.30	2.9%	\$ 185.71	2.9%
\$ 118.97		\$ 126.03	5.9%	\$ 133.42	5.9%	\$ 139.28	4.4%
Amount	%	Amount	%	Amount	%	Amount	%
\$ 4,075,329	46.6%	\$ 4,317,527	47.4%	\$ 4,570,595	48.3%	\$ 4,771,250	48.8%
194,459	2.2%	194,557	2.1%	194,658	2.1%	194,761	2.0%
3,399,000	38.8%	3,500,970	38.5%	3,605,999	38.1%	3,714,179	38.0%
894,432	10.2%	894,432	9.8%	894,432	9.5%	894,432	9.1%
114,853	1.3%	118,298	1.3%	121,847	1.3%	125,503	1.3%
8,754,681	100.0%	9,102,393	100.0%	9,464,139	100.0%	9,776,733	100.0%
1,278,209	31.4%	1,302,080	30.2%	1,344,780	29.4%	1,384,480	29.0%
167,207	86.0%	167,296	86.0%	167,387	86.0%	167,480	86.0%
<u>2,585,300</u>	<u>76.1%</u>	<u>2,662,859</u>	<u>76.1%</u>	<u>2,742,745</u>	<u>76.1%</u>	<u>2,825,027</u>	<u>76.1%</u>
4,030,716	46.0%	4,132,235	45.4%	4,254,912	45.0%	4,376,986	44.8%
526,154	6.0%	544,698	6.0%	563,895	6.0%	582,014	6.0%
229,742	2.6%	236,634	2.6%	243,733	2.6%	251,045	2.6%
263,905	3.0%	271,822	3.0%	279,976	3.0%	288,376	2.9%
<u>138,020</u>	<u>1.6%</u>	<u>142,161</u>	<u>1.6%</u>	<u>146,425</u>	<u>1.5%</u>	<u>150,818</u>	<u>1.5%</u>
1,157,820	13.2%	1,195,314	13.1%	1,234,029	13.0%	1,272,253	13.0%
3,566,145	40.7%	3,774,844	41.5%	3,975,198	42.0%	4,127,493	42.2%
191,477	2.2%	197,221	2.2%	203,138	2.1%	209,232	2.1%
34,680	0.4%	35,374	0.4%	36,081	0.4%	36,803	0.4%
-	0.0%	-	0.0%	-	0.0%	-	0.0%
<u>211,163</u>	<u>2.4%</u>	<u>220,993</u>	<u>2.4%</u>	<u>231,261</u>	<u>2.4%</u>	<u>239,438</u>	<u>2.4%</u>
437,320	5.0%	453,588	5.0%	470,480	5.0%	485,473	5.0%
\$ 3,128,825	36%	\$ 3,321,257	36%	\$ 3,504,718	37%	\$ 3,642,021	37%
<u>262,640</u>	<u>3.0%</u>	<u>364,096</u>	<u>4.0%</u>	<u>378,566</u>	<u>4.0%</u>	<u>391,069</u>	<u>4.0%</u>
\$ 2,866,185	32.7%	\$ 2,957,161	32.5%	\$ 3,126,152	33.0%	\$ 3,250,951	33.3%





HOTEL & RESIDENCES

PART IV

QUALITY OF REHABILITATION

RESTORE The intention of BNA Associates is to restore the Andrew Johnson building to as close to its original form as possible. The rehabilitation plan includes

Restored Exterior

- Removing later additions that covered the original terraces that overlooked Gay Street
- Adding a new canopied patron drop-off
- Removal of the glass structure on the building's north face
- Adding new signage on the roof recalling the original

LOBBY Restored 3,500 SF Grand Lobby and Lounge Space

- Removal of 1980's/1990's renovations that closed up the original two-story space
- Replacing the grand staircase in a fresher, modern design
- Restoring the hotel check-in desk to its original location

3,650 SF Bistro/Bar with Adjoining Patio and a 1,600 SF Coffee Shop

- Returning office space to its intended original hospitality functions for hotel guests, apartment residents and the public

1,600 SF Fitness Center

- For hotel guests, apartment residents and the public with access from State Street

2,000 SF Dining Room with Adjoining Commercial Kitchen Facilities

- Restoring a large volume space into a quality restaurant for hotel guests, apartment residents and the public in the Spirit of the Oliver Royale
- Creating a new commercial kitchen where the original hotel kitchen was

BALLROOM Restored 1,900 SF Ballroom

- A restoration of the original Andrew Johnson Grand Ballroom

Variety of Smaller Meeting Spaces

- Restoring the original lobby mezzanine spaces for use by businesses, non-profits and public meetings or private functions

4,000 SF Rooftop Bar

- Open to the public and available for private functions

HOTEL 94 Boutique Hotel Rooms

- In the spirit of Knoxville's most popular small hotel, The Oliver, managed by BNA Associates

RESIDENCES 30 Micro Residences

- Sized to be financially attractive to those starting out in their careers or to individuals who want "A small place in the city." The spaces offer maximum flexibility for future conversion to hotel rooms if needed.

45 Standard Residences

- Downtown living at affordable prices

The Hank Williams Social - Rooftop Bar and Guest Suites

- For the ultimate in guest experience or downtown living

COMMUNITY The AJ Hotel & Residences will be a flagship landmark for Knoxville. It will set a new standard as the place to stay, live and socialize.

Who makes up our community?

- Leisure travelers who choose to stay in unique hotels close to vibrant areas
- Business travelers who want to socialize where they stay
- Young professionals who enjoy urban living and first class service
- Empty nesters who want to downsize
- Out-of-towners who want a second vacation home
- Local and out-of-town retail patrons

QUALITY Regarding quality of rehabilitation, BNA Associates chose two Knoxville firms that have extensive experience in the careful restoration of a National Register building. **McCarty Holsaple McCarty Architects, Inc. and Denark Construction work closely throughout the restoration of Knoxville's beloved Tennessee Theatre.** Constructed almost simultaneously with the Andrew Johnson Hotel in the late 1920's, The Tennessee Theatre project shares several features that will be undertaken at the AJ Hotel and Residences restoration:

- Exterior Shell Repairs and Restoration
- Restoration of a Grand Lobby with Monumental Stairway
- Recreation of Features with the use of Historical Photographs
- New Bars and Restroom Facilities
- Introduction of Modern Technology within the Historic Framework
- All New Mechanical/Electrical/Plumbing and Fire Protection
- Recreation of Historic Exterior Signage

BNA's investment in the Andrew Johnson building to create **The AJ Hotel & Residences closely mirrors the project scope of the Tennessee Theatre Restoration.** Materials and methods will be as prescribed by the National Park Service standards and **Knox Heritage** will serve on the team as an advisor.



BRANDING BNA has engaged **Tommy Stokes Designs** to create a preliminary brand study for the development. Tommy has worked on numerous projects in Knoxville such as **Turkey Creek** and **The Tennessean**.

The preliminary brand study for the renovated AJ Hotel and Residences is designed to position this landmark among the **elite of the fashionable, historical downtown hotel residence brand category**. Strategically positioned similarly to the Read House of Chattanooga and the Peabody Hotel of Memphis, the brand study is **influenced by several NYC hotels** like The Beekman Hotel, The NoMad, the Crosby Street Hotel and others.

LANDMARK The mark and its accompanying brand vocabulary – colors, narrative, imagery, signage, and interior and exterior architecture – will communicate the brand promise of the AJ Hotel and Residences experience. It will serve as a platform to tell the story and market the hotel, and will **convey its importance to the city, both historical and current**.

The mark is designed to be integrated with the new architecture as it will be refreshed to present the historical elegance of the building in contemporary times. Yet the entire brand architecture, tangible and intangible, positions the facility for the next generation of users. **With the AJ returning to it's place as a premier hotel and Knoxville historical landmark**, the brand will contribute significantly to the identity of Knoxville and Downtown.

THE AJ The mark itself shortens pronunciation of "Andrew Johnson" to "AJ" which allows users to reference it more easily – similar brand solution to TVA, IBM, FedEx, and many more. However, the mark provides for the continued maintenance of the historical name of **"The Andrew Johnson Hotel"**.

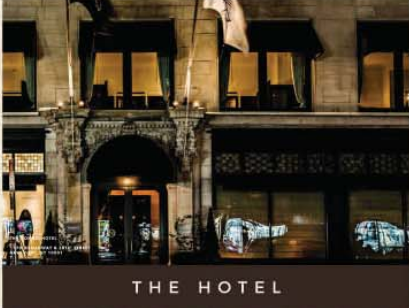
The oval flourish mimics the shape of the signature arches of the hotel windows in the grand lobby, and the initial color palette is integrated with the refreshed interior design. The elegance of **the scripted AJ is custom, legible, and elegant**, but integrates well with adjacent configurations of contemporary fonts and upscale environments.



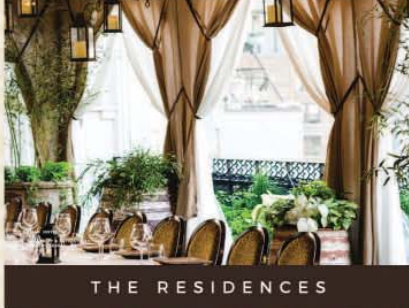


THE *AJ* HOTEL & RESIDENCES

HOTEL ROOMS CULTURE EVENTS **BOOKING**



THE HOTEL



THE RESIDENCES

ANDREW *AJ* JOHNSON

THE HOTEL | EVENTS | BOOKING | GALLERY | THE RESIDENCES





HOTEL & RESIDENCES

PART V

EXPERIENCE



BNA has a **proven track record in Knoxville** and other southern cities for bringing new life and quality redevelopment to historic buildings. In Knoxville, **BNA created The Oliver**, a boutique hotel that has become a favorite lodging place for out of town visitors, honeymooning couples, writers and others in the know. Housed in the beautiful and historic Peter Kern Building, BNA has also created a corner of very popular hospitality venues with the **Royale, Tupelo Honey and the Peter Kern Library**. Even though headquartered in Nashville, BNA understands the Knoxville downtown market.

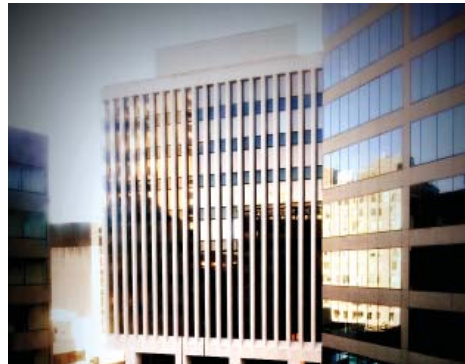
BNA Associates is currently putting the finishing touches on two projects that are almost identical to the development of the AJ Hotel & Residences. In Nashville, BNA Associates is restoring a mid-century hotel, restaurants and spa called the **Fairlane Hotel** that will offer 81 hotel rooms. Also, nearing completion is restoration of a famous landmark hotel in Atlanta, **The Hotel Clermont**, a 1924 building that was allowed to seriously deteriorate. The new hotel will feature 94 rooms, a restaurant and rooftop bar. Each project is in the \$25,000,000 cost range,

Other hospitality and/or residential projects completed in the southeast by BNA include:

- **The Oliver Hotel, Knoxville TN**
A 30-room boutique hotel
Featured in GQ, Architectural Digest, USA Today and NY Daily News
- **The Hotel Clermont, Atlanta GA**
A 94-room boutique hotel
Featured in Luxe Crush
- **The Fairlane Hotel, Nashville TN**
A 81-room boutique hotel
- **The Penn Warren, Clarksville, TN**
A 65-unit apartment community in an historic school building
- **Sobro Guesthouse, Nashville, TN**
A 24-room boutique hotel
- **Residences of Stonebrook, Nashville, TN**
A 320-unit apartment redevelopment



KNOXVILLE - THE OLIVER



NASHVILLE - THE FAIRLANE



ATLANTA - THE CLERMONT



BNA will engage **McCarty Holsaple McCarty, Architects (MHM)** and **Denark Construction Company**, both of Knoxville, to oversee the design and construction. MHM has very recent experiences in the downtown area with adaptive re-use projects that adhere to the National Park Service Standards for historic rehabilitation. **The Daniel**, with 62 apartment units and 7 retail spaces, was completed in 2016. **Tailor Lofts**, with 9 apartments of various sizes and a full-service restaurant, was completed in 2014. In 2017, MHM completed **The Tennessean**, an adaptive reuse of a homely state office building into a stunning hotel and residential high rise with 82 hotel rooms and 12 large condominium apartments. MHM also provides design support to the **Public Building Authority** when the school system moved into the **Andrew Johnson Building** and therefore is very familiar with the facility.

MHM has designed a variety of **East Tennessee’s most recognized** projects:

- The Historic Tennessee Theatre Restoration and Renovation (with Denark)
- Knoxville Convention Center (with Denark)
- Volunteer Landing Waterfront Development
- The University of Tennessee, Neyland Stadium Renovations
- McGhee Tyson Airport Terminal Expansion



With a **bonding capacity of over \$150 million** and more than **\$1.3 billion in completed contracts**, Denark brings a wealth of regional knowledge and has a **strong portfolio of historic, high-rise & high-profile downtown project experience**. More than 65% of Denark’s business is from repeat clients due to their commitment to excellence, superior execution, customer satisfaction and an uncompromising pledge to safety and integrity.

Denark Construction has **recent experience in Knoxville of rehabilitating high rise residential structures** including the **Tower at Morgan Hill**, and **UT’s Laurel Avenue Apartments**, as well as some notable downtown Knoxville landmarks:

- Historic Tennessee Theatre Restoration & Renovation (with MHM)
- Knoxville Convention Center (with MHM)
- World’s Fair Park Improvements (with MHM)
- Historic Knoxville Downtown Post Office & Courtroom
- Patrick Sullivans Saloon Restoration
- 111 E. Jackson Ave Restoration
- The Phoenix Building
- One Vision Plaza (Visit Knoxville)

MHM and Denark have successfully worked together on nearly \$225 million worth of projects over the past 21 years.



KNOXVILLE CONVENTION CENTER



HISTORIC TENNESSEE THEATRE



UT NEYLAND STADIUM

THE OLIVER HOTEL

KNOXVILLE, TN

SQ. FT.
30,000 s.f.

COST
\$6,000,000

COMPLETED BY
BNA

The **Oliver Hotel** is downtown Knoxville's first boutique hotel. Built in 1876, the building is one of the most distinct properties on Market Square – the main pedestrian center of the city. The hotel features the **Tupelo Honey Cafe** restaurant and the **Peter Kern Library**, a prohibition style craft cocktail speakeasy.





THE FAIRLANE HOTEL

NASHVILLE, TN

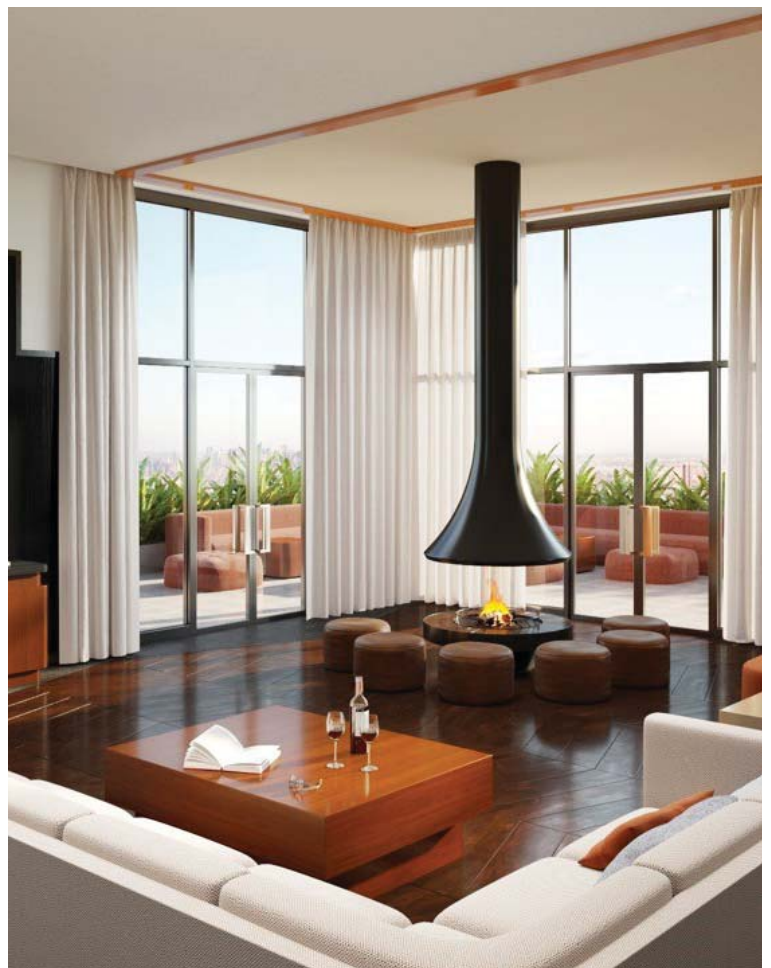
SQ. FT.
70,000 s.f.

COST
\$26,500,000

COMPLETED BY
BNA

BNA acquired the former 70,000 SF Fidelity Federal Savings & Loan building in downtown Nashville in 2011 for conversion into **The Fairlane Hotel**. The Fairlane will be unique boutique hotel consisting of **81 rooms**, **Ellington's Restaurant** on the fourth floor, **Mile End Delicatessen**, and **Union Ave Coffee Counter**. The project is scheduled to open in 2017.





THE CLERMONT HOTEL

ATLANTA, GA

SQ. FT.
80,000 s.f.

COST
\$28,000,000

COMPLETED BY
BNA

The Hotel Clermont is an iconic property built in the 1920's in the up and coming Poncey-Highland neighborhood of Atlanta. The building is home to the famous Clermont Lounge, with among other former iterations, goes back over 75 years. BNA is reviving the Clermont as a 4-star boutique hotel with destination worthy food and beverage outlets. The project is scheduled to open in 2017.





THE SoBro GUEST HOUSE

NASHVILLE, TN

SQ. FT. 30,000 s.f. Blending the services of an upscale boutique hotel with the comforts of home, **SoBro Guest House** is a 24 room hotel that uses a **self check-in process** allowing guests to come and go as they please. BNA developed the property in 2016 on behalf of the local ownership group and maintains the management.

COST
NA

COMPLETED BY
BNA





THE TENNESSEAN

KNOXVILLE, TN

CLIENT

The Tennessean, LLC
Mr. Nick Cazana
(865) 584-3967
ncazana@ciprop.com

The Tennessean Hotel and Residence is a renovation to an existing office building in downtown Knoxville, TN. The building's prominent site on the World's Fair Park and its adjacency to the convention center provides an ideal setting for the conversion of the 35-year-old building into a hospitality property.

SQ. FT.

112,000 s.f.

The design concept for the project centered on creating a timeless quality similar to that of the tuxedo. Black and white with gold accents became the identity for not only the building, but the entire hotel brand.

COST

\$18,100,000

The building's first floor consists of an open lobby with hotel support functions. The second floor features a cocktail lounge, gym, and meeting facilities. Floors three through five contain **seventy two boutique hotel rooms** culminating in an impressive **Governors Suite** overlooking the park. The top two floors of the building house **twelve luxury condominium residences** that offer 24/7 hotel services and amenities.

COMPLETED BY

MHM





THE DANIEL

KNOXVILLE, TN

CLIENT
Brighton Development
Mr. Jon Clark
(865) 584-4000
jonbjorn.clark@icloud.com

SQ. FT.
100,000 s.f.

COST
\$9,000,000

COMPLETED BY
MHM

McCarty Holsaple McCarty was engaged by the development team to transform the former long time home of the **John H. Daniel Custom Clothing Company** on Jackson Avenue in Knoxville's Old City into a mixed used property.

The four adjacent structures totaled approximately 100,000 square feet of industrial space which MHM transformed into the maximum number of **studio, one-bedroom and two-bedroom apartments** and storefront retail spaces.

MHM worked with the owner and State Historical Preservation Office on the renovation which **obtained Historic Tax Credits** to assist in the development financing.





THE TOWER AT MORGAN HILL

KNOXVILLE, TN

CLIENT
Vols Equities, LLC
2521 Kingston Pike
Knoxville, TN 37919

SQ. FT.
207,600 s.f.

COST
\$12,400,000

COMPLETED BY
DENARK

Located at the edge of The University of Tennessee Campus, the former Kingston Tower Apartment building was closed by order of the State Fire Marshall and sat empty for several years. Now known as **The Tower at Morgan Hill**, it was extensively renovated to modernize the facility for use as housing for UT students. The project includes **240 apartment units**, 1-and 2-bedroom configurations, an indoor theater, exercise room, gathering/recreational multi-use space, along with study and computer rooms. The work included an exterior facade upgrade and window replacement, the total reconstruction of the lobby level, the **refinishing of all 20 apartment floors**, and major upgrades to the building utilities, its garage, and swimming pool. Features include granite countertops and ceramic tile in bathrooms, chalkboard wall, patterned wood entrance and kitchen floors, and oversized windows in living rooms on Floors 12-21.



THE LAUREL AVE APARTMENTS

KNOXVILLE, TN

CLIENT
The University of Tennessee
Knoxville, TN

SQ. FT.
288,000 s.f.

COST
\$17,200,000

COMPLETED BY
DENARK

Denark oversaw the renovation of this existing **University of Tennessee apartment building** located in the Fort Sanders area. The building is 14 stories and 312 units. The first floor has a new recreation room, new laundry room, convenience store, and weight room. The second floor has a new reception and waiting area. All remaining floors are residential. While the building's exterior appearance didn't change much, this **\$17.2 million** project's primary scope of work was to **repair and replace existing mechanical, electrical, and plumbing systems** for the building, which comprised almost 50% of the work involved. This included selective demolition of the walls for access to these systems. The building also had asbestos flooring, drywall, and ceilings that had to be carefully abated.



THE HISTORIC TENNESSEE THEATRE

KNOXVILLE, TN

CLIENT
Mr. Bill Snyder
snyderbs@utk.edu

McCarty Holsaple McCarty in association with Westlake Reed Leskosky and **Denark Construction** were awarded the task of renovating and restoring the **Historic Tennessee Theatre**, the official state theatre of Tennessee, in downtown Knoxville. Originally built in 1928 as a movie palace, the Tennessee Theatre was restored and converted into a regional performing arts center.

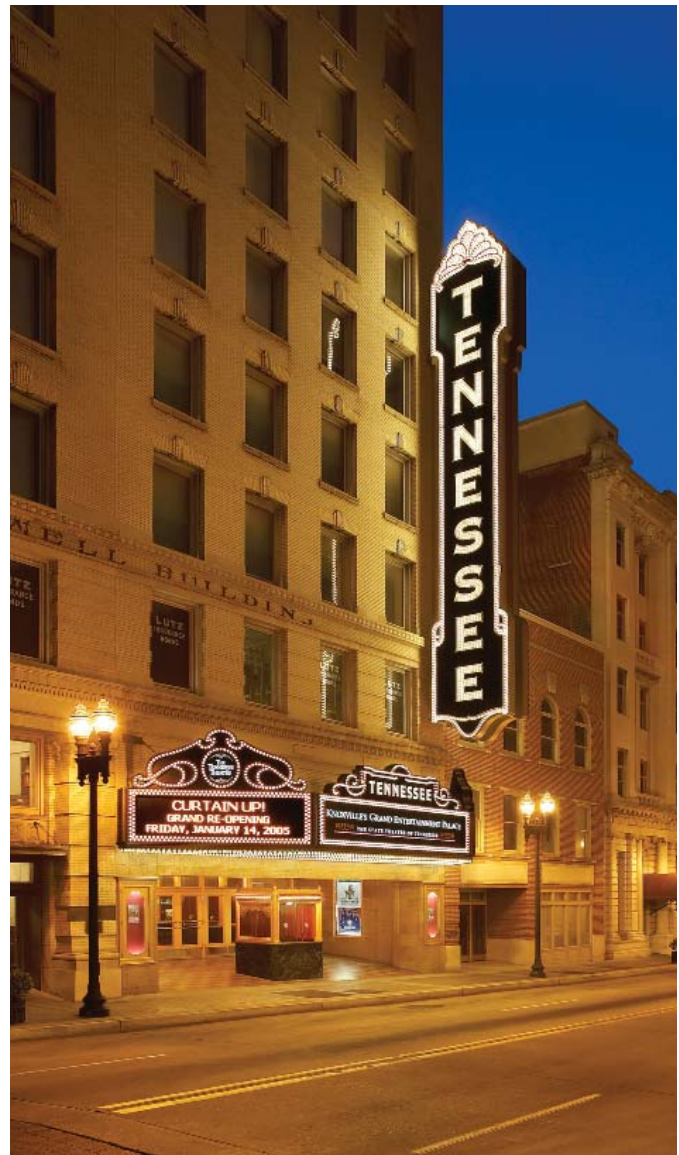
SQ. FT.
NA

One significant aspect of the project focused on expanding the stagehouse. The greatly enlarged stagehouse allows for Broadway-type shows to perform at the Tennessee Theatre.

COST
\$18,000,000

COMPLETED BY
MHM / Denark

Also included in the scope of work was **full restoration of all historic finishes, audience chamber, grand lobby and the building exterior.**







Philip Welker | Principal
BNA Associates

Role: Philip will **lead the development team** for the project

Philip started his real estate career working on a \$500 million public-private downtown redevelopment project Knoxville, TN. Philip then founded Corniche Development, Inc. which focused on urban infill and historic redevelopment, where he lead acquisition, development, financing, construction, and property management. After attending NYU's Real Estate Masters Program, he spent three years with Muss Development working on development and investment in New York City. In 2009, he co-founded BNA Associates where he leads the acquisition, development and management of all projects. Philip holds a Bachelor's in Finance from the University of Tennessee and a Masters in Real Estate Development from New York University

EDUCATION

Bachelor in Finance
 The University of Tennessee

Masters in Real Estate
 Development
 New York University

- The Oliver Hotel - Knoxville, TN
- So Bro Guest House - Nashville, TN
- Hotel Clermont - Atlanta, GA
- Fairelane Hotel - Nashville, TN
- The Penn Warren Apartments - Clarksville, TN
- Princeton Greens Apartments - Johnson City, TN
- Oliver Royale - Knoxville, TN





Ethan Orley | Principal
BNA Associates

Role: Ethan will **lead the development team** for the project

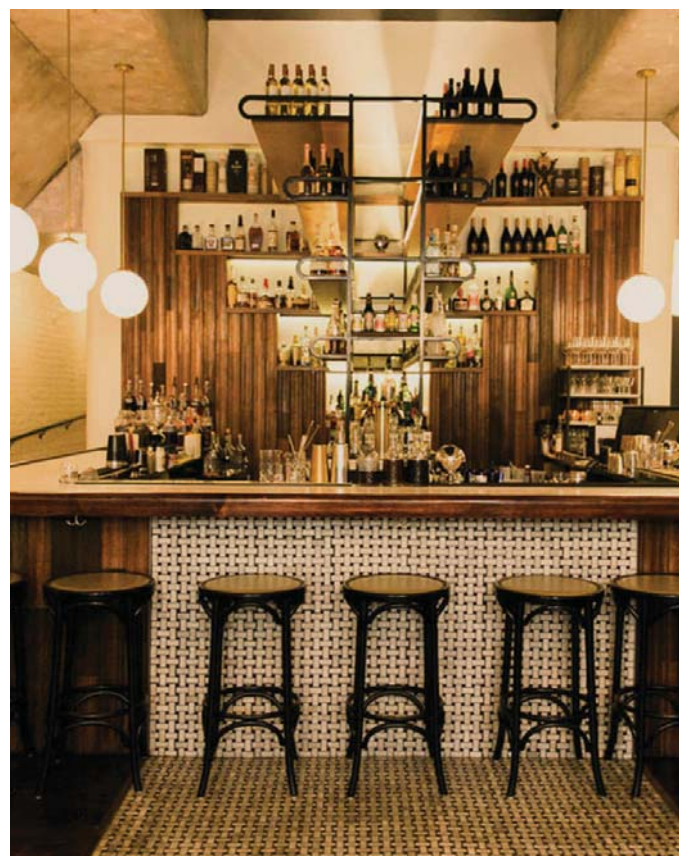
Ethan began his real estate career acquiring land for single-family residential development on behalf of his multi-generational family real estate company based in Southeastern Michigan. Upon completing his Masters in Real Estate Finance from NYU, he began work with Manhattan based Rossrock Company in the acquisitions of distressed commercial real estate debt, having underwritten and acquired over \$250 million of notes and opportunities. In 2009, he co-founded BNA Associates where he leads the development and operations of all projects. Ethan holds a Bachelors in Environmental Policy from the University of Michigan and a Masters in Real Estate Finance from New York University

EDUCATION

Bachelors in
Environmental Policy
University of Michigan

Masters in Real Estate
Finance from New York
University

- The Oliver Hotel - Knoxville, TN
- So Bro Guest House - Nashville, TN
- Hotel Clermont - Atlanta, GA
- Fairelane Hotel - Nashville, TN
- The Penn Warren Apartments - Clarksville, TN
- Princeton Greens Apartments - Johnson City, TN
- Oliver Royale - Knoxville, TN





EDUCATION

Bachelor in Civil Engineering
University of Maryland at
College Park

Masters in Civil Engineering
University of Maryland at
College Park

Craig Bradford, PE | Director, Real Estate Development BNA Associates

Role: Craig will **oversee the construction** of the project

Craig is a licensed professional engineer and project manager with over 25 years of national and international commercial and industrial development experience. Before joining BNA Associates in 2015, Craig spent 22 years in the Air Force and Air National Guard serving as an engineering officer and military commander. He has completed projects throughout the world including Europe, the Middle East, the former Soviet Union, Australia as well as across the United States. Craig commanded multiple combat and humanitarian missions before retiring as a Lieutenant Colonel in 2015. He brings a unique combination of engineering and project leadership to BNA Associates, shepherding projects from concept to opening. Craig holds a Bachelors in Civil Engineering from the University of Maryland at College Park and a Masters in Engineering from Carnegie Mellon University.

- The Oliver Hotel - Knoxville, TN
- So Bro Guest House - Nahville, TN
- Hotel Clermont - Atlanta, GA
- Fairelane Hotel - Nashville, TN
- The Penn Warren Apartments - Clarksville, TN
- Princeton Greens Apartments - Johnson City, TN
- Oliver Royale - Knoxville, TN



EDUCATION

Bachelors in Journalism
University of South
Carolina

Ashley Earnhardt | Creative Director BNA Associates

Role: Ashley will **lead the marketing** of the project

Ashley Earnhardt brings over fifteen years of marketing and advertising experience from marketing over twenty-five New York Times bestsellers with industry powerhouse Simon & Schuster, to the world of licensing and intellectual property management at internationally-recognized firm, Griffin Technology, as well as drafting communication strategies and materials for one of the largest healthcare companies in the world, HCA. She's now enjoying the never-ending excitement and boundless creativity of the hospitality industry, which suits her personality quite well and her professional goals just fine. She brings her signature left-of-center thinking, slight penchant for bending the rules, and overt enthusiasm to BNA's portfolio. Ashley graduated from the University of South Carolina with a degree in Journalism. .

- The Oliver Hotel - Knoxville, TN
- So Bro Guest House - Nahville, TN
- Hotel Clermont - Atlanta, GA
- Fairelane Hotel - Nashville, TN
- The Penn Warren Apartments - Clarksville, TN
- Princeton Greens Apartments - Johnson City, TN
- Oliver Royale - Knoxville, TN



Jeffrey D. Johnson, AIA | Principal In Charge
McCarty Holsaple McCarty, Inc.

Role: Jeff will **lead the management team** for the project and will closely coordinate the services of the entire team.

Jeff joined McCarty Holsaple McCarty in 1986, was promoted to Principal in 1990 and to Chief Financial Officer / Executive Vice President in 2004. He has acted as project principal and/or project manager on some of the **firm's largest projects** including the renovations to TVA's Knoxville Office Complex, the interiors work for the UT Hodges Library renovations and One Stop, renovations and additions to Keurig Green Mountains' Knoxville manufacturing facility, John H Daniel Building Renovation, and the Tailor Lofts building renovation.

Jeff is licensed in Tennessee as both an Architect and an Interior Designer.

EDUCATION

Bachelor of Architecture,
 The University of Tennessee
 Knoxville, 1976

REGISTRATIONS

Architect - Tennessee
 #017140

Interior Designer - Tennessee
 #760

- John H Daniel (The Daniel) Building Renovation - Knoxville, TN
- Tailor Lofts - Knoxville, TN
- Pearsons Hall Residential Renovation, Maryville College - Maryville, TN
- CaptialMark Bank Build-out - Jackson Square Oak Ridge, TN
- Food City Corporate Office & Cafeteria - Abingdon, VA
- Hodges Library One Stop, University of Tennessee - Knoxville, TN



Nathan Honeycutt, AIA | Project Manager
McCarty Holsaple McCarty, Inc.

Role: Nathan will be **responsible for day-to-day communication** between BNA Associates and the design team.

Nathan joined McCarty Holsaple McCarty in 2011. He previously worked for Thompson Ventulett Stainback & Associates (TVS&A) in Atlanta, Georgia. During his time with TVS, Nathan was chosen to help start the Dubai office in the UAE where he lived and worked for four years. Since joining MHM he has been **instrumental as both a designer and a project manager** on a variety of office buildings, public areas, and higher education buildings. Nathan is an Associate Principal of the firm.

EDUCATION

Bachelor of Architecture,
 The University of Tennessee
 Knoxville, 2003

REGISTRATIONS

Architect - Georgia
 #RA012973

- The Tennessean, Bar and Food Service Area - Knoxville, TN
- John H Daniel (The Daniel) Building Renovation - Knoxville, TN
- Food City Corporate Office & Cafeteria - Abingdon, VA
- Pearsons Dining Hall Renovation, Maryville College - Maryville, TN
- Ray & Lucy Hand Sports TV Studio, University of Tennessee - Knoxville, TN
- Hodges Library One Stop, University of Tennessee - Knoxville, TN
- I Love Juice Bar, Downtown - Knoxville, TN
- CaptialMark Bank Build-out - Jackson Square Oak Ridge, TN



Steve Lucas, PE | Project Executive Denark Construction

Role: Steve provides **overall leadership** and direction at the beginning stages of the project, including leading the Bid Team.

He oversees the preparation of all estimates, value engineering studies, constructability reviews and coordination, preliminary construction schedules, and subcontractor prequalification and bidding. Steve spearheads the Contracting Process with all Subcontractors and Suppliers and remains involved in the project through completion. He attends all major meetings, including each Monthly Owner/AE Meetings, and authors and presents the Monthly Reports for the project.

EDUCATION

Masters of Engineering and
Bachelor of Science, Civil
Engineering, The University of
Tennessee Knoxville,

REGISTRATIONS

PE License #19190

- Knoxville Convention Center - Knoxville, TN - \$94 million
- The Tower at Morgan Hill - Knoxville, TN - \$12.4 million
- The Residences at Eastport - Knoxville, TN - \$10.7 million
- Owensboro-Daviess County Convention Center - Owensboro, KY - \$43.7 million
- CityView at Riverwalk Condominiums - Knoxville, TN - \$21.9 million
- Lake Plaza Student Condominiums - Knoxville, TN - \$13.7 million



Casey Duncan | Project Manager Denark Construction

Role: As Project Manager, Casey is responsible for **achieving the Owner's goals** by managing the overall performance of the project.

He is responsible for the administration of all contractual requirements as well as the maintenance of budget and schedule, all subcontractor agreements, purchase orders, meeting minutes, shop drawing logs, and other important documentation. He is also responsible for quality and serves as a resource and direct point of contact for the Owner.

EDUCATION

Bachelor of Science,
Construction Engineering,
Murray State University,
Murray, Kentucky

- The Tower at Morgan Hill - Knoxville, TN - \$12.4 million
- The Residences at Eastport - Knoxville, TN - \$10.7 million
- Hardeman County Correctional Facility - Hardeman, TN - \$50 million
- Whiteville Correctional Facility - Whiteville, TN - \$48 million
- River Towne Condominiums - Knoxville, TN - \$9.8 million
- Laurel Station Condominiums - Knoxville, TN - \$3.3 million

**BNA
REFERENCES**

Dan Lovell
VP of Business Lending
ORNL Federal Credit Union
856-425-3334
dlovell@ornlfcu.com

Michael Tall
President and CED
Charlestowne Hotels
846-972-1425
mtall@charlestownehotels.com

Leigh Durden
SVP of Corporate Banking
Planters Bank
270-881-1716
Leigh.Durden@plantersbankonline.com

Mary Bogert
General Manager
Knoxville Convention Center
865-215-8910
mbogert@kccmg.com



KNOXVILLE - THE OLIVER



NASHVILLE - THE FAIRLANE



ATLANTA - THE CLERMONT





HOTEL & RESIDENCES

PART VI

COST PROPOSAL

COST PROPOSAL

OFFER BNA is offering to purchase the Andrew Johnson Building for **Six Million Dollars (\$6,000,000)**. We are prepared for an **all cash** closing within 180 days.

ALTERNATE 1 BNA has explored a building owned by **First Commercial Real Estate** on Outlet Drive. The facility offers the school system space to locate on one level in an **open office environment**. It also offers, in the same facility, space for training and continuing education. The property offers plenty of parking and space for the construction of a warehouse for the system. **MHM has prepared conceptual floor plans** that show how this might work for the school systems program. BNA would trade this property to Knox County in exchange for the Andrew Johnson plus \$6 million in cash.

ALTERNATE 2 BNA has also explored another facility-specific option for the Knox County School System. **Regal Cinema Corporation** is moving their corporate headquarters to downtown Knoxville. MHM, using their information regarding the school system's needs and their desired adjacencies, have prepared a test fit at Regal's former headquarters. As opposed to the Outlet Drive building, the Regal option offers **a campus approach** to the school administration. BNA would trade this property plus \$2 million in cash for the Andrew Johnson Building.

ECONOMIC IMPACT

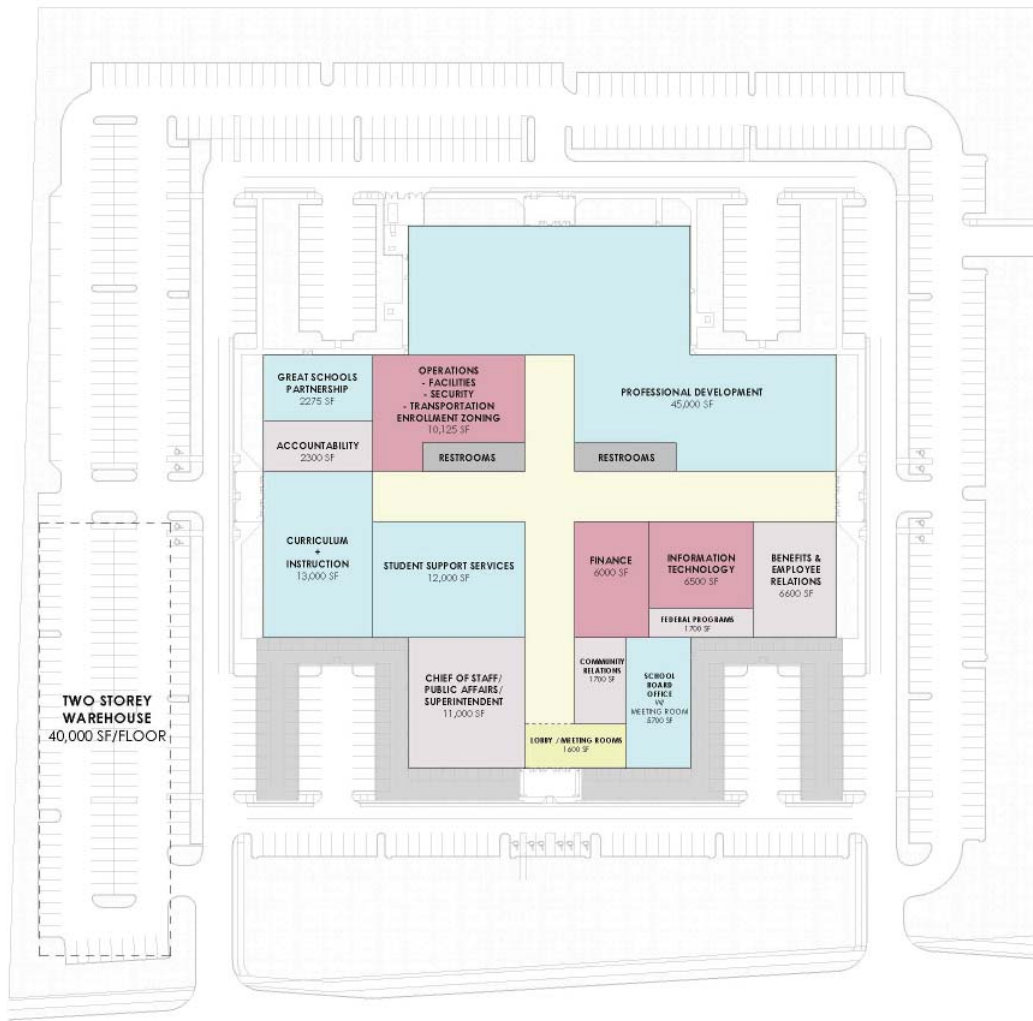
**INVESTMENT
JOBS
TAX REVENUE** As part of your evaluation, please consider the following:

- \$43,000,000 INVESTMENT
- OVER \$1,500,000 A YEAR IN SALES AND HOTEL/MOTEL TAX REVENUE
- OVER 100 PERMANENT JOBS CREATED
- OVER \$3,700,000 ANNUAL GROSS WAGES CREATED



B&T

THE A HOTEL

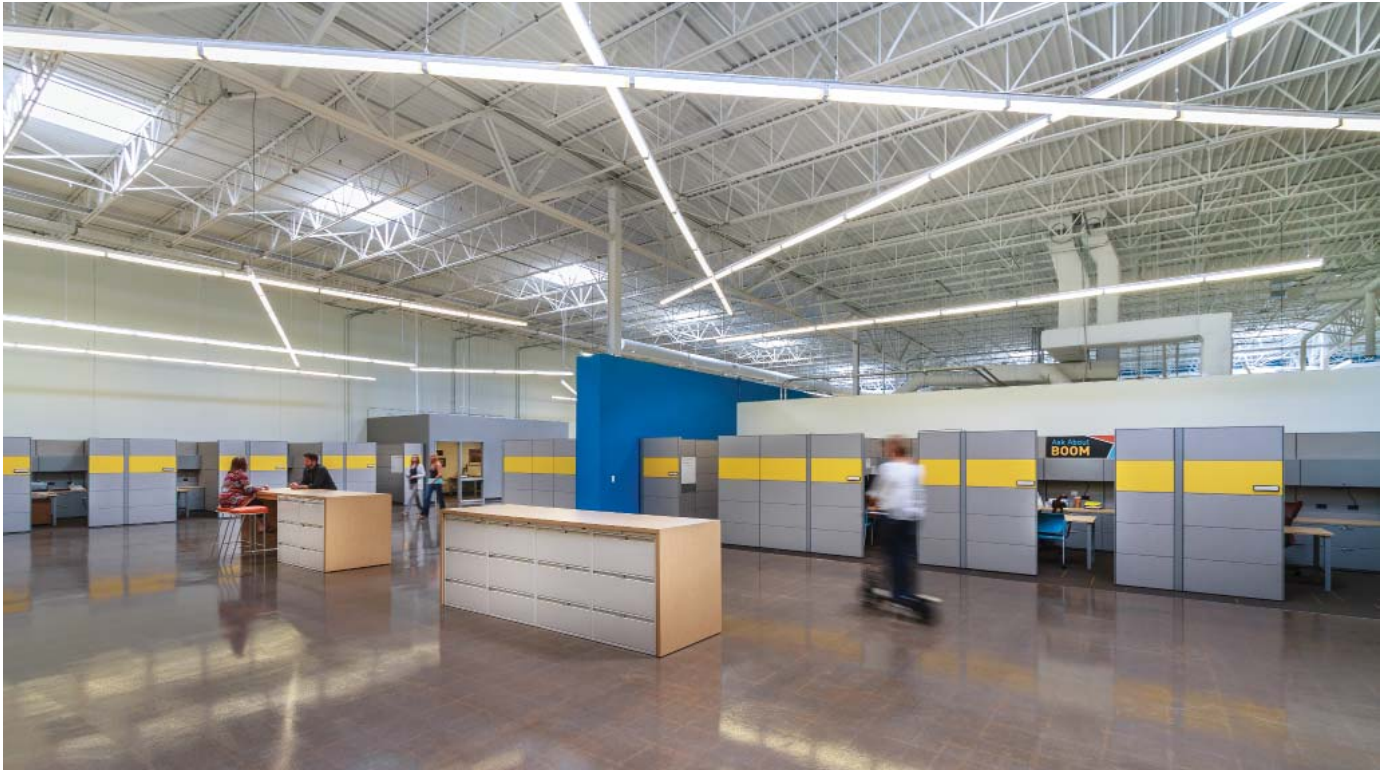


OUTLET DRIVE LOCATION
ALTERNATE 1

PROGRAM
 163,000 S.F. BUILDING
 80,000 S.F. WAREHOUSE
 518 PARKING SPACES

Located in West Knoxville across I-40 from Turkey Creek, Outlet Drive is an upgraded shell with high ceilings and would create a dynamic and flexible new location for Knox County School Board. Access to and from is efficient and it offers free parking and space for new facilities for Knox County School Board to expand or consolidate other locations in the future. The cost for this location is the Andrew Johnson Building, plus \$6 million cash.

CONCEPT PHOTOS



OUTLET DRIVE RELOCATION

SQFT 243,000

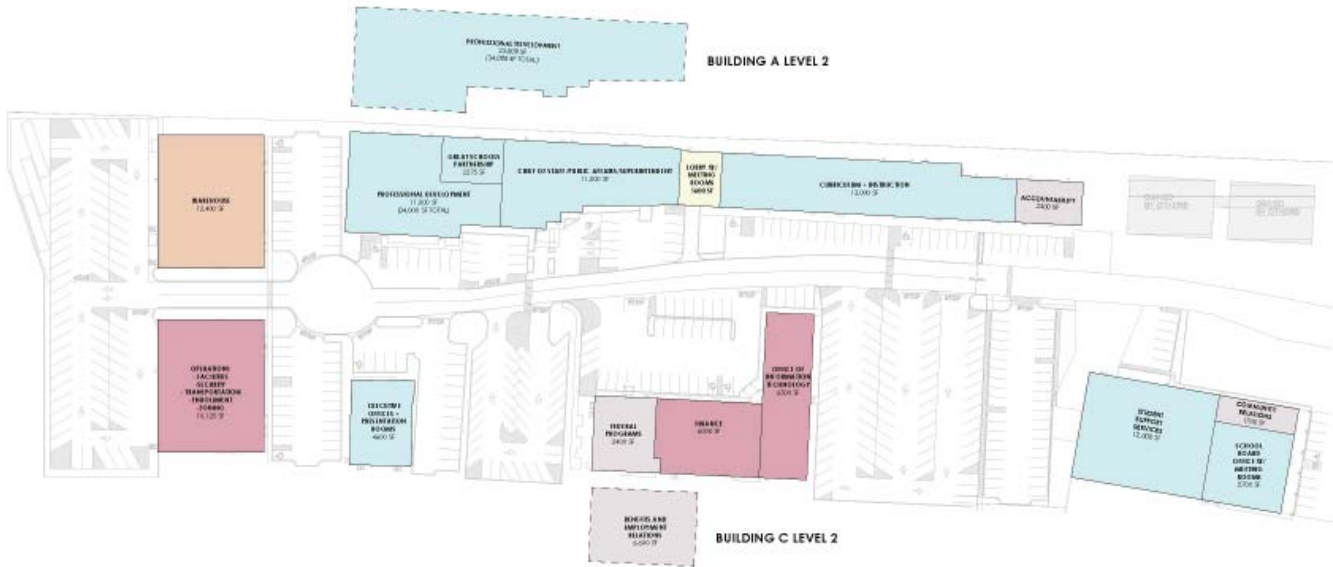
Sources of Funds	Total	Per SQFT
Funds Provided by BNA	\$ 6,000,000	\$ 24.69
Funds Provided by County	\$ 13,450,000	\$ 55.35
Total Sources of Funds	\$ 19,450,000	\$ 80.04

Uses of Funds	Total	Per SQFT
Outlet Drive Value	\$ 11,600,000	\$ 47.74
Improvement & Relocation Costs	\$ 6,850,000	\$ 28.19
Allowance for New Furniture (1)	\$ 1,000,000	\$ 4.12
Total Uses of Funds	\$ 19,450,000	\$ 80.04

Occupancy Cost	Per Year	Per SF
25-Year Amortized Cost	\$ 778,000	\$ 3.20
Utilities	\$ 486,000	\$ 2.00
Direct Occupancy Cost	\$ 1,264,000	\$ 5.20

(1) Assumes systems furnitures at \$4,000 per person for 230 people.

* SOF draft provided for Knox County consideration and information only. This is not part of the cost proposal from BNA



REGAL CAMPUS LOCATION
ALTERNATE 2

PROGRAM
 140,600 S.F. BUILDING
 397 PARKING SPACES

The Regal Campus is the lowest cost and most readily available option. The property consists of a series of buildings that contain both office and ample warehouse space. Other than cosmetic remodeling, the space is already builtout, wired, and ready for furniture and occupancy. The County would receive this property plus \$2 million in cash in exchange for the Andrew Johnson Building.

CONCEPT PHOTOS



REGAL LANE RELOCATION			
SQFT			140,600
Sources of Funds	Total	Per SQFT	
Funds Provided by BNA	\$ 6,000,000	\$	42.67
Funds Provided by County	\$ 500,000	\$	3.56
Total Sources of Funds	\$ 6,500,000	\$	46.23
Uses of Funds			
Regal Drive Value	\$ 4,000,000	\$	28.45
Improvement & Relocation Costs	\$ 2,000,000	\$	14.22
Allowance for New Furniture (2)	\$ 500,000	\$	3.56
Total Uses of Funds	\$ 6,500,000	\$	46.23
Occupancy Cost	Per Year	Per SF	
25-Year Amortized Cost	\$ 260,000	\$	1.85
Utilities	\$ 281,200	\$	2.00
Direct Occupancy Cost	\$ 541,200	\$	3.85

(2) Assumes reuse of majority of existing furniture.

* SOF draft provided for Knox County consideration and information only. This is not part of the cost proposal from BNA





HOTEL & RESIDENCES

PART VII

FINANCIAL CAPABILITY

FINANCIAL

On the following pages are letters from a few of BNA's banking and tax credit partners. More information, including a copy of BNA's most recent financial statement, can be made available upon request.



HOTEL



RESIDENCES



DINING



July 11, 2017

Philip Welker
BNA Associates LLC
401 Union Street, 2nd Floor
Nashville, Tennessee 37219

**LETTER OF INTENT
For the Redevelopment of the Andrew Johnson Building**

Dear Philip:

Please accept this letter as evidence of our support your efforts to redevelop the Andrew Johnson Building. Given your current track record and relationship with Clayton Bank, we are very interested in working with you toward completion of an acceptable financing package.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Ball", with a horizontal line extending to the right.

Brent Ball
Chief Lending Officer
Clayton Bank
Brent.Ball@claytonbank.com



July 13, 2017

Knox County Procurement Division
Suite 100
1000 North Central Street
Knoxville, TN 37917

Re: **Redevelopment of the Andrew Johnson Building – BNA Associates**

To Whom It May Concern:

BNA Associates (“BNA”) has or will submit a presentation outlining their vision of the acquisition and redevelopment of the historic Andrew Johnson Building located in Knoxville, Tennessee. I urge you to carefully consider BNA’s proposal, review the team they have assembled and consider their experience in creative adaptive reuse of landmark properties.

We at Monarch Private Capital (“Monarch”) have first-hand knowledge of BNA and their capabilities. We currently serve as an investment partner alongside BNA in the rehabilitation and redevelopment of the Clermont Hotel located in Atlanta, Georgia. We are excited about the impact the rehabilitation of the Clermont Hotel will have in the Atlanta marketplace under the direction of BNA and the team that Philip Welker and Ethan Orley have assembled. We are confident that their involvement and passion surrounding the redevelopment of the Andrew Johnson Building will bring similar success and enthusiasm to the Knoxville marketplace.

We are excited about the opportunity to consider serving as an investment partner with BNA in the rehabilitation of the Andrew Johnson Building and avail ourselves of the benefits of the federal historic tax credit program.

Respectfully yours,

A handwritten signature in black ink that reads "Rick L. Chukas". The signature is fluid and cursive, with the first and last names being the most prominent.

Rick L. Chukas
Managing Director Federal Historic Tax Credits



Three Galleria Tower
13155 Noel Road
Suite 100
Dallas, TX 75240-5090
Tel. 972.934.0022
Fax 972.960.0613

July 10, 2017

www.ryan.com

Mr. Philip Welker
Principal
BNA Associates LLC
401 Union Street
2nd Floor
Nashville, TN 37219

RE: BNA Associates LLC
Andrew Johnson Building and New Markets Tax Credit Program Overview

Dear Mr. Welker:

Ryan is pleased to engage with BNA Associates LLC (BNA) on such a dynamic project. We were excited about the opportunity before seeing the proposed renovation of the Andrew Johnson Building, but after reviewing the proposed renovation plans we are even more so. I hope that this letter will help your financial partners better understand what we do and how this great incentive program can help bring your project to life.

The New Market Tax Credit ("NMTC") Program is a bi-partisan initiative to encourage private investment and economic growth in some of the most distressed neighborhoods in urban and rural communities throughout the United States. These communities lack access to the patient capital necessary to support the growth of businesses and the creation of jobs, making them in desperate need of services. To address these needs, the NMTC was initially authorized through the Community Renewal Tax Relief Act of 2000 (PL 106-554) and is codified in Section 45D of the Internal Revenue Code.

The NMTC program provides private investors, typically banks and community development financial institutions, with a 39% federal tax credit for investing in businesses or projects in distressed urban and rural low income communities. Distressed low income communities are communities that reside in census tracts where the poverty rate is at least 20% or where the median family income does not exceed 80% of the area median income.

The CDFI Fund (within the U.S. Department of Treasury) awards a Community Development Entity (CDE) the authority to issue tax credits to qualified projects in low income communities (NMTCs are awarded to the CDEs, *not* to individuals or businesses). The CDE finds Investors that are interested in investing in the CDE based on the qualified projects it has identified.

Mr. Philip Welker
BNA Associates LLC
07/10/2017
Page 2 of 3

The NMTC investor receives a tax credit equal to 39% of the total Qualified Equity Investment (QEI) made in the CDE. The Investor realizes the federal tax credits over a seven (“7”) year period, 5% a year for the first three (“3”) years and 6% a year for the next four (“4”) years for a total of 39% in federal tax credits. The Investor is required to maintain their investment in the CDE for seven (“7”) years. CDEs use the invested proceeds of QEIs to make “Qualified Low-Income Community Investments” (QLICIs) into a “Qualified Active Low-Income Community Business” (QALICB). Note, these investments take the form of a below-market interest only loan and no equity is transferred to the Investor.

The NMTC program is a successful program that has increased investments within some of the most distressed communities across the United States.

- Between 2003 and 2015, \$42 billion in NMTCs were invested in businesses, leveraging almost \$80 billion in total capital investment in these communities.
- Since the inception of the program through 2012, there have been almost 750,000 jobs created.
- Most investments have been made in not just distressed communities but in some of the most severely distressed communities where the unemployment rates have been more than 1.5 times the national average, the poverty rates have been 30% or more and the median income was at or below 60% of the area median income.

As you are aware, we can’t guarantee a specific outcome at this point, but I can confidently say two things relating to your project: 1) due to the combination of the project having a historic preservation aspect and being within one of the NMTC identified targeted states, there should be significant interest from investors and CDE’s, and 2) the potential that up to 25% of the residences may also be offered as affordable housing under the Department of Housing and Urban Development to strictly qualified residents. We will work with you and your team to push this over the finish line quickly and will do our best to hit the March 2018 target close date.

If you have any questions or would like a more details about the NMTC Program, please do not hesitate to reach out to me directly on my cell phone at 203.893.0103 or myriam.simmons@ryan.com.

Sincerely,



Myriam Sido Simmons
Director
Ryan, LLC





HOTEL & RESIDENCES

PART VIII

AFFIDAVIT

EXHIBIT A
RFP #2542
AFFIDAVIT OF COMPLIANCE

WITH

IRAN DIVESTMENT ACT

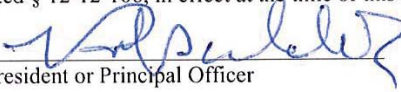
TENNESSEE CODE ANNOTATED, SECTION 12-12-106

(To be submitted with bid by contractor)

I, DAVID WELKER, President or other Principal

Officer of SNA ASSOCIATES LLC, swear or affirm that the
Name of Company

Company is in compliance with Tennessee Code Annotated § 12-12-106, in effect at the time of this bid submission.


President or Principal Officer

For: SNA ASSOCIATES LLC
Name of Company





HOTEL & RESIDENCES

PART IX

ADDITIONAL INFORMATION



B&T

RESTAURANT

THE A HOTEL



We would like to thank Knox County for making this opportunity available. Our team has spent a considerable amount of time and effort in preparing this proposal. To summarize, we believe the following distinguishing factors make this the most competitive, responsive and responsible team:

- **Highest & Best Use** – The Andrew Johnson was built to be a hotel and we will transform it back to its original purpose, resulting in the most logical and financially viable program.
- **Innovative & Flexible Design** – While the building’s exterior will be restored to its original glory, the interior spaces will feature modern, innovative concepts that will set new trends for urban living in Knoxville. For example, our proposed “micro-residences” and hotel rooms have identical floorplates, which allow for expansion or contraction should either market change in the future.
- **Economic Impact** – In addition to the \$6 million cash purchase to Knox County, our \$43 million initial project investment will have a long-term economic impact, resulting in over 100 permanent jobs, \$3.7 million in annual gross wages and over \$1.5 million in annual sales and hotel/motel taxes.
- **Community Impact** - This mixed-use project will be a catalyst for the south end of Gay Street. The AJ Hotel and Residences will bring dynamic and vibrant activities to a dormant end of downtown; further connecting downtown with the emerging development along the South Waterfront.
- **New Generation of Developer** – Compared to several development firms of comparable size, BNA is young. Our capacity and experience enables this to be a competitive advantage. BNA knows the Knoxville market but implements a modern approach crafted in larger cities like Nashville and Atlanta. We bring a fresh perspective to real estate development that is unparalleled.

HOTEL ANDREW JOHNSON





HOTEL & RESIDENCES

PART X

EXCEPTIONS

BNA HAS NO EXCEPTIONS



