

Adopted 4-21-2010

Payment-in-Lieu-of-Tax Application

The Industrial Development Board
Of The City Of Memphis And
County or Shelby, Tennessee



Memphis and Shelby County
Office of Economic Development

125 North Main Street, Room 468
Memphis, TN 38103
(901) 576-7107

City of Memphis and County of Shelby, Tennessee Payment-In-Lieu-of Tax (PILOT) Program

Memphis and Shelby County governments, through the Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (IDB), offer the payment-in-lieu-of-tax (PILOT) incentive to companies expanding or locating in this community in order to stimulate business growth and foster job creation. Companies that obtain a PILOT through the IDB can pay reduced Memphis and Shelby County real property taxes and/or personal property taxes for three (3) to fifteen (15) years, depending on the project criteria established by the IDB policy and listed in the PILOT Program Overview.

About The PILOT Application

The Payment-in-Lieu-of Tax Application provides the IDB with specific information about the project. The information serves as the basis for fiscal analysis and overall project evaluation. This evaluation is provided to the IDB members and serves as a source document during Memphis and Shelby County deliberations.

Pre-Application Meeting

Applicants should meet with a member of the IDB staff prior to the submission of a full PILOT Application. This meeting is to familiarize all parties with the project and serves to inform the Applicant about the PILOT policies as well as the general submittal process. Basic application information containing estimates on the number of jobs, wages, benefits, capital investment, and potential location, should be prepared by the applicant for this meeting.

The Application and the Lease Agreement

Specific information from the Application (like value of new investment and employment commitments) along with the Application itself is incorporated into the PILOT Lease Agreement. The Lease Agreement is a binding contract, it is therefore important that each question on the Application be answered in full and as realistically as possible.

When Is the Application Final?

It is not uncommon for an Applicant to submit Application drafts for informational and evaluative purposes only. As conversations continue, the Applicant will submit a final version of the Application that includes all of the commitments agreed to during the discussions.

Who Is Authorized To Approve the Lease Agreement?

The City of Memphis and Shelby County have given the IDB the responsibility of representing Memphis and Shelby County in all discussions regarding PILOT incentives. All conversations between the IDB and the property owner should be entered into with the understanding that any and all elements of the Lease are subject to the approval of the Industrial Development Board.

What other documents are required for the Application?

- The following documents are required for the final Application. These documents are further described with the Application Form and PILOT Program Overview Legal Description of the Project Location
- Vicinity Map of the Project Location
- Property tax record from the Shelby County Assessor's Office for the real property of the Project Location, if real property benefits are being sought
- Phase I Environmental Audit for the Project Location, if real property benefits are being sought
- Audited financial statements for the most recent two years
- Diversity Program Plan.

There is an Application Fee as described in the PILOT Program Overview. The IDB staff will assist the Applicant in determining the fee in the Pre-Application Meeting.

How Many Copies of the Application will the Industrial Development Board Need?

Submit one (1) electronic copy (on a CD) and twenty-five (25) printed copies of the Application. The Application must be submitted at least ten (10) business days prior to the Board meeting to be considered at the next Board meeting.

All applications should be submitted to:

**Memphis Shelby County Industrial Development Board
125 N. Main Street, Room 468
Memphis, Tennessee 38103**

Staff of the Memphis and Shelby County Office of Economic Development serves as staff to the IDB. For a copy of the PILOT Program Overview including the Diversity Program guidelines or for more information about the PILOT program, call 901-576-7107.

**APPLICATION FOR PILOT
CITY OF MEMPHIS AND SHELBY COUNTY**

1. Applicant – Any entity with legal or economic responsibility for the project proposed to be conveyed to the IDB in a PILOT lease agreement.

Company Name: NIKE TN, Inc.
Mailing Address: 5151 Shelby Drive, ATTN: Willie Gregory
City: Memphis State: TN Zip: 38118
Telephone: 901-277-1747 Fax: 901-547-8433
Federal Employer Identification Number: 91-1874607
Email Address: Willie.Gregory@NIKE.com

Company representative/contact for this PILOT Application:

Name: Al Logan, Carissa McGarry Title: Director, State Taxes
Mailing Address: (if different than company address) One Bowerman Drive
City: Beaverton State: OR Zip: 97005
Telephone: 503-671-2121, 503-671-2291 Fax: 503-389-7541
E-mail address: Al.Logan@NIKE.com; Carissa.McGarry@NIKE.com

Description of Principal Business: Distribution of footwear, apparel and athletic equipment
Legal Structure: corporation If corporation, state where incorporated: Oregon

If foreign corporation, is it registered to do business in Tennessee? Yes No

2. Sponsor (if applicable) – In a three-party PILOT transaction, the sponsor is the fee owner of the real property upon which the Project will be located): N/A

Company Name: _____
Mailing Address: _____
City: _____ State: _____ Zip: _____
Telephone: _____ Fax: _____
Federal Employer Identification Number: _____

Company representative/contact:

Name: _____ Title: _____
Mailing Address: (if different than company address) _____
City: _____ State: _____ Zip: _____
Telephone: _____ Fax: _____
E-mail address: _____

Description of Principal Business: _____
Legal Structure: _____ If corporation, state where incorporated: _____

If foreign corporation, is it registered to do business in Tennessee? Yes No

3. Name outside professionals who will be involved in the Project on behalf of the Applicant and/or Sponsor.

Applicant's Legal Counsel:

Name: Philip G. Kaminsky, Harris Shelton Hanover Walsh, PLLC
Mailing Address: 999 S. Shady Grove Road, Suite 300
City: Memphis State: TN Zip: 38120
Telephone: 901-682-1455 Fax: 901-435-0301

E-mail address: pkaminsky@harrisshelton.com

Project Engineer:

Name: Not determined at this time
Mailing Address: _____
City: _____ State: _____ Zip: _____
Telephone: _____ Fax: _____

Project Architect:

Name: Not determined at this time
Mailing Address: _____
City: _____ State: _____ Zip: _____
Telephone: _____ Fax: _____

General Contractor:

Name: Not determined at this time
Mailing Address: _____
City: _____ State: _____ Zip: _____
Telephone: _____ Fax: _____

4. Does Applicant or Sponsor of the Project have an application pending or intend to apply for a PILOT lease agreement or industrial revenue bond financing for this project with any other board or community?:

Yes No

- A. Has Applicant or Sponsor of the Project obtained Payment-in-lieu-of-tax incentive for any project by this Board or any other Board or community? If yes, please list projects and communities:
Existing PILOTS on 5151 Shelby Drive, 8400 Winchester and 3100 New Frayser Blvd.

- B. Does Applicant or Sponsor have plans to incur indebtedness or other financial obligations which would materially affect its financial condition other than the financing applied hereby? If yes, please describe briefly:
No

5. Project Location:

- A. Street Address: Northridge Expansion
- B. Vicinity Map – please attach with general location of site shown.
- C. Legal Description – please attach copy of deed or surveyor’s report showing legal description with metes and bounds. **Attached**
- D. Current owner of the real property Belz Investco GP
- E. If not already owned by Applicant, does the Applicant have an option to purchase the property?

Yes No

- F. Are there presently outstanding any options or liens with regard to the property?

Yes No

If yes, list:

- 6. Give a brief overview of the company and describe the activities to be performed at this location, including a description of products to be produced and/or services to be provided, include NAICS or SIC if known:
See attached letter

- 7. If this Project is a relocation (including an expansion) from an existing site in Shelby County or an expansion project within Shelby County, please provide:

- A. Number of current employees 1522 filled, 140 open *Also complete section 12.*
- B. Building square footage occupied at current sites _____
- C. Additional Building square footage to be occupied at Project site at Northridge _____
- D. Please describe the relocation/expansion including which operations will be relocating, when they will be relocating and the type and extent of the expansion.
Addition to existing Northridge building and construction of new building
Close Winchester facility and move jobs to Shelby and Northridge

- 8. Tax Information of Project Location if real property benefit is being sought: (Attach a copy of the latest property tax record from Shelby County Assessor’s Office on the real property Project location).
www.assessor.shelby.tn.us

Tax Parcel ID number or numbers	<u>5151 Shelby Drive – 094200 0065; 8400 Winchester - 081093 00002; 3100 New Frayser Blvd. – 090078 00023; additional Northgate to be acquired - 090078 00025 and part of 090078 00024</u>
Current Assessed Value	<u>5151 Shelby Drive, 8400 Winchester, 3100 New Frayser Blvd. - \$0, currently owned by the IDB for existing PILOTs; Northridge addition assessed for \$48,500 and \$9,950 (Greenbelt)</u>
Current Annual Tax	<u>Northridge Addition and additional land - \$4,167.49</u>

9. Capital Investment:

Capital Investment for Real Property PILOT Lease purposes is the cost of the Project Real Property less the cost of land.

Capital Investment for Personal Property PILOT Lease purposes is the total cost of the tangible Personal property installed at the Project.

A. Land: Acreage	<u>70 additional acres</u>	Cost:	<u>\$3,000,000.00</u>
B. Site Preparation Cost:	<u>Not available</u>		
C. Real Property (Building): Square Footage	_____	Cost:	<u>\$131,000.00 construction</u> <u>\$ 33,000.00 soft costs</u>
D. Estimated Total Cost of Project Personal Property	_____		<u>\$109,000,000.00</u>
Total Estimated Costs	_____		<u>\$276,000,000.00</u>

Please break the total estimated cost into these groups, if known:

- Group 1 Furniture/Fixtures/Equipment _____
- Group 2 Computers/Copiers/Peripherals _____
- Group 3 Molds/Dies/Jigs _____
- Group 5 Manufacturing Machinery _____

Briefly describe the type of site development planned for this location and other improvements:

Addition to existing Northridge building and construction of additional building
Upgrade and retrofitting of Shelby building \$25,000,000.00 Personal Property

10. Project Construction:

A. Current zoning of Project Location: Northridge: I-L and CMU3 for part of new parcels; Shelby: I-H; Winchester: I-L
 Required zoning: Rezoning required on new parcel

B. Describe any off-site and/or publicly owned infrastructure requirements: **not currently available**

Water: _____

Sanitary Sewer: _____

Streets: _____

Storm Sewer: _____

Other: _____

PROJECT EMPLOYMENT

Please complete Section 11. In determining the number of jobs for this Project please use the following definitions:

Average Annual Basis If employment varies during the year calculate the annual average number of jobs based upon summing the total number of jobs employed by the Project on the first day of each calendar month during the calendar year then dividing by 12.

Full-time Job – Any job position that provides employment of 1,600 hours or more within a year that is employed directly by the Applicant or employed by a contract employer on behalf of the Applicant.

Full Time Equivalent (FTE) – A combination of permanent job positions that together provide 1,600 or more hours of employment within a year. For example, two jobs that provide 800 hours of employment each equal one Full Time Equivalent Job.

Annual Wage – The total annual pay for a job position including budgeted, regularly occurring overtime, paid vacation and paid holidays.

PILOT Job Eligibility Notes:

Benefits – Non-wage compensation provided to Project employees in addition to their normal wages or salaries, must include at a minimum medical benefits where the employer pays at least 50% of the cost of the medical insurance premium for those jobs to be considered as a PILOT Project job in determining PILOT eligibility and compliance.

Wages – The wage received by an employee or Contract Employee must be at least \$10 per hour for that job to be considered as a PILOT Project job in determining PILOT eligibility and compliance.

Jobs – New jobs must be employed within two years of the commencement of the first PILOT lease. If jobs beyond a two year ramp-up are to be considered, additional copies of Section 11 must be submitted showing the annual average basis jobs for each additional year of ramp up.

13. Discuss any environmental impacts created by the project (attach a Phase I Environmental Audit addressed to the Industrial Development Board, if a real property PILOT benefit is being sought):
Phase I on additional Northridge parcel will be furnished

14. If the Applicant is seeking a Green Initiative Special Incentive, please attach LEED Certificate or Environmental Commitment Plan (outlined in the PILOT Program Overview).

15. Justification for PILOT Request – Provide a statement demonstrating that the PILOT incentive is necessary for the Project to be feasible, and reflect the competitive nature of other markets under consideration, if applicable.

See attached letter

16. Financial Information – Attach copies of the audited financial statements for the most recent two fiscal years. If a publicly-held corporation, attach the latest annual report. If a privately-held company, attach a certified statement of the corporation's net worth with corresponding disclosure notes as provided in the Applicant's latest approved or audited financial statement.

17. Attach a Diversity Plan as outlined in the PILOT Program Overview.

18. If the Applicant is seeking a Prisoner Reentry Special Incentive, please attach a participation agreement with one of the prisoner reentry programs listed in the PILOT Program Overview.

This Application is made in order to induce the Industrial Development Board of the City of Memphis and County of Shelby, Tennessee to grant financial incentives to Applicant and Sponsor. Applicant and Sponsor represent and warrant that the statements contained herein or attached hereto are true and correct to the best of their knowledge and include all information materially significant to the Board in its consideration of this Application.

Applicant and Sponsor have read and agree to comply with all requirements of the Application Procedures and Policies of the Industrial Development Board of the City of Memphis and County of Shelby, Tennessee. Applicant specifically agrees to pay all reasonable costs, fees, and expenses incurred by the Board in connection with this Application, whether or not the financial incentives are granted or the project is consummated.

Applicant: NIKE TN, Inc

By: 

Date: October 8, 2012


Sponsored by:

Director Community + BUSINESS INVESTMENT

Date: _____

EXPANSION PARCEL 1
PROPERTY DESCRIPTION

BEING A DESCRIPTION OF PART OF PARCEL 2 OF THE BELZ INVESTCO GP PROPERTY AS RECORDED IN INSTRUMENT DU-0435 AT THE SHELBY COUNTY REGISTER'S OFFICE, LOCATED IN MEMPHIS, SHELBY COUNTY, TENNESSEE AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE SOUTH LINE OF NORTHPOINTE DRIVE (68.00 FOOT WIDE PUBLIC RIGHT-OF-WAY) WITH THE WEST LINE OF NEW ALLEN ROAD (106.00 FOOT WIDE PUBLIC RIGHT-OF-WAY); THENCE S13°04'48"W A DISTANCE OF 50.38 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING S13°04'48"W ALONG THE WEST LINE OF SAID NEW ALLEN ROAD A DISTANCE OF 1738.04 FEET TO A POINT; THENCE N76°55'12"W A DISTANCE OF 14.28 FEET TO A POINT; THENCE S11°09'42"W ALONG A LINE THAT IS 10.00 FEET WEST OF AND PARALLEL TO THE FACE OF CURVE ALONG THE WEST SIDE OF NEW ALLEN ROAD A DISTANCE OF 173.55 FEET TO A POINT OF CURVATURE; THENCE ALONG A 190.00 FOOT RADIUS CURVE TO THE RIGHT, AN ARC DISTANCE OF 253.81 FEET (CHORD S49°25'52"W – 235.36 FEET) TO THE POINT OF TANGENCY, SAID POINT LINE ON THE NORTH LINE OF NEW FRAYSER BOULEVARD (90.00 FOOT WIDE PUBLIC RIGHT-OF-WAY); THENCE S87°42'03"W ALONG THE NORTH LINE OF SAID NEW FRAYSER BOULEVARD A DISTANCE OF 107.65 FEET TO A POINT OF CURVATURE; THENCE ALONG A 1445.00 FOOT RADIUS CURVE TO THE LEFT, AN ARC LENGTH OF 309.06 FEET (CHORD S81°34'25"W – 308.47 FEET) TO A POINT, SAID POINT BEING THE INTERSECTION OF THE NORTH LINE OF SAID NEW FRAYSER BOULEVARD WITH THE CENTERLINE OF A 150.00 FOOT WIDE ELECTRIC TRANSMISSION LINE EASEMENT, SAID POINT ALSO BEING THE SOUTHEAST CORNER OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE PROPERTY AS RECORDED IN INSTRUMENT 07189399 AT SAID REGISTER'S OFFICE; THENCE N02°41'25"E ALONG THE CENTERLINE OF SAID 150 FOOT WIDE ELECTRIC TRANSMISSION LINE EASEMENT A DISTANCE OF 1455.15 FEET TO A POINT; THENCE N87°18'35"W A DISTANCE OF 75.00 FEET TO A POINT ON THE WEST LINE OF SAID 150 FOOT WIDE ELECTRIC TRANSMISSION LINE EASEMENT; THENCE N02°41'25"E ALONG THE WEST LINE OF SAID 150 FOOT WIDE ELECTRIC TRANSMISSION LINE EASEMENT A DISTANCE OF 204.85 FEET TO A POINT ON A CURVE FOR THE SOUTH RIGHT-OF-WAY LINE OF THE CUL-DE-SAC FOR VICTORY RIDGE COVE; THENCE ALONG A 60.00 FOOT RADIUS CURVE TO THE LEFT, AN ARC DISTANCE OF 309.06 FEET (CHORD N39°57'27"E – 72.66 FEET) TO THE POINT OF TANGENCY; THENCE N02°41'25"E ALONG THE EAST RIGHT-OF-WAY LINE FOR VICTORY RIDGE COVE (44.00 FOOT WIDE PUBLIC RIGHT-OF-WAY) A DISTANCE OF 552.07 FEET TO A POINT OF CURVATURE; THENCE ALONG 50.00 FOOT RADIUS CURVE TO THE RIGHT, AN ARC DISTANCE OF 87.23 FEET (CHORD N52°40'16"E – 76.58 FEET) TO THE POINT OF TANGENCY ON THE SOUTH RIGHT-OF-WAY LINE OF SAID NORTHPOINTE DRIVE; THENCE S77°20'54"E ALONG THE SOUTH LINE OF SAID NORTHPOINTE DRIVE A DISTANCE OF 879.46 FEET TO A POINT OF CURVATURE; THENCE ALONG A 50.00 FOOT RADIUS CURVE TO THE RIGHT, AN ARC DISTANCE OF 78.91 FEET (CHORD S32°08'03"E – 70.97 FEET) TO THE POINT OF BEGINNING AND CONTAINING 1,687,027 SQUARE FEET OR 38.729 ACRES.

EXPANSION PARCEL 2
PROPERTY DESCRIPTION

BEING A DESCRIPTION OF PART OF PARCEL 6 OF THE BELZ INVESTCO GP PROPERTY AS RECORDED IN INSTRUMENT AW-2470, PART OF PARCEL 2 OF THE BELZ INVESTCO GP PROPERTY AS RECORDED IN INSTRUMENT AW-5947, AND PART OF PARCEL 2 OF THE BELZ INVESTCO GP PROPERTY AS RECORDED IN INSTRUMENT DU-0435, ALL OF RECORD AT THE SHELBY COUNTY REGISTER'S OFFICE, LOCATED IN MEMPHIS, SHELBY COUNTY, TENNESSEE AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

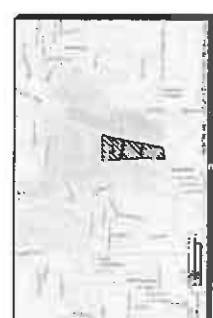
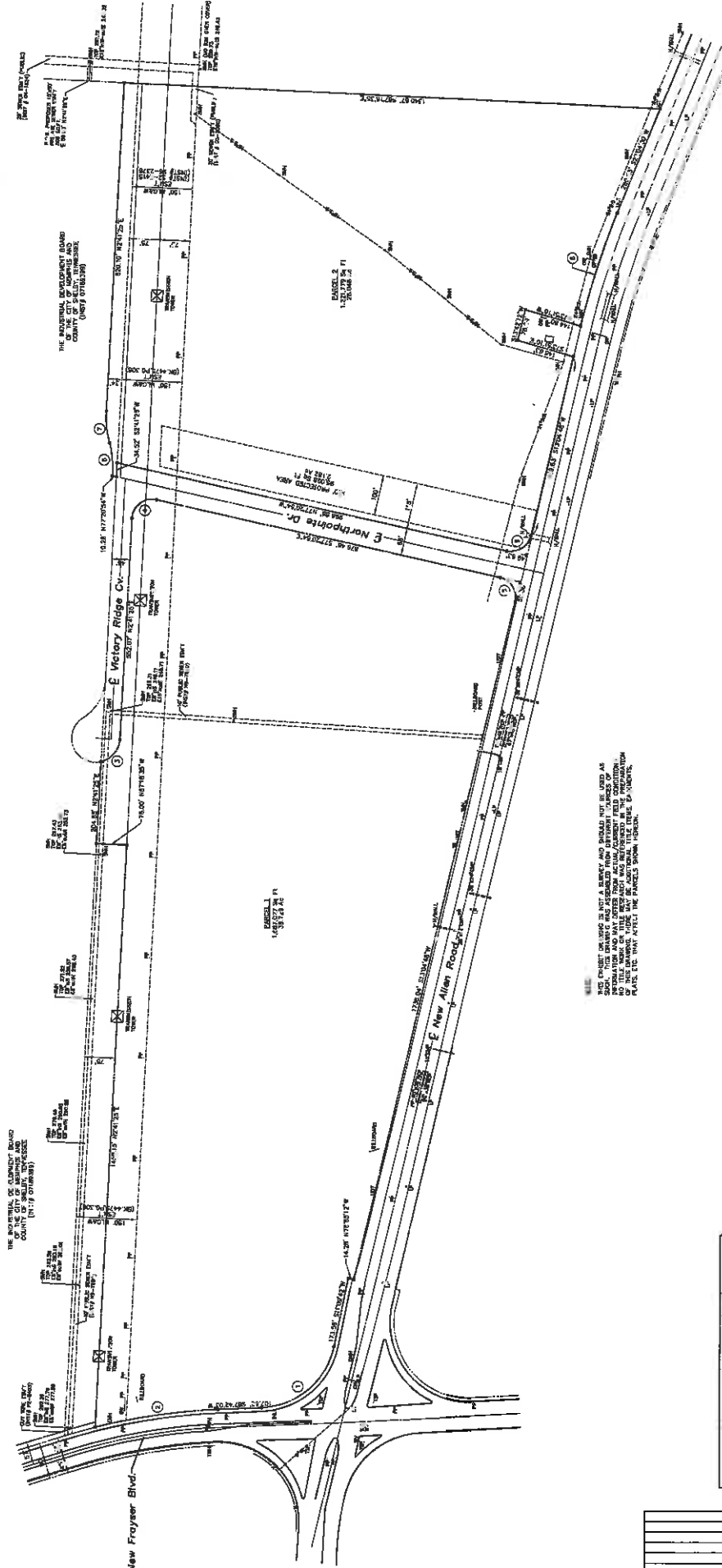
COMMENCING AT THE INTERSECTION OF THE NORTH RIGHT-OF-WAY LINE OF NORTHPOINTE DRIVE (68.00 FOOT WIDE PUBLIC RIGHT-OF-WAY) WITH THE WEST LINE OF NEW ALLEN ROAD (106.00 FOOT WIDE PUBLIC RIGHT-OF-WAY); THENCE N77°20'54"W A DISTANCE OF 49.63 FEET TO THE POINT OF BEGINNING; THENCE N77°20'54"W ALONG THE NORTH LINE OF SAID NORTHPOINTE DRIVE A DISTANCE OF 996.88 FEET TO A POINT ON THE WEST LINE OF A 150 FOOT WIDE ELECTRIC TRANSMISSION LINE EASEMENT, SAID POINT ALSO LIES ON THE WEST RIGHT-OF-WAY LINE OF VICTORY RIDGE COVE (44.00 FOOT WIDE PUBLIC RIGHT-OF-WAY); THENCE S02°41'25"W ALONG THE WEST LINE OF SAID 150 FOOT WIDE ELECTRIC TRANSMISSION LINE EASEMENT A DISTANCE OF 34.52 FEET TO A POINT ON THE EAST LINE OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE PROPERTY AS RECORDED IN INSTRUMENT 07189399 AT SAID REGISTER'S OFFICE; THENCE N77°20'54"W A DISTANCE OF 10.28 FEET TO A POINT ON A CURVE, SAID POINT LIES ON THE EAST LINE OF THE SAID IDB PROPERTY; THENCE ALONG A 240.00 FOOT RADIUS CURVE TO THE LEFT, AN ARC DISTANCE OF 82.53 FEET (CHORD N05°16'57"W – 82.12 FEET) TO A POINT OF REVERSE CURVATURE; THENCE 260.00 FOOT RADIUS CURVE TO THE RIGHT, AN ARC DISTANCE OF 80.88 FEET (CHORD N06°13'18"W – 80.56 FEET) TO THE POINT OF TANGENCY; THENCE N02°41'25"E AND CONTINUING ALONG THE EAST LINE OF THE SAID IDB PROPERTY A DISTANCE OF 820.10 FEET TO THE NORTHEAST CORNER OF THE SAID IDB PROPERTY; THENCE S87°18'35"E A DISTANCE OF 1340.87 FEET TO A POINT ON THE WEST RIGHT-OF-WAY LINE OF SAID NEW ALLEN ROAD; THENCE S22°04'30"W ALONG THE WEST LINE OF SAID NEW ALLEN ROAD A DISTANCE OF 280.23 FEET TO A POINT OF CURVATURE; THENCE CONTINUING ALONG THE WEST LINE OF SAID NEW ALLEN ROAD ALONG A 1963.10 FOOT RADIUS CURVE TO THE LEFT, AN ARC DISTANCE OF 296.77 FEET (CHORD S17°44'39"W – 296.49 FEET) TO THE NORTHEAST CORNER OF A MLG&W WELL SITE; THENCE N73°51'10"W A DISTANCE OF 144.80 FEET TO THE NORTHWEST CORNER OF SAID WELL SITE; THENCE S13°42'12"W A DISTANCE OF 78.99 FEET TO THE SOUTHWEST CORNER OF SAID WELL SITE; THENCE S73°51'10"E ALONG THE SOUTH LINE OF SAID WELL SITE A DISTANCE OF 145.63 FEET TO A POINT ON THE WEST LINE OF SAID NEW ALLEN ROAD; THENCE S13°04'48"W ALONG THE WEST LINE OF SAID NEW ALLEN ROAD A DISTANCE OF 459.63 FEET TO A POINT OF CURVATURE; THENCE ALONG A 50.00 FOOT RADIUS CURVE TO THE RIGHT, AN ARC DISTANCE OF 78.17 FEET (CHORD S57°51'57"W – 70.45 FEET) TO THE POINT OF BEGINNING AND CONTAINING 1,221,779 SQUARE FEET OR 28.048 ACRES.



① CURVE DATA

STATION	CHORD	ARC	ANGLE	CHORD	ANGLE
1	100.00'	283.51'	148.28°	255.35'	249.28° 08' 27"
2	100.00'	283.51'	148.28°	255.35'	249.28° 08' 27"
3	100.00'	283.51'	148.28°	255.35'	249.28° 08' 27"
4	100.00'	283.51'	148.28°	255.35'	249.28° 08' 27"
5	100.00'	283.51'	148.28°	255.35'	249.28° 08' 27"
6	100.00'	283.51'	148.28°	255.35'	249.28° 08' 27"
7	100.00'	283.51'	148.28°	255.35'	249.28° 08' 27"
8	100.00'	283.51'	148.28°	255.35'	249.28° 08' 27"
9	100.00'	283.51'	148.28°	255.35'	249.28° 08' 27"
10	100.00'	283.51'	148.28°	255.35'	249.28° 08' 27"

THE TOWN OF CLARKSBURG
COUNTY OF SHELBY, KENTUCKY
(PARTIAL)



Vicinity Map

NO.	DATE	REVISION DESCRIPTION

The Reaves Firm
 Surveying & Mapping
 1000 Commonwealth Blvd, Suite 100
 Louisville, KY 40202
 502.581.1234

PROJECT: EXHIBIT OF PART OF THE BELZ PROPERTY & NORTHROGE
 FOR: BELZ ENTERPRISES
 SHEET NO.: 1001
 DATE: 10/1/10

Sheet 1 of 1

Harris Shelton Hanover Walsh, PLLC
ATTORNEYS AT LAW

PHILIP G. KAMINSKY
999 South Shady Grove Road
Suite 300
Memphis, Tennessee
38120

Telephone 901-682-1455
Fax 901-435-0301

pkaminsky@harrishelton.com
www.harrishelton.com

October 8, 2012

Downtown Memphis Office
One Commerce Square
40 S. Main Street, Suite 2700
Memphis, Tennessee
38103

Oxford MS Office
829 North Lamar Blvd.
Suite 2
Oxford, Mississippi
38655

Mr. Reid Dulberger
President/CEO
Economic Development Growth Engine
100 Peabody Place, Suite 1100
Memphis, Tennessee 38103-3652

Re: Application on behalf of Nike TN, Inc., a wholly owned subsidiary of Nike, Inc. (the
"Applicant")

Dear Mr. Dulberger:

The undersigned represents the Applicant. The Applicant is presently in the process of locating a new facility and expanding existing facilities for the increased operation of the Applicant's distribution facilities.

The Applicant is a major international designer, developer and marketer of high quality footwear, apparel, equipment and accessory products. It is the largest seller of athletic footwear and athletic apparel in the world. Nike's Annual Report may be obtained online at NIKEINC.com.

The proposed facilities will be a major element of the Applicant's business.

In order to make a judgment as to the choice of location for the new facility and continuing existing facilities, the Applicant is considering various benefits which are available from local and state governments.

The Applicant presently has in place real and personal property PILOT leases for its operations at 5151 Shelby Drive, 8400 Winchester and 3100 New Frayser Blvd., Memphis, Tennessee. Under the proposed plan, the Shelby Drive and New Frayser Blvd. ("Northridge") facilities will continue in operation and the Winchester location will be terminated during a development and construction period of approximately four years.

The new and expanded facilities at Northridge will create approximately 250 new jobs at an annual wage of \$35,000.00 in addition to other benefits in the amount of \$7,000.00, for a total annual compensation of \$42,000.00

October 5, 2012

Page 2

The proposed investment will consist of the following at Northridge:

Land & Site Development	\$3,000,000.00
Building/Structure Improvements	\$131,000,000.00
Personal Property	\$109,000,000.00
Soft Costs	<u>\$33,000,000.00</u>
Total Capital Investment	\$276,000,000.00

The sum of \$25,000,000.00 would be invested at the Shelby Drive facility mainly for personal property upgrades and retrofitting.

A critical inducement for the Applicant to locate the new project in Memphis, Shelby County, Tennessee, is the availability of a tax freeze on the total project.

The Applicant respectfully requests that it be granted a 15 year real and personal property retention tax freeze on the Shelby Drive and the existing and expanded Northridge facilities.

The opportunity to gain additional investment in Memphis, Shelby County, Tennessee, on the part of a major international player, such as Nike, and commitment to have the opportunity to retain existing jobs and develop new jobs will be an enormous benefit to our community.

Loss of the proposed project will result in the loss of approximately 1,000 existing jobs and the additional new 250 jobs.

It is respectfully urged that the requested PILOT be granted in order to induce Nike to locate its new project and maintain its existing presence in Memphis, Shelby County, Tennessee.

Respectfully,


Philip G. Kaminsky

PGK/mbh

The information contained in this letter does not constitute tax advice that may be used or relied upon by the recipient or any other person to avoid imposition of any penalty imposed by the Internal Revenue Service. Written tax advice that can be relied upon by the recipient to avoid imposition of a penalty by the Internal Revenue Service must be provided in the form of a "formal tax opinion" that complies with Circular 230 issued by the Internal Revenue Service. Please contact a member of our firm if you need a "formal tax opinion" from our firm concerning any federal tax issue.