



Jobs PILOT Term Sheet

NuVasive, Inc.

February 15, 2017

NuVasive, Inc. ("Applicant") is seeking an eleven-year Jobs PILOT to enable the company to create 15 net new Jobs. The Applicant will invest \$116 million at 4670 East Shelby Drive.

The total project investment includes the \$115 million purchase of surgical kits, furniture, fixtures, and computer equipment. Additionally, the Applicant will also invest \$700,000 to renovate the 97,800 square-foot East Shelby Drive facility.

The average base salary of 15 net new employees is \$38,000 excluding benefits.

Parcel 093405 A00018 (4670 East Shelby Drive) is 5.9 acres and contains a facility that is approximately 97,800 square feet.

Founded in 1999, the Applicant is the 3rd largest medical device company in the global spine industry. Based in San Diego California, the Applicant has locations worldwide. The Applicant features more than 90 products including lumbar, thoracic and cervical application, neuromonitoring services and a biologics portfolio.

The Applicant had revenues of \$811 million in 2015, including sales in more than 30 countries, and employs more than 1,600 people globally.

The Applicant's Memphis location is a regional office, as well as a regional distribution center. The Payment-In-Lieu-Of-Tax program will allow the Applicant to remain and expand in Memphis and Shelby County.

The Applicant has projected \$155 million capital investment within four (4) years. If the additional \$38 million personal property capital investment is met, Staff recommends the approval of one (1) additional year for a total of twelve (12) years.

In 2006, the Applicant was awarded a 6-year PILOT that was extended to 8-years. The PILOT approval allowed the Applicant to create 110 net new jobs, invest \$1.5 million in real property, and \$119 million in personal property.

Additionally, in 2012, the Applicant was awarded a 10-year PILOT. The PILOT approval allowed the Applicant to create 17 net new jobs, invest \$1.5 million in real property, and \$119 million in personal property.

Per the Applicant's 2016 annual reports, the Applicant exceeded all capital investment requirements and created 163 net new jobs.

Staff projects \$5,050,295 in local total tax revenues to be received during the PILOT term and a \$9,053,864 benefit to the Applicant.



The 11-year Jobs PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-11 25%	Personal Property	Year 1-11 25%
New Real Property	Year 1-11 25%	New Real Property	Year 1-11 25%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS
Net New Jobs	15	3
Average Wages	\$38,000	10
Capital Investment	\$116,402,606	58
Location: City of Memphis	Yes	10
Local Business Participation	Yes	10
Location: New Market Tax Credit	Yes	20
MWBE/LOSB	No	0
Total		111

Ramp-Up Period

The applicant shall meet all commitments within three-years of receiving PILOT benefits.



Project Budget Detail

REAL PROPERTY	
Purchase Price	NONE
Renovation of Existing Structure	\$668,885
Sub-Total	\$668,885
PERSONAL PROPERTY	
New	\$115,733,721
Transferred*	NONE
Sub-Total	\$115,733,721
Total Investment in PILOT	\$116,402,606

** Personal property relocated from a facility outside of Shelby County is considered at its depreciated, current value.*

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	NONE
Other Personal Property	NONE
Fees & Soft Costs	NONE
Sub-Total	NONE
Total Capital Investment	\$116,402,606



Local Business Participation

Spending with City of Memphis certified minority and women business enterprises (MWBEs) and Shelby County certified locally-owned small businesses (LOSBs) shall be an amount equal to or greater than:

				Minimum For Bonus Opportunity	
		Basis	\$ LBP	1 Added Year	2 Added Years
	25%	Construction/Site Work	\$167,221	\$234,109	\$300,998
+	15%	Real Property Savings	\$25,726	\$42,878	\$60,029
+	5%	Personal Property Savings*	\$444,117	\$1,32,352	\$2,220,588
=	45%		\$637,065	\$1,609,340	\$2,581,615

* Per Section X (A) (ii) of the Jobs PILOT Policies and Procedures governing projects with 75% of their total capital investment in manufacturing machinery or equipment tangible personal property.

Per section X (C) (ii) of the jobs PILOT Policies and Procedures unless waived in the resolution, the PILOT Recipient is required to list all Net New Jobs with the workforce Investment Network and the Greater Memphis Alliance for a Competitive Workforce, and give due consideration to individuals referred by those organizations for open positions.



Conditions

Award of a PILOT in accordance with the recommendations of the Economic Development Growth Engine (EDGE) Industrial Development Board of the City of Memphis and County of Shelby, Tennessee staff, as set forth herein, is subject to the following conditions.

1. The award is subject to the review and approval of the Board's counsel.
2. The award of a PILOT to the real property of Applicant is subject to the review and approval of the Applicant's environmental impact study.
3. The award is subject to receipt of letters of approval from the mayors of both the City of Memphis and the County of Shelby.
4. The EDGE Board of Directors (the "Board") reserves the right to assign the PILOT, or its rights with respect thereto, to the Memphis and Shelby County Industrial Development Board (the "IDB"), in accordance with the service agreement between the Board and the IDB, if the Board ultimately deems it beneficial.
5. The award is subject to the negotiation and execution of PILOT lease agreements requiring the payment of rent in the amount of \$100.00 per year.
6. In the absence of an explicit written waiver of this condition, no conveyance will be deemed to have been accepted by EDGE, the IDB or any other affiliate or agent of EDGE unless and until all of the documents for the subject transaction, including the PILOT lease agreement, have been negotiated and delivered.
7. Except as explicitly provided in this term sheet or in a resolution of the Board, the award is subject to the provisions of the Jobs PILOT Policies and Procedures.
8. One year shall be added to the PILOT term if, within the first four years of the PILOT term, the applicant creates 15 net new jobs at a wage of \$38,000 and invests \$154 million, as defined in the PILOT policies.