



ECONOMIC DEVELOPMENT
GROWTH ENGINE
FOR MEMPHIS & SHELBY COUNTY

Expansion PILOT Term Sheet
Sedgwick Claims Management Services, Inc.
February 24, 2017

Sedgwick Claims Management Services, Inc. ("Applicant") is seeking a fifteen-year Expansion PILOT to enable the company to retain 865 jobs and create 130 net new jobs. The Applicant will invest \$33 million at 8155 T&B Boulevard.

The total project investment includes the \$5 million purchase of furniture, fixtures, and computer equipment. Additionally, the Applicant will invest \$10.4 million to renovate the 245,808 square-foot T&B facility.

The Applicant will receive \$18.1 million in Community Reinvestment Credit "CRC".

The weighted average base salary of 995 retained and net new employees is \$63,872 excluding benefits.

Parcel 081092 00002 (8155 T&B Blvd.) is 11.1 acres and contains a facility that is approximately 245,808 square feet.

Founded in 1969, the Applicant delivers cost-effective claims, productivity, managed care and other services. The Applicant facilitates customers' and consumers' financial and personal health through services for workers' benefits.

The Applicant has experienced growth across the past six-years through acquisitions and organically increasing its worldwide employee numbers from 6,500 to 15,000. The Applicant's headquarters is located in Memphis and Shelby County.

Currently, the Applicant is operating out of 2 different locations: a corporate office location department and a second location that is primarily an operation hub. The Expansion PILOT will allow for the consolidation and expansion of both offices to one facility at 8155 T&B Boulevard.

The Applicant will upgrade and improve the T&B facility to a state-of-the-art global headquarters.

Staff projects \$72,320,382 in local total tax revenues to be received during the PILOT term and a \$10,432,101 benefit to the Applicant.



The 15-year Expansion PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-15 25%	Personal Property	Year 1-15 25%
Real Property	Year 1-15 25%	Real Property	Year 1-15 25%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	Year(s)
Net New Jobs Retained Jobs	130 865	199	
Weighted Wages	\$63,872	35.9	
Capital Investment	\$33,538,400	16.8	
Sub-total		252	25.2
Location: City of Memphis	Yes		1.0
Local Business Participation	Yes		1.0
Location: New Market Tax Credit	No		0.0
MWBE/LOSB	No		0.0
Headquarters	Yes		2.0
Sub-total			4.0
Total			15-Years*

* Per section III (I) of the Expansion PILOT Policies and Procedures no project shall receive a PILOT term beyond a total of fifteen (15) years.

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	\$10,400,000
Sub-Total	\$10,400,000
PERSONAL PROPERTY	
New	\$5,000,000
Transferred	NONE
Sub-Total	\$15,400,000
Total Investment in PILOT	\$15,400,000

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	NONE
Other Personal Property	NONE
Fees & Soft Costs	NONE
Sub-Total	NONE
Total Capital Investment	\$15,400,000



Local Business Participation (LBP)

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:

		Basis	\$ LBP
	25%	Construction/Site Work	\$2,600,000
+	15%	Real Property Savings	\$1,564,815
=	40%		\$4,164,815

Per section X (C) (ii) of the Expansion 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 (WIN) and the Greater Memphis Alliance for a Competitive Workforce (GMACW), 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 Expansion PILOT Policies and Procedures.
8. The headquarters award is subject to Applicant maintaining its national headquarters in Memphis, Tennessee.
9. The location award is subject to Applicant maintaining its offices in Memphis, Tennessee.
10. The local business participation award is subject to Applicant meeting the minimum requirements of the local business participation program.