

Jobs PILOT Term Sheet
Nucor Steel Memphis, Inc.
April 19, 2017

Nucor Steel Memphis, Inc. ("Applicant") is seeking a five-year Jobs PILOT to enable the company to create 15 Net New jobs. The Applicant will invest \$8.1million at 2315 Pier Street, Memphis, Tennessee.

The total project investment includes the \$6.1 million purchase of furniture, fixtures, and computer equipment, \$1.35 million to purchase the Pier Street facility and an additional \$300,000 to purchase the land. The land purchase will not be abated. Additionally, the Applicant will invest \$350,000 to renovate the 106,853 square-foot Pier Street facility.

The Applicant will receive Community Reinvestment Credit "CRC."

The weighted average base salary of 15 Net New employees is \$56,333 excluding benefits.

Parcel 050102 00039C (2315 Pier Street) is 5.5 acres and contains a facility that is approximately 106,853 square feet. The Applicant will upgrade and improve the Pier Street Facility

The Applicant is a wholly-owned subsidiary of Nucor Corporation. Nucor Corporation and its affiliates are manufactures of steel products, with operating facilities primarily in the U.S and Canada. The products offered include carbon and alloy steel—in bars, beams, sheets. Nucor Corporation generated a revenue of \$15.76 Billion in 2016.

Presently, the Applicant is a special bar quality mill. As a special bar quality mill, the Applicant produces steel to a customer's specifications. The Applicant plans to expand operations by offering additional value added services to its steel manufacturing. Such services include: boring, cut-to-length, polishing, grinding, turning and straightening of steel. Currently, these services are being outsourced to a group outside Memphis and Shelby County. The PILOT will enable the Applicant to expand operations by offering these services in Memphis and Shelby County.

In 2006, the Applicant was awarded a six-year real property PILOT and a 15-year personal Property PILOT. The PILOT approval allowed the Applicant to create 225 Net New jobs, invest \$11.75 million in real property and \$230 million in personal property at its facility located at 3601 Riverport Road, Memphis, Tennessee.

In 2012, the Applicant was awarded a 15-year Retention PILOT. The PILOT approval allowed the Applicant to retain 398 jobs, create 27 Net New jobs and invest \$10 million in real property, and \$103 million in personal property at its facility located at 3601 Riverport Road, Memphis, Tennessee.

Per the Applicant's 2016 annual reports, the Applicant has exceeded all capital investment requirements and created or retained 425 Net New jobs.

Staff projects \$595,493 in local total tax revenues to be received during the PILOT term and a \$532,993 benefit to the Applicant.

The 5-year Jobs PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-5 25%	Personal Property	Year 1-5 25%
Real Property	Year 1-5 25%	Real Property	Year 1-5 25%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	Year(s)
Net New Jobs	15	3	
Weighted Wages	\$56,333	28.3	
Capital Investment	\$8,100,000	4.1	
Sub-total		35.4	3.54
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	No		0.0
Sub-total			2.0
Total			5-Years*

* Per section III (I) of the Jobs 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 two-years of receiving PILOT benefits.

Project Budget Detail

REAL PROPERTY	
Purchase Price	\$1,350,000
Renovation of Existing Structure	\$350,000
Sub-Total	\$1,700,000
PERSONAL PROPERTY	
New	\$6,100,000
Transferred	NONE
Sub-Total	\$6,100,000
Total Investment in PILOT	\$7,800,000

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$300,000
Other Personal Property	NONE
Fees & Soft Costs	NONE
Sub-Total	NONE
Total Capital Investment	\$8,100,000

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:

				Minimum For Bonus Opportunity	
		Basis	\$ LBP	1 Added Year	2 Added Years
	25%	Construction/Site Work	\$87,500	\$122,500	\$157,500
+	15%	Real Property Savings	\$29,720	\$49,533	\$69,347
+	5%	Personal Property Savings*	\$16,742	\$50,228	\$83,714
			\$133,963	\$222,262	\$310,561

* 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 phase I 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. The location award is subject to Applicant maintaining its offices in Memphis, Tennessee.
9. The local business participation award is subject to Applicant meeting the minimum requirements of the local business participation program.