



**Expansion PILOT Term Sheet
Technicolor Videocassette of Michigan, Inc.**

December 20, 2017

Technicolor (“Technicolor” or “Applicant”) is seeking an Expansion PILOT. The Project will entail up to \$14 million in new capital investment. Founded in 1910, the Applicant has over 17,000 employees worldwide.

Applicant is making long term plans and is considering alternate locations in Huntsville, AL, LaVergne, TN, and Fayette County, TN. Applicant is currently reviewing four (4) scenarios¹ to remain in Memphis and Shelby County:

	Scenario I	Scenario II	Scenario III	Scenario IV
PILOT Jobs	916	702	391	158
Wages	\$46,085	\$46,468	\$45,655	\$44,494
Capital Investment	\$14,000,000	\$10,750,000	\$7,000,000	\$4,250,000
Non-PILOT jobs	1,491	1,179	792	306
LBP	\$5,510,664	\$4,071,792	\$2,462,051	\$754,328
PILOT Term	15-Years	15-Years	15-Years	10-Years

SCENARIO 1:

The total project investment includes the \$13 million purchase of equipment including, furniture, fixtures, and computer equipment. Additionally, the Applicant will invest \$1 million for tenant improvements at 4 facilities in Memphis and Shelby County.

The average annual base salary for the 916 support staff is \$46,085 excluding benefits.

The average annual wage of the 1,338 Non-PILOT contract workers is \$21,840 excluding benefits. The average annual wage of the 153 Non-PILOT employees is \$21,367 excluding benefits.

Parcel I.D. #094200 00546 (5215 Lamar Ave) is 39 acres and improved by a facility that is approximately 789,291 square feet.

Parcel I.D. #094100 00179 (4010 Holmes Road) is 39.5 acres and improved by a facility that is approximately 806,000 square feet.

Parcel I.D. #094100 00172C (4155 Holmes Road) is 64.4 acres and improved by a facility that is approximately 922,500 square feet.

Parcel I.D. #093700 00534C and #094300 00569 (collectively 4926 Southridge BLVD) is 25.6 acres and improved by a facility that is approximately 640,000 square feet.

The applicant will receive Community Reinvestment Credit benefit for \$101,209,400 of existing building improvements as part of its Capital Investment.

Staff projects \$63,602,343 in local total tax revenues to be received during the PILOT term and a \$35,071,092 benefit to the Applicant.

¹ Only real property designated in the chosen scenario will be included in the project. Abated personal property must be new to Shelby County to be included in the project



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)
Retained Jobs	916	183.2	
Weighted Wages	\$46,085	18.1	
Capital Investment	\$151,209,400	75.6	
Sub-total		276.9	27
Location: City of Memphis	YES		1
Local Business Participation	YES		1
Location: New Market Tax Credit	YES		2
MWBE	NO		NONE
Headquarters	NO		NONE
Sub-total			4
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

Applicant will have a two (2) year Ramp-Up Period within which to achieve its commitments as to Capital Investment. This two (2) year period shall begin upon the date when the Real Property is conveyed to EDGE and covered by a PILOT



Lease, and begins to enjoy the benefits of the PILOT incentive. This conveyance to EDGE must occur as set forth in Condition No. 2 herein below. For Jobs and Wages, there will be no Ramp-Up Period.

Project Budget Detail

REAL PROPERTY	
Purchase Price	NONE
Renovation of Existing Structure	\$1,000,000
Sub-Total	\$1,000,000
PERSONAL PROPERTY	
New	\$13,000,000
Transferred	NONE
Sub-Total	\$13,000,000
Total Investment in PILOT	\$14,000,000

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	NONE
Other Personal Property	\$36,000,000
Fees & Soft Costs	NONE
Sub-Total	NONE
Total Capital Investment	\$50,000,000



Local Business Participation (LBP)

Spending with City of Memphis and Shelby County certified minority and women business enterprises (MWBs) shall be an amount equal to or greater than:

				Minimum For Bonus Opportunity	
				1 Added Year	2 Added Years
	25%	Construction/Site Work	\$ 250,000	\$350,000	\$450,000
+	15%	Total Property Savings	\$5,260,664	\$8,767,773	\$12,274,882
			\$5,510,664	\$9,117,773	\$12,724,882

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.

SCENARIO 2:

The total project investment includes the \$10 million purchase of equipment, including furniture, fixtures, and computer equipment. Additionally, the Applicant will invest \$750,000 for tenant improvements at 3 facilities in Memphis and Shelby County.

The average annual base salary for the 702 support staff is \$46,468 excluding benefits.

The average annual wage of the 1,058 Non-PILOT contract workers is \$21,819 excluding benefits. The average annual wage of the 121 Non-PILOT employees is \$21,557 excluding benefits.

Parcel I.D. #094100 00172C (4155 Holmes Road) is 64.4 acres and improved by a facility that is approximately 922,500 square feet.

Parcel I.D. #094100 00179 (4010 Holmes Road) is 39.5 acres and improved by a facility that is approximately 806,000 square feet.

Parcel I.D. #093700 00534C and 094300 00569 (collectively 4926 Southridge BLVD) is 25.6 acres and improved by a facility that is approximately 640,000 square feet.

The Applicant will receive Community Reinvestment Credit benefit for \$74,613,800 of existing building improvements as part of its Capital Investment.

Staff projects \$48,497,306 in local total tax revenues to be received during the PILOT term and a \$25,895,278 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)
Retained Jobs	702	140.4	
Weighted Wages	46,468	18.5	
Capital Investment	\$112,363,800	56.2	
Sub-total		215.1	21
Location: City of Memphis	YES		1
Local Business Participation	YES		1
Location: New Market Tax Credit	YES		2
MWBE	NO		NONE
Headquarters	NO		NONE
Sub-total			4
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

Applicant will have a two (2) year Ramp-Up Period within which to achieve its commitments as to Capital Investment. This two (2) year period shall begin upon the date when the Real Property is conveyed to EDGE and covered by a PILOT Lease, and begins to enjoy the benefits of the PILOT incentive. This conveyance to EDGE must occur as set forth in Condition No. 2 herein below. For Jobs and Wages, there will be no Ramp-Up Period.

Project Budget Detail

REAL PROPERTY	
Purchase Price	
Renovation of Existing Structure	\$750,000
Sub-Total	\$750,000
PERSONAL PROPERTY	
New	\$10,000,000
Transferred	
Sub-Total	\$10,000,000
Total Investment in PILOT	\$10,750,000

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	NONE
Other Personal Property	\$27,000,000
Fees & Soft Costs	NONE
Sub-Total	NONE
Total Capital Investment	\$37,750,000

Local Business Participation (LBP)



Spending with City of Memphis and Shelby County certified minority and women business enterprises (MWBs) shall be an amount equal to or greater than:

				Minimum For Bonus Opportunity	
				1 Added Year	2 Added Years
	25%	Construction/Site Work	\$ 187,500	\$262,500	\$337,000
+	15%	Total Property Savings	\$3,884,292	\$6,474,570	\$9,064,397
			\$4,071,792	\$6,737,070	\$9,401,897

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.

SCENARIO 3:

The total project investment includes the \$6.5 million purchase of equipment, including furniture, fixtures, and computer equipment. Additionally, the Applicant will invest \$500,000 for tenant improvements at 2 facility in Memphis and Shelby County.

The average annual base salary for the 391 support staff is \$45,655 excluding benefits.

The average annual wage of the 700 Non-PILOT contract workers is \$21,403 excluding benefits. The average annual wage of the 92 Non-PILOT employees is \$21,280 excluding benefits.

Parcel I.D. #094100 00179 (4010 Holmes Road) is 39.5 acres and improved by a facility that is approximately 806,000 square feet.

Parcel I.D. #093700 00534C and #094300 00569 (collectively 4926 Southridge BLVD) is 25.6 acres and improved by a facility that is approximately 640,000 square feet.

Applicant will receive Community Reinvestment Credit for \$44,718,500 of existing building improvements as part of the Capital Investment.

Staff projects \$27,314,780 in local total tax revenues to be received during the PILOT term and a \$15,580,338 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)
Retained Jobs	391	78.2	
Weighted Wages	\$45,655	17.7	
Capital Investment	\$69,718,500	34.9	
Sub-total		130.8	13
Location: City of Memphis	YES		1
Local Business Participation	YES		1
Location: New Market Tax Credit	YES		2
MWBE	NO		
Headquarters	NO		
Sub-total			
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

Applicant will have a two (2) year Ramp-Up Period within which to achieve its commitments as to Capital Investment. This two (2) year period shall begin upon the date when the Real Property is conveyed to EDGE and covered by a PILOT Lease, and begins to enjoy the benefits of the PILOT incentive. This conveyance to EDGE must occur as set forth in Condition No. 2 herein below. For Jobs and Wages, there will be no Ramp-Up Period.

Project Budget Detail

REAL PROPERTY	
Purchase Price	NONE
Renovation of Existing Structure	\$500,000
Sub-Total	\$500,000
PERSONAL PROPERTY	
New	\$6,500,000
Transferred	NONE
Sub-Total	\$6,500,000
Total Investment in PILOT	\$7,000,000

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	NONE
Other Personal Property	\$18,000,000
Fees & Soft Costs	NONE
Sub-Total	NONE
Total Capital Investment	\$25,000,000



Local Business Participation (LBP)

Spending with City of Memphis and Shelby County certified minority and women business enterprises (MWBs) 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	\$125,000	\$175,000	\$225,000
+	15%	Total Property Savings	\$2,337,051	\$3,895,097	\$5,453,136
			\$2,462,051	\$4,070,097	\$5,678,136

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.

SCENARIO 4:

The total project investment includes the \$4 million purchase of equipment including furniture, fixtures, and computer equipment. Additionally, the Applicant will invest \$250,000 for tenant improvements at one (1) facility in Memphis and Shelby County.

Parcel I.D. #093700 00534C and #0943 00569(collectively 4926 Southridge BLVD) is 25.6 acres and improved by a facility that is approximately 640,000 square feet.

Applicant will receive Community Reinvestment Credit benefit for \$19,320,800 of existing building improvements as part of its Capital Investment.

The average annual base salary for the 158 support staff is \$44,494 excluding benefits.

The average annual wage of the 276 Non-PILOT contract workers is \$21,361 excluding benefits. The average annual wage of 30 Non-PILOT employees is \$20,828 excluding benefits.

Staff projects \$7,488,259 in local total tax revenues to be received during the PILOT term and a \$4,612,184 benefit to the Applicant.



The 10-year Expansion PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-10 25%	Personal Property	Year 1-10 25%
Real Property	Year 1-10 25%	Real Property	Year 1-10 25%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	Year(s)
Retained Jobs	158	31.6	
Weighted Wages	\$44,494	16.5	
Capital Investment	\$35,350,800	17.8	
Sub-total		65.9	6
Location: City of Memphis	YES		1
Local Business Participation	YES		1
Location: New Market Tax Credit	YES		2
MWBE	NO		NONE
Headquarters	NO		NONE
Sub-total			4
Total			10-Years*

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



Ramp-Up Period

Applicant will have a two (2) year Ramp-Up Period within which to achieve its commitments as to Capital Investment. This two (2) year period shall begin upon the date when the Real Property is conveyed to EDGE and covered by a PILOT Lease, and begins to enjoy the benefits of the PILOT incentive. This conveyance to EDGE must occur as set forth in Condition No. 2 herein below. For Jobs and Wages, there will be no Ramp-Up Period.

Project Budget Detail

REAL PROPERTY	
Purchase Price	n/a
Renovation of Existing Structure	\$250,000
Sub-Total	\$250,000
PERSONAL PROPERTY	
New	\$4,000,000
Transferred	NONE
Sub-Total	4,000,000
Total Investment in PILOT	\$4,250,000

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	NONE
Other Personal Property	\$12,000,000
Fees & Soft Costs	NONE
Sub-Total	NONE
Total Capital Investment	\$16,250,000



Local Business Participation (LBP)

Spending with City of Memphis and Shelby County certified minority and women business enterprises (MWBs) 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	\$62,500	\$87,500	\$112,500
+	15%	Total Property Savings	\$691,828	\$1,156,046	\$1,614,264
			\$754,328	\$1,240,546	\$1,726,764

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.



**ECONOMIC DEVELOPMENT
GROWTH ENGINE
FOR MEMPHIS & SHELBY COUNTY**

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 of a PILOT for the real property used for Applicant's project is subject to Board Counsel's review and approval of the environmental impact study to be produced or procured by Applicant, but only as to such real property which is not currently owned by the IDB
2. Applicant must choose a proposed scenario by March 1, 2018 with the real property closed by April 30, 2018. The performance obligations for the project may be met globally within the specific real properties designated in the chosen scenario. The Applicant may freely move personal property within the real properties designated in the chosen scenario. Additionally, Applicant may relocate the Project within Memphis, Tennessee if the Applicant at the time of the relocation is i) in compliance with all Jobs, Wages and Capital requirements of the Term Sheet and/or executed Leases and within a 10% variance of the LBP spending as if the requirement were averaged over the Term, and ii) Applicant moves to a Comparable Real Property in Memphis, Tennessee without an extension of the Term. Compliance shall be certified by Applicant at the time of the closing. A "Comparable Real Property" for the purposes of this Term Sheet shall mean an individual property or the aggregate real property located in Memphis, Tennessee with at least ninety percent (90%) of the same usable square footage in the building(s) used by Applicant for the chosen scenario. Notwithstanding the above, the CRC percentage for the building(s) to be occupied shall be the lesser of i) seventy-five percent (75%) of the new building(s) or, ii) the CRC at the building(s) being vacated. No additional real property that is not a substitute as a Comparable Real Property for real property outlined in the applicable scenario or any move that does not constitute a move to a Comparable Real Property may be utilized without Board approval
3. The award of a PILOT is subject to receipt of letters of approval from the mayors of both the City of Memphis and the County of Shelby, which letters have been received.
4. The EDGE Board of Directors (the "Board") reserves the right to assign the PILOT, or its rights with respect thereto, to the IDB 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 of a PILOT is subject to the negotiation and execution of PILOT lease agreements requiring the payment of rent in the amount of \$100.00 per year, which agreements shall be in a form substantially similar to EDGE's standard form as approved by the Board at its meeting of November 16, 2016, and consistent with the provisions of this Term Sheet.
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 of a PILOT is subject to the provisions of the Expansion PILOT Policies and Procedures.
8. The award of matrix points for location is subject to Applicant's maintaining its facilities which are subject to the Expansion PILOT in Memphis, Tennessee.
9. The award of matrix points for local business participation is subject to Applicant's meeting the minimum requirements of the local business participation program.
10. Technicolor is to retain at least two thirds of its non-qualifying positions under any of the scenarios. For example, in Scenario I two thirds would be 994 positions. The clawback for this obligation will be capped at two years.