

Fast Track PILOT Term Sheet
The Northwest Company LLC
January 17, 2018

The Northwest Company LLC (“Applicant”) is seeking a ten-year Fast Track PILOT to enable the company to create 25 net new jobs and invest \$5,716,400 at 4755 Southpoint Drive.

The total project investment includes \$3,716,400 for construction and site improvements, \$500,000 for furniture, fixtures and equipment, and \$300,000 for computers, copiers and office tools. The Applicant is requesting Community Reinvestment Credit for the property valued at \$19,520,900 (\$1,057,800 land and \$18,463,100 building value). Soft costs of \$1,200,000 will be invested but not included in the PILOT.

The Applicant will hire 25 net new employees with an average salary of \$34,250 excluding benefits. This commitment meets the threshold required for a Fast Track PILOT. An additional 25 to 175 contract, part-time and seasonal workers could be employed in the facility above and beyond the required 25 net new employees.

Parcel 094200 00420 (4755 Southpoint Drive) is 29.40 acres and contains a warehouse that is approximately 700,000 square feet. The Applicant will occupy the entire building. Both real property and personal property investments at this location will be included in the PILOT.

Headquartered in Roslyn, New York with facilities in North Carolina and California, the Applicant is seeking a central United States distribution facility with office space for order entry, customer service and clerical functions.

Founded in 1987, The Northwest Company has grown into a top manufacturer of branded blankets and throws. The company imports, manufactures and distributes blankets, pillows, towels, bags and accessories under licensing agreements with Disney, the NFL, MLB, NHL, NBA, MLS and more than 250 colleges. The company sells to specialty stores, department stores and mass merchant retailers throughout the United States and Canada, and also operates an online retailing presence.

Staff projects \$5,117,002 in local total tax revenues to be received during the PILOT term of this project and an estimated \$4,967,197 benefit to the Applicant.

Project Summary

CATEGORY	DATA
Total Jobs	25
Average Wage	\$34,250
Capital Investment	\$25,237,300
Required Local Business Participation	\$1,674,180

The 10-year 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%

Ramp-Up Period

The Applicant shall meet all commitments within two years of receiving PILOT benefits.



Project Budget Detail

REAL PROPERTY	
Purchase Price	\$0
Hard Construction and Site Work	\$3,716,400
Sub-Total	\$3,716,400
PERSONAL PROPERTY	
New	\$800,000
Transferred*	\$0
Sub-Total	\$800,000
COMMUNITY REINVESTMENT CREDIT	
Value of Existing Land and Building	\$19,520,900
Total Investment in PILOT	\$24,037,300

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$1,200,000
Sub-Total	\$1,200,000
Total Capital Investment	\$25,237,300

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

Local Business Participation

Spending with City of Memphis or 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	\$929,100	\$1,300,740	\$1,672,380
+	15%	Real & Personal Property Savings	\$745,080	\$1,365,979	\$2,086,223
=	Total		\$1,674,180	\$2,666,719	\$3,758,603

**The minimum required spending is based on 35% of Construction/Site Work and 25% of total PILOT Savings for one additional year and 45% of Construction/Site Work and 35% of total PILOT Savings for two additional years.*

Identified Labor Source

Per section X (C) (ii) of the Fast Track PILOT Policies and Procedures, 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. Except as explicitly provided in this term sheet or in a resolution of the Board, the award is subject to the provisions of the Fast Track PILOT Policies and Procedures.
6. 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.
7. 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.
8. Applicant shall maintain 25 full-time equivalent jobs at a wage in excess of \$12 per hour and offer to pay at least one half of health insurance costs in accordance with Fast Track PILOT Policies and Procedures. Additional employees may be provided through contracted services, are not a prerequisite to this approval and shall be reported for monitoring purposes only.