

Expansion PILOT Term Sheet

Onyx Medical LLC

March 21, 2018

Onyx Medical LLC (“Applicant”) is seeking a nine-year Expansion PILOT to enable the company to retain 116 jobs, create 30 net new jobs and invest \$10,999,800 at 1800 North Shelby Oaks Drive.

The total project investment includes \$300,000 for the purchase of land, \$2,500,000 for construction and site improvements and \$4,200,000 for manufacturing machinery. The Applicant is requesting Community Reinvestment Credit for property valued at \$3,999,800 (\$545,300 for land and \$3,454,500 for building).

The Applicant will maintain a total of 146 employees with an average salary of \$54,939 including overtime and bonus but excluding benefits.

Parcel 08904400360 (1800 North Shelby Oaks Drive) is 4.55 acres and contains a 52,536 square foot manufacturing facility. Parcel 08904400366 (0 North Shelby Oaks Drive) is 2.05 acres and will enable the Applicant to expand its facility by approximately 27,000 additional square feet. New personal property investments and real property will be included in the PILOT.

Onyx Medical LLC is a contract manufacturer of precision medical devices headquartered in Memphis, Tennessee. Since 1990, Onyx has provided wires, guide pins, drills and screws for the world’s leading orthopedic companies. The company has expanded multiple times in Shelby County over the last 25 years. Through a new ownership structure, the company now has sister operations in Sweden, Denmark and China.

The company is poised to grow once more. This growth necessitates a larger facility with new manufacturing equipment.

Staff projects \$6,440,266 in local total tax revenues to be received during the PILOT term of this project and an estimated \$1,465,053 benefit to the Applicant.

The 9-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-9 25%	Personal Property	Year 1-9 25%
Real Property	Year 1-9 25%	Real Property	Year 1-9 25%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	YEARS
116 Jobs Retained and 30 Jobs Created	146	29.2	
Wages	\$54,939	26.9	
Capital Investment Excluding CRC	\$7,000,000	3.5	
Sub-total		59.6	5
Location: City of Memphis	Yes		1
Local Business Participation	Yes		1
New Markets Tax Credit Census Tract	No		0
MWBE/LOSB	No		0
Headquarters	Yes		2
Sub-total			9
Total			9-Years

Ramp-Up Period

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

Project Budget Detail

REAL PROPERTY	
Purchase Price	\$300,000
Hard Construction and Site Work	\$2,500,000
Sub-Total	\$2,800,000
PERSONAL PROPERTY	
New	\$4,200,000
Transferred*	\$0
Sub-Total	\$4,200,000
COMMUNITY REINVESTMENT CREDIT	
Value of Existing Land and Building	\$3,999,800
Total Investment in PILOT	\$10,999,800

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$0
Sub-Total	\$0
Total Capital Investment	\$10,999,800

**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	\$625,000	\$875,000	\$1,125,000
+	15%	Real & Personal Property Savings	\$219,758	\$406,959	\$626,717
=	Total		\$844,758	\$1,281,959	\$1,751,717

**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 Expansion 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 Expansion 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. All previous PILOT Lease Agreements must be terminated prior to closing a Lease Agreement related to this term sheet.