

Jobs PILOT Term Sheet
Franklin Sports, Inc.
April 18, 2018

Franklin Sports, Inc. ("Applicant") is seeking a six-year Jobs PILOT to enable the company to add 27 jobs and invest \$16,410,000 at 0 Holmes Road (with frontage on Getwell).

The project investment includes \$13,750,000 for construction of a new 300,000 square foot warehouse and \$1,500,000 for furniture, fixtures and general equipment. The vacant site being acquired is valued at \$1,160,000.

The Applicant will create a total of 27 net new employees with an average salary of \$39,722 excluding benefits.

Parcel 09410000069 (0 Holmes Road) is 64.54 acres. New real property and personal property investments at this location will be included in the PILOT. If parcels are combined and/or if the neighboring facility at 5510 Getwell and new facilities are deemed to be a single building by taxing authorities, the real property benefit will be based on a proportional basis of approximately 37%.

Headquartered in the Boston area since 1946, Franklin Sports, Inc. manufactures and distributes sporting goods for both team play and home use. Franklin products are sold around the world at retailers including Wal-Mart, Target and Dick's Sporting Goods, in addition to online outlets. The company has partnerships with professional sports leagues and many universities.

Since 2003, Franklin Sport's sole U.S.-based distribution operation has been in Memphis, Tennessee. The company currently employs 60 people, occupies 300,000 square feet in the adjoining property and leases 100,000 square feet of overflow space in a different location.

The company has twice outgrown its buildings in Memphis and is now analyzing future location needs for serving North American customers. The company desires to maintain its existing Memphis facility, expand the building or construct a new facility on a neighboring property and reinvest in the operation.

Staff projects \$1,405,255 in local total tax revenues to be received during the PILOT term of this project and an estimated \$1,911,363 benefit to the Applicant.

The 6-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-6 25%	Personal Property	Year 1-6 25%
Real Property	Year 1-6 25%	Real Property	Year 1-6 25%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	YEARS
Jobs Created	27	5.4	
Wages	\$39,722	11.7	
Capital Investment Including Land Value	\$16,410,000	8.2	
Sub-total		25.3	2
Location: City of Memphis	Yes		1
Local Business Participation	Yes		1
New Markets Tax Credit Census Tract	Yes		2
MWBE/LOSB	No		0
Headquarters	No		0
Sub-total			4
Total			6-Years

Ramp-Up Period

The Applicant will have a two (2) year Ramp-Up Period within which to achieve its project commitments. This two (2) year period shall begin upon the date when any property, in whole or in part, is conveyed to EDGE, covered by a PILOT Lease, and begins to enjoy the benefits of the PILOT incentive.

Project Budget Detail

REAL PROPERTY	
Purchase Price	\$0
Hard Construction and Site Work	\$13,750,000
Sub-Total	\$13,750,000
PERSONAL PROPERTY	
New	\$1,500,000
Transferred*	\$0
Sub-Total	\$1,500,000
Total Investment in PILOT	\$15,250,000

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property (Land Value)	\$1,160,000
Other Personal Property	\$0
Fees & Soft Costs	\$0
Sub-Total	\$0
Total Capital Investment	\$16,410,000

**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	\$3,437,500	\$4,812,500	\$6,187,500
+	15%	Real & Personal Property Savings	\$286,705	\$557,481	\$891,969
=	Total		\$3,724,205	\$5,369,981	\$7,079,469

**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 Jobs 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 of a PILOT to the real property used for Applicant's project is subject to Board Counsel's review and approval of the environmental impact study for said real property to be produced or procured by Applicant.
2. The award is subject to receipt of letters of approval from the mayors of both the City of Memphis and the County of Shelby.
3. 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.
4. 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 Jobs PILOT Policies and Procedures.
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, which agreements shall be in a form substantially similar to EDGE's standard form as approved by the Board at its meeting of March 21, 2018, 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.