

Expansion PILOT Term Sheet

Enclara Pharmacia, Inc.

April 18, 2018

Enclara Pharmacia, Inc. (“Applicant”) is seeking a nine-year Expansion PILOT to enable the company to retain 216 jobs and invest \$11,649,445 at 2525 Horizon Lake Drive.

The project investment includes \$9,465,550 for furniture, fixtures and general equipment. The Applicant is requesting Community Reinvestment Credit for property valued at \$2,183,895 (\$1,062,829 land and \$1,121,066 building value).

The Applicant will maintain a total of 216 employees with an average salary of \$53,706 excluding benefits. The company has operated in Shelby County for more than ten years, previously under the name of ExcellerX.

Parcel 092008 00015 (2525 Horizon Lake Drive) is 7.04 acres and contains a 93,750 square foot office and flex warehouse building, of which the Applicant occupies 65,000 square feet. Only new personal property investments at this location will be included in the PILOT.

Headquartered in Philadelphia, Enclara Pharmacia, Inc. is the largest provider of comprehensive hospice pharmacy services in the United States. It services customers through retail pharmacy networks and its two mail order fulfillment centers located in Memphis and Sharon Hill, Pennsylvania. The Memphis center processes more than three million prescriptions annually through a call center and fulfillment operation.

The company desires to maintain the Memphis facility and reinvest in the operation. This project will expand production capacity, replace outdated technology and provide continued compliance with Drug Enforcement Agency regulations.

Staff projects \$7,943,774 in local total tax revenues to be received during the PILOT term of this project and an estimated \$627,252 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%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	YEARS
Jobs Retained	216	43.2	
Wages	\$53,706	25.7	
Capital Investment Including CRC	\$11,649,445	5.8	
Sub-total		74.7	7
Location: City of Memphis	Yes		1
Local Business Participation	Yes		1
New Markets Tax Credit Census Tract	No		0
MWBE/LOSB	No		0
Headquarters	No		0
Sub-total			9
Total			9-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	\$0
Sub-Total	\$0
PERSONAL PROPERTY	
New	\$9,465,550
Transferred*	\$0
Sub-Total	\$9,465,550
Total Investment in PILOT	\$9,465,550

INVESTMENT NOT INCLUDED IN PILOT	
CRC Value of Existing Land and Building (69.33%)	\$2,183,895
Other Personal Property	\$0
Fees & Soft Costs	\$0
Sub-Total	\$2,183,895
Total Capital Investment	\$11,649,445

**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	\$0	\$0	\$0
+	15%	Real Property Savings	\$0	\$0	\$0
+	5%	Personal Property Savings	\$31,363	\$104,542	\$191,660
=	Total		\$31,363	\$104,542	\$191,660

Because this project's costs are 75% or more personal property, LBP is calculated with the formula of 25% of Construction/Site Work, 15% of Real Property Savings and 5% of Personal Property Savings. The minimum required spending is based on 35% of Construction/Site Work, 25% of Real Property Savings and 15% of Personal Property Savings for one additional year and 45% of Construction/Site Work, 35% of Real Property Savings and 15% of Personal Property 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 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 Expansion 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.