

PAYMENT-IN-LIEU-OF-TAX APPLICATION



ECONOMIC DEVELOPMENT
GROWTH ENGINE
FOR MEMPHIS & SHELBY COUNTY

100 Peabody Place, Suite 1100
Memphis, TN 38103
(901) 341-2100

Please submit your application online at www.growth-engine.org

APPLICATION FOR PILOT

ECONOMIC DEVELOPMENT GROWTH ENGINE INDUSTRIAL DEVELOPMENT BOARD OF CITY OF MEMPHIS AND SHELBY COUNTY, TENNESSEE

Applicant

Company Name: JNJ Logistics
Company Contact: Nathan Ennis, Vice President
Mailing Address: 3935 Old Getwell Rd.
City: Memphis State: Tennessee Zip: 38118
Telephone: 901-362-3444 Fax:
Federal Employer Identification Number: 62-1751674
Applicant's Legal Structure: LLC

If any outside consultants will be representing the applicant (accounting firm, law firm or site consultant) in applying for this PILOT, please provide the following:

Company Name Pinnacle Planning Advisors
Contact Name: Dexter Muller
Mailing Address: 3800 Berlinwood Cove N.
City: Memphis State: Tennessee Zip: 38133
Telephone: 901-275-4803 Fax:

Project Location

- A. Address: 5000/5050 American Way (4 parcels)
B. Tax Parcel Numbers: 074001B00017 074001B00018 074001B00019 07400100243
C. City of Memphis: XX Yes No
D. New Market Tax Credit Eligible Site: XX Yes No

Project Description

Briefly describe the applicant's principal business activities to be conducted at the Project Site: This project is a corporate campus of over 115,000 sq. ft. that includes: Corporate Headquarters (Management, Accounting, HR, Marketing, Call Center) as well as the company's Operations Center (Maintenance, Warehouse/cross dock, Driver Service Areas, and Truck/Trailer Parking. The current facility is a deteriorated former retail site that housed Circuit City and other retailers that abandoned the site over a decade ago. The company proposes a major renovation of the current facilities into a first class multi-function complex with corporate headquarters and also to construct a new maintenance facility on the property for its large fleet of vehicles.

The site in in a census tract designated "Severely Distressed" for New Markets Tax Credits with an unemployment rate estimated at 23.6%. It is a high priority for redevelopment for the City of Memphis as evidenced by a letter of support from Paul Young, Director of Housing and Community Development for the City of Memphis. This project will retain 463 employees currently on the payroll for JNJ Express and the 125 additional contract employees dedicated to the company. The current workforce at the site amounts to 115 attributable to the Corporate Headquarters, 175 drivers that reside in the Memphis area, and 125 contract drivers that are full time/100% hauling for JNJ Express.

The project will add an additional 610 employees, 110 at the corporate headquarters and maintenance facility and 500 new drivers.

Real Property Investment

- Building a new 45,000 sq. ft. maintenance facility
 Purchasing an existing facility, and Making renovations or additions (71,000 sq ft)
 Leasing _____ sq. ft. of an existing facility and Making renovations or additions

Category	Capital Investment
Purchase Price of Land	\$
Purchase Price of Building	\$2,000,000
New Construction/Site Improvements	\$9,750,000
Renovation of Existing Structure	\$7,100,000
Soft Costs	\$
TOTAL	\$18,850,000

Project - Personal Property Investment

Group	New	Relocated ²
1 – Furniture, Fixtures, General Equipment & All Other Property Not Listed in Another Group	\$	\$
2 – Computers, Copiers, Fax Machines, Peripherals & Tools	\$375,000	\$
3 -- Molds, Dies & Jigs	\$	\$
4 – Aircraft, Towers & Boats ¹	\$	\$
5 – Manufacturing Machinery (Maintenance Facility)	\$1,350,000	\$
6 – Billboards, Tanks & Pipelines	\$	\$
7 – Scrap Property ¹	\$	\$
8 – Raw Material & Supplies ¹	\$	\$
9 – Vehicles ¹	\$63,000,000	\$
TOTAL	\$64,725,000	\$

¹Vehicles, towers, scrap and inventory are not eligible for a PILOT agreement, but the value of these items may be included in the determination of the PILOT benefit. ²Depreciated value.

Items to be submitted with this application

_____ Tax Compliance – Provide documentation demonstrating payment of all municipal, county, state, and federal taxes due for all properties owned by the Applicant located within Shelby County.

XXX Application Fee (\$3,000.00)

Other

_____ Applicant Financial Information – Staff will need to review audited financial statements for the most recent three fiscal years.

This Application is made in order to induce EDGE to grant financial incentives to Applicant. Applicant represents and warrants that the statements contained herein or attached hereto are true and correct to the best of their knowledge and include all information materially significant to EDGE in its consideration of this Application.

Applicant has read and agrees to comply with all requirements of the EDGE Jobs PILOT Program Policies and Procedures. Applicant specifically agrees to pay all reasonable costs, fees, and expenses incurred by EDGE in connection with this Application, whether or not the financial incentives are granted or the Project is consummated.

Applicant:



A handwritten signature in blue ink, appearing to read 'W. Patrick [unclear]', written over a horizontal line.

Date:



A handwritten date in blue ink, '7/16/18', written over a horizontal line.

PROJECT EMPLOYMENT

Position	# of Full-time Jobs ¹	Average Annual Base Pay ²		Annual Overtime/ Incentive Pay ³		Annual Benefits ⁴		Annual Total Compensation	
		Each	Total	Each	Total	Each	Total	Each	Total
Accounting/IT	24	\$50,000	\$1,200,000	Note	Note	\$11,000	\$264,000	\$61,000	\$1,464,000
Management	12	\$70,000	\$840,000	Note	Note	\$15,400	\$184,800	\$85,400	\$1,024,800
Maintenance	30	\$50,000	\$1,500,000			\$11,000	\$330,000	\$61,000	\$1,830,000
Warehouse/Crossdock	6	\$50,000	\$300,000			\$11,000	\$66,000	\$61,000	\$366,000
Drivers	150	\$70,000	\$10,500,000			\$15,400	\$2,310,000	\$85,400	\$12,810,000
Corporate Headquarters	115	\$60,000	\$6,900,000			\$13,200	\$1,518,000	\$73,200	\$8,418,000
Existing Memphis Based Drivers	175	\$70,000	\$12,250,000			\$15,400	\$2,695,000	\$85,400	\$14,945,000
Total	512		\$33,490,000				\$7,367,000		\$40,857,800
Average			\$65,410				\$14,390		\$79,800

Definitions:1

¹Permanent jobs or combination of permanent positions that provide employment of 1,600 hours or more within a year that is employed directly by the Applicant or employed by a contract employer on behalf of the Applicant.

²Annual base wage must exceed \$12 per hour to be included, please show payments as annual average wages.

³Include paid overtime, paid holidays and vacation pay. Do not include discretionary bonus or stock options.

⁴Include health insurance, dental insurance, 401K plans, paid sick leave, bonus compensation, etc.

Note: The company provides annual bonuses based upon company performance, tenure and position.

JNJ Logistics Current Conditions for Proposed Site

