

**Expansion PILOT Term Sheet**

**JNJ Logistics, L.L.C.**

**July 25, 2018**

JNJ Logistics, L.L.C. ("Applicant") is seeking a fifteen-year Expansion PILOT to enable the company to invest \$20,575,000 at 5000 and 5050 American Way, retain 290 existing employees and create 222 net new jobs.

The project investment includes an estimated real property purchase price of \$2,000,000 (\$1,326,100 land and \$673,900 building value), \$7,100,000 for building renovations, \$9,750,000 for new construction and site work, and \$1,725,000 for new personal property.

The Applicant will maintain a total of 512 employees with an average salary of \$65,410 excluding benefits.

Parcel 074001 00243 is 23.23 acres. Parcel 074001 B00018 is 20.19 acres and contains an 80,390 square foot building. Parcel 074001 B00019 is 10.71 acres and contains a 115,772 building. Parcel 074001 B00017 is 1.03 acres and contains a 34,902 square foot building.

The applicant will occupy 100% of this property for the Project. Community Reinvestment Credit has been requested. Real property and new personal property on this site will be included in the PILOT.

JNJ Logistics is a transportation provider founded in Memphis in 1992. Today, the company provides brokerage services, shuttling and just-in-time delivery services in 48 states. They operate terminals in Georgia and Florida and are pursuing locations west of the Mississippi. JNJ Logistics operates a fleet of more than 450 trucks on the road serving customers such as FedEx, Amazon, UPS, Walmart, PepsiCo, Nestle, Frito Lay, Dillards, Bed Bath & Beyond and McKesson.

The company has outgrown its current facility and is exploring options in the Mid-South region for relocation of its corporate headquarters, operations center, vehicle maintenance facility and on-site warehouse with cross-dock. This PILOT will help JNJ Logistics restore the Circuit City and Delta Square Shopping Center site that has been vacant for more than ten years. The company has proposed a major renovation into a multi-functional complex housing its large fleet of vehicles, 151 management, accounting and information technology employees, 36 maintenance and warehouse employees and more than 325 Memphis-based truck drivers.

Staff projects \$35,595,269 in local total tax revenues to be received during the PILOT term of this project and an estimated \$5,855,123 benefit to the Applicant.

The 15-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-15 25%	Personal Property	Year 1-15 25%
Real Property	Year 1-15 25%	Real Property	Year 1-15 25%

**PILOT Evaluation Matrix**

CATEGORY	DATA	POINTS	YEARS
Jobs Retained and Created	512	102.4	
Wages	\$65,410	37.4	
Capital Investment	\$20,575,000	10.3	
<b>Sub-total</b>		<b>150.1</b>	<b>15</b>
Location: City of Memphis	Yes		1
Local Business Participation	Yes		1
New Markets Tax Credit Census Tract	Yes		2
MWBE	No		0
Headquarters	Yes		2
<b>Sub-total</b>			<b>6</b>
<b>Total (Maximum Allowed 15-Years)</b>			<b>15-Years</b>

### 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	\$2,000,000
Hard Construction and Site Work	\$16,850,000
Sub-Total	\$18,850,000
PERSONAL PROPERTY	
New	\$1,725,000
Transferred from Outside Shelby County*	\$0
Sub-Total	\$1,725,000
<b>Total Investment in PILOT</b>	<b>\$20,575,000</b>

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$0
Sub-Total	\$0
<b>Total Capital Investment</b>	<b>\$20,575,000</b>

\*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 (MWBES) shall be an amount equal to or greater than:

		Basis	\$ LBP
	25%	Construction/Site Work	\$4,212,500
+	15%	Real & Personal Property Savings	\$878,269
=	<b>Total</b>		<b>\$5,090,769</b>

*\*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.  
The maximum allowable PILOT term is 15-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.

## Terms & 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.
7. The award of matrix points for headquarters is subject to Applicant's maintaining the project as a headquarters, as defined in the Expansion PILOT Policies and Procedures.
8. The Applicant shall receive Community Reinvestment Credit for the Project.