

Fast Track PILOT Term Sheet
Mark Anthony Brewing, Inc.
November 15, 2018

Mark Anthony Brewing, Inc. ("Applicant") is seeking a ten-year Fast Track PILOT to enable the company to create 30 net new jobs and invest \$11,456,473 at 5625 Challenge Drive, Memphis, Tennessee.

The project investment includes \$925,861 for renovation and site improvements and \$300,000 for furniture, fixtures and office equipment. The Applicant is requesting Community Reinvestment Credit for the portion of the property to be occupied, valued at \$10,230,612 (\$542,900 land and \$9,687,712 building value).

The Applicant will hire 30 net new employees with an average salary of \$37,679 excluding benefits. This commitment meets the threshold required for a Fast Track PILOT.

Parcel 093400 00565 (5625 Challenge) is 26.76 acres and contains a warehouse that is approximately 580,000 square feet. The Applicant will occupy 341,049 square feet (58.8%) of the building. Both real property and personal property investments at this location will be included in the PILOT.

The Applicant is requesting that EDGE allow it to amend its application in order to facilitate a possible second phase that would include occupancy of an additional 120,000 square feet for \$3,408,675 at 5625 Challenge and creation of twelve (12) additional jobs within the Ramp-Up period.

Headquartered in Chicago, Illinois, the Applicant has been a customer of Memphis based Blues City Brewing for seven years. The company is seeking to accommodate growth and is evaluating options for a large-scale distribution facility.

Mark Anthony Brewing is a producer of malt beverages, spirits and wines. The largest component of the company's United States business is malt alcohol with brands such as Mike's Hard Lemonade, Cayman Jack and White Claw.

Even if Applicant only accomplishes phase I of the project, staff projects \$1,827,780 in local total tax revenues to be received during the PILOT term of this project and an estimated \$2,325,744 benefit to the Applicant.

Project Summary

CATEGORY	DATA
Total Jobs	30
Average Wage	\$37,679
Capital Investment	\$11,456,473
Required Local Business Participation	\$580,327

The 10-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-10 25%	Personal Property	Year 1-10 25%
Real Property	Year 1-10 25%	Real Property	Year 1-10 25%

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	\$925,861
Sub-Total	\$925,861
PERSONAL PROPERTY	
New	\$300,000
Transferred*	\$0
Sub-Total	\$300,000
COMMUNITY REINVESTMENT CREDIT	
Value of Existing Land and Building (58.8%)	\$10,230,612
Total Investment in PILOT	\$11,456,473

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$0
Sub-Total	\$0
Total Capital Investment	\$11,456,473

**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:

				*Minimum For Bonus Opportunity	
		Basis	\$ LBP	1 Added Year	2 Added Years
	25%	Construction/Site Work	\$231,465	\$324,051	\$416,638
+	15%	Real & Personal Property Savings	\$348,862	\$639,580	\$976,813
=	Total		\$580,327	\$963,631	\$1,393,451

**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 Fast Track 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 FastTrack 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 Applicant shall receive Community Reinvestment Credit for the Project.
8. Applicant may add additional Real Property Capital Investment to the Project, not to exceed \$3,408,675 related to the 120,000 square feet at 5625 Challenge, so long as prior to the end of the Ramp-Up period, Applicant adds and maintains an additional 12 Net New Jobs with average wages of at least \$34,673 for a total of 42 Net New Jobs under the Project. In the event Applicant anticipates to (or does, in fact) exceed the additional Real Property Capital Investment amount set out in this Term Sheet, then a request must be made to the Board for the overage pursuant to the Fast Track PILOT Policies and Procedures. Section III, A, 2 of the Fast Track PILOT Policies and Procedures shall not apply to this phase II additional Real Property Capital Investment.