

Fast Track PILOT Term Sheet

FR8 Zone Inc.

July 17, 2019

FR8 Zone Inc. ("Applicant") is seeking a ten-year Fast Track PILOT to enable the company to create 32 Net New Jobs with an average base salary of \$32,805 excluding benefits and invest \$11,550,000 in the City of Memphis.

The total project investment includes the property purchase price of \$5,800,000 (\$655,900 land value and \$5,144,100 building value), \$4,000,000 for renovations and construction, \$850,000 for soft costs, \$800,000 for new personal property, and relocated personal property valued at \$100,000 to be located at 4173 B.F. Goodrich Boulevard.

Parcel 073097 00038C is 18.575 acres and contains a 300,000 square foot warehouse. Real property improvements, new personal property and personal property relocated from outside of Shelby County will be included in the PILOT. Community Reinvestment Credit has been requested.

FR8 Zone Inc. is a development stage company creating technology to replace RFID (radio frequency identification) tracking with new supply chain logistics technologies and infrastructure. The privately held company based in New York with affiliates in New Jersey, California and Florida will use this facility for third-party logistics and in development, manufacturing and installation of proprietary devices that monitor products throughout the entirety of the supply chain. These devices, combined with FR8 Zone's proprietary software, are designed to improve efficiency and reduce costs related to warehousing and logistics.

The applicant is evaluating locations in the central United States with trained labor and rail access for this development and manufacturing headquarters.

Staff projects \$1,972,854 in local total tax revenues to be received during the PILOT term of this project and a \$2,046,088 benefit to the Applicant.



Project Summary

CATEGORY	DATA
Total Jobs	32
Average Wage	\$32,805
Capital Investment	\$11,550,000
Required Local Business Participation	\$1,306,913

Project Budget Detail

REAL PROPERTY	
Purchase Price	\$5,800,000
Hard Construction and Site Work	\$4,000,000
Sub-Total	\$9,800,000
PERSONAL PROPERTY	
New	\$800,000
Transferred*	\$100,000
Sub-Total	\$900,000
Total Investment in PILOT	\$10,700,000

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$850,000
Sub-Total	\$850,000
Total Capital Investment	\$11,550,000

**Personal property relocated from a facility outside of Shelby County is considered at its depreciated, current value.*

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 Improvements	Year 1-10 25%	Real Property Improvements	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.

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	\$1,000,000	\$1,400,000	\$1,800,000
+	15%	Real & Personal Property Savings	\$306,913	\$511,522	\$716,131
=	Total		\$1,306,913	\$1,911,522	\$2,516,131

**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 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.

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.