

Jobs PILOT Term Sheet
Exel Inc. d/b/a DHL Supply Chain (USA)
August 19, 2020

Exel Inc. d/b/a DHL Supply Chain (USA) ("Applicant") is seeking a 13-year Jobs PILOT to enable the company to create 255 Net New Jobs with an average wage of \$37,448 and invest \$85,718,770 to construct a new Memphis campus near the intersection of East Holmes Road and Tchulahoma Road.

The total project investment includes purchase of vacant land for \$5,748,716, construction of two new buildings totaling 1,545,000 square feet at a cost of \$66,094,732, and \$13,875,322 in new personal property. Parcel 094100 00299 (0 Tchulahoma) is 61.11 acres. Parcel 094100 00303 (0 Holmes) is 73.59 acres. Both real property improvements and new personal property located on these parcels will be included in the PILOT.

DHL Supply Chain is the world's largest contract logistics specialist, creating a competitive advantage through customized logistics solutions based on globally standardized warehousing, transportation and integrated service. DHL Supply Chain is a wholly owned entity of Deutsche Post DHL, an international company with revenues of more than \$75 Billion, approximately 550,000 employees with operations in over 220 countries worldwide.

DHL has been evaluating locations for third party logistics services for two companies, neither of which are currently located in Shelby County. One is Yeti Coolers which produces coolers, drinkware and apparel. DHL will receive inbound materials, load and ship outbound parcel deliveries, and provide outbound scheduling services for Yeti. The other, a confidential life sciences partner in the crop protection, seed and environmental science business, is working with DHL on improving their distribution network.

DHL has considered locating this business in its North Mississippi campus, locating this business in other areas such as Kansas City and Western Arkansas, or building in Memphis. Yeti maintains the option of staying in its current Texas location and the life sciences partner could stay in Illinois. If selected, the Memphis campus will provide logistics services for the two anchor partners and hold one land parcel for future development. The future development site is not included in this application and will not be receiving any benefit related to this application.

Estimated annual City and County property taxes will be \$673,326 during the PILOT term and \$2,142,631 after. The location produces \$103,345 today in property taxes. Staff projects \$21,668,293 in total local tax revenues to be received during the PILOT term of this project and a \$19,761,517 benefit to the Applicant.

The 13-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-13 25%	Personal Property	Year 1-13 25%
Real Property	Year 1-13 25%	Real Property	Year 1-13 25%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	YEARS
Net New Jobs	255	51.0	
Wages	\$37,448	0	
Capital Investment	\$85,718,770	42.9	
Sub-total		93.9	9
Location: City of Memphis	Yes		1
Local Business Participation	Yes		1
New Markets Tax Credit Census Tract	Yes		2
MWBE Owned	No		0
Headquarters	No		0
Sub-total			4
Total	13-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	\$5,748,716
Hard Construction and Site Work	\$66,094,732
Sub-Total	\$71,843,448
PERSONAL PROPERTY	
New	\$13,875,322
Transferred*	\$0
Sub-Total	\$13,875,322
Total Investment in PILOT	\$85,718,770

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$0
Sub-Total	\$0
Total Capital Investment	\$85,718,770

**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	\$16,523,683	\$23,133,156	\$29,742,629
+	15%	Real & Personal Property Savings	\$2,964,228	\$5,320,408	\$7,980,613
=	Total		\$19,487,911	\$28,453,564	\$37,723,242

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 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 Jobs PILOT Policies and Procedures. The term of the land lease must exceed the length of the PILOT benefit term.
5. The award is subject to 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.