

**Fast Track PILOT Term Sheet**  
**Cherry Tree International Corp.**  
**August 21, 2019**

Cherry Tree International Corp. ("Applicant") is seeking a ten-year Fast Track PILOT to enable the company to create 25 Net New Jobs with an average base salary of \$28,877 excluding benefits and invest \$9,246,163 in the City of Memphis.

The total project investment includes requested Community Reinvestment Credit of \$8,126,163 (\$488,558 land value and \$7,637,605 building value), \$220,000 for renovations and \$900,000 for new personal property at 3955 East Holmes Road.

The 1,032,920 square foot building sits on two separate parcels. The applicant will occupy 220,000 square feet. Both parcels will be placed in the PILOT program and a proportional benefit of 21.299% will be extended. Parcel 094100 00153 is 32.07 acres, contains 703,800 square feet of the building and will receive a proportional benefit equal to 149,901 square feet. Parcel 094100 00155 is 16.82 acres, contains 329,120 square feet of the building and will receive a proportional benefit equal to 70,099 square feet.

Only real property improvements will be included in the PILOT.

Cherry Tree International Corp. is a U.S. based subsidiary of Shanghai Lowen Group, a privately held e-commerce company based in China with 2018 revenues of \$60,525,180. The company provides high-quality, low-priced products direct from manufacturers to consumers through online marketplaces such as Amazon, eBay and Walmart. The company specializes in pet products, sporting goods and furniture.

The applicant is evaluating locations in the central United States with strong logistics assets in order to expand its free 2-day shipping capacity to 95% of the U.S. population. The proposed Memphis distribution facility would be the applicant's third along with one in California and another in Delaware.

Staff projects \$1,528,148 in local total tax revenues to be received during the PILOT term of this project and a \$1,708,060 benefit to the Applicant.



### Project Summary

CATEGORY	DATA
Total Jobs	25
Average Wage	\$28,877
Capital Investment	\$9,246,163
Required Local Business Participation	\$311,209

### Project Budget Detail

REAL PROPERTY	
Purchase Price	\$0
Hard Construction and Site Work	\$220,000
Sub-Total	\$220,000
PERSONAL PROPERTY	
New	\$0
Transferred*	\$0
Sub-Total	\$0
COMMUNITY INVESTMENT CREDIT	
Value of Existing Land and Building	\$8,126,163
<b>Total Investment in PILOT</b>	<b>\$8,346,163</b>

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
New Personal Property Commitment	\$900,000
Fees & Soft Costs	\$0
Sub-Total	\$900,000
<b>Total Capital Investment</b>	<b>\$9,246,163</b>

*\*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
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:

		Basis	\$ LBP
	25%	Construction/Site Work	\$55,000
+	15%	Real Property Savings	\$256,209
=	<b>Total</b>		<b>\$311,209</b>

### 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.