

Jobs PILOT Term Sheet
Exel Inc. d/b/a DHL Supply Chain (USA)
September 15, 2021

Exel Inc. d/b/a DHL Supply Chain (USA) (“Applicant” or “DHL”) is seeking a 5-year Jobs PILOT to encourage the company to create 75 Net New Jobs with an average wage of \$43,679 and invest \$7,076,368 to launch a new life sciences and healthcare distribution facility in Memphis.

The total Project investment includes \$3,280,378 to complete buildout of the facility and \$3,795,990 for Furniture, Fixtures and Equipment. Community Reinvestment Credit has been requested and will be awarded.

Parcel 094100 00318 (3299 Tchulatech) is 22.03 acres of land valued at \$768,700 and contains a 273,000 square foot partially constructed shell warehouse valued at \$5,725,231 based on building permits. The Applicant will occupy 169,260 square feet of the building or 62%. Real property improvements occupied by the Applicant (62%) will receive PILOT benefit on a proportional basis and new personal property will receive PILOT benefit.

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 in Tennessee, Kentucky and Georgia for this Project. The company believes a five-year PILOT to be a critical factor in pricing the services offered and deciding to move this operation to Memphis. If selected, this would be the fifth project for DHL in Memphis since 2019. Today DHL Supply Chain employs 2,300 people in the City of Memphis with a payroll of \$97.5 million.

The property to be occupied currently produces \$11,751 in City of Memphis and Shelby County property taxes annually. Estimated annual property taxes will average \$64,872 during the PILOT term and \$194,193 after. Staff projects \$1,970,281 in total local tax revenues to be received during the PILOT term of this Project and a \$796,820 benefit to the Applicant.

The 5-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Real Property Improvements	Year 1-5 25%	Real Property Improvements	Year 1-5 25%
Personal Property	Year 1-5 25%	Personal Property	Year 1-5 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	\$820,095	\$1,148,132	\$1,476,170
+	15%	Real & Personal Property Savings	\$119,523	\$239,046	\$390,442
=	Total		\$939,618	\$1,387,178	\$1,866,612

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 Workforce MidSouth and its American Job Center (successor to the Workforce Investment Network or WIN), and give due consideration to individuals referred by those organizations for open positions.



Project Budget Detail

REAL PROPERTY INVESTMENT IN PILOT	
Purchase Price	\$0
Hard Construction and Site Work	\$3,280,378
Sub-Total	\$3,280,378

PERSONAL PROPERTY INVESTMENT IN PILOT	
New	\$3,795,990
Transferred*	\$0
Sub-Total	\$3,795,990

Total New Capital Investment in PILOT	\$7,076,368
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INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$0
Sub-Total	\$0

Total Capital Investment	\$7,076,368
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COMMUNITY REINVESTMENT CREDIT INCLUDED IN THE PILOT	
Value of 62% Existing Land and Building	\$4,026,237

Total Capital Investment + CRC Value	\$11,102,605
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**Personal property relocated from a facility outside of Shelby County is considered at its depreciated, current value.*

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 PILOT term shall be approved at five (5) years with extra periods added for exceptional Local Business Participation performance.
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 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 has requested and shall receive Community Reinvestment Credit for the Project.