

TOWN OF WHITESTOWN
MEMORANDUM OF UNDERSTANDING FOR TAX ABATEMENT

This Memorandum of Understanding for Tax Abatement ("Memorandum") is dated as of the 30 day of May ~~2015~~, 2017, and serves as the confirmation of the commitment by the TOWN OF WHITESTOWN, INDIANA ("Whitestown"), in exchange for the fees paid hereunder by Brooks Sports, Inc. ("Applicant")

to perform the steps necessary for the appropriate consideration of Applicant's request for tax abatement.

RECITALS

A. The Applicant owns, controls, and/or has an interest in certain property as more particularly described in the property tax abatement application of the Applicant attached hereto as Exhibit A (the "Application"), for which the Applicant desires tax abatement (the "Property").

B. The Applicant hereby makes submits its Application requesting that the Town consider, and the Town is willing to consider, the Property for real and/or personal property tax abatement.

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the parties agree as follows:

AGREEMENT

Section 1. Tax Abatement. The Applicant hereby submits the Property for tax abatement. The Applicant's completed Application, including the Statement of Benefits (i.e. Form(s) SB-1), are submitted contemporaneously herewith and attached hereto as Exhibit A. This Memorandum constitutes a part of the Application.

Section 2. Application Fee. The parties recognize that Whitestown (including its Redevelopment Commission) will incur expenses, including financial advisory, legal and other fees, as a result of the Applicant's submission of its Application for tax abatement. In light of the expenses Whitestown will incur through the tax abatement process, the Applicant agrees to a non-refundable application fee in the amount of Two Thousand Dollars (\$2,000.00) (the "Application Fee"). The Applicant will pay the Two Thousand Dollars (\$2,000.00) Application Fee within 7 days following the approval of its Application, including this Memorandum.

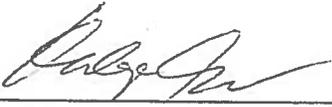
Section 3. Final Application Fee. The parties recognize that Whitestown is required to provide governmental services to its inhabitants and properties located in Whitestown, including the Property, and has and will continue to incur expenses in connection with the provision of such services. In light of such expenses, the Applicant agrees that in the event its Application for tax abatement is approved by Whitestown, it will pay an application fee of Two Thousand Dollars (\$2,000) The Applicant will pay the Application Fee to Whitestown within seven (7) days of the resolution of Whitestown finally approving the Application.

Section 4. Failure to Pay Application Fee. In the event the Application is approved by Whitestown and Applicant fails to make timely payment of the Application Fee to Whitestown, Applicant shall be deemed to be in noncompliance with its Application and Whitestown may take immediate action by resolution to rescind its approval of the Application. If Whitestown adopts such a resolution, any deductions approved by Whitestown for the Applicant shall not apply to the next installment of property taxes owed by Applicant or to any subsequent installment of property taxes.

Section 5. Payment of Application Fee. The Application Fee shall be payable by cash or check (payable to the Town of Whitestown, Indiana) delivered to the Clerk-Treasurer of Whitestown.

Section 6. Disclaimer of Liability. The parties recognize that Whitestown's authority is limited by and subject to certain statutory criteria, including but not limited to certain compliance and conditions precedent by Applicant, and that Whitestown provides no promises, covenants, guarantees, or warranties that the Applicant will receive the tax abatement designation or other property interests it seeks.

APPLICANT

Signed: 

Printed: Holger Mueller

Its: Brooks COO

Address: 3400 Stone Way N., #500
Seattle, WA 98040

TOWN OF WHITESTOWN

Eric Miller, Town Council President

Exhibit A

Tax Abatement Application

TOWN OF WHITESTOWN, INDIANA

APPLICATION FOR PERSONAL PROPERTY TAX ABATEMENT

Instructions and Procedures

Indiana state law requires that this application for personal property tax abatement and statement of benefits form (SB-1/PP) be submitted to the Town of Whitestown, Indiana (the "Town") prior to the initiation of the project. Additionally, final approval of the application must be obtained from the Town before starting the installation of the new manufacturing equipment, research and development equipment, logistical distribution equipment and/or information technology equipment, for which tax abatement is being requested.

The completed application, including all attachments and forms, and fees should be submitted to:

**Town of Whitestown
Attn: Mr. Dax Norton, Town Manager
6210 Veterans Drive
Room 500
Whitestown, Indiana 46075
Office: (317)732-4530
Mobile: (317)495-5864
E-Mail: dnorton@whitestown.in.gov**

Prior to submitting the attached application to the Town, all questions must be answered as completely as possible and must be signed on the Statement of Benefits Form (SB-1/PP) and the last page of the application. Incomplete or unsigned applications will not be accepted as official filings. All applicants are encouraged to discuss the proposed project and tax abatement request with the Town Manager and/or the Presidents of the Whitestown Redevelopment Commission and Whitestown Town Council prior to filing their application.

Fees

A \$2,000 non-refundable application fee is required when making an application for real property tax abatement and is payable to the "Town of Whitestown" 30 days following the approval of the abatement (the "Application Fee"). In addition, if the applicant is submitting an application for a personal property tax abatement that does not conform with the traditional tax abatement schedule (a "Modified Abatement Schedule"), the applicant may be required to pay an additional fee (the "Modified Abatement Application Fee"). The amount of the Modified Abatement Application Fee will be determined by the Town in its sole discretion based upon all of the facts and circumstances (including the proposed Modified Abatement Schedule). Payment of the Modified Abatement Application Fee shall be made within 30 days of notification in

writing by Whitestown to the Applicant of the amount of such Modified Abatement Application Fee.

All companies requesting personal property tax abatement will be required to execute a Memorandum of Understanding with the Town prior to consideration of the tax abatement request, the form of which memorandum is included with this application.

Any requests for additional information or questions should be directed to the following:

Town of Whitestown
Attn: Mr. Dax Norton, Town Manager
6210 Veterans Drive
Room 500
Whitestown, Indiana 46075
Office: (317)732-4530
Mobile: (317)495-5864
E-Mail: dnorton@whitestown.in.gov

Town of Whitestown, Indiana
Personal Property Tax Abatement Application
Project Questionnaire

1. Name of the company for which personal property tax abatement is being requested: Brooks Sports, Inc.

2. State the name, title, address, telephone number and e-mail address of a company representative who may be contacted concerning this application:

Name and Title: Ellen Lubbers, Sr. Manager Supply Chain Technology

Address: 3400 Stone Way N, Seattle, WA 98103 (Suite 500)

Telephone: 206-858-5632

E-Mail Address: ellen.lubbers@brooksrunning.com

3. State the name, title, address, telephone number and e-mail address of a company representative responsible for filing the required annual compliance forms (Form CF-1) which will be used by the Town to determine if your company is compliant with the terms of the abatement application, including Form SB-1, and whether the abatement will continue or be terminated (the contact should be made aware of the compliance form's importance).

Name and Title: Holger Mueller, COO

Address: 3400 Stone Way N, Suite 500, Seattle, WA 98103

Telephone: 206-858-5683

E-Mail Address: holger.mueller@brooksrunning.com

4. Location of property for which personal property tax abatement is being sought:

a) Street Address: All points at Anson Building 7B
Albert S. White Parkway Whitestown, IN 46075

b) Tax Parcel Number(s): To Be Determined, see attached exhibit A (to show area map, proposed project location)

Attach a legal description and area map of the proposed project location.

5. What is the amount of the most recent assessment attributable to (this information is available on the most recent property tax form) the equipment at the project location:

To Be Determined

6. Has this project or tax abatement request been discussed with the President of the Whitestown Redevelopment Commission and/or President of the Whitestown Town Council? Yes No

7. Does your company currently conduct manufacturing operations, research and development, distribution and/or information technology research at this location? If so, how long has your company been at this location?
No

8. Does your business have other operations in Indiana? If so, please list the location of the other operations. No, currently one Indiana employee with marketing and account support responsibilities.

9. What is the size of the facility in which the equipment will be installed?

400,140 sq ft

10. On a separate page, briefly describe the (i) product(s) manufactured, (ii) research and development conducted, (iii) the product distribution and/or (iv) the information technology conducted, by your company. See Exhibit B

11. On a separate page, briefly describe the equipment to be installed by your company at the project location. See Exhibit B

12. Has the new equipment been installed (Please note that State statute requires applicants to delay installation until after abatement has been granted)?

Yes No

13. What is the anticipated date for installation to begin? 2/19/2018 (early occupancy)

14. What is the anticipated date for project completion? 4/27/2018 (Certificate of occupancy)

15. Does the equipment being installed serve the same function as the equipment currently in place at the facility?

Yes No

a) If no, please describe the new functions to be performed by the new equipment:
All new Material Handling Equipment technology, Stock including manual (see receiving, very narrow aisle storage, active pick locations, batch pick by put wall, zone picking, Put-to-light and Pick-to-Store order Consolidation, void fill and manifest shipping, semi-automated sortation conveyance.

b) What is the estimated value of the equipment to be purchased for which personal property tax abatement is being requested? \$ 10,800,000

16. Complete the following profile of the Company that will occupy the property for which tax abatement is being requested:

a) Number of current full time permanent hourly employees by skill level (include average hourly wage rate excluding benefits and overtime)

Skilled _____ Average hourly wage rate for skilled positions _____

Semi-skilled _____ Average hourly wage rate for semi-skilled positions _____

Clerical _____ Average hourly wage rate for clerical positions _____

Salaried 1 Average salary (per hour) for salaried positions \$23.07

TOTAL NUMBER OF EXISTING EMPLOYEES (permanent and full-time)

1

b) Number of current part-time hourly employees by skill level (include average hourly wage rate excluding benefits and overtime) none

Skilled _____ Average hourly wage rate for skilled positions _____

Semi-skilled _____ Average hourly wage rate for semi-skilled positions _____

Clerical _____ Average hourly wage rate for clerical positions _____

TOTAL NUMBER OF EXISTING EMPLOYEES (part-time)

c) Approximate value of benefits for existing and new employees on a per hour basis (e.g. benefits are valued at an additional \$3.00 per hour, etc.) \$ 3.70

d) Summary of benefits for existing and new employees.

Medical, dental, vision, 401k with employer match, employee discounts on product, paternity leave, FSA, life and AD&D.

e) Number of created full-time permanent hourly employees by skill level (include average hourly wage rate excluding benefits and overtime) See top of pg. 6

Skilled _____ Average hourly wage rate for skilled positions _____

Semi-skilled _____ Average hourly wage rate for semi-skilled positions _____

TOTAL # of NEW EMPLOYEES	2018	2019	2020	2021	2022	2023
(Burdened)	10	50	91	103	116	132

Average Hrly - ~~41.81~~ \$20.71 \$21.29 \$21.90 \$22.51 \$23.15

(Unburdened) Average Hrly - Salaries \$16.34 \$16.81 \$17.25 \$17.77 \$18.27

Clerical _____ Average hourly wage rate for clerical positions _____

Salaried _____ Average salary (per hour) for salaried positions _____

TOTAL NUMBER OF NEW EMPLOYEES (permanent and full-time)

f) Number of created part-time hourly employees by skill level (include average hourly wage rate excluding benefits and overtime) See top of page 6

Skilled _____ Average hourly wage rate for skilled positions _____

Semi-skilled _____ Average hourly wage rate for semi-skilled positions _____

Clerical _____ Average hourly wage rate for clerical positions _____

Salaried _____ Average salary (per hour) for salaried positions _____

TOTAL NUMBER OF NEW EMPLOYEES (part-time)

g) What is the total dollar amount to be spent on new salaries? \$18,926,928

h) Provide schedule for when new employee positions are expected to be filled.
See table at top of page 6.

17. On a separate page, please give a detailed description of what the impact on your business will be if the new equipment is not installed (e.g. loss of jobs, contract cancellations, loss of production, change in location, etc.). See Exhibit B

18. What is the term of the tax abatement requested (maximum 10 years). 4 yrs

19. Attach a schedule of the proposed tax abatement percentages in each year (note, if the proposed tax abatement schedule is other than a traditional tax abatement schedule the Town may impose additional fees for consideration).

Example (note this is a traditional 10 year abatement schedule)

Year	% of Assessed Value Exempt From Personal Property Taxes
1	100%
2	95%
3	80%
4	65%
5	50%
6	40%

7	30%
8	20%
9	10%
10	5%

20. Complete the following schedule concerning the proposed personal property taxes to be abated and include on a separate page the worksheets for calculating the figures provided below:

I. Projected Current Conditions Without Abatement

A. Current Annual Personal Property Taxes: \$ 0
 B. Projected 10-Year Total: \$ 0

II. Projected Conditions With Abatement

A. Projected 10-Year Personal Property Taxes: \$ 660,094
 B. Projected 10-Year Abatement: \$ 306,571

III. Projected Total (Assumes Abatement Granted)

A. Total Amount Abated: \$ 306,571
 B. Total Taxes to be Paid: \$ 660,094

Note: Attach Worksheets

21. Which approvals or permits will be required for the project?

- (a) zoning change
- (b) annexation
- (c) plat approval
- (d) development plan
- (e) variance
- (f) special exception
- (g) building permit
- (h) other Contact Duke Realty to coordinate (developer)

22. Will additional public infrastructure/facilities be required? If so, please explain in detail costs/funding source and schedule for construction.

Please see Duke Realty application. TIF funding from Duke.

23. For the proposed project, is the applicant requesting other incentives from the Town (e.g., tax increment financing, economic development revenue bond financing)? If so, please explain. \$100,000. Brooks Sports, Inc. is requesting \$100,000 in additional funding for costs associated with relocation to the

24. Please describe any community involvement/contributions the applicant has provided provided in the past and/or expects to provide in the future.

23 contd. ⁷ of its distribution operations and for cost to commence operations. Request based on competitive offers from other municipalities

24.

None at this time, whenever Brooks Sports, Inc. selects to relocate N.A. distribution operations, Brooks will be heavily invested in the community.

25. Will local suppliers and contractors be used in the construction/operation of the proposed project? If so, please explain. Yes, Duke to employ sub contractors.

26. Has the applicant previously been approved for economic development incentives from the Town (e.g., tax abatement, tax increment financing, economic development revenue bond financing)? If so, please explain and include information with respect to applicant's compliance with project representations made to the Town at the time the incentives were approved.

No

27. Is the applicant current on all of its payment obligations to the Town and the County (e.g., property taxes, utility (gas, water, sewer, electric) fees (such as capacity fees, monthly services charges), guaranties on any debt obligations, etc.)?

Yes

28. Does the proposed project take advantage of any "green" technology to reduce adverse environmental impact? If so, please explain.

Yes, while not pursuing LEED certification, Brooks Sports, Inc. will be focused on environmentally conscious opportunities in both construction of the facility (i.e. LED lighting to reduce energy, air rotation units vs. unit heaters, etc.) and for ongoing operations.

_____	Application Fee (\$1,000)
_____	Completed Memorandum of Understanding
_____	Completed Form SB-1/PP
<u>A</u>	Legal Description of Project Site
<u>A</u>	Area Map of Project Site
<u>B</u>	Description of (i) Product(s) Manufactured, (ii) Research and Development, (iii) Product Distribution and/or (iv) Information Technology Conducted, at Site
<u>B</u>	Description of Equipment to be Installed at Site
<u>B</u>	Description of Impact on Business if Equipment not Installed
_____	Worksheets for Abatement Calculation

EXHIBIT A

**ALL ROADS LEAD TO
ALLPOINTS AT ANSON**



EXHIBIT A

MASTER SITE PLAN
AllPoints at Anson | Whitestown, IN



KEY

	Browning/Duke Realty Owned or Developed Buildings		Proposed Browning/Duke Realty Owned or Developed Buildings
	Available Space		

Master Site Plan as of 11.28.2016

Brooks Sports, Inc.

Application for Personal Property Tax Abatement

Exhibit B

10. Company Brooks Sports, Inc., a Berkshire Hathaway company, to move the entirety of its (iii) footwear and apparel distribution operations from Sumner, WA to a Midwest location in early 2019. (iv) The Information Technology in the facility includes Warehouse Management System, Parcel Management System, infrastructure to support said systems, and infrastructure to support front office staff and operations.

No (i) products will be manufactured. The facility will not be used for (ii) research and development.

11. Equipment installation includes Material Handling Equipment (MHE) including conveyor put-to-light walls, Very Narrow Aisle wire-guided storage, and to support distribution operations.

17. Brooks Sports, Inc. would not open a facility in Indiana if we could not install new operating equipment.

19.

Year	% of Assessed Value Exempt from Personal Property Taxes
1	100%
2	75%
3	50%
4	25%
5	0%
6-10	0%