

Jobs PILOT Term Sheet

J.M. Smucker, LLC

April 17, 2019

J.M. Smucker, LLC ("Applicant") is seeking a six-year Jobs PILOT to enable the company to create 25 Net New Jobs and invest \$8,880,000 in the City of Memphis at 4740 Burbank Road.

The total project investment includes \$3,280,000 for renovations to the existing structure and \$5,600,000 for new personal property.

The Applicant will hire 25 new employees with an average base salary of \$43,244 excluding benefits.

Parcel 074032 00038 (4740 Burbank) is 12.685 acres and contains an existing 135,087 square foot building. New personal property at this site will be included the PILOT and the value of real property renovations to the structure will be included in the PILOT.

Founded in 1897 and headquartered in Orrville, Ohio, The J.M. Smucker Company is a publicly traded manufacturer of consumer food products including Jif Peanut Butter, Folgers Coffee, Crisco Vegetable Oil and Unscrustables Sandwiches. The company has a market cap of \$12.8 billion, operates 30 locations across North America and employs more than 7,000 people.

In 2012, the company was scheduled to close its Memphis operation. With the help of the PILOT program, the company instead invested \$102,000,000 into its Memphis facilities and now has 139 employees making Jif and other peanut butter related products.

The Applicant is now evaluating options for production of Jif Creamy Clusters (granola snacks with peanut butter centers), renovation of facilities to accommodate this production and installation of related manufacturing and packaging equipment.

Staff projects \$1,462,267 in local total tax revenues to be received during the PILOT term of this project and a \$739,855 benefit to the Applicant.

The 6-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-6 25%	Personal Property	Year 1-6 25%
Real Property Improvements	Year 1-6 25%	Real Property Improvements	Year 1-6 25%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	YEARS
Net New Jobs	25	5.0	
Wages	\$43,244	15.2	
Capital Investment	\$8,880,000	4.4	
Sub-total		24.6	2
Location: City of Memphis	Yes		1
Local Business Participation	Yes		1
New Markets Tax Credit Census Tract	Yes		2
MWBE/LOSB	No		0
Headquarters	No		0
Sub-total			4
Total			6-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	\$0
Renovation, Hard Construction and Soft Costs	\$3,280,000
Sub-Total	\$3,280,000
PERSONAL PROPERTY	
New	\$5,600,000
Transferred from Outside Shelby County*	\$0
Sub-Total	\$5,600,000
Total Investment in PILOT	\$8,880,000

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$0
Sub-Total	\$0
Total Capital Investment	\$8,880,000

*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	\$475,000	\$665,000	\$855,000
+	15%	Real & Personal Property Savings	\$110,978	\$185,964	\$332,935
=	Total		\$585,978	\$850,964	\$1,187,935

**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 Jobs 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.