

**Jobs PILOT Term Sheet**  
**Pristex Solutions, LLC**  
**October 21, 2020**

Pristex Solutions, LLC (“Applicant”) is seeking a 13-year Jobs PILOT to enable the company to create 439 Net New Jobs with an average wage of \$34,644 and invest \$11,608,422 at 4259 Delp Street in Memphis, Tennessee.

The total project investment includes construction costs of \$2,008,600 and new personal property of \$7,254,222. Community Reinvestment Credit has been requested for the value of the vacant space to be occupied (\$297,300 land and \$2,048,300 building).

Parcel 073101 00814 (4259 Delp Street) is 7.6 acres and contains a 151,200 square foot building. The Applicant will occupy the entire building. Both real property improvements and new personal property will be included in the PILOT.

Pristex Solutions is being created to directly serve Pristex Medical. Pristex Medical was launched in May by Gabe Velasquez and Kyle Wallgren to connect Personal Protective Equipment (PPE) manufacturers with high volume buyers such as healthcare groups, governmental entities, and large distributors. Their goal was simply to help move products from warehouses to hospitals. But now, with long-term contracts in place with a diverse array of purchasers, revenue of more than \$631,000 per month, and a continuing shortage of necessary product, the company needs increased manufacturing capacity.

Pristex Solutions is being formed to fill this need for additional manufacturing. The ownership is evaluating locations in Texas, Mississippi and Tennessee for a facility that will produce commercial and household cleaning products and disinfecting wipes. The facility will have initial production capacity of approximately three million units (canisters) per month.

The location produces \$67,985 today in City of Memphis and Shelby County property taxes annually. Estimated annual property taxes will be \$47,333 during the PILOT term and \$144,017 after. Staff projects \$28,537,950 in total local tax revenues to be received during the PILOT term of this project and a \$1,509,925 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<br>25% | Personal Property   | Year 1-13<br>25% |
| Real Property         | Year 1-13<br>25% | Real Property       | Year 1-13<br>25% |

**PILOT Evaluation Matrix**

| CATEGORY                            | DATA            | POINTS      | YEARS    |
|-------------------------------------|-----------------|-------------|----------|
| Net New Jobs                        | 439             | 87.8        |          |
| Wages                               | \$34,644        | 0.0         |          |
| Capital Investment                  | \$11,608,422    | 5.8         |          |
| <b>Sub-total</b>                    |                 | <b>93.6</b> | <b>9</b> |
|                                     |                 |             |          |
| 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        |
| <b>Sub-total</b>                    |                 |             | <b>4</b> |
| <b>Total</b>                        | <b>13-Years</b> |             |          |

### 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                |
| Hard Construction and Site Work     | \$1,826,000        |
| Sub-Total                           | \$1,826,000        |
| PERSONAL PROPERTY                   |                    |
| New                                 | \$5,315,000        |
| Transferred*                        | \$0                |
| Sub-Total                           | \$5,315,000        |
| COMMUNITY INVESTMENT CREDIT         |                    |
| Value of Existing Land and Building | \$2,345,600        |
| <b>Total Investment in PILOT</b>    | <b>\$9,486,600</b> |

| INVESTMENT NOT INCLUDED IN PILOT |                     |
|----------------------------------|---------------------|
| Other Real Property              | \$0                 |
| New Personal Property Commitment | \$1,939,222         |
| Fees & Soft Costs                | \$182,600           |
| Sub-Total                        | \$2,121,822         |
| <b>Total Capital Investment</b>  | <b>\$11,608,422</b> |

*\*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           | \$456,500 | \$639,100                      | \$821,700     |
| + | 15%   | Real & Personal Property Savings | \$226,489 | \$406,519                      | \$609,777     |
| = | Total |                                  | \$682,989 | \$1,045,619                    | \$1,431,477   |

### 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.
7. The Applicant has requested and shall receive Community Reinvestment Credit for the project.