

Jobs PILOT Term Sheet
Performance Food Group, Inc.
December 15, 2021

Performance Food Group, Inc. (“Applicant” or “PFG”), an NYSE publicly traded company, is seeking a seven-year Jobs PILOT to encourage the company and its landlord (Scannell Properties) to invest approximately \$29,200,000 for the construction of a new build-to-suit distribution facility on Global Drive in the City of Memphis, retain 60 existing Memphis employees and create 36 Net New Jobs with an average wage of \$45,492. The new facility is estimated to be approximately 150,000 square feet in size.

The total Project investment is estimated to include \$21,300,000 for construction, \$4,400,000 for new personal property and \$3,500,000 for soft costs. The Applicant will be a tenant in the building once it is completed and will not maintain an ownership right to the real property.

Parcel 094300 00612 is 49.173 acres of vacant land appraised at \$1,489,900 by the Shelby County Assessor or Property. The Applicant’s Project will occupy approximately 49% of the land and the landlord is in the process of subdividing and re-platting the site. Both real property improvements and new personal property located on the Applicant’s portion of the site will be included in the PILOT.

PFG markets and distributes more than 250,000 food and food-related products across the United States through its Foodservice and Vistar divisions. Founded in 1885 as a wholesale distributor in Richmond, Virginia, the company has continually evolved. Today the company employs more than 25,000 people and has annual revenues of more than \$30 billion.

The company’s \$9 billion Vistar segment is growing. This segment provides products to hotels, office coffee distributors, theaters, convenience stores, vending companies, restaurants, and retailers. The segment now has more than 100,000 customers. To continue this growth, PFG searched for a new facility in the Central United States and considered multiple properties in both Tennessee and Mississippi for this operation. The new facility will serve customers in multiple states throughout the Midsouth region.

The property under consideration currently produces \$18,001 in City of Memphis and Shelby County property taxes annually. Estimated annual property taxes will average \$168,848 during the PILOT term and \$566,571 after the PILOT terminates. Staff projects \$2,438,764 in total local tax revenues to be received during the PILOT term of this Project and a \$2,976,256 benefit to the Applicant.

The 7-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-7 25%	Personal Property	Year 1-7 25%
Real Property Improvements	Year 1-7 25%	Real Property Improvements	Year 1-7 25%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	YEARS
Net New Jobs	36	7.2	
Wages	\$45,492	15.1	
Capital Investment	\$29,200,000	14.6	
Sub-total		36.9	3
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
Sub-total			4
Total	7-Years		



Project Budget Detail

REAL PROPERTY INVESTMENT IN PILOT	
Purchase Price	\$0
Hard Construction and Site Work	\$21,300,000
Sub-Total	\$21,300,000

PERSONAL PROPERTY INVESTMENT IN PILOT	
New	\$4,400,000
Transferred*	\$0
Sub-Total	\$4,400,000

Total New Capital Investment in PILOT	\$25,700,000
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INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$3,500,000
Sub-Total	\$3,500,000

Total Capital Investment	\$29,200,000
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**Personal property relocated from a facility outside of Shelby County is considered at its depreciated, current value.*

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	\$5,325,000	\$7,455,000	\$9,585,000
+	15%	Real & Personal Property Savings	\$446,438	\$850,359	\$1,339,315
=	Total		\$5,771,438	\$8,305,359	\$10,924,315

** 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. In no event shall the Term exceed fifteen (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 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.

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, 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.