

Jobs PILOT Term Sheet  
Cleveland Track Material, Inc.  
April 17, 2019

Cleveland Track Material, Inc. ("Applicant") is seeking a seven-year Jobs PILOT to enable the company to create 51 Net New Jobs and invest \$6,030,000 in the City of Memphis at 391 East Mallory.

The total project investment includes \$3,195,000 for renovations to existing structures and \$2,835,000 for new personal property.

The Applicant will hire 51 new employees with an average base salary of \$47,380 excluding benefits.

Parcel 049006 00025 (391 East Mallory) is 7.007 acres and contains an existing 206,671 square foot manufacturing facility. Parcel 049006 00024 is 4.971 acres with a 1,200 square foot building. Parcel 049006 00030 is 1.833 acres with an 86,648 square foot manufacturing facility. New personal property at these sites will be included the PILOT and the value of real property renovations to structures on these sites will be included in the PILOT.

Cleveland Track is a manufacturer and supplier of railway trackwork to North American Class 1 railroads and transit networks. The company's products include turnouts, crossings, and special trackwork for complex rail intersections. Cleveland Track's global parent company is publicly traded Vossloh AG, which is headquartered in Germany and has operations in over 20 countries with over 3,900 employees worldwide. Cleveland Track operates three US manufacturing facilities with 170 employees combined in Cleveland (OH), Reading (PA) and the existing 20 person Memphis operation.

Cleveland Track is now evaluating locations to make capital investments and expand production. While the Cleveland facility is the company's largest operation with skilled labor in place, the Memphis facility is strategically located and is only about 10% utilized.

Staff projects \$2,176,616 in local total tax revenues to be received during the PILOT term of this project and a \$653,465 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	51	10.2	
Wages	\$47,380	19.4	
Capital Investment	\$6,030,000	3.0	
<b>Sub-total</b>		<b>32.6</b>	<b>3</b>
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
<b>Sub-total</b>			<b>4</b>
<b>Total</b>			<b>7-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
Renovation, Hard Construction and Site Work	\$3,195,000
Sub-Total	\$3,195,000
PERSONAL PROPERTY	
New	\$2,835,000
Transferred from Outside Shelby County*	\$0
Sub-Total	\$2,835,000
<b>Total Investment in PILOT</b>	<b>\$6,030,000</b>

INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$0
Fees & Soft Costs	\$0
Sub-Total	\$0
<b>Total Capital Investment</b>	<b>\$6,030,000</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:

				<b>*Minimum For Bonus Opportunity</b>	
		<b>Basis</b>	<b>\$ LBP</b>	<b>1 Added Year</b>	<b>2 Added Years</b>
	25%	Construction/Site Work	\$798,750	\$1,118,250	\$1,437,750
+	15%	Real & Personal Property Savings	\$98,020	\$163,366	\$228,713
=	<b>Total</b>		<b>\$896,770</b>	<b>\$1,281,616</b>	<b>\$1,666,463</b>

*\*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.