

**Community Builder PILOT Term Sheet**  
**Pandrol USA, LP**  
**May 15, 2019**

Pandrol USA, LP (the "Applicant") is seeking a fifteen-year Community Builder PILOT to enable the company to create 73 net new jobs and invest \$9,291,200 at 611 Winchester, Memphis, Tennessee.

The Applicant proposes to renovate a building that has been vacant since 2013. The project will precipitate mitigation of environmental contamination. The Applicant will then locate the company's North American headquarters and launch a manufacturing operation in the facility that is located in a New Markets Tax Credit Eligible Census Tract and a Qualified Opportunity Zone.

The project investment includes \$2,950,000 for renovation of the existing building and \$3,500,000 in new manufacturing machinery and other personal property. Additional personal property with an estimated transferred value of \$1,800,000 will be relocated to the facility. Community Reinvestment Credit has been requested for the existing vacant property (\$486,600 land value and \$554,600 building value).

The Applicant will create and maintain a total of 73 employees with an average salary of \$49,453 excluding benefits.

Parcel 077017 00003 (611 Winchester) is 20 acres and contains a 233,060 square foot building. The Applicant will occupy 100% of this property for the Project. Real property, new personal property and personal property transferred to this site from outside of Shelby County will be included in the PILOT.

With global headquarters in France and the North American headquarters currently located in New Jersey, Pandrol manufactures and installs rail fastening products such as railroad clips, crosstie plates and screw spikes. The parent company operates 17 related companies around the globe and has 1,700 total employees. Pandrol USA (known as Pandrol North America) has 11 offices and four manufacturing facilities throughout the United States, Canada and Mexico. Due to growth in this highly competitive industry, Pandrol USA is looking for another manufacturing facility and a corporate location closer to its customers.

The building, located adjacent to a residential community, is in need of substantial renovation and environmental mitigation. The qualified Census Tract has a 28.1% poverty rate and an unemployment rate of 11.2% (compared to 4.9% for Memphis and 4.4% for Shelby County). Financial assistance is needed to expand the local economy, spur investment and create jobs in a distressed area. Additionally, removal of blight and improvement of the overall neighborhood quality of life is consistent with the Community Builder PILOT policies.

Staff projects \$5,098,567 in local total tax revenues to be received during the PILOT term of this project and an estimated \$1,526,910 benefit to the Applicant.



The 15-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Personal Property	Year 1-15 25%	Personal Property	Year 1-15 25%
Real Property	Year 1-15 25%	Real Property	Year 1-15 25%

**Project Budget Detail**

REAL PROPERTY	
Purchase Price	\$0
Hard Construction and Site Work	\$2,950,000
Sub-Total	\$2,950,000
PERSONAL PROPERTY	
New	\$3,500,000
Transferred*	\$1,800,000
Sub-Total	\$5,300,000
COMMUNITY REINVESTMENT CREDIT	
Value of Existing Land and Building	\$1,041,200
<b>Total Investment in PILOT</b>	<b>\$9,291,200</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>\$9,291,200</b>

\*Personal property relocated from a facility outside of Shelby County is considered at its depreciated, current value at transfer as appraised by the Shelby County Tax Assessor.

**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:

		Basis	\$ LBP
	25%	Construction & Site Work	\$737,500
+	15%	Real & Personal Property Savings	\$229,037
=	<b>Total</b>		<b>\$966,537</b>

The Local Business Participation (LBP) requirement may be satisfied through direct contracts between the Applicant and certified vendors and contractors. LBP may also be satisfied through expenditures by the Sponsor (landlord) with certified vendors and contractors for construction, repairs and maintenance to the property referenced in this Term Sheet.

**Identified Labor Source**

Per Section X(c)(ii) of the Community Builder PILOT Policies and Procedures, the PILOT Recipient is required to list all Net New Jobs with the Workforce Investment Network and the Greater Memphis Alliance for a Competition Workforce, and give consideration to individuals referenced by those organizations for open positions.

**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.

## 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 the 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 the Applicant. Real property may not be placed into the program unless there is a Phase I or Phase II environmental site assessment report that clears all Recognized Environmental Conditions and meets all EDGE policies or the real property is placed under the Tennessee Brownfield statute which releases EDGE from any environmental liability.
2. The Applicant will have two (2) years from the date of the Board's approval to initiate the Project by conveyance of all real property to EDGE. The Applicant will also have a two (2) year ramp-up from the initial closing to complete renovations and to comply with the terms herein regarding the approved Capital Investment, Jobs and Wages (the "Objectives").
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 is subject to the provisions of the Community Builder PILOT Program and Procedures of the Board (the "PILOT Policies").
5. For an abundance of clarity, as provided in Section IV(E) of the PILOT Policies, if the Applicant fails to achieve and maintain at least eighty percent (80%) with respect to each of the Objectives, on an individual basis, or if the Applicant moves its operations out of the Eligible Census Tract there will be an adjustment of the PILOT benefit, in the sole discretion of the Board, up to and including termination of the granted PILOT benefit. In addition, the Applicant shall be allowed to invest up to One Hundred Twenty Percent (120%) of the stated capital expenditure and receive full PILOT benefit pursuant to the PILOT Policies without the need of further approval of the Board.
6. 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.

7. 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.
  
8. The Applicant shall receive Community Reinvestment Credit for the Project.