

**Jobs PILOT Term Sheet**  
**Mullen Technologies Inc.**  
**March 17, 2021**

Mullen Technologies, Inc. ("Applicant") is seeking a fifteen-year Jobs PILOT to enable the company to renovate 8400 Winchester as an electric vehicle assembly plant, creating 434 net new jobs with an average annual wage of \$53,109 and investing \$362,400,000 in the Project excluding Community Reinvestment Credit.

Parcel 081093 00002 (8400 Winchester) is 37.017 acres and contains an 817,000 square foot warehouse built in 1982. The Applicant will occupy 100% of the building. The building has been vacant since Nike relocated this operation from the site approximately five years ago and Community Reinvestment Credit of \$14,627,200 (\$3,425,400 land and \$11,201,800 building) is to be awarded.

Headquartered in Brea, California, Mullen Technologies is a start-up electrical vehicle manufacturer. Mullen plans to complete design and engineering of a mid-size crossover SUV in 2022, receive necessary regulatory approvals in 2023 and begin production in 2024. This first vehicle will be priced at a range of \$58,500 to \$78,500. The company plans to open their plant with production of 5,000 vehicles in 2024 and expects to grow rapidly producing approximately 22,000 units with \$2 billion in sales by 2027.

Mullen has been evaluating other locations for its assembly plant in their home state of California, as well as pursuing a new construction project in Spokane, Washington. The Memphis area, however, provides distinct advantages over other opportunities. The Memphis option does not require a time-consuming new building design, financing and construction process. The Central United States location is ideally suited to leverage suppliers and reach customers, and there are two synergistic facilities available within 50 miles of one another. The 817,000 square foot Memphis assembly plant can be supported by a 120,000 square foot engineering facility in Tunica, Mississippi that was vacated by Green Tech Automotive in 2017. Mullen has secured and intends to utilize both properties if incentives are approved.

Mullen is in final stages of a merger with Net Element which trades on the NASDAQ as NETE. Following the merger, the symbol will change to MULN. The merger will give Mullen access to technologies and production partnerships for light lithium sulfur batteries critical to electric vehicles in addition to the ownership trading platform. In addition, the company has applied

for a \$450 million Department of Energy Advanced Technology Vehicles Manufacturing Loan and is working on private debt and equity financing totaling more than \$500 million.

8400 Winchester currently produces \$423,954 in direct City of Memphis and Shelby County property taxes annually. Estimated direct annual property taxes will average \$1,001,390 during the PILOT term and \$2,640,067 after. Staff projects \$52,790,868 in total local tax revenues to be received during the PILOT term of this Project and a \$40,594,867 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%

### PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	YEARS
Jobs Retained and Created	434	86.8	
Wages	\$53,109	22.7	
Capital Investment	\$362,400,000	181.2	
Community Reinvestment Credit	\$14,627,200	7.3	
<b>Sub-total</b>		<b>298.0</b>	<b>29</b>
Location: City of Memphis	Yes		1
Local Business Participation	Yes		1
New Markets Tax Credit Census Tract	No		0
MWBE	No		0
Headquarters	No		0
<b>Sub-total</b>			<b>2</b>
<b>Total (Maximum Allowed 15-Years)</b>			<b>15-Years</b>



### Project Budget Detail

REAL PROPERTY INVESTMENT IN PILOT	
Purchase Price	\$0
Hard Construction and Site Work	\$26,000,000
Sub-Total	\$26,000,000

PERSONAL PROPERTY INVESTMENT IN PILOT	
New	\$336,400,000
Transferred*	\$0
Sub-Total	\$336,400,000

<b>Total New Capital Investment in PILOT</b>	<b>\$362,400,000</b>
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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>\$362,400,000</b>
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COMMUNITY REINVESTMENT CREDIT INCLUDED IN THE PILOT	
Value of Existing Land and Building	\$14,627,200

<b>Total Capital Investment + CRC Value for Scoring Matrix</b>	<b>\$377,027,200</b>
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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	\$6,500,000	\$9,100,000	\$11,700,000
+	15%	Real Property Savings	\$1,819,555	\$3,032,591	\$4,245,628
+	5%	Personal Property Savings	\$1,423,225	\$4,269,675	\$7,116,126
=	<b>Total</b>		<b>\$9,742,780</b>	<b>\$16,402,266</b>	<b>\$23,061,754</b>

*Because this Project's costs are 75% or more personal property, LBP is calculated with the formula of 25% of Construction/Site Work, 15% of Real Property Savings and 5% of Personal Property Savings. The minimum required spending is based on 35% of Construction/Site Work, 25% of Real Property Savings and 15% of Personal Property Savings for one additional year and 45% of Construction/Site Work, 35% of Real Property Savings and 25% of Personal Property Savings for two additional 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 and to the extent explicitly waived in this Condition, the award of a PILOT is subject to the provisions of the Jobs PILOT Policies and Procedures Effective June 1, 2019 ("Policies and Procedures"):
  - a. To close any PILOT Lease associated with this Project, the Applicant must provide documentation acceptable to EDGE at its sole discretion, showing:
    - i. Funds committed by reputable investors or lenders either pending or spent totaling at least \$336,400,000 for personal property;
    - ii. Executed binding contracts and/or funds already expended totaling of at least \$15,600,000 for renovation, construction and/or site work at 8400 Winchester; and
    - iii. Applicant has executed a binding lease for 8400 Winchester with a base term of at least 15-years.
  - b. Applicant may exceed the 110 percent cap on personal property added to the PILOT program, as follows:
    - i. Only if Applicant achieves at least 534 jobs averaging \$53,109/year at 8400 Winchester within five years of closing the first PILOT Lease, then Applicant may add up to 125 percent of the Tangible Personal Property committed to.
    - ii. Only if Applicant achieves at least 634 jobs averaging \$53,109/year at 8400 Winchester within five years of closing the first PILOT Lease, then Applicant may add up to 140 percent of the Tangible Personal Property committed to.

- iii. Only if Applicant achieves at least 734 jobs averaging \$53,109/year at 8400 Winchester within five years of closing the first PILOT Lease, then Applicant may add up to 150 percent of the Tangible Personal Property committed to.
  - c. Mullen is in final stages of a merger with Net Element which trades on the NASDAQ as NETE. Following the merger, the symbol will change to MULN. The merger will give Mullen access to technologies and production partnerships for light lithium sulfur batteries critical to electric vehicles in addition to the ownership trading platform. The Project contemplates this transaction and no further Board approval shall be necessary for the change in control of the Applicant with Net Element.
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.
7. The Applicant shall receive Community Reinvestment Credit for the Project.