

Jobs PILOT Term Sheet
Atlantic Track + Turnout Co.
July 28, 2021

Atlantic Track + Turnout Co. ("Applicant") is seeking a six-year Jobs PILOT to encourage the company to create 26 Net New Jobs with an average wage of \$41,202 and invest \$14,065,000 to purchase 391 East Mallory, renovate the vacant facility and expand product lines produced in Memphis.

The total project investment includes \$2,000,000 to purchase the property, \$600,000 to renovate the facility, and \$11,465,000 to equip the facility. Community Reinvestment Credit will be awarded.

- Parcel 049006 00025 (391 E Mallory) is 7.007 acres and contains a 206,671 square foot manufacturing mill valued at \$1,522,500 (\$240,800 land and \$1,281,400 building).
- Parcel 049006 00024 (391 E Mallory) is 4.971 acres and contains a 1,200 square foot manufacturing mill valued at \$422,800 (\$174,300 land and \$248,500 building).
- Parcel 049006 00030 (E Bodley) is 1.833 acres and contains an 86,648 square foot manufacturing mill valued at \$503,000 (\$71,700 land and \$431,300 building).

Atlantic Track, a New Jersey corporation, is a railroad manufacturing and supply company, as well as a transit system solutions provider. The company has seven manufacturing and distribution facilities across the United States, along with seven other sales and service offices. Founded in 1964, the company has grown to more than \$100 million in annual revenues with 200 total employees.

Atlantic Track has been expanding its local operation for more than four years and now employs 50 people in Memphis (in addition to the project Jobs). The company located its national training facility in Memphis and is bringing the first State of Tennessee registered apprenticeship program to Shelby County Schools. Atlantic Track has been evaluating locations to expand production to meet growing product demand. 391 East Mallory has been vacant for more than two years, is in proximity to other Atlantic Track facilities and, with considerable investment made in two phases, could meet the needs for expanded production capacity.

The property to be occupied currently produces \$60,358 in City of Memphis and Shelby County property taxes annually. Estimated annual property taxes will average \$54,558 during the PILOT term and \$116,370 after the term expires. Staff projects \$1,045,729 in total local tax revenues to be received during the PILOT term of this project and a \$765,985 benefit to the Applicant.

Note Regarding Previous Approval for 391 East Mallory

EDGE approved a PILOT for the proposed expansion of Cleveland Track Materials on April 17, 2019. Vossloh AG Rail Fasteners and Switches (a German Company) bought Cleveland Track, operated its three U.S. facilities as part of Vossloh North America and hoped to expand the Memphis property. Progress Rail subsequently acquired Cleveland Track from Vossloh and closed the Memphis facility, never moving forward with the expansion project. The Cleveland Track PILOT never closed and this Atlantic Track project is unrelated.

The 6-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Real Property Improvements	Year 1-6 25%	Real Property Improvements	Year 1-6 25%
Personal Property	Year 1-6 25%	Personal Property	Year 1-6 25%

PILOT Evaluation Matrix

CATEGORY	DATA	POINTS	YEARS
Jobs Retained and Created	26	5.2	
Wages	\$41,202	10.8	
Capital Investment	\$14,065,000	7.0	
Sub-total		23.0	2
Location: City of Memphis	Yes		1
Local Business Participation	Yes		1
New Markets Tax Credit Census Tract	Yes		2
MWBE	No		0
Headquarters	No		0
Sub-total			6
Total			6-Years



Project Budget Detail

REAL PROPERTY INVESTMENT IN PILOT	
Purchase Price	\$2,000,000
Hard Construction and Site Work	\$600,000
Sub-Total	\$2,600,000

PERSONAL PROPERTY INVESTMENT IN PILOT	
New	\$11,305,000
Transferred*	\$0
Sub-Total	\$11,305,000

Total New Capital Investment in PILOT	\$13,905,000
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INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$160,000
Fees & Soft Costs	\$0
Sub-Total	\$160,000

Total Capital Investment	\$14,065,000
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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 Phase One project commitments, investing \$8,565,000 in the project and creating 18 Net New Jobs. 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.

The applicant shall further meet its commitment to the project through Phase Two by investing an additional \$5,500,000 in the project and creating 8 additional jobs before December 31, 2024.

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	\$150,000	\$210,000	\$270,000
+	15%	Real Property Savings	\$35,170	\$68,386	\$109,418
+	5%	Personal Property Savings	\$26,576	\$85,607	\$152,478
=	Total		\$211,746	\$363,993	\$531,896

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 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 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.
7. The Applicant has requested and shall receive Community Reinvestment Credit for the project.
8. The Applicant will have a two (2) year Ramp-Up Period within which to achieve its Phase One project commitments, investing \$8,565,000 in the project and creating 18 Net New Jobs with an average wage of \$42,642. 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. If Applicant fails to meet the Phase One commitments, the project shall be rescinded and the Applicant shall not be allowed to add further real or personal property to the PILOT program. If the Applicant meets the Phase One obligations, the typical 10% investment cap for Additional Capital Investment contained in the EDGE Policies and

existing leases will be waived for this project up to 110% of the Phase II commitment. The applicant shall further meet its commitment to the project through Phase Two by investing an additional \$5,500,000 in the project and creating 8 additional Net New Jobs with an average wage of \$37,960 before December 31, 2024. Phase Two personal property shall receive benefit for the full term if all commitments are met. Applicant must retain the existing 50 non-PILOT Project jobs off of the Project site to establish the Net New Jobs for this Project.