



JIM STRICKLAND  
City of Memphis Mayor



LEE HARRIS  
Shelby County Mayor

September 21, 2021

Reid Dulberger, CEO and President  
Economic Development Growth Engine  
Industrial Development Board of the  
City of Memphis and County of Shelby, Tennessee  
100 Peabody Place, Suite 1100  
Memphis, TN 38103

Re: Payment-in-Lieu-of-Tax ("PILOT") Incentive for RedDot Corporation.

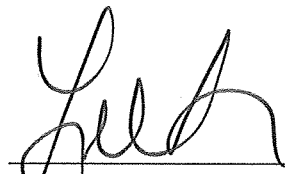
Dear Mr. Dulberger:

We are pleased that RedDot Corporation is considering expansion of its operation in Memphis and Shelby County. Based on the attached PILOT Term Sheet ("term sheet") that was approved by the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee ("EDGE") pursuant to its Fast Track Payment-in-Lieu-of-Tax Program Policies and Procedures, we hereby approve the 10-year PILOT incentive.

Again, we are pleased that RedDot is considering Memphis and Shelby County, and we certainly support its investment in our community.



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Jim Strickland  
Mayor, City of Memphis



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Lee Harris  
Mayor, Shelby County

**APPROVED AS TO FORM  
AND LEGALITY:**



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Contract Administration/  
Assistant County Attorney



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## Fast Track PILOT Term Sheet

RedDot Corporation

September 15, 2021

RedDot Corporation, a Washington ESOP, ("Applicant") is seeking a ten-year Fast Track PILOT to encourage the company to invest \$14,260,000 to purchase, renovate and equip a new manufacturing facility on Presidents Island, retain 41 existing Memphis employees and create 84 Net New Jobs with an average wage of \$34,211 ("Project").

The total Project investment includes \$9,000,000 for the real property purchase, \$1,000,000 to complete building renovations, \$3,825,000 for new machinery and personal property, and \$435,000 for existing machinery and personal property transferred into Shelby County from other company facilities. Approximately \$650,000 of equipment and personal property will be transferred from another Memphis facility but will not receive PILOT benefit. Community Reinvestment Credit has been requested and will be awarded.

The Applicant will occupy 100% of the facility recently shuttered by GSK (GlaxoSmithKline). Real property improvements and new personal property will receive PILOT benefit.

- Parcel 050111 00040C (2049 Harbor Avenue) is 20.149 acres of land appraised at \$611,800 and contains a 292,934 square foot Manufacturing Mill currently appraised at \$5,316,700.
- Parcel 050111 00001C (2172 Wharf Street) is 4.345 acres of land appraised at \$198,700 and contains a 25,600 square foot warehouse appraised at \$674,500.

RedDot is a manufacturer of HVAC systems for heavy duty mobile applications and a distributor of HVAC components. The company's products are found in mining bulldozers, farming combines, military vehicles, fire trucks and tour buses. Founded in 1965, RedDot now has facilities in North America, Europe and Asia, employs 425 people worldwide and has reached revenues exceeding \$100 million.

RedDot has outgrown its current Memphis facility and is pursuing a strategy to move some production from the Northwest into a Central United States location. This consolidated location will include industrial manufacturing, assembly, sheet forming, welding, brazing, plastic injection molding and distribution. The company has considered sites in West Tennessee and North Mississippi.

The property to be occupied currently produces \$162,805 in City of Memphis and Shelby County property taxes annually. Estimated annual property taxes will average \$84,881 during the PILOT term and \$254,418 after. Staff projects \$4,494,383 in total local tax revenues to be received during the PILOT term of this Project and a \$1,946,886 benefit to the Applicant.



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The 10-year PILOT for the Applicant is based on the following terms:

CITY OF MEMPHIS TERMS	% PAID	SHELBY COUNTY TERMS	% PAID
Real Property Improvements	Year 1-10 25%	Real Property Improvements	Year 1-10 25%
Personal Property	Year 1-10 25%	Personal Property	Year 1-10 25%

### 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 (MWBs) 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	\$250,000	\$350,000	\$450,000
+	15%	Real & Personal Property Savings	\$292,033	\$535,394	\$817,692
=	Total		\$542,033	\$885,394	\$1,267,692

### Identified Labor Source

Per section X (C) (ii) of the Fast Track PILOT Policies and Procedures, the PILOT Recipient is required to list all Net New Jobs located in Memphis, Tennessee 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.



### Project Budget Detail

REAL PROPERTY INVESTMENT IN PILOT	
Purchase Price	\$9,000,000
Hard Construction and Site Work	\$1,000,000
Sub-Total	\$10,000,000

PERSONAL PROPERTY INVESTMENT IN PILOT	
New	\$3,825,000
Transferred*	\$435,000
Sub-Total	\$4,260,000

<b>Total New Capital Investment in PILOT</b>	<b>\$14,260,000</b>
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INVESTMENT NOT INCLUDED IN PILOT	
Other Real Property	\$0
Other Personal Property	\$650,000
Fees & Soft Costs	\$0
Sub-Total	\$650,000

<b>Total Capital Investment</b>	<b>\$14,910,000</b>
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*\*Personal property relocated from a facility outside of Shelby County is considered at its depreciated, current value.*

## 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 Fast Track 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.