

EDGE

ECONOMIC DEVELOPMENT
GROWTH ENGINE
FOR MEMPHIS & SHELBY COUNTY



Q4 2016 REPORT

HIGHLIGHTS

EDGE INCLUDES:

- Memphis and Shelby County Port Commission
- Depot Redevelopment Corporation of Memphis and Shelby County
- Industrial Development Board of the City of Memphis and County of Shelby, TN

PROPERTIES:

- McKellar Lake Harbor
- Presidents Island
- Frank C. Pidgeon Industrial Park
- Depot

EDGE ACTIVITIES

FAST TRACK PILOT

The goal of the EDGE Fast Track PILOT program is to attract new business to Memphis/Shelby County.

The Fast Track PILOT provides a ten-year, 75% abatement of Memphis and Shelby County taxes on real and personal property.

Fast Track PILOTs must create at least 25 full-time net new jobs paying at least \$12/hour with employee-sponsored healthcare and have at least \$1,000,000 of capital investment. Recipients must spend at least 25% of total construction costs and 20% of PILOT savings with certified minority and women business enterprises (MWBE) and locally owned small businesses (LOSB).

The EDGE Board of Directors passed the Fast Track PILOT program unanimously at the May 2016 meeting.

EDGE LOCAL BUSINESS PARTICIPATION PROGRAM

After soliciting input from business, economic development, and community leaders, EDGE replaced the 2009 Diversity Plan program which set standards for PILOT recipients

MAJOR PROGRAMS:

Tax Incentives

- Payment-in-Lieu-of-Tax (PILOT)
- Tax Increment Financing (TIF)
- Foreign Trade Zone 77

Economic Development Finance

- EDGE SBA 504 Loan Program
- Inner City Economic Development Fund
- Industrial Revenue Bonds
- Tennessee Fast Track Economic Development Grants

Small Business Technical Support

- Economic Gardening Program
- SBA Emerging Leaders Program

to contract with Minority and Women Business Enterprises (MWBEs) and Locally-Owned Small Businesses (LOSBS), with the new Local Business Participation (LBP) program. The LBP program makes it easier for PILOT applicants to understand the community's expectations for MWBE/LOSB engagement.

With the new LBP program, PILOT recipients must spend an amount equal to 25% of the project's hard construction costs plus 20% of the total PILOT savings across the term of the PILOT with MWBEs and LOSBs. Firms that exceed those thresholds may earn one to two additional years of PILOT benefits. Firms that do not meet the threshold face a reduction in PILOT benefits.

SUBURBAN CHAMBER CAPACITY BUILDING GRANTS

EDGE's \$200,000 investment in community-driven economic development and capacity building is designed to promote wealth creation and income growth throughout Shelby County. These grants assist municipalities with funding key economic development initiatives. EDGE awarded Capacity Building Grants to six suburban Chambers of Commerce: Arlington, Bartlett, Collierville, Germantown, Lakeland, and Millington.

HIGHLIGHTS

CN RAILROAD INTERMODAL YARD EXPANSION

The final agreements between the CN Railroad and CSX Railroads were executed to expand the intermodal yard located at Frank C. Pidgeon Industrial Park. The expansion will double the size of the intermodal facility and allow for increased development opportunities.

Construction is estimated to begin late summer 2016.

PUBLIC DOCK DEMOLITION & CONSTRUCTION UPDATE

In 2014, EDGE took steps to begin a major redevelopment of the Public Dock facility, originally constructed in 1953, at the Port of Memphis. Once rebuilt with numerous modern upgrades, the newly constructed public dock will be capable of moving a variety of cargo between barge, rail, and trucks.

Currently, the Port is reviewing costs to repair the dock warehouse along with the heavy lift machinery in order to modernize the facility. This is part of the \$25.5 million multi-phase dock redevelopment plan.

CORPS OF ENGINEERS RIVER CONSTRUCTION - PRESIDENTS ISLAND & FRANK C. PIDGEON INDUSTRIAL PARK

In partnership with the U.S. Army Corps of Engineers, the Port Commission is overseeing repair of a major erosion issue along the north bank of the mouth of McKellar Lake, approximately one mile from the Mississippi River. Damage to the area originally occurred during the 2011 flood. Dredging at the mouth of McKellar Lake began in June 2016.

A large erosion area developed that is threatening the structural integrity of the north shoreline of the harbor entrance. Total project cost is \$30 million.

LEVEE MAINTENANCE

The Port Commission is working with the U.S. Army Corps of Engineers to construct a series of 118 relief wells along the levee in the southern portion of the Frank C. Pidgeon Industrial Park. The relief wells will strengthen the levee structure during extreme flood events.

A one-mile stretch of trees along the levee was cleared to further strengthen and support the levee and accommodate additional improvements.

The \$4 million improvement project will augment the existing protection provided by the mainline levee surrounding the industrial park.

MEMPHIS SPECIALIZED OPERATIONS PILOT AMENDMENT

The University of Tennessee (UT) was added as a co-applicant to the original PILOT requested in 2011 by Memphis Specialized Operations (MSO) for the project located at 45 South Dudley. UT and MSO will work together to conduct studies and provide services to biotechnology firms that develop products requiring certain testing to meet U.S. Food & Drug Administration standards. UT's jobs and wages generated at the project address and capital investment by UT to the property will be included in MSO's PILOT performance reporting.



EDGE Q4 2016 PROJECTS

TAX INCENTIVE PROJECTS

PROJECT	Term	Projected Investment	Jobs (New)	Jobs (Retained)	Tax Incentive Given	New Local Taxes Received
1. Turner Holdings, LLC	7	\$8,810,800	25	134	\$1,136,434	\$1,140,041
2. ServiceMaster Global Holdings, Inc.	15	\$36,000,000	n/a	965	\$843,831	\$76,575,081
3. TAG Truck Enterprises, LLC	12	\$27,810,000	141	62	\$6,278,420	\$11,662,339
TOTAL		\$72,620,800	166	1,161	\$8,258,685	\$89,377,461

LOAN PROJECTS

Project	Type	Term	Capital Investment	Loan	Jobs (New)	Jobs (Retained)
1. The Choo	ICED	3	\$39,958	\$25,000	n/a	4
2. CityWood, LLC	ICED	3	\$66,000	\$25,000	4	2
3. On the Spot Cuts & Styles	ICED	3	\$39,674	\$25,000	5	6
4. Success Barber College	ICED	3	\$99,100	\$25,000	2	1
TOTAL			\$244,732	\$100,000	11	13

Q4 2016 COMBINED PILOT, LOAN, BOND IMPACT



\$72,865,532
CAPITAL INVESTMENT



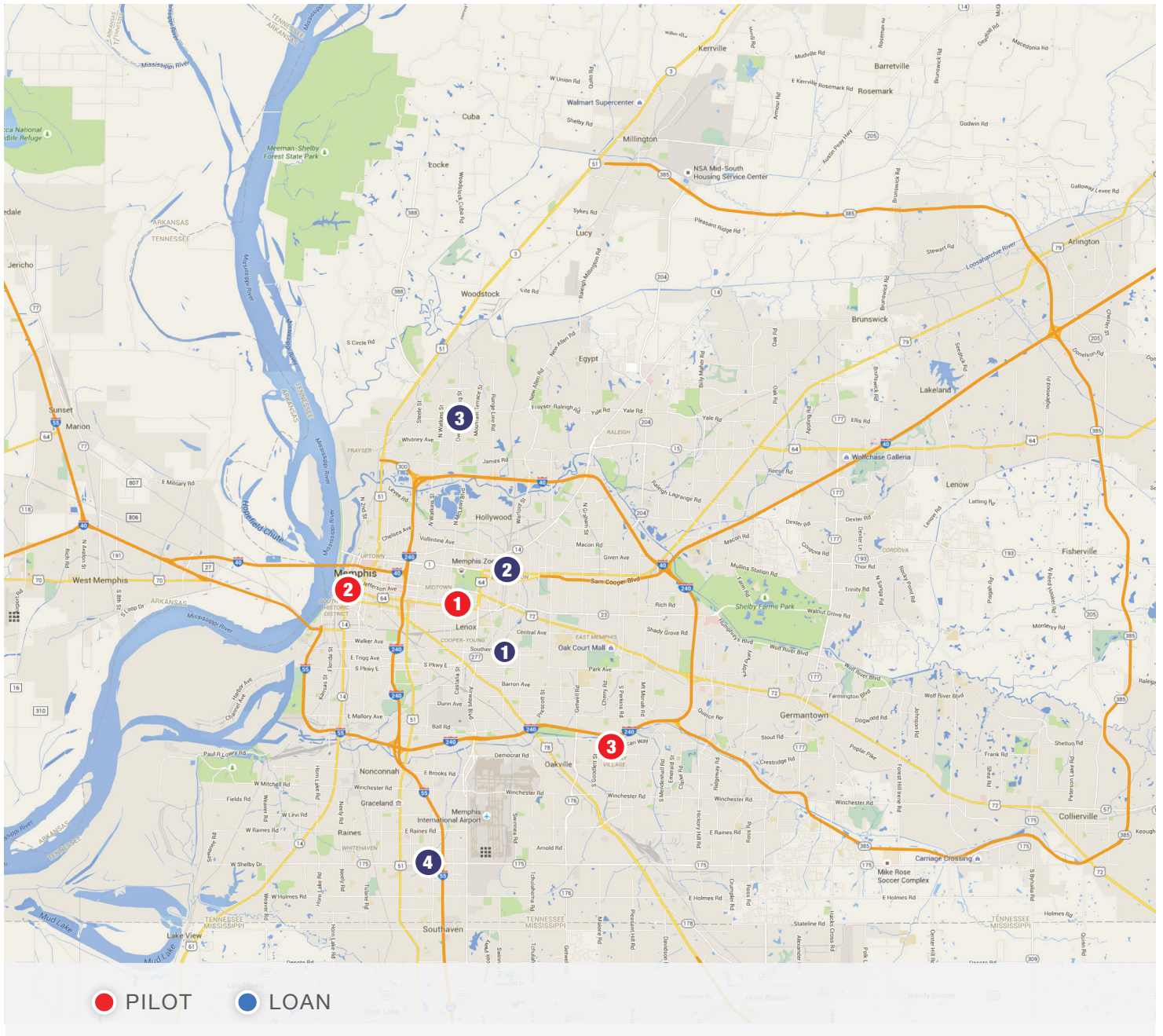
\$89,377,461
NEW LOCAL TAXES



1,351
JOBS

LOCATION DATA

Q4 PROJECTS



- 1 Turner Holdings
- 2 ServiceMaster
- 3 TAG Truck

- 1 The Choo
- 2 CityWood
- 3 On the Spot Cuts & Styles
- 4 Success Barber College

PROJECT SUMMARIES



TOTAL JOBS

4

TOTAL CAPITAL INVESTMENT

\$39,958



TOTAL JOBS

6

TOTAL CAPITAL INVESTMENT

\$66,000



TOTAL JOBS

11

TOTAL CAPITAL INVESTMENT

\$39,674

The Choo

Situated on the edge of the newly revitalized University District, The Choo is an existing family-owned and operated casual dining restaurant housed in the former Buntyn Rail Station. The Choo applied for assistance to help with interior renovations and facade improvements to the 2,376 SF building along with retention of four jobs and additional staff build out. The Choo was approved for a \$25,000 ICED loan.

CityWood, LLC

CityWood makes custom furniture from reclaimed wood that was previously destined for landfills. What began as a hobby, CityWood now creates one-of-a-kind pieces of furniture for national retailers and clients. CityWood applied for assistance to help renovate a 15,000 SF building, retain two jobs, and create four new positions. CityWood was approved for a \$25,000 ICED loan.

On the Spot Cuts & Styles

On the Spot Cuts & Styles is owned and operated by Mr. Jamal Arnold, a Master Barber and Frayser resident. On the Spot Cuts & Styles applied for assistance to help with interior renovations and facade improvements to the 2,500 SF building, parking lot resurfacing, retention of six jobs, and hiring of five new employees. On the Spot Cuts & Styles was approved for a \$25,000 ICED loan.



PROJECT SUMMARIES



TOTAL JOBS

965

TOTAL CAPITAL INVESTMENT

\$36,000,000

ServiceMaster Global Holdings, Inc.

ServiceMaster Global Holdings, Inc. (ServiceMaster) was awarded a personal property Expansion PILOT and a \$2.3 million EDGE Cost Reimbursement Grant to retain 965 employees in the City of Memphis and relocate/consolidate its corporate headquarters at the vacant 315,450 SF former Peabody Place retail/entertainment facility located in Downtown Memphis. Additionally, EDGE will act as a conduit for the \$5.5 million Tennessee FastTrack Economic Development Grant awarded to the project.

The retained employees will include the Executive Leadership Team and other headquarters staff. The average base salary for the 965 retained jobs is \$95,741 excluding benefits.

Total project investment is \$36 million, including \$26.7 million in real property improvements and \$9.3 million in personal property. In addition to the corporate offices, ServiceMaster will create a state-of-the-art Information Technology Innovation Center at the new location.

EDGE, the State of Tennessee, the Center City Development Corporation, the Center City Revenue Finance Corporation, the Downtown Parking Authority, and the Tennessee Valley Authority are providing incentives and assistance for the project.

The personal property PILOT will provide an estimated \$3,143,831 of benefit to ServiceMaster. EDGE staff projects \$76,575,081 in total local tax revenues will be received during the PILOT term.

Established in 1929, ServiceMaster includes such well-known brands as Terminix, Merry Maids, and American Home Shield and is traded on the New York Stock Exchange. ServiceMaster's 2015 Annual Report shows \$2.59 billion in revenue and 13,000 total employees.



Success Barber College

TOTAL JOBS

3

TOTAL CAPITAL INVESTMENT

\$99,100



TOTAL JOBS

203

TOTAL CAPITAL INVESTMENT

\$27,810,000



TOTAL JOBS

159

TOTAL CAPITAL INVESTMENT

\$8,810,800

Success Barber College

Owned and operated by Whitehaven-resident, Mr. Morris Wilder, Success Barber College is designed to expand Mr. Wilder's business and train future stylists while offering a General Education Development program. This will be the only hair service school in the Whitehaven-Millbranch area. Mr. Wilder's goal is to offer economical hair services to the community and train students for a lucrative career. Success Barber College applied for assistance to help with interior renovations and improvements to the 3,400 SF former CK's Coffee Shop building, creation of a 30-seat instructional classroom, and hiring of two new employees. Success Barber College was approved for a \$25,000 ICED loan.

TAG Truck Enterprises, LLC

Tag Truck Enterprises, LLC (TAG) was awarded a 12-year Expansion PILOT to enable the company to add 62 net new jobs and retain 141 jobs. TAG will invest \$27,810,000 in capital improvements and construct a new 182,795 SF facility located at 0 American Way.

For this project, TAG will combine its five facilities into one 182,795 SF facility located at the long vacant former Mall of Memphis site. The site is comprised of 113 acres of which 34 acres will enter the PILOT. The remaining 79 acres will be taxed fully and will be sold or leased to businesses that will complement the project. When the two-year ramp-up is complete, this facility will be used as the training center for the entire TAG organization.

The average salary for the 203 employees is \$54,715 excluding benefits. The PILOT will provide \$6,278,420 of benefit to TAG. EDGE staff projects \$11,662,339 in new total tax revenues to be received during the PILOT term of this project.

TAG is a full-service commercial truck enterprise that deals with Freightliner, Sprinter, and Fuso Trucks and operates ten sites throughout the states of Tennessee, Arkansas, Mississippi, Missouri and Kentucky. TAG provides service for numerous companies in the Memphis transportation industry.

Turner Holdings, LLC

Turner Holdings, LLC (dba Prairie Farms) was awarded a seven-year Jobs PILOT to enable the company to add 25 net new jobs to its current number of 134 employees and expand its facilities. Prairie Farms will invest \$8,810,800 in capital improvements to expand the 76,687 SF manufacturing facility located at 2040 Madison Avenue.

Prairie Farms is expanding the refrigerated warehouse by adding 17,700 SF to accommodate new conveyors and additional employees in order to move product throughout the facility. The addition of a corrugated packaging line will increase market capabilities and increase efficiency.

Staff recommends the existing buildings receive Community Reinvestment Credit. The Applicant will invest \$2,500,000 in manufacturing machinery. Additionally, the Applicant will invest \$500,000 in billboards, tanks, and pipelines.

The PILOT will provide \$1,136,434 of benefit to Prairie Farms. EDGE staff projects \$1,140,041 in total tax revenues to be received during the PILOT term. When the two-year ramp-up is complete, this facility will serve as a processing plant that produces a variety of beverages, including a complete line of milks and juices.

For more than 70 years, Prairie Farms has been recognized throughout the region for its superior dairy products and exceptional service. Prairie Farms' line includes a wide variety of fluid milk products; juices and drinks; ice creams; and cultured dairy products.



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100 Peabody Place | Suite 1100
Memphis, TN 38103-3652
Phone: 901.341.2100
Fax: 901.527.9224
Email: info@growth-engine.org
www.growth-engine.org
www.metromemphisplan.com

1115 Riverside Boulevard
Memphis, TN 38106-2504
Phone: 901.948.4422
Fax: 901.775.9818
www.portofmemphis.com