THE BICENTENNIAL GATEWAY PROJECT
1819-2019

Project Update
August 22, 2017
Gateway Project Goals

- Maximize $9 billion investment by St. Jude Children’s Research Hospital and ALSAC
- Create approximately 1,800 new jobs at St. Jude and ALSAC plus 3,000 new jobs in the broader Medical District
- Connect the Carnes and Uptown neighborhoods
- Develop a new sense of arrival for Tennessee’s most traveled gateway
- Access revenue neutral funding sources for local and state governments
Gateway Project Components

Convention Center Renovation

Pinch District

Riverfront

Mud Island

Uptown/Carnes Neighborhood

Council will be updated on this item after community engagement and meetings with CRA Board.
Primary funding sources for Gateway projects include Tourism Development Zone (TDZ) proceeds for projects west of St. Jude and Tax Increment Finance (TIF) proceeds north and east of St. Jude.
**HOW A TOURISM DEVELOPMENT ZONE WORKS:** TDZ financing utilizes the increment on sales taxes generated within a bounded area after a baseline year to fund the development of a destination facility (aka a Qualified Public Use Facility or QPUF). Costs associated with the development of the QPUF are the only eligible expense for TDZ proceeds.

- **The "BASELINE"** = the amount of sales taxes (State and local) collected in the Zone each year BEFORE construction of the QPUF. This amount CONTINUES to go to the tax authority (State or local) each year. NO existing sales tax dollars are lost by State, local governments or schools.

- **The "INCREMENT"** = the INCREASED amount of sales taxes collected within the Zone because of increased activity by tourists and local residents AFTER construction of the QPUF. This amount is used to pay off the bond debt.

- **The "ADJUSTMENT"** = The Baseline increase each year by the percentage of growth in the Shelby County sales taxes.

After the bonds are retired, **ALL** sales tax dollars go to the State and Local taxing authorities. Now, State and Local governments have more money to spend on schools and other services because the QPUF was built.
CURRENT QPUF COMPONENTS

- BASS PRO SHOPS AT THE PYRAMID
- MEMPHIS COOK CONVENTION CENTER
- THE PINCH DISTRICT
- INTERSTATE 40
- MISSISSIPPI RIVER
AMENDED TDZ NEW QPUF COMPONENTS

- Bass Pro Shops at the Pyramid
- Muddy Island
- The Pinch District
- Memphis Cook Convention Center
- The Riverfront
- Interstate 40
- Wolf River Harbor
- Mississippi River
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Debt Service</th>
<th>TDZ Revenue*</th>
<th>Surplus TDZ Revenue</th>
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<tr>
<td>2017</td>
<td>$16,904,036</td>
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Currently, there is roughly $11 million in accumulated surplus revenue, which can ONLY be spent on QPUF related expenses.

$234,725,465  $335,239,028  $100,513,563

*Revenue is estimated conservatively, with no growth projections included.
Update

- Exploring the feasibility of partnerships to develop a one-of-a-kind amenity that rebrands Mud Island as a vibrant center of river education, ecology, and tourism.

- Capitalize on unique location along the Mississippi River and high quality water from Memphis Aquifer.

- Feasibility assessment will include exploration of a bicycle/pedestrian bridge connecting the southern end of Mud Island to Riverfront.

- Meeting with stakeholders to gauge interest and engaging professional firms to estimate costs.

- Total estimated TDZ expenditure is $20 million.
Update

- Mayor’s Riverfront Task Force coordinated a study conducted by Chicago based, Studio Gang, in July 2017. The report recommended improvements from MLK Park to Greenbelt Park.

- The City received $5M Civic Commons Grant from Kresge, John S. and James L. Knight, JPB, and Rockefeller foundations. The City will match these funds with $5M in TDZ and philanthropic funds.

- Planned improvements call for enhancements to Tom Lee Park, activation of the Cobblestone Landing, and strengthened east-west connections to the Riverfront.

- Estimated TDZ expenditures are $30 million.
**Update**

- City committed to fund $12M in infrastructure costs for burying utilities and sewer line relocation related to St. Jude/ALSAC expansion.

- St. Jude completed the demolition of buildings on the block at the corner of Overton and Second St. Plans for the site will be announced later this year.

- The pedestrian bridge connecting the Pinch District with Bass Pro Shops is under design. Construction completion targeted for Fall 2018.

- Development moratorium was lifted with approval of the Pinch District Plan in June 2017.

- Total estimated TDZ expenditure is $37 million.
**Update**

- Design team has been selected for this project. Strong MWBE participation will be required for the construction of this project.

- Project scope includes a full renovation of the facility, improved exhibition load-in access ramps, new meeting rooms.

- Roof improvements are underway and construction is slated to begin on the rest of the structure by the end of 2017.

- The facility will remain open during the two-year construction period.

- Estimated TDZ expenditure is $13 million, with the remaining amount paid through Hotel Motel Tax revenue.
The upgrade to “hotel quality” finishes in function spaces and state of the art technology upgrades will allow us to compete for higher rated business.
The increase in breakout meeting rooms from 32 to more than 50 will dramatically increase the number of meetings and conventions we can pursue.
State Building Commission staff provided verbal feedback to the City on the proposed TDZ amendment. The State requested more detailed cost estimates for the proposed Mud Island and Riverfront projects, which the City is now collecting.

The City plans to submit an updated application this Fall after a resolution is presented to the City Council requesting the Mayor’s authorization to submit such application.

Current TDZ surplus of $11 million can be spent on eligible expenditures at the Cook Convention Center, Pyramid, and in the Pinch District.

The Administration will present a resolution at the next City Council meeting requesting approval to appropriate those funds for eligible expenditures.
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