



Memphis City Council Summary Sheet

- This item is a resolution in support of the use of Economic Development Funds by the Memphis Center City Revenue Finance Corporation for the purpose of acquiring the parking facility adjacent to Once Commerce Square office tower for use by Pinnacle employees and the general public. The resolution also authorizes CCRFC to use Pilot Extension Funds as a loan to DPA for improving the parking facility.
- This resolution is requested by the Law Division.
- This resolution is requesting that \$3,000,000.00 of the \$5,000,000 provided for in the City's FY 2010-2011 CIP Budget Economic Development Fund be transferred to the CCRFC for the purpose of acquiring the parking garage adjacent to One Commerce Square office tower for use by employees of Pinnacle, other tenants of One Commerce Square and the general public. The resolution is also authorizing the CCRFC to use \$2,000,000.00 from its PILOT Extension Fund approved by the City as a loan to DPA (the "CCRFC Loan"). The funds shall be used by DPA to contribute to CCRFC's acquisition of the Parking Facility and to undertake improvement to the Parking Facility.

RESOLUTION

WHEREAS, it is vital to the economic growth and development of the City of Memphis (the "City") and the County of Shelby (the "County") to attract and retain the headquarters of national and international corporations and to attract and retain major employers;

WHEREAS, a top priority of the City and County is reducing the unemployment level of the City and County through attracting new jobs and commercial activity;

WHEREAS, other communities are aggressively recruiting corporations and jobs away from the City and County;

WHEREAS, the presence of the national headquarters of a large corporation in the Memphis Center City Area will provide tremendous economic benefits to the City and County and create new jobs and commercial activity;

WHEREAS, attracting jobs and commercial activity to the Center City Area will increase the density and sustainability of the City and County and allow for governmental services to be provided more efficiently;

WHEREAS, a group of civic minded Memphians (the "Ownership Group") has proposed to purchase the thirty (30) story office building located in the Center City Area commonly known as "One Commerce Square," and to induce Pinnacle Holding Company ("Pinnacle"), a large, local employer, to move its National Headquarters to the building;

WHEREAS, Pinnacle is a highly-respected and valuable corporate citizen of the City and County;

WHEREAS, Pinnacle has outgrown its current location in Memphis and has expressed its intent to relocate its National Headquarters in the near future;

WHEREAS, the American Recovery and Reinvestment Act of 2009 created Recovery Zone Facility Bonds as a mechanism for private parties to reduce their borrowing cost and to incent economic development;

WHEREAS, the City has received an allocation of Recovery Zone Facility Bonds which it is authorized to sub-allocate to private parties to use to reduce their borrowing cost in connection with the acquisition, construction and development of office buildings and other similar projects;

WHEREAS, to make the project economically possible, the Ownership Group has requested that the City and Memphis Center City Revenue Finance Corporation ("CCRFC") provide assistance with the procurement, allocation and authorization of Recovery Zone Facility Bonds in the amount of Fifteen Million Dollars (\$15,000,000) to

reduce their borrowing cost in connection with the acquisition and renovation of One Commerce Square;

WHEREAS, a key consideration in attracting large employers, such as Pinnacle, to the Center City Area is the availability, affordability and location of parking;

WHEREAS, to make the project economically possible, the Ownership Group has also requested that the City and the Downtown Parking Authority ("DPA") provide assistance with parking for the employees of Pinnacle who will work in its National Headquarters located at One Commerce Square;

WHEREAS, the City has provided in its fiscal year 2010-2011 Capital Improvement Budget Five Million Dollars (\$5,000,000) for economic development purposes;

WHEREAS, the City has drafted guidelines for the use of such funds (the "Guidelines") which are to be presented to the Memphis City Council (the "City Council") for consideration and approval;

WHEREAS, it is proposed that Three Million Dollars (\$3,000,000) of such funds be transferred to CCRFC for the purpose of acquiring the parking garage adjacent to the One Commerce Square office tower (the "Parking Facility") for use by employees of Pinnacle, other tenants of One Commerce Square and the general public;

WHEREAS, the transfer of such funds to CCRFC, and CCRFC's expenditure of such funds for the acquisition of the Parking Facility, will comply with the Guidelines, as currently proposed for approval by the City Council;

WHEREAS, it is proposed that CCRFC will loan DPA Two Million Dollars (\$2,000,000) from certain of its funds commonly known as the PILOT Extension Fund (the "CCRFC Loan");

WHEREAS, it is proposed that DPA will contribute One Million Dollars (\$1,000,000) of the CCRFC Loan to CCRFC's acquisition of the Parking Facility;

WHEREAS, it is proposed that DPA will expend the remaining One Million Dollars (\$1,000,000) of the CCRFC Loan on the improvements to the Parking Facility;

WHEREAS, it is further proposed that CCRFC will lease the Parking Facility to DPA and that DPA will sublease the Parking Facility (the "Sublease") to the Ownership Group;

WHEREAS, the Sublease will require that the Ownership Group provide free parking in the Parking Facility to at least one hundred fifty (150) employees of Pinnacle for a period of at least 11 years, and the Sublease also will require that the Ownership

Group make parking in the Parking Facility available for rent to employees of other tenants of One Commerce Square and the general public;

WHEREAS, to further assist with the parking needs of the employees of Pinnacle, it is proposed that DPA provide parking spaces at its garage located at 250 Peabody Place to up to five hundred (500) employees of Pinnacle;

WHEREAS, to make the project economically possible, it is proposed that CCRFC will provide, or request that its affiliates provide, additional incentives for the acquisition and redevelopment of One Commerce Square and to the tenants of One Commerce Square in accordance with CCRFC and its affiliates' policies and procedures, including without limitation a payment in lieu of taxes, streetscape infrastructure improvements, tenant improvements grants, retail façade improvement grants and retail forgivable loans;

WHEREAS, to make the project economically possible, it is proposed that the City will use its best efforts to assist the Ownership Group and Pinnacle secure such other federal, state, and local incentives as are currently available in connection with the acquisition and redevelopment of One Commerce Square and the creation of new jobs by Pinnacle;

WHEREAS, but for the incentives described above, it will not be economically feasible for the Ownership Group to acquire and renovate One Commerce Square and attract Pinnacle's National Headquarters and its employees to downtown Memphis;

WHEREAS, the Ownership Group will be required to provide detailed and accurate financial information to the City, Center City Commission and the affiliates of Center City Commission granting incentives to the Ownership Group sufficient to show that each of the incentives described above are required to make the project economically feasible;

WHEREAS, the City and Center City Commission and its affiliates will only offer incentives in connection with the relocation of Pinnacle's National Headquarters to Downtown Memphis to the extent required to make the project economically feasible;

WHEREAS, another community has aggressively offered Pinnacle incentives to move its National Headquarters from the City and County to its community;

WHEREAS, time is of the essence because Pinnacle has expressed its intention to make a decision regarding the relocation of its National headquarters in the month of August, 2010;

WHEREAS, the prompt commitment by the City and the other entities referred to above is required to induce Pinnacle to locate its National Headquarters and its employees in Downtown Memphis;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Memphis that Three Million Dollars (\$3,000,000) of the Five Million (\$5,000,000) provided for in the City's fiscal year 2010-2011 Capital Improvement Budget Economic Development Fund shall be transferred to CCRFC for the purpose of acquiring the parking garage adjacent to the One Commerce Square office tower (the "Parking Facility") for use by employees of Pinnacle, other tenants of One Commerce Square and the general public;

BE IT FURTHER RESOLVED, that CCRFC is hereby authorized to use Two Million Dollars (\$2,000,000) from its PILOT Extension Fund approved by City as a loan to DPA (the "CCRFC Loan"). Such funds shall be used by DPA to contribute to CCRFC's acquisition of the Parking Facility and to undertake improvements to the Parking Facility.

Harold Collins
Chairman