

MEMPHIS 
FAST FORWARD

Moving the Needle for Memphis

The Memphis City Council

Sept. 9, 2008

Tom Schmitt,

President and CEO,
FedEx Global Supply Chain Services

and

Chairman,
Memphis Regional Chamber
Board of Directors



-  1 Envisioning success - Memphis in 2012
-  2 Sharing our results
-  3 Major goals and strategies
-  4 Results to date
-  5 Winning partnership with Memphis City Council



- Prosperity – a bold, aggressive plan to turn Memphis into one of the South’s major economic centers



- Safety – giving the streets back to the people



- Jobs – developing a work force ready to work in the area’s major industries.



- Quality services – an efficient city and county government.



Envisioning success

We are keeping MemphisED on track with a five-year Scorecard to measure our progress

- Eight metrics that matter
 - Measuring progress to ensure we stay on the right track

<i>Indicator</i>	<i>Performance Goal</i>	<i>Latest Figure</i>
Net new private jobs	2007-2011 net new jobs = 49,395	2002-2006 net new jobs = 16,051
	2011 = 14,205 jobs - a 3.0% increase from 2010	2005 = 5,567 jobs - a 1.3% increase from 2004
Total net new wages	2007-2011 = \$2,537,178,641	2002-2006 = \$449,166,203**
	Average new job wage, 2007-2011 = \$51,364	Average new job wage, 2002-2006 = \$39,932**
	\$56,014 - Average wage in 2011	\$40,005 - Average wage in 2004
Per capita income in 2011	\$40,237	\$35,237 in 2004
<i>Black or African-American PCI as a percentage of Whites</i>	55% by 2011	42.4% in 2004
<i>Hispanic or Latino PCI as a percentage of Whites</i>	48% by 2011	36.5% in 2004
Labor force participation rate in 2011	80%	73.5% in 2005
Annual unemployment rate in 2011	4.7%	6.4% in 2005
Total poverty rate in 2011	U.S. average	M-SC = 18.3%, US = 13.3% in 2005
<i>Black or African-American rate</i>	20%	27.7% in 2005
<i>Hispanic or Latino rate</i>	18%	21.0% in 2005
Youth poverty rate in 2011	U.S. average	M-SC = 26.7%, US = 18.5% in 2005
<i>Black or African-American rate</i>	30%	37.2% in 2005
<i>Hispanic or Latino rate</i>	24%	31.6% in 2005
Minority-owned businesses percentage of total gross	3.5% in 2012	2.0% in 1997

*Projected employment increase of 1.5% in 2006

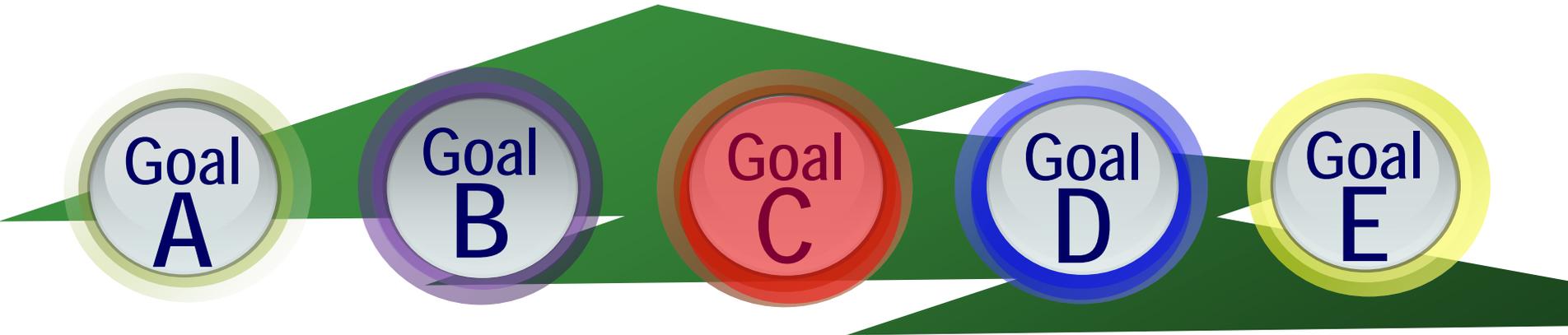
**Projected average annual wage increase of 4.0% in 2005 & 2006

- As part of the Memphis Fast Forward marketing efforts, we are letting the community know what's working and what still needs a push.



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Our five major goals not only look at bringing new businesses and jobs to Memphis, they plan for creating a culture that makes the *right* workers want to keep Memphis as their home.



Goal
A

Goal
B

Goal
C

Goal
D

Goal
E

Develop a
culture
of
innovation

Market
Memphis
and
Shelby
County

Pursue
Key
Targets
Biosciences,
Logistics,
Tourism,
Music/Film

Grow
Existing
Firms

Become a
'Place of
Choice' for
knowledge
workers

Develop a culture of innovation



Strategy	Status 8/1/08	Headlines
Create a national entrepreneurship 'center of excellence' to drive creation of high value ventures and jobs		<ul style="list-style-type: none"> • INNOVA staffed (Ken Woody, Pres.) and operational. • 70+ opportunities reviewed. • Vaxent and arGentis Pharmaceuticals investment announced
Make University of Memphis Technology Transfer Office one of the best in the Country		<ul style="list-style-type: none"> • Kevin Boggs, Ph.D., hired to lead effort. • Outreach/marketing to faculty/staff begun. • FIT providing seed funding for faculty/staff projects.
Grow market share of minority firms through an incubator and loan fund		<ul style="list-style-type: none"> • MMBC's Center for Emerging Entrepreneurial Development (CEED) incubator launched, all 7 internal (+1 external) slots filled with W/MBEs in industries with historically low representation. • MMBC Revolving Loan Fund: 1-2 loans by FYE – target is 3. • MMBC, City, County, Chamber + Memphis Tomorrow assembling coalition under MemphisED to broaden W/MBE Growth activities.

INNOVA investments are not just providing new jobs for the Memphis area – they’re also enabling research that could save lives and sending the right signal about the Memphis community.

- Memphis Bioworks foundation established INNOVA as a national entrepreneurial ‘center of excellence’ to create new technology ventures.
- The program develops an entrepreneurial spirit and an environment for innovative ideas to be nourished into opportunities for business development. Sixty ventures have been evaluated, two have been funded
 - Vaxent, a vaccine development company that using new research to produce subunit or “non-live” vaccines.
 - Lead product in development is a vaccine against group A streptococcus - the primary cause of pharyngitis or “strep throat” in children
 - arGentis Pharmaceuticals LLC, a Memphis-based drug startup researching a treatment for a fatal autoimmune disease, is the first company to receive funding from INNOVA Inc. Creates at least 6-12 new jobs immediately.



Activity is evident at the MMBC with lifelines such as loans and a business incubator that's in full swing.

- Center for Emerging Entrepreneurial Development (CEED) has a full house, helping eight businesses compete in the market, offering assistance with business and marketing plans, office space and more. Businesses are:

- Manufacturers Industrial Group, a metal fabrication company
- Imperial Roofing, a commercial roofing business
- AVPOL International, which specializes in petroleum sourcing and distribution
- Annie's Termite and Pest Control
- Three Point Graphics, a graphic and signage company
- LBWM Food Distribution Co., a wholesale institutional foods company



Market Memphis and Shelby County



Strategy	Status 8/1/08	Headlines
Create internal marketing campaign		<ul style="list-style-type: none"> • Internal marketing plan completed. • 13 groups collaborating on planning/execution of survey to gauge current perceptions.
Create external marketing campaign to support business recruitment goals		<ul style="list-style-type: none"> • External marketing/business attraction plan completed. • Design of business attraction marketing initiative is underway.

The Memphis Regional Chamber's internal and external marketing plans ensure the right message gets to the right audience.

- Marketing collateral ranges from print advertising to websites and more.
- The direct mail efforts reach more than 1,500 site selectors and 10,000-plus corporate executives.
- The MRC website, which already gets more than 300,000 hits a month, is being revamped.



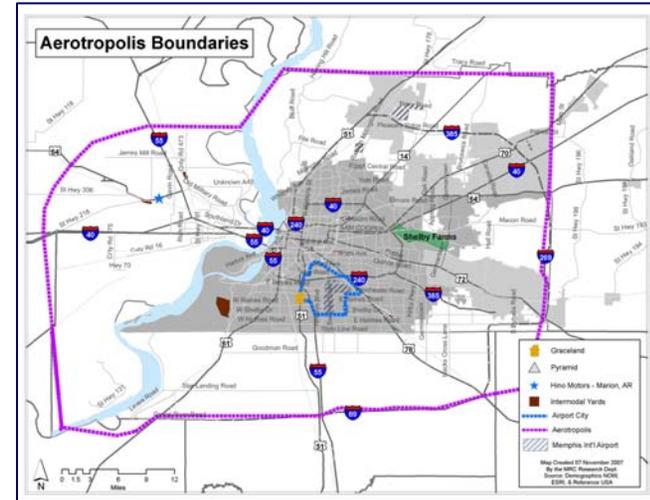
Pursue Key Targets – Biosciences, Logistics, Tourism, Music/Film



Strategy	Status 8/1/08	Headlines
Revise Memphis-Shelby County tax and incentive structure to align with MemphisED goals and priorities		<ul style="list-style-type: none"> Discussions underway with City/County Economic Development office, exploring ways to compare Memphis/Shelby County's incentives to DeSoto County's.
Develop comprehensive Logistics/ Aerotropolis plan		<ul style="list-style-type: none"> 2007-2008 Strategic Logistics Agenda completed; includes marketing, workforce, infrastructure and alliances. Working on collaborations with Mobile, Seattle, Vancouver/Port of Prince Rupert, Canada, and Liege, Belgium; developing MOU in with Halifax for joint marketing initiative. Aerotropolis Study completed. Air Area Master Plan is underway. Infrastructure strategic plan underway; completion 1Q09. Assisted with creation of Memphis Airport Area Development Corp. New issue HUB Logistics, summer 2008; Memphis supplement for Inbound Logistics 10/08; Red Carpet Tour for leading US logistics journalists planned for Fall 2008.
Execute "Battelle" Bioscience Plan and Develop/ Execute Strategies for BioAgriculture and Biologistics		<ul style="list-style-type: none"> Sr leadership for BioScience, BioLogistics and BioAgriculture engaged. UT-Baptist Research Park progressing – Regional BioContainment Building (30,000 s.f., \$25.5 m) and UT College of Pharmacy (190,000 s.f., \$42.8m), under construction; design funding in-place for Vivarium (70,000+/- s.f. and Phase1 Multi-Tenant Building (200,000 +/- s.f., with construction expected to begin 2009/2010. 12,000 s.f. of new incubator space (wet lab and office) coming 2008. 22 grant applications submitted (\$40.6m), with 13 approved (\$5.2m), 7 pending (\$34.5m) and 2 in-process. \$600,000 State grant to study alternative crops.
Establish Center for Independent Music		<ul style="list-style-type: none"> Musicians' Resource Center opened May 31st at 431 S. Main. 12 Memphis bands to Austin's "South by Southwest" festival. Industrial Development Board considering new tax incentives for music industry facilities. \$100,000 grant received from Justin Timberlake. Strategic Plan updated. Yr. 1 target is 200 members
Develop/execute a plan to grow film and television production in Memphis		<ul style="list-style-type: none"> New strategic plan is completed; reviewed with local officials on May 1. Working on state and local incentives beneficial to TV/film facilities.
Grow tourism industry through expanded hotel capacity		<ul style="list-style-type: none"> Plan still under development

The five-year plan for America's Aerotropolis will work hand-in-hand with Memphis Fast Forward in significant areas

- The four Aerotropolis subteams selected year-one top priorities from 32 key recommendations made by the Steering Committee



Marketing & Branding
Chair: Arnold Perl

- Develop naming options for Aerotropolis
- Spearhead internal marketing and messaging to self-identify with the Aerotropolis brand
- Fit image with other Memphis branding

Access & Transportation
Chair: Julie Ellis

- Maintain and expand the Northwest/Delta hub
- Continue upgrades inside airport fence

Corridor Development
Chair: Larry Jensen

- Prevent encroachment of incompatible uses to Airport
- Develop Aerotropolis zoning
- Evaluate Denver and Skipol Airports as governance models

Gateway Beautification
Chair: Shirley Raines

- Drive airport entrance beautification
- Initiate plans for gateways beyond the direct airport access
- Promote corridor beautification

Memphis has a world-class airport and we must up our game and leverage that strength to go beyond just cargo and passengers.

- We put a stake in the ground – we’re so positive about this initiative, we copyrighted the term “America’s Aerotropolis.”
- Memphis International Airport is
 - the largest cargo AP in world
 - one of the best passenger hubs – second best in on-time flights
 - fourth largest inland port
 - Able to offer seamless connection on cargo to next mode of transportation



With the Memphis MSA leading the nation in BioAg jobs, Bioworks' role continues to expand as a key player in moving Memphis Fast Forward initiatives ahead.

- Of the 361 U.S. Metropolitan Statistical Areas (MSAs), Memphis ranks third in the number of jobs provided in the key BioAgriculture industry.
- 'Greentech' alternative energy and biobased products is focus of Bioworks Foundation's AgBio division.
 - Biobased products include biofuels such as ethanol and biodiesel; biobased plastics; and many other chemicals, including cleaning products, automotive components, and even thousands of consumer products ranging from high fashion clothing to industrial plastics.



Justin Timberlake helped boost Memphis Music Foundation's Musicians' Resource Center with \$100,000 grant.

- Center helps spearhead growth of music industry in Memphis
 - Workspace
 - Business information
 - Resources beneficial to working musicians

- Backstage Pass program offers musicians access to renowned industry experts.
 - The first event at Ardent Studios featured a conversation with legendary producer Terry Manning, who talked to attendees more than two hours.



(From left) Dean Deyo – President Memphis Music Foundation; Deanie Parker – Memphis Music Foundation Board member and Past Chairman Soulsville; Paul Harless – MMF Board member and CEO TennMan Digital; Justin Timberlake; Lynn Harless – MMF Board member; Justin Timberlake's mother and CEO JustInTime Entertainment; Phil Trenary – MMF Board Chairman and President/CEO Pinnacle Airlines.

Grow Existing Firms



Strategy	Status 8/1/2008	Headlines
Develop best-in-class business retention and expansion program. Incorporate supplier diversity initiative		<ul style="list-style-type: none"> • Diversity/corporate purchasing program fully staffed at MMBC; expanding beyond initial pilot program. • 10 corporate “match-maker” events scheduled for 2008; 4 held to-date. • Working w/MemphisED partners to identify new W/MBE opportunities. • Two additional Chamber staff member added to Existing Business Team.

MMBC, partnering with the Memphis Regional Chamber, is expanding the Supplier Diversity/ Corporate Purchasing Pilot

- Six new corporations added to the pilot:
 - AutoZone
 - International Paper
 - Nucor Steel
 - Memphis City Schools
 - MLG&W
 - St. Jude Children's Research Hospital

Become a 'Place of Choice' for knowledge workers



Strategy	Status 8/1/08	Headlines
<p>Invigorate Memphis' Downtown and Mississippi Riverfront, with priority given to the Beale Street Landing and Promenade projects</p>		<ul style="list-style-type: none"> • RDC plan includes: <ul style="list-style-type: none"> • Beale Street Landing completed in 2010; ground breaking held 7/30/08. • Chickasaw Heritage Park improvements completed in 2009. • Mud Island – public art at Auction/Mud Island intersection (2008); playground equipment at River Park (2009). • Historic Cobblestone Landing rehab contract 2010. • UM Law School connection to Confederate Park 2009. • RDC has awarded Phase 2 Beale Street Project contract (\$4.9m) to construct 700' retaining wall, creating 4 dry acres for project site. • CCC plan includes: <ul style="list-style-type: none"> • Keep downtown as the City's statistically safest precinct and see a 25% improvement in safety perception surveys by 2012. • Increase public infrastructure investment by 10% per annum. • Increase number of retailers to 200 from 180, by FYE 2012. • Increase office occupancy rate to 85% from 82%, by FYE 2012. • Add 3,000 parking spaces by FYE 2012. • Average \$200 million of annual new investment activity. • Increase total investment by minority developers/investors to \$30 million, from \$15.1 million by FYE 2012.
<p>Establish Shelby County's park system as one of the premier in the country</p>		<ul style="list-style-type: none"> • County Commission approved master plan on Aug. 4 to transform Shelby Farms. • Rick Masson hired as executive director.
<p>Expand programming to recruit and retain knowledge workers</p>		<ul style="list-style-type: none"> • Mpact participation up 25% - target is 20%. • Mpact hires new executive director • Leadership past first year target of 15, with 50 companies participating. • Leadership has met with 75-hiring managers – year 1 target is 70.. • Leadership has made 31 "Connections" – year 1 target is 40. • Leadership has held/scheduled two Recruit/Relocate/Retain Forums, two Celebrate What's Right events, plus one Memphis101. New summer intern program started May 29.

The Center City Commission's proposed initiatives to invigorate Downtown

- Keep downtown as the city's statistically safest precinct
 - Goal is a 25 percent improvement in safety perception surveys by 2012.
- Increase public infrastructure investment by 10 percent per annum.
- Increase number of retailers to 200 from 180, by FYE 2012.
- Increase office occupancy rate to 85% from 82%, by FYE 2012.
- Add 3,000 parking spaces by FYE 2012.
- Average \$200 million of annual new investment activity.
- Increase total investment by minority developers/investors to \$30 million, from \$15.1 million by FYE 2012.



Ground has been broken for Beale Street Landing, the first step and cornerstone of Riverfront Development Corporation's master plan for a world-class riverfront in Memphis.

- The \$29 million project is expected to open in fall 2010

- Better access to the river
- Range of riverfront recreation activities such as daily boat excursions and cruise tours.



- A world-class riverfront is high on the list of what's needed to help Memphis become a "place of choice" for coveted knowledge workers and their families.

Memphis is creating a magnificent urban park that will rank among the great ones, says master plan designer.

- County Commission approves the visionary master plan for Shelby Farms Park
- “One Park” concept provides sense of place, identity and inclusion
- World-class park will be a major contributor toward making Memphis a “place of choice”



The Hyde Family Foundation's \$20 million grant jump starts initiative and encourages area businesses to help make the vision real.

- Some exciting features being considered for Phase I include
 - Park playground
 - Patriot Lake expansion
 - Green amphitheater
 - Retreat facility



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While we do not have community-wide "year 1" numbers yet, the results for the Chamber-managed portion (80% of total job creation goal) are in.

Year 1 Performance (July 2007 – June 2008)	Goals	Actual
Total New Jobs	4,550	3,339
Capital Investment	\$862 million	\$375.8 million

- We are short of goal in job creation, but significantly up from the 2,514 number in FY07.

These new jobs come both from companies new to the area, such as Nucor, and companies that decided to expand their presence, such as Technicolor and FedEx.

Top Projects FY2007

ServiceMaster

Total jobs = 560
Investment = \$25M

Nucor Steel

Total jobs = 225
Investment = \$230M

Hardy Bottling Co.

Total jobs = 255
Investment = \$29M

Hershey's

Total jobs = 175
Investment = \$29M

Pharmedium

Total jobs = 250
Investment = \$10M

Orchid Stealth Coating

Total jobs = 100
Investment = \$5M

Wright Medical, Inc.

Total jobs = 250
Investment = \$100M

Safety Solutions, Inc.

Total jobs = 75
Investment = \$5M

Nike

Total jobs = 244
Investment = \$107M

Saint Francis Hospital

Total jobs = 60
Investment = \$20M

Top Projects FY2008

Technicolor

Total jobs = 830
Investment = \$15M

New Breed Corp.

Total jobs = 120
Investment = \$4M

SFI of Tennessee

Total jobs = 400
Investment = \$20M

Johnson & Johnson

Total jobs = 100
Investment = *not available*

FedEx Ground

Total jobs = 400
Investment = \$45M

TiGenix NV

Total jobs = 100
Investment = \$3M

PMC – BioGenix, Inc.

Total jobs = 249
Investment = \$47M

Homestead Performance

Total jobs = 75
Investment = *not available*

Mass Mutual

Total jobs = 125
Investment = \$2M

Evergreen Packaging

Total jobs = 65
Investment = \$1M

While short on job creation and investment goal, the Chamber for the most part did exceed its economic development support activity goals.

Initiative	FY Actual July 2007 – June 2008	FY Goal	On Track?
New jobs	3,339	4550*	
New Investments	\$375.8 million	\$862 million	
Average Wage	\$37,354	\$38,434	
Requests for Information	72	65	
Site visits	97	139	
Existing business consultations	414	400	
W/MBE Consultations	81	50	

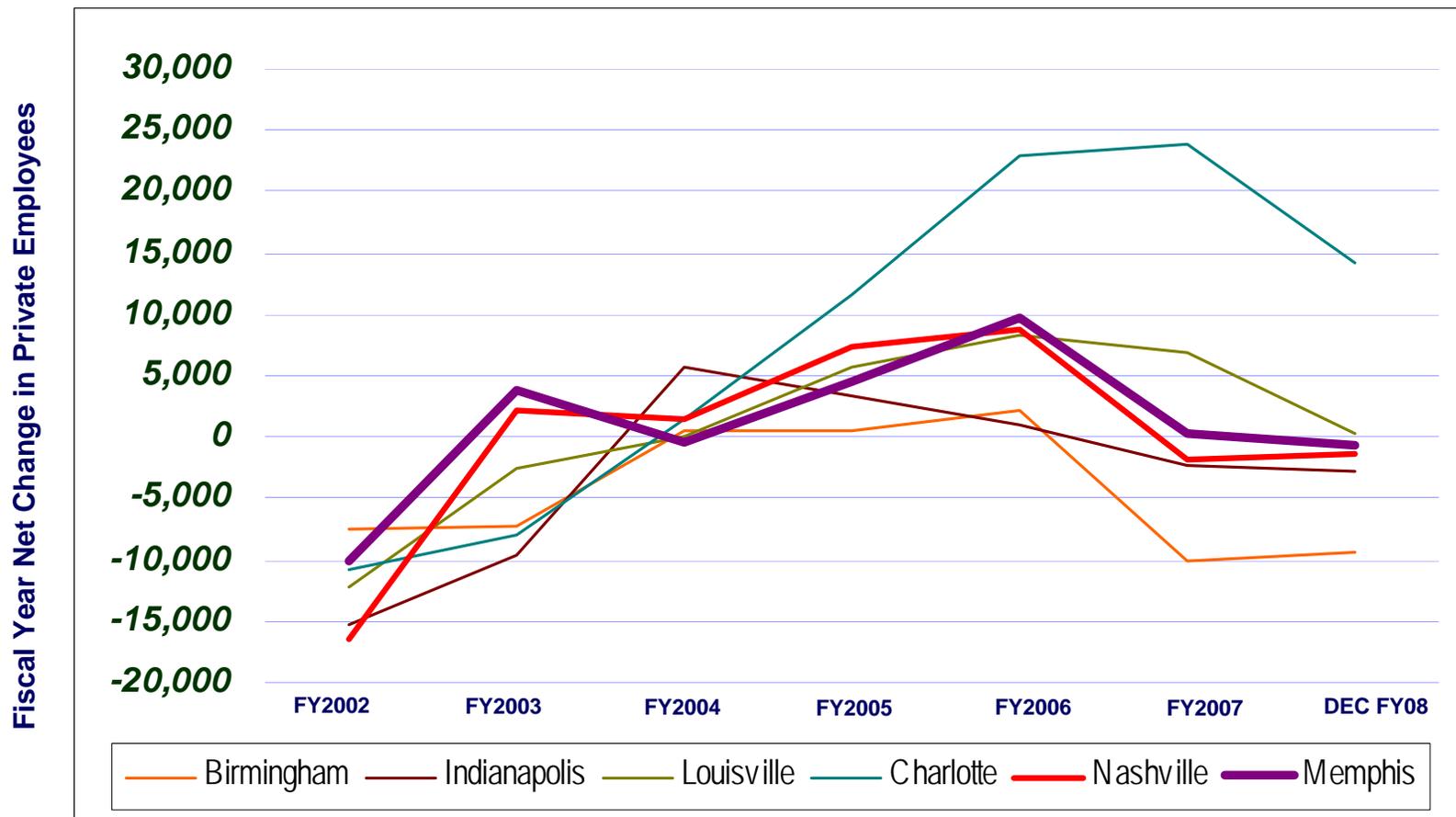
*

Pipeline:

- 46 projects
- 5,171 potential jobs
- \$2.94 billion potential investment
- 4.4 million sq. ft. building space constructed/absorbed

Our job growth shows us trending in line with our peer cities – but we still have an untapped upside and plenty of room to grow, as the standout performance by Charlotte demonstrates.

Net Private Employment by Year FY 2002 through First Half of 2008



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The City Council and the Memphis Regional Chamber are bound by the same objectives and collectively we can make it happen.

- We need your leadership and vision
 - To help execute on Memphis Fast Forward – it is the most inclusive economic development focus this region has ever had, touching all layers from large businesses to entertainment to minority development.
 - To help Memphis become “America’s Aerotropolis” – our airport and its corridors are the front door to Memphis and we need your help to ensure we give a good first impression.
 - To build a first class riverfront and help Downtown Memphis be everything it can be.

