



To: Center City Development Corporation (CCDC) Board of Directors
From: DMC Staff
Date: February 12, 2019
RE: FedEx Logistics – Commercial Office Development Grant

FedEx Logistics, Inc. (“FedEx Logistics” and formerly FedEx Trade Networks), is a subsidiary and operating segment of FedEx Corporation that provides customs brokerage and global ocean and air freight forwarding, technology and e-commerce, transportation and supply chain management as well as time critical solutions. FedEx Logistics is growing and interested in consolidating local and out of state office space to locate its corporate headquarters at 145 George W Lee Ave, formerly Gibson Guitar Factory. This opportunity is not only great for Downtown Memphis in that it relocates 323 current employees to Downtown but also adds 339 new employees over a five year period. This move will also reactivate a large and increasingly vacant building and benefit the city, county and state, in that a major company is retained. Further, headquarter jobs are expected to move from other states to Tennessee. Due to the high cost of retrofitting the former factory for office use, FedEx Trade Networks is requesting a grant in the amount of \$1,000,000 to be used for tenant improvements that are permanent in nature. Such funding is essential to the company’s decision that its move to Downtown Memphis would be feasible.

The renovation of the former manufacturing and showroom for FedEx Logistics’ corporate headquarters will result in approximately 194,000 square feet of Class A office space. The building currently holds 154,000 square feet but a mezzanine level of offices will be added. The project also will add ground floor, pedestrian facing spaces such as meeting space and commercial bays. FedEx Logistics (tenant’s) portion of the design and renovation/construction budget is estimated at approximately \$12,200,000. The property owner’s (landlord’s) building shell improvements are estimated to cost approximately \$21 million.

The DMC’s Strategic Plan encourages facilitating and accelerating real estate development and incentivizing Downtown development when necessary to increase investment and economic development. Supporting FedEx Logistics’ relocation to Downtown Memphis is consistent with DMC’s Strategic Plan and its initiatives in that it increases and retains office tenants and supports the campus we are cultivating for a vibrant Downtown. Downtown has benefited from other recent office relocations to downtown through new food and beverage businesses, increased vibrancy during the day and relocation interest from other companies.

The DMC staff recommends approval of the \$1,000,000 grant as requested subject to the following conditions:

- The project must be compliant with the DMC Equal Business Opportunity (EBO) Program.

- Design plans for any exterior work associated with the project, in its entirety, must be submitted to and approved by the DMC Design Review Board.
- If approved, grant funds will be disbursed after the improvements are completed, as evidenced by a use and occupancy permit for the demised premises.
- In the event that FedEx Logistics incurs an “Event of Default” as defined by the EDGE Cost Reimbursement Grant, the “Repayment Amount” repaid to CCDC shall be that calculated by the formula defined by the EDGE Cost Reimbursement Grant. CCDC will rely on the Performance Reports provided to EDGE as defined by the EDGE Cost Reimbursement Grant.

This grant represents a collaborative investment alongside EDGE and the State of Tennessee Department of Economic and Community Development.