



Department of Economic and Community Development

Robert O. Rolfe
Commissioner

Bill Lee
Governor

February 12, 2019

VIA U.S. MAIL & E-Mail

Jason G. Yarbro
Butler Snow LLP
PO Box 171443
Memphis, TN 38187
jason.yarbro@butlersnow.com

RE: FedEx Logistics, Inc. – Extension of PILOT Lease

Dear Mr. Yarbro:

On February 12, 2019, we received your request dated February 6, 2019 for a written determination pursuant to The Industrial Development Corporations Act, codified at T.C.A. § 7-53-305 *et seq.* relating to the Amended and Restated Lease Agreement between Memphis Center City Revenue Finance Corporation (“CCRFC”) and Somera Road – Gibson Memphis, LLC, approving an assignment and extension of the PILOT agreement to retrofit and convert the vacant manufacturing facility in downtown Memphis to a Class A office building and corporate headquarters for FedEx Trade Networks (the “Company”).

The specific request is for a written determination that it is in the best interest of the State of Tennessee for CCRFC to permit an assignment and extension of the above PILOT agreement for twenty years from the current expiration date of the PILOT plus a reasonable construction period of up to three years. In the Application to Amend PILOT Lease Agreement between CCRFC and Somera Road – Gibson Memphis, LLC, the Company estimates that approximately 323 employees will be relocated to the new corporate headquarters. The Company also expects to create approximately 339 new jobs at the headquarters location. The average annual wage for these 662 jobs is estimated to exceed \$80,000 in a census tract where the 2018 median household income is estimated to be \$16,966 and 64.64% of residents are below the poverty line.

Under T.C.A. § 7-53-305 PILOT agreements may only extend past 20 years plus a reasonable construction period of up to three years if both the Commissioner of the Department of Economic and Community Development and the Comptroller of the Treasury find that the agreement is in the best interest of the State of Tennessee. The Department of Economic and Community Development may find an agreement in the best interest of the state when it induces

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job creation and capital investment in economically distressed areas and when it is supported by the city and county governments.

Based on my review of your request letter and supporting documents, I have determined that this project and the resulting job creation and capital investment would not occur but for the incentive and that an extension of twenty years plus a reasonable construction period of up to three years is required for plan completion; therefore, the amendment and extension of the PILOT agreement is in the best interest of the State of Tennessee.

Sincerely,



Robert O. Rolfe
Commissioner

cc: Justin Wilson, Comptroller of the Treasury