

Dear County Commission and City Council Members:

Last week, I was fortunate to attend your joint meeting along with some members of the Greater Memphis Chamber's senior staff. While I was pleased with the leadership that was exhibited and the willingness to have a constructive dialogue, I also left with the feeling that there are some misconceptions amongst the bodies when it comes to economic development in our community. As Chairman of the Greater Memphis Chamber, I have challenged the entire community to make Memphis the most business friendly city in the world so that we can effectively grow our way out of some of our challenges. There is much work to be done to achieve this, but I believe that by working together, we can be successful.

As Chairman Berlin Boyd so aptly stated, "we must be more aggressive when it comes economic development and not less, because we are losing to our peer cities." We must look at our city as a business that provides excellent customer service. As I have said before, the customer makes the decision about where to invest their money, and we have to decide whether we want to keep that customer or lose them. We have a great opportunity now to look at our competition and implement both state and local economic development policies and procedures that make us the city of choice for business investment.

Now is the time to take a hard look at EDGE, its board and its leadership. I agree with Commissioner Terry Roland's assessment that "the EDGE board is lacking teeth because the EDGE president reports to the mayors, not the board itself." Every board of every organization I've ever been involved with has authority over its President & CEO. This should be no different. In addition, Councilman Martavius Jones adequately described what I believe are the characteristics needed for a successful president of EDGE. This individual must be "a dynamic salesperson" who can leverage public resources to close the deals once we bring them to the table. I believe these are quick wins for the Commission and the Council which they should seriously consider moving on posthaste.

Now, as chairman of the Chamber, I do want to address one glaring misconception that "the Chamber is not doing anything to promote Memphis or economic development." That could not be further from the truth. Not only are these individuals waking up every day thinking about bringing jobs to this community, they are also dedicated to creating an environment where all of our businesses can achieve success. The business community through the Greater Memphis Chamber invests the greatest percentage of its budget on Economic Development job recruitment and retention, international business development, national advertising, public relations and promotion of Memphis, data sharing and collection and project management. For example:

- In 2018, the Chamber ED team has already conducted job recruiting trips to New York, Michigan, California, China and Japan, and will execute multiple additional key market recruitment trips throughout the year. The remainder of 2018 will be dedicated to additional international trade missions to Europe and Asia; hosting the first-ever Aerotropolis Summit with participation from businesses and government officials from Shanghai and Guangzhou, China; Paris, France; and Memphis; and will host some of the nation's leading site selection consultants to showcase our city's business assets during our annual Blue Carpet Tour in August.
- The Chamber also serves as the community's back office for economic development by confidentially providing data and information to site consultants, real estate brokers and corporate executives considering Memphis and competitor communities for literally hundreds of new office,

logistics and manufacturing projects, and retention and expansion projects being considered in Memphis.

- Finally, the Chamber also coordinates the activities of the community's One-Stop Shop team that includes EDGE, the Workforce Investment Network, the Tennessee Department of Economic and Community Development, the Tennessee Valley Authority and Memphis Light Gas and Water. This team hosts consultants and companies that visit Memphis to consider the community for a corporate expansion, relocation or retention projects.

The confusion, most recently reported on by the Memphis Business Journal, about who is responsible for "selling Memphis and Shelby County" between EDGE and the Greater Memphis Chamber stems from the fact that we are *both* responsible for selling! However, we perform different sales *functions*. The Chamber acts as the marketing and lead-generating arm, bringing the prospects to Memphis, first and foremost (and as described above), then helping them navigate the process and providing support in key areas specific to each individual project. Where we have "picked up the slack" seems to be in the latter two areas, and this is where I feel, in full agreement with Councilman Jones, that we need a real deal-closer over at EDGE so that we don't continue bringing prospects in who then choose to locate across the state lines because our process is difficult to navigate, cumbersome, and EDGE is more bureaucratic than dynamic and deal making. Site selectors, commercial real estate companies and individual business prospects tell me all the time how our neighbor to the south is so much more accommodating and easy to do business with than we are. This is the deficiency that I was trying to point out to the MBJ reporter after the meeting in saying that "We need a real rainmaker...someone on the EDGE board who is actively selling Memphis...and who is empowered to make deals with companies very nimbly. If companies have to jump through too many hoops, they will go somewhere else." And they often do!

We need to bring in good paying jobs, regardless of industry. Currently, any company that receives a PILOT incentive must pay, at a minimum, \$12 per hour, and provide health benefits. Most PILOT recipients pay wages well in excess of that threshold, and provide training opportunities and pathways for career advancement. As an executive in one of the largest distribution companies in the world, we are committed to competitive salaries with benefits like tuition reimbursement and good healthcare.

The subject of temporary jobs was raised in your meeting. This is an area that certainly requires attention, which is why the Chamber launched in January a new initiative called GOLD Temp Standards to address the employment of temporary workers. Inspired by local activists, the Chamber's SVP of Workforce Development, Ernest Strickland, worked hand-in-hand with both employers and temp agencies on requirements that would allow temporary employees to transition to full-time employees with benefits and an opportunity to break the cycle of poverty. We thank you for your wisdom in including Ernest on the WIN/GMACW workforce committee and appreciate the opportunity for Mark Herbison to participate on your committee focused on EDGE and economic development. In addition, we will provide a list of business leaders who know our competition and can offer valuable insight as you look to round out those and other committees. This is something that Nashville got right long ago, and Memphis seems to be really turning the corner on: strong alignment between private and public sector leadership. So I applaud your willingness to align with us as the voice of business and employers in the Memphis and Shelby County community.

Finally, I wanted to let you know that we are embarking on a comprehensive assessment specifically focused on improving economic development. The assessment will benchmark and conduct a competitive analysis on the tax environment, incentives, and processes of our peer cities. Funding for this part of the plan has been secured and will be completed in June. We all have strong opinions about what is or is not working with regards to Economic Development in Memphis and Shelby County. This assessment will provide the data necessary to guide us in a collaborative effort to transform Memphis and Shelby County into the Economic Development juggernaut we all want it to be.

There will also be a broader and more strategic look at our economic assets and competencies, identifying what levers we should be prioritizing to grow jobs and generate economic growth. Completion for this part of the plan is directly tied to securing the necessary funding. I want to invite you, as elected leaders, to participate in this process along the way. I will personally keep you updated on the progress with periodic meetings. To that end, please join me for breakfast on Thursday, March 29 at 7:30 a.m. at the Hilton Memphis, Grand Ballroom. I will be kicking-off the Chamber's new Memphis Business Council – a council specifically designed for small to medium size businesses – and I would love to have you attend. Immediately following the breakfast, I would love to have you all join me in Directors Row Room #1 of the hotel to discuss our progress when it comes to growing our community.

I believe that in working together, we will create one of the most competitive cities in the world. We are just getting started and our best day are ahead.

Thanks and Best Regards,

RWS

Richard W. Smith