

ECONOMIC DEVELOPMENT COMMISSION
Thursday, March 2, 2017
Blue Conference Room
1930 South Germantown Road

The regular meeting of the Economic Development Commission (EDC) was held Thursday, March 2, 2017, in the Blue Conference Room. Chairman Klein called the meeting to order at 5:30 p.m.

PRESENT: Jerry Klein, Brian Pecon, Jim Lefler, Janet Geyer, Steven Levy, Michelle Johns, Keith Saunders, Bo Adams, Sidney Kuehn, Rick Towne, Trey Sowell, Janie Day, and Alderman John Barzizza

GUESTS: Shawn Massey, CCIM, CRX, CLS, ALC with The Shopping Center Group

ABSENT: None

STAFF PRESENT: Cameron Ross, Director of Economic and Community Development, and Marie Lisco, Economic Development Manager

1. A quorum for tonight's Economic Development Commission meeting was met.

2. Minutes: Approval of Minutes for February 2, 2017:

Chairman Klein stated the first order of business is the approval of the minutes for February 2, 2017. If there were no additions, corrections or deletions to the minutes, he would entertain a motion for approval.

Mr. Saunders moved to approve the Economic Development Commission minutes of February 2, 2017, seconded by Mr. Pecon. **The motion was passed.**

3. Reports/Monthly/Quarterly:

a) City Germantown Economic Development – Meeting Update:

Mr. Ross stated he attended the 12th annual TVA Economic Developers' Forum in Nashville on February 23-24. He had the opportunity to hear from the President of the Tennessee Valley Authority. The focus was on diversity, their assets, "prepare for disruption," how they go about doing business, and how it translates into the Economic Development world. There were several sessions that they offered to the participants of this workshop which is an invitation only workshop. Germantown was invited because of our participation with TVA as one of their Platinum Sustainable Communities in the Valley. We were the first, and still the only, Platinum Sustainable Community in west Tennessee. The sessions were on target markets, crisis communication, and how to engage your young professionals to build that market, and ways to encourage growth.

Ms. Lisco stated she attended the Commercial Property Forecast Summit by MAAR which is an annual meeting. I have included some information from the highpoints they shared about what they see coming. MAA was among the headlines, and we were excited to see Germantown recognized. They brought up the different vacancy rates by submarket. Germantown falls in the east submarket. As you can tell, there's not a lot available in terms of class A space. The other project mentioned was TraVure for contributing to the space available. The rate for office is going to continue to go up. Chuck Pinkowski with Pinkowski and Company came and spoke about the hotel market and different hotel projects going on in the area. Hampton Inn and Suites as well as the Hilton dual branded hotel at TraVure were mentioned as being new editions.

b) Planning/Small Area Plan - Nodes/Districts:

- i. Central Business District (Smart Code) – The Hampton Inn and Suites is taking reservations right now for overnight stays starting with April 15th.
- ii. East Poplar Avenue (at Forest Hill-Irene) –
- iii. West Poplar Avenue District (Smart Code) – TraVure has a lot of construction. You can see plenty of activity already happening. The hotel is going through its final plan review. We hope

to have that development contract to the BMA on February 27. The Mid America Apartments (MAA) work is on schedule.

- iv. Wolf River Blvd. – There's still plenty of medical activity going on.
- v. Forest Hill Heights (Smart Code) - In Forest Hill Heights, we have had a significant amount of interest for the opportunities being developed as part of the Smart Code application overlay.

c) **Germantown IDB:** The IDB met Tuesday, February 7, to address a number of administrative items including the termination of the PILOT lease agreements for West Fraser and ThyssenKrupp Elevator Manufacturing. Also, the IDB addressed a correction to a date stated in meeting on the minutes from August 2016. They elected officers and selected the pre-application IDB review team that is part of the TIF policy that was approved.

d) **Germantown Area Chamber of Commerce:**

Celebration of Excellence

Celebration of Excellence was held on February 2, 2017 at The Great Hall and Conference Center. The Large Business of the Year, the Small Business of the Year, the Non Profit of the Year, and the Ambassador of the Year were awarded that night. The winners were Campbell Clinic for the Larger Business of the Year, Bikes Plus for the Small Business of the Year, Germantown Community Theater for the Non-profit of the Year, and Eric Saffold for the Ambassador of the Year.

2nd Annual Health and Wellness EXPO

The 2nd Annual Health and Wellness EXPO will be Thursday, April 27th at The Great Hall and Conference Center. In support of the City of Germantown being tapped by Governor Haslam as a PILOT program for a Healthier TN, and a Healthier Germantown, the Chamber is hosting this EXPO. The participants are all medically related, so they do business with each other that day, and then also network with the attendees. This year Methodist LeBonheur Hospital is bringing their inflatable Brain, and Baptist Women's is bringing their Mobile Mammogram.

The Chamber Golf Classic is June 19th at Windyke Country Club

This year the Chamber is partnering with Susan G Koman of the Mid-South to help support breast cancer research. Women golfers will play in the morning and the guys will play in the afternoon. We will have a pink golf cart that the players will bid on prior to the golf tournament. The highest bidders will ride in the pink golf cart for the morning, and the afternoon rounds. We have many prizes, and flight awards that are up for bid.

Germantown Magazine

The Chamber produced our own magazine this year as a new source of revenue. The magazine was mailed to every household in Germantown and to every chamber member business. The Chamber sold the ads and we outsourced the Editor, the photographer, the writer, and the layout person. The net profit was a huge increase to the chamber's bottom line. We will be producing our own magazine each year from now on.

4. **Guest:**

Shawn Massey, CCIM, CRX, CLS with The Shopping Center Group made a presentation. Retail is changing. On vacancies, Germantown does not have 8.4 percent vacancies; it's probably less than 3 percent when you take away the old Border's space and Kroger. If you took out the Office Max space and the space next to Spouts, you are less than 2 percent. Germantown is in an expansion phase with new construction like TraVure, Thornwood, and Arthur tract coming up. Germantown does not have a lot of space to develop anymore. I'm building a new 150,000 square foot shopping center in Frayser; they haven't built a shopping center in Frayser in 30 years. I have a 45,000 square foot shopping center which I'm building in Binghamton; they have not had a shopping center since I have been alive. Food and health are driving growth such as Whole Foods Market, Sprouts Farmers Market, The Fresh Market, Kroger, Target, and Trader Joe's. This is where you can develop neighborhoods and community with great food, good pure food, and health programs like Orangetheory Fitness, and Cyclebar. The department stores are declining. Fortunately, you don't have any department stores. Don't feel bad about stores closing. It means the retailer is not competing. That's creating new opportunities. There are retailers today which we would never have thought about a year ago. One is Memphis Escape Rooms, with 2 or 3 apparel spaces on South Main. They drop 1500 customers a week. They do corporate shows during the day and team

building exercises for corporations. Is E-Commerce affecting bricks and mortar? Annual online sales increased 20 percent in 2016. E-Commerce's total share of US retail sales is roughly 9.5 percent (excluding automotive and fuel sales). The new math of the Omni channel world is in-store only shopper spends \$1,400, online only shopper spends \$200, and dual platform shopper spends \$2,500. We only have 65,000 square feet of retail space, and I have turned down over a 100 tenants because the owners did not see the retailer fitting within the project. Pop up retail is growing. In Bolivar, TN we will be running pop up retail in food trucks every single weekend in the summer to build up their square.

Urban developments will replace shopping centers. More retail stores will be transformed into places that sell experiences rather than goods, and more development will combine housing and retail to satisfy consumer demand for places that offer convenient and car-free shopping. An 86% surge in household formations in the coming decade will represent 58% of the net new households. Local trends are where Germantown fits. You don't shop at your stores or eat at your restaurants. You don't support your own retailers here. You should be doing that for the sales. You have schools and education to support. You really need to start a shop local program. Shop local, spend local, eat local, and enjoy local. It takes you to start the trend. Support the local businesses that support the area where you live, work, and play. The millennial is critical. It is the driving force behind a lot of the change in retail. Nearly 50 percent of all retail production is restaurants.

Mr. Massey said that the mixed use infill for TraVure is \$90 million, Thornwood is \$150 million, and Trader Joe's is \$3.5 million. Mixed use is where it's at. You get diversity, people clustering, sense of place, and people working together.

The median household income for the Germantown zip code 38139 is \$135,999 and the average household income is \$190,120. The median household income for zip code 38138 is \$102,135 and the average household income is \$133,972. Germantown has approximately 40,000 people and 200,000 within a 5-mile radius of the site.

Mr. Massey noted last year some of you asked me why does Saddle Creek have so many vacancies and what's happened? They waited to get the right retailers to come. The retailers don't expand a lot of stores every year. This is a list that has come to Germantown:

Allen Edmonds
Lululemon
Michael Kors
Monsoon Children
Paper Source
SEE Eyewear
AT&T
Sleep Number
Sur La Table
Victoria's Secret

Mr. Massey stated Thornwood is a great project. I really respect the developers. TraVure is going to be a different kind of retail. It's not there to compete against Saddle Creek or Thornwood. TraVure has 35,000 square feet of retail. You have two hotels and 150,000 square foot office space and retail. That includes MAA-congratulations! The big reason that you got MAA to come there is because you have a mixed use project that they can walk to the hotels. The retail is going to be more of amenities to the project. It's going to have retailers that are going to serve all the employees in that building, and all the people at the hotel. It's going to have some restaurants that Germantown people will go to, but their primary customers are focused on 60 to 70 percent of what is going to come out of the building.

Mr. Massey stated the Arthur Tract is (35 acres) and this one could be a really game changer for Germantown. It's going to have residential above the retail.

5. **New/Old Business:**

New Businesses coming soon to Germantown:

Bella Vita

Casablanca

Farm & Fries

Hampton Inn & Suites

Itty Bitty Bella

Newks

The Pastry Chef

SEE Eyewear

Staks

Sur La table

Trader Joe's

Victoria's Secret

6. The next EDC meeting will be on Thursday, April 6, 2017, at 5:30 p.m.

7. **Adjournment:** There being no further business, the meeting was adjourned.