

## **PAYMENT-IN-LIEU-OF-TAX APPLICATION**



**ECONOMIC DEVELOPMENT  
GROWTH ENGINE**  
FOR MEMPHIS & SHELBY COUNTY

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**100 Peabody Place, Suite 1100  
Memphis, TN 38103  
(901) 341-2100**

Please submit your application online at [www.growth-engine.org](http://www.growth-engine.org)

APPLICATION FOR PILOT

ECONOMIC DEVELOPMENT GROWTH ENGINE INDUSTRIAL DEVELOPMENT BOARD OF CITY OF MEMPHIS AND SHELBY COUNTY, TENNESSEE

Applicant

Company Name: Mark Anthony Brewing, Inc.
Company Contact: John Sacksteder or Scott Campbell
Mailing Address: 300 W Hubbard St - Suite 301
City: Chicago State: IL Zip: 60654
Telephone: 3124778624 Fax:
Federal Employer Identification Number: 94-3347288
Applicant's Legal Structure: Incorporated

If any outside consultants will be representing the applicant (accounting firm, law firm or site consultant) in applying for this PILOT, please provide the following:

Company Name Cushman & Wakefield | Commercial Advisors, LLC
Contact Name: Max Aldrich
Mailing Address: 5101 Wheelis Drive, Suite 300
City: Memphis State: TN Zip: 38117
Telephone: 901-366-6070 Fax: 901-366-4617

Project Location

- A. Address: 5625 Challenge Drive
B. Tax Parcel Numbers: 09340000565
C. City of Memphis: Yes No
D. New Market Tax Credit Eligible Site: Yes No

Project Description

Briefly describe the applicant's principal business activities to be conducted at the Project Site:

See Attached Exhibit 1

Project - Real Property Investment

- Building a new sq. ft. facility
Purchasing an existing facility, and Making renovations or additions
Leasing 341,049 sq. ft. of an existing facility and Making renovations or additions

Category	Capital Investment
Purchase Price of Land	\$
Purchase Price of Building	\$
New Construction/Site Improvements	\$ 825,861
Renovation of Existing Structure	\$ 100,000
Soft Costs	\$
<b>TOTAL</b>	<b>\$ 925,861</b>

**Project - Personal Property Investment**

Group	New	Relocated <sup>2</sup>
1 – Furniture, Fixtures, General Equipment & All Other Property Not Listed in Another Group	\$ 250,000	\$
2 – Computers, Copiers, Fax Machines, Peripherals & Tools	\$ 50,000	\$
3 -- Molds, Dies & Jigs	\$	\$
4 – Aircraft, Towers & Boats <sup>1</sup>	\$	\$
5 – Manufacturing Machinery	\$	\$
6 – Billboards, Tanks & Pipelines	\$	\$
7 – Scrap Property <sup>1</sup>	\$	\$
8 – Raw Material & Supplies <sup>1</sup>	\$	\$
9 – Vehicles <sup>1</sup>	\$	\$
<b>TOTAL</b>	<b>\$ 300,000</b>	<b>\$</b>

<sup>1</sup>Vehicles, towers, scrap and inventory are not eligible for a PILOT agreement, but the value of these items may be included in the determination of the PILOT benefit. <sup>2</sup>Depreciated value.

**Items to be submitted with this application**

Tax Compliance – Provide documentation demonstrating payment of all municipal, county, state, and federal taxes due for all properties owned by the Applicant located within Shelby County.

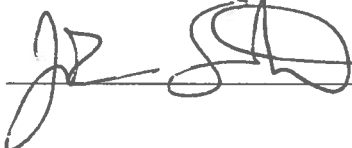
Application Fee (\$3,000.00)

**Other**

Applicant Financial Information – Staff will need to review audited financial statements for the most recent three fiscal years.

This Application is made in order to induce EDGE to grant financial incentives to Applicant. Applicant represents and warrants that the statements contained herein or attached hereto are true and correct to the best of their knowledge and include all information materially significant to EDGE in its consideration of this Application.

Applicant has read and agrees to comply with all requirements of the EDGE Jobs PILOT Program Policies and Procedures. Applicant specifically agrees to pay all reasonable costs, fees, and expenses incurred by EDGE in connection with this Application, whether or not the financial incentives are granted or the Project is consummated.

Applicant:  \_\_\_\_\_

Date: 10/25/18

**PROJECT EMPLOYMENT**

Position	# of Full-time Jobs <sup>1</sup>	Average Annual Base Pay <sup>2</sup>		Annual Overtime/ Incentive Pay <sup>3</sup>		Annual Benefits <sup>4</sup>		Annual Total Compensation	
		Each	Total	Each	Total	Each	Total	Each	Total
See Attached Exhibit 2									
<b>Total</b>									
<b>Average</b>									

*Definitions:*  
<sup>1</sup>Permanent jobs or combination of permanent positions that provide employment of 1,600 hours or more within a year that is employed directly by the Applicant or employed by a contract employer on behalf of the Applicant.  
<sup>2</sup>Annual base wage must exceed \$12 per hour to be included, please show payments as annual average wages.  
<sup>3</sup>Include paid overtime, paid holidays and vacation pay. Do not include discretionary bonus or stock options.  
<sup>4</sup>Include health insurance, dental insurance, 401K plans, paid sick leave, bonus compensation, etc.

# EXHIBIT 1

## ***Mark Anthony Brewing, Inc. – Memphis/Shelby County PILOT Application***

### Mark Anthony Brewing, Inc. Company Overview

The Applicant, Mark Anthony Brewing, Inc. (Mark Anthony) is an international company and is headquartered in Vancouver, Canada. The company operates in the malt beverage, spirits and wine businesses. In the United States, the largest component of business falls under malt alcohol business with successful and well-known brands such as Mike's Hard Lemonade, Mike's Harder Lemonade, Cayman Jack and White Claw.

### Mark Anthony Project Description:

Mark Anthony has worked with Blues City Brewing in Memphis since this facility opened seven years ago and Blues City has become one of Mark Anthony's largest production facilities. Due to this tremendous growth, Mark Anthony is assessing the need to open a large scale warehouse and distribution facility in the area (the "Project"). The Project will be done in two phases and projections regarding these phases are as follows:

In Phase 1, Mark Anthony will lease and occupy approximately 340,000 square feet of warehouse and distribution space, add approximately 30 new jobs with an average base wage of approximately \$38,000 and have capital investment by both the company and the Landlord in real and personal property improvements that will exceed \$1 million.

Phase 2 of the Project will commence within the two year ramp up period of the initial PILOT, if granted. Phase 2 will consist of the addition of approximately 120,000 square feet and the addition of 12 more warehouse and distribution jobs to help service the growth plan. In addition, the company seeks to have additional expansion rights in the building which could lead to further expansion in the years ahead.

Mark Anthony asks for consideration by the EDGE Board for approval of both Phases of this growth plan which will result in occupancy of approximately 460,000 square feet and 42 full time warehouse and distribution jobs within the two year ramp up period of the Project.

### Need for PILOT Assistance:

The need for assistance through the PILOT program is based upon local competition in Mississippi and other freight forwarding warehouses that could be used throughout the country, namely in Dallas, Texas, Los Angeles, CA and Sparks, NV. Given Mark Anthony's relationship with the Blues City Brewing production facility, it would be advantageous for the company to have this new warehouse and distribution center in close proximity to this facility and Mark Anthony will weigh labor costs, expenses, incentives and other considerations when making this decision. Cushman & Wakefield, a leading global real estate services firm, has been chosen to assist in site selection and negotiating incentives to address access to talent, future growth, and cost containment. The incentives obtained will be a determining factor in the site selection process.

# EXHIBIT 1

## Summary:

Mark Anthony is excited about the possibility of locating this new large scale warehouse and distribution facility in Memphis/Shelby County. Although there are many advantages to locating this Project in Shelby County, there are also many cost considerations that must be addressed. The EDGE PILOT incentives will be a major factor in deciding where to locate this Project.

As a benefit to the City of Memphis and Shelby County, Mark Anthony believes that this Project will:

1. Create numerous full-time warehouse and distribution jobs in the area.
2. Create significant capital investment in both real and personal property.
3. Increase local and national commerce, and
4. Enhance the city and county tax base.

**EXHIBIT 2**

**PROJECT EMPLOYMENT -- Phase 1**

Position	# of Full-time Jobs (1)	Average Annual Base Pay (2)		Annual Overtime/ Incentive Pay (3)		Annual Benefits (4)		Annual Total Compensation	
		Each	Total	Each	Total	Each	Total	Each	Total
Facility Manager	1	110,000	110,000	-	-	38,500	38,500	148,500	148,500
Warehouse Supervisor	2	60,000	120,000	-	-	21,000	42,000	81,000	162,000
Office Manager	1	52,000	52,000	-	-	18,200	18,200	70,200	70,200
Inventory Control	1	60,000	60,000	-	-	21,000	21,000	81,000	81,000
Customer Service Reps	4	33,600	134,400	-	-	11,760	47,040	45,360	181,440
Lift Drivers	19	31,792	604,040	-	-	11,127	211,414	42,919	815,454
Housekeeping	2	24,960	49,920	-	-	8,736	17,472	33,696	67,392
<b>Total</b>	30		1,130,360		-		395,626		1,525,986
<b>Average</b>			37,679		-		13,188		50,866

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- (2) Annual base wage must exceed \$12 per hour to be included, please show payments as annual average wages.
- (3) Include paid overtime, paid holidays and vacation pay. Do not include discretionary bonus or stock options.
- (4) Include health insurance, dental insurance, 401K plans, paid sick leave, bonus compensation, etc.

**EXHIBIT 2**

**PROJECT EMPLOYMENT -- Phase 2 (Additional Jobs)**

Position	# of Full-time Jobs (1)	Average Annual Base Pay (2)		Annual Overtime/ Incentive Pay (3)		Annual Benefits (4)		Annual Total Compensation	
		Each	Total	Each	Total	Each	Total	Each	Total
Warehouse Supervisor	1	61,800	61,800	-	-	21,630	21,630	83,430	83,430
Customer Service Reps	1	32,640	32,640	-	-	11,424	11,424	44,064	44,064
Lift Drivers	10	32,163	321,630	-	-	11,257	112,571	43,420	434,201
<b>Total</b>	12		416,070		-		145,625		561,695
<b>Average</b>			34,673		-		12,135		46,808

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**EXHIBIT 2**

**TOTAL PROJECT EMPLOYMENT -- Phase 1 & Phase 2 Combined**

Position	# of Full-time Jobs (1)	Average Annual Base Pay (2)		Annual Overtime/ Incentive Pay (3)		Annual Benefits (4)		Annual Total Compensation	
		Each	Total	Each	Total	Each	Total	Each	Total
Facility Manager	1	110,000	110,000	-	-	38,500	38,500	148,500	148,500
Warehouse Supervisor	3	60,600	181,800	-	-	21,210	63,630	81,810	245,430
Office Manager	1	52,000	52,000	-	-	18,200	18,200	70,200	70,200
Inventory Control	1	60,000	60,000	-	-	21,000	21,000	81,000	81,000
Customer Service Reps	5	33,408	167,040	-	-	11,693	58,464	45,101	225,504
Lift Drivers	29	31,920	925,670	-	-	11,172	323,985	43,092	1,249,655
Housekeeping	2	24,960	49,920	-	-	8,736	17,472	33,696	67,392
<b>Total</b>	42		1,546,430		-		541,251		2,087,681
<b>Average</b>			36,820		-		12,887		49,707

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