

**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: Blues City Brewery, LLC
Company Contact: Allen Welch, Plant Manager
Mailing Address: 5151 E. Raines Road
City: Memphis State: TN Zip: 38118
Telephone: 901-261-5200 Fax:
Federal Employer Identification Number: 52-2270167
Applicant's Legal Structure: LLC

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 Bass, Berry & Sims PLC
Contact Name: Taylor Gray or Jessica Reeves
Mailing Address: The Tower at Peabody Place, 100 Peabody Place, Suite 1300
City: Memphis State: TN Zip: 38103-3672
Telephone: 901-543-5945 Fax: 866-879-3216

Project Location

- A. Address: 5151 E. Raines Road
B. Tax Parcel Numbers: 093400 00628
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 Exhibit A

Blues City Brewery, LLC, is a brewery and beverage manufacturer. This project will add additional liquid processing and packaging capacity inside the site's current footprint.

Project - Real Property Investment

- Building a new sq. ft. facility
Purchasing an existing facility, and Making renovations or additions
Leasing 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	\$
Renovation of Existing Structure	\$
Soft Costs	\$
TOTAL	\$

**Project - Personal Property Investment**

Group	New	Relocated <sup>2</sup>
1 – Furniture, Fixtures, General Equipment & All Other Property Not Listed in Another Group	\$	\$
2 – Computers, Copiers, Fax Machines, Peripherals & Tools	\$	\$
3 -- Molds, Dies & Jigs	\$	\$
4 – Aircraft, Towers & Boats <sup>1</sup>	\$	\$
5 – Manufacturing Machinery	\$ 49,000,000	\$
6 – Billboards, Tanks & Pipelines	\$	\$
7 – Scrap Property <sup>1</sup>	\$	\$
8 – Raw Material & Supplies <sup>1</sup>	\$	\$
9 – Vehicles <sup>1</sup>	\$	\$
TOTAL	\$	\$

<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**

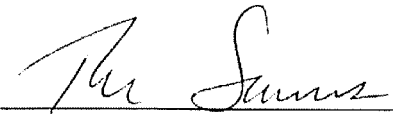
- Tax Compliance – Provide documentation demonstrating payment of all municipal, county, state, and federal taxes due for all properties owned by the Applicant located within Shelby County.
- Application Fee (\$3,000.00)

**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: 12-30-19

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
Packaging Operator	46	\$35,644.00	\$1,639,624.00	\$14,093.02	\$648,278.92	\$8,959.02	\$412,114.92	\$58,696.04	\$2,700,017.84
Warehouse Operator	20	\$35,644.00	\$712,880.00	\$14,093.02	\$281,860.40	\$8,959.02	\$179,180.40	\$58,696.04	\$1,173,920.80
Variety Pack Line Operators	46	\$35,644.00	\$1,639,624.00	\$14,093.02	\$648,278.92	\$8,959.02	\$412,114.92	\$58,696.04	\$2,700,017.84
Batching Operators	6	\$35,644.00	\$213,864.00	\$14,093.02	\$84,558.12	\$8,959.02	\$53,754.12	\$58,696.04	\$352,176.24
Brewing Operators	2	\$35,644.00	\$71,288.00	\$14,093.02	\$28,186.04	\$8,959.02	\$17,918.04	\$58,696.04	\$117,392.08
Yellow Box Operators	1	\$35,644.00	\$35,644.00	\$14,093.02	\$14,093.02	\$8,959.02	\$8,959.02	\$58,696.04	\$58,696.04
Govt Cellar Operators	2	\$35,644.00	\$71,288.00	\$14,093.02	\$28,186.04	\$8,959.02	\$17,918.04	\$58,696.04	\$117,392.08
QA Techs	8	\$45,760.00	\$366,080.00	\$17,600.00	\$140,800.00	\$8,959.02	\$71,672.16	\$72,319.02	\$578,552.16
Packaging Mechanics	10	\$62,400.00	\$624,000.00	\$33,360.00	\$333,600.00	\$8,959.02	\$89,590.20	\$104,719.02	\$1,047,190.20
Process Maintenance Mechanics	10	\$62,400.00	\$624,000.00	\$33,360.00	\$333,600.00	\$8,959.02	\$89,590.20	\$104,719.02	\$1,047,190.20
Building and Grounds Crew	4	\$54,080.00	\$216,320.00	\$4,576.00	\$18,304.00	\$8,959.02	\$35,836.08	\$67,615.02	\$270,460.08
<b>Total</b>	155		\$6,214,612.00		\$2,559,745.46		\$1,388,648.10		\$10,163,005.56
<b>Average</b>			\$40,094.27		\$16,514.49		\$8,959.02		\$65,567.78

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 A to PILOT Application

### Project Description:

Blues City Brewery, LLC (the “Company”) is a brewer and beverage manufacturer for a variety of product lines. The Company’s proposed personal property investment relates to its plan to increase its capacity to compete in the marketplace and to expand its presence in the liquid processing and packaging portion of its business.

The Company’s parent organization, City Brewing Company, is headquartered in La Crosse, Wisconsin, and operates facilities in (i) La Crosse, Wisconsin, (ii) Latrobe, Pennsylvania, and (iii) Memphis, Tennessee. The Company’s facility in Memphis opened in 1971 and was originally operated by Schlitz Brewing Company. The Company acquired the facility in 2011. The Memphis facility produces more than 60 million cases of beverages each year, all of which is thoroughly tested for quality assurance. It is one of the largest and most competitive facilities of its kind in the country. City Brewing Company is currently experiencing increasing demands for liquid processing and packaging services and is looking to expand its production capacity. The Memphis facility has been identified as a favorable option because it has the space and capacity to add additional production lines. However, the Memphis facility will need some improvements and new machinery in order to for the additional production lines to be fully operational.

The Company is seeking assistance in the form of a personal property PILOT in order to make an investment in manufacturing machinery that would allow the Company to increase its number of operating production lines for the liquid processing and packaging. The new production lines would allow the Company to hire additional full-time equivalent employees and to add more shifts to its current operations. The Company operates in a competitive marketplace. The personal property investment is necessary at this time to allow the Company to expand its capacity to meet increasing demands in the marketplace and would allow significant investment into the community for the foreseeable future.

The \$49,000,000.00 equipment investment is highlighted in the following projects.

#### Liquid Processing

- 8 Pack Storage – Vertical fermenters refurbished along with piping and controls
- Batch Tanks – Finished liquid tanks being refurbished with piping and controls
- CIP System – Additional CIP system installed for simultaneous cleaning
- Ammonia/Glycol Improvements – Condensers, compressors, pumps and system overhaul
- Batch Loop D – 4<sup>th</sup> batch loop addition to keep up with packaging floor needs
- Delta V Upgrade – Brewing/Batching control system upgrade
- Sugar Storage – Refurbish bulk sugar tanks for additional brewing and batching storage.

#### Variety Pack Line #2

- Warehouse space conversion to make room for a packaging line. Electrical and drainage work to existing infrastructure
- Major Equipment: Palletizers & wrappers (2), GPI 2100 G3, GPI TD, Nigrelli Diplomat, Arrowhead decaser, Douglas shrink tunnel, Shrink removal system, Arrowhead conveyance.

#### C4 Packaging Equipment

- Floor preparation, plumbing, mez structure, and electrical work
- Major Equipment: GPI 2100 G3, Nigrelli tray former, Douglas shrink tunnel, Douglas LP tray former & shrink tunnel, ryson spiral (2), Conveyance, Palletizer and wrappers (2)

#### C5 Packaging Equipment

- Floor Preparation, plumbing, mez structure and electrical work
- Major Equipment: KHS Filler, GEBO Pasteurizer, GPI 2100 G3, Nigrelli tray former, Douglas shrink tunnel, Douglas LP tray former & shrink tunnel, ryson spiral (2), Conveyance, Palletizer and wrappers (2), HC/Tray forming