

SAMPLE TIIPS APPLICATION

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I. INTRODUCTION

This application for the Tennessee Industrial Infrastructure Program is being driven by the relocation of the corporate headquarters, of Acme & Acme, from Everytown, Maryland to Memphis, TN. Acme & Acme officially changed the address of its corporate headquarters from Maryland to Tennessee in January 1998. Currently located in the First General Bank Building, Acme & Acme plans to purchase the XYZ Building in downtown Memphis, restore the building, and move staff and operations into the building upon completion. Approximately \$2,000,000 in development cost has already been expended by Acme & Acme for the design and development of this building. The complete development cost for the office building will be approximately \$24,000,000 and the adjacent garage will require approximately \$10,000,000.

While headquarters officially moved to Memphis, a number of departments (95 staff) remain in the Everytown office. Acme & Acme, in anticipation of the relocation increased its staff in Memphis from nine (9) in October 1997, to sixty-eight (68) in September 1998. These staff increases have been in the departments of Human Resources, Construction, Development, Acquisitions and Franchise. The current plan involves the relocation of the operations, accounting, finance and M.I.S. departments from Everytown to Memphis. Relocating and, or hiring locally, to move these departments to Memphis, will result in our Memphis staff increasing to approximately 150 by next year. The objective however is to have all departments operating in Memphis when we move into the XYZ Building, in late fall 1999.

Growth at corporate headquarters in Memphis is expected to continue as new properties are acquired or developed. The company currently has approximately 1,500 employees who are primarily located in the self-storage facilities we own or operate in 31 states. As we acquire and develop additional units, staff at corporate headquarters will increase. With assets increasing by \$300 million a year, we can expect staffing to increase company wide by, in excess of, 200 people a year.

The staff at corporate headquarters are principally compensated on an annual basis and not hourly. An approximate annual compensation for corporate staff will be \$40,000.

Acme & Acme Equal Employment Opportunity Policy provides that employment decisions shall be made without regard to race, color, religion, sex, age, national origin, citizenship, martial or U.S. veteran status, disability, or any other legally protected status. It is also our policy that each employee's work environment be free of discrimination based on the above characteristics, and that relations among employees be conducted on the basis of mutual respect. Consequently, it is the duty of every employee to refrain from discrimination against any other employee or any other person at a work site, based upon that person's race, color, religion, sex, age, national origin, citizenship, martial or U.S. veteran status, disability, or any other legally protected status.

We want all aspects of the employment relationship to be conducted in a professional, fair and non-discriminatory manner, including hiring, training, compensation, employee benefits, promotion, transfer, disciplinary action, layoff, and termination.

This policy prohibits discriminatory harassment in any form, whether intentional or unintentional. We will not tolerate illegally harassment based on race, color, sex, age, religion, disability, national origin, citizenship, martial status, or U.S. veteran status. Moreover, offensive behavior or communications relating to gender but without specific sexual connotation are also prohibited and will not be tolerated. For these reasons, it is our policy that our personnel avoid any conduct or communications which may be offensive to anyone, including but not limited to: derogatory jokes, slurs, names, or remarks; posting of derogatory or offensive materials; epithets or insults; threats; stereotyping; and exclusion from social or other functions. Such harassing conduct may also occur when employees impose their own views regarding race, religion, age, disability, on others in a manner that is offensive.

In addition to the above, the company provides diversity classes to employees. In addition, the company has shown its support for community minority projects, such as its pledge towards the addition to the National Civil Rights Museum.

The company does not tolerate discrimination or harassment and takes appropriate disciplinary action, up to and including termination or employment, if our non-discrimination policies are violated.

Employees who believe that they have been the victims of any prohibited discrimination or harassment should immediately inform the Senior Vice President or Executive Vice President of the appropriate department and the Manage of Human Resources.

The manager of Human Resources will apprise the Chief Operating Office and the Company will conduct a prompt and thorough investigation that will, to the extent possible, protect the privacy of all parties concerned.

Following the investigation, remedial action including, as warranted and appropriate, discipline up to and including termination, will be taken against anyone found to have violated this policy. Acme & Acme will attempt to prevent any retaliation against complainants or witnesses and will take disciplinary action against any employee who engages in retaliation conduct.

II. COMMITMENT LETTER FOR FUNDING

Acme & Acme is currently evaluating whether the company wants to own the XYZ Building and garage or become the major tenant of the development by selling it to MAX Properties, another Real Estate Investment Trust. If a sale takes place, then funding for the development will come from MAX Properties. If Acme & Acme decides to own the development, the funding for this development will come from internal operations. Copies of Acme & Acme Annual Report are included in this application for information.

III. BUSINESS PLAN

A. SUMMARY

1. ADDRESS

Acme & Acme
000 Madison Avenue
Memphis, Tennessee 38100

2. BUSINESS DESCRIPTION

Acme & Acme is a real estate investment trust (REIT) which owns, manages, develops and franchises super-carts facilities. Acme & Acme operates and franchises approximately 500 facilities in 31 states, which makes it the second largest self-storage facility in the country. The company has increased its assets over \$300 million a year for the past several years and anticipates continued growth. Currently Acme & Acme has on staff 1,525 employees.

3. MANAGEMENT DESCRIPTION

Refer to attachment "Acme & Acme Senior Management".

4. PRODUCT DESCRIPTION

Acme & Acme's principal product is super carts for individuals and businesses. In addition, the company obtains revenue from the sale of products associated with moving material, such as boxes, packing material, locks, etc. Storage USA also receives revenue from carting owned by others.

B. THE BUSINESS HISTORY AND FUTURE

1. HISTORY

Sam Anybody and Peter People formed Acme & Acme in the fall of 1985. The concept, that was the catalyst for the foundation for the company, was the belief that the self-storage industry was relatively unsophisticated and principally run by small operators who controlled one or two facilities. Mr. Anybody and Mr. People believed that if a self-storage company would operate with the same sophistication found in other types of real estate, that they would outperform the self-storage industry. This belief proved correct and Acme & Acme grew strongly and went public in 1994. In 1997 the company acquired nearly \$1,000,000 of property every day for a total of \$353 million.

Acme & Acme is on the leading edge of the industry with its automated accounting and reporting systems, each linked from its remote site to headquarters. The company also places great emphasis on professional property

management and training of all facility managers to insure customer satisfaction with profitable operation.

2. PLANS FOR THE FUTURE

Sam Anybody, the Chairman of Acme & Acme, believes the company is still in the early stages of growth, evidenced by the fact that while it is the second largest in the country, it control less than 3% of the self storage facilities in the country. For 1998, the company has established a goal of growing funds from operations at a double digit pace on a per share basis and to continue this growth in the near future.

C. KEY PERSONNEL

1. DIRECTORS AND OFFICERS

Refer to attachment "Acme & Acme Senior Management".

2. LABOR COST FOR HOURLY EMPLOYEES

The employees currently in Memphis and those relocating, or being locally recruited, will principally be compensated annually. We anticipate the average annual compensation for employees at the new corporate headquarters will be \$40,000.

D. FINANCING DETAILS

FINANCIAL STATEMENTS

a. HISTORICAL

Enclosed are annual reports for the years 1997 and 1996.

b. CERTIFICATE OF GOOD STANDING

Acme & Acme currently operates 39 facilities, at a cost of approximately \$160 million, throughout the state with more currently in the development or construction phases. Refer to teh enclosed annual report for the years 1997 and 1996.

E. MARKETING PLAN

1. MARKET ANALYSIS

- a. Company's Product Lines - Acme & Acme's principal product is renting and selling super carts for individuals and businesses. In addition, the company obtains revenue from the sale of products associated with carting, such as boxes, packing material, locks, etc. Acme & Acme also receive revenue from rental fees and from super carts at facilities owned by others.

- b. Target Markets - Geographic Market Area - Acme & Acme currently operates in 31 states and the District of Columbia.
- c. Major Competition - Acme & Acme is the second largest super-cart company in the United States. Its largest competitor is Easy Carts.
- d. Largest Customers - Acme & Acme's customers are principally residential customers, who account for two thirds of our business. The balance of the business is from small commercial operations.

2. CONTRACT BUSINESS

Acme & Acme has service contracts with Mighty Foods and the US Army.

IV. PROJECT DESCRIPTION

A. PROJECT SUMMARY

The project submitted is requesting assistance in relocating and or enhancing public utilities and street enhancements associated with the development of the corporate headquarters, office and garage, for Acme & Acme. The request includes three elements:

1. Relocation and or modification of public utilities at the site
2. Enhancing the street lighting along the development
3. Improving the public streetscape, sidewalks and gutters.

The corporate headquarters, which includes the XYZ Building and new garage, will be located in downtown Memphis, in an area crossed by public utilities with older and deteriorated street lighting and sidewalks. This request includes only issues relating to public use and does not include any utility connections to buildings or lighting / sidewalk enhancements on private property.

1. UTILITIES

A design study was initiated in the summer of 1997 to determine the feasibility of constructing a garage to provide parking for the XYZ Moore Building General Bank Building. The parameters for the design were to utilize land available between Madison Avenue and Monroe Avenue, provide between 800-900 parking spaces and avoid the utility alley which runs north / south through the property. A design was developed and a cost estimate was prepared. The cost for this garage design was estimated to be approximately \$14,000 a car. A careful analysis of the design was conducted by the design team, which indicated that the "shape" of the garage was lowering the efficiency by requiring large ramp areas not available for parking.

The team established that, to increase the efficiency of the structure, the width of the garage needed to increase. The adjacent public alley was carefully investigated and numerous meetings were conducted with MLGW to determine whether the utilities in this alley could be relocated or bridged over to utilize the land for the garage. Investigations indicated that if the alley width could be incorporated into the garage structure, a distance of 126' would be available, which is ideal for a two bay parking garage.

Following meetings with MLGW and the City of Memphis, a schematic design was developed and estimated. The result indicated that by increasing the width of the garage, the efficiency of the garage would dramatically increase and the construction cost would decrease from \$14,000 a car to \$10,000 a car. This change in design requires the relocation of several utility lines presently located in this alley.

2. STREET LIGHTING

Over the past year numerous discussions have been conducted with General Bank regarding their need for parking to support their corporate staff in the General Bank Building in downtown Memphis. One significant element in these discussions has been the requirement that the development provide a safe, secure and enhanced environment for their staff. We are confident that the decision by Acme & Acme to relocate its corporate office building to downtown Memphis, and its commitment to constructing a garage, has significantly effected General Bank's decision to retain its corporate headquarters downtown.

The area needing enhancements to its street lighting will start at the northeast corner of the Peabody Hotel, on Union Avenue, and extend to the garage entrance off of Madison Avenue. These few blocks will support tenants of the General Bank Building (400,000 s.f.) and the XYZ Building (200,000 s.f.).

Secondarily, upgrading the lighting on these few blocks will strengthen the connection along Third Street between the new garage, AutoZone Ballpark and the Peabody / Beale Street development directly to the south. As an increasing important tourist destination, strengthening this pedestrian way will undoubtedly benefit the City and its visitors.

3. SIDEWALK RECONSTRUCTIONS

The construction of the XYZ Building and adjacent garage, in conjunction with the currently deteriorated condition of the sidewalks abutting the development, will undoubtedly result in the need to rebuild the sidewalks. This should be completed in conjunction with the enhanced street lighting.

B. SPECIFIC PROJECT ELEMENT REQUEST

1. UTILITIES

The specific utilities requiring relocation include the following:

- a. Extending north / south under the proposed garage structure is a 16" gas line. This existing gas line can not remain in operation under the new garage and must be relocated. A new location for this 16" line has been established and a permanent easement has been created east of the Toof Building, to contain the rerouted line. The new gas line will need to be connected to the existing line during the heating season, requiring two "hot taps". A 4" gas line, which currently exist within the proposed garage footprint, must be abandoned under the new structure and capped.

- b. The water line currently in the alley under the garage will be abandoned and capped at each end.
- c. The sanitary sewer line under the proposed garage structure can not remain in operation and must be relocated. The relocated sewer will flow west in Madison Ave. to Third Street where it will turn south. The line will extend south from Madison to Monroe in Third Street, where it will connect to an existing sewer line in Monroe Avenue. The nature of this effort in downtown Memphis, considering the congestion of the utilities in the streets and the proximity of buildings, will require a portion of the relocated lines to be installed via boring or micro-tunneling. The pipe which will be installed according to standard construction practice, i.e. open cut, will require trench box utilization, due to the depth of cut and inability to lay back excavation slopes.

A second sanitary sewer line exists in the abandoned Monroe Avenue parcel between the XYZ Building and the new parking garage. Evaluation of this line has indicated that it is in poor condition and will need to be replaced to support the effluent from the XYZ Building and development to the east. The existing line is a 24" and preliminary engineering indicates that 12" line will suffice for replacement.

Refer to the attached estimates and plan which detail the scope and cost associated with this work.

2. STREET LIGHTING

Lighting proposed for this development includes new lighting standards spaced at 40'-0" on center as shown on the attached site plan. The type of light fixtures is the "Beale Street" type ornamental pole, arm and pendant luminaire. This particular pole is prevalent in many downtown projects, will provide the lighting level desired by the tenants and is keeping with the historic nature of the area, which extends to Beale Street.

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