



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
STATE AUDITOR

**Management Letter #9 Regarding:**

A Review of the Number of Employees at the Southaven Towne Center

March 9, 2011

Curt Hammontree  
CBL & Associates Properties, Inc.  
CBL Center Suite 500  
2030 Hamilton Place Blvd.  
Chattanooga, TN 37421

RE: Employment verification of the Southaven Towne Center

Dear Mr. Hammontree:

Senate Bill 2322, passed during the 2003 regular session of the Mississippi Legislature, amended MS§57-75-5(ix) and §57-75-15(c)(ii) authorizing the Mississippi Major Economic Impact Authority (MMEIA) to issue bonds in the amount of \$5 million for a regional retail shopping mall in Desoto County.

On August 15, 2003, CBL & Associates Properties, Inc. (CBL), along with the MMEIA, the City of Southaven, and the State of Mississippi signed a Memorandum of Understanding (MOU) for the Southaven Towne Center Bond Project. In the MOU, CBL, "expressed an interest in participating with other private companies in making, or causing to be made, a capital investment in excess of One Hundred and Fifty Million Dollars(\$150,000,000)" for the development of an 800,000 square foot shopping center and creating a minimum of 700 full-time jobs at \$11.00 an hour.

During the review of the Southaven Towne Center, the Office of the State Auditor (OSA) found CBL met the capital investment and the square footage requirement; investing a total of \$152,469,222 and building an 813,707 square feet shopping center. However, OSA was not able to determine whether CBL met the job creation requirements as set forth in the MOU. CBL and all of the entities occupying the shopping center diligently worked with OSA to provide the information needed to verify the actual number of full-time jobs created. CBL self reported the shopping center currently employs 1,527 employees: 536 full-time and 991 part-time positions. Furthermore, CBL has met all reporting requirements in the MOU.

In addition, OSA determined that the Mississippi Development Authority (MDA) failed to properly notify all entities involved, on the front end, of their requirements in regards to employment data needs. Regarding future projects, ***OSA recommends the Mississippi Development Authority notify all parties affected by the MOU of their obligations according to the MOU. OSA further recommends the Mississippi State Tax Commission, which has created an economic development division, maintains any employment information on all State supported economic development projects for future auditing purposes.***

OSA notes the Legislature's ultimate economic goal of this project has been met through the subsequent expansion of the original Southaven Towne Center and the business growth of the surrounding area. In just under three (3) years, the shopping center, which opened in October 2005, has generated well over \$14.2 million dollars in sales tax revenue for the State (based on a sample of 33 retailers from January 2008 through December 2010).

Sincerely,



Sam Atkinson  
Director of Performance Audit

cc: Mississippi Development Authority  
Greg Davis, Mayor

SA/bb