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Project Stella: How Nashville scored its new Alliance



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Three AllianceBernstein top executives helped announce the company's move to Nashville, from left: CFO John Weisenseel, COO Jim Gingrich and Chief Talent Officer Kate Burke.

NATHAN MORGAN | NASHVILLE BUSINESS JOURNAL



By [Adam Sichko](#) – Senior Reporter, Nashville Business Journal
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At dawn on a muggy September morning in 2016, Kim Moore floated above the rolling hills of Williamson County. Her calm hour aloft in a hot-air balloon, surveying a place she hadn't explored before, was a stark contrast to the string of business meetings that awaited her when she touched down.

Seven months after that visit, Moore was eating in an airport restaurant with her client, publicly traded finance firm AllianceBernstein. They were looking to relocate more than 1,000 jobs, and potentially even the company's headquarters, from their 50-year home base of Manhattan. Their list totaled 30 cities in 16 states around the country – but Nashville and Tennessee were nowhere to be found.

The competition turned cutthroat. AllianceBernstein had whittled its list to seven cities and begun flying to each one. The executives turned to Moore, who advises companies on picking sites and negotiating incentives, and asked: “What are we missing?”

Her answer: Check out Nashville. Did they ever. By one estimate, AllianceBernstein executives visited the Nashville region every four to six weeks throughout the next year. Operating under the code-name Project Stella, executives spoke with 50 or 60 people, from CEOs and school chiefs to chaplains and rabbis.

The company’s highest-ranking officials stood in line for Hattie B’s Hot Chicken, went backstage at the Franklin Theatre, dropped by the Latino-focused Plaza Mariachi retail center and hung out at the Gulch’s luxury Thompson Hotel. They drove to Murfreesboro, Gallatin, Hendersonville and Mt. Juliet, scoping out real estate, schools and housing. They pored over data on apartment rents, commute times and high-school test scores.

It was the most exhaustive site search many local officials had ever seen – outlined in a review of public records and interviews with 14 people that were involved in the search.

When it was over, Nashville seized a deal that a host of cities – such as Charlotte, a stronghold of the South’s banking industry – had vied for. Nashville won a corporate headquarters rivaled only by Nissan North America and Bridgestone Americas in size, scope and visibility. Nissan brought 1,300 jobs that had been in Los Angeles, while Bridgestone, already in Nashville, brought another 600 jobs that had been in Illinois and Indiana.

AllianceBernstein is importing 1,050 jobs from New York City. Their average annual salary is between \$150,000 and \$200,000, larger than the median household income in Brentwood. You will see the AllianceBernstein name in the downtown skyline, atop a newly built tower whose rent, one analyst estimates, will be roughly half what the firm pays for its 50-year-old Manhattan skyscraper.

AllianceBernstein, which has almost \$540 billion of assets under management, is decamping from New York at a time when many asset managers are threatened by the rise of funds that charge lower fees because they aren’t actively managed. That surge of competition has escalated the pressure to slash costs, as CEO Seth Bernstein noted when he called Nashville “a game-changer.”

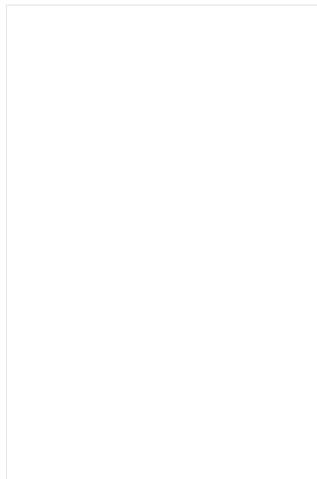
“Nashville emerged as a clear winner ... by every metric we analyzed,” Bernstein said. “No other city could compete.”

Much of the revenue-generating side of AllianceBernstein will remain in the Big Apple, roles such as traders and private wealth managers. At least eight types of jobs will move to Music City, from legal to IT to finance.

Government and business officials believe the company can be a magnet to bolster a financial industry that has lost much of its profile since homegrown J.C. Bradford & Co. was acquired in 2000. The incentives package assembled for AllianceBernstein reflects that desire – including a new state law tailored to the

company. Local officials also hope the arrival of AllianceBernstein's wealth and connections can bolster the region's venture-capital and nonprofit communities.

"It's hard for me to overstate how important this is," said Gov. Bill Haslam, who insisted on the new state law after visiting AllianceBernstein in New York early this year. "This opens up an entirely new type of company that would locate here."



Seth Bernstein is CEO of AllianceBernstein.

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First impressions

All this wasn't even a possibility until Kim Moore spoke up. Her introduction to Williamson County was no fluke. Moore, a managing director at Newmark Knight Frank's global corporate services division, has relocated 14 headquarters in her career.

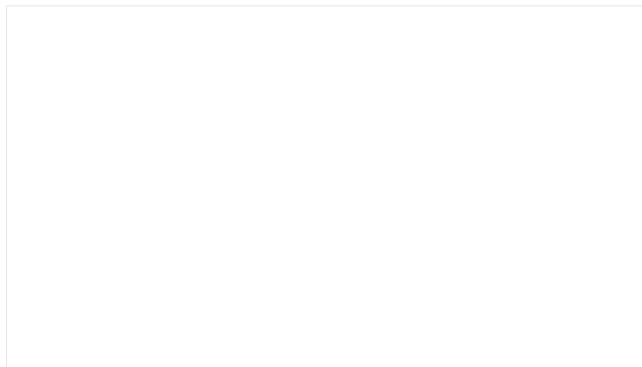
Williamson Inc., the county's combined economic development arm and chamber of commerce, invited Moore to its 2016 red-carpet event for site selectors. She dined with Nissan executives on the top floor of their headquarters. She ate at historic Homestead Manor and took in a private songwriters event. She enjoyed concerts at the Pilgrimage Festival, heightened by an all-access pass and VIP cabana. She met with officials from Tractor Supply Co., Mars Petcare and Ramsey Solutions, the business of noted financial guru Dave Ramsey.

Williamson Inc. invited her back in 2017, knowing she had AllianceBernstein in tow.

"We make it a point to invite site consultants who typically work office deals," said Matt Largen, CEO of Williamson Inc., noting the county's standing as the region's suburban corporate office hub.

Moore, who declined to comment for this story, must have provided compelling testimony. Despite being well along in its site search, AllianceBernstein added

Nashville into the mix.



Kim Moore is a managing director at Newmark Knight Frank.

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A major shakeup happened between late April, when the company booked its trip here, and May 12, when officials made that first visit. Axa, the French insurance giant who is AllianceBernstein's controlling shareholder, ousted the company's CEO and installed Bernstein (no relation to the company's founders) in the role.

"You really had one business day to make a good impression and stay on that list," said one person involved with the site search. "We did immense research before we even got there. We probably knew more about you than you did, and it was up to you to prove us right or wrong."

On May 12, 2017, AllianceBernstein officials touched down in Nashville. The company met with executives at two or three high-profile local companies, spent time in Davidson and Williamson counties, and flew off again. It would be the first of eight official visits to the Nashville region, plus a few other instances where one or two executives made informal trips.

"Many times, we weren't even aware they were here," a local official said.

On one trip, the group sat in the green room backstage at the historic Franklin Theatre, which was rescued and revitalized by the Heritage Foundation of Williamson County. The group took time to walk Main Street. Bari Watson Beasley, the foundation's CEO, recommended they check out Leiper's Fork for dinner.

'Dripping with anxiety'

The company's itinerary on a pair of November visits indicated that Nashville was coming on strong. That said, Rabbi Philip Rice wasn't sure exactly who was on the executive coach shuttle that pulled in front of Congregation Micah around 8 a.m. He only knew Williamson Inc. had asked for the meeting at the request of a company that was looking to relocate. One person got off the bus while about eight others remained on board.

"I've seen this from other people in the Northeast who have relocated before: I feel like the anxiety was dripping off of him," Rice said.

Rice showed the visitor the sanctuary and the toddlers playing at the preschool, pieces of Congregation Micah's 40-acre campus. As they parted, Rice handed his guest a copy of the "Guide to Jewish Nashville."

"Once he saw we were a high-functioning Jewish community, that was about it. It was only 10 or 15 minutes," Rice said. "These are lifelong Manhattanites. It's a big change for them."

On Nov. 29, two senior executives stopped by Fisk University to meet with Jens Frederiksen, vice president for institutional advancement. All Frederiksen knew was that the company was in finance. He thought it would last 30 minutes. They talked for two hours. After AllianceBernstein's formal announcement, Frederiksen received a thank-you email, raising the idea of partnerships with the private, historically black university.

"The company was intrigued by the minority talent, the kind that many companies long for. They said they worry about diversity and that talent is a big deal," Frederiksen said. "We're trying to serve the role of being a pipeline of diverse talent for Nashville corporations."

The next day, on Nov. 30, the AllianceBernstein group huddled in a ground-floor conference room at One Franklin Park, a 10-story office building Pat Emery developed in Cool Springs. Invited guests included Mike Looney, superintendent of Williamson County Schools. Over lunch, Looney said he touted the district's entrepreneurship programs.

"I suspect a good number of their employees will live in Williamson County. So they wanted to dig deep and get past superficial answers. They kept me on my toes, for sure," Looney said. "They were focused on building relationships and making sure our expectations are rigorous – that an 'A' is really an 'A.'"

State pursues 'crown jewel'

If AllianceBernstein's headquarters was in play, it wasn't initially obvious to local or state officials, who understood the company wanted to set up more of an operations center. A Dec. 21 trip to AllianceBernstein's 50-story tower in Manhattan made clear how high the stakes had become.

That's when company officials told Bob Rolfe, commissioner of the state Department of Economic and Community Development, that this was a headquarters move.

"We became increasingly convinced that to create the right type of environment to attract the very best people, and establish the type of culture that is so

important, that there needed to be senior-management people in the company taking that lead,” said Jim Gingrich, the company’s chief operating officer.

Rolfe called Haslam while waiting for his flight at LaGuardia Airport and said it was time for him to fly to New York and make a pitch himself.

“We discovered we had a lot of catching up to do,” Rolfe said.

The company also asked Tennessee to sweeten its incentives offer, Rolfe said. “We were glad to do so. This is a crown jewel.”

AllianceBernstein is receiving a \$17.5 million economic development grant, making the company the fourth-largest grant recipient since Haslam took office in 2011. The company also is poised to receive Metro’s standard jobs incentive, which could total as much as \$3.7 million over a seven-year span.

AllianceBernstein also could qualify for the state’s “super job tax credit,” which is worth \$5,000 per year for each eligible job the company creates and maintains over a three-year stretch. Separately, Tennessee is phasing out its tax on investment income, which will make the state one of seven without taxes on any kind of income. North Carolina is not on that list.

'Last piece of the puzzle'

In January, while in New York City at an education conference, Haslam asked if he could drop by AllianceBernstein's headquarters. Haslam left the meeting believing he needed to do one thing to seal the deal for Nashville: enact a law that taxed financial asset management companies the same way New York and North Carolina do.

"It never got to where they said, 'We will 100 percent come if you get that changed,' but they pretty much nodded at us and said, 'If you can work that out, it'll be really good for Nashville,'" Haslam said. "We did feel like that was the last piece of the puzzle."

After he returned, Haslam called Rep. David Hawk to his Capitol office. Haslam urged Hawk to sponsor a bill that would be crafted to apply to AllianceBernstein – a definition that didn't apply to any existing company in the entire state. Haslam barely had to lobby, Hawk said. The bill unanimously passed both houses about a week before Tennessee made its formal economic development grant offer. Haslam signed the bill into law on April 9, and only after that did AllianceBernstein sign its incentives paperwork and plan its formal announcement.

"You could tell it was personal. He really, really wanted these folks to come to Tennessee," Hawk said. "We hoped the legislation we put in place was the deciding factor."

The Senate version of the bill was filed Jan. 31 – which also was the same day Nashville Mayor Megan Barry admitted to having an extramarital affair with her bodyguard. The shocking confession spurred chamber officials to reach out to corporate recruits and try to reassure them. Thirty-four days later, officials were making those same calls after Barry announced her resignation. It didn't seem to faze AllianceBernstein.

AllianceBernstein also didn't seem troubled by the other tension dominating Nashville: traffic. The company made its choice before the May 1 vote on a plan to raise four local taxes to help fund a mass-transit expansion – a plan voters rejected by a 2-to-1 margin. Bernstein, the CEO, heralded "much shorter commuting times for many of our employees" as one of many highlights of the company's Nashville move.

"Part of our evaluation was not just what Tennessee and Nashville were today, but what we think Nashville would be in 10, 20, 30 years," Gingrich said. "This is a unique environment that was very business friendly."

All eyes on 2020

AllianceBernstein expects to begin adding jobs in Nashville this summer, perhaps three or four dozen by the end of the year. More jobs would come in 2019, to a temporary office whose location the company has not yet announced.

The real shockwaves of the company's arrival will be felt in 2020. That is the year the tower housing the company's headquarters will open, bearing the company

name at the top. The last of the 1,050 jobs will appear before the end of 2022, Gingrich said.

Bernstein, whose son attended college locally, will move here in 2020. Other C-level executives stand to receive bonuses of \$4 million to \$14 million if they also make Nashville their primary residence.

For at least two weeks in a row, groups organized by the Nashville Area Chamber of Commerce have flown to New York City to meet with AllianceBernstein employees. The company also is willing to do the reverse, flying interested employees to Nashville to scout the area for themselves. The company has told the state it anticipates about 30 percent of its Nashville jobs will be filled by employees who will make the move from New York, higher than what local officials typically see in such relocations.

“This is a potential new frontier for us,” Haslam said. “We’re really strong in health care. We’re really strong in automotive. We’re really strong in logistics. This will be the first time Nashville is home to a national financial services organization. It’s the first step to what I hope can be other companies like this moving here.”