

**Minutes of the
ECONOMIC DEVELOPMENT FINANCE COMMITTEE
of the Economic Development Growth Engine (EDGE)
Industrial Development Board of the City of Memphis and County of Shelby, Tennessee
Thursday, July 10, 2014**

The Meeting of the **Economic Development Finance Committee of the Economic Development Growth Engine (EDGE), Industrial Development Board of the City of Memphis and County of Shelby, Tennessee** was held at the **Memphis Bioworks Foundation**, located at **20 S. Dudley, Memphis, TN 38103**, on **Thursday, July 10, 2014** at **1:10 p.m.**

Members Present:

Natasha Donerson, Committee Chairperson
John Ivy, Committee Vice-Chairman
Al Bright, EDGE Board Chairman
Keith Collins
Phil Stevenson

Members Absent:

Darrell Cobbins

Also Present:

Reid Dulberger, EDGE President/CEO	Garrett Guynes, EDGE
Mark Beutelschies, General Counsel	Robert Montague, Binghampton Development Corp.
Patricia Adrian, EDGE Legal Counsel	Kevin Ferner, Memphis Guitar Spa
Monice Hagler, EDGE Legal Counsel	Elmore Holmes, Handcrafted Furniture by Elmore Holmes
Katrice Feild, EDGE Legal Counsel	Stephanie Martin, H & M Health & Wellness
Keith Dillihunt, EDGE	Lolita Horton, H & M Health & Wellness
Trey Heath, EDGE	Charlie Goforth, EDGE Board member
Emmett McKnight, EDGE	Jonathan Nyaku, Memphis Consulting Group
Carmen Franklin, EDGE	

Upon determination of a quorum, the meeting was called to order by Economic Development Finance Committee Chairman Natasha Donerson at 1:10 p.m. Chairman Donerson opened the floor for public comments. No public comments were made.

Committee Chairman's Opening Comments

Chairman Donerson introduced the ED Finance Committee members and expressed her appreciation to the Committee for their service in assisting Memphis & Shelby County area small businesses.

EDGE Board Chairman Al Bright's Opening Comments

EDGE Board Chairman Al Bright expressed his appreciation to the Committee for their hard work on the policies and procedures and the loan applications. Mr. Bright reflected on the importance of providing assistance to growth-oriented small businesses.

LOAN PROGRAM RECAP

Reid Dulberger presented a recap of the five loan programs. These programs include: Tax Exempt Industrial Revenue Bonds; the SBA 504 Program which is a partnership with the Tennessee Business Development Corporation; the EDGE Impact Fund which is a partnership with the National Development Council; the

EDGE Loan Fund (ELF) which is a partnership with the U.S. Department of Commerce Economic Development Administration; and the Inner City Economic Development Fund (ICED) which is a program formed by the City Administration and Memphis City Council.

Mr. Dulberger expressed appreciation to Tommy Pacello of the Mayor's Innovation Delivery Team (MIDT), Eric Robertson of Community LIFT, Maria Fuhrmann from Mayor Wharton's office, and Emily Trenholm from the Community Development Council of Memphis for their work in putting the ICED program together.

Robert Montague, Executive Director of the Binghampton Development Corporation (BCD), gave an overview of the businesses on Broad Avenue.

LOAN PROGRAM OPPORTUNITIES

Memphis Guitar Spa Loan Request

Keith Dillihunt expressed appreciation to Tommy Pacello and Tracy Buckley for providing candidates for the EDGE ICED loan program. Mr. Dillihunt reported Staff's recommendation to approve an ICED loan in the amount of \$25,000 to Kevin Ferner of Memphis Guitar Spa. The loan period would be 3-years and would be forgivable at 33% each year provided the Applicant performs the work as outlined. Staff anticipates the project will create approximately 5 new jobs over a 3-5 year period at an average salary of \$25,000. A video of Memphis Guitar Spa was shown.

Mr. Ferner reported that Memphis Guitar Spa opened in December of 2013. Mr. Ferner gave thanks to Tracy Buckley, MIDT and to the EDGE ED Finance Committee for their assistance.

Phil Stevenson moved approval of the Memphis Guitar Spa Loan Request.

**RESOLUTION TO APPROVE ICED LOAN TO
THE MEMPHIS GUITAR SPA**

The Memphis Guitar Spa (the "Applicant"), has submitted to the Economic Development Finance Committee (the "Committee") of the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the "EDGE Board") an application for an Inner City Economic Development ("ICED") loan to assist the Applicant in making facade and interior improvements and renovations at 2561 Broad Avenue, Memphis, Tennessee (the "Application").

WITH RESPECT THERETO, the Committee hereby resolves as follows:

1. Based on the representations set forth in the Application and the recommendation of the staff of the Board, as summarized in the attached term sheet, which is incorporated herein by reference, the Committee on behalf of the Board hereby awards and agrees to provide the Applicant a \$25,000 loan (the "Loan"). The Loan will assist the Applicant in making facade and interior improvements and renovations at 2561 Broad Avenue, Memphis, Tennessee.

2. The Board Chairman and any other officer of the Board are authorized to execute any and all documents related to the Loan on behalf of the Board.

Memphis Guitar Spa seeking \$25,000 ICED Loan for renovations

The Memphis Guitar Spa is seeking a \$25,000 Inner City Economic Development (ICED) Loan to help the musical instrument restoration and retail shop make facade and interior improvements to its 2561 Broad Avenue location.

The ICED loan would complete a combined \$50,000 investment into the Broad Avenue Building.

The loan is projected to create 5 jobs with an average annual salary of \$25,000 over the next 5 years.

The ICED Loan would allow Guitar Spa to renovate its 2,100-square-foot retail space and make improvements to the outside facade that includes hanging a 14-foot guitar sign. Guitar Spa opened its Broad Avenue location last year and has experienced rapid growth, providing full-service guitar repair and finishing services to guitar builders across the United States.

LOAN DATA	DETAILS
Term	3 years
Interest Rate	0%
Loan Amount	\$25,000
Existing Jobs/New Jobs	2 existing/5 new
Average Annual Pay For New Jobs	\$25,000

PROPOSED USE OF FUNDS	PROPOSED SOURCE OF FUNDS
Real Property	-
Acquisition	-
Construction	\$8,269 (Owner Injection)
Renovation	\$37,500 (\$25,000 ICED Loan, \$12,500 Owner Injection)
Machinery & Equipment	\$4,231 (Owner Injection)
Furniture, Fixtures, Office Equipment	-
Fees and Soft Costs	-
Permanent Working Capital	-
Miscellaneous	-
Total	\$50,000

Borrower: Memphis Guitar Spa, LLC

Amount: \$25,000

Purpose: Inner City Economic Development Loan for façade improvement

Collateral: Unsecured

Terms: Forgivable at 33% per year up to three years provided project construction previously agreed to completed.

Maturity: Three years from closing

Guarantors: Kevin Ferner

Fee: None

DOCUMENTATION:

1. The provisions of this letter are intended to serve only as a general outline of the terms and conditions under which the Lender will make the Loan. Borrower will be required to sign all documents and agreements deemed necessary or desirable by Lender for the purpose of properly evidencing and/or securing the Loan (the "Loan Documents"). The Loan Documents to be executed in connection with the Loan shall be prepared or approved by Lender's counsel.

2. The provisions of this letter are intended to serve only as a general outline of the terms and conditions under which the Lender will make the Loan pursuant to the EDGE Credit Policy.

EXPENSES:

Borrower agrees to and will pay to Lender all expenses incurred in connection with the Loan and Loan Documents, including, without limitation, recording costs, appraisal, survey and environmental assessment fees, insurance premiums, and taxes, irrespective of whether the Loan closes or funds.

CANCELLATION:

Lender may, at its option, terminate and cancel this commitment without further notice or obligation upon the occurrence of any one or more of the following:

1. If all applicable conditions, covenants, and requirements contained or referenced in this commitment letter have not been met to Lender's satisfaction and to the satisfaction of the Lender's counsel;
2. If the finance committee of the Lender does not approve the Loan;
3. If any representation made in connection with, or as an inducement to, the issuance of this commitment or the extension of the Loan is untrue or misleading in any respect;
4. If any adverse change shall occur with respect to the Borrower, the Collateral, collateral values, or other source of repayment of or security for the Loan;
5. If any other document or instrument required to be delivered in connection herewith is not in form and substance acceptable to Lender and Lender's counsel.

The motion was seconded by Keith Collins. The motion was approved by an affirmative vote of the following members:

Natasha Donerson
John Ivy
Al Bright
Keith Collins
Phil Stevenson

Handcrafted Furniture by Elmore Holmes Loan Request

Keith Dillihunt introduced Elmore Holmes of Handcrafted Furniture by Elmore Holmes. Mr. Holmes purchased a 4,000 square foot building at 2542 Broad Avenue and is seeking a \$25,000 ICED Loan to make façade improvements. Mr. Holmes has already made a remodeling investment to the building in the amount of \$200,000. A video of Handcrafted Furniture by Elmore Holmes was shown.

Mr. Dillihunt reported Staff's recommendation for approval of a 3-year ICED loan in the amount of \$25,000 which would be forgivable at 33% per year.

Phil Stevenson moved approval of the Handcrafted Furniture by Elmore Holmes Loan Request.

**RESOLUTION TO APPROVE ICED LOAN TO
HANDCRAFTED FURNITURE**

Handcrafted Furniture (the “Applicant”), has submitted to the Economic Development Finance Committee (the “Committee”) of the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the “EDGE Board”) an application for an Inner City Economic Development (“ICED”) loan to assist the Applicant in making facade improvements and renovations at 2542 Broad Avenue, Memphis, Tennessee (the “Application”).

WITH RESPECT THERETO, the Committee hereby resolves as follows:

1. Based on the representations set forth in the Application and the recommendation of the staff of the Board, as summarized in the attached term sheet, which is incorporated herein by reference, the Committee on behalf of the Board hereby awards and agrees to provide the Applicant a \$25,000 loan (the “Loan”). The Loan will assist the Applicant in making facade and interior improvements and renovations at 2542 Broad Avenue, Memphis, Tennessee.
2. The Board Chairman and any other officer of the Board are authorized to execute any and all documents related to the Loan on behalf of the Board.

Handcrafted Furniture seeking \$25,000 ICED Loan for facade improvements

Handcrafted Furniture by Elmore Holmes is seeking a \$25,000 Inner City Economic Development (ICED) Loan to help the furniture maker with facade improvements.

The ICED loan would complete a combined \$250,000 investment into the Broad Avenue Building. Last year, Elmore Holmes purchased a 4,000 square-foot building at 2542 Broad Avenue despite the fact that a fire had previously damaged the property.

Holmes has invested more than \$225,000 renovating the building to include a workshop, retail area and upstairs apartment.

The ICED Loan would allow Holmes to completely renovate the outside facade of the building including adding new windows, awning and wood structure.

Handcrafted Furniture by Elmore Holmes was founded in 2000 by life-long Memphian Elmore Holmes. Holmes’ woodworking education includes courses at the Country Workshops crafts school in North Carolina, the Anderson Ranch Arts Center in Colorado and a great deal of independent study.

LOAN DATA	DETAILS
Term	3 years
Interest Rate	0%
Loan Amount	\$25,000
Existing Jobs/New Jobs	1 existing/N/A
Average Annual Pay For New Jobs	N/A

PROPOSED USE OF FUNDS	PROPOSED SOURCE OF FUNDS
Real Property	-
Acquisition	-

Construction	\$25,000 (ICED Loan)
Renovation	\$197,500 (Owner Injection)
Machinery & Equipment	\$25,000 (Owner Injection)
Furniture, Fixtures, Office Equipment	-
Fees and Soft Costs	-
Permanent Working Capital	-
Miscellaneous	\$2,500 (Owner Injection)
Total	\$250,000

Borrower: Handcrafted Furniture by Elmore Holmes

Amount: \$25,000

Purpose: Inner City Economic Development Loan for façade improvement

Collateral: Unsecured

Terms: Forgivable at 33% per year up to three years provided project construction previously agreed to completed.

Maturity: Three years from closing

Guarantors: Elmore Holmes

Fee: None

DOCUMENTATION:

1. The provisions of this letter are intended to serve only as a general outline of the terms and conditions under which the Lender will make the Loan. Borrower will be required to sign all documents and agreements deemed necessary or desirable by Lender for the purpose of properly evidencing and/or securing the Loan (the "Loan Documents"). The Loan Documents to be executed in connection with the Loan shall be prepared or approved by Lender's counsel.

2. The provisions of this letter are intended to serve only as a general outline of the terms and conditions under which the Lender will make the Loan pursuant to the EDGE Credit Policy.

EXPENSES:

Borrower agrees to and will pay to Lender all expenses incurred in connection with the Loan and Loan Documents, including, without limitation, recording costs, appraisal, survey and environmental assessment fees, insurance premiums, and taxes, irrespective of whether the Loan closes or funds.

CANCELLATION:

Lender may, at its option, terminate and cancel this commitment without further notice or obligation upon the occurrence of any one or more of the following:

1. If all applicable conditions, covenants, and requirements contained or referenced in this commitment letter have not been met to Lender's satisfaction and to the satisfaction of the
3. Lender's counsel;
2. If the finance committee of the Lender does not approve the Loan;
3. If any representation made in connection with, or as an inducement to, the issuance of this commitment or the extension of the Loan is untrue or misleading in any respect;
4. If any adverse change shall occur with respect to the Borrower, the Collateral, collateral values, or other source of repayment of or security for the Loan;
5. If any other document or instrument required to be delivered in connection herewith is not in form and substance acceptable to Lender and Lender's counsel.

The motion was seconded by John Ivy. The motion was approved by an affirmative vote of the following members:

Natasha Donerson
John Ivy
Al Bright
Keith Collins
Phil Stevenson

H & M Health and Wellness Loan Request

Chairperson Donerson recused herself from discussion and voting due to a prior business relationship with the Applicant. John Ivy assumed the role of Chairman. Keith Dillihunt presented an EDGE Loan Fund (ELF) request for H & M Health and Wellness, an outpatient care center owned by Stephanie Martin and Lolita Horton. Ms. Horton is a licensed nurse practitioner. A video of H & M Health and Wellness was shown.

Ms. Martin expressed appreciation to EDGE for consideration of the project.

Mr. Dillihunt reported Staff's recommendation for a \$50,000 permanent working capital loan. The loan structure requested is 6-months interest only and 54-months of principal and interest payments. For collateral the loan would be a UCC filing on the business assets and Keyman Life Insurance on Ms. Horton who owns 60% of the business. The interest rate would be fixed at the prime rate reported in the Wall Street Journal two days prior to closing.

Phil Stevenson moved approval of the H & M Health and Wellness Loan Request.

**RESOLUTION TO APPROVE ELF LOAN TO
H & M HEALTH AND WELLNESS LLC**

H & M Health and Wellness LLC (the "Applicant"), has submitted to the EDGE Economic Development Finance Committee (the "Committee") of the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the "Board") an application for an EDGE Loan Fund loan to assist in the build out of a new clinic at 2840 Summer Oaks, Memphis, Tennessee and to provide permanent working capital for the Applicant (the "Application").

WITH RESPECT THERETO, the Committee hereby resolves as follows:

1. Based on the representations set forth in the Application and the recommendation of the staff of the Board, as summarized in the attached term sheet, which is incorporated herein by reference, the Committee on behalf of the Board hereby awards and agrees to provide the Applicant a \$50,000 loan (the “Loan”). The Loan will assist in the build out of a new clinic at 2840 Summer Oaks, Memphis, Tennessee and will provide permanent working capital.
2. The Board Chairman and any other officer of the Board are authorized to execute any and all documents related to the Loan on behalf of the Board.

H & M Health and Wellness seeks loan to open new Bartlett clinic

H & M Health and Wellness is seeking a \$50,000 EDGE Loan Fund (ELF) loan to assist in the build out of a new clinic at 2840 Summer Oaks and to provide permanent working capital.

The ELF loan would complete a combine \$90,000 investment into the new Bartlett Clinic.

The newly-leased space is operated by Lolita Horton and Stephanie Martin and specializes in outpatient follow-up services, child physicals, sports physicals, weight-loss management, diabetes counseling and other medical testing needs. Horton is a certified nurse practitioner with 10 years of experience and is licensed to accept TennCare.

Of the total ELF loan, \$30,000 would assist H & M in the purchase of new medical equipment and interior renovations at the 2,000-square-foot clinic. The remaining \$20,000 will be used for permanent working capital needs, such as advertising and other start-up expenses.

H & M anticipates the loan will assist the clinic to hire 1 new employee over the next 3 years at an annual average wage of \$35,000.

LOAN DATA	DETAILS
Term	Interest only for six months, then fully amortizing over 54 months
Interest Rate	Fixed at WSJ Prime (3.25 % as of July 7, 2014)
Loan Amount	\$50,000
Existing Jobs/New Jobs	1 existing/1 new
Average Annual Pay For New Jobs	\$35,000

PROPOSED USE OF FUNDS	PROPOSED SOURCE OF FUNDS
Real Property	-
Acquisition	-

Construction	\$60,000 (\$20,000 ELF Loan, \$40,000 Owner Injection)
Renovation	-
Machinery & Equipment	\$10,000 (ELF Loan)
Furniture, Fixtures, Office Equipment	-
Fees and Soft Costs	-
Permanent Working Capital	\$20,000 (ELF Loan)
Miscellaneous	
TOTAL	\$90,000

Borrower: H & M Health and Wellness, LLC

Amount: \$50,000

Purpose: Equipment purchases, tenant build out and permanent working capital.

Collateral: UCC filing on all business assets and Key Man Life Insurance policy on Lolita Horton in the amount of \$50,000.

Terms: Six (6) months interest only, then fifty four (54) monthly principal and interest payments.

Rate: Fixed at WSJ Prime two days prior to closing, 3.25% as of July 9, 2014

Maturity: Sixty months from closing.

Guarantors: Lolita Horton and Stephanie Martin

FINANCIAL REPORTING:

- Annual Receipt of Tax Returns for Borrower
- Annual Receipt of personal financial statement & personal income tax return of the guarantors.

INSURANCE:

Borrower shall have and maintain insurance in form, amount and substance acceptable to Lender including, without limitation, extended multi-peril hazard, worker's compensation, and general liability insurance written by companies acceptable to Lender covering the Collateral and all facets of the Borrower's business. Borrower will provide for the Lender to be named as loss payee".

DOCUMENTATION:

1. The provisions of this letter are intended to serve only as a general outline of the terms and conditions under which the Lender will make the Loan. Borrower will be required to sign all documents and agreements deemed necessary or desirable by Lender for the purpose of properly evidencing and/or securing the Loan (the "Loan Documents"). The Loan Documents to be executed in connection with the Loan shall be prepared or approved by Lender's counsel.

2. The provisions of this letter are intended to serve only as a general outline of the terms and conditions under which the Lender will make the Loan pursuant to the EDGE Credit Policy.

EXPENSES:

Borrower, by acceptance of this commitment, agrees to and will pay to Lender all expenses incurred in connection with the Loan and Loan Documents, including, without limitation, recording costs, appraisal, survey and environmental assessment fees, insurance premiums, and taxes, irrespective of whether the Loan closes or funds.

CANCELLATION:

Lender may, at its option, terminate and cancel this commitment without further notice or obligation upon the occurrence of any one or more of the following:

1. If all applicable conditions, covenants, and requirements contained or referenced in this commitment letter have not been met to Lender's satisfaction and to the satisfaction of the Lender's counsel;
2. If the finance committee of the Lender does not approve the Loan;
3. If any representation made in connection with, or as an inducement to, the issuance of this commitment or the extension of the Loan is untrue or misleading in any respect;
4. If any adverse change shall occur with respect to the Borrower, the Collateral, collateral values, or other source of repayment of or security for the Loan;
5. If any other document or instrument required to be delivered in connection herewith is not in form and substance acceptable to Lender and Lender's counsel.

The motion was seconded by Keith Collins. The motion was approved by an affirmative vote of the following members:

John Ivy
Al Bright
Keith Collins
Phil Stevenson

Other/Remarks for the Good of the Order:

Ms. Donerson resumed the role of Chairman. Mr. Dulberger gave thanks to the ED Finance Committee. Mr. Bright acknowledged the attendance of Charlie Goforth, a member of the EDGE Board.

Adjourn:

There being no further business before the Board, the meeting was adjourned at 1:50 p.m.

_____ ED Finance Committee Chair