

**MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE ECONOMIC
DEVELOPMENT GROWTH ENGINE BOARD OF THE
CITY OF MEMPHIS AND COUNTY OF SHELBY, TENNESSEE**

February 15, 2012

The Meeting of the Board of Directors of the Economic Development Growth Engine Board of the City of Memphis and County of Shelby, Tennessee (IDB) was held at the offices of Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Crescent Center, 6075 Poplar Avenue, Suite 500, Memphis, TN 38119, Wednesday, February 15, 2012, commencing at approximately 3:15 p.m.

Members Present:

Al Bright, Jr., Chairman	Larry Jackson
Natasha Bowen	Jack Moore
Thomas Dyer	Councilman Shea Flinn
Charlie Goforth	Commissioner Mike Ritz
Mark Halperin	

Members Absent:

Johnny B. Moore, Jr.
Deidre Malone

Also Present:

Reid Dulberger – EDGE President & CEO
Randy Richardson - Memphis and Shelby County Port Commission, Executive Director
Attorney Mark Beutelschies
Attorney Martin Regan
Attorney Casey Shannon
Jim Covington
Ted Fox
Jim Covington
Jason Hill
Carol Crawley

Upon determination of a quorum, the meeting was called to order by EDGE Chairman Al Bright and declared open to the public at 3:15 p.m.

In his opening comments, Chairman Bright introduced Councilman Shea Flinn as the new member to the Board, replacing Councilman Kemp Conrad.

The first item of business was a review of the minutes of the January 18, 2012 meeting. Mark Halperin made a motion that the minutes be approved, which was seconded by Jack Moore. The minutes were approved on an affirmative vote of the following members:

Al Bright, Jr.	Thomas Dyer
Natasha Bowen	Mark Halperin
Jack Moore	Charles Goforth
Larry Jackson	

EDGE Financial Report:

The next item to come before the Board was EDGE financial report, presented by EDGE President Reid Dulberger. Mr. Dulberger told the Board that the present bank balance was \$1,591,673.00. He indicated that the only item paid for from the account was payroll.

EDGE Presidents Report:

The next item to come before the Board was the EDGE President's Report. Mr. Dulberger reported:

- Staffing update: there are four positions that have been posted; hope to have positions filled by the March 21, 2012, Board meeting.
- Office update: there are four building proposals being reviewed by Mark Halperin.
- Legal Services RFQ update; the Advisory Committee is working on the RFQ and hopes to have recommendations at the March board meeting.
- Program Compliance RFQ: staff is working on the RFQ and hopes to have recommendations at the March board meeting.
- Workers Compensation and Directors & Officers Insurance: Jim Covington is working on the workers compensation and D & O insurance, which are nearing completion.

Port Commission Report:

The next item to come before the Board was a report on the Port Commission, presented by Randy Richardson. Mr. Richardson requested to defer his report until the March 21, 2012, Board meeting. The requested was agreed upon by the Board.

Electrolux Report:

The next item to come before the Board was a report on Electrolux, presented by Jason Hill. Mr. Hill told the Board that Allen and Hoshall is close to finalizing construction contracts. He indicated that the company is working with Yates Construction and a number of local potential sub-contractors. He indicated that a \$1.7 million contract was recently awarded to M.J. Construction. Mr. Hill stated that Allen and Hoshall is confident that locally owned small businesses and local minority/women owned enterprises would be a significant part of the contracts for this project. Mr. Hill also discussed the project to improve Paul R. Lowery Road, which is supported by a grant from the Delta Regional Authority to the Industrial Development Board, which will manage the project. He noted that 40% of the DRA Grant will be held until in escrow for several years to guarantee projected job creation and capital investment,

Depot Advisory Committee Report:

The next item to come before the Board was a report on the Depot Advisory Committee, presented by Jack Moore. Mr. Moore told the Board that there are several issues related to the sale of the Depot to Mayfield Properties that are being resolved. He also told the Board that the Depot Redevelopment Corporation's warranties to Mayfield are due to expire August 2012. He indicated that Marty Regan will act as Counsel to the Committee.

HR Advisory Committee Report:

The next item to come before the Board was a report on the HR Advisory Committee, presented by Chairman Bright. Mr. Bright told the Board that the HR Advisory Committee will review and identify future staffing needs to fulfill the mission of the organization.

2011 Jobs Plus and Diversity Plan Reports

The next item to come before the Board was a report on the 2011 Jobs Plus and Diversity Plan Reports, presented by Carol Crawley of the Business Resource Group. Ms. Crawley presented a handout of the 2011 Jobs Plus program that showed of the nine program participants: 7 met their goal; 2 did not meet their goal, and 1 ended its agreement, effective December 31, 2011.

Ms. Crawley also presented a handout of the 2011 Diversity Program which is a required program that showed of the 37 program participants to-date: 1 ceased operation in 2011; 1 was terminated by the Board in 2011; 1 had no formal Diversity Plan; 9 reported that no activity had begun.; 13 met or showed positive trends toward meeting their annual goals; 7 reported activity but did not meet goals; and 5 did not respond to request for information.

New Business**Nucor Steel PILOT Application Request:**

The next item to come before the Board was a Nucor Steel request for a PILOT Application, presented by Reid Dulberger and Randy Spicer of Nucor. Nucor Steel Memphis, Inc. was requesting a 15 year PILOT to help increase manufacturing output by up to 25% and create 27 new jobs at its 3601 Paul R. Lowry Road location. The company will invest \$113 million (*\$103 million in tangible personal property and \$10 million in real property improvements*) to produce high-quality carbon alloy steel for the automotive, heavy equipment and service center markets. The project has a benefit-to-cost ratio of \$1.01-to-\$1.00. As part of this project, Nucor Steel proposes to acquire approximately 42 acres on the east side of Paul R. Lowry Road from the Port Commission to expand its rail infrastructure.

Reid Dulberger told the Board that Nucor Steel was requesting a 15-year PILOT on its tangible personal property (only) that would be involved in the project. Nucor Steel currently has approximately 400 direct jobs and invested approximately \$400,000,000 for its operations in the Memphis area. He told the Board that the additional PILOT incentive would allow the company to further invest in its operations in the Memphis area and increase the number of direct jobs. This would better position the plan for future expansion and job increases.

Randy Spicer told the Board that the new project capacity and quality of the facility is what Nucor will need for future growth in the company. The company is also in need of the 42 acres of land requested and the request for the 15 year PILOT incentives to upgrade and enhance its rail system. The request would also allow the company to purchase equipment such as a furnace; water system, etc.

Nucor Diversity Plan:

Carol Crawley told the Board that Nucor Steel had presented its Diversity Plan on tangible personal property (only) and is in good standings.

After a brief discussion by the Board, Natasha Bowen read the conditions of Nucor Resolution in the form of a motion as follows:

APPROVAL RESOLUTION**NUCOR STEEL MEMPHIS, INC.**

RESOLVED, that the Board approve the request of Nucor Steel Memphis, Inc for a **15 year tax freeze on tangible personal property involved in the Project located at 3601 Paul R. Lowry Road, in Pigeon Industrial Park in the City of Memphis.** The approval is contingent upon the retention of 398 jobs plus the creation of **27 new jobs (5.4 pts)** with an annual average wage of **\$75,000/not including benefits (60.8 pts)**, and a capital investment of **\$103,000,000 in tangible personal property and \$10,000,000 in real property improvements (113 points).** Total points awarded are 179.

The benefit to cost ratio is \$1.01 – to - \$1.00. The company will pay 100% of the real property taxes otherwise due to Memphis and Shelby County based upon the then current tax assessment. The ramp up period will be two years from the effective date of the first property lease. The Board finds that the Project is new and separate from any other project or PILOT on or related to the real property at 3601 Paul R. Lowry Road, Memphis, Tennessee. A favorable Child Impact Statement was prepared. The company financials have been reviewed and are found to be satisfactory. The company has presented a Diversity Plan to the Board that is found to be satisfactory and is hereby approved. The Board's approval is also subject to the review and approval by the Board counsel of the following:

Mayors' Recommendation Letter

Further, the Board authorizes any officer of the Board to sign any and all documents related to the transaction for this Project incentive.

Jack Moore made a second to the motion. The motion was approved on an affirmative vote of the following members:

Al Bright, Jr.
Natasha Bowen
Jack Moore
Larry Jackson

Thomas Dyer
Mark Halperin
Charles Goforth

Federal Express PILOT Application Request:

The next item to come before the Board was a Federal Express request for a Retention PILOT, presented by Reid Dulberger, Attorney Robert Liddon, and Mark Connell of Federal Express. Federal Express Corporation was requesting a 13-year PILOT on new manufacturing machinery & equipment and a six-year PILOT on real property improvements to secure 333 existing jobs at its 3855 Airways Boulevard location. The company plans to make a capital investment of \$141,850,000 (*\$95,150,000 million in tangible personal property and \$46,700,000 million in real property improvements*) to expand its business by consolidating its pilot training facilities to a single location. The existing square footage is 230,000 square feet and an additional 250,000 square feet will be added with this project. The project has a benefit-to-cost ratio of \$2.19-to-\$1.00. The PILOT would result in \$32,131,904 of total new taxes received during the PILOT period, and \$14,642,526 of abated property taxes. As part of this project, Federal Express proposes to construct a new building which will be located east of and adjacent to its 3855 Airways Boulevard address.

Reid Dulberger told the Board that the additional PILOT incentive would allow the company to further invest in its operations in the Memphis area and increase the number of direct jobs. This would better position the plan for future expansion and jobs.

Attorney Liddon told the Board that this project was built according to LEED standards, and is requesting the following:

- Six year PILOT on its real property and a thirteen year on its personal property
- Additional two year on its real and personal property involved in the project
- Four year ram-up period
- Land only value on the abatement of an existing building; and equipment that will be used in both building
- No netting

After a brief discussion by the Board, Mark Halperin read the conditions of Federal Express Resolution in the form of a motion as follows:

FEDERAL EXPRESS CORPORATION

APPROVAL RESOLUTION

RESOLVED, that the Board approve the request of Federal Express Corporation for a 13 year tax freeze on tangible personal property involved in the Project and a 6 year PILOT and real property and improvements at the 3855 Airways Boulevard, Memphis, Tennessee site for the Project. The application meets the IDB's Retention PILOT Criteria in that the Applicant has been operating and directly employing workers in Shelby County in excess of 10 years. The Company is financially sound. The Company is significantly expanding its operations by investing significant capital to expand its facilities for increased longevity. The Company plans to invest well in excess of the \$10 million threshold investment. The Company will retain 333 jobs. The benefit to cost ratio is well within the appropriate range given the current unemployment rate for Shelby County. The Company has completed its diversity plan and it has been found to be acceptable and is hereby approved by the Board. A favorable child impact study has been prepared and presented to the Board.

The approval is contingent upon the retention of 333 existing jobs in Shelby County with an annual average wage for the total employment of \$76,707, with a capital investment of \$95,150,000 in tangible personal property improvements to upgrade its personal property and \$46,700,000 in real property and improvements for a total capital investment of \$141,850,000. The benefit to cost ratio for the proposed project is 2.19 to 1.0. The other special conditions required by the Board are targeted industry (transportation) and industry leader all of which do

not exceed 25% of the points granted for the Project. In the event that any future construction or improvement subjects the property to partial assessment pursuant to T.C.A. 67-5-603 et seq., the assessment of the property for PILOT purposes shall be its land-only assessed value. The “no netting” policy will be waived as to space presently utilized by Applicant to house flight simulators and flight training devices for training of flight crews in Shelby County (10,600 sq. ft. at 8150 Thomas & Betts; 30,000 sq. ft. at 3400 Prescott) since expansion at those sites to accommodate the planned consolidated Air Operations Training Center is not practicable. (The lease on the airport property at 3040 Independent (105,877 sq. ft.) will remain in effect, and such site will continue to be used by FedEx for other purposes.) Additionally, the Project shall be allowed four (4) years for its ramp-up period make the capital investment. However, the Company must maintain its employment of the 333 existing jobs during the entire term. The Board acknowledges that the Applicant intends to construct the improvements to be LEED certified and that should evidence of a LEED Building Certification be provided for the Project building, it will extend the PILOT term for real property for one (silver) or two (gold) years based on the level of LEED certification based upon the current policies. The Board’s approval is also subject to the review and approval by the Board counsel of the following:

Mayors’ Recommendation Letter, Environmental Phase I

Further, the Board authorizes any officer of the Board to sign any and all documents related to the transaction for this Project incentive.

Jack Moore made a second to the motion. The motion was approved on an affirmative vote of the following members:

Al Bright, Jr.
Natasha Bowen
Jack Moore
Larry Jackson

Thomas Dyer
Mark Halperin
Charles Goforth

AB Mauri Fleischmann’s Company PILOT Application Request:

The next item to come before the Board was Fleischmann’s request for a PILOT Application, presented by Reid Dulberger, Attorney Price Morrison, and Ron Fogel, and Chris Bonhert of Fleischmann’s. The

AB Mauri Fleischmann's Company was requesting an eight year and 60% Retention PILOT on new manufacturing machinery & equipment to secure 47 existing jobs (and create five (5) new ones) at their yeast manufacturing facility in the Rivergate Industrial Port area. The company proposes to invest \$10.5 million to expand output and make the facility more cost competitive. The project has a benefit-to-cost ratio of \$4.27-to-\$1.00. The PILOT would result in \$2,319,202 of total new taxes received during the PILOT period and \$543,632 of abated tangible personal property taxes.

In addition to competition from other firms, ABMF's Montreal, Quebec plant will soon have substantial excess capacity and could be renovated to provide the same products as the Memphis, plant – with two advantages

- Montreal is closer to the heavily populated U.S. and Canadian east coast markets.
- Montreal can produce dry yeast for the ethanol and distillery industries.

Reid Dulberger noted Fleischmann's was requesting a four year ramp-up period. Mr. Dulberger also indicated that the abatement was just one piece of its contribution of a well defined plan.

Attorney Morrison also gave a brief presentation of AB Mauri Fleischmann's background and PILOT request.

Ron Fogel told the Board that in order to match existing competition, AB Mauri Fleischmann's is in the process of lowering total operation cost at its Memphis facility by \$4 million per year. He indicated that to achieve this, the company must invest in new manufacturing machinery & equipment. Chris Bonhert told the Board that there is stiff competition; making this additional investment is crucial for the future of the company.

Carol Crawley of the Business Resource Group told the Board that AB Mauri Fleischmann's had presented its Diversity Plan to the Business Resource Group and that it had been found it to be in good standings.

After a brief discussion by the Board, Mark Halperin read the conditions of AB Mauri Fleischmann's Resolution in the form of a motion as follows:

AB MAURI FLEISCHMANN (ABMF)

APPROVAL RESOLUTION

RESOLVED, that the Board approve the request of AB Mauri Fleischmann (ABMF) for an 8 year 60% tax freeze on tangible personal property consisting of new manufacturing machinery equipment involved in the Project. The application meets the IDB's Retention PILOT Criteria in that the Applicant has been operating and directly employing workers in Shelby County for exist of 10 years. The Company is financially sound. The Company has had a prior PILOT agreement with the IDB. The Company is significantly expanding its operations by investing significant capital to expand its facilities for increased longevity. The Company plans to invest in excess of the \$10 million threshold investment. The Company will retain 47 jobs and

add an additional 5 new jobs. The benefit to cost ratio is well within the appropriate range (4.27 to 1). The Company has completed its diversity plan which has been found to be acceptable is hereby approved by the Board. A favorable child impact study has been prepared and presented to the Board.

The approval is contingent upon the retention of 47 existing jobs and the creation of 5 net new jobs in Shelby County with an annual average wage for the total employment of \$73,011, with a capital investment of \$10,500,000 in tangible personal property consisting of new manufacturing machinery and equipment. The Project is located in the River Gate Industrial Port in the City of Memphis. The other special conditions required by the Board are that the Company is a Fortune 500/Industry Leader, targeted industry (manufacturing) and the Benefit to Cost Ratio exceeds requirements all of which do not exceed 25% of the points granted for the Project. Additionally, the Project shall be allowed three (3) years for its ramp-up period to employ the new employees and make the capital investment. The Company must report annually and maintain the 47 existing jobs at the stated wages during the entire term. The Board's approval is also subject to the review and approval by the Board counsel of the following:

Mayors' Recommendation Letter

Further, the Board authorizes any officer of the Board to sign any and all documents related to the transaction for this Project incentive.

Charles Goforth made a second to the motion. The motion was approved on an affirmative vote of the following members:

Al Bright, Jr.
Natasha Bowen
Jack Moore
Larry Jackson

Thomas Dyer
Mark Halperin
Charles Goforth

Oxford Immunotec-TN ECD \$100,000 IDB Grant

The next item to come before the Board was a request from Oxford Immunotec approval for EDGE to sponsor a \$100,000 TN Department of Economic and Community Development, presented by Mark Herbison of the Greater Memphis Chamber and Joann Massey of the State of Tennessee. Mark Herbison

gave a brief summary of Oxford Immunotec. Joann Massey told the Board that her office is working on certification of the \$100,000 grant. She indicated that the State of Tennessee has worked with Oxford Immunotec to expand in Memphis. She also indicated that these would be high skilled positions and the proposed grant is very important to the company. Chairman Al Bright asked Ms. Massey to explain how the grant would be executed. Ms. Massey explained that the grant funds have to be awarded from the State. EDGE would receive the grant money and would have the authority to distribute the grant funds to the company.

Attorney Mark Beutelschies told the Board that there is a risk to EDGE, if the State were to retroactively find that funds were improperly distributed to the Company.

After a brief discussion by the Board, Natasha Bowen read the conditions of Oxford Immunotec Resolution in the form of a motion as follows:

OXFORD IMMUNOTEC AUTHORITY RESOLUTION

Whereas, the Economic Development Growth Engine for Memphis and Shelby County (“EDGE”) has been approached by Oxford Immunotec (“Company”) to assist with a Tennessee Department of Economic & Community Development grant to help the Company’s development and growth at 5864 Distribution Drive, Memphis, Shelby County, Tennessee;

Whereas, EDGE has the opportunity to secure a \$100,000 (“Grant”) grant from the Tennessee Department of Economic and Community Development (“TNECD”) to the Company whereby the Company would be responsible for all obligations associated with the Grant and would indemnify EDGE;

Whereas, EDGE has determined that it is in the best interest of the EDGE enter into the Grant and all related documents.

NOW THEREFORE, BE IT RESOLVED, that the Grant is hereby ratified and approved, and EDGE is authorized to take any and all actions necessary to consummate the Grant in accordance with the terms thereof.

FURTHER RESOLVED, that any Board member (“Authorized Officers”), is hereby authorized and directed, in the name and on behalf of EDGE, to execute and deliver the Grant and all associated documents in connection therewith, including, without limitation, any certificates, affidavits, authorizations, agreements, documents, and other instruments or papers, and the Authorized Officers are further authorized and directed to do any and all actions, in their

sole discretion, that may be necessary or advisable to carry out the intent of the foregoing resolutions and fully to perform the obligations of EDGE under the Grant executed and delivered on behalf of EDGE, pursuant to such resolutions, all actions having heretofore been taken, being hereby ratified, confirmed and approved.

FURTHER RESOLVED, that the approval of the Grant and the authorization of the execution and delivery thereof shall include such documents in substantially the form presented to EDGE, together with completions, additions, deletions and other changes as the Authorized Officers executing the Grant shall deem necessary, appropriate or advisable, and the execution thereof by the Authorized Officers shall constitute conclusive proof of EDGE's authorization of the Grant in the form so executed.

FURTHER RESOLVED, that all actions heretofore taken in connection with the Grant by the Authorized Officers, which actions would have been authorized hereby except that such action occurred prior to the date hereof and are hereby ratified, confirmed and approved in all respects.

Larry Jackson made a second to the motion. The motion was approved on an affirmative vote of the following members:

Al Bright, Jr.	Thomas Dyer
Natasha Bowen	Mark Halperin
Jack Moore	Charles Goforth
Larry Jackson	

Discussion and Approval Request of EDGE Employee Fidelity Insurance:

The next item to come before the Board was the discussion of EDGE Employee Fidelity Insurance, presented by Jim Covington. Mr. Covington has done research on the Fidelity Insurance and has found the company to be in good standings. He requested Board's approval of the Fidelity Insurance, purchased through Boyle Insurance. Mark Halperin noted that he would recuse himself to avoid any appearance of a conflict of interest.

After a brief discussion by the Board, Jack Moore made a motion to approve the request to purchase Employee Fidelity Insurance through Boyle Insurance. Larry Jackson made a second to the motion. The motion was approved on an affirmative vote of the following members:

Al Bright, Jr.	Thomas Dyer
Natasha Bowen	Jack Moore
Larry Jackson	Charles Goforth
	Mark Halperin (recused himself)

EDGE Bylaws Amendment:

The next item to come before the Board was the request to amend the EDGE Bylaws to authorize the President of EDGE to execute all documents. A request was made by Board member Commissioner Mike Ritz regarding a routing sheet for executing documents. Chairman Al Bright indicated that a routing sheet has already been established and Attorney Marty Regan will review.

After a brief discussion by the Board, Jack More made a motion to approve the amendment to the EDGE Bylaws to authorize the President of EDGE to execute all documents. Larry Jackson made a second to the motion. The motion was approved on an affirmative vote of the following members:

Al Bright, Jr.
Natasha Bowen
Jack Moore
Larry Jackson

Thomas Dyer
Mark Halperin
Charles Goforth

Discussion of Mechanisms for Managing the Depot and IDB:

The next item to come before the Board was the discussion of mechanisms for managing the Depot and IDB, presented by Reid Dulberger and Attorney Marty Regan. Attorney Regan told the Board that the two entities cannot be combined at the present time. However, ways of streamlining the administration of the entities are being reviewed. For example, the two entities could contract with EDGE for administrative and operational support through service agreements. Chairman Al Bright expressed that the Board needs to identify a way to be more efficient, given its aggressive agenda.

There being no further business before the Board, the meeting was adjourned at 5:30 PM.


EDGE Secretary