

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

**Wednesday, December 21, 2011  
3:00 P.M.**

The Regular Meeting of the Board of Directors of the Economic Development Growth Engine of the City of Memphis and County of Shelby, Tennessee was held at the Crescent Center, 6075 Poplar Avenue, Suite 500, Butler, Snow, O'Mara, Stevens & Cannada, PLLC, Wednesday, December 21, 2011, commencing at 3:25p.m. pursuant to the filing of a Public Meeting Notice.

**Members Present:**

Al Bright	Tom Dyer
Larry Jackson	Natasha Bowen
Deidre Malone	Charles Goforth
Johnny Moore	Mark Halperin

Mike Ritz (County Non-Voting Member)

**Members Absent:**

Jack Moore  
Kemp Conrad (City Non-Voting Member)

**Office of Economic Development Staff Present:**

Jerry Brack  
Bobbie Golden

Upon determination of a quorum, the meeting was called to order and open for business by Chairman Al Bright at 3:25 p.m.

The first item that came before the Board was the introduction of the EDGE Board members, followed by introductions of Office of Economic Development (OED) staff, government representatives, economic development stakeholders and media.

The next item that came before the Board was the introduction of Shelby County Mayor Mark Luttrell, by Chairman Al Bright. Mayor Luttrell thanked Jim Covington for acting as interim President for the EDGE program, and expressed the tremendous job he had done.

The next item that came before the Board was the introduction of the New President of EDGE, Reid Dulberger by Mayor Luttrell. Mayor Luttrell told the Board that the process selecting Reid Dulberger as president of EDGE was a very competitive process. . He told the Board that he and Mayor Wharton interviewed the top five applicants, and Reid Dulberger rose to the top. He also told the Board that the County Commission and City Council have approved their selection. And that Reid Dulberger will officially be the New President of EDGE starting January 3, 2012. Deputy Director, Maura Sullivan, was there to represent City Mayor A C Wharton. She welcomed Mr. Dulberger aboard on behalf of Mayor Wharton as well. Al Bright told the Board that he would be working with Mr. Dulberger to make his transition a smooth one.

**AB Mauri Fleischmann's ABMF Request:**

The next item that came before the Board was the request from AB Mauri Fleischmann's (ABMF) to be moved to the January 2012, EDGE Board meeting. The Board unanimously agreed.

**Valero Retention PILOT Application Request:**

The next item that came before the Board was Valero request for a Retention PILOT Application, presented by Attorney Rob Liddon, representatives, Russell Minor, Lisa Wheeler, and Danny Campbell of Valero, and Sharon Younger of Younger Associates. Sharon Younger told the Board that Valero is requesting a Retention PILOT and gave a breakdown of the matrix and the project summary. Board member Mike Ritz asked if Valero had any existing or previous PILOTs. Attorney Liddon indicated that Valero has a previous PILOT. However, this will be the only active PILOT. Attorney Liddon also indicated that the 1999 PILOT was terminated at the end of 2010. Board Attorney Mark Beutelschies told the Board that Valero is asking for personal property only. In a Retention PILOT, the matrix is only a guide.

Lisa Wheeler gave a brief history of Valero. The company produces 109 thousand gallons a day. She also told the Board that Valero was the only propane supplier in the state of TN, which operates 24 hours a day, seven days a week. Valero also supplies jet fuel, vehicle fuel, and most diesel fuel. Danny Campbell told the Board that Valero plans to spend over 289 million on improvements over the next nine years. The company will also spend 73 million to comply with environmental safety regulations. Mr. Campbell told the Board that the request for a Retention PILOT would allow for new additions to the refinery, and allow the company to be more competitive.

Lisa Wheeler gave a brief presentation on what Valero does in the community. She indicated that Valero works closely with the United Way organization. The company also sponsors charitable events for children. Valero has received several awards for its generosity. For the past six years, Valero awarded \$350,000 for disabled and disadvantaged children.

Board members asked about the average salary and the diverse group of employees. Ms. Wheeler indicated that the salary is based on overtime as well as flexed hours. Approximately 50 percent of the local workforce is women and 30 percent minorities.

Board members asked for a breakdown on how the equipment would be purchased. Danny Campbell told the Board that the equipment is purchased from Texas and Oklahoma, but Valero will hire local contractors as well. Al Bright wanted to know about corporate expenditures made locally. Attorney Liddon explained that the company supports local businesses where possible. Sharon Younger of Younger Associates told the Board that the multiplier reflects that limited contribution from local contractors.

Johnny Moore wanted to know, how this facility compares to other refineries. Russell Minor told the Board that Valero is still competing with other larger refineries. This consideration would put Valero facility in a position to compete with other refineries. Tom Dyer made the following motion:

**Valero Refining Company – Tennessee, L.L.C.**

**APPROVAL RESOLUTION**

**RESOLVED, that the Board approve the request of Valero Refining Company – Tennessee, L.L.C. for a 15 year tax freeze on tangible personal property involved in the Project. The application meets the EDGE Retention PILOT Criteria in that the Application through its predecessors has been operating and directly employing workers in Shelby County for exist 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 \$11 million threshold investment. The Company will retain 557 jobs (305 direct and 252 contracts). 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 which will be considered by the Board.

The approval is contingent upon the retention of 557 existing jobs in Shelby County with an annual average wage for the total employment of \$95,844 (direct and contract), with a capital investment of \$298,538,000 in tangible personal property improvements to upgrade its personal property. The Project record 10 points for locating in the City of Memphis. The other special conditions required by the Board are targeted industry (manufacturing) (5 points) and industry leader (5 points) all of which do not exceed 25% of the points granted for the Project. Additionally, the Project shall be allowed five (5) years for its ramp-up period make the capital investment. However, the Company must maintain its employment of the 557 existing jobs during the entire term. The Board's approval is also subject to the review and approval by the Board counsel of the following:

[Mayors' letter, diversity plan]

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

The motion was seconded by Deidre Malone and was unanimously approved by an affirmative vote of the following members:

Larry Jackson	Natasha Bowen
Deidre Malone	Charles Goforth
Johnny Moore	Mark Halperin
Tom Dyer	Al Bright

**Valero's Child Impact Statement:**

The next item that came before the Board was Valero's Child Impact Statement, presented by Jerry Brack. Mr. Brack told the Board that based on Valero's wages that this is an excellent project for the children of Shelby County.

**Valero's Diversity Plan:**

The next item that came before the Board was the approval of Valero's Diversity Plan, presented by Carol Crawley. Ms. Crawley told the Board that in 2001, Valero opted to participate in the Jobs Plus Program.

The company agreed to spend a million dollars a year, with minority women owned and locally owned small businesses. She also told the Board that her company started tracking Valero in 2005. Business Resource Group records show that Valero has spent a million dollars or more since each year 2005 to present as part of this program. Ms. Crawley indicated that there are two major components, 1) the spending piece, and 2) the (ILS) Identified Labor Source piece.

Valero committed to employee Jobs Plus qualified employees as 15% of its local labor force. The Jobs Plus requirement was optional at that time. For the last 10 years the company has achieved its target goal. Carol Crawley made a request to the Board to cut Valero's credit in half and that the old IDB PILOT to be amended to reflect that change. Ms. Crawley also recommended that Valero's diversity plan presented today be approved by the Board.

Valero requested that they be given approval to amend the 2001 PILOT and remove their commitment for participation in the Jobs Plus program for the remaining term and be granted one year credit for accomplishments to date..

Board Attorney Mark Beutelschies indicated the request will have to go before the IDB since the original authorization was granted by the IDB. He told the Board that this is a 15 year PILOT at a capped out total. Valero has already earned time for its 2001 PILOT lease extension. He indicated that an IDB meeting will need to be scheduled for January 2012, so that Valero can present this request for consideration at that time.

After a brief discussion by the Board Tom Dyer made a recommendation in the form of a motion to approve Valero's Diversity Plan as presented. The motion was seconded by Mark Halperin and was unanimously approved by an affirmative vote of the following members:

Larry Jackson	Natasha Bowen
Deidre Malone	Charles Goforth
Johnny Moore	Mark Halperin
Tom Dyer	Al Bright

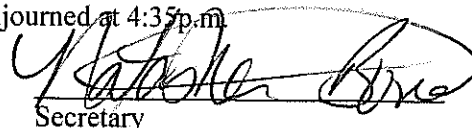
**Allen and Hoshall Electrolux Report:**

The last item that came before the Board was a report from Allen and Hoshall Electrolux Report, presented by Jason Hill of Allen Hoshall. Mr. Hill gave an update on Electrolux regarding the first financial package of the project. He indicated that the second financial package is pending. Allen & Hoshall has received no request for payment to date. Mr. Hill stated that the final completion of the project should be by 2013, so it is on target. He also stated that the bid for the construction of the road is a separate component.

**Other Business:**

Jim Covington gave a report on quotes for the insurance. He indicated that two bank accounts were in place, one for IDB and one for EDGE. He told the Board that the signature document has to be updated to include the New Edge Board President, Reid Dulberger. Mr. Covington also told the Board that checks have been ordered and is waiting on delivery. He indicated that funds have come in from the Port Commission. However, the auditing and accounting fees are pending. He reminded the Board that the end of the fiscal year is June 30, 2012, and that he is providing assistance to secure office space for EDGE and will give a report at the January EDGE Board meeting.

With no further business before the Board, the meeting was adjourned at 4:35p.m.

  
Secretary