

**Minutes of the Board of Directors of the
Economic Development Growth Engine (EDGE) Industrial Development Board
of the City of Memphis and County of Shelby, Tennessee
Wednesday, August 15, 2012**

The Meeting of the **Board of Directors of the Economic Development Growth Engine (EDGE) Industrial Development Board of the City of Memphis and County of Shelby, Tennessee** was held on Wednesday, August 15, 2012, at the **Memphis Area Association of Realtors, 6393 Poplar Avenue, Memphis, TN 38119, Education Center**, at 3:30 p.m.

Members Present:

Al Bright, Jr., Chairman
Thomas Dyer, Vice Chairman
Natasha Donerson, Secretary
Larry Jackson, Treasurer
Charlie Goforth
Mark Halperin
Deidre Malone
Jack Moore
Commissioner Mike Ritz

Members Absent:

Johnny Moore
Councilman Shea Flinn

Also Present:

Reid Dulberger, President/CEO
Attorney Martin Regan
Attorney Van Turner
Attorney Kevin Bruce
Attorney Casey Shannon
Attorney Monice Hagler
Keith Dillihunt, EDGE
Trey Heath, EDGE
Carmen Franklin, EDGE
Sharon Taylor McKinney, EDGE
Sharon Younger, Younger & Associates
Stan Klenk, Allen & Hoshall

Upon determination of a quorum, the meeting was called to order by EDGE Board Chairman Al Bright, Jr. and declared open to the public at 3:30 p.m. Chairman Bright opened the floor for public comments. No public comments were made. The Chairman noted this is the one year anniversary of EDGE.

The first item of business to come before the Board was a review of the minutes of the EDGE Board Retreat held on Friday, June 29, 2012. Jack Moore moved that the EDGE Board Retreat minutes be approved as presented. The motion was seconded by Deidre Malone. The EDGE Board Retreat minutes were approved on an affirmative vote of the following members:

Al Bright, Jr., Chairman	Larry Jackson
Thomas Dyer	Jack Moore
Mark Halperin	Natasha Donerson
Charlie Goforth	

The next item of business to come before the Board was a review of the minutes of the EDGE Board meeting held on Wednesday, July 18, 2012. Jack Moore moved that the EDGE Board meeting minutes be approved as presented. The motion was seconded by Tom Dyer. The EDGE Board meeting minutes were approved on an affirmative vote of the following members:

Al Bright, Jr., Chairman
 Thomas Dyer
 Mark Halperin
 Charlie Goforth

Larry Jackson
 Jack Moore
 Natasha Donerson

Chairman – Appoint Budget Committee:

The next item to come before the Board was the appointment of a Budget Committee by the Chairman. The Budget Committee will work with the President to recommend an FY 2013 EDGE Budget. Larry Jackson, Jack Moore, Deidre Malone, and Charlie Goforth were appointed by the Chairman as the Budget Committee.

Chairman – Appoint EDGE/Depot Audit Committee:

The next item to come before the Board was the appointment of an EDGE/Depot Audit Committee by the Chairman. The EDGE/Depot Audit Committee will work with the President and the auditing firm of Banks, Finley, White and Company. Larry Jackson, Mark Halperin, and Jack Moore were appointed by the Chairman as the EDGE/Depot Audit Committee.

Financial Report:

Reid Dulberger provided the June 2012 statements from the accountants, Cannon & Company, for the Industrial Development Board of Memphis & Shelby Co., TN (IDB), the Depot Redevelopment Corporation of Memphis & Shelby Co. (the Depot), and the Economic Development Growth Engine (EDGE) Industrial Development Board of the City of Memphis and County of Shelby, Tennessee. The EDGE and Depot statements were stamped "DRAFT" since June represents the last month of the fiscal year and will remain stamped "DRAFT" until the auditors complete the fiscal year 2012 audit. The expenses for EDGE have been kept to a minimum, however the numbers will increase as office, staffing and benefits costs are established.

Industrial Development Board 2011 Audit Report:

Since the IDB is on a calendar year basis, an audit was done at the completion of calendar year 2011. Mary Lynn Seale, Finance Manager for the Memphis and Shelby County Division of Planning & Development and Marcus Rountree, CPA at Zoccola Kaplan, PLLC, presented the audit report. There were no findings.

HR Advisory Committee Report:

An Human Resource Advisory Committee consisting of Chairman Al Bright, Charlie Goforth, and Deidre Malone was created to work with the President and the Budget Committee to identify future staffing needs. The Committee identified the immediate need for assistance with Projects and Information / Communications. Additional work will determine if the Information / Communications position should be temporary or permanent staff, or an external agency. Projected assistance that may be required later in the fiscal year includes an EDGE Vice President, an Administrative Assistant and assistance with the brownfield program, which may be staff or consultant.

President's Report:

Reid Dulberger reported the status of the office space at 100 Peabody Place. The furniture is being delivered and set up. Approval is needed on the technology equipment and phone service. The Committee tasked with finalizing the sale of the Depot has completed their work. Words of appreciation were given to Jack Moore, Tom Dyer, Natasha Donerson and Attorney Marty Regan. August 5th was the one year anniversary of the sale. The Committee closed-out a grant with the Economic Development Administration by making payment of \$2,744,398, as well as a grant from the Delta Regional Authority (DRA) in the amount of \$135,000. In addition, the Committee settled a claim for leaking roofs. On March 27, funds were distributed to both the City and to Shelby County in the amount of \$8,942,222.22. By the end of August, \$1,478,573 will be distributed to both the City and to Shelby County. In combination, both will have received a total of \$10.4+ million from the sale of the Depot.

As a result of the City and County's fiscal year 2013 budgets, Shelby County Government approved and forwarded \$6.7 million to EDGE which coupled with the \$800,000 provided at the onset totals their pledge of \$7.5 million. The City approved and forwarded \$2.5 million as part of an executed 3-year agreement to provide \$6.7 million. The \$2.5 million coupled with the \$800,000 previously provided totals \$3.2 million from the City.

Electrolux Report:

Stan Klenk presented a Funding Report showing two grants for the infrastructure and facilities of the Electrolux plant. The State of Tennessee grant was in the amount of \$97 million and a local City/County grant was in the amount of \$40 million. To date, \$30 million has been reimbursed to Electrolux against the State of Tennessee grant and \$28 million against the local City/County grant.

Of the DRA grant in the amount of \$3 million for the widening of Paul R. Lowry Road, \$689,000 has been spent to date.

To date, \$59 million of the \$140 million total of all grants has been reimbursed. All expenditures for this project are reviewed and approved by the IDB Electrolux Committee, chaired by Johnny Moore

The report also detailed the two Electrolux construction projects. One, an earthwork and site preparation project, has been completed at a cost of approximately \$5 million. The second, the Electrolux facility, has a contract value of \$82 million and is 74% complete with a remainder of \$23 million to complete the construction. Scheduled completion of the contracts is the end of the year.

New Business:

Barrett Distribution PILOT Request

The next item to come before the Board was the Barrett Distribution request for participation in the PILOT program. Keith Dillihunt, Economic Development Specialist for EDGE, introduced Barrett Distribution, a third party logistics company with offices in Memphis. Barrett Distribution would add 35 new jobs with an average salary of \$42,600. This would generate a \$1.51 of new local tax revenue for every \$1 of property tax abated. A three year ramp up was recommended. Tom Dyer moved and read the following Resolution:

**RESOLUTIONS APPROVING THE PAYMENT-IN-LIEU-OF-TAX APPLICATION FOR
BARRETT DISTRIBUTION CENTERS, LLC**

WHEREAS Barrett Distribution Centers, LLC, a Delaware limited liability company (the "Applicant"), is a third party logistics company headquartered in Franklin, Massachusetts, engaged in the business of providing technology-based warehousing solutions, specialty fulfillment, value-added services, returns processing and transportation;

WHEREAS the Applicant currently operates out of twelve locations in six states, comprising approximately 2 million square feet of warehouse facilities operated by approximately 150 employees;

WHEREAS the Applicant plans to expand and upgrade its facility located at 4836 Hickory Hill Road, Memphis, Tennessee 38141, by adding 254,940 square feet of additional space to use state-of-the-art technology and equipment systems to provide its customers with the most advanced warehousing and logistics services, including a warehouse management system that gives its customers real time access to their inventory and other important data (the "Project");

WHEREAS, upon completion of the Project, the Applicant's operation in Memphis, Tennessee, has the potential to become the Applicant's largest operation, with its proposed expansion into over 646,100 square feet of warehouse space;

WHEREAS the Applicant intends to create jobs and make a significant capital investment in the Project with several improvements to the real property and the facility thereon; and

WHEREAS, in order to provide a direct and positive impact on the Project and the Applicant's future in Memphis and Shelby County, Tennessee, the Applicant has submitted to the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the "Board"), an application for award of a real property payment-in-lieu-of-taxes ("PILOT") incentive and a personal property PILOT incentive (the "Application");

NOW, THEREFORE, BE IT RESOLVED that the request for a 5-year tax freeze and PILOT on the real and personal property involved in the Project located at 4836 Hickory Hill Road, Memphis, Tennessee 38141 (10.0 points) be approved. This approval is contingent upon the creation of at least 35 new jobs (7.0 points) with an average annual wage of at least \$42,600, not including benefits (26.0 points), a capital investment of at least \$4,900,000 in real property improvements (4.9 points) and invocation of the Board's Community Reinvestment Credit based upon a request that the Board only grant a real property PILOT tax base to the 2012 land only tax assessment in the amount of \$4,851,311 (4.9 points), for a grand total of **53 points** for the Project, based on the current PILOT matrix of the Board.

BE IT FURTHER RESOLVED that, as a special incentive under the Board's Green Initiative, the Applicant be granted a tax freeze on the real and personal property involved in the Project for one (1) additional year, to be added to end of the period specified in the previous resolution, provided the Applicant successfully implements its environmental commitment plan, as contained in the Application, under which plan the Applicant would comply with the minimum environmental performance standards adopted by the Board with respect to: (i) waste, subject to waste stream audits or other forms of documentation as shall be required from time to time by the Board or its agents; and (ii) renewable energy.

BE IT FURTHER RESOLVED that the Applicant be granted a three year ramp up period during which to achieve its hiring goals and, thereafter, be awarded a PILOT on the real and personal property involved in the Project for the duration specified above, with the understanding that the Applicant will be allowed to roll back the value on currently taxable real property through the Community Reinvestment Credit if it is not able to expand at its current location.

BE IT FURTHER RESOLVED that, for a tax incentive in the amount of \$685,979 (consisting of \$436,514 in real property tax abatements and \$249,465 in personal tax abatements) to the Applicant, the Applicant will make a capital investment in the amount of \$4,900,000 and the City of Memphis, Tennessee, and the County of Shelby, Tennessee, will receive a total local tax benefit of in the amount of \$1,034,075, resulting in a benefit/cost ratio of 1.51,

meaning that for every One Dollar (\$1.00) given as a tax abatement or incentive to the Applicant, the local tax benefit for the City of Memphis and the County of Shelby will be One and 51/100 Dollars (\$1.51).

BE IT FURTHER RESOLVED that the Board's approval is subject to the review and approval by the Board's counsel, review and approval of the Applicant's Diversity Program, review and approval of the Applicant's Environmental Impact Study and receipt of letters of approval from the mayors of both the City of Memphis and the County of Shelby. Furthermore, the Board authorizes any officer of the Board to sign any and all documents related to the transaction for this Project incentive if the Board Chairman is unavailable. In addition, the Board reserves the right, in accordance with the service agreement between the Board and the Memphis and Shelby County Industrial Development Board ("IDB"), to assign this PILOT to the IDB if the Board ultimately deems it beneficial.

APPROVED:

DATE: _____

AL BRIGHT, JR.
BOARD CHAIRMAN
ECONOMIC DEVELOPMENT GROWTH
ENGINE FOR MEMPHIS AND SHELBY COUNTY

REID DULBERGER
PRESIDENT/CEO
ECONOMIC DEVELOPMENT GROWTH
ENGINE FOR MEMPHIS AND SHELBY COUNTY

J. MARTIN REGAN, JR. or
CASEY SHANNON
GENERAL COUNSEL
ECONOMIC DEVELOPMENT GROWTH
ENGINE FOR MEMPHIS AND SHELBY COUNTY

T. KEVIN BRUCE or
VAN D. TURNER, JR.
COUNSEL FOR
ECONOMIC DEVELOPMENT GROWTH
ENGINE FOR MEMPHIS AND SHELBY COUNTY

The motion was seconded by Larry Jackson. The PILOT was approved on an affirmative vote of the following members:

Al Bright, Jr., Chairman	Larry Jackson
Thomas Dyer	Jack Moore
Mark Halperin	Natasha Donerson
Charlie Goforth	

Franklin Sports PILOT Request

The next item to come before the Board was the Franklin Sports request for participation in the PILOT program. Keith Dillihunt, Economic Development Specialist for EDGE, introduced representatives from Franklin Sports, a Massachusetts based sports equipment manufacturing company. Franklin Sports has been a leader in employing men and women from the local Work Release and Prison Re-Entry Programs.

Franklin Sports would commit to the creation of 40 new jobs, 30 from the Work Release Program, and approximately \$550,000 of new capital investments. Attorney Liz Keough, Martin Tate, representing Franklin Sports, stated the firm was asking for a more substantial upfront benefit than would typically be available from a PILOT for a project of this magnitude, to help capitalize on a growth opportunity. In return, the firm was willing to forego some of the later year PILOT benefits. Specifically, Attorney Keough requested a continuation of Franklin Sports' existing PILOT Community Reinvestment Credit on 300,000 square feet of existing lease space, along with the addition of 100,000 square feet of space that would be added. Reid Dulberger voiced concern about setting a precedent for extending an expiring PILOT. After lengthy discussion Tom Dyer moved and read the following Resolution:

**RESOLUTION APPROVING THE PAYMENT-IN-LIEU-OF-TAX APPLICATION FOR
FRANKLIN SPORTS EXPANSION PROJECT**

WHEREAS Franklin Sports, Inc., a Delaware corporation ("Franklin Sports"), is a family owned sports equipment manufacturing company headquartered at 17 Campanelli Parkway, Stoughton, Massachusetts 02072, with a logistics division located at 5510 Getwell Road, Memphis, Shelby County, Tennessee;

WHEREAS Franklin Sports has served as an excellent example of the invaluable and positive impact a company can have in this community through its dedicated and successful participation in Mayor Wharton's Prison Re-Entry program and in the Shelby County Work Release Program which is designed to provide working opportunities for longer serving inmates who are not violent offenders with at least a year left to serve on their sentences;

WHEREAS Franklin Sports employs as many as twenty (20) positions at any given time from the Work Release Program and sixty (60) positions from the Prison Re-Entry Program and as a result of a market expansion opportunity, it will add forty (40) new jobs, thirty (30) of which would be filled with currently incarcerated inmates and ten (10) of which Franklin Sports will fill either through In Staff or the Tennessee Workforce Investment Network ("WIN");

WHEREAS the Applicant plans to expand its existing 300,000 square foot space located at 5510 Getwell Road, Memphis, Tennessee, into an additional 100,000 square foot space in the same building for an total footprint of 400,000 square feet (the "Project");

WHEREAS, in order to provide a direct and positive impact on the Project and the Applicant's future in Memphis and Shelby County, Tennessee, Franklin Sports has submitted to the Economic Development Growth Engine Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the "Board"), an application for award of a real property payment-in-lieu-of-taxes ("PILOT") incentive (the "Application");

NOW, THEREFORE, BE IT RESOLVED that the Board approves the request of PILOT for a 3-year tax freeze on the real and personal property involved in the Project located at 5510 Getwell Road, Memphis, Tennessee (10 points). This approval is contingent upon the creation of at least 40 total jobs overall at with 10 or more of those jobs meeting the \$10 per hour criteria (2.0 points) and with an annual average wage of at least \$30,300, not including benefits (12.8 points), a capital investment of at least \$550,000 in real property improvements (0.6 points), and invoking the Board's Community Reinvestment Credit by requesting that the Board only grant a real property PILOT tax abatement to the 2012 land only tax assessment in the amount of \$2,742,480 (2.7 points). Additionally, Franklin

Sports is awarded 5 special consideration points for operating an industry within a targeted industry for Memphis and Shelby County, for a grand total of **33 points** for the Project based on the current PILOT matrix of the Board.

BE IT FURTHER RESOLVED that, as a special incentive under the Prisoner Re-Entry program, Franklin Sports be granted a tax freeze on the real property involved in the Project for three (3) additional years, to be added to end of the period specified in the previous resolution, provided that Franklin Sports successfully implements its prisoner re-entry plan, as described in the Application, under which plan Franklin Sports would fill 30 new positions with inmates from the Shelby County Correctional Center and further provided that, to the extent required by the policies of the Board, Franklin Sport's prisoner re-entry plan is approved by the City of Memphis, the County of Shelby or the State of Tennessee.

BE IT FURTHER RESOLVED that the Applicant be granted a three year ramp up period during which to achieve its hiring goals and, thereafter, be awarded a PILOT on the real and personal property involved in the Project for the duration specified above, with the understanding that the Applicant will be allowed to roll back the value on currently taxable real property through the Community Reinvestment Credit if it is not able to expand at its current location.

BE IT FURTHER RESOLVED that, for a tax incentive in the amount of \$193,674 to the Applicant, the Applicant will make a capital investment in the amount of \$550,000 and the City of Memphis, Tennessee, and the County of Shelby, Tennessee, will receive total local tax benefits in the amount of \$410,039, resulting in a benefit/cost ratio of 2.12, meaning that for every One Dollar (\$1.00) given as a tax abatement or incentive to the Applicant, the local tax benefit for the City of Memphis and the County of Shelby will be Two and 12/100 Dollars (\$2.12).

BE IT FURTHER RESOLVED that the Board's approval is subject to the review and approval by the Board's counsel, review and approval of the Applicant's Diversity Program, review and approval of the Applicant's Environmental Impact Study and receipt of letters of approval from the mayors of both the City of Memphis and the County of Shelby. Furthermore, the Board authorizes any officer of the Board to sign any and all documents related to the transaction for this Project incentive if the Board Chairman is unavailable. In addition, the Board reserves the right, in accordance with the service agreement between the Board and the Memphis and Shelby County Industrial Development Board ("IDB"), to assign this PILOT to the IDB if the Board ultimately deems it beneficial.

APPROVED:

DATE: _____

AL BRIGHT, JR.
BOARD CHAIRMAN
ECONOMIC DEVELOPMENT GROWTH
ENGINE FOR MEMPHIS AND SHELBY COUNTY

REID DULBERGER
PRESIDENT/CEO
ECONOMIC DEVELOPMENT GROWTH
ENGINE FOR MEMPHIS AND SHELBY COUNTY

**J. MARTIN REGAN, JR., or
CASEY SHANNON
GENERAL COUNSEL
ECONOMIC DEVELOPMENT GROWTH
ENGINE FOR MEMPHIS AND SHELBY COUNTY**

**T. KEVIN BRUCE or
VAN D. TURNER, JR.
COUNSEL FOR
ECONOMIC DEVELOPMENT GROWTH
ENGINE FOR MEMPHIS AND SHELBY COUNTY**

The motion was seconded by Jack Moore. The PILOT was approved on an affirmative vote of the following members:

Al Bright, Jr., Chairman	Larry Jackson
Thomas Dyer	Jack Moore
Mark Halperin	Natasha Donerson
Charlie Goforth	

Board members expressed their support for Franklin Sports and noted that after additional discussion between the firm, its legal counsel, and EDGE staff concerning the structure of the proposed PILOT and/or other potential assistance, the issue could be reconsidered at the September EDGE Board meeting.

Old Business:

Diversity Advocate – All World Project Management Interim Engagement

The next item to come before the Board was a request for All World Project Management to be engaged on an interim basis as the EDGE Diversity Advocate since the contract with the City's former consulting firm had expired at the end of June. Michael Hooks, Jr. and Al Cousins of All World Project Management were introduced. The proposed term is four months and the proposed scope of work includes: working with PILOT applicants on their Diversity Plans; developing a new Diversity program for EDGE projects that provides greater assistance over a period of years and leads to more Locally Owned Small Businesses and Minority and Women Business Enterprises benefiting from EDGE projects, as well as more local hiring through the Identified Labor Source; and managing the Request for Proposal process to find a permanent vendor. The monthly service fee will be \$7,000.00; All World is not eligible to be the permanent vendor.

Deidre Malone moved that All World Project Management be approved for an interim engagement. The motion was seconded by Jack Moore. The motion was approved on an affirmative vote of the following members:

Al Bright, Jr., Chairman	Larry Jackson
Thomas Dyer	Jack Moore
Mark Halperin	Natasha Donerson
Charlie Goforth	

Office Technology Contracts

The next items to come before the Board were two contracts for office technology. One contract was for telecommunications (phone service leasing) at a cost of \$941.34 per month. The second contract was for information technology (computers) leasing at a cost of \$1,737.20 per month, which includes the hardware, software, installation, and 24/7 technical support.

Jack Moore moved that the office technology contracts be approved. The motion was seconded by Charlie Goforth. The motion was approved on an affirmative vote of the following members:

Al Bright, Jr., Chairman
Thomas Dyer
Mark Halperin
Charlie Goforth

Larry Jackson
Jack Moore

Angelica Textile Services PILOT Amendment Request

The next item to come before the Board was a PILOT amendment request for Angelica Textile Services. Attorney Liz Keough, Martin Tate, representing Angelica, requested that Angelica receive 10 additional points on the PILOT Evaluation Matrix, given that the location they selected is in the former Renewal Community. The extra points equate to an extra year of PILOT benefit. Reid Dulberger recommended against approval, noting the firm had accepted the original PILOT and agreed to move forward without the additional benefit. Attorney Keough noted that by precedent, firms locating with former Renewal Community Census Tracts received the additional points.

After lengthy discussion Deidre Malone moved that the Angelica Textile Services PILOT Amendment be approved. The motion was seconded by Mark Halperin. The motion was approved on an affirmative vote of the following members:

Al Bright, Jr., Chairman
Thomas Dyer
Mark Halperin
Charlie Goforth

Larry Jackson
Jack Moore

Johnson & Johnson PILOT Jobs Plus Program Extension

The next item to come before the Board was a request from Johnson & Johnson for additional years added to their PILOT benefit, based on their performance on the Jobs Plus voluntary diversity program. Reid Dulberger briefed the Board on the Job Plus Program, the predecessor to the current Diversity Program. Attorney Robert Liddon, Baker Donelson, representing Johnson & Johnson, addressed the Board. In 2003, Johnson & Johnson Health Care Systems was awarded a 9-year PILOT which included the Jobs Plus Program. The firm exceeded their commitments under the Jobs Plus agreement which entitled Johnson & Johnson to two additional years of PILOT benefit. Their compliance was reported by the Business Resource Group.

Charlie Goforth moved that the PILOT extension for Johnson & Johnson be approved. The motion was seconded by Larry Jackson. The motion was approved on an affirmative vote of the following members:

Al Bright, Jr., Chairman
Thomas Dyer
Mark Halperin
Charlie Goforth

Larry Jackson
Jack Moore

There being no further business before the Board, the meeting was adjourned at 5:40 p.m.


Natacha Anderson
EDGE Secretary