

**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
Wednesday, August 6, 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 **Wednesday, August 6, 2014** at **1:10 p.m.**

Members Present:

Natasha Donerson, Committee Chairperson
Darrell Cobbins
Keith Collins

Members Absent:

John Ivy
Phil Stevenson

Also Present:

Reid Dulberger, EDGE President/CEO	Darren Metz, NovaCopy
Mark Beutelschies, General Counsel	David Lee, Quality Quick Cleaners
Monice Hagler, EDGE Legal Counsel	Lois Lee, Quality Quick Cleaners
Katrice Feild, EDGE Legal Counsel	B.G. Brooks, B.G. Brooks Enterprises
Keith Dillihunt, EDGE	Tommy Pacello, Mayor's Innovation Delivery Team
Emmett McKnight, EDGE	Tracy Buckley, Community LIFT
Garrett Guynes, EDGE	Jeffrey Higgs, LeMoyne-Owen CDC
Carmen Franklin, EDGE	Jonathan Nyaku, Memphis Consulting Group
Jim Thigpen, TNBDCO	

Upon determination of a quorum, the meeting was called to order by Economic Development Finance Committee Chairman Natasha Donerson at 2:10 p.m. Chairman Donerson opened the floor for public comments. No public comments were made.

Approval of Minutes from the July 10, 2014 ED Finance Committee Meeting

The first item of business was a review of the minutes of the ED Finance Committee meeting held on Thursday, July 10, 2014. Darrell Cobbins moved the minutes be approved as presented. The motion was seconded by Keith Collins. The minutes were approved on an affirmative vote of the following members:

Natasha Donerson
Darrell Cobbins
Keith Collins

Committee Chairman's Opening Comments

Ms. Donerson expressed appreciation to the Committee for their time and service.

Loan Program Opportunities

NovaCopy SBA 504 Loan Request

Keith Dillihunt, Economic Development Specialist at EDGE, and Darren Metz, NovaCopy President, presented the ratification of the application for approval of the NovaCopy SBA 504 Loan Request. Mr. Dillihunt presented the Applicant's request for a \$2.17 million loan with a 20-year term and total capital investment of \$5.44 million. The loan will assist in the purchase of new equipment and the construction of a new facility to be located at the Appling Farms Business Park. Renasant Bank will loan 50% of the total debt, the SBA will cover 40% and the Borrower will provide the remaining 10% in equity. The ratification of the application will go before TNBDCO No EDGE or public funds will be used.

Darren Metz reported that NovaCopy is entering the business of 3-D printing. Mr. Metz anticipates completion of the project by April 2015.

Jim Thigpen of the TNBDCO expressed appreciation of Mr. Metz's knowledge and explanation of the SBA 504 loan program.

Mr. Dillihunt reported Staff's recommendation for approval.

Keith Collins moved approval of the NovaCopy SBA 504 Loan Request in the amount of \$2.17 million.

RESOLUTION TO SUPPORT THE SBA 504 LOAN TO NOVAJAD, LP

NOVAJAD, LP (the "Applicant"), has submitted for review and support from 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") their application to Tennessee Business Development Corporation for a Small Business Administration ("SBA") 504 Loan (the "Loan") to assist in the build out construction of a new office building at Appling Farms Business Park, Memphis, Tennessee and purchase of equipment for the build out (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, the Committee on behalf of the Board hereby supports the award of the Loan to the Applicant in the amount of \$2,175,412.00. The Loan will assist in the build construction of a new office building at Appling Farms Business Park, Memphis, Tennessee and purchase of equipment for the build out.
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.

NovaCopy Seeking \$2 Million SBA 504 Loan

NovaJAD, a NovaCopy affiliate, is seeking a \$2.17 million Small Business Administration (SBA) 504 Loan for the build out of a new office building at the Appling Farms Business Park.

The SBA Loan, in conjunction with Renasant Bank and business cash, will create a combined \$5.43 million investment for the proposed 33,000-square-foot building.

In October of 2013, NovaCopy was awarded a 4-year PILOT for the construction of the new facility.

The combined project is expected to create 30 new jobs with an average annual salary of \$44,133.

The new facility will allow NovaCopy to bring its 3D-printing services to the area and will serve as the Mid-South regional headquarters.

LOAN DATA	DETAILS
Term	20 years
Interest Rate	Fixed rate based upon sale of SBA guaranteed debentures
Loan Amount	\$2,175,412
Existing Jobs/New Jobs	30 new
Average Annual Pay For New Jobs	\$44,133

PROPOSED USE OF FUNDS	PROPOSED SOURCE OF FUNDS
Building Construction	\$2,719,265 (Renasant Bank, 50% of total debt)
Building Construction	\$2,175,412 (SBA 504, 40% of total debt)
Equipment	\$543,853 (Business cash, 10% of total debt)
TOTAL	\$5,438,531

The motion was seconded by Darrell Cobbins. The motion was approved by an affirmative vote of the following members:

- Natasha Donerson
- Darrell Cobbins
- Keith Collins

Quality Quick Cleaners ICED Loan Request

Jeffrey Higgs, CEO of Soulsville CDC, provided details of façade funding that helps promote inner city economic development.

Keith Dillihunt, along with David Lee, spokesperson for Lois Lee, the sole proprietor of Quality Quick Cleaners, reported Staff’s recommendation for the approval of a \$25,000 ICED grant with a 0% interest rate and forgivable over a 3 year period provided the Applicant performs the work. Mr. Dillihunt recognized the efforts of Tommy Pacello of the Mayor’s Innovation Delivery Team and Tracy Buckley of Community LIFT for assisting staff with the application from Quality Quick Cleaners.

David Lee expressed the appreciation of his mother, Lois Lee, for Staff’s recommendation of the ICED loan.

Darrell Cobbins moved approval of the Quality Quick Cleaners ICED Loan Request.

RESOLUTION TO APPROVE ICED LOAN TO QUALITY QUICK CLEANERS

Quality Quick Cleaners (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 Inner City Economic Development ("ICED") loan to assist the Applicant in making facade and interior improvements and renovations at 284 E McLemore 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 284 E McLemore 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.

Quality Quick Cleaners Seeking \$25,000 ICED Loan

Quality Quick Cleaners is seeking a \$25,000 Inner City Economic Development (ICED) Loan to help make interior and facade improvements to its location at 284 East McLemore Street.

The ICED Loan would complete a combined \$37,500 investment.

The loan would allow the dry cleaning company to renovate its exterior lighting and make improvements to the outside facade that would include a new sign and awning.

The loan is projected to create 2 new jobs over three years.

Quality Quick Cleaners has been in business for more than 20 years in South Memphis.

LOAN DATA	DETAILS
Term	3 years
Interest Rate	0%
Loan Amount	\$25,000
Existing Jobs/New Jobs	7 existing/2 new
Average Annual Pay For New Jobs	\$15,000 (part-time)

PROPOSED USE OF FUNDS	PROPOSED SOURCE OF FUNDS
Facade Improvements	\$30,000 (\$25,000 ICED Loan, \$5,000 Owner Injection)
Building Interior Renovation	\$5,000 (Owner Injection)
Landscape and Streetscape Improvements	\$2,500 (Owner Injection)
TOTAL	\$37,500

Borrower: Quality Quick Cleaners

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 be completed.

Maturity: Three years from closing

Guarantors: David Lee and Lois Lee

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.

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
Darrell Cobbins
Keith Collins

B.G. Brooks Enterprises ICED Loan Request

Keith Dillihunt, along with Basil Brooks, reported Staff's recommendation of the application for B.G. Brooks Enterprises located at 991- 995 Mississippi Blvd. for a \$20,000 ICED grant, with a 0% interest rate and forgivable over a 3 year period provided the Applicant performs the work.

Mr. Brooks expressed his appreciation to the Committee for consideration of his application. He anticipates completion of the project within 30 days.

Darrell Cobbins moved approval of the B.G. Enterprises ICED Loan Request.

**RESOLUTION TO APPROVE ICED LOAN TO
BG BROOKS ENTERPRISES**

BG Brooks Enterprises (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 Inner City Economic Development ("ICED") loan to assist the Applicant in making facade and interior improvements and renovations at 995 Mississippi Blvd, 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 \$20,000 loan (the "Loan"). The Loan will assist the Applicant in making facade and interior improvements and renovations at 995 Mississippi Blvd, 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.

B. G. Brooks Enterprises Seeking \$20,000 ICED Loan

B. G. Brooks Enterprises is seeking a \$20,000 Inner City Economic Development (ICED) Loan to help make interior and facade improvements to its shopping center at 995 Mississippi Boulevard.

The ICED Loan would complete a combined \$32,000 investment at the 3,000 square- foot building.

The forgivable loan would allow B. G. Enterprises to make interior and facade renovations that include new windows, paint and lighting improvements.

B. G. Enterprises will lease the location to three new tenants creating 10 new jobs. Occupying the building will be a barber and beauty school, a computer repair shop and a retail storefront.

LOAN DATA	DETAILS
Term	3 years
Interest Rate	0%
Loan Amount	\$20,000
Existing Jobs/New Jobs	10 new
Average Annual Pay For New Jobs	-

PROPOSED USE OF FUNDS	PROPOSED SOURCE OF FUNDS
Facade Improvements	\$12,000 (ICED Loan)
Structural, Roof and HVAC	\$12,000 (Owner Injection)
Building Interior Renovation	\$8,000 (ICED Loan)
TOTAL	\$32,000

Borrower: B G Brooks Enterprises

Amount: \$20,000

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 be completed.

Maturity: Three years from closing

Guarantors: Basil Brooks

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.

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
Darrell Cobbins
Keith Collins

Other/Remarks for the Good of the Order:

There being no further business before the Committee, the meeting was adjourned at 2:31 p.m.

_____ ED Finance Committee Chair