

**Economic Development Commission
Thursday, June 4, 2009
Department of Development Blue Room
1920 South Germantown Road**

The regular meeting of the Economic Development Commission was held Thursday, June 4, 2009, in the Department of Development Blue Room. Chairman Jerry Klein called the meeting to order at 6:00 P.M. and a quorum was established.

PRESENT: Chairman Jerry Klein, Jane Clark, Chris Harrison, Rocky Janda, Lyle Muller, Brian Pecon and Thom Parzinger. Also present were Industrial Development Board members Henry Evans and Mike Harless.

ABSENT: Charles McCraw, John Wagner, Andy Pouncey, Susan Burrow and Alderman Carole Hinely.

STAFF PRESENT: Economic Development Coordinator Katie Graffam.

GUEST SPEAKER: Larry Papasan.

Chairman Klein announced that approval of minutes and committee reports will be dispensed with in order to hear from guest speaker Larry Papasan.

SPEAKER: Mr. Larry Papasan

Mr. Pecon introduced Larry Papasan, who is involved in the medical implant industry and metro-capital fundraising, companies who have an interest of possibly locating in the mid-south.

Mr. Papasan made a presentation on the medical device industry and what is taking place in the Memphis Community. He stated Memphis is the second largest medical device industry in the United States and in the world; second behind Warsaw, Indiana, where the orthopedic industry was formed. He gave a brief history of several medical device companies that have been formed in this area.

Some highlights of his presentation were:

- Smith and Nephew Orthopedics formed in 1934.
- Wright Medical in Arlington was formed a few years later.
- Medtronic, largest spine company in the world, formed in the late 1980's.
- At least five manufacturing companies and 25 other medical device companies, primarily orthopedic companies, in the Memphis/Shelby County region.
- Created In Motion Orthopedic Research Group.
- INNOVA.
- Mr. Papasan stated Germantown is a location that could benefit because the medical device industry is a clean industry and start-up companies only need office space.
- Mr. Papasan stated one of the biggest problems is getting the capital. He mentioned Memphis Bio Venture Capital Fund who has invested in start-up companies pretty much in the southeastern part of the U.S. and has made 17 investments and all 17 of the companies are still valued at least what they were when they made the investment.
- The University of Memphis and the University of Tennessee were approached and it was discovered there is no research in medical devices in the Memphis area.
- The Motion Orthopedic Research Group was formed.
- Memphis Bio Venture Capital fund was formed, who focuses on the southeast.
- INNOVA was formed.

- Baptist Hospital and Methodist Hospital were contacted to support research.
- Extra Ortho was formed. Brian Austin, president of Extra Ortho, lives in Germantown.
- Medical device MBA programs at Fogelman College will start in September of 2009.
- Five to 10 medical device companies are expected to start up per year, which is something Germantown could focus on.
- Space needs for such a start-up company is 1200 square feet.
- For medical leads, contact Bob Compton.
- State of Tennessee taxes medical instrument shipments as a sale, which has almost killed the industry. Companies are moving to Olive Branch. Senator Morris is working on changing the tax code.
- Orthopedic industry takes roughly \$100,000 worth of implants and instrument sets to do one surgery, which a product is sold for \$5,000, so you have to invest \$100,000 in equipment to make a \$5,000 sale. Get about 90% gross margin off the \$5,000 profit.
- For leads on who might be coming to the area, talk to Gary Stevenson with MB Venture Capital.
- Other sources of information would be Ken Woody with INNOVA, Bob Compton and Steve Bears.
- Publications available on who is looking to relocate.

Larry Papasan will set up meetings with Ken Woody and Gary Stevenson and will coordinate back with Brian Pecon.

Chairman Klein expressed appreciation to Mr. Papasan for the very informative and helpful presentation.

ADJOURNMENT

There being no further business, the meeting adjourned.