

INDUSTRIAL DEVELOPMENT BOARD
Monday, March 1, 2010
Blue Conference Room
Department of Economic and Community Development
1920 S. Germantown Road

The Germantown Industrial Development Board met on Monday, March 2, 2010, in the Blue Conference Room in the Department of Economic and Community Development. Chairman Henry Evans called the meeting to order at 6:00 p.m. A quorum was established with all members present.

PRESENT: Chairman Henry Evans, Mike Harless, Annette Liles, Dr. Frank Markus, Keith Saunders and Dick Vosburg.

STAFF PRESENT: City Administrator Patrick Lawton, Economic and Development Services Director Andy Pouncey, Economic Development Coordinator Katie Graffam and Laurel Williams, Attorney, Burch, Porter & Johnson

GUESTS: Charles Gulotta, Executive Director of Economic Development, Memphis and Shelby County Division of Planning and Development
Maggie Conway, Deputy Administrator of Economic Development, the Memphis and Shelby County Division of Planning and Development
Charlie McCraw

As this was the first meeting since the death of Don Lee, Chairman Evans requested everyone to stand for a moment of silence to recognize Mr. Lee's life and his contribution to the Germantown Industrial Development Board.

Mr. Evans announced Charlie McCraw was present for this meeting and that Mr. McCraw's nomination to the Germantown Industrial Development Board was on the Board of Mayor and Aldermen agenda at this time for approval.

MINUTES

A motion was made and seconded to approve the April 21, 2009 minutes. Motion passed.

Chairman Evans stated the purpose of this meeting is to hear from the county relative to the changes that have been made to the Memphis/Shelby County Industrial Development Board matrix and the reasoning behind those changes.

Mr. Evans asked everyone to briefly introduce themselves.

DISCUSSION OF THE GERMANTOWN PILOT MATRIX IN COMPARISON WITH THE MEMPHIS/SHELBY COUNTY PILOT MATRIX

Charles Gulotta and Maggie Conway made a presentation of the recent changes to the rules and regulations to the Shelby County matrix. Mr. Gulotta stated as current memorandums of understanding are being reviewed for update, they have at the same time looked for opportunities to outline changes they have made to the Shelby County PILOT program and to discuss some thoughts they have about strengthening working relationships with the various industrial development boards across the county.

Significant changes to the Shelby County matrix discussed:

- Retention PILOT - requires a company to be in the community at least 10 years; \$10 million investment requirement, retain at least 100 jobs, show favorable cost benefit ratio to certain level.

- Change in 550 job requirement – a company can now receive matrix points if they employ 800 - 1000 people.
- Upper limit for capital investment – went from using median wage in a matrix calculation to using average wage, which will be more business friendly with companies having a lot of high paid workers .
- A revised PILOT application.
- Application fees as a percent of savings.
- Deletion of the residency requirement that 75% of the PILOT jobs had to be in Shelby County.
- Did away with the Evaluation Committee who reviewed the PILOT application for recommendation to the full board.
- Added LEED certification.
- Added prisoner re-entry.
- Diversity Plan requirement – every company that comes before the City of Memphis and Shelby County Industrial Development for a bond issue or for a PILOT is required to provide a diversity plan.

Chairman Evans asked what the response was from other boards relative to their willingness to look at and make some of these same changes in their own matrix.

Mr. Gulotta stated they had brought up the need to have some sort of joint meeting consisting of one or two representatives from each industrial development board once or twice a year to discuss challenges and changes and how to strengthen working relationships. He mentioned a probable breakfast or lunch meeting with one or two members from each board.

Mike Harless asked for clarification on the requirement to commit to so many minorities in order to have a PILOT accepted.

Mr. Gulotta stated no minority requirements exist at this time.

Mr. Harless asked for a copy of the diversity plan. He stated what he understands from what he is hearing it's not regarding the minority hiring but regards the expenditures.

Mr. Gulotta explained that there are two parts to the plan: an identified labor source, a workforce investment network of certified workers who receive certain levels of certification. They want companies that get a PILOT to make a good faith effort to hire a certain percent of these workers, who could be minority, non-minority, Hispanics, white , etc. If they do an exemplary job hiring a certain percent of these workers, they can receive an extra one or two years on their PILOT program.

Mr. Harless asked if that was small businesses that are minority-owned businesses in Shelby County.

Mr. Gulotta answered yes.

Mike Harless asked about the dollar amount.

Ms. Conway replied the dollar amount is pledged to be used as a goal. She stated if the pledge is achieved for say an 8 or 9 year PILOT and over this course of the eight years the goal is reached, the IDB can give an extra one or two years.

Mr. Harless asked if a copy of the retention PILOT program would be provided.

Ms. Conway stated the diversity program and retention PILOT would be emailed.

Mr. Pouncey asked what other states are offering.

Mr. Gulotta replied that Mississippi has a Rural Economic Development Program where if companies use bond dollars to develop facilities, they can use their state corporate income tax that they pay to settle their income tax debt. They could also use those payments as a credit to the principal and interest on the bond issue.

Chairman Evans stated that the Germantown IDB doesn't at this time have an inclination to expand, but items discussed at this meeting would be reviewed at a future IDB meeting. He stated the Germantown IDB had looked forward to this meeting and any suggestions from the county for redoing the memorandum of understanding. Mr. Evans stated the Germantown IDB would look forward to participating in a joint meeting and would remind everyone that if two members of this board were included at such meeting, that the Sunshine Law applies to all, which may restrict the agenda and discussion.

A question was asked as to what changes the county wanted to make to the memorandum of understanding. Ms. Conway responded the discussion on the fees, whether or not Germantown wants to be all or a part of the diversity program, and the issue of the current lease.

Mr. Gulotta invited the Germantown IDB to their March 17th and April 21st meetings.

Chairman Evans mentioned that reports are due from the three companies that have PILOTs. After staff has had an opportunity to review them, a meeting will be called probably later this month.

Mr. Evans expressed appreciation to Mr. Gulotta and Ms. Conway for their presence at the meeting.

ADJOURNMENT:

There being no further business, the meeting adjourned.