

MINUTES OF THE MCEDA BOARD MEETING
MAY 30, 1996

Chairman Mark Bounds called the meeting to order at 8:30 A.M. on the above date at the MCEDA conference room in the Old Courthouse on the square in Canton. Board Members present included Chairman Mark Bounds; Mayor Mary Hawkins; Ray Phillips; John Wallace. Also present were Bob Montgomery; Steve Vassallo; and Joy Foy. Guests attending included Allen Perry; Jim Herring; Janet McMurtray; Luther Waldrup; Captain Frank Hunter; Ken Wilbanks; Josh Zimmer; Louis Ladner, Jr.; Greg Bowen; and Representative Rita Martinson.

At approximately 8:35 after discussion of the executive session rules and guidelines by Bob Montgomery, Mayor Hawkins made a motion to go into closed session to consider an executive session to hear the report on Kountry Tyme Sports Foundation (KTSF) from Herring/Perry attorneys. Mr. Phillips seconded with no opposition.

Mr. Perry recommended executive session to allow an open, candid discussion of their finds. Mayor Hawkins made the motion to enter into executive session. Mr. Phillips seconded. The motion carried.

At 8:40 A.M. with the Board in executive session, Mayor Hawkins asked Mr. Montgomery to excuse himself. He asked permission of the Board to stay in order to hear the report. Mayor Hawkins made the motion to recuse Mr. Montgomery. Mr. Phillips seconded. Mayor Hawkins and Mr. Phillips voted yes; Messrs. Wallace and Bounds voted no. The motion failed.

Mr. Perry began the report with Mr. Herring and Ms. McMurtray assisting:

The recommendations were as follows:

1. We recommend that the Board authorize us to institute legal action to attempt to recover the property and minimize the loss to the taxpayers. We note that, if we are correct in our assessment of its financial status, it is likely that Kountry Tyme will default on its payments in any event. There are certain procedural advantages that may exist with respect to basing our litigation on such a default, rather than taking on the burden of suing to set aside the transaction for misrepresentation. The nature and timing of the litigation may be determined or altered by Kountry Tyme's actions with respect to the \$200,000 payment due in late June. Accordingly, since our strategy may change as events occur, we request that questions of timing and content of the action be determined by us, subject to the approval of the Chairman of the Board.
2. Prior to our retention, MCEDA had determined to retain, and not deposit, the initial \$50,000 check pending a review of the transaction. The decision to hold the check rather than cash it, was made in order to make it abundantly clear that MCEDA was not willing to waive any misrepresentations that had occurred. Some action needs to be taken with respect to that check. We recommend that the Board authorize us to take action to interplead the money into court.
3. The best that can be reasonably expected in the litigation that we have recommended is to recover the property and thus reduce the ultimate loss on the transaction. There is the possibility that some agreed-upon surrender of the property would serve that purpose more cost effectively than litigation. We recommend that we be given authority to negotiate with respect to such an end, understanding that any such resolution would have to be approved by the MCEDA Board.

Mayor Hawkins made a motion to accept recommendations 1, 2, and 3 and to authorize Attorneys Herring/Perry (on behalf of MCEDA) to attempt to set aside the KTSF transaction and take the action laid out in the aforementioned recommendations. Mr. Phillips seconded. The motion passed with 3 voting yes. Mr. Wallace voted no.

Mayor Hawkins made the motion to go out of executive session. Mr. Phillips seconded and all approved.

Chairman Bounds announced a 5 minute recess.

At 10:27 A.M. Chairman Bounds reconvened the meeting and apologized to the guests for the long wait. Mr. Greg Bowen, CFO for North American Plastics, was recognized first. He requested a tax exemption for the company's expansion. After some questions by the Board, Mayor Hawkins made the motion to recommend to the Board of Supervisors that the company be granted an ad valorem tax exemption as requested. Mr. Phillip's seconded. All approved.

Mr. Louis Ladner was recognized next and presented his site plans for architectural review for Distribution Drive in Gluckstadt. He indicated his preference to build a metal building with concrete blocks (up 32 inches on the side and front) facing the streets. He is seeking C-2 zoning. Mr. Wallace made the motion to approve the review. Mr. Phillips seconded and the motion passed with Mayor Hawkins abstaining from the vote. She shared with Mr. Ladner that lack of enforcement of subdivision guidelines kept her from voting.

Chairman Bounds asked for a motion to accept the April 23rd Minutes. Mr. Wallace made a motion to approve; Mr. Phillips seconded; and the motion passed unanimously.

Ms. Foy presented the Financial Report by explaining that the Balance Sheet and Income Statement are documentation of general ledger entries as of April 30, 1996. The \$9,050.00 in receipts on the Income Statement includes rent from International Paper; Scott Penn; Cheer; Inc., and two Capitol rent payments. The \$2,500.00 listed under expenditures is payment on the old Entex bill. Within the docket of invoices, three invoices from Mike Schmidt for landscaping duties due to an increase of his duties were included. Also noted was the \$20,000.00 in payment to Raytheon Aerospace as aid to construction grant based on January 6, 1988 agreement. The balance in the Construction Checking account will be transferred to Merchant and Farmers Bank since MCEDA has no deposits with the local Bank. The \$106,375.00 in the Construction Checking Account on the Account Balances sheet is money from the proceeds of land sale for Cypress Pharmaceutical at CMIC. The \$1,000 from Entergy was used to defer cost for the Retreat last week and the \$5,250 represents donations from private companies to cover the cost of the Madison County Video. An additional grant from Walmart is expected soon for this video. There was a question concerning the \$4,700 on the Waggoner bill. Mayor Hawkins made a motion to accept the financial report excluding the \$4,700 from Waggoner's invoice. Mr. Phillips seconded; and all approved.

Next, Ms. Foy explained the bids for the renewal of the DGNB loan that will mature July 15, 1996. The low bid came from DGNB at 7.36% fixed rate for 5 years. Mr. Phillips made a motion to accept DGNB's low bid to renew the loan as soon as possible. Mr. Wallace second. The vote was unanimous.

Mr. Vassallo added that he had applied for a 4% fixed loan for up to 15 years from CMPDD for the Sound Stage. The Board of Supervisors has drafted a resolution to accept the 4% according to Mr. Vassallo. Mayor Hawkins motioned to acknowledge and support Board of Supervisors in the resolution to accept the lower financing. Mr. Phillips seconded. All approved.

Chairman Bounds presented his recommendation for a "Broker Participation Policy" and acknowledged Representative Rita Martinson for assistance in getting the Legislation passed to allow using Brokers to market MCEDA's land. The recommendation to add in paragraph 2 "...presents to the President of MCEDA..." to verify that the President had to have the notarized letter to qualify as a Broker. Mr. Wallace made a motion to accept with amended wording (attached). Mayor Hawkins seconded. All approved.

In Mr. Bourgeois's absent, Mr. Vassallo distributed an estimate detailing probable costs for sewer to the 8.50 acre site in CMIC at Gluckstadt. Mr. Wallace will discuss the project with Mr. Bourgeois and will present in detail a recommendation at the June Meeting.

Mr. Montgomery reported on the closing of the Cypress land deal. He told that an extension with Cardinal has been allowed giving them until July 15 to close the land transaction.

The date for future MCEDA Board Meeting should be a set date or notice of meetings posted in public places. The Board agreed on the third Thursday of each month at 8:30 A.M. The MCEDA Board Room in the 1855 Courthouse will be the regular meeting place.

Chairman Bounds asked to skip to the land sale consideration and recommended executive session to discuss the item. Mr. Phillips made a motion to go into closed session to discuss executive session and Mr. Wallace seconded. The unanimous consent of the Board was to enter into executive session to discuss a potential land sale at CMIC.

Mr. Vassallo reported a client's desire to purchase either 8 acres along Gluckstadt Road at the entrance of the CMIC at \$23,000 per acre or the property along Industrial Drive South and to obtain an easement to property south of MCEDA's strip along the roadway at \$15,000 per acre. The recommendation made by Mr. Vassallo was to decline the \$23,000 price for the 8 acres. After some discussion, Mr. Wallace made the motion to retain the 8 acre piece of property along Gluckstadt Road and to authorize Mr. Vassallo to have the property designed for use as a service center to the CMIC. Mr. Phillips seconded. All approved.

Mr. Vassallo recommended that the frontage along Industrial Drive be sold to the client at \$15,000 per acres as requested. After much discussion, Mayor Hawkins made the motion to have Mr. Vassallo and Mr. Bounds study the access to the adjoining property and bring the proposal back to the Board for consideration. Mr. Wallace seconded. The vote was unanimous.

Mr. Phillips made the motion to return to open session. Mayor Hawkins seconded and none opposed.

The votes taken in executive session were read for open session purposes.

Mr. Vassallo proceeded with his Director's Report noting that in item B. (see attached) a proposed budget had been prepared, but in light of information acquired from the retreat he asked to have additional time to consider increasing the funding.

The travel to the MEDC Conference in Biloxi and to Frankfurt, German for the automotive trade show (item D) was discussed next. Mayor Hawkins made the motion, seconded by Mr. Wallace to approve travel expenses for both trips. All approved.

The two bids (attached) for printing which included 100 copies of the Madison County Demographic books were presented. Mayor Hawkins made the motion to accept the low bid of \$3,719.98 from Magee Graphics. Mr. Phillips seconded, and all approved.

Item H (of the Director's Report) was a request from the Board of Supervisors to have MCEDA pay the estimated \$15,000 clearing costs to resolve the drainage problems at CMIC. Several options were shared. Mayor Hawkins made the motion to authorize Mr. Vassallo to negotiate the amount for MCEDA to pay, asking for assistance from the Board of Supervisors, but authorizing Mr. Vassallo authority to spend up to \$15,000 in the arrangement. Mr. Phillips seconded. The vote was unanimous.

The tax exemption policy (attached) was reviewed and after discussion on the Free Port Warehouse Exemption request, Mr. Vassallo offered to make additions to his recommendations. The amended proposed policy will be mailed for Board consideration.

Item Z asked for a selling price of \$25,000 per acre for the remaining 15 acres at the Madison Business Park. Mayor Hawkins agreed with Mr. Vassallo's recommendation with the Board in concurrence.

Mr. Vassallo thanked Mr. Wilbanks for attending the Retreat and for his patience in attending this meeting. He shared a summary (attached) of the Retreat with the Board and visiting guests.

A project on an unnamed prospect was distributed to Board Members for information. The Board was told that the Company has requested Free Port Warehouse Tax Exemption. The unanimous consent of the Members of the Board present was in favor of recommending Free Port Warehouse Tax Exemption to the Board of Supervisors for this company as well as for Pickens Brothers Lumber Company.

Mr. Wallace exited the meeting at approximately 11:40 a.m. leaving the Board one Member short for a quorum.

Chairman Bounds recognized Representative Rita Martinson and asked if she had any business or comments to bring before the Board. Ms. Martinson said that she had been invited to join the Foundation. She wanted to observe the MCEDA Board in action .

In other business, Ms. Foy presented rezoning requests made for properties adjoining CMIC at Gluckstadt. One from Ms. Ethel Jacks asking for a limited time to be allowed to have a trailer parked on I-1 property adjacent to 8.59 acres MCEDA owns in Gluckstadt. The second rezoning request was for 1 acre by Kenny Simmons from R-1 to C-2 on Weisenburger Road. This property adjoins MCEDA's 8 acres planned for commercial sites.

Reports from Ms. Foy's industry visits were included in the meeting packets.

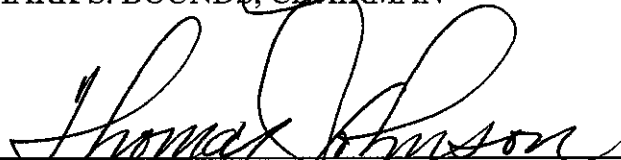
The \$600 utility bill for the Sound Stage was presented. The Board asked that Mr. Vassallo contact Ms. JoAnn Gordon to assist with paying the invoice.

At 11:55 a.m. the Meeting was adjourned.

WITNESS OUR SIGNATURES:



MARK S. BOUNDS, CHAIRMAN



THOMAS JOHNSON, SECRETARY-TREASURER