



Memphis City Council Summary Sheet FY2011

- This item is a Resolution approving a Cost Sharing Agreement between Nucor Steel Memphis, Inc. (Lessee) and the Memphis and Shelby County Port Commission (Lessor).
- Initiating Party: Memphis and Shelby County Port Commission
- This is not a change to an existing ordinance or resolution. This is a resolution for a cost sharing agreement to reimburse Nucor Steel Memphis, Inc. for cost of dredging the mouth of the harbor in the Frank C. Pidgeon Industrial Park.
- This Resolution does not amend an existing contract.
- This Resolution does not require an expenditure of funds. This is for a cost sharing agreement whereby the Lessee (Nucor Steel Memphis, Inc.) paid for dredging to the mouth of the Pidgeon Harbor and the Port Commission is reimbursing Nucor by allowing them to deduct this expense from annual rental payments due the Port Commission under three separate agreements until the cost of the dredging has been totally reimbursed to Nucor. The rental payments that will be retained by Lessee (Nucor Steel Memphis, Inc.) are those due from and after January 1, 2010 until the cost of the dredging has been met in 2014. The actual amount paid by Nucor Steel Memphis, Inc. for the dredging of the harbor in the Frank C. Pidgeon Industrial Park was \$737,048.15.

**CITY OF MEMPHIS
AUTHORIZING A COST SHARING RESOLUTION
WITH NUCOR STEEL MEMPHIS, INC.**

WHEREAS, THE MOUTH OF PIDGEON HARBOR located in Pidgeon Industrial Park within the jurisdiction of the Memphis and Shelby County Port Commission (hereinafter the "Port"), has become blocked by sediment and such condition impedes the flow of traffic, especially barge traffic, from the Mississippi River into Pidgeon Harbor; and

WHEREAS, such condition has negatively affected the ability of Nucor Steel Memphis, Inc. to conduct business at its site adjacent to Pidgeon Harbor and has otherwise reduced the appeal of Pidgeon Harbor and Pidgeon Industrial Park to future development; and

WHEREAS, Nucor is willing to advance the sums necessary to dredge the mouth of Pidgeon Harbor on the condition that it be reimbursed for same by deducting the actual cost of the dredging from the amount of rent it owes to the Port, pursuant to three agreements previously entered into by Nucor and the Port, namely the Lease Agreement dated August 23, 2007 (the "Dock Lease"), the Lease Agreement dated December 1, 2009 (the "Buffer Area Lease") and a License Agreement dated August 23, 2007 (South Harbor Mooring Rights); and

WHEREAS, this is an advantageous way to provide funding in this specific case for the necessary dredging of the mouth of the harbor and such method has been endorsed by the Mayor of the City of Memphis and the Mayor of Shelby County.

NOW, THEREFORE, BE IT RESOLVED by the City of Memphis, on recommendation of the Memphis and Shelby County Port Commission, that the proposed arrangement as described herein be approved as a one time only remedy and such arrangement be memorialized in a "Cost Sharing Agreement," providing that the costs for dredging in the mouth of Pidgeon Harbor be advanced by Nucor and that Nucor be repaid by deducting the actual dredging cost from the rent and other payments normally due under the abovementioned agreements until such time as the amount so advanced is repaid in full, said amount being Seven Hundred Thirty-Seven Thousand, Forty-Eight and 15/100 Dollars (\$737,048.15).

BE IT FURTHER RESOLVED that such agreement is hereby approved as being beneficial to the operation and development of Pidgeon Harbor, Pidgeon Industrial Park and the community as a whole.

BE IT FURTHER RESOLVED, By the Council of the City of Memphis that the appropriate officials of the City of Memphis be hereby authorized to execute same.

BE IT FURTHER RESOLVED, That this action is subject to concurrence by Shelby County.