

Jonesboro, Arkansas

Industrial Development Corporation

December 14, 1988

The Honorable Hubert Brodell, Mayor
City of Jonesboro
Post Office Box 580
Jonesboro, AR 72401

Dear Mayor Brodell:

On behalf of the JIDC Executive Committee, we appreciate you meeting with us this week to discuss the efforts of the JIDC, AIDC, and the City of Jonesboro to bring the Farr Company plant to Jonesboro.

As you will recall from our discussion, it was pointed out that in order to remove the Crane Company from the marketing of Jonesboro as a plant location site utilizing the Crane building, it was necessary for the JIDC to float an industrial revenue bond, which was funded by the Jonesboro banks. The proceeds of this bond were used to purchase the lease holdings of the Crane Company, renovate the building in order to make it more suitable for a new industrial tenant and continue a real estate contract with the Saig Company of West Memphis. The Saig Company had been retained by the Crane Company to handle the property.

As a result of all of this, JIDC with the help of the Chamber of Commerce and the city, was able to attract the Farr Company of El Segundo, California. As part of the transaction, JIDC was required to install a rail spur and guarantee that the building and grounds were environmentally safe. The rail spur was funded with a \$60,000 grant from the Arkansas Industrial Development Commission to the City of Jonesboro, the only eligible recipient.

The next big hurdle was the cleanup of the grounds, which was undertaken by JIDC and the City of Jonesboro utilizing city crews, etc., with the cash for the project coming from a \$22,000 loan from Jonesboro Unlimited, which is the industrial arm of the Chamber of Commerce, and an \$80,000 loan from the Arkansas Industrial Development Commission.

The JIDC, as a result of the transaction with the Farr Company and other incidentals, used the proceeds from the sale to Farr and an insurance adjustment for roof damage to retire the bonded indebtedness against the property as well as other expenses. As a result, all of the banks were paid off with the exception of a \$76,160.45 loan at Citizens Bank. This note, plus interest in the amount of \$7,636.90, is due on December 20, 1988. Over the past few years, JIDC has managed to pay the annual interest payment from the income on the farming of the new Craighead Industrial Park.

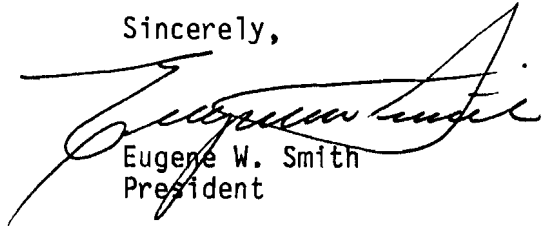
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As a result of all of this, the Crane Company was asked to pay the cost of the environmental cleanup plus interest, etc. The plaintiffs in the lawsuit were the Jonesboro Industrial Development Corporation and the City of Jonesboro. That lawsuit has been settled. The JIDC was asked by council to have its Board of Directors meet to authorize the endorsing of the check and passing a resolution closing out the case on their behalf. As a result of this meeting the JIDC Board of Directors instructed me and the Executive Committee to seek one half of the settlement. The Jonesboro Industrial Development Corporation being a nonprofit corporation is in a position to settle this in an amount equal to the remaining note on the Crane/Farr Company project.

It has been assumed, rightly or wrongly, by the Jonesboro Industrial Development Corporation that the lawsuit over the cleanup had to be settled before JIDC could approach the city and ask their help in retiring the remaining debt on the project that brought the Farr Company to Jonesboro. If we can apply funds from the legal settlement with the Crane Company to retire the debt remaining with Citizens Bank of Jonesboro, the acquisition of the Crane Company property and its sale to the Farr Company will be complete.

Any assistance that you can give in bringing this project to a close will be greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene W. Smith", written over a horizontal line.

Eugene W. Smith
President

EWS:dm