

MINUTES OF MEETING

OF

THE METROPOLITAN DEVELOPMENT AND HOUSING AGENCY

The regular meeting of the Board of Commissioners of the Metropolitan Development and Housing Agency was held on Tuesday, February 14, 2017, at 11:30 a.m. in the Collaboration Room of the Gerald F. Nicely Building, 701 South Sixth Street, Nashville, Tennessee.

PRESENT: Ralph Mosley, Chair
 Jimmy Granbery, Vice Chair
 Miniimah Basheer
 Antoinette Batts
 Charles Robert Bone
 Emily Thaden

ABSENT: Melvin Black

ALSO PRESENT: James Harbison, Executive Director
 James Thiltgen, Deputy Executive Director
 Tremecca Doss, General Counsel
 Joe Cain, Director of Development
 Will Biggs, Director of Affordable Housing
 Norman Deep, Director of Rental Assistance
 Aaron Darden, Director of Recapitalization
 Treva Gilligan, Assistant Director of Community Development
 Brent Grubb, Construction Project Manager
 Jamie Berry, Director of Communications
 Connie Martin, Assistant Director for Affordable Housing
 Deana Raby, Assistant Director for Finance
 Charles Pope, Senior Account for Finance
 Pat Thicklin, Assistant Director for Human Resources
 Will Choppin, Attorney
 Scott Rey, Executive Program Manager of Recapitalization
 Jeff Hall, Executive Program Manager of Recapitalization
 Jean Merkle, Administrative Assistant to the Board of Commissioners
 Audrey Abbott, Property Manager, Carleen Waller Manor
 Shirley Moore, RA President, Carleen Waller Manor
 Adriane Harris, Mayor's Office
 Morgan Mansa, Mayor's Office
 Councilman John Cooper
 Hunter Gee, Smith Gee Studios
 Mona Hodge, Smith Gee Studios
 John Eakin, Eakin Partners
 Bill Eakin, Eakin Partners

David Strange, Walker & Dunlop
Kim Cox, Walker & Dunlop
John Sheperd, Elmington Capital
Hanna Cassidy, Reno & Cavanaugh
Robert Holland, Butler Snow
Kate Stephenson, Trauger & Tuke
John Haynes, Bradley Arant
Jim Murphy, Bradley Arant
Saul Solomon, Klein Bussell
David Johnson, Johnson Johnson Crabtree Architects
Timothy Burns, MDHA
Steve Reiter

Chair Mosley called the meeting to order and requested approval of the Minutes of the Meeting of January 17, 2017. Commissioner Basheer moved adoption of the following resolution:

Resolution No. 8-17

“RESOLVED by the Board of Commissioners of the Metropolitan Development and Housing Agency, That it hereby approves the Minutes of the Meeting of January 17, 2017, as submitted.”

The motion was seconded by Commissioner Batts, and upon vote all voted “aye”. None voted “no”.

Chair Mosley introduced Shirley Moore, President, Carleen Waller Manor Resident Association; and Audrey Abbott, Manager, Carleen Waller Manor, who would be called on later in the meeting for comments.

The Chair called on Steve Reiter who requested an opportunity to make public comments. Mr. Reiter commented on the current ongoing technical assistance from the Department of Housing and Urban Development regarding the Continuum of Care.

Chair Mosley reported on the Management Review Committee meeting held on February 2, 2017. He said the committee reviewed the performance of the Executive Director, James Harbison, and his responses to a questionnaire sent to him prior to the meeting. In accordance with Mr. Harbison’s employment contract, the committee approved a 3% increase of his current salary, effective January 1, 2017. Chair Mosley said that the committee also approved a 7% bonus based on Mr. Harbison’s outstanding performance and commended him for his leadership and management of MDHA.

Mr. Harbison reported on the Finance & Audit Committee’s meeting held on February 2, 2017. He stated Ms. Hatfield, Director of Finance, presented a draft of the December 31, 2016 Financial Statements in the broad categories by program type, highlighting activity for the year and significant changes. The

September 30, 2016 year-end audit is in process with a draft report expected in February. Ms. Hatfield reported that during the first 3 months of the current fiscal year, the Agency converted J Henry Hale to project based rental assistance, assumed management of the CWA Apartments, and dissolved the Vine Hill LLC partnership with the agency taking ownership of the property. The December 31, 2016 Financial Statements for Vine Hill, Preston Taylor, Levy Place and Ryman Lofts Partnerships were also presented. Ms. Hatfield also presented to the committee, the budget to actual comparison for the Asset Management Properties, Central Office Cost Center operational budgets, and the Section 8 Voucher Program administrative budget.

Mr. Harbison said that a an RFP for Legal Services was recently issued and Jim Thiltgen, Deputy Executive Director, outlined the Review Committee's evaluation process and recommendations for legal services for the agency's various activities and programs. The Finance & Audit Committee approved the recommendations and the full Board will vote on recommendations later in the meeting. Mr. Thiltgen also discussed the refinancing of J Henry Hale to borrow against assets and surplus cash flow to finance other mixed-income housing and community assets. He said Commissioner Bone recommended the authorized use of this fund be expanded beyond the property recapitalization to other affordable housing preservation needs. The committee approved the request which would be presented to the Board at its meeting on February 14, 2017.

Commissioner Granbery reported on the Development Committee meeting also held on February 2, 2017. He stated the parking garage was the first item of discussion and Mr. Harbison said there is an anticipated shortfall for years 1 and 2 with the project being near break-even in year 3. Any shortfalls projected are well within MDHA operational financial reserves and are projected to be recovered after full lease-up. Councilman Cooper was present at the meeting and requested financing documents related to the garage and that the documents be available to the public. Tim Dugan with SP+ was also present and went over the marketing plan. He said that in addition to the 505CST agreement for 500 spaces, Fifth Third is also under contract for 400 spaces and has agreed it will not develop the open spaces in front of its building. Commissioner Granbery said there was discussion regarding the RFP process and selection of developers for Site I and K at Rolling Mill Hill. The committee approved the sale of site I and the allocation of \$7.9 million in tax increment financing for consideration by Board at its next meeting.

Commissioner Granbery said other items discussed included a presentation by Aaron Darden and Scott Rey on a revision of Envision Cayce and the relocation of the school and amenity campus, and identified the next phases through 2020. There was discussion regarding the purchase of property on both sides of South 6th Street adjacent to MDHA property. After discussion, the Committee approved the purchase of the South 6th properties. Next discussed was legislation filed by Councilmember Angie Henderson requesting MDHA consider updating TIF priorities to include green and open space and less parking. Ms. Henderson was in attendance at the meeting and commented on her proposed legislation. Commissioner Granbery said that after discussion, the committee recommended green space be listed as a priority as well as other changes. Commissioner Granbery said the committee was given an update on the Choice Neighborhood Grant and plans for approximately 40 townhomes in the Bordeaux Redevelopment District.

Chair Mosley acknowledged receipt of Mayor Megan Barry's letter of January 3, 2017 appointing Emily Thaden to the MDHA Board of Commissioners to fill the expired term of Gif Thornton expiring November 5, 2021. He congratulated Ms. Thaden on her appointment and administered the oath of office.

Mr. Thiltgen presented the first item of business requesting Board approval of an incentive program with the Hospital Authority of the Metropolitan Government. The program provides that the insurance deductible, co-pays and co-insurance are waived for services provided by entities of the Hospital Authority. This program would be available to employees who are covered by the agency's insurance provider, Cigna. Commissioner Granbery moved adoption of the following resolution:

Resolution No. 9-17

“RESOLVED, by the Board of Commissioners of the Metropolitan Development and Housing Agency that it hereby approves entering into a Memorandum of Understanding with the Hospital Authority of Metropolitan Government of Nashville & Davidson County authorizing the implementation of an incentive program for MDHA employees enrolled in the MDHA insured medical plan to utilize the services and medical facilities of the Metropolitan Hospital Authority.”

The motion was seconded by Commissioner Batts, and upon vote all voted “aye”. None voted “no”.

Mr. Thiltgen presented the next item requesting Board approval to enter into contracts for legal services beginning March 1, 2017. Commissioner Bone moved adoption of the following resolution:

Resolution No. 10-17

“RESOLVED by the Board of Commissioners of the Metropolitan Development and Housing Agency, That it hereby approves entering into contracts for legal services for one year commencing March 1, 2017, with an option to renew for up to four additional periods of 12 months each:

Klein Bussell for General Counsel
Bradley Arant Boulton Cummings as Counsel for Bond and Finance,
Employee Benefits and Construction
Bradley Arant & Butler Snow as Counsel for Real Estate
Trauger & Tuke as Counsel for Employment and Labor Relations
Reno & Cavanaugh as Counsel for Affordable Housing.”

The motion was seconded by Commissioner Basheer and upon roll call vote all voted “aye”. None voted “no”.

Mr. Thiltgen requested Board approval of a refinancing plan for J Henry Hale and formation of a Recapitalization Reserve Fund. After questions and discussion, Commissioner Bone moved adoption of the following resolution:

Resolution No. 11-17

“WHEREAS, the Metropolitan Development and Housing Agency has engaged in a strategy to recapitalize its aging affordable housing inventory by rebuilding such housing into new mixed income communities; and

WHEREAS, the implementation of that strategy depends in part on the adequacy of financing, including both debt and equity on the newly constructed communities; and

WHEREAS, equity for such recapitalization efforts can be provided in part by financing obtained on other MDHA properties which are not in need of reconstruction or major rehabilitation; and

WHEREAS, the J. Henry Hale property, which was reconstructed under the HUD HOPE VI program and which was converted through the Rental Assistance Demonstration Program to Project Based Rental Assistance (thus removing the previous HUD Declaration of Trust), is operating so as to generate surplus cash flow that could be used to finance debt that could assist with other properties;

NOW THEREFORE BE IT RESOLVED, by the Board of Commissioners of the Metropolitan Development and Housing Agency, that it authorizes the transfer of the J. Henry Hale property to the MDHA J. Henry Hale LLC at no cost; and

FURTHER RESOLVED, that it authorizes the MDHA J. Henry Hale LLC to apply for a FHA Section 223 (f) loan to be repaid from the operating income of that property; and

FURTHER RESOLVED, that the proceeds of such Section 223(f) loan are to be transferred to MDHA’s Recapitalization Reserve Fund which is to be used solely for the rebuilding of mixed-income communities such as the current Envision Cayce initiative and for other possible future financing needs for affordable housing in Nashville upon the specific authorization of this Board; and

FURTHER RESOLVED, that the Executive Director shall report to the Finance and Audit Committee of this Board on the deposits, earnings, and disbursements from this Fund as of March 31 and September 30 of each year, and at such other times as may be requested by the Committee, until such time as the Fund shall be fully depleted.”

The motion was seconded by Commissioner Thaden, and upon vote all voted “aye”. None voted “no”.

Ed Shewmaker, Director of Construction, requested Board approval to enter into a contract with CD Steger Construction, Inc. in the amount of \$1,049,000 for the new construction of a parking lot at Rolling Mill Hill on Site J. After questions and discussion, Commissioner Basheer moved adoption of the following resolution:

Resolution No. 12-17

"RESOLVED, by the Board of Commissioners of the Metropolitan Development and Housing Agency that it hereby awards a contract to CD Steger Construction, Inc. in the amount of \$1,049,000 for the construction of a parking lot on Site J at Rolling Mill Hill to be funded through unrestricted, non-federal funds."

The motion was seconded by Commissioner Granbery, and upon vote all voted "aye". None voted "no".

Norman Deep, Director of Rental Assistance, requested Board approval to move 700 tenant based vouchers to projected based vouchers for a total of 900. In April 2016 the Board approved the conversion of up to 200 vouchers to project based. Proposals for project based units continue to be solicited and selected through a competitive basis with 703 currently proposed. Commissioner Batts moved adoption of the following resolution:

Resolution No. 13-17

"RESOLVED by the Board of Commissioners of the Metropolitan Development and Housing Agency, That it hereby approves the request to move 700 tenant based vouchers to project based vouchers in the Section 8 Housing Choice Voucher Program for a total of 900 project based vouchers."

The motion was seconded by Commissioner Basheer, and upon vote all voted "aye". None voted "no".

Joe Cain, Director of Urban Development requested Board approval to accept five acres of land on County Hospital Road from the Metropolitan Government of Nashville-Davidson County for construction of new housing. This item was discussed and approved by the Board's Development Committee at its meeting on February 2, 2017, and after questions and discussion, Commissioner Basheer moved adoption of the following resolution:

Resolution No. 14-17

"BE IT RESOLVED by the Board of Commissioners of the Metropolitan Development and Housing Agency, That it hereby accepts five acres of land on County Hospital Road from the Metropolitan Government of Nashville-Davidson County, and authorizes the Executive Director to take all necessary steps to effectuate the transfer and make the property available for development by the Metropolitan Development and Housing Agency; and

BE IT FURTHER RESOLVED, That the Board of Commissioners approve the request to obligate Disaster Recovery Funds allocated for replacement housing to the development of housing on the aforementioned property upon environmental and review, and approval by the US Department of Housing and Urban Development."

The motion was seconded by Commissioner Granbery, and upon vote all voted "aye". None voted "no".

Mr. Cain next requested Board approval to enter into a Development Agreement and a Purchase and Sales Agreement with RMH-EP, LLC for Site I at Rolling Mill Hill. The developer will purchase Site I for \$9.4 million and has requested up to \$7.9 million in tax increment financing to assist in construction of public spaces and other required infrastructure. This item was also discussed and approved by the Board's Development Committee at its meeting on February 2, 2017. Commissioner Granbery moved adoption of the following resolution:

Resolution No. 15-17

RESOLVED by the Board of Commissioners of the Metropolitan Development and Housing Agency, That it hereby approves entering into a Development Agreement and an Agreement for Purchase and Sale of Real Estate with RMH-EP, LLC for property known as Site I at Rolling Mill Hill in the Rutledge Hill Redevelopment Plan; and

BE IT FURTHER RESOLVED, That the Executive Director is hereby authorized to execute any and all documents relating to the above stated agreements and the development of said Site I."

The motion was seconded by Commissioner Basheer, and upon vote all voted "aye". None voted "no".

Chair Mosley called on Ms. Moore who said it was her pleasure to attend the meeting and she has a lot of ideas for activities at Waller Manor. Ms. Abbott thanked the Board for the invitation to the meeting and mentioned recent activities.

There being no further business to come before the Board, the Chair declared the meeting adjourned.

Secretary

APPROVED:

This _____ day of _____, 201.

Chair