

Tax Increment Financing Study and Formulating Committee

Approved Minutes of Meeting

November 20, 2018

On November 20, 2018, the Tax Increment Financing Study and Formulating Committee (the “Committee”) held a meeting in the Peabody Conference Room on the first floor of Lindsley Hall, 730 2nd Avenue, in Nashville, Tennessee. The meeting began at 1:00 P.M. The following individuals, constituting all of the members of the Committee were present in person:

Charles Robert Bone, Dr. Paulette Coleman, Brian Kelsey, Talia Lomax-O’Neal, Bert Mathews, Bob Mendes and Richard Warren. Mr. Mendes chaired the meeting and called it to order. Mr. Warren served as Secretary.

The meeting was open to the public and there were several other people in attendance. The meeting was recorded on video and made available following the meeting on Channel 3 and the Metro YouTube channel.

Agenda

An agenda for the meeting was posted on the Committee’s SharePoint site in advance of the meeting.

Approval of Minutes

The minutes of the meeting of November 8 were unanimously approved after a spelling correction and designating Mr. Warren as the Secretary of the Committee. They are now posted to the SharePoint site and marked as “Approved.”

Discussion of the Lincoln Institute study materials

All members of the committee had read this report which is included in the study materials on the SharePoint site. Mr. Mendes noted that it is recent, only a couple of months old and appears to be fairly even handed.

Dr. Coleman observed that the results of TIF have been mixed and the report does not clearly articulate factors that lead to success. Mr. Kelsey noted that the report references a number of academic studies, two of which are in the Committee’s study materials. This report is more of a summary of what the academic evidence suggests. Dr. Coleman said the Atlanta BeltLine offered some cautionary notes and lessons to be learned about the impact of gentrification.

Mr. Mendes said that his sense is that the report raises lines of inquiry such as how do we measure success and when do you decide that it is time to dial TIF back.

Mr. Bone noted that the fact that Nashville has a unified form of metropolitan government eliminated some of the pitfalls that other communities have encountered with overlapping governmental jurisdictions. He also observed that governmental entities think differently than a private developer, often with a longer term perspective. Not every decision is driven solely by

economics but includes other issues such as the need for open space and the impact of gentrification.

Mr. Mathews commented on the section of the report focused on ways that the city of Chicago has attempted to increase transparency about its extensive use of TIF districts.

Mr. Kelsey stated that we need to take some time to understand the “but for” test of whether a project would have been undertaken if not for the availability of TIF. We need to understand the reasonable expectations of the public. Process questions are very important.

Ms. O’Neal said that we need a strategic framework to use going forward. How much do we want to accomplish and in what parts of the city? This is not a one and done issue but will require an ongoing process.

Mr. Mendes recalled a conversation that he had with Ms. O’Neal before this Committee was formed, comparing the increases in TIF dollars compared to overall increases in the property tax over the past twenty years, noting that the TIF percentage increase had been much higher.

Mr. Kelsey noted that there is an ongoing debate as to whether growth pays for itself or whether some are getting a free ride. This discussion needs to be more data driven not just based on feelings.

TIF Committee Document Library

Mr. Kelsey then led a discussion of the materials that he has uploaded to the Committee SharePoint site. It can be located by going to the Nashville.gov website, clicking on the Government tab, then finding the TIF Study Committee under Boards and Committees. There is also a place for public comments which are then routed to him.

Within the Study Committee materials there are folders for each meeting which include materials for discussion at that meeting. Mr. Kelsey then walked the Committee through some of the materials available on the site.

Mr. Mendes noted that some of the documents on the redevelopment districts are difficult to read because they have been amended a number of times. He may ask the Metro Legal Department to provide a summary and possibly an updated document.

Discussion of a syllabus for future meetings

Mr. Kelsey has offered to prepare a syllabus for future meetings with topics to be discussed at the meeting and study materials related to each topic. The focus of today’s meeting was an overview of TIFs using the Lincoln Institute study as resource material. The topic for the December 7 meeting will be a deep dive on the current state of local TIF practice.

Dr. Coleman says that she has a number of questions that she hopes to have answered during this process. Mr. Mendes suggested that we ask Mr. Kelsey to complete the draft syllabus and asked each committee member to provide any questions that they want to see addressed to Danielle Godin in the Council office by November 28. They will then be posted online and can be addressed at relevant meetings of the Committee.

Following a general discussion among the Committee members it was agreed that the agenda for the December 7 meeting would include a discussion of applicable state laws in Tennessee governing TIFs led by Mr. Warren, a basic review of the flow of funds led by Ms. O'dNeal and Joe Cain Director of Urban Development for MDHA, a discussion of local law on TIFs led by Mr. Mendes, a discussion of local TIF practice led by Mr. Cain, and a discussion of the syllabus for future meetings led by Mr. Kelsey.

Dr. Coleman then raised the issue of the steps necessary to produce the final report from the Committee which led to a brief discussion of next steps.

Next Meeting

The next meeting will be on December 7 at 1 P.M. also in the Peabody Conference Room in Lindsley Hall. Dr. Coleman and Mr. Mathews noted that they have conflicts and will be unable to attend.

There being no further business, the meeting was then adjourned at approximately 2:00 P.M.

Richard Warren, Secretary