

Tax Increment Financing Study and Formulating Committee

Approved Minutes of Meeting

November 9, 2018

On November 9, 2018, the Tax Increment Financing Study and Formulating Committee (the “Committee”) created by Ordinance No. BL2018-1315 enacted by the Council of the Metropolitan Government of Nashville and Davidson County held its organizational meeting at Watson Grove Primitive Baptist Church, 1415 Horton Avenue, in Nashville, Tennessee. The meeting began at 9:00 A.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’ dneal, Bert Mathews, Bob Mendes and Richard Warren.

The meeting was open to the public and there were several other people in attendance as well as representatives from the Metropolitan Development and Housing Authority (“MDHA”) and the Metropolitan Tax Assessor’s office.

Agenda

Since Council Member Mendes had sponsored the Ordinance creating the Committee he suggested an agenda for this organizational meeting to include brief introductions by the members of the Committee, a review of the Ordinance creating the Committee and the Committee’s mission, the election of a Chair for the Committee and a discussion of future meeting dates.

Introductions

The Committee members then introduced themselves. Mr. Kelsey noted that he is the Chief Strategy Officer in the Mayor’s Office; prior to that he worked in Austin, Texas, for the past 15 years focusing on economic development issues including the use of tax increment financing (“TIF”), including teaching courses on those topics. Ms. Lomax-O’ dneal has worked in the city’s Finance Department for the past 18 years, serving as Director of that office for the past three years. Mr. Warren advised the group that he has practiced law in Nashville for the past 42 years with much of his practice focused on commercial real estate development, some of which has included projects that received TIF loans. Mr. Mathews said that he is active in the real estate business as a broker, owner, and developer of projects, some of which have included TIF loans. Mr. Bone noted that in addition to being an attorney he has served on the MDHA Board for the past two and one-half years and currently serves as its chair. Mr. Mendes stated that in addition to being an at-large Council member he is a business lawyer and has been involved with some projects that included TIF. Dr. Coleman is the Chair of the Affordable Housing Task Force for Nashville Organized for Action and Hope (“NOAH”) and told the group that she is very interested in ways that affordable housing in Nashville is impacted both positively and negatively.

Review of Ordinance BL2018-1315

Mr. Mendes then led the group in a review of the ordinance creating the Committee, noting that the preamble outlines the reasons that this study was authorized by a unanimous vote of the Council. These include new state legislation that authorizes the creation of new tax increment financing for transit-oriented redevelopment plans in addition to the traditional use of TIF in blighted areas. The preamble states that there is confusion and mistrust among the public about what TIF is and how it is awarded and administered. This led the Council to authorize the creation of the Committee to study these issues and prepare a report and recommendations to the Council. A copy of the Ordinance is attached to these minutes.

The Committee then reviewed and discussed the four operative sections of the Ordinance. The first section established the seven person Committee. The second section addresses the scope of the Committee's work with the goal of formulating recommendations as to how TIF may be implemented "in a more transparent, equitable, effective and understandable manner." Four subsections list items to be addressed in the study, including (i) how TIF is awarded, (ii) strengths and weaknesses in the current awarding process, (iii) whether alternative lawful structures exist for awarding TIF, and (iv) whether there is a need to revise these procedures to address transit-oriented redevelopment districts.

Ms. Lomax-O'dneal observed that there are materials available on best practices in this area. There was considerable discussion of the second subsection and whether the review of strengths and weaknesses is broad enough to permit the Committee to include recommendations of such best practices. There was a consensus among all members of the Committee that this would be helpful which led Mr. Bone to move the following resolution which was seconded by Mr. Mathews:

Resolved, that the Committee in its review of the strengths and weaknesses of the current TIF process shall include a review of both current practices and best practices in connection with the transparency of the awards process and in reporting related to TIF awards.

Following a discussion of this resolution it passed with a unanimous vote of the Committee.

The third and fourth sections of the Ordinance provide that all constituents of the Metropolitan Government will provide pertinent information requested by the Committee and establishes a six month time table for submission of the report.

Organization of the Committee

The Committee then turned to organizational issues. Mr. Warren noted that Mr. Mendes is the sponsor of this resolution and has given a lot of thought to these issues and nominated him to be Chair of the Committee. After a short discussion, the Committee approved this motion by unanimous acclamation.

Mr. Mendes then noted that Mr. Kelsey has accumulated a substantial number of reports, studies and other information which he will organize and make available to the Committee. Ms. Lomax-

O'dneal has compiled financial data on TIF loans in Nashville over the past 20 years. He also noted that Council Legal Director Mike Jameson is pulling together the state statutes, the various redevelopment plans, reports to the Council from MDHA and other information. Mr. Mendes encouraged any Committee members who have other materials that they want to include to send them to Director Jameson by November 14 for the initial posting although there will continue to be opportunities to add other materials later. Since all of the Committee's work will be available to the public, Mr. Mendes stated that they will explore the best way to put all of this information on a website or other program so that members of the public can review all of the materials that are available to the Committee. Mr. Kelsey noted that from his experience teaching courses on these issues he can pull together a syllabus of topics that need to be addressed by the Committee and this would provide a way to organize some of the material as the volume of it can be overwhelming. There was a general discussion that the Committee's work appears to fall into three phases. The first is a study of the current situation utilizing the materials discussed above. The second is a discussion of the issues identified in the resolution, including the review of best practices and the final phase is the preparation of the report to the Council.

Mr. Mendes said that he would like to invite individuals familiar with different components of the TIF process to meet with the Committee and make a 15 to 20 minute presentation on their perspectives. These could include a TIF lender to discuss their loan underwriting process on a TIF loan, a developer who could explain the role that TIF loans play in putting together financing for particular projects, someone to explain the legal process required under current law, a representative from MDHA to explain their process, a representative from Metro Finance to discuss any impact on the Metro budget, and perhaps Matt Wiltshire from the Mayor's office to discuss the role that TIF plays in encouraging economic development. Ms. Lomax-O'dneal thought that there could be helpful input from the State Comptroller's office. Dr. Coleman then asked what opportunities there would be for input from the community which led to a discussion of how and when to seek public comment. There was a consensus that this community input is desirable but no specific format for it was finalized; this topic will be reviewed as a more detailed outline of the study process is developed.

A question was raised as to how the contents of this meeting would be made available to the public. Mr. Warren volunteered to prepare a first draft of minutes for this meeting which will be circulated to the other Committee members for additions and corrections and then posted to the public media site.

Future Meeting Dates

It was agreed that the Committee should plan to meet twice a month for 90 minutes to two hours. There was a discussion of the requirements for future meeting sites and it was agreed that various alternatives will be reviewed and checked for suitability and availability. The next three meetings will be on November 20, December 7 and December 20, all at 1 P.M.

There being no further business, the meeting was then adjourned at approximately 10:00 A.M.

Richard Warren, Secretary