

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL
DEVELOPMENT BOARD OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY, TENNESSEE

February 15, 2017

The Board of Directors of the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County (the "Board") met on Tuesday, February 15, 2017 at 10:00 a.m. at HCA's Capitol View room on the 17th floor, located at 1100 Charlotte Avenue.

Board members present were: Ginger Hausser, Cristina Allen, Richard Fulton, Chris Harmon, Nigel Hodge, Andrea Perry, and Carnell Scruggs.

Also present were: Bob Tuke, Trauger & Tuke; Matt Wiltshire, Metro ECD; Cathy West, Metro Finance; Margaret Darby, Metro Legal; Julie Sumrack, Contessa Health; Dave Cooley, Cooley Public Strategies; Linda Lance, Cooley Public Strategies; Justine Avila, Mayor's Office; Ken Williams, Warner Music Group; Kris Ahrend, Warner Music Group; Steve Jasper, Bass Berry & Sims; Henry Hicks, National Museum of African American Music; Jason BoBo, Metro Legal; Robert Jenner, HCA; Steve Reiter.

Meeting Minutes:

Madam Chair opened the meeting asking if there were any corrections or discussion from last month's minutes, there being none, Ms. Allen made a motion to approve the Meeting Minutes and it was seconded by Ms. Perry. Madam chair noted one technical spacing error to be corrected. The Board voted and approved.

New Business:

Right to Incur Costs Agreement for FastTrack Economic Development Grant for Warner Music Inc.

Mr. Wiltshire briefly described Warner Music Inc as a company with an established presence in the Nashville area. The new project is a shared services operation for all of Warner Music. Mr. Wiltshire noted Mr. Ahrend with Warner Music, Mr. Jasper with Bass Berry & Sims and introduced Mr. Williams with Warner Music Group. Mr. Williams continued stated that the Warner's new operations will be located at the Nashville City Center and will manage Warner Music's national accounting, royalty and cash management functions. Warner Music expects to have employees hired by March with additional personnel hired over the next two years. Warner Music anticipates moving into its space in the Nashville City Center by late summer 2017.

Mr. Wiltshire reviewed the right to incur costs as a State FastTrack Grant. Under the contract a company cannot receive reimbursement for expenses incurred prior to signing of contract with the State unless there is a Right to Incur Cost Agreement. There will be no obligation/liability to the Board if final grant agreements are not signed. The terms of the agreement will be presented at the next Board meeting.

Madam Chair asked if there were any additional questions or discussion, there being none, Mr. Harmon made a motion to approve the Right to Incur Costs Agreement for FastTrack Economic Grant for Warner Music Inc., it was seconded by Mr. Fulton. The Board voted and approved.

Economic and Community Development Incentive Grant Agreement for Warner Music Inc.

Mr. Wiltshire explained the Economic and Community Development Incentive grant is for \$500.00 per job with a definition of an employee as standard. Warner Music expects to create 175 jobs initially (with additional jobs possible) and as such the anticipated annual amount of the grant funding is \$87,500.00. Warner Music

expects to add more jobs and the city is committed to seven years on the grant; however, Warner Music understands that if the company does not exceed 500 jobs after year four, the grant will expire. Mr. Wiltshire, Mr. Williams and the Board discussed further the expiration term of the grant agreement and explanation of jobs moved. Mr. Williams noted that although the jobs already exist the company predicts that only a small number of personnel will relocate from New York and Burbank. Warner Music expects to hire the majority of people from the Nashville area.

Madam Chair asked Warner Music to describe the types of jobs the company will be hiring for. Mr. Williams described the jobs as high level accounting positions, legal positions, and audit type positions.

Ms. Allen noted that the Board does encourage companies to be diverse in hiring all demographics. Mr. Williams gave some examples of its community outreach programs and stated that the company has and will continue to work toward being diverse in its hiring process. Mr. Williams said the company is expecting 70% of the company's employees being hired from Davidson County area. Board members discussed demographics and expected growth of the company. Mr. Williams briefly gave goals and objectives.

Madam Chair asked if there were any additional questions or discussion, there being none, Mr. Hodge made a motion to approve the Economic and Community Development Incentive Grant Agreement for Warner Music Inc. and it was seconded by Ms. Allen. The Board voted and approved.

Small Business Incentive Grant Agreement for Contessa Health.

Mr. Wiltshire briefly described Contessa Health as a health company that is rapidly growing in Davidson County. Contessa Health works to lower overall healthcare cost by managing population health. Mr. Wiltshire introduced Julie Sumrack with Contessa Health who continued with a further detailed description of Contessa Health. The company partners with health plans to lower the cost for higher risk episodes covering six medical conditions. Ms. Sumrack gave an example of how Contessa works with patients after they've been discharged from a hospital to cover home care costs which reduce the risk of readmission to the hospital in a cost-effective manner.

Contessa Health was founded in February of 2015 and currently employs 20 people located in Nashville with 46% of them being residents of Davidson County. The company's goal is to hire an additional 11 employees through 2017 and 9-15 employees in 2018. Mr. Wiltshire disclosed he has been in conversation with the company for some time about the incentive grant. Board members asked questions about the company's business model and operations.

Madam Chair asked about the time line of the grant. Mr. Wiltshire explained that the grant covered employees hired between February 1, 2016 and January 31, 2017. The company added 10 people during this time, so the grant is for \$5,000. The company can apply for additional grant funds as it hires additional employees, but the total value of grants to one company is capped at \$50,000.

Madam Chair and the Board members discussed with Ms. Sumrack the demographics of the company's employees and the Board's desire to see more diversity in Contessa's hiring prospects. Mr. Hodge asked about a relationship with the Council Representative in the district in which the company is located and suggested the company reach out to him as a resource. Mr. Wiltshire noted the Council Representative was invited to attend the meeting.

Madam Chair asked if there were any additional questions or discussion, there being none, Mr. Hodge made a motion to approve the Small Business Incentive Grant Agreement for Contessa Health, it was seconded by Mr. Scruggs. The Board voted and approved.

Amendments to Agreements Related to the National Museum of African American Music.

Ms. Darby presented the proposed amendments to the National Museum of African American Music (NMAAM) agreement. The amendments primarily would allow the full \$10 million that the Metro Council had committed to the NMAAM to be released at the direction of the Director of Finance of Metro Government. The other amendments were related to the relocation of the proposed site of the museum from the corner of Rosa L. Parks Blvd and Jefferson Street to the site of the former Nashville Convention Center at 5th and Broadway. Ms. Darby noted that the Mayor's wants to assure NMAAM is getting the capital that it needs to get the work finished prior to the opening of the Museum.

Madam Chair asked for review of the actions taken by the Board previously in regards to the NMAAM. Ms. Darby explained the Metro Council had committed \$10 million to the NMAAM to be allocated as the museum hit certain benchmarks. The Board initially released \$1.8 million the grant funds. That amount was subsequently increased to \$2.5 million and then up to \$3.0 million. Ms. Darby explained the amendment would remove the \$3.0 million cap and any funds released would have to relate directly to capital or contacted expenses. These items would be reviewed and approved by the Metro Director of Finance.

Madam Chair and Board members asked questions about how the project is being funded and the terms of the grant agreement from the Metro Council. Mr. Hicks with NMAAM gave insight on how the project is progressing.

Madam Chair noted that the Board does not have a copy of the agreement. Madam Chair asked if the approval can be moved to the next Board meeting to give the Board time to review the amended agreement and if a smaller amount can be approved. Mr. Hicks responded that the delay will impact the project. The Board discussed with Ms. Darby and Mr. Hickes the potential impacts if delayed and releasing of the funds. Ms. West with Metro Finance noted that all expenditures are qualified and verified and all of the \$3.0 million of the previous amendment has been disbursed.

Mr. Hickes gave an explanation on the reasons for the caps. Essentially the caps were placed to assure the project was going forth and to restrict the Foundation from spending money on a project not yet considered to happen. It is confident now the project will occur. The Board, Ms. Darby and Mr. Hickes discussed the Museums Foundation's future role and the potential locations of the Museums' entrances.

The Board reviewed the option of amending the agreement to release an additional \$1.0 million and after discussion left the amendment to release the balance of the \$10.0 million. Mr. Hodge asked about liability and Mr. Tuke answered there is no liability to the Board upon approving the Amended Agreement.

Madam asked if there were any additional questions or discussion, there being none, Mr. Fulton made a motion to approve the Amendments to Agreements Related to the National Museum of African American Music, it was seconded by Ms. Allen. The Board voted and approved with Ms. Perry and Mr. Scruggs abstaining.

Existing Business:

Update on Bellevue Mall Project.

Mr. Wiltshire gave an update on the Bellevue Mall. The demolition of the Bellevue Mall has been completed and the construction of buildings which will house retail, residential, and hospitality operations are underway. The Mall has been approximately 79% leased on the retail section. Construction of buildings that have been designated for office space has not begun, but Mr. Wiltshire noted that these structures are located outside of the TIFF district.

Update on the Autumn Hills Assisted Living Facility Project (ACLF Holdings, LLC)

Mr. Wiltshire gave an update on Autumn Hills. Another group has been brought in and the previous group has been excluded. There will not be a deal on the real estate or the acquisition of the facility at this time. Mr. Wiltshire did not recall the name of the new operators but noted that they have many years of experience in the operation of assisted living facilities. The new operators are an interim solution to make sure patients are cared for until a permanent replacement can be identified. Auditors are still reviewing the financial condition of Autumn Hills and the Board will be updated as information becomes available.

Approval of Financial Matters

Ms. West reported there was a December parking ticket for \$46.00. Ms. Perry made a motion to pay the parking bill and it was seconded by Ms. Allen. The Board voted and approved the expenditure.

Scheduled Next Board Meeting

The next Board meeting was scheduled for March 14, 2017.

Adjourn

The meeting was adjourned at 11:18 a.m.

APPROVED, this 14th day of March, 2017

Ginger Hausser, Chair

Aubrey Gregory, Secretary