

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

April 26, 2018

The Board of Directors of the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County (the "Board") met on Thursday, February 22, 2018 at 10:00 a.m. in the Sonny West Conference Room, Howard Office Building, 700 2nd Avenue South, Nashville, Tennessee 37219.

Board members present were: Ginger Hausser, Nigel Hodge, Cristina Allen, Aubrey Gregory, Ken Weaver, Chris Harmon, and Lindsey Cox.

Also present were Bob Tuke, Trauger & Tuke; Matt Wiltshire, Metro ECD; Cathy West, Metro Finance; Margaret Darby; Metro Legal, Steve Goolsby, Smart Local 177 Sheet Metal; Julisa Windhust, Community Member; Qiam Yiam.

Meeting Minutes:

Madam Chair asked if there were any corrections or discussion for the January 25, 2018 meeting minutes. There being none, Ms. Allen made a motion to approve the meeting minutes and it was seconded by Mr. Harmon. The Board voted and approved.

New Business:

Mr. Bob Tuke informed the Board of a notification he received to let them know that a portion of Charlotte Avenue will be renamed to Dr. M. L. King Jr. Blvd. The portion of Charlotte Avenue to be renamed will go through downtown Nashville. The Board does not have any action to take.

Approval of FastTrack Economic Development Grant Agreements for Philips Healthcare

Mr. Wiltshire explained the FastTrack Grant agreement as a \$4,125,000.00 pass through state grant. Mr. Hodge asked if the state grant was the same as the incentive grant approved by the Board at the last meeting. Mr. Wiltshire explained both the Metro City grant and the state grant pass through the Board. The state grant has no liability to the Board. The Metro City grant is \$500 per job incentive for jobs brought to the city by Philips Healthcare.

Madam Chair asked if there were any questions or discussion for the Grant Agreement for Philips Healthcare, there being none, Mr. Weaver made a motion to approve the Grant Agreement for Philips Healthcare and it was seconded by Mr. Gregory. The Board voted and approved.

Approval of Right to Incur Costs Agreement for Asurion, LLC

Mr. Wiltshire gave a brief review of the Asurion, LLC. Asurion is building a new headquarters on the east side of 11th Avenue in The Gulch area. The new location was previously owned by the Tennessean and was acquired by Highwoods Property. The 2,500 plus Asurion employees in Davidson County will be consolidated to the new location. Asurion plans to hire an additional 400 employees with an estimated average annual wage of approximately \$99,500.

Mr. Wiltshire further explained the Right to Incur Costs Agreement is the state form for Asurion to begin to incur costs that would be reimbursable under a FastTrack grant should one be finalized by the state.

Madam Chair asked if there was a time line on the project. Mr. Wiltshire said construction is likely to begin in the fall 2018. There is still design work to be done but the expected opening is spring 2021. Mr. Weaver asked if all of the Asurion locations in Nashville will be consolidated. Mr. Wiltshire responded that all of the corporate offices will be consolidated, but the company's call center in Antioch would remain in place.

Madam Chair asked if there were any questions or discussion for the Right to Incur Costs Agreement for Asurion, LLC. There being none, Mr. Hodge made a motion to approve the Right to Incur Costs Agreement for Asurion, LLC and it was seconded by Mr. Gregory. The Board voted and approved.

Existing Business:

Overview of Typical IDB Deals

Mr. Wiltshire reviewed and discussed with the Board an overview of typical Industrial Development Board deals. Mr. Wiltshire started with the economic development process. When a company is considering an expansion or relocation they typically hire a site consultant to advise them. The company considers a variety of factors, such as where their customers are, distribution, logistics, and where their employees and future employees live among other items.

A company often starts with a study of many cities and then drills down for information on taxes, cost of real estate, parking utilities, labor costs etc. The company reaches out to the narrowed down cities with Request for Proposals ("RFP"s). In Nashville, the economic development team at the Nashville Area Chamber of Commerce coordinates the responses to these RFPs. Mr. Wiltshire noted the Tennessee Department of Economic and Community Development and the Tennessee Valley Authority also play significant roles in economic development.

Mr. Wiltshire stated that financial incentives can be deciding factors in convincing companies to expand in or relocate to Nashville, but other factors such as the talent and depth of the labor force, cost of operations, logistics, and taxes often play a bigger role in attracting companies. Nashville has incentives for Small Businesses, Cash Grants, Payments in Lieu of Taxes ("PILOT"), Tax Increment Financing ("TIF") and Infrastructure Support. Negotiations take place and incentives, if any, go before the Board.

Mr. Wiltshire described Cash Grants and PILOTs as being for large companies. The city has a Small Business Incentive Program for small companies. TIF often is used for housing developments and normally goes through the Metropolitan Development Housing Authority ("MDHA"), though the redevelopment project at the Bellevue Mall site was approved by the Board. Mr. Wiltshire also mentioned Infrastructure Support that is being more and more focused on for the Nashville area with the construction of new buildings.

Mr. Wiltshire then addressed PILOTs and discussed with Board members the requirements of the Tennessee Constitution. Mr. Wiltshire reviewed for the Board that all real and personal property is subject to equal taxation, but property owned by certain entities is exempt. With a PILOT the property is transferred by the owner to the Board and then leased back to the company for a fee that is equal to the unabated portion of the property taxes. The abatement percentage can change over the term of the deal. PILOTs are typically done for new construction. Mr. Wiltshire gave LKQ, Ryman Hospitality and Bridgestone as some examples of PILOTs approved by the Board. Mr. Wiltshire and the Board discussed revenues generated to the city by Nashville incentives by way of collected property taxes, tourism and sales taxes.

Mr. Wiltshire continued with Cash Grants. Companies receive grants for up to \$500 per job each year for multiple years. Under the terms of the legislation creating the Cash Grant program, only projects that are reasonably expected to add 500 or more jobs to Davidson County over the first five years of operation are eligible. Mr. Wiltshire gave Warner Music, HCA, Phillips Healthcare and Sarah Cannon as some examples of Cash Grants approved by the Board.

Mr. Wiltshire continued with Small Business Incentive Program. Companies with fewer than 100 employees that add 10 or more in a 12 month period who make more than 80% of the average wage for the Nashville market will receive a one-time \$500 per job and \$750 for veterans. The maximum grant per company is \$50,000. Another small business grant is the blighted property grant. Property that is located in Tier 1 Census Tracts with a real property value of \$1 million or less where the owners invest at least \$10,000 in external improvements to the building are eligible for a grant equal to 50% of the investment. Board members and Mr. Wiltshire discussed in detail the small business incentives and how to keep momentum for them to continue.

Mr. Wiltshire continued with TIFs. Mr. Wiltshire talked about how TIFs are used and the role of a financial institution in structuring the deal. Mr. Wiltshire noted that in Nashville most TIF deals have been approved by MDHA for housing-related activities, but that the Board approved the use of TIF for the redevelopment of the Bellevue Mall.

Mr. Wiltshire continued with Infrastructure Support. Metro will pay for a portion of the infrastructure as an incentive to developers but for public infrastructure only.

Discussion of Public Incentive Database

At the last Board meeting Mr. Wiltshire invited the Board to view the Public Incentive website and send him their comments for any improvements. Madam Chair reviewed some of her thoughts on the website. Mr. Hodge noted his thoughts on the website and would like for a small summary about the company and the demographics of the company be included. Madam Chair asked that the team who worked on the site be sent a thank you note for the great site and work well done. Ms. Hunter Board recorder will send a thank you note.

Mr. Weaver asked additional questions on the companies receiving incentives. Mr. Wiltshire briefly reviewed why the need for the programs.

Approval of Financial Matters:

Ms. West reported there were no financial matters.

Scheduled Next Board Meeting

The next Board meeting was scheduled for March 22, 2018. (Note that this meeting did not occur)

Adjourn

The meeting was adjourned at 11:29 a.m.

APPROVED, this 22nd day of March 2018.

Ginger Hausser, Chair

Aubrey Gregory, Secretary