

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

May 10, 2016

The Board of Directors of the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County (the "Board") met on Tuesday, May 10, 2016 at 10:15 a.m. in Council Committee Room 2 at the Metropolitan Courthouse, Nashville, Tennessee 37201.

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

Also present were Counsel to the Board, Bob Tuke; Matt Wiltshire, Metro ECD; Cathy West, Metro Finance; and Jason Bobo, Metro Legal

Meeting Minutes:

Madam Chair opened the meeting asking if there were any corrections or discussion the minutes for the Board meeting on February 9, 2016. There are two small typo changes and the addition of Mr. Hodge's attendance. Madam Chair made a motion to approve the meeting minutes; it was seconded by Ms. Allen. The Board voted and approved the minutes from February 9, 2016.

Committee Reports:

Madam Chair asked if there were any Committee Reports and, there being none, Madam Chair moved to New Business.

New Business:

Approval of a Right to Incur Costs Agreement regarding a FastTrack Economic Development Grant for Hankook Tire America Corp.

The first item of business was Approval of a Right to Incur Costs Agreement ("RTIC Agreement") regarding a FastTrack Economic Development Grant for Hankook Tire America Corp ("Hankook"). Matt Wiltshire stated this is a potential grant from the Tennessee Department of Economic and Community Development ("TNECD") to offset certain costs for Hankook relocating its North American headquarters to Nashville. Under the terms of the TNECD grants, costs incurred prior to the approval of the final grant agreements are not reimbursable. The agreements for the Hankook grant have not been agreed upon and Hankook is beginning to relocate to Nashville. If the RTIC Agreement is signed, then the costs incurred by Hankook between now and when the final grant agreements are signed will be reimbursable costs. There will be no obligation to the Board if final grant agreements are not signed. The location for Hankook's office has not been announced, but the location will be their North American Headquarters.

Mr. Hodge asked about incentives once incur costs are approved. Mr. Wiltshire stated the approval is strictly for the state. The city is providing no financial support or incentives for Hankook relocation. The state will provide incentives once agreement specifics are completed.

Madam Chair made a motion to approve The Right to Incur Costs Agreement; it was seconded by Mr. Hodge. The Board voted and approved the Right to Incur Costs Agreement.

Approval of a FastTrack Economic Development Grant for Sinomax East, Inc.

Mr. Wiltshire stated Approval of a FastTrack Economic Development Grant for Sinomax needs to be moved to next meeting because it is not ready to be approved. Grant for Sinomax is also a state grant. Agreements for the project are not done. Agenda Item tabled for next Board Meeting.

Notice of Exercise of IDB Equipment Purchase Option by Oberto Sausage Company

Mr. Wiltshire sent a summary to the Board several months ago regarding Oberto Sausage Company (“Oberto”). Mr. Wiltshire reviewed the company’s history in Nashville and the terms of the PILOT that the city offered to Oberto. The Board provided a PILOT with a 50% abatement on the increase in both real and personal property taxes for five years. Due to a reappraisal, the real property taxes on the location went down. Therefore, there is no value to the real property portion of the PILOT currently. The terms of the PILOT allows Oberto the right to assign a new tenant so the PILOT could have value in the future.

Madam Chair asked about the equipment portion of agreement. Mr. Wiltshire stated the equipment portion has had some value, but that Oberto is repurchasing its equipment from the Board for \$100 and terminating the personal property portion of the PILOT.

Madam Chair made a motion for ratification for the record by the Board for Notice of Exercise of IDB Equipment Purchase Option by Oberto; it was seconded by Mr. Harmon. The Board voted and approved the Notice of Exercise of IDB Equipment Purchase Option by Oberto Sausage Company.

Notice of assignment of Real Property PILOT agreement by Oberto Sausage Company to JCG Foods Co. LLC

Mr. Wiltshire provided notice to the Board that Oberto Sausage Company is assigning the Real Property PILOT to JCG Foods Co. LLC.

The Discussion of Matters Considered by the Industrial Development Board.

Bond Issuances

Mr. Tuke gave essential functions of the Board. The Board provides tax exempts financing and taxable financing for private use and not-for-profit entities commonly called bonds. There are restrictions on what kinds of bonds can be issued. The Board, for example, can issues bonds for educational and housing purposes. Mr. Tuke stated that recent legislation enacted permits the Board to consider financing for affordable housing. The Board may see activity for it in the future.

Mr. Tuke reviewed bonds recognized as tax exempt by the Internal Revenue Service. Mr. Tuke noted any person asking for tax exempt bonds must have recognized bond counsel due to constant regulation changes by the Internal Revenue Service. Mr. Tuke discussed types of facilities, volume caps and public approval regulations.

Mr. Tuke provided an overview of the bond application process. There is a non-waivable initial \$1,000 application fee. The second step for the proposed borrower is to come before the Board for preliminary approval of the bond. The next step is for bond counsel to work. All bonds are governed by a Trustee (normally a bank). 95% of proceeds of bond issuance approved by IDB must go to purpose of the project. The other 5% is used for cost of issuance. The borrowers must provide indemnity they are completely liable for the bond, the Board has no liability, and is protected from any costs. A form 8038 has to be completed and signed by IDB and the bond counsel. The form describes the amount issued, the use of the funds, and it goes to the Internal Revenue.

Mr. Tuke discussed arbitrage yield restrictions which is when a person borrows money from a board such as the Industrial Development Board and then invests them for a positive yield. If arbitrage occurs the bonds are taxable. The Board does not approve of arbitrage transactions. Mr. Tuke discussed user prohibition. A person cannot get the Board to issue tax exempt bonds and then purchase the bonds. Mr. Tuke discussed refunding. Refunding is permitted by the Board. Refunding is normally when interest rates change to a lower amount. The amount of bonds issued is strictly limited to the amount of the refunded bonds issued.

New Market Tax Credits

Mr. Wiltshire discussed New Market Tax Credits starting with New Market Tax is Federal tax allocations used for Community Development Enterprises (CDE). CDE's can be private or public entities with national or local footprints. The tax allocation functions as low-cost, forgivable debt in proposed developments. The allocations can only be used for projects in qualified Census track areas (distressed areas). Also the allocation can apply if most of the employees of the project live in a qualified Census track area. There are places in Nashville that are qualified Census track areas.

Mr. Wiltshire proposed for the Board to consider forming a CDE. Mr. Wiltshire suggested if the Board were successful in securing a future allocation, then there could be funds available to hire a limited staff. The Board would be the entity to evaluate agreements, put agreements together for tax credits in qualified areas. Ms. Allen gave an example of a recent CDE she was involved in. The project was the renovation of a former Kroger store in South Nashville. The Board decided to do research on subcommittees and speakers on CDE. The Board will gather more information to consider if a CDE is practical. The Board will add an item on the next agenda for suggestions on how to proceed with the CDE.

Other Business

Madam chair asked if there was any Other Business and, there being none, Madam Chair moved to Approval of Financial Matters.

Approval of Financial Matters

Ms. Cathy West reported that there were parking tickets invoices, one for \$58.00 for February meeting and one for \$77.00 for special budget meeting in March. Tickets for December have not been submitted and will not be paid until they are received. Madam Chair made a motion for Approval of Financial matters it was seconded by Mr. Harmon. The Board voted and approved expenditures.

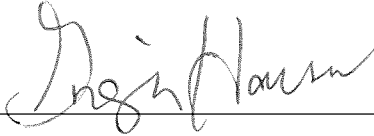
Scheduled Next Board Meeting

The next Board meeting was scheduled for June 7, 2016.

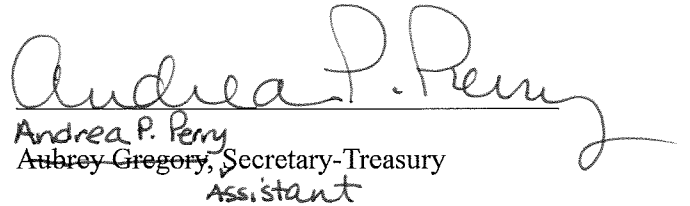
Adjourn

The meeting was adjourned at 11:45 a.m.

APPROVED, this 7th day of June, 2016



Ginger Hausser, Chairpersons



Andrea P. Perry
~~Aubrey Gregory~~, Secretary-Treasury
Assistant