

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

October 11, 2016

The Board of Directors of the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County (the "Board") met on Tuesday, October 11, 2016 at 10:00 a.m. in Council Committee Room 2 at the Metropolitan Courthouse, Nashville, Tennessee 37201.

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

Also present were: Bob Tuke, Trauger & Tuke; Matt Wiltshire, Metro ECD; Cathy West, Metro Finance; Margaret Darby, Metro Legal; Bob Stinnett, WTVF; Jennifer Kraus, WTVF; Mike Brent, Bradley Arant Boult Cummings; Jim Shulman, Metro Council; Sam Latham, Urban Nashville; Ruby D. Baker, President Bordeaux Hills Residents Association; Juanita Bate, Resident of Autumn Hills; Keith Benion, Lead Bordeaux Nextdoor; Tonya Sherrell, North Nashville Leadership Council Community Advocate; Gregory Pillow, President Buchanan Street Association; Melvin Corlew, employee Autumn Hills; Janet Dubose, Board Autumn Hills; Danavan Hylton, CEO, Hylton Elite Marketing Agency; Representative Brenda Gilmore, District 54; Aileen Katcher, Katcher Strategic Communications; Sandra Williams; Nancy Amons, Channel 4 News; Jeff McKissack, FDH; Kevin Wisniewski, WTVF; Edgar Covingtons; Thomas Wilson; Dorothy McCrady, Bordeaux Hills Resident; Dravidi Q Pasha; and Joseph Woodson, Mayor's Office

Meeting Minutes:

Madam Chair opened the meeting asking if there were any corrections or discussion from last month's minutes, there being none, Mr. Harmon made a motion to approve the Meeting Minutes and it was seconded by Ms. Perry. The Board voted and approved the minutes from September 20, 2016.

New Business:

Approval of Right to Incur Costs Agreement for Apricity Resources, LLC

The next item of new business was approval of a Right to Incur Costs Agreement for Apricity Resources, LLC ("Apricity"). Mr. Wiltshire reviewed with the Board that this is related to a State FastTrack Economic Development grant for Apricity. Expenses incurred by recipients of state FastTrack grants prior to the final agreements for those grants being signed are not eligible for reimbursement. The state, per their regulations, allows the Board to sign a right to incur costs agreement to make such expenses eligible for reimbursement. Apricity is a healthcare information technology and solution company from New York. Apricity plans to employ about 215 people with an average wage of around \$88,000. Mr. Wiltshire clarified for the Board that the grant has not been finalized but once it has been it will be brought before the Board again for approval. Mr. Wiltshire clarified for the Board that if the grant was not approved then any costs incurred would not be reimbursable. Madam asked if there were any additional questions or discussion, there being none, Mr. Scruggs made a motion to approve the Right to Incur Costs Agreement for Apricity Resources, LLC and it was seconded by Mr. Harmon. The Board voted and approved the Right to Incur Costs Agreement for Apricity Resources, LLC.

Existing Business:

Approval of Resolution Authorizing Sale of Bonds Related to the Autumn Hills Assisted Living Facility Project (ACLF Holdings, LLC)

The first item of existing business was consideration of a resolution authorizing the sale of bonds related to the Autumn Hills Assisted Living Facility project. Mr. Brent, who represents the borrower, provided a summary, charts of the proposed financing, related transactions, and additional information requested in the previous meeting by the Board. Additional information included: a written response to recent news reports, an organizational chart of the management of the facility, an organizational chart of the entities involved, financial pro forma of the operations.

Mr. Brent updated the Board on the revised resolution. Mr. Scruggs asked a question regarding the underwriter's agreement of the transaction. Mr. Brent acknowledged there is an identified purchaser for the bond and a financial agreement has been drafted and approved. Madam Chair asked for clarification on the different bond amounts from the previous bond amount requested. Mr. Brent reviewed the amounts and differences.

Madam Chair and various Board members asked for clarification and questions about the new agreement and expenses. Mr. Brent reviewed expenses and responded to all questions. Board Members and Mr. Brent discussed in detail various savings including but not limited to: management fees, charitable care, community involvement, occupancy, and other tax benefits. Madam Chair asked if there were any other questions or discussion, there being none, Madam Chair asked if any of the new Autumn Hill Board Members present at the meeting wanted to speak on the issue.

Ms. Debose, a Board Member for Autumn Hills, spoke on behalf of Autumn Hills. Ms. Debose and Mr. Brent responded to questions asked by the Chair and Board members about her appointment to and service on the Autumn Hills Board. Ms. Sherrell, Board Member for Autumn Hills and also with North Nashville Leadership Council, also spoke on behalf of Autumn Hills. Ms. Sherrell responded to questions asked by the Chair and Board members about her findings on the finances of Autumn Hill in reference to how to generate more revenue.

Mr. Latham, President of the Autumn Hills Board, addressed the Board and detailed the improvements that had been made to the financial performance of the facility, community involvements, and the new Board. Mr. Latham and Mr. Brent answered additional questions from the Chair and Board members about the finances and vacancy rates of Autumn Hill. Madam Chair asked that Mr. Corlew, an employee of Autumn Hills, speak on his experience with running assisted living facilities. Mr. Corlew presented his experience and background working in the assisted living field. Mr. Corlew answered questions from the Chair and Board members.

Madam Chair asked if there was anyone present to answer questions from the city government's finance department. Madam Chair reviewed questions for Metro city government about sale of the land for Autumn Hills. Mr. Wiltshire stated that Metro is stilling reviewing the proposal by the prospective acquirer of the facility, its ability to finance and manage the facility and other requirements of the sale. He further stated that the city was not prepared to finalize the transaction at this point.

Madam Chair opened a Public Hearing on the issue. Representative Gilmore addressed the Board and voiced support for Autumn Hills. Councilman Shulman addressed the Board. Mr. Shulman considered the facility important to have in the community and there is great interest to keep it open; however he expressed concerns about the operations and finances of the facility. Mr. Shulman asked Mr. Brent to clarify the intent of the lease. Mr. Brent responded to Mr. Shulman's question with a description of the potential lease purchase agreement.

Madam Chair asked if there were others present who wanted to speak. Ms. Bate, a resident of Autumn Hills, gave a summary of her experience as a residence. Madam Chair closed the Public Hearing.

Board Members discussed the bond issue and Metro's audit further with Mr. Brent and Mr. Shulman. Board members asked Mr. Brent additional questions about the resolution. Mr. Brent briefly reviewed the proposed Resolution. Mr. Gregory asked if the Board would have any liability if the bonds are authorized and it fails. Mr. Tuke responded with there is no liability to Metro or the Board if the bond defaults.

Madam Chair expressed her concerns with approval of the Resolution based on information presented. Madam Chair suggested the Board defer the issue for next Board Meeting. Board Members discussed the impact of deferring approval of the Resolution. Mr. Latham appealed to the Board and gave reasons why the matter should not be deferred. Board Members asked about the particulars of the audit. Mr. Shulman briefly explained purpose of audit. Mr. Latham addressed Mr. Shulman's response to the purpose of the audit. Mr. Latham noted that an audit should not impact approval of the Resolution.

Mr. Gregory explained the Board's role for approval of bonds. Ms. Allen agreed with Mr. Gregory on the role of the Board. Board members had additional discussion on the Board's role and if the Resolution should be deferred. Mr. Brent gave additional reasons why the approval of the issue should not be deferred. Mr. Shulman gave additional information on the importance of an audit.

Mr. Hodge asked Mr. Wiltshire if there was a timeframe for Metro's audit and if the property will be sold by the end of the month. Mr. Wiltshire stated he was not in a position to answer Mr. Hodge's question but he noted that Metro Legal and Metro Finance are involved in the transaction. Mr. Gregory made a motion to approve the Resolution Authorizing Sale of Bonds Related to the Autumn Hills Assisted Living Facility Project. Mr. Hodge made a motion to defer. Madam Chair asked Ms. Darby for clarification on whose motion was binding. Ms. Darby clarified that Mr. Gregory's motion held. After some additional discussion, Mr. Scruggs seconded the motion to approve the Resolution. The Board voted and approved the motion seven for and one against with Ms. Perry abstaining.

Report on CBID Petition

The next item of business was a report on the CBID petition. Madam Chair asked Mr. Wiltshire to give an update. Mr. Wiltshire reported an approval by written sign off was received from Bridgestone and Omni to authorize Ms. Hausser, to sign the petition. The Chair has signed the petition to approve the CBID. The Chair asked if there were any further action to be taken. Mr. Wiltshire confirmed there was no further action.

Report on Materials to be Delivered Prior to Meetings

The last item of existing business was a report on material to be delivered prior to meetings. Mr. Wiltshire had handouts for Board members to review outlining the material to be requested. Mr. Wiltshire attended a meeting previously with Mr. Scruggs, Mr. Tuke, and Ms. Margaret Darby to discuss material, when they should be delivered and other actions. Per Mr. Wiltshire, most of the items in the outline are already covered under policies and procedures. For Bonds, Mr. Wiltshire proposes that one week prior to Board Meetings a one page memo be presented with a simple descriptions of the entity, transactions, proceeds, use of proceeds, resolution approving sales, lending documents, and the IDB application. In addition representatives of the borrower, the lender and council to both will be asked to appear at the Board Meeting.

Mr. Wiltshire has not determined whether the proposal can be conditions for any approvals. Mr. Gregory was concerned about the issue of applicant being required to provide documentation 17 days prior to Board Meeting. The Board's past policy is to provide documentation 10 days prior to Board Meetings. There was

discussion about the timeline amongst Board members and Ms. Darby. The Board decided to amend the Bylaw Rules on the timeline for materials on applications. Ms. Darby will present changes at the next Board Meeting.

Madam Chair asked about demographics being added to the description. Mr. Wiltshire has added the request for demographics to be included in Grant agreements. Mr. Hodge asked if the demographics being asked for are: average salary, race, gender and county of residence. Mr. Wiltshire confirmed that those are the demographics being asked for and further explained how the handling of the request will work. Board Members and Mr. Wiltshire discussed more about when demographics should be included with applications.

Mr. Weaver asked the discussion on Materials to be Delivered Prior to Meetings be tabled until the next Board Meeting. Madam Chair and The Board agreed to table agenda item for the next Board Meeting.

Approval of Financial Matters

Ms. West reported there was one parking ticket invoice for \$56.00 for the August meeting. Mr. Weaver 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 November 15, 2016.

Adjourn

The meeting was adjourned at 12:28 p.m.

APPROVED, this 15th day of November, 2016

Ginger Hausser, Chair

Aubrey Gregory, Secretary