INDUSTRIAL DEVELOPMENT BOARD
March 5, 2009, 5:30 p.m.

The Germantown Industrial Development Board met on Thursday, March 5, 2009, in the Administrative Conference Room. Chairman Henry Evans called the meeting to order at 5:30 p.m. and asked for a roll call. A quorum was established.

PRESENT: Chairman Henry Evans, Mike Harless, Don Lee, Keith Saunders and Dick Vosburg.

ABSENT: Annette Liles and Dr. Frank Markus.

STAFF PRESENT: City Administrator Patrick Lawton, Assistant City Administrator Andy Pouncey, Economic Development Coordinator Katie Graffam and Laurel Williams, Attorney, Burch, Porter & Johnson

ALSO PRESENT: Also present were Aldermen Mark Billingsley, Ernest Chism, John Drinnon, Carole Hinley and Mike Palazzolo, members of the Financial Advisory Committee and the Economic Development Commission, and Marlin Mosby, the City of Germantown's financial advisor and managing director of Public Financial Management.

MINUTES

A motion was made and seconded to approve the minutes of January 20, 2009. Motion approved.

Chairman Evans stated this was an informational meeting. He stated there had been discussions at two previous meetings of the Industrial Development Board regarding the possibility of a charter change in order to allow the board to issue special assessment revenue bonds. It was also mentioned at the last meeting that the board maybe should align themselves more with state legislation, which would allow the Industrial Development Board not only to do PILOTS but also tax increment financing as well as special assessment revenue bonds. He stated as there had not been a presentation on tax increment financing at a previous meeting of the Industrial Development Board, that would be presented at this meeting, as well as special assessment bonds. If it is decided that these are appropriate responsibilities for the Industrial Development Board, a charter amendment would be necessary. Prior to amending the charter the Industrial Development Board will meet in a public hearing and at that point and time and only then will a charter amendment be considered.

Chairman Evans explained why a charter amendment would be required. He stated the Board of Mayor and Aldermen three years ago passed the Smart Growth policy and, subsequent to that the Industrial Development Board passed the public/private partnership policy. Both of those policies taken in tandem provide for the use of public financing to serve as a catalyst to private development in the Smart Growth area provided such development meets the criteria set forth and supported by financial impact assessment. It is appropriate therefore to consider whether these financing options should be within the purview of the Industrial Development Board. Mr. Evans stated that the board is trying to gain an understanding of the instruments and how and when they might be used individually or together.

Mr. Evans stated Patrick Lawton would be the first presenter on behalf of the City and he will introduce other members of City staff who will handle the presentations. He asked everyone to hold questions until the conclusion of the entire presentation, at which time the floor would be open for questions of members of the Industrial Development Board and the Board of Mayor and Aldermen. Other persons were asked to enter their questions on forms provided and submit them to staff before leaving the meeting, and individual responses would be made and those questions and answers would be posted on the City's website. Copies of the slide presentation to be shown were also handed out. Everyone in attendance at this meeting will be invited to the next Industrial Development Board meeting at which time a decision will be made regarding whether or not there will be a request for a charter change.

PUBLIC PRIVATE PARTNERSHIP DISCUSSION

City Administrator Patrick Lawton welcomed everyone to the meeting. He announced the purpose of this meeting was to review public/private financing alternatives available to City of Germantown to facilitate economic development particularly in the Smart Growth zone. He stated there would be a review of the discussions and decisions to date, as well as responses to comments and questions raised by the Industrial Development Board relative to certain financing methods.

Mr. Lawton addressed policy decisions that precipitated the recommendations regarding Smart Growth and the development of the public/private partnership policy. He reviewed specific goals and objectives of the Vision 2020 Plan adopted by the Board of Mayor and Aldermen in 2005. His discussion focused on two principles of the Plan: *Diverse and Dining Choices* – quality restaurants and entertainment, and *Businesses have the Opportunity to Succeed* – small and medium sized businesses having the opportunity to grow. He directed specific emphasis to one of the key principles of the 2020 Plan, that Germantown would remain a financially sound and vibrant community and to accomplish this the City must look for avenues and opportunities to diversify its tax base, create sustainable revenues, invest in the future, expand its tax base and remain financially accountable. He also discussed two goals of Vision 2020 specifically related to the policy and Smart: (1) *the redevelopment of the heart of Germantown*, which identified mixed uses, development in the heart of the City and the downtown central business district, which became the basis for the Smart Growth Plan and the Smart Growth Code adopted by the Board of Mayor and Aldermen in 2007; and (2) *financial sustainability* – adequate resources, a diverse and balanced tax base, financial reserves, consistent and expanding the City's financial policies, maintaining the City's Triple A bond rating, investment future, upgrade the City's facilities, leveraging the City's resources through partnerships and grants, and remaining financially accountable to its residents.

Mr. Lawton discussed the Public/Private Partnership Policy adopted by the Board of Mayor and Aldermen in May 2008, with the risks and rewards to the three major parties involved: residents of the community, City government and the development community. He stated the policy applies only for those projects that would be developing in the smart Growth zone. It would require a detailed citizen participation plan to be submitted by the developer when applying for a project to be completed in the Smart Growth Plan. A key signature piece in the policy is a fiscal impact analysis which would allow the City to look at the cost to government for this type of growth and to identify revenues to be generated to the City in the form of taxes. The policy also embraces environmental stewardship; specific requirements that buildings and site design embrace the LEED new construction standards and that those are incorporated into the design. He also mentioned that the policy will provide development incentives based upon a matrix.

Mr. Lawton stated the City's involvement in any type of private financing identified two particular areas: the use of tax increment financing (TIF) and the use of special assessment legislation adopted in 2007. He stated early in the process the administration in discussions with the Industrial Development Board on the different levels of participation and economic incentives dismissed the use of tax increment financings for two reasons: (1) it was unclear on the long-term impact to the City in what was seen as giving up the potential for future property tax dollars, and (2) it did not make a distinction between the use of General government bonds, obligations vs. the use of revenue bonds. After examining the tools available to cities to meet the Smart Growth objectives in the State of Tennessee from an economic development standpoint, it was decided that they were very limited in scope.

Mr. Lawton introduced the next two speakers: Michael Stoll, City of Germantown Risk Manager, who would describe in detail the two different financing alternatives (1) TIF and (2) Special Assessments, and Kristen Geiger, Assistant City Administrator for Finance and General Services, who would reiterate some questions and provide answers tying them back into Vision 2020 and things identified earlier as important to fulfilling that mission.

Presentation by Michael Stoll

Mr. Stoll explained that tax increment financing is a debt financing strategy designed to make public improvements in a targeted area without drawing on the existing general fund or creating new tax, that the debt is used usually by a government entity such as the Industrial Development Board or a housing authority and is in the form of tax exempt financing. These are revenue bonds that are not backed by the full faith and credit of the City; they are separate revenue bonds that are going to be paid back by the TIF revenue. He explained further that they are used to build the public improvements in a targeted area and once the improvements are in the property increases in value as more development comes in and the increased value of the property leads to the increased property taxes, and that increment/increase will be used to repay the debt. The tax increment is equal to the future property tax on those identified parcels as compared to the original tax base on those parcels. The TIF revenue is pledged to repay the bonds and is not general tax revenue. Under the City's policy there is a maximum of 15 years on financing the bonds. As to the question of who buys these bonds, which are $100,000 and above, are marketed or sold to institutional investors or they be a private placement.

Mr. Stoll explained that a lot of projects in the Smart Growth area have to do with signature projects and for them to meet Smart Growth goals regarding mixed uses, walkability, etc., a TIF would likely be necessary to make that growth financially feasible. He stated that without the TIF the City would probably be looking to fund those improvements as the area grows and develops.

Mr. Stoll discussed special assessment fees. He explained they are fees assessed for the property owners within the development who directly benefit from the facility and the assessment is within the project area only, and if improvement can be acquired by fees on the parcels, that will pay for the financing to allow those acquisitions.

Presentation by Kristen Geiger

Ms. Geiger discussed the reason for public financing and stated if the objective is Smart Growth redevelopment, an element of public financing will be needed and that without it this level of development will not occur. If sustainable revenues is the objective, Smart Growth level of development will achieve that level of financial stability. If the objective is to diversify the revenues, then the Smart Growth provides other revenues in addition to the property taxes revenues due to its mixed use development. The use of TIF and special assessment not only protects other revenues, but his action allows other revenues such as the sales tax to improve and grow because of this level of development. She stated TIF only uses incremental taxes and special assessment doesn't use any of the City taxes as a way of paying it back. If the objective is to address aging infrastructure Smart Growth development helps to insure a revenue base upon which to maintain infrastructure and provide City services, which otherwise these costs would continue to be drawn upon by the current property tax as its main support. If the objective is to be stewards of our public tax dollars, public financing using TIF and special assessment enables Smart Growth development without impacting current taxpayers and in fact it assists them in lessening the tax burden on current taxpayers over time.

Ms. Geiger addressed questions regarding these financing tools being used and being proposed:

- Why public financing tools?

  Ms. Geiger explained the progression of the Smart Growth plan now involves identification of what financing tools the City will employ. It began with Vision 2020 which was citizen driven, then the Smart Growth area was developed, zoning was identified and codification was completed. Next came the Public Private Partnership Policy that helped to set the framework and identified the parameters of which any public assistance could be achieved.

- Why point out TIF and Special Assessment Bonds?

Ms. Geiger stated TIF and special assessments are two financing tools that will enable Smart Growth development. It will also provide no impact to the current tax base of the City and are development paid. Under these two tools that being recommended the growth will pay for itself.

- When would TIF be used and when would special assessment bonds be employed?

  Ms. Geiger explained TIF is primarily used for the reimbursement of public infrastructure and special assessments will focus on the improvements of public facilities, as parking garages, etc.

- Why a public private partnership policy?

  Ms. Geiger mentioned no other municipality or county has a policy in the State of Tennessee, that. Germantown is the only one. She stated the public private partnership policy requires input and involvement from the public with the focus being on the surrounding areas of a proposed development and sets the parameters for a partnership between the public sector and the private sector. It identifies the financial impact, not only the revenues but the costs, of the development, what it will bring to the City. She stated usually with these types of instruments, the new costs that to come into play in providing City services is usually typically not identified, but the public private partnership policy makes sure that that is clearly identified up front. It also provides the assessment of the value of the development that it will bring to the entire community.

- What is the City giving up by using public financing?

  Ms. Geiger stated on the high end which will be a TIF, the tax increment financing tool, the City is allowing the incremental property tax revenue to pay the debt service on the TIF bonds over a period of years as defined by the policy to not exceed 15. Depending on time, a development and how it is evaluated during the public private partnership policy, it could be less than 15 years. However, without some type of level of public financing assistance, the City would not have this level of incremental property tax to begin with, thus giving up that which it would never have without this level of development. In the case of TIF, only the incremental property tax is used to provide the revenue stream for the pay back of the bonds. Other revenues are not pledged and in fact the other revenues such as the sales tax will improve and grow because of this level of development. In the case of special assessment, only the special assessment fee is the revenue stream for the payback of the bonds. Only the special assessment is levied upon the property within the development. There was no impact o the property owners outside the project area or immediately surrounding it or otherwise in the City.

- What is the status of county involvement in this whole process?

  Ms. Geiger stated these tools like the City's public policy involve only the City of Germantown. It is only incremental property taxes to be used for that, the bonds which we would issue. If the county participates on a development assistance level, that is between the county and the developer.

Ms. Geiger stated it is important to remember that our framework for Smart Growth is development driven, not city. In other words, each development will be evaluated on its own merit, will be financed on its own level and will pay for its financing based on its own value.

To provide a basic overview of the process, she stated once a project in the SG zone is identified for and qualifies for some type level of public assistance and financing, it then, depending upon the special assessment or TIF, again public infrastructure or public facility, it goes to a public hearing, as by law. The Board of Mayor and Aldermen would approve the funding and then the Industrial Development Board, once it changes its charter, would issue the debt. A structured fee would be established and the City's Finance Department would oversee the administration of the debt and the payment and the process in collecting of the assessment or the incremental property tax to be distributed paying back the debt.

Ms. Geiger reiterated if the goal is to provide the opportunity for development to help the City on a long term basis, to enhance the quality of life and to help preserve the financial ability and sustainability for the community for years to come, this is the type of mechanism that will achieve that goal.

The following are questions raised at the IDB meeting and their corresponding responses:

Questions from Industrial Development Board and Board of Mayor and Aldermen

Mr. Harless: We talked about TIF being a 15-year max, is there a max on special assessments as far as number of years that the bonds can be issued?

Mr. Lawton: Mike, you are correct because the Public-Private policy addresses 15 years as the maximum that could be received on the debt value of the property taxes if it scores the highest on the matrix. Using property taxes, it does tie more to the TIF. The special assessment could go more than that. However, the TIF, which is addressed in the policy, is linked to 15 years.

Mr. Harless: The Public-Private Partnership spells out on the matrix how many dollars are required in order to determine the length of time for the bond issuance, correct?

Mr. Lawton: We will be able to determine that with the Fiscal Impact Analysis. That's going to be important.

Mr. Harless: How about with the special assessment? Does that same footprint apply?

Mr. Lawton: No, not with the special assessment.

Mr. Harless: So how do you determine how the special assessment would work as to what qualifies, how much money could be utilized on a parking garage as an example, what the term would be?

Mr. Lawton: In that case, we would be working with the developer and, as Kristen said, it would be development-driven in terms of the use of these tools and what is the value of that public facility, and then we would determine the amount of the assessment that would be covered to retire those bonds.

Chairman Evans: There's another step in there though. It's not just the value of the public facility, but it is the value of the public portion of that facility that is for public use. So the Board is going to frame for us that value before we ever even see the application what is that amount that can allocated based on the project, based on the cost of the structure and within the Public-Private Partnership policy.

Mr. Harless: So the Mayor and Board would actually view this, make the determination and then make the recommendation to the IDB?

Mr. Lawton: Yes, the City would actually do the apportionment of that assessment and how that fits in the matrix.

Mr. Saunders: Are we saying that basically what you are looking for is the amendment to the charter of the IDB for the capability of issuing the bond after the values have been set through the approval process prior to that bond issuance?

Chairman Evans: We are a conduit, we are not an initiator. We cannot initiate the issuance of either one of the instruments unless, and until, this step has taken place. The Board is in control. Once the Board has made the decisions, then it comes to us. We are the conduit to initiate the bond issue.

Mr. Saunders: And these bonds, due to the fact that we are separating it from the financial liability of the City government itself, the IDB has been set up to insulate that. Before these bonds are issued, all the necessary steps have to be taken through the political side of it in regards to the BMA and the necessary matrix through our Public-Private Partnership.

Chairman Evans: All of that has to happen before it ever comes to us.

Mr. Saunders: So at the end, we are basically saying that once it is approved for X number of dollars that we would have the right as the IDB to issue those bonds in place of bonds as need be and have control of only that section.

Mr. Stoll: If you can imagine those public facilities, if you try to load too much on them the surrounding properties, they suddenly deteriorate. That's what part of this analysis is – to determine the benefits received from those parcels received in the district and how much can we afford, similar to how the TIF is. There is only so much increase that is generated in that district or area. The same thing with special assessments, the area will only fund so much and that is the determination that needs to be made.

Mr. Harless: With the current economic situation being the way that it is, using the parking garage as an example, if we finance a parking garage under the special assessment and the determination was that each of the property owners within the land use area was going to be charged X amount, but then, as we are seeing now, many of the tenants close their doors, what happens?

Mr. Stoll: That's a good question. If developments are done as they are typically done, we have large parcels of area with one land owner – in one area that we looked we have four parcels over 29 acres that are well-developed that may have 14 retail stores or shops or banks or whatever. The property owner of the parcel is responsible for picking that up. He passes that one as part of his leasing cost to the folks who are in the store as part of their lease payment. But, ultimately the property owner will be responsible for paying that.

Mr. Harless: So it would fall to the property owner?

Ms. Geiger: Yes, it is a lien on the property. Just like a property tax in the sense that they have to pay it, it is a lien on the property. Actually, because the special assessment will come out after the property taxes, it will be considered a secondary lien.

Mr. Stoll: Now, if we are going to talk about mixed use depending on which is residential, commercial, etc. will determine how the different pieces fit. The good thing about the special assessment they actually get permission how you subdivide where it starts out as a larger piece and subdivides into condos, etc. That's something you don't think about in the beginning when you are doing the bare bones assessment. The law did include the need to be subdivided as you go along.

Chairman Evans: And also keep in mind, Mike makes a valid point, in today's economy, not only is it bad for the people that are occupying those buildings, but there's really no market out there to issue bonds. Marlin, would that be a relatively fair statement?

Mr. Mosby: Yes, it would be very difficult in today's market (*inaudible*)

Chairman Evans: The good news is that we're sitting here tonight, learning about this. We've got the option then to consider a change to our charter. Remember we're talking about the IDB charter, not the City charter. But a change to our charter which would give us the authority to do this at some point in the future, when and if there is a development and when and if that would qualify in our process.

Mr. Saunders: I think it's a good point to start this because, God forbid the economy stays this way forever and I don't think that is going to happen, but we still need to have at least have the tools in place because there are going to be corporations and developers that are going to be looking at various places to develop and Germantown has great demographics in regard to income and things of that nature when it comes to retail. I still have some problem if we continue to have special assessments on restaurants, businesses, etc. going black on us. How does the property owner make his payment? How do we take it one step further and make that link?

Chairman Evans: I think you've got to ask yourself the question, is there a possibility that some point in time that the economy tanks even further and they couldn't make those payments? The risk rests with the investors. Marlin, go back to your point.

Mr. Mosby: The investors, we're not talking about the developers here, the investors are the people who have bought the bonds. They would lose their bonds.

Mr. Saunders: OK, so that's the guarantee that we would have if the payments are not made.

Mr. Mosby: It's not necessarily a guarantee. If the payments are not made, the property would fall into default and you would take the property over just like you would if they weren't paying their property taxes. Actually, at that point in time the Trustee would take the property over and the property would become part of the settlement. But, the bondholders would be the ones who are ultimately at risk.

Chairman Evans: Go back, Keith, to what Michael said earlier. These are marketed to institutional investors. They are marketed to people who are used to buying into this kind of risk, who understand that risk and can analyze that risk up front. More specific to that, especially on the special assessment front, you've got facilities typically in place that they see on the ground when they are buying into these bonds. So they're able to assess their risk up front.

Mr. Vosburg: To clarify the use of the special assessment versus the TIF, it seems that because the special assessment affects only those who are getting a direct benefit that the classic case for that would be an isolated piece of property where a parking garage, for example, is servicing only the tenants of that piece of property and that you don't have a spillover benefit. The tax increment financing bonds, if I'm right, are most appropriate where there is a spillover onto neighboring property of benefit and, hence, appreciate and increase of value to that such as was described in Franklin where they have the benefit accruing to the property adjacent to the Nissan headquarters. Am I correct about that? That if, for example, you were building a parking structure that served all of the Main Street businesses that tax increment financing might be the best way to think about that, setting up that whole area as being the relevant district.

Chairman Evans: Go back to the comments, I think Michael made them and Kristen emphasized them. TIF is basically to help build the infrastructure, so if you take a piece of raw land and you have to put in the entire infrastructure, similar to what they did in Hendersonville. On the other hand, special assessment is really when you are taking ownership of a public facility and there is something tangible that you've actually got ownership of to help support the special assessment.

Mr. Vosburg: So a parking garage would be a good example as opposed to building a Main Street.

Mr. Lawton: That is correct.

Mr. Stoll: Marlin actually brought this up earlier when he had looked at this earlier. On a TIF, it gives us the ability to say whether that TIF district is our entire Smart Growth area or just that project area depending on what types of public improvements are made in that area, so really it is still open as to those are improvements in that area whether they overlap in a broader basis, as you say. They may connect to a larger area that borders that project but they may not serve the entire district.

Mr. Harless: An example would be the sewer. If we had to increase the sewer, it would benefit that area.

Mr. Stoll: Absolutely.

Mr. Vosburg: Layers of TIF's?

Mr. Stoll: Again, we can either do project-based or district-based. Take a look at Franklin. That project was just the land site for that headquarters. They drew a circle around that whole area and said that anybody who develops, that is an increment that will help pay those bonds. Now, in Hendersonville, in that whole green space where they put all those improvements in, that was their area.

Ms. Geiger: We are doing it for just the project.

Mr. Vosburg: But the problem with a TIF is that if you're not layering it and you're doing something that looks like Smart Growth is a kind of a piece-meal long term process. You're not going to have your entire infrastructure built out at one point in time. It's going to be built out over thirty years. And if that happens, you're not going to be able to anticipate your needs that far out.

Chairman Evans: I think you're still looking at doing something for the entire Smart Growth area and Kristen just said it would be project based, so it would be supported by what is going in that identifiable project, not everything in the Smart Growth area. In any project, you have to say what is the current value in that project, what is going to be the value once it is built in accordance with the Smart Growth project that is being proposed, whatever it may be.

Mr. Lawton: The Franklin example is a little different because of the attraction of the Nissan headquarters. They had to pull from a bunch of broader areas to catch that increment to help do what they needed to do.

Mr. Vosburg: It strikes me that the special assessment is significantly better suited to fit our needs because the issue with the tax increment financing is, from the types of activities that we have talked about, you don't have a lot of spillover effect. And it seems that the tax increment financing requires a spillover effect from the neighboring properties to be affected.

Mr. Lawton: No, it can be project specific. One of the things that we will do in our policy with the Fiscal Impact Analysis is we will be able to determine at what level the property taxes that will be generated and that will give us an idea of what the City's investment ought to be and what the public infrastructure needs are. Our fiscal impact study will be project specific. From that, we say in our policy, we will get the net present value of the property taxes not to exceed 15 years. We've got to get to what that number is. So, our policy by its nature is going to be project specific.

Chairman Evans: Marlin, I cut you off and I didn't mean to.

Mr. Mosby: On this issue, I think you are right. The tools can be used differently. It's not real clear. As Patrick is saying, we might define a TIF district very narrowly, or we might define it broader. Or we could choose a special assessment which is just a straight rifle shot at a project. A lot of that is going to depend on the project, what you're doing. For example, if you decided you wanted the most modern, most efficient street lighting in this entire area, that is definitely a TIF. It screams TIF. If you decide you want to build a parking garage for a department store, it screams special assessment. But there's a lot of stuff in between that you could use these tools to do the same thing with by changing the project up a little bit.

Mr. Harless: Let me ask the question because my understanding is that TIF can only be used for infrastructure.

Ms. Geiger: No, we would primarily use it for infrastructure.

Mr. Harless: Could it be used for a parking garage?

Chairman Evans: I'm not sure it could be, not by definition. Could it, Marlin?

Mr. Mosby: I think the answer is probably, but Tom could tell you more about the law. But, I think that would be a case where it wouldn't be an appropriate use. Unless you were building, and I know there are TIF's in Texas the answer is yes. If you were in downtown Fort Worth and you were building a parking garage for the entire downtown area, and you were building three parking garages for that entire area associated with a mass development, that is a TIF.

Ms. Geiger: Or FedEx Forum or something like that.

Mr. Harless: The reverse of that is, can you use special assessments for infrastructure?

Mr. Stoll: You can, absolutely.

Mr. Harless: So they are interchangeable?

Chairman Evans: To some degree, they are. But I think the direction we are trying to take here is to make it more-focused because we are going to get into a question of when do you use one or when do you use the other, and it's a much more clear delineation if we say basically, infrastructure to support an area ought to be a TIF and where you've got facilities and ownership issues, you've got a special assessment.

Mr. Lawton: And because of the Public-Private Policy, if you look at Priority 5 Permitting, it speaks to reimbursement of public infrastructure purpose via the use of somehow capturing that portion through the property tax. So, that's what ties it deeply, Mike, into using tax increment financing.

Mr. Harless: I agree, I just want to make sure it is clear in everybody's mind that there is a delineation.

Mr. Stoll: And I think Mr. Vosburg really allied into Marlin that the TIF is the broader area, the special assessment is a more specific bullet, it is right on target. Generally speaking, that is typically how it goes.

Chairman Evans: And I want to point out Marlin. Marlin Mosby is the Managing Director of Public Financial Management and he serves as the City's financial advisor.

Mr. Harless: Kristen, can I go to page 12? That's the basic TIF model. Can you refresh for me the existing tax base and the incremental tax base and the difference between those two is what is going to pay the bond? Is that correct?

Ms. Geiger: Yes, that is.

Mr. Harless: The new tax base will not be used in the calculation?

Ms. Geiger: After that the bond is paid off.

Chairman Evans: This is the revenue stream, the blue is the revenue stream that pays the bond. They have a 15-year maturity and once you get to here, all of this tax then comes back to the City.

Mr. Harless: OK.

Ms. Geiger: This is for property tax only.

Mr. Harless: The numbers that you had on the per acre, how did you get to the $55,000 from the $9,000? Was that just an estimate?

Ms. Geiger: We did an analysis based on what was done in the Smart Growth master plan design and projection, and then looked at what this typical development does affect time and then pro-rated it on a per acre basis.

Mr. Saunders: When you look at Smart Growth versus typical growth, the only reason why we have Smart Growth is the capability to have a good use of vertical density, so if you go to typical growth, you are not using, you are either commercial or residential, or office, and you are not mixed. So, the reason Smart Growth came to be was to bring in higher density and to have the capability of having mixed use.

Mr. Lawton: The other piece of it, Keith, is that it combines the Smart Growth which we tried to point out in the 2020 and financial sustainability. You get both and that is the huge driving force behind why we pitched Smart Growth in the first place and how part of Germantown came about is that then you blend it with, OK, we've annexed everything, where can we go, let's maximize the acreage we have, and this is a great example of where we stand.

Mr. Saunders: Well I think you also get into the point of Smart Growth is that there is some trend now to stay "live, work, play" for lack of a better terminology, where also our City is aging and our population is aging some and some of us would like to stay in Germantown instead of living in a large house with our kids gone, we'd like to have some place that brings that into being. It certainly gives us a better tax base to work off of.

Chairman Evans: I don't want to totally run out of time, but the Board of Mayor and Aldermen were requesting that you all meet tonight so that we get more professional opinions.

Mr. Lawton: More to the point of what Keith just mentioned, what we can show here is that we are spreading out that tax base, diversifying the tax base and not putting that great of a burden as we mature and as we hit 2020 on the rooftops. There's another element out there that is going to be stepping up and it is a working element. We have said all along that if Germantown reaches build-out, we don't want to be in a position where we are constantly looking at property tax increases to sustain us as a community. There has to be other avenues.

Mr. Mosby: Yes, one more question. If we modify this charter that we have now with the IDB, I think this question was asked at the last meeting, it's not narrowly set up to where there is only one capability, all these capabilities are given if it is approved by the Board of Mayor and Alderman on what a particular aspect that they would like to have whether it would be a special assessment or whether it would be a TIF.

Mr. Lawton: Correct.

Chairman Evans: If, in the last meeting, we focused strictly on special assessment, at the end of the meeting, David Lillard suggested that we ought not be restricting ourselves to just a change to special assessment, but rather, we should go back and mirror our IDB charter to that of the State, which gives us the full flexibility. That way, if we need to use one or the other, we've got the ability to do so. So, we tore up all the resolutions we looked at originally and next time we'll have one. I don't want to cut it too short, but in the interest of time are there any other questions that anybody has? Are you satisfied with what you are seeing now as compared to what you've seen before?

Mr. Harless: Henry, I guess the only thing I would still like to see is more information from municipalities who are currently utilizing either one of these tools. We've got some from Franklin and Hendersonville, but Hendersonville just did theirs last year, two years ago. So, we really haven't got much, like someone who has done it 10 years ago.

Mr. Stoll: As a matter of fact we do, not 10 years ago, again special assessment, we don't have in Tennessee. The TIF, if we look east to Knoxville, Knoxville's done about 12 of them since 2003 or 2002.

Mr. Harless: Michael, if there is a way that you or staff could get a couple of more examples, and they can be outside of Tennessee, but where they are longer time spans so we can see the peaks and valleys of what they have gone through, that would help me.

Mr. Stoll: I think our Planning Director, Josh Whitehead, is very familiar with some that were done in a suburb of St. Louis, LaDue, Clayton. They are really very nice. I guess they are communities just to the west of the St. Louis metropolitan area.

Mr. Harless: That'd be great.

Chairman Evans: Once again, when we meet to discuss the public charter change, we will do it in a public hearing format so that anyone who wants to provide input can do so, and that meeting will be determined at a later date. Once again, those of you that have questions, if you would fill out your questionnaires and leave them with a member of the staff, we'll make sure we get answers back to you in a timely fashion. Thanks to all of you for coming and your patience. And, once again, thanks to the City staff for this presentation.

ADJOURNMENT

There being no further business, the meeting adjourned.