

INDUSTRIAL DEVELOPMENT BOARD
Wednesday, December 7, 2016
Blue Conference Room
Department of Economic and Community Development
1920 South Germantown Road

The Germantown Industrial Development Board met on Wednesday, December 7, 2016 in the Blue Conference Room. Chairman Henry Evans called the meeting to order at 5:00 p.m. A quorum was established with the following members present.

PRESENT: Chairman Henry Evans, Dick Vosburg, Keith Saunders, Daniel Dent, and Mike Harless

ABSENT: Julie Klein

GUESTS: None

STAFF: Cameron Ross, Economic Community Development Director; Patrick Lawton, City Administrator; and Andy Jones, IDB Attorney

Mr. Evans stated the next item is approval of the minutes from our October 17, 2016, meeting.

MINUTES

A motion was made by Mike Harless, seconded by Dick Vosburg to approve the October 17, 2016, minutes. The motion passed.

Chairman Evans stated the next item is consideration of the Amendment to the Industrial Development Board Charter – Regarding the acceptance of private financing for Tax Increment Financing and special assessments.

Chairman Evans stated the Board needs to approve a resolution requesting the Board of Mayor and Alderman to amend our charter. We have to be able to do that in order to finally approve the policies that we have been drafting. Without that charter change some of the policy drafts would not be appropriate. As part of this meeting we will call to order a Public Hearing which is required by State Law in order for us to amend the charter. Then following the public hearing we will come back to the motion that we need to approve tonight.

Mr. Lawton thanked Chairman Evans for the great recap. He then stated that this will be the second time the City and IDB has considered and amended the charter or the Industrial Development Board after it was formed in 2001. There was a Charter amendment done in 2009 that provided the ability for the Industrial Development Board to issue Tax Increment Financing bonds for public improvements. Prior to that the Board did not have that tool, so that amendment was made, however there hasn't been an opportunity to issue Tax Increment Financing bonds. With changes in the economy and things picking up, there is renewed interest in the use of Tax Increment Financing, however what has been presented to us on a couple of occasions is questions regarding private financing from the developer side. The Industrial Development Board could issue the Tax Increment Financing bond rather than the developer securing their own private financing to be retired by tax increment. This amendment would allow private financing from the developer instead of this body issuing the debt, and that debt would be retired by increment rather from improvement or the excess value, this will be incorporated into the article of the amendment to the charter that this body was asked to approve tonight. Also, included in the amendment is the fact that the Industrial Development Board should adopt and improve its own policies. You did that for the PILOT program originally as well. The last section of the amendment is that this body would have the authority to approve its own policies and not have to present those to the BMA.

Mr. Ross noted Section 9. (b) Is the specific section of the charter that Mr. Lawton referenced.

Chairman Evans stated that as we went through the PILOT application for MAA that was essential to be able to amend those policies ourselves, or we would not have been able meet MAA's deadline for financing to have the PILOT approved by the BMA.

Mr. Vosburg asked do we still have the authority to issue debt for a TIF project? Should the world change again, would that be an appropriate method? We are not removing a tool; we are simply adding another tool.

Mr. Harless asked Mr. Vosburg, what do you mean by adding debt, without reissuing bonds?

Mr. Vosburg stated when we were originally structured we could not issue debt at all. When we approved the original TIF format we changed our charter such that we could issue debt. This would allow us to use funding from the bonds to provide the funding for the projects, which would then be retired by the TIF.

Mr. Harless noted 9 (c) which says except as provided in subparagraph 9 (b) hereinabove.

Mr. Jones stated you can only issue bonds related to a TIF program. You cannot issue bonds for any other purpose for this body (IDB).

Mr. Harless asked the additional language on 9 (d) which gives the IDB the authority to adopt and amend policies and procedures. Does it clearly state the Mayor and Aldermen don't have the right to review or to approve? I'm going back to 9 (a) where the last sentence say such actions must be approved by official action of the Board of Mayor and Aldermen for the City of Germantown, TN in order for such actions of the corporation to be effective. If we all disappear tomorrow, would it be clear to the next group of people coming in?

Chairman Evans stated from a non-legal standpoint let me try and answer to see if I am on the right tract. 9 (a) says that our actions must be approved by the Board, and 9 (b) says it does not supersede that, it just simply addresses the issue of us being able to address and approve our policies and procedures.

Mr. Jones answered that is correct.

Mr. Vosburg noted an action being defined as issuing a PILOT or a TIF.

Chairman Evans asked on 9 (a) what is the reason for the parentheses (collectively the "PILOT Program")? Is that because 9 (a) really only addresses the PILOT?

Mr. Jones answered yes; it is because it talks about the whole Charter, not just the normal PILOT's.

Mr. Harless since we have the authority to issue bonds, do we have any type of insurance? We use to call it DNO coverage. If not, shouldn't we? We could have a citizen sue us.

Mr. Vosburg noted he remembered on the Retirement Plan Commission there was an insurance policy in place that kept us whole, if something happens.

Mr. Lawton stated I don't have an answer to that this evening. We can look into it and see how this body is covered.

Mr. Jones stated before you could issue a bond the entire TIF package has to go in front of the IDB and the BMA for approval.

Mr. Lawton noted in terms of a negotiated sale on the debt or a public offering competitive sale the BMA is not involved at that point. The IDB would be issuing the debt not the Board, so once that final approval is given.

Mr. Jones stated they will approve on how they are going to issue it? They would have that power. It would be all part of the package. The actual sale itself would be at the 9 (d) level.

Chairman Evans stated if there are no more questions we are now calling to order the Public Hearing. He asked if there were anyone here who wished to speak to the Board as part of this Public Hearing? None were present.

Chairmen Evans then stated that the Public Hearing was closed.

PROPOSED MOTION 1: To approve the Resolution of the Industrial Development Board.

A motion was made by Mike Harless, seconded by Keith Saunders to approve the Resolution of the Industrial Development Board. The motion passed.

PROPOSED MOTION 2: To approve the Articles of the Amendment to the Charter of the Industrial Development Board.

A motion was made by Mike Harless, seconded by Dick Vosburg to approve the Articles of the Amendment to the Charter of Industrial Development Board. The motion passed.

Chairman Evans asked if there was any other business to come before us. There were none.

ADJOURNMENT