



# Metropolitan Nashville and Davidson County, TN

## Legislation Text

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**File #:** RS2021-1186, **Version:** 1

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A resolution approving an Intergovernmental Agreement related to the South Nashville Central Business Improvement District by and between The Metropolitan Government of Nashville and Davidson County and the Industrial Development Board of The Metropolitan Government of Nashville and Davidson County

WHEREAS, The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") is authorized by T.C.A. Sections 7-84-501 et seq. (the "Special Assessment Act") to (i) designate by ordinance an area within the Metropolitan Government as a "central business improvement district", (ii) levy by ordinance a special assessment on all property within the central business improvement district, and (iii) use the revenues from the special assessment so levied to fund the costs of public infrastructure improvements benefitting the central business improvement district, and debt service on bonds issued to finance such public infrastructure improvements; and

WHEREAS, pursuant to the Special Assessment Act, the Metropolitan Council of the Metropolitan Government enacted Ordinance No. BL2018-1140, as amended by Ordinance No. BL2019-1800 (as the same may be further supplemented and amended from time to time, the "SONA CBID Ordinance") which (i) designated an area within the Metropolitan Government more particularly described therein to be known as the South Nashville SONA CBID (as such central business improvement district may be amended from time to time in accordance with the Special Assessment Act and the SONA CBID Ordinance, the "SONA CBID") as a central business improvement district under the provisions of the Special Assessment Act; and (ii) levied an assessment in the initial amount of \$1.00 per \$100 of assessed value of real property on all real property located within the SONA CBID (the "Assessment"); and

WHEREAS, pursuant to an agreement (the "State Agreement") between the Metropolitan Government and the State of Tennessee (the "State"), the State agreed to fund to costs of a new I-24 interchange adjacent to the SONA CBID, and the Metropolitan Government agreed to fund the costs of public connector roads extending from the interchange through the SONA CBID (the "Connector Roads"). Pursuant to an agreement (the "Participation Agreement") between the Metropolitan Government and Century Farms, LLC, the developer of the property within the SONA CBID (the "Developer"), the Metropolitan Government and the Developer agreed to share in the financial responsibility for funding the Connector Roads. The Metropolitan Government has funded its share of the costs of the Connector Roads; and

WHEREAS, The Metropolitan Council has determined that it is in the best interest of the Metropolitan Government to apply the revenues collected from the Assessment (the "Special Assessment Revenues") to fund the Developer's portion of the costs of the Connector Roads and other public infrastructure improvements (collectively, the "Projects") for the benefit of the SONA CBID; and

WHEREAS, The Industrial Development Board of the Metropolitan Government (the "IDB") is authorized by T.C.A. Sections 7-53-101 et seq. (the "Industrial Development Board Act") and specifically Section 7-53-101 (13)(F) of the Industrial Development Board Act to issue its bonds to finance the acquisition of public infrastructure improvements within or related to a central business improvement district which has been designated by the Metropolitan Council as a "center city area" for purposes of the Industrial Development Board Act. The Metropolitan Council finds and wishes to declare that the SONA CBID is a center city area within the Metropolitan Government, for purposes of the Industrial Development Board Act; and

WHEREAS, Section 7-53-315 of the Industrial Development Board Act authorizes the Metropolitan

Government to contribute and pledge its revenues to further secure the payment of bonds issued by the IDB to fund public infrastructure improvements within a central business improvement district that has been designated by the Metropolitan Council as a center city area; and

WHEREAS, pursuant to the Special Assessment Act, the SONA CBID Ordinance and the Industrial Development Board Act, the Metropolitan Council (i) requests that the IDB issue its Special Assessment Revenue Bonds (South Nashville Central Business Improvement District), such bonds to be payable from the Special Assessment Revenues collected by the Metropolitan Government; and (ii) finds that it is in the best interest of the Metropolitan Government to enter into an Intergovernmental Agreement and to contribute and pledge the Special Assessment Revenues to the Issuer to provide for the payment of the bonds so issued by the IDB; and

WHEREAS, the form of an Intergovernmental Agreement is attached hereto as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE METROPOLITAN COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. The Metropolitan Government understands and agrees that the IDB will issue its revenue bonds (the “Bonds”) to provide funding for (a) the costs of the Projects (including without limitation the reimbursement of the Developer for the prior payment of the costs thereof), (b) capitalized interest on the Bonds, (c) a debt service reserve fund for the Bonds, and (d) costs of issuing the Bonds.

Section 2. The form, terms and provisions of the Intergovernmental Agreement attached hereto as Exhibit A (the “Intergovernmental Agreement”) are hereby approved and the Metropolitan Mayor of the Metropolitan Government (the “Metropolitan Mayor”) is hereby authorized, empowered and directed to execute and deliver the Intergovernmental Agreement in the name and on behalf of the Metropolitan Government in the form now before this meeting. From and after the execution and delivery of the Intergovernmental Agreement, the officers of the Metropolitan Government or any of them, are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Intergovernmental Agreement as executed.

Section 3. The Intergovernmental Agreement shall not be executed and delivered to the IDB unless and until:

- (a) The Director of Finance shall have approved the structure and sale of the Bonds, and
- (b) The Metropolitan Government shall have received a release from the Developer, in form and substance satisfactory to the Metropolitan Director of Law, evidencing the satisfaction in full of the Metropolitan Government’s obligations under the Participation Agreement.

Section 4. The Metropolitan Council hereby finds and declares that the area comprising the SONA CBID is a “center city area” for purposes of the Industrial Development Board Act.

Section 5. All acts and doings of the Metropolitan Mayor, the Director of Finance and any other officer of the Metropolitan Government which are in conformity with the purposes and intent of this Resolution shall be, and the same hereby are in all respects, approved and confirmed as may be necessary or appropriate in order for the Metropolitan Government to comply with the terms of the Intergovernmental Agreement.

Section 6. This Resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government requiring it.

## Analysis

The Council approved Ordinance No. BL2018-1140 on April 17, 2018 to authorize a central business improvement district in South Nashville ("SONA CBID"). Central business improvement districts are permitted pursuant to Tenn. Code Ann. §7-84-501 et seq. and allow the imposition of an additional tax assessment on all property located within the area to provide enhanced services. The SONA CBID was amended by Ordinance No. BL2019-1800. The current assessment for properties in the SONA CBID is \$1.00 per \$100 of assessed value of real property.

Pursuant to an agreement between Metro and the State of Tennessee, the State agreed to fund the costs of a new I-24 interchange adjacent to the SONA CBID. Pursuant to a participation agreement between Metro and Century Farms, LLC, the developer of the properties within the SONA CBID, Metro agreed to share the financial responsibility for funding connector roads with Century Farms.

The revenues collected from Century Farms through the SONA CBID assessment would be applied to fund Century Farms' portion of the costs of the connector roads and other public infrastructure improvements for the benefit of the SONA CBID.

State law authorizes the Industrial Development Board ("IDB") to issue its bonds to finance the acquisition of public infrastructure improvements within or related to a central business improvement district which has been designated as a "center city area". State law further authorizes Metro to contribute and pledge its revenues to further secure the payment of bonds issued by the IDB to fund public infrastructure improvements within a central business district designated as a "center city area".

This resolution would declare the SONA CBID a "center city area" in accordance with state law. Further, this resolution states that the Council understands and agrees that the IDB will issue revenues bonds to pay for the costs of connector roads and other public infrastructure improvements for the SONA CBID, the capitalized interest on the bonds, the debt service reserve fund for the bonds, and the costs of issuing the bonds.

The resolution also authorizes the execution of an intergovernmental agreement between Metro and the IDB, which is attached to the resolution. Pursuant to the agreement, the IDB would issue bonds, referred to as "Series 2021 Bonds" and apply the proceeds of these bonds to the infrastructure projects for the benefit of the SONA CBID. Revenue from the special assessment at the SONA CBID would be used for the payment of the bonds. Metro could not take any action to reduce the size of the SONA CBID, reduce the rate of assessment, or terminate or otherwise limit the term of the SONA CBID. The agreement would be effective on the date of issuance of the Series 2021 Bonds and would terminate when no Series 2021 Bonds remain outstanding. Any amendment to this intergovernmental agreement must be approved by the Metro Council.

The resolution further requires that the intergovernmental agreement not be executed and delivered to the IDB unless and until (1) the Director of Finance approves the structure and sale of the bonds and (2) Metro receives a release from Century Farms showing that Metro has fully satisfied its obligations under the participation agreement referenced above.