

AGENDA

MONTHLY MEETING OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE

Monday, February 3, 2025 @ 11:00 AM

1. Call meeting to order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Minutes approval for the January 6, 2025, monthly meeting.
4. Recognition of any person wishing to address the Board.
5. Public Hearing related to Proposed Bond Financing for Lindenwood Education System.
6. A resolution ratifying action taken by the Industrial Development Board Chair and City Finance Officer to execute a Management Representation Letter for the Auditor, Henderson, Hutcherson & McCullough, PLLC for Fiscal Year ending June 30, 2024.
7. Presentation of IDB Audit Report by Henderson, Hutcherson & McCullough.
8. **Workforce Development**
 - a. A resolution authorizing the Industrial Development Board to donate \$50,000.00 from funds, appropriated from the City of Chattanooga for the purpose of advancing workforce development in the technology sector, to support The Enterprise Center's digital equity efforts in partnership with the State of Tennessee.
 - b. A resolution authorizing the Industrial Development Board to donate \$50,000.00 from funds, appropriated from the City of Chattanooga for the purpose of advancing workforce development in the technology sector, to support Co.Lab's Skills Accelerator in partnership with Gener8tor's Platform for Upskilling.

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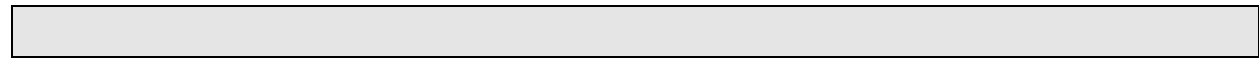
9. Other Business – Discussion Items:
 - a. Presentation – City of Chattanooga draft PILOT Policies.
 - b. FYI – Report on Debt Obligation – Tax Increment Revenue Note A, Series 2024 (Stadium Development Project) - \$16 million.
 - c. FYI – Report on Debt Obligation – Tax Increment Revenue Note B, Series 2024 (Stadium Development Project) - \$10 million.
10. Adjournment.



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES
John P. Franklin Sr. City Council Building
Assembly Room
Chattanooga, Tennessee
for
Monday, January 6, 2025
11:00 AM**

Present were Kerry Hayes (Chair), Althea Jones (Vice-Chair), Gordon Parker (Secretary), Ray Adkins, Jimmy F. Rodgers, Jr., Nadia Kain, and Melody Shekari. Absent was Jim Floyd (Assistant Secretary).

Also Present were: Attorney for the Board, Phillip A. Noblett; Helen Burns Sharp (ATM); Clay Oliver (Public Works); Janice Gooden (CALEB); Gail Hart (Real Property); Mike Pare (Times-Free Press); Eleanor Liu, Weston Porter, Fredia Forshee, and Javaid Majid (Finance); Charita Allen (Economic Development); Jermaine Freeman (Chief of Staff); and Adam Myers (Chattanooga Chamber of Commerce).



Chairman Hayes called the meeting to order, confirmed the meeting was duly advertised, and established that a quorum was present to conduct business.



MONTHLY MEETING OF DECEMBER 2, 2024 – MINUTES APPROVAL

On motion of Mr. Adkins, seconded by Mr. Rodgers, the minutes of the December 2, 2024, monthly meeting were unanimously approved as written.



PUBLIC COMMENTS

Ms. Helen Burns Sharp (ATM) had comments for the Board. Attached is a copy of Ms. Sharp's handout for the Board. At last month's meeting it was said that the PILOT policies would be covered. Ms. Sharp's comments relate to the last version of the document dated December 2023. There will be a new draft from Ms. Charita Allen.

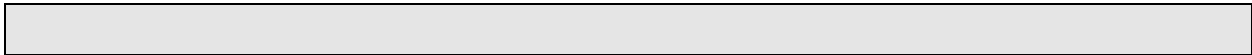
The attachment summarizes the key milestones and history of the draft PILOT document over the past couple of years and provided some suggestions. The idea of having a threshold criteria, but-for test, key sectors, and matrix were discussed. The matrix can be a useful tool but worrying about an overly reliance on the matrix because once the policies and the matrix are adopted, people use the matrix as the policy. What that means there is a lot of pressure. The role of the Council and Chamber were discussed. Ms. Sharp is optimistic about 2025 and thanked the Board, Ms. Allen, and the Chamber.



QUARTERLY FINANCE REPORTS

Ms. Eleanor Liu presented the VW Funding Progress Summary and Economic Development Programs Summary. There is no change in the first and second MOU. The third MOU there is one payment of \$85,801. Overall percent spent, encumbered, and contingencies are at 99%.

With regard to the Economic Development Programs report, there is cash on hand of \$2,840,000. There is no change in the TIF report. The last report for e2i2 since the inception until now we have spent on behalf of the City of Chattanooga about \$5.496 million and received reimbursement from the City of \$5.34 million. (inaudible) \$160,253.00 and will get it the first of the year.



RESOLUTION

On motion of Mr. Parker, seconded by Ms. Jones,

A RESOLUTION RATIFYING THE EXECUTION OF A FIRST AMENDMENT TO RIVERWALK EASEMENT AGREEMENT WITH NRCC, LLC, IN SUBSTANTIALLY THE FORM ATTACHED, FOR THE MODIFICATION OF THE COMMENCEMENT PERIOD OF THE SUBSTANTIAL AND MATERIAL CONSTRUCTION ON THE RIVERWALK IN THE PERMANENT EASEMENT AREA TO A PERIOD OF FIVE (5) YEARS.

Mr. Jermaine Freeman said that as part of the original TIF agreement that we did for the North Access Road TIF district area, the developer in the transaction pledged an area along one of the Riverfront parcels for the future greenway. This gives us an opportunity to extend that time period for the greenway to be built so it is our hope that we can within the next couple of years get a greenway built and a conservation easement. This is the north side of the river on the Hixson side of the Tennessee River. You would go across the Tennessee River and Dupont Parkway. This is the area directly to the right that is Riverfront property. There is property over there that is in a different hand. Property owned by the City where many have heard the North River Soccer

fields and there is property owned by Kordsa which has come before this body before for a PILOT. To the northeast of that, there is property owned by the developer that is part of the North Access Road transaction and pledged the preservation of an easement that could be used. This transaction gives us more time to get the greenway built which we hope to eventually connect all the way up to Greenway Farms. We would like to eventually connect with Greenway and build all the way up to Greenway Farms. This gives us more time to build it.

The developers are providing the land. The funding for the actual construction agreement would come from the City. The easement was pledged to us as part of the transaction of the TIF as a community benefit.

Attorney Noblett has a copy of a map attached made as part of the minutes which show where the location will be and this extends the time period for an additional five years to complete. The developers are excited for the opportunities to see the easement built. There is no additional cost to the City or to the IDB for the extension of the construction period of the easement. This is specifically referenced in the Tax Increment Financing Agreement so we do not have any additional costs.

The motion carried.

ADOPTED

EDUCATIONAL SESSION

Ms. Charita Allen, Senior Advisor of Economic and Workforce Development, gave the presentation. This will be a refresher from the previous meeting where we covered two economic development slides.

Ms. Allen provided an overview of the landscape for economic and workforce development as it impacts the City. Looking at the State of Tennessee, Department of Education, Department of Economic and Community Development, and Department of Labor and Workforce Development are all in collaboration on targeted industries for the State of Tennessee. Obviously, there are other agencies that also come to play in departments and these are the three that impact us when it comes to setting the strategy and framework for economic development as it relates to targeted industries.

When you look down, we have County Commission, City Council, Industrial Development Board, and local workforce board. Those are the key players in our region when it comes to economic workforce development. When we are looking at City and County Commission, when ECD has a state level project that is a targeted industry and looking for a local match, that local match is going to come from County Commission, City Council, and then the IDB filters into that as well. Sometimes we will have projects that come before the boards and it is the local match for state incentive and that is how those flows. The local workforce board is also next to the IDB, they handle a lot of the workforce development initiatives keeping in mind state Department of Labor Workforce Development those monies flow from the Department of Labor and local workforce board and then we have the American Job Center.

The Chamber of Commerce receives funding from the County Commission and the City Council or the City of Chattanooga to oversee economic development strategies for recruitment for attraction of companies here in the region. It is not just the City of Chattanooga but the Chamber is working in the entire region and the County as well. Southeast Tennessee Development District obviously all of our entities flow into that.

We have programs that are funded and administered through the City Council, some administered through Southeast Tennessee Development District. Some of those programs from the City are sent over to the IDB and other workforce development entities and then we start looking at budget appropriations on that as well.

That is a high level overview. We can do another session at a later date that is just on the workforce development side because there are a number of boxes on the workforce development side. This is just how the targeted industries flow and how the programs roll out to the different entities.

There is a direct line from the State of Tennessee to the Industrial Development Board. The IDB has powers through the state's code. This is where those are. We discussed this a little last time. When you look at Section 7-53-302, those are the ones that we utilize the most by this Board. It is everything from the ability of this board to authorize the use of the funds that it has under its control, it is the ability to issue bonds, it is to borrow monies, enter into loan agreements, and if you look at the last one, employee pay compensation, there are IDBs in the State of Tennessee that have their own staff. They use some of their fees to pay for staff. Those staffers could be economists, they could be fiscal analysts, they could be accountants, whatever role the IDB feels it needs they can hire staff to do that through the funds it has available. These are some of the authorities that have been issued from the state to the IDB.

We talked a little bit about this last time, all the different entities that are involved through the strategy from the state level, how that filters down to the City and County and these are two recent studies that were conducted that basically said that here in the region, we can use more economic development tools in our toolkit. There is a market study that was funded again looking at capital funding for mid-size cities and counties which basically identified what Chattanooga needed to do moving forward to expand its economic development toolkit.

There was another study conducted in 2023, City, County, tourism, Chamber, RiverCity to talk some at the micro-level on the ground incentives that we need to start looking at. Some of those are retail and restaurant tools that we need to incorporate and it is looking at how do we revitalize downtown sites where they are under-utilized, how do we make our incentives transparent for developers who are looking to come into an area. That moves back to having policies that are codified that everybody understands that this is in the policy, this is the process, this is how we move forward.

This rolls into looking at our existing toolkit. We covered some of this last time. The way we look at our economic development tools here in the City of Chattanooga is that we look at it from what we call higher risk to lower risk recognizing that any funds that we put into programs in the startup, home-based neighborhood businesses, those sometimes can be higher risk and we

recognize that when we are going in. We know we are going to have some failure when it comes to some of those businesses. We start moving into growing businesses, commercial office, and then we start looking at workforce programs recognizing that these workforce development programs that we are looking to fund typically are not funded through (inaudible) and some of the other programs. That is why there is a need for these programs. We started looking at large capital projects, PILOTs, bonds, TIFs, redevelopment TIFs which we currently are not doing in this region. Redevelopment TIFs typically are done through the Housing Authority and allow the increment to go to housing to go into construction. Something we have not done here but we will be looking at in the future as we look to address housing needs.

Funding was discussed. (See attached handout) The Economic Development fees currently at the IDB would fund the Business Development Account, Construction, High Growth Jobs fund just implemented, Pathway Upscaling and Skilling Grants, we currently have monies in that fund. When those are exhausted it is the goal to come back to the Board to ask to refund that account through the Economic Development Fees. That is an overview of all the different programs and these are the fund balances:

- Construction Mitigation - \$11,000
- Small Business - \$119,574
- Innovation - \$170,000
- High Growth High Jobs - \$TBD from Economic Development Fee Payments
- Renewing Chattanooga - \$20,000
- Tech Workforce - \$335,000
- Business Development - \$25,000
- PILOT Economic Development Lease Payment Fees - \$2,617,662

PILOT Policies and Procedures were discussed. We historically have not had formal adoptive policies but have had systems, standards, and procedures by which we have conducted PILOTs over the last two decades. This is looking at those policies, making improvements, adding systems around them, and adding templates. One of the things that we heard from ATM and some of things that we incorporated between ATM and Caleb is looking at having PILOT policies that are very clear, having an application that answers all of our questions on the front end, having a matrix that is very clear and understands and prioritizes where we are as a city and the economy, recognizing lots of jobs, high growth, and there is a time where we are only looking for large scale manufacturing. The economy has shifted. We are now looking at more office jobs. We are looking at higher wage jobs, we are looking at companies that have less capital investment but higher wages. The point system of matrix has changed just a little bit.

We are looking at a PILOT agreement template where moving forward with the companies applying for a PILOT, we are giving them our legal agreement to say that this is our agreement and it has everything we need in it as opposed to a company coming with their own agreement.

Tomorrow we will have an Economic Development Committee meeting with the City Council where we go over the actual legal policies and all of the accompanying attachments recognizing that we are probably on Version 17.

After further discussion, staffing needs were discussed. Attorney Noblett spoke regarding the proposed 2025 Economic Development Business Toolkit which has been confusion of this body before. They have the \$2,617,662 under their control. This is a separate corporation under Tennessee law from the City. Some entities here in Tennessee establish bodies and entities to be able to do work for the separate corporation but thus far funding has not occurred here because the City Attorney's Office does the work for the Board here in connection with this at no charge and Maria Manalla, who keeps their agenda up each week, does that at no charge. They are saving money on attorneys and costs here in connection with the arrangement they are currently doing. There is also an item in blue under the TIF which is the TIF application fee and administrative fee. There are two different fees that are collected on TIFs. One is an administrative fee and the other is an application fee. Those come into the IDB and the balance is \$117,152. What happens is that the balance sits with the IDB and will be utilized for evaluation of TIFs or staff just to monitor, or help with TIF implementation or public hearings. Those funds sit with the IDB if the IDB decided they wanted to do something related to staffing around TIFs.

Attorney Noblett said that one of the reasons that is important under state law is that the Industrial Development Boards, whether they be the City or the County IDB, are under state law who have the authority to hold property while a payment in lieu of tax program goes forward or a tax increment financing deal is working. That is the reason no taxes are paid during that time period, only the amounts that are charged.

After further discussion, Ms. Shekari would like a list of the current items in the IDB. Properties under control of the IDB. Eleanor Liu's list has that information.

Mr. Adam Myers presented a high level overview. The Chamber has been working for a long time with the City with their advice and counsel on helping bring PILOT policies forward. We are at the stage now where we are ready to present PILOT policies.

A brief overview of what is outlined in the policies:

The goals of the policies are that we want to be a steward of public resources while creating a very clear and predictable process for how this process works for PILOTs. We want to improve transparency and increase Chattanooga's competitive position and grow jobs in investment in Chattanooga. These goals are in line with the IDB's position of growing investment and high quality jobs in Chattanooga.

One of the things we had in our PILOT policies and standards is holding taxes associated with the schools. During the PILOT period while other communities may abate their school district taxes, we make the companies pay 100% of the school taxes. We do not abate school district taxes. We wanted to codify the current inclusion of economic development fee within the PILOT which is approximately 15% of the taxes under General Tax Fund for the City of Chattanooga. That is an additional fee that comes into the IDB's economic development purposes and there is a good way for PILOTs to be able to support other economic development needs in the community.

With this, we are also working to outline the reporting process within the policy and goes into creating standard agreement templates, standard applications, where all of that is outlined on the front end of how we are going to hold companies in compliance with the policies.

We also put in a conflict of interest requirement and require an Economic Impact analysis prior to approval. That historically has been done through Younger & Associates. They are a third party accountant firm based here in Tennessee. The Chamber will continue to pay. This does not come out of the IDB fees or PILOT fees. That is something that the Chamber or third party pay for as part of the process and part of the contract with the City and County.

In the PILOTs we also protect stormwater fees and also institute a public hearing as part of the approval process and requires an affidavit stating that the project would not happen (inaudible). That is one of the evaluation criteria of any economic development tool incentive is that you are looking to incentivize companies that do not have to do this project. That but-for this incentive they would go someplace else whether that would be Huntsville, Charlotte, Greenville, South Carolina, some of our very common competitors for economic development projects. Those are projects that we want to incentivize, it would come here because without that incentive they would not.

The PILOT policies outlined now will define eloquent projects and minimal thresholds. Companies will need to create at least 100 new full-time jobs. On the capital investment side, they will need to make at least \$20 million capital investment in personal property for manufacturing projects and at least \$5 million in real and personal property for office projects. Because typically on an office project you might have a company that is going into an existing office building. In manufacturing, capital investments are typically more.

We are focused on specific industry sectors. What I will point out on here is that PILOTs across the state are typically used for manufacturing, office, distribution, and non-retail commercial projects. Our targeted industry sectors are really geared towards the manufacturing and the office project. For minimum wage, the project must meet at least 80% of Hamilton County's average annual wage. In the matrix, if they are not at least 100% of the average wage, they will lose points when they are being evaluated for their term of a PILOT, but we wanted to leave this 80% in there because that helps to create economic mobility in the community to make sure that folks who are making a lower average wage can have a way to potentially step up in the community.

It also delegates authority to the IDB which is the same as Knox County, Memphis, and Nashville and other markets across Tennessee. This delegation only applies for the target industries as outlined in our strategic plan but also was done in partnership with the City of Chattanooga and Hamilton County or the targeted industry is defined by the State of Tennessee Department of Economic and Community Development. The reason why we added the state in there is because sometimes the state for some of their tools, especially their high level tools, they will require a PILOT on top of that because the money will often flow down through the local community too. That is listed on their website as well. It codifies the percentages of the PILOT. Year One is 100% abatement on general review fund. Year Two is 75%, Year Three 60%, Years Four and beyond is 50%. It is typically in a PILOT you are abating the taxes that you do not

currently have. I typically do not go ahead as necessarily a loss of revenue because you are not collecting on that revenue currently and then as the PILOT goes in, you are able to collect on that. Once the PILOT term ends and before that PILOT term begins, they are paying 100% on that PILOT. That is something that has been standardized in agreements throughout the City's lifetime.

For example, the Company says we are going to start our PILOT this year, but we want it ramping up before those years, they are being taxed in those earlier years. (inaudible) based on the PILOT, based on job creation, wages, capital investment, location in disadvantaged areas, leadership in the community, as well as environmental commitments, and in the policies does outline what that approval process looks like. What that approval process will typically look like is really a partnership between the Company, City, County, and Chamber as we are all discussing this process throughout evaluating the PILOT terms. We will never be able to bring a PILOT before this body or the City Council without being fully vetted by City staff and the Mayor's administration team to make sure they agree with that outlet.

This also provides flexibility for projects that do not meet the policy or seeking a PILOT term for longer than 10 years, they would have to go back through City Council for that process for approval. That delegation for IDB authority, limits the amounts of PILOTs that the Board would approve without City Council delegation, and that is PILOTs only 10 years or lower. That typically means that their capital investment threshold is based on matrix are really only ranging up to about \$150 million. We have had some projects like a project moving forward here tomorrow at City Council that is in the building. That one would always go to City Council for approval because there is such a high value from the PILOT standpoint.

This is the evaluation matrix as it currently stands. It is based on the number of jobs you create, the average wages that the jobs will be at, capital investment to commit to, and also some of the special bonus factors that are outlined in the PILOT policies like located in special and designated economic development zones whether that are federal zones like tax credits and opportunity zones, or state delegated zones, or even City delegated zones. Typically those zones tend to be low to moderate income area zones where you want to see a focus on development.

We look at community benefit commitments, local community cooperation, and how you are actually going to partner with the community. These are things that are answered during the application process and go into the agreement to make sure that we are holding them to those capital standards.

Minimum Finance. Projects must score at least four points or higher to be eligible. Again, the average wage for the project must be no less than 80% of Hamilton County's most recent average wage as reported by the Bureau of Labor Statistics and will be updated annually. That is not something that as this policy is set in stone this year, we are using the current average wage each year so that average wage would be updated. Manufacturing projects would have a capital investment of no less than \$20 million and office projects capital investment would be \$5 million but across the board companies would need to create at least 100 new jobs.

These are the target industries as outlined in the Chamber's strategic plan. As you see here, you are looking at advanced manufacturing that also includes electric vehicles, machinery manufacturing, outdoor products, and food manufacturing. Professional service is where freight services come into play, headquarters, back office, creative media. Future technologies that are key integral sectors for Chattanooga will be focused on marketing towards like: future technology, biomedical devices, circular economy/clean tech technology, smart-city technology, which we have other community assets. (List given in presentation). Colab, Smart City Technology Accelerator Programs, and Industrial Design Engineering and Robotics, and software information technology.

While this may seem to be a very large list, we look at how many phase that are truly out there. This is actually a self-confined list for Chattanooga. Just a reminder of the state's targeted industries these are listed under their industry pages on the Tennessee Department of Economic Development's website which is much broader in terms of advanced manufacturing, aerospace and defense, appliance and electrical manufacturing, automotive, chemicals, distribution logistics, food and beverage, healthcare and life sciences, headquarters financing tech, and glass. What Mr. Myers would note here again is that sometimes we would look at these because the state may be requiring that a PILOT is part of the project but just because there is a PILOT does not mean there also has to also be taxes abated on that PILOT. It could be a PILOT where the Company is paying 100% of the taxes but it is because the money has to flow locally that the state will require that PILOT.

These are the targeted industries that, like Chattanooga, we are really focused on marketing, trying to attract different recruits, and what we are trying to grow here. For the next steps of the process, we will be presenting the full policies to City Council at the Economic Development Committee session on January 7th and seeking final approval for the new policies for City Council on January 14th. The other thing Mr. Myers would say about the PILOT policies and what we are asking from the City Council's standpoint on the delegation to the IDB, is that we are putting a term limit on the delegation of a five year period. That is typically because we do a five year strategic plan every year as part of the Chamber so we can re-address things with the policies and see what is working and what is not but to also make sure that we put some effort into the timeline.

Mr. Adkins said that he hears all the time "Help Wanted". Insurance companies, TVA, hospitals, restaurants, where are we going to bring in more jobs if we cannot fill with what we have here in Chattanooga now? Mr. Myers said that typically the jobs that we are looking to recruit will often bring new dollars into the community because they are selling their products and services beyond the regional limits here. The new dollars support local businesses, healthcare systems, because people have those disposable incomes to be able to spend at a restaurant, retail. Ultimately, you want to have opportunities for everyone here, but it does not necessarily mean you want to incentivize everyone throughout the community as well. That is why we focus on the companies that do not have to be here because they bring those extra dollars to the community to support other businesses to grow and expand. Mr. Adkins sees signs all the time "Help Wanted".

The only thing Mr. Myers would say too is that when you are increasing competition like that, you are also looking to increase your wages in the community also. That is something that bringing in new jobs will also help increase wages and increase the competition.

After further discussion, Ms. Shekari asked if the Chamber looked into what some policies or programs could be in? For example, we bring all these companies here, if we do not have a good food industry, restaurants, and places for the workers to go to, how long will the people stay here? Are there any efforts or thoughts on the gaps for folks that are already here?

Mr. Myers said that a lot of what the Chamber focuses on while we do tend to hear about, we are here to recruit companies, a lot of our focus is on our existing industry. Typically, about 80% of the jobs that are going to be created in a community come from your existing industry. A lot of the projects we have presented recently have been in this existing industry growth and expansion projects. After further discussion, RiverCity is working on the downtown core, trying to attract restaurants. There are also things that they do at the Chamber which is in support of a membership standpoint like educational amendments, networking opportunities, being able to get businesses to collaborate with each other and make awareness happen, but also through the IDB that is why the City has developed funds like the Growing Small Business Fund. That is for those types of companies. That came from the PILOT fees.

Ms. Jones would like a copy of this handout.

Mr. Rodgers is asking for tomorrow's meeting with the City Council that the policies will be presented or just a presentation. The City Council will have the policies themselves. Other than the Chamber, who had input into those policies? The City of Chattanooga has been the one driving the policies forward. They worked with their outside attorneys and sought the Chamber for potential input on that process. From a process standpoint, the City of Chattanooga started this process.

Ms. Allen said that the City also had conversations with the County, conversations with the County Auditor, who is currently auditing PILOTs, conversations with the City Auditor, and conversations with Ms. Burns-Sharp who provided some input as well. We reached out and had conversations with other folks in the ecosystem. The interesting part is that there were people who were sort of the 12 different entities with which we had conversations. Some were really interested in the backend like monitoring, compliance and some interested on the front end sort of who gets this, who decides, what does a matrix look like, what are the targeted industries, and we had the others that were sort of in the middle that were talking about the process. What is a process? Is this a six step process, a two step process, a three step process? We had conversations with numerous folks. Our last count was maybe 14 and we had to go through and have those conversations around what does this look like, what does success look like for you for policies?

We would like to get that input from the IDB as well keeping in mind that we are starting with the City and the City will drive the next steps, and it will be up to the City to decide if the City keeps the policies just for the City or does the City decide to delegate. If it decides to delegate, what does that delegation look like recognizing that we are requesting a sunset period on that delegation. It is not in perpetuity, it can be re-designated, keeping in mind even if the City adopts policies, they can be amended. We have done that with the TIF policies.

Mr. Rodgers said speaking with regard to the front end of the policies, it seems to Mr. Rodgers that Mr. Rodgers did not see anything talking about construction jobs and contractors that go into building these facilities. Is there any contemplation of what you will present tomorrow about the construction type aspect of these facilities that are seeking the PILOT funds? Ms. Allen said that we do not believe we will.

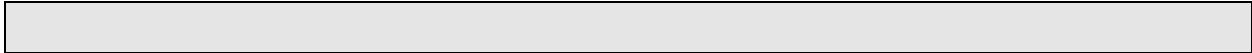
Mr. Myers said that one of the things of the special factors it does consider hiring apprenticeships during the construction period. Typically, when you look at an Economic Impact Analysis that will be conducted with Younger & Associates on each PILOT. The apprenticeship is under the Special Factors in the policies themselves, you will see employee benefits and apprenticeship programs. It outlines them in the policies themselves for construction apprenticeships. Mr. Rodgers says from the matrix, he interpreted that as an apprenticeship program once the businesses are already run. It is for both. There are some for community benefit for the company, some from a construction standpoint, but typically also on the PILOT as we are evaluating them based on what they are going to do ultimately, we have to think about the compliance on the back end and how we are measuring that too. Being able to measure them based on what they are actually going to do is something within our control. It gets harder to measure how many construction jobs actually get created when that is why when you look at an Economic Impact standpoint there are some standards out there.

Mr. Rodgers is especially concerned and thinks some others are as far as the jobs that go into these facilities we are talking about a \$20 million capital investment. That is a lot of jobs that go into building these type of facilities and employs a lot people, Mr. Rodgers knows you are concerned about it in a general sense, yet Mr. Rodgers does not see there is any kind of points or things to say that if you are going to put this, if we are going to approve this PILOT and give you this special funding, we want to at least see that there is local construction people we heard as a body of welding, electricians, whether union or non-union, that they are given a fair shot, and that is a concern Mr. Rodgers has. We do not have to have a perfect product up front because it can be amended.

We are missing a huge opportunity potentially if we do not address the contractors and construction jobs and 100s if not 1,000s of people in our community that depend on those jobs. Volkswagen has come and are wanting contractors that we do not have people in certain areas that are equipped or trained enough to do certain jobs. A lot of the jobs at Volkswagen went well with outside town contractors and employees and jobs for people who did not live here. That is an opportunity if we do not address it, we are missing something and hope you keep that in mind.

After further discussion, Ms. Shekari is concerned about women and minorities in getting to own businesses here. Ms. Shekari did a study of the top women employers in Chattanooga and it is seven out of 60 something was run by women. It is concerning and what we should work on is what are the things and programs that could be put into place to attract the kinds of businesses we want to have and to ensure people have the opportunities. Ms. Shekari will be brought up at future meetings. There are a lot of opportunities.

Ms. Allen said that they will make sure to incorporate the Board’s comments as we have our meeting tomorrow with City Council. Ms. Jones said we would like a one-pager on the outcome of that meeting for the next meeting.



OTHER BUSINESS

FYI – Chair’s signature on a Notice of Designation of Allocation Period under the Economic Impact Plan for the Development of the North River Commerce Center Industrial Park and the Redevelopment of North Access Road. There is no resolution for the Board to vote on. It is just an FYI. Essentially, what we are doing is starting the 20 year allocation period for certain parcels within the TIF district. Under state law, we have the ability to start the 20 year clock for the allocation period of different parcels at different times.

FYI – Report on Debt Obligation – Tax Increment Revenue Note A, Series 2024 (Stadium Development Project) - \$16 million – Mr. Freeman asked to defer these two items until the next meeting to get some clarity from the team.

FYI – Report on Debt Obligation – Tax Increment Revenue Note B, Series 2024 (Stadium Development Project) - \$10 million – deferred to next meeting.



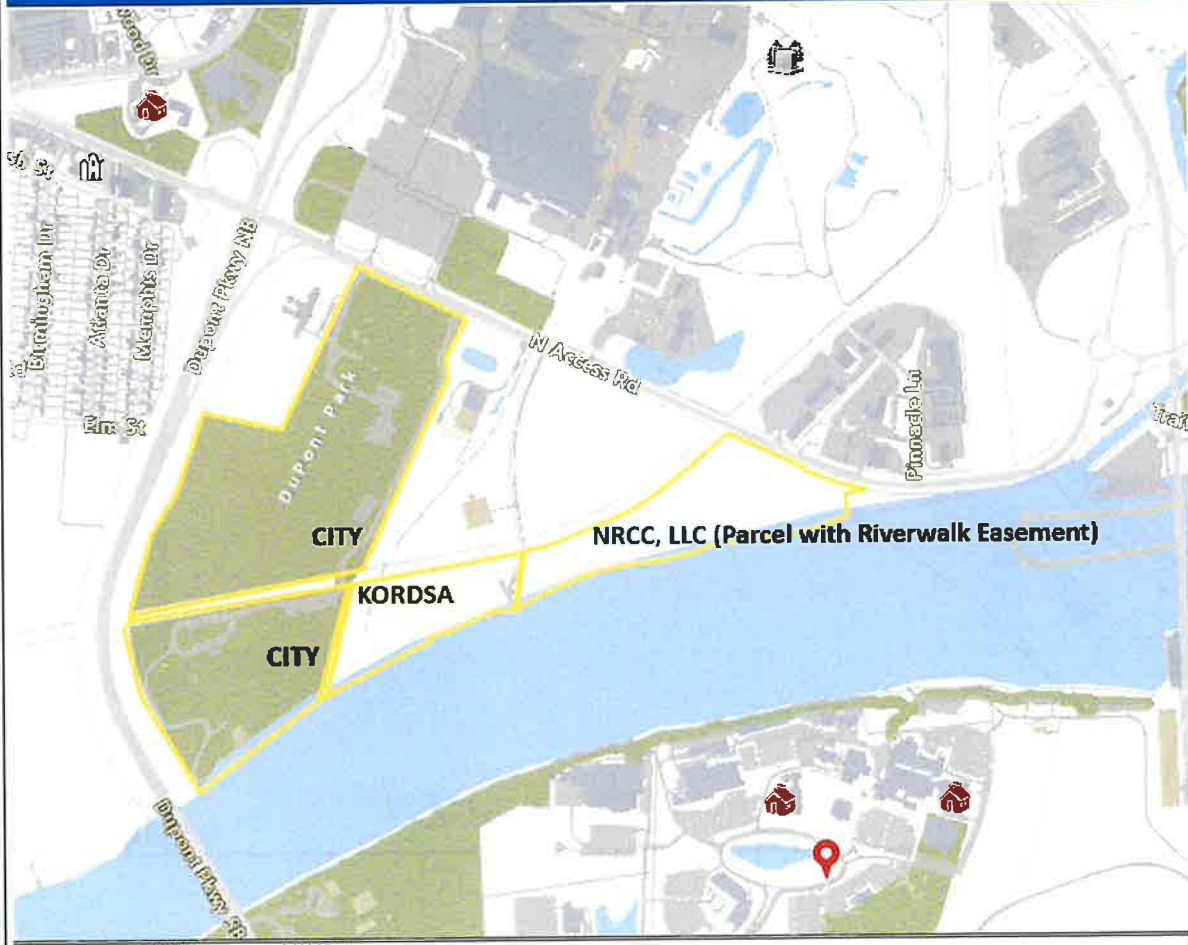
There being no further business, a motion was made by Mr. Adkins, seconded by Ms. Jones, and the meeting adjourned at 12:05 PM.

GORDON PARKER, *Secretary*

APPROVED:

KERRY HAYES, *Chair*

Chattanooga



- Legend**
- Parcels
 - Road Paved Surface
 - County Boundary
 - Recycling Centers
 - Healthcare Facilities
 - Emergency Services Locations
 - FIRE
 - MEDIC
 - POLICE
 - Cemeteries
 - Religious Facilities
 - Schools
 - Building Footprints
 - Miscellaneous Structures
 - Driveways
 - Parking
 - Airports
 - Runway
 - Pavement
 - Boundary
 - Water Bodies
 - Other Water Bodies
 - Recreational Areas
 - Surrounding
 - Hamilton



NAD_1983_StatePlane_Tennessee_FIPS_4100_Feet
 © Latitude Geographics Group Ltd.



Disclaimer: This map is to be used for reference only, and no other use or reliance on the same is authorized. This map was automatically generated using HCGIS Mapping System. Parcel lines are shown for reference only and are not intended for conveyances, nor is it intended to substitute for a legal survey or property abstract.

EXHIBIT B

Depiction of the Permanent Easement Area

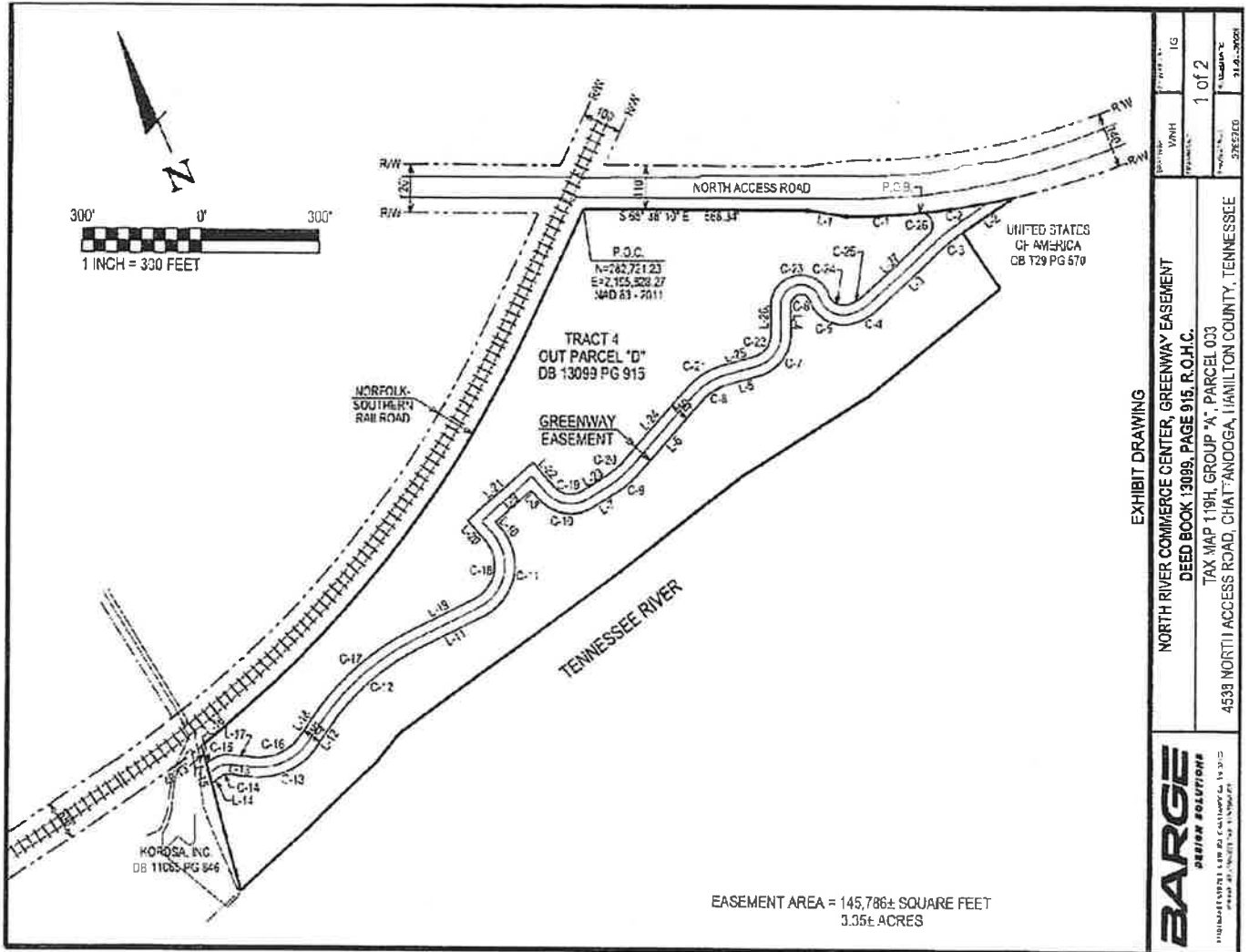


EXHIBIT DRAWING

NORTH RIVER COMMERCE CENTER, GREENWAY EASEMENT

DEED BOOK 13099, PAGE 915, R.O.H.C.
 TAX MAP 119H, GROUP "A", PARCEL 003

4538 NORTH I ACCESS ROAD, CHATTANOOGA, HAMILTON COUNTY, TENNESSEE

BARGE
 REGIONAL SOLUTIONS

REGISTERED SURVEYOR IN THE STATE OF TENNESSEE
 No. 3715
 Exp. 01/01/2021

Project No.	IG
Sheet No.	1 of 2
Date	07/25/20
Scale	AS SHOWN



PILOT POLICY OVERVIEW



GOALS

- Steward Public Resources
- Create Clear Predictable Process
- Improve Transparency
- Increase Chattanooga's Competitive Position
- Grow Jobs and Investment in Chattanooga



GOAL ALIGNED WITH IDB MISSION

- Grow Investment and High-Quality Jobs in Chattanooga
- Improve Chattanooga's Competitive Position as we compete with communities across Tennessee and the U.S. for jobs and investment



STEWARD PUBLIC RESOURCES

- Holds taxes associated with schools harmless
- Codifies current inclusion of an economic development fee
- Outlines reporting process
- Implements conflict of interest requirement
- Requires economic impact analysis prior to approval
- Protects stormwater fees
- Institutes a public hearing as part of approval process
- Requires affidavit stating that project would not happen in Chattanooga “but for” the incentive



CLEAR AND PREDICTABLE PROCESS

- Defines eligible projects and minimum thresholds:
 - 100 full-time jobs
 - \$20 million capital investment for manufacturing projects and \$5 million for office projects
 - Specific industry sectors (Manufacturing, Office, Distribution, Non-retail Commercial)
 - Minimum wage of 80% of Hamilton County's average annual wage
- Delegates authority to IDB (same as Knoxville, Clarkesville, Memphis, Nashville and other markets across Tennessee)
 - This delegation only applies for target industries as outlined in the Chattanooga Area Chamber of Commerce's current five year strategic plan done in partnership with the City of Chattanooga and Hamilton County or a target industry as identified by the State of Tennessee's Department of Economic and Community Development
- Codifies standard percentages of PILOT
 - 100% year one
 - 75% year two
 - 60% year three
 - 50% years four and beyond



CLEAR AND PREDICTABLE PROCESS

- Codifies the number of years for a PILOT based on:
 - Job Creation
 - Wages
 - Capital Investment
 - Location in disadvantaged areas
 - Leadership (community benefit commitment and corporate responsibility/safety)
 - Environmental commitments (LEED certification and brownfield redevelopment)
- Outlines approval process
- Provides flexibility for projects that do not meet the policy or are seeking a PILOT term of longer than 10-years would have to be approved by City Council prior to IDB approval



EVALUATION MATRIX

Payment-IN-LIEU-OF-TAX INCENTIVE ELIGIBILITY AND CONSIDERATION

Each point equals one year for the Tax Phase-in agreement (Ex. 5 pts = 5 yrs.) The maximum incentive period for any project is ten (10) years unless otherwise approved by City Council.

Jobs	Points	Wages	Points	Investment	Points	Special Factors	Points
Projected number of new jobs that will be created by Applicant.		Projected average annual wage for employees at Project (rounded to nearest percentage) as percentage of the US Bureau of Labor Statistics for Hamilton County, TN. ¹		Projected real and personal property investment for Project		Special consideration factors identified in Section III of the Policies (the following factors are intended to align with such Section)	
100	1.0	80 – 90%	-2.0	\$5,000,000+	0.5	LEED: Silver Gold Platinum	0.5 1.0 1.5
150	1.5	90 – 94%	-1.0	\$10,000,000+	1.0	Location in a Specially Designated Economic Development Zone	1.0 – 3.0
200	2.0	95 – 99%	-0.5	\$15,000,000+	1.5	Community Benefit Commitments	1.0
250	2.5	100 – 104%	1.0	\$20,000,000+	2.0	Local Community Cooperation	1.0
300	3.0	105 – 109%	1.5	\$30,000,000+	3.0	Employee Benefits and Apprentice Programs	1.0
350	3.5	110 – 114%	2.0	\$40,000,000+	3.5	Exceptional Corporate Stewardship	1.0
400	4.0	115 – 119%	2.5	\$50,000,000+	4.0		
450	4.5	120 – 124%	3.0	\$75,000,000+	5.0		
500+	5.0	125 – 129%	3.5	100M+	6.0		
		130 – 134%	4.0	\$125M+	7.0		
		135 – 139%	4.5	\$150 - \$250M+	8.0		
		140 – 144%	5.0				
		145 – 149%	5.5				
		150 – 159%	6.0				
		160%+	7.0				

¹US Bureau of Labor Statistics – Quarterly Census of Employment and Wages (<https://www.bls.gov/cew/>); Hamilton County's 2022 average annual wage for private industry was \$62,919



MINIMUM REQUIREMENTS

- Projects must score four points or higher to be eligible
- The average wage for projects must be no-less than 80% of the Hamilton County's most recent average annual wage
- Manufacturing Projects must have a capital investment no less than \$20 million; Office projects must have a capital investment no less than \$5 million; All projects must add at least 100 full-time jobs.



TARGET INDUSTRIES

Chattanooga Area Chamber of Commerce Climbs Higher Strategic Plan – July 1, 2024 – June 30, 2029

- Advanced Manufacturing
 - Electric vehicles
 - Machinery manufacturing
 - Outdoor products
 - Specialty food
- Professional Services
 - Freight Services
 - Headquarters
 - Back Office
 - Creative Media
- Future Technology
 - Quantum computing
 - Biomedical Devices
 - Circular economy/clean tech
 - Smart City technology
 - Industrial design, engineering & robotics
- Software & Information Technology



TARGET INDUSTRIES

Tennessee Department of Economic & Community Development

- Advanced Manufacturing
- Aerospace & Defense
- Appliances & Electrical
- Automotive
- Chemicals
- Distribution & Logistics
- Food & Beverage
- Healthcare & Life Sciences
- HQ, Finance & Tech
- Rubber, Ceramics, & Glass



NEXT STEPS

Presenting to City Council Economic Development Committee session on 1/7/25 for review and comments

Seeking final approval for new policies from City Council on 1/14/25



NOTICE OF A PUBLIC MEETING AND PUBLIC HEARING OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE RELATIVE TO A REVENUE BOND ISSUE

NOTICE IS HEREBY GIVEN that The Industrial Development Board of the City of Chattanooga, Tennessee (the "Board") will hold a public meeting and public hearing on February 3, 2025 at 11:00 a.m. in the John P. Franklin, Sr. Council Building Assembly Room or J.B. Collins Conference Room of the City Council Building located at 1000 Lindsay Street in Chattanooga, Tennessee to consider and act upon all business which may properly come before the Board, said business to include, but not necessarily be limited to a plan of finance for the proposed issuance by the Public Finance Authority (the "Issuer"), a governmental entity of the State of Wisconsin, of its Educational Facilities Revenue Bonds (Lindenwood Education System), in one or more issues (collectively, the "Bonds"), in a principal amount not to exceed \$175,000,000, in one or more tax-exempt and/or taxable series.

The Bonds are expected to be issued by the Issuer pursuant to Section 66.0304 of the Wisconsin Statutes, as amended, and the proceeds from the sale of the Bonds will be loaned to Lindenwood Education System (the "Borrower"), a Missouri nonprofit corporation and an organization described in Section 501(c)(3) of the Code that is exempt from tax under Section 501(a) of the Code. The Bonds are expected to be qualified 501(c)(3) bonds, as defined in Section 145 of the Code, and the proceeds of the Bonds will be applied along with other available funds, for the following purposes: (a) to finance, refinance, or reimburse all or a portion of the costs of the acquisition of the Acquired Assets (defined below) from STVT-AAI Education Inc. (the "Company"), (b) to acquire, construct, renovate and make improvements and purchase equipment and furnishings for the Borrower's existing educational facilities; (c) to fund interest on the Bonds and pay certain start-up working capital costs of the Borrower; (d) to refinance all or a portion of the Borrower's existing outstanding tax-exempt debt, and (e) to finance costs of issuance of the Bonds (collectively, the "Project").

The Acquired Assets consist of educational assets and associated operations that relate to the Company's offering of certificate programs, short courses, professional development courses, one-off courses, high school diplomas and associate and bachelor's degrees. The educational assets included in the scope of the Acquired Assets include the Company's (i) operation of 18 accredited campuses with training in the allied health, skilled-trades, business, education and technology fields, (ii) technology for delivering educational programs online; (iii) in-person and online workforce training development programs, (iv) ongoing relationship with its students; (v) existing institutional and programmatic accreditations from nationally recognized accrediting agencies (subject to approval or advance notice where and to the extent required); (vi) trade names recognized among prospective students and alumni; (vii) faculty and industry professionally-developed course curriculum; (viii) goodwill, going concern value, and an assembled workforce; (ix) certain working capital items, and (x) all educational, administrative facilities and equipment, furnishings and related software. The Acquired Assets relate to, benefit, or are otherwise used in an integrated operation for the Company's provision of educational services in many states.

In Tennessee, the Acquired Assets relate to, benefit, or are otherwise used in the integrated operation for educational services, including educational assets and associated operations for training and educational programs for Miller-Motte College at the following locations: 5600, Brainerd Rd. G2, 6397 Lee Highway and 7797 Lee Highway, all in Chattanooga, Tennessee (collectively, the "Tennessee Assets"). The maximum stated principal amount of the Bonds expected to be issued for the Tennessee Assets is \$38,000,000. However, the Borrower, at its discretion, may allocate this entire principal amount of Bond proceeds to finance all, a part, or none of the Tennessee Assets. The Project, including all the Acquired Assets, will be owned, operated and/or managed by the Borrower, Ancora Education Holdings, Inc. and/or one of the Borrower's other affiliates.

THE BONDS, IF ISSUED, WOULD NOT REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE BOARD, THE CITY OF CHATTANOOGA, THE STATE OF TENNESSEE, OR ANY POLITICAL SUBDIVISION THEREOF. The Bonds will be special, limited obligations of the Issuer payable solely from the loan payments to be made by the Borrower to the Issuer, and certain funds and accounts established under the bond indenture(s) for the Bonds.

The Board will reserve a period for public comment during such meeting, and any person wanting to provide public comment at the meeting shall express their desire to do so prior to such meeting.

The public hearing referenced above will be held pursuant to the requirements of Section 147(f) of the U.S. Internal Revenue Code of 1986, as amended. Any persons interested in the issuance of the Bonds or the location or purpose of the assets to be financed or refinanced with the proceeds of the Bonds is invited to attend the public hearing (which may be continued or adjourned to a later date), and they will be given an opportunity to express their views both orally and in written form concerning the proposed issuance of the Bonds and the financing and refinancing of the projects with the proceeds thereof. For further information, contact Phillip A. Noblett, Esq., City of Chattanooga Attorneys' Office, 100 East 11th Street, Suite 200, Chattanooga, Tennessee 37402, (423) 643-8250.

RESOLUTION

A RESOLUTION RATIFYING ACTION TAKEN BY THE INDUSTRIAL DEVELOPMENT BOARD CHAIR AND CITY FINANCE OFFICER TO EXECUTE A MANAGEMENT REPRESENTATION LETTER FOR THE AUDITOR, HENDERSON, HUTCHERSON & MCCULLOUGH, PLLC FOR FISCAL YEAR ENDING JUNE 30, 2024.

BE IT RESOLVED, that it is hereby ratifying action taken by the Industrial Development Board Chair and City Finance Officer to execute a Management Representation Letter for the Auditor, Henderson, Hutcherson & McCullough, PLLC for Fiscal Year ending June 30, 2024.

ADOPTED: February 3, 2025

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

Kerry Hayes, Chair

Gordon Parker, Secretary



THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

BOARD OF DIRECTORS:

Kerry Hayes, Chair
Althea Jones, Vice-Chair
Gordon Parker, Secretary
James Floyd, Assistant Secretary
Ray Adkins, Member
Jimmy F. Rodgers, Jr., Member
Nadia Kain, Member
Melody Shekari, Member
Marcus Cade-Johnson, Member

Phillip A. Noblett, Counsel

January 23, 2025

Henderson Hutcherson & McCullough, PLLC
1200 Market St.
Chattanooga, TN 37402

We are providing this letter in connection with your audit of the financial statements of The Industrial Development Board of the City of Chattanooga (the Board) as of June 30, 2024 and 2023 and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the activity and the respective changes in financial position in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

The Board is a public corporation formed pursuant to the provisions of Tennessee Industrial Development Corporation Act. The Board performs public functions on behalf of the City of Chattanooga (the City), and its purpose is to undertake the financing and development of projects to promote industry, trade, commerce, tourism and recreation, and housing construction. The Board participates in these activities by serving as a non-recourse conduit for taxable or tax-free financing for industrial purposes. The audited financial statements include the activities of the Project Site of the Volkswagen Group of America, Inc. (the "Project Site"), the Expansion Site of the Volkswagen Group of America Chattanooga Operations, LLC (the "Expansion Site"), the Partnership Agreement with the Volkswagen Group of America Chattanooga Operations, LLC (the "Partnership Agreement"), and the Tax Increment Financing ("TIF") and Economic Development Incentive Programs ("EDIP") for the City.



We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

100 E. 11th Street, Suite 200 – Chattanooga, TN 37402
(423) 643-8250 - Facsimile (423) 643-8255

Financial Statements

- 1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information required by generally accepted accounting principles.
- 2) We have made available to you all—
 - a) Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of state awards.
- 5) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 6) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 7) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 8) We have a process to track the status of audit findings and recommendations, if applicable.
- 9) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 10) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 11) The Board has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 12) The following, if any, have been properly recorded or disclosed in the financial statements:
 - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which Board is contingently liable.
 - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
- 13) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 14) There are no:
 - a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.

- 15) As part of your audit, you assisted with the review and preparation of the financial statements, related notes and schedule of expenditures of state awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements, related notes and schedule of expenditures of state awards.
- 16) The Board has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 17) The Board has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 18) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 19) The financial statements properly classify all activities.
- 20) Components of net position (investments in capital assets; restricted; and unrestricted) are properly classified.
- 21) Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position.
- 22) Capital assets, including infrastructure, are properly capitalized, reported, and, if applicable, depreciated.
- 23) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
 - a) With respect to the Schedule of Expenditures of State Awards
 - b) We acknowledge our responsibility for presenting the Schedule of Expenditures of State Awards in accordance with accounting principles generally accepted in the United States of America, and we believe the Schedule of Expenditures of State Awards, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Schedule of Expenditures of State Awards have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 24) Supplementary Information in Relation to the Financial Statements as a whole with respect to the combining financial statements accompanying the financial statements:
 - a) We acknowledge our responsibility for the presentation of the combining financial statements in accordance with accounting principles generally accepted in the United States of America.
 - b) We believe the combining financial statements, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c) The methods of measurement or presentation have not changed from those used in the prior period.
 - d) We believe the following significant assumptions or interpretations underlying the measurement or presentation of the combining financial statements, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
 - e) When the combining financial statements are not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- 25) We have evaluated and classified any subsequent events as recognized or non-recognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed:  Jayan Majhi Signed:  Kerry Hayes (Jan 23, 2025 16:04 EST)

Title: CEO Title: Chair






Management Representation Letter (1)

Final Audit Report

2025-01-23

Created:	2025-01-23
By:	Maria Manalla (mmanalla@chattanooga.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAAfA3ewGRVQZcmS0jyRpnhAnvD8QeDcG6B

"Management Representation Letter (1)" History

-  Document created by Maria Manalla (mmanalla@chattanooga.gov)
2025-01-23 - 9:03:16 PM GMT
-  Document emailed to Kerry Hayes (kerry.hayes@gmail.com) for signature
2025-01-23 - 9:03:21 PM GMT
-  Email viewed by Kerry Hayes (kerry.hayes@gmail.com)
2025-01-23 - 9:03:43 PM GMT
-  Document e-signed by Kerry Hayes (kerry.hayes@gmail.com)
Signature Date: 2025-01-23 - 9:04:01 PM GMT - Time Source: server
-  Agreement completed.
2025-01-23 - 9:04:01 PM GMT



January 23, 2025

To the Board of
The Industrial Development Board of the City of Chattanooga

We have prepared the financial statements of the Industrial Development Board of City of Chattanooga, Tennessee (the Board) for the year ended June 30, 2024, and have prepared our report, enclosed herein, dated January 23, 2025.

We are required by Statement of Auditing Standards (SAS) No. 114, "The Auditor's Communication With Those Charged With Governance," to communicate certain matters related to the conduct of our audit to those charged with governance. In keeping with the spirit of this standard, we have provided the attached items to communicate such matters.

This information is intended solely for the information and use of those charged with governance of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Brock Oliver', written over a light blue horizontal line.

Brock Oliver, CPA
For the Firm

The Industrial Development Board of the City of Chattanooga
The Auditor's Communication with Those Charged with Governance
Executive Summary

- ***Auditor's opinion*** – Unmodified “Clean” report
- ***Our Responsibility Under U.S. Generally Accepted Auditing Standards*** – Our responsibility is to conduct the audit in accordance with generally accepted auditing standards and to plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.
- ***Planned Scope and Timing of Audit*** – The objective of our audit and overview of procedures are stated in our engagement letter. We performed the audit according to the planned scope.
- ***Significant accounting policies*** – See Note 1 to the financial statements.
- ***Accounting Estimates*** – We evaluated the estimates made by management and concluded that those estimates were reasonable based on evidence and circumstances. There were no significant estimates.
- ***Management and accounting staff*** – Very cooperative and professional. We had no disagreements with management regarding financial accounting or reporting matters. We proposed no adjusting journal entries.
- ***Consultations with other accountants*** – We are not aware of any consultations with other accountants.
- ***Uncorrected misstatements*** – There were no uncorrected misstatements.
- ***Deficiencies in internal control or compliance*** – None reported.
- ***Fraud and Illegal Acts*** – During the conduct of our audit, we did not become aware of any fraudulent or illegal acts.
- ***Difficulties encountered in the audit, errors or irregularities noted*** – None.
- ***Representation letter*** – The representations requested from management are stated in the management representation letter dated January 23, 2025.
- ***Significant matters discussed with management*** – None.

Brock Oliver, CPA
Henderson Hutcherson & McCullough, PLLC
1200 Market Street – Freight Depot
Chattanooga, TN 37402
(423) 756-7771

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

FINANCIAL REPORT

JUNE 30, 2024 AND 2023



CERTIFIED PUBLIC ACCOUNTANTS

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

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INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

Roster of Board Members

Ray Adkins Appointed by City Council	Member	3rd Term Jun 15, 2021 to Jun 15, 2027	District 1
Althea Jones Appointed by City Council	Vice-Chair	1st Term Jul 14, 2024 to Jun 13, 2030	District 2
James Floyd Appointed by City Council	Assistant Secretary	1st Term May 4, 2021 to Jun 13, 2024	District 3
Gordon Parker Appointed by City Council	Secretary	2 nd Term May 17, 2022 to May 17, 2028	District 4
Jimmy F. Rodgers Appointed by City Council	Member	2 nd Term Oct 07, 2020 to Oct 07, 2026	District 5
Nadia Kain Appointed by City Council	Member	1 st Term Jun 07, 2023 to Jun 06, 2029	District 6
Melody Shekari Appointed by City Council	Member	1 st Term Oct 25, 2023 to Oct 24, 2029	District 8
Kerry Hayes Appointed by City Council	Chair	1 st Term Apr 20, 2021 to Apr 20, 2027	District 9

The Board meets on 1st Monday of the month at 11:00 a.m. in the City Council Assembly Room, 1000 Lindsay Street, Chattanooga, TN 37402.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Industrial Development Board of the City of Chattanooga
Chattanooga, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Industrial Development Board of the City of Chattanooga, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Industrial Development Board of the City of Chattanooga, and the changes in its financial position and its cash flows as of and for the years ended June 30, 2024 and 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Industrial Development Board of the City of Chattanooga and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the entity's basic financial statements. The accompanying combining program schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining program schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining program schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the Roster of Board Members but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2025 on our consideration of the entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

Chattanooga, Tennessee
January 23, 2025

Henderson Hutcherson
is McCullough, PLLC

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Industrial Development Board of the City of Chattanooga (IDB) was established in 1967 for the purpose of undertaking financing and development of projects to promote industry, trade, commerce, tourism, recreation, and housing construction in Chattanooga, Tennessee (the City or Chattanooga).

Pursuant to a Memorandum of Understanding (MOU) on July 15, 2008, as amended, by and among Volkswagen Group of America, Inc., the State of Tennessee, Hamilton County (County), the City of Chattanooga, the Chattanooga Area Chamber of Commerce, and the Industrial Development Board, the IDB was awarded \$210.8 million in grants from the State of Tennessee as incentives to build a billion-dollar automotive plant; an additional \$46 million in local government funding was also pledged. On June 30, 2014, a second MOU was entered into whereby the state awarded an additional \$165.8 million in incentives. An additional \$52.5 million was pledged by the City and County to be shared equally. On June 6, 2017, an amendment increased the State incentive to \$168.9 million. These additional capital contributions support a Volkswagen Group of America Chattanooga Operations, LLC (VWGoA) expansion to include a production line for a new sports utility vehicle and a national research and development center. On June 27, 2022 IDB accepted a third MOU in which the State provided \$50 million incentive grant to VW through IDB for electric vehicle production. Another \$5 million of local government funding was pledged equally by the City and County.

In fiscal year 2014, IDB entered into the first Tax Incremental Financing (TIF) agreement with Black Creek, LLC after the City Council approved the economic impact plan on resolution 27143 dated June 9, 2012. The TIF agreement refunds taxes to support infrastructure and commercial real estate development. The amount of tax refunded is based on the increased tax values in the TIF plan area over the base tax at implementation and less allowable city and county expenses. In 2018, IDB entered into another TIF agreement with Evergreen Real Estate. The City Council approved the economic impact plan on resolution 29336 on February 20, 2018. In 2020, IDB entered into a third TIF agreement for the East Chattanooga Rising Development Area following the City Council approving the economic impact plan on resolution 30147 on December 3, 2019. Nippon Paint, as one of the world's biggest paint and coating makers, is to build a 270,000-square-foot manufacturing complex on site. On July 12, 2022, the City Council approved the economic impact plan on resolution 31182 and as a result, IDB entered into a TIF agreement with Access Road, LLC to build the North River Commerce Center Industrial Park. It proposes to build significant Class A industrial space along North Access Road in Hixson adjacent to the Corsa facility, which is the former DuPont site. On August 1, 2022, after the City Council approved the economic impact plan on resolution 31235, the IDB entered into a TIF agreement with the newly formed public non-profit corporation Sports Authority of the County of Hamilton and the City of Chattanooga (Sports Authority) to build a multi-use Stadium in the South Broad District Area. It is to promote and accelerate the economic redevelopment of the area. On March 25, 2024, the City Council approved an economic impact plan on resolution 31672, the IDB entered into a TIF agreement with Urban Story Ventures, LLC to support a multi-use development called The Bend. This 120-acre adaptive reuse project is estimated to cost \$2.3 billion.

(Continued)

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

In fiscal year 2015, directed by the City Mayor, the City of Chattanooga’s Department of Economic Development began a program called Economic Development Incentive Program (EDIP) to assist, support and incentivize local businesses and workforce to develop and grow. Since 2016, through City appropriation and the Economic Development Fee collected from qualifying businesses which are Payment In Lieu of Property Tax (PILOT), EDIP has been expanded into the following programs:

- Growing Small Business Incentive Plan which provides incentives for small businesses with 100 or fewer employees in the city to create more jobs.
- Technology Workforce Development brings city residents, technology companies and our workforce training partners together to train and reskill residents to embrace the future of Chattanooga.
- Small Business Construction Mitigation Grant awards qualified businesses that are impacted by construction projects in the city.
- Renewing Chattanooga helps combat blight, vacant, and abandoned properties in underserved communities throughout the city that fall into despair.
- Business Development fund dollars are used to encourage private investment and existing businesses retention. Eligible expenses range from site surveys and property appraisals to marketing initiatives and matching grant opportunities
- Innovation grant funds are used to award businesses with innovative products, systems or technologies while creating ten or more Chattanooga-based full-time jobs.

On February 7, 2022, IDB executed a MOU with the City for the design and construction of wet weather equalization stations, estimated to cost \$125 million. As part of the environmental and economic infrastructure improvement (e2i2) program, this program’s goal is to reduce or eliminate chronic sanitary sewer overflows in the regional sanitary sewer collection system and to prevent moratoriums on sanitary sewer connections under the city’s consent decree.

As members of the Industrial Development Board of the City of Chattanooga, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Volkswagen Group of America, Inc.’s Project Site (“Project Site”), Volkswagen Group of America Chattanooga Operations, LLC’s Expansion Site and Project (“Expansion Site” and “Expansion Project”), Tax Increment Financing (“TIF”), e2i2 Program, and Economic Development Incentive Programs (“EDIP”) for the City of Chattanooga for the fiscal years ended June 30, 2024 and 2023. We encourage readers to consider the information presented herein in conjunction with additional information provided in the notes to the basic financial statements, which can be found beginning on page 15 of this report.

Financial Highlights

- Net position at the end of the most recent fiscal year is \$492.4 million. \$489.1 million of that amount is invested in the development of the Project Site and Expansion Site of VWGoA automotive plant.
- For the year, the net position increased \$50.7 million, primarily due to \$50 million grant revenue received from the State of Tennessee.
- E2i2 program incurred \$4.5 million cost during the year and the reimbursement was received in full from the City.

(Continued)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the financial statement of the Project and Expansion Site of VWGoA along with certain other economic development programs managed for the City of Chattanooga and Hamilton County. Operations are accounted for in a single proprietary fund. The basic financial statements consist of financial statements and related notes to the financial statements.

The *Statement of Net Position* presents financial information on the Project and Expansion Site's and other economic development programs' assets and liabilities with the difference reported as net position. Net position is primarily invested in leased assets and represents the amount of grants dollars expended to build and equip the Project and Expansion Site. Costs incurred by VWGoA are not included.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported on an accrual basis as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, financial transactions are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

The financial statements can be found beginning on page 11 of this report; notes to the financial statements can be found beginning on page 15 of this report.

Financial Analysis

Assets exceeded liabilities by \$492.4 million at the close of the most recent fiscal year; of this amount, \$489.1 million reflects investment in leased assets (e.g., land, buildings and infrastructure). An additional \$28,971 is restricted for construction, another \$3.2 million is restricted for Economic Development Incentive Programs, and \$112,358 is restricted for TIF plans.

(Continued)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**Financial Analysis (Continued)**

	Net Position		
	June 30, 2024	June 30, 2023	June 30, 2022
Current and other assets	\$ 3,643,070	\$ 2,476,934	\$ 2,634,830
Noncurrent asset	468,331	457,046	441,908
Leased assets	<u>489,085,719</u>	<u>439,074,809</u>	<u>439,063,898</u>
Total assets	<u>493,197,120</u>	<u>442,008,789</u>	<u>442,140,636</u>
Current liabilities	<u>753,435</u>	<u>313,557</u>	<u>904,162</u>
Net position			
Investment in leased assets	489,085,719	439,074,809	439,063,898
Restricted for construction	28,971	28,971	28,971
Restricted for EDIP	3,216,637	2,813,073	2,329,635
Restricted for TIF	<u>112,358</u>	<u>(221,621)</u>	<u>(186,030)</u>
Total net position	<u>\$ 492,443,685</u>	<u>\$ 441,695,232</u>	<u>\$ 441,236,474</u>

Total assets increased \$51.2 million. Cash on hand increased \$837,440, mostly due to the Economic Development fees collected from the businesses and the e2i2 reimbursement revenue received from the City. There is no long-term debt associated with the Project and Expansion Site. The \$313,557 interest payable recorded for fiscal year 2022 and 2023 on \$4 million East Chattanooga Rising TIF loan from the City was removed, considering the loan is a conduit debt and recorded in the City's Annual Comprehensive Financial Report, the related outstanding interest due is to be only recorded in the City's financial statements.

(Continued)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in Net Position

	Year ended June 30, 2024	Year ended June 30, 2023	Year ended June 30, 2022
Revenues			
City of Chattanooga	\$ 864,620	\$ 543,624	\$ 986,766
Hamilton County payment	483,896	451,082	412,834
E2i2	4,473,966	-	-
TVA	-	67,507	86,834
TIF application revenue	-	8,000	1,500
TIF admin fees	25,216	80,936	-
Econ. Dev. Incentive Revenue	432,279	472,179	281,400
Allowance for bad debt	11,285	15,017	12,949
Miscellaneous revenue	-	29,997	10
Total revenues	<u>6,291,262</u>	<u>1,668,342</u>	<u>1,782,293</u>
Expenses			
TIF expenses	1,353,310	1,081,066	1,545,213
Grant expenditures	4,473,966	139,428	173,668
Grant award	40,000	-	21,700
Total expenses	<u>5,867,276</u>	<u>1,7220,494</u>	<u>1,740,581</u>
Operating income (loss)	<u>423,986</u>	<u>447,848</u>	<u>41,712</u>
Capital grants and contributions:			
City of Chattanooga	5,455	5,455	9,856
Hamilton County	5,455	5,455	13,458
Capital contributions	50,000,000	-	-
Transfer in	-	33,754	43,417
Transfer out	-	(33,754)	(43,417)
Total capital contributions	<u>50,010,910</u>	<u>10,910</u>	<u>23,314</u>
Change in net position	<u>50,434,896</u>	<u>458,758</u>	<u>65,026</u>
Net Position:			
Beginning, as previously reported	441,695,232	441,236,474	441,171,448
Prior period adjustment	313,557	-	-
Beginning, as restated	<u>442,008,789</u>	<u>441,236,474</u>	<u>441,171,448</u>
Ending	<u>\$ 492,443,684</u>	<u>\$ 441,695,232</u>	<u>\$ 441,236,474</u>

The change in net position compared to last fiscal year increased \$50.7 million. The e2i2 program started to increase project activity and as the result \$4.5 million of reimbursement was received during the year. In the last fiscal year, the City made the decision to give the TIF administration fee that was allotted to the City previously to IDB, thus more than one year's fees were recognized as TIF revenue in 2023. Due to that, the administrative fee in fiscal year 2024 of \$25,216 showed a decrease of \$55,720, since it only represents the administrative fee for the current year.

Analysis of Budget Variations

The budget for the Project and Expansion Site is on a cumulative basis. The difference reflects the amount of grant revenue remaining within the grant period.

(Continued)

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Budgetary Highlights

	<u>Estimated Revenues</u>	<u>Actual Revenues</u>
Revenue source:		
State of Tennessee 6.1	\$ 92,919,998	\$ 92,919,998
State of Tennessee 6.2	72,705,000	72,705,000
State of Tennessee 9.10	1,965,905	1,965,905
State of Tennessee 3.1	168,877,867	168,877,867
State of Tennessee 2.1	50,000,000	50,000,000
Local 6.2 1st MOU	40,000,000	39,946,743
Local 6.2 2nd MOU	52,500,000	52,048,430
Letter of Intent	5,000,000	-
Private donations	90,525	90,525
	<u>\$ 484,059,295</u>	<u>\$ 478,554,468</u>

Leased Assets

The Project and Expansion Site and Project’s investment in leased assets is \$489.1 million. The investment in leased assets includes land and leased assets for the building and equipment. There is no depreciation recorded as this entire investment is leased to VWGoA under a 30-year Payment-in-Lieu-of-Tax Agreement provision in the MOU. The lease expires July 2038.

Leased Assets

	2024	2023	2022
Land	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Depreciable leased assets	<u>479,085,718</u>	<u>429,074,809</u>	<u>429,063,898</u>
Total leased assets	<u>\$ 489,085,718</u>	<u>\$ 439,074,809</u>	<u>\$ 439,063,898</u>

State Grants Status

The Project Site and Expansion Site and Project state grants are budgeted on a cumulative grant basis. Ending dates for the grants are as follows:

State grant 6.1	Expired June 30, 2015	\$ 92,919,998
State grant 6.2	Expired June 30, 2015	\$ 72,705,000
State grant 9.10	Expired April 30, 2017	\$ 1,965,905
State grant 3.1	Expired March 6, 2020	\$ 168,877,867
State grant 2.1	Expires January 10, 2024	\$ 50,000,000

(Continued)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Requests for Information

This financial report is designed to provide a general overview of the Industrial Development Board of the City of Chattanooga activities related to the Project and Expansion Site of VWGoA, and certain other economic development incentives managed for the City of Chattanooga and Hamilton County. Questions concerning any of the information provided in this report should be addressed to the City of Chattanooga Finance Department who is acting as the fiscal agent of the IDB.

City of Chattanooga Finance Department
101 East 11th Street; Suite 101
Chattanooga, Tennessee 37402
(423) 643-7363
www.chattanooga.gov

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,309,581	\$ 2,472,141
Receivables:		
City of Chattanooga	-	4,793
TVA	<u>333,489</u>	<u>-</u>
Total current assets	<u>3,643,070</u>	<u>2,476,934</u>
NONCURRENT ASSETS		
Leased assets, land	10,000,000	10,000,000
Leased assets, depreciable	479,085,719	429,074,809
Account receivable - Southeast Tennessee Development District	288,196	212,963
Note receivable - Southeast Tennessee Development District, net of allowance for bad debt	<u>180,135</u>	<u>244,083</u>
Total noncurrent assets	<u>489,554,050</u>	<u>439,531,855</u>
TOTAL ASSETS	<u>\$ 493,197,120</u>	<u>\$ 442,008,789</u>

The accompanying notes are an integral part of the financial statements.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023

	2024	2023
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Due to City of Chattanooga	\$ 743,435	\$ -
Accrued liabilities - EDIP	10,000	-
Accrued interest	<u>-</u>	<u>313,557</u>
Total current liabilities	<u>753,435</u>	<u>313,557</u>
NET POSITION		
Investment in leased assets	489,085,719	439,074,809
Restricted for construction	28,971	28,971
Restricted for TIF	112,358	-
Restricted for economic development incentive programs	3,216,637	2,813,073
Unrestricted	<u>-</u>	<u>(221,621)</u>
Total net position	<u>492,443,685</u>	<u>441,695,232</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 493,197,120</u>	<u>\$ 442,008,789</u>

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUES		
City of Chattanooga	\$ 864,620	\$ 543,624
Hamilton County	483,896	451,082
e2i2 program revenue	4,473,966	-
TIF application revenue	-	8,000
TIF admin fees	25,216	80,936
TVA	-	67,507
Economic development incentive program grant revenue	432,279	472,179
Allowance for bad debt	11,285	15,017
Miscellaneous revenue	-	29,997
	<u>6,291,262</u>	<u>1,668,342</u>
Total revenues		
EXPENSES		
Tax increment financing expenses	1,353,310	1,081,066
e2i2 program expense	4,473,966	-
Due diligence studies	-	139,428
Economic development incentive program grant awards	40,000	-
	<u>5,867,276</u>	<u>1,220,494</u>
Total expenses		
OPERATING INCOME	<u>423,986</u>	<u>447,848</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS		
Capital contributions	50,000,000	-
City of Chattanooga local matching funds	5,455	5,455
Hamilton County local matching funds	5,455	5,455
Transfers in	-	33,754
Transfers out	-	(33,754)
	<u>50,010,910</u>	<u>10,910</u>
Total capital contributions and transfers		
CHANGE IN NET POSITION	50,434,896	458,758
NET POSITION		
Beginning, as previously reported	441,695,232	441,236,474
Prior period adjustment	313,557	-
Beginning, as restated	<u>442,008,789</u>	<u>441,236,474</u>
Ending	<u>\$ 492,443,685</u>	<u>\$ 441,695,232</u>

The accompanying notes are an integral part of the financial statements.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from local governments	\$ 5,962,566	\$ 2,211,395
Payments of grant awards and TIF expenses	<u>(5,125,126)</u>	<u>(1,811,099)</u>
Net cash from operating activities	<u>837,440</u>	<u>400,296</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash receipts (disbursements) from capital contributions	50,010,910	10,910
Payments for leased assets	<u>(50,010,910)</u>	<u>(10,910)</u>
Net cash from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	837,440	400,296
Cash and cash equivalents - beginning	<u>2,472,141</u>	<u>2,071,845</u>
Cash and cash equivalents - ending	<u>\$ 3,309,581</u>	<u>\$ 2,472,141</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 423,986	\$ 447,848
Adjustments not affecting cash:		
(Increase) decrease in receivable - City of Chattanooga	(328,696)	(4,793)
(Increase) decrease in receivable - Hamilton County	-	140,746
(Increase) decrease in receivable - TVA	-	281,493
(Increase) decrease in receivable - Other	-	140,746
Increase (decrease) in due to City of Chattanooga	-	(553,335)
Increase (decrease) in receivable - cash with STNDD	(75,233)	(100,628)
Increase (decrease) in note receivable	63,948	85,490
Increase (decrease) in accrued liabilities - Due Diligence Studies	-	(9,650)
Increase (decrease) in accrued liabilities - TIF Interest	-	124,527
Increase (decrease) in accrued liabilities - e2i2	743,435	-
Increase (decrease) in accrued liabilities - EDIP	<u>10,000</u>	<u>(152,148)</u>
Total adjustments	<u>413,454</u>	<u>(47,552)</u>
Net cash from operating activities	<u>\$ 837,440</u>	<u>\$ 400,296</u>

The accompanying notes are an integral part of the financial statements.

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Industrial Development Board of the City of Chattanooga (the Board) is a public corporation formed pursuant to the provisions of the Tennessee Industrial Development Corporation Act. The Board performs public functions on behalf of the City of Chattanooga (the City), and its purpose is to undertake the financing and development of projects to promote industry, trade, commerce, tourism, recreation, and housing construction. The Board participates in these activities by serving as a non-recourse conduit for taxable or tax-free financing for industrial entities. The accompanying financial statements include the activities of Volkswagen Group of America, Inc.'s (VWGoA) Project Site (Project Site), Volkswagen Group of America Chattanooga Operations, LLC's Expansion Site and Project ("Expansion Site" and "Expansion Project"), and Volkswagen Group of America Chattanooga Operations, LLC Partnership Agreement ("Partnership Agreement"), as well as management of the City of Chattanooga's Tax Increment Financing (TIF) program and certain economic development incentives.

The financial statements of the Project Site have been prepared in accordance with United States generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies are described below.

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. The measurement focus is upon the determination of financial position, changes in net position, and changes in cash flows. The accounting principles used are those applicable to comparable businesses in the private sector. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. All assets and liabilities (whether current or noncurrent) associated with the Board's activities are included in the statement of net position.

These financial statements distinguish operating revenues from nonoperating items. Operating revenues include city appropriation for economic development incentive programs.

(Continued)

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash held by the City of Chattanooga as the Board’s agent, amounts due from banks, interest-bearing deposits at various financial institutions, certificates of deposits and short-term investments with an original maturity of three months or less. As of June 30, 2024 and 2023, all cash is held by the City as the Board’s agent and is designated for uses authorized by capital contracts and the Board approving disbursements. The City’s policies limit deposits to those instruments allowed by applicable state laws. The deposits must be covered by state depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City’s agent in the City’s name, or by the State Reserve Banks acting as third-party agents.

Accounts Receivable

Accounts and notes receivable are reported net of an allowance for doubtful accounts. The allowance is based on the Board's estimate of the amount of receivables that will actually be collected. Once receivables are determined to be uncollectible, they are written off through a charge against revenues. As of June 30, 2024 and 2023, the board established an allowance for doubtful accounts of \$31,789 and \$43,074, respectively.

Leased Assets

Leased assets (including infrastructure) are recorded at historical cost. Contributed leased assets are recorded at their estimated fair market value on the date contributed. Leased assets include public domain infrastructure assets consisting of buildings, roads, streets and sidewalks, sewers, lighting systems, and drainage systems. The Project Site and Expansion Site define leased assets as assets with an estimated useful life of three years or greater.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Any costs incurred for repairs and maintenance are expensed as incurred. Because the Board holds these assets in a lease for the Project Site and Expansion Site, no depreciation expense was recorded for the years ended June 30, 2024 and 2023.

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
Leased assets, land	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000
Leased assets, depreciable	<u>429,074,809</u>	<u>50,010,910</u>	<u>-</u>	<u>479,085,719</u>
Total leased assets	<u>\$ 439,074,809</u>	<u>\$ 50,010,910</u>	<u>\$ -</u>	<u>\$ 489,085,719</u>

(Continued)

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The Board's financial statements utilize a net position presentation. Net position is categorized as investment in leased assets, restricted and unrestricted. As of June 30, 2024 and 2023, the Board has no debt related to the leased assets.

Investment in Leased Assets – is intended to reflect the portion of net position which is associated with non-liquid leased assets less outstanding leased asset related debt.

Restricted Net Position – represents net position that has third party (statutory, bond covenant or granting agency) limitations on their use. The Board's policy is generally to use any restricted net position first, as appropriate opportunities arise.

Unrestricted Net Position – represents unrestricted net position. While management may have categorized and segmented portions for various purposes, the Board has the unrestricted authority to revisit or alter these managerial decisions.

Program Revenues

The Board is a recipient of grant revenues for the Project Site and the Expansion Site and recognizes these revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the Project Site before the eligibility requirements are met are reported as deferred revenues. Some grants and contributions consist of resources that are restricted for capital purposes – to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the Board.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Administrative Services

The Board operates under an administrative services agreement with the City, which provides legal, financial management, accounting, and clerical support at no cost.

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS

Project Site

During the fiscal year ending May 31, 2009, VWGoA announced its decision to build a \$1 billion automotive production facility in Chattanooga, Tennessee. The announcement was the culmination of years of extensive economic development efforts by the City. The VWGoA facility is expected to contribute to the economic expansion of the City and the surrounding region for years to come. The Project Site is under development to support the operations of the VWGoA automotive production facility.

In connection with the development of the VW Project Site, the Board, the City, Hamilton County, Tennessee (the County), the State of Tennessee (including various state agencies), and the Greater Chattanooga Area Chamber of Commerce (the Chamber) executed a Memorandum of Understanding (MOU). The provisions of the MOU include:

- Term of 30 years, to expire July 2038
- Identification of land parcels for the Project Site and Expansion Site
- State and local tax incentives
- Making the Project Site available and suitable for use by VWGoA
- Training and administrative assistance
- Commitments of the City, the County, and the State of Tennessee
- Development of a Welcome Center

During the year ended May 31, 2009, the Board was awarded state grants for the Project Site, as follows:

1. Volkswagen Grant 6.1 totaling approximately \$79.6 million was awarded by the Tennessee Department of Finance and Administration for the development of the Project Site. In subsequent grant amendments, this amount was increased to \$96.0 million.
2. Volkswagen Grant 6.2 totaling approximately \$70.0 million was awarded by the Tennessee Department of Finance and Administration to provide additional infrastructure at the Project Site. The City and the County also committed to provide \$20.0 million each over four years for infrastructure.
3. Volkswagen Grant 9.10 totaling approximately \$1.8 million was awarded by the Tennessee Department of Economic and Community Development for the design and installation of sign for VWGoA facility and workforce recruitment campaign.

(Continued)

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS (Continued)

Project Site (Continued)

With funding from a Tennessee General Assembly appropriation, Volkswagen Grant 6.1 was initially awarded in July 2008. The State of Tennessee decided in June 2009 to utilize bond proceeds rather than an appropriation to fund the Project Site. As a result, Volkswagen Grant 6.1 was amended. The amendment caused the Board to obtain additional documentation from contractors developing the Project Site in order to comply with the amended grant. The Volkswagen Grant 9.1 was amended by the State of Tennessee, the Department of Economic and Community Development, and the Industrial Development Board of the City of Chattanooga for an additional \$1,766,200 to be awarded by the Tennessee Department of Finance and Administration. This amendment was made effective as of December 31, 2013.

The City and the County have worked diligently to develop the Project Site, and have provided funding, when needed, to prevent any interruptions in the development of the Project Site, and to ensure the Project Site is available and suitable for the VWGoA facility. Pursuant to the MOU, the City and County transferred land with a fair market value of \$10,000,000 to the Project Site during the 2010 fiscal year.

State grants 6.1 and 6.2 related to the Project Site ended effective June 30, 2015 and state grant 9.10 related to the Project Site ended effective April 30, 2017.

Expansion Site

On June 30, 2014, a second MOU was entered into whereby the state awarded an additional \$165.8 million in incentives subject to annual appropriation by the legislature in fiscal year 2016. An additional \$52.5 million was pledged by the City and County to be shared equally; of which \$20 million was appropriated in fiscal year 2015 and \$6.25 million was appropriated in fiscal year 2016 by the City. The County appropriated the full amount in fiscal year 2015. These additional capital contributions support a VWGoA expansion to include a production line for a new sports utility vehicle and a national research and development center. On June 6, 2017, an amendment was awarded which increased the State incentive to \$168.9 million.

Expansion Project

As VWGoA began to expand its production capacities to include the electric vehicle in the Chattanooga plant, a third MOU was entered into on June 7, 2022 whereby the state awarded \$50 million to cover project-related costs to VWGoA through the Board. It requires VWGoA to make a total capital investment of approximately \$800 million and hire 1,000 additional employees. A Letter of Intent (LOI) signed between VWGoA, Hamilton County, City, and the Board on January 11, 2019 stipulates City and County each provide \$2.5 million to the Board for the construction of certain capital projects for the benefit of VWGoA's electric vehicle project at the site. The state grant ended effective on January 10, 2024.

(Continued)

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS (Continued)

Tax Increment Financing (TIF)

The Board is the administrative agent of the City of Chattanooga’s TIF program. TIF’s are arrangements in which taxes are refunded to help develop or redevelop areas within the City. These agreements are authorized by T.C.A. section 13-20-205. The amount of tax refunded is based on the increased tax values in the TIF plan area over the base tax at implementation, less allowable municipal expenses.

The first TIF administered by the Board is the Black Creek Mountain. Tax year 2011 serves as the base year for the tax increments. The TIF agreement is effective for twenty years.

On February 20, 2018, the Board approved the Development and Financing Agreement with Evergreen Real Estate regarding the M.L. King Extension Project to the Riverfront.

On December 3, 2019, the Board took on a third TIF with the City of Chattanooga as the developer to complete the required significant public road and infrastructure upgrade in the Chattanooga East area. This project will enable Nippon Paint Automotive American to open its plant on site. While undertaking the site development construction, the City of Chattanooga agreed to loan \$4 million to IDB to finance certain tax increment eligible cost relating to the construction. This loan is considered a conduit debt and is only disclosed along with the interest payment on the City of Chattanooga’s Annual Comprehensive Financial Report.

TIF Loan Interest Due to the City

Tax Year	Fiscal Year	TIF Revenue Collected	Interest Due	Unpaid Interest	Outstanding Balance
					\$ 4,000,000
2020	2021	\$ 14,768	\$ -	\$ -	3,985,232
2021	2022	18,637	207,667	189,030	3,966,595
2022	2023	17,417	141,944	124,527	3,949,178
2023	2024	<u>18,393</u>	<u>142,333</u>	<u>123,941</u>	3,930,785
		<u>\$ 69,215</u>	<u>\$ 491,944</u>	<u>\$ 437,498</u>	

On July 12, 2022, the Board entered into a TIF agreement with Access Road, LLC to build the North River Commerce Center Industrial Park. It proposes to build significant Class A industrial space along North Access Road in Hixson adjacent to the Corsa facility which is the former DuPont site.

On August 1, 2022, the Board entered into another TIF agreement with Sports Authority to build a new Stadium in the South Broad District Area. It will promote and accelerate the economic redevelopment of the area.

(Continued)

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS (Continued)

Tax Increment Financing (TIF) (Continued)

On March 25, 2024, the IDB approved a \$115 million TIF agreement for The Bend project – a redevelopment initiative aimed at transforming western downtown Chattanooga with infrastructure improvements and affordable housing over the next decade. This redevelopment of western downtown of Chattanooga is expected to spur a minimum of \$800 million in new development over the next 10 years including the construction of infrastructure, educational opportunities, and new affordable housing.

Economic Development Incentive Programs (EDIP)

The Board administers certain economic development incentive programs for the City of Chattanooga Department of Economic Development.

Growing Small Business is the first program established by the Board. It provides incentives for businesses with one hundred or fewer employees that create five or more jobs within the prior twelve months. \$200,000 was provided by the City since the beginning of the program in 2015.

Economic Development Program is a program that receives and holds Economic Development fee payments from the qualifying businesses. The money is used for the City’s economic development as directed by the Mayor of the City. Amid the onset of COVID-19, \$500,000 was disbursed as part of the City’s \$2.5 million 90-Day Stabilization Fund, as a “bridge” loan assistance until small businesses can apply and receive assistance from the federal government. This \$500,000 provided immediate relief to small businesses that were adversely impacted by the executive orders issued by the Governor and Mayor to slow the spread of COVID-19. The loan terms generally last between five to seven years.

Technology Workforce Development is a program that helps to ensure Chattanooga’s residents have the skills and training needed to work in the growing tech sector of the community. \$100,000 was provided in 2015 with an additional \$350,000 provided by the City in 2018. \$50,000 was disbursed to the Enterprise Center for the COVID-19 Coronavirus Digital Access Project for K-12 students in under-served communities.

Small Business Construction Mitigation Grant is a program that provides assistance to qualifying small businesses that are impacted by construction projects in the City. \$25,000 was provided in 2016 with an additional \$19,000 provided by the City in 2018.

Renewing Chattanooga is a program that intends to provide façade grants for the physical renovation of disinvested and blighted properties in under-served communities throughout the City. This is a tool kit to help combat blight, vacant, and abandoned properties that fall into disrepair.

Business Development’s mission is to encourage private investment and existing business retention. In fiscal year 2020, \$25,000 was disbursed to the Chattanooga Chamber of Commerce for a marketing campaign on behalf of small businesses impacted by the Coronavirus executive order closures.

(Continued)

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS (Continued)

Economic Development Incentive Programs (EDIP) (Continued)

Innovation program awards businesses with innovative products, systems or technologies while creating local jobs.

Environment and Economic Infrastructure Improvement (e2i2) Program

On February 7, 2022, the Board and the City entered into an MOU to execute a new program called e2i2. It encompasses the clear Chattanooga and scenic city vision for Chattanooga by reducing sanitary sewage that enters the Tennessee River and waterways. At an estimated cost of \$125 million, this program will design and build Equalization Stations at strategic locations to reduce sanitary sewer overflows in the regional sanitary sewer collection system, comply with EPA Consent Decrees, and promote regional economic growth.

NOTE 3 – CONTINGENCIES

The Project Site has received state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. Management does not anticipate any material losses from such disallowances and believes that potential reimbursements would not significantly affect financial results.

The Board is involved in certain claims arising from normal business activities. Management believes that neither the financial position nor results of operations of the Project Site will be materially affected by the final outcome of these proceedings.

NOTE 4 – CONDUIT DEBT OBLIGATIONS

From time to time, the Board has issued bonds and loans to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. These debts are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment, ownership of the acquired facilities transfers to the private-sector entity served by the debt issuance. Neither the Board, the City of Chattanooga, nor State is obligated in any manner for repayment of the bonds and loans. Accordingly, these debts are not reported as liabilities in the accompanying financial statements.

The Board has six (6) outstanding loans and two (2) refunding revenue bonds, the original amounts of which were \$233,389,045. The outstanding principal at end of fiscal year 2024 is \$224,517,467.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

NOTE 5 – PRIOR PERIOD ADJUSTMENTS

In the two previous fiscal years, an interest payable of \$313,557 on the \$4 million loan from the City to the IDB, which was for the East Chattanooga Rising TIF, was recorded. Given that this TIF loan is conduit debt, and both the loan and the interest revenue were recorded in the City's Annual Comprehensive Financial Report, this interest payable has been removed from IDB's financial statements this year.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to June 30, 2024 through January 23, 2025 for potential recognition or disclosure in the financial statements. Except for the matters discussed in the following paragraph, management has not identified any other items requiring recognition or disclosure.

On August 26, 2024, the Board approved an increase on the Design Build Contract for the e2i2 Sanitary Sewer Overflow Abatement Program from an initial \$125 million to \$153 million as the project moves into the second phase.

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

COMBINING PROGRAMS SCHEDULE OF NET POSITION

JUNE 30, 2024

	ASSETS				
	Project and Expansion Site	Tax Increment Financing	e2i2 Program	Economic Development Incentive	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 28,971	\$ 112,358	\$ 409,946	\$ 2,758,306	\$ 3,309,581
Receivable:					
TVA	-	-	333,489	-	333,489
Total current assets	<u>28,971</u>	<u>112,358</u>	<u>743,435</u>	<u>2,758,306</u>	<u>3,643,070</u>
NONCURRENT ASSETS					
Leased assets, land	10,000,000	-	-	-	10,000,000
Leased assets, depreciable	479,085,719	-	-	-	479,085,719
Account receivable - Southeast Tennessee Development District	-	-	-	288,196	288,196
Note Receivable - Southeast Tennessee Development District	-	-	-	211,924	211,924
Allowance for bad debt	-	-	-	(31,789)	(31,789)
Total noncurrent assets	<u>489,085,719</u>	<u>-</u>	<u>-</u>	<u>468,331</u>	<u>489,554,050</u>
TOTAL ASSETS	<u>\$ 489,114,690</u>	<u>\$ 112,358</u>	<u>\$ 743,435</u>	<u>\$ 3,226,637</u>	<u>\$ 493,197,120</u>

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

COMBINING PROGRAMS SCHEDULE OF NET POSITION

JUNE 30, 2024

LIABILITIES AND NET POSITION

	Project and Expansion Site	Tax Increment Financing	e2i2 Program	Economic Development Incentive	Total
CURRENT LIABILITIES					
Due to City of Chattanooga	\$ -	\$ -	\$ 743,435	\$ -	\$ 743,435
Accrued liabilities - EDIP	-	-	-	10,000	10,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
Total current liabilities	<u>-</u>	<u>-</u>	<u>743,435</u>	<u>10,000</u>	<u>753,435</u>
NET POSITION					
Investment in leased assets	489,085,719	-	-	-	489,085,719
Restricted for construction	28,971	-	-	-	28,971
Restricted for TIF	-	112,358	-	-	112,358
Restricted for economic development incentive programs	-	-	-	3,216,637	3,216,637
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,216,637</u>	<u>3,216,637</u>
Total net position	<u>489,114,690</u>	<u>112,358</u>	<u>-</u>	<u>3,216,637</u>	<u>492,443,685</u>
TOTAL LIABILITIES AND NET POSITION					
	<u>\$ 489,114,690</u>	<u>\$ 112,358</u>	<u>\$ 743,435</u>	<u>\$ 3,226,637</u>	<u>\$ 493,197,120</u>

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

COMBINING PROGRAMS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2024

	Project and Expansion Site	Tax Increment Financing	e2i2 Program	Economic Development Incentive	Total
REVENUES					
City of Chattanooga	\$ -	\$ 864,620	\$ -	\$ -	\$ 864,620
Hamilton County	-	483,896	-	-	483,896
e2i2 program revenue	-	-	4,473,966	-	4,473,966
TIF admin fees	-	25,216	-	-	25,216
Economic development incentive program grant revenue	-	-	-	432,279	432,279
Allowance for bad debt	-	-	-	11,285	11,285
	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,285</u>	<u>11,285</u>
Total revenues	<u>-</u>	<u>1,373,732</u>	<u>4,473,966</u>	<u>443,564</u>	<u>6,291,262</u>
EXPENSES					
Tax increment financing expenses	-	1,353,310	-	-	1,353,310
e2i2 program expense	-	-	4,473,966	-	4,473,966
Economic development incentive program grant awards	-	-	-	40,000	40,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Total expenses	<u>-</u>	<u>1,353,310</u>	<u>4,473,966</u>	<u>40,000</u>	<u>5,867,276</u>
OPERATING INCOME	<u>-</u>	<u>20,422</u>	<u>-</u>	<u>403,564</u>	<u>423,986</u>

(Continued)

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

COMBINING PROGRAMS
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2024

	Project and Expansion Site	Tax Increment Financing	e2i2 Program	Economic Development Incentive	Total
(Continued)					
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital contributions	\$ 50,000,000	\$ -	\$ -	\$ -	\$ 50,000,000
City of Chattanooga local matching funds	5,455	-	-	-	5,455
Hamilton County local matching funds	<u>5,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,455</u>
Total capital contributions and transfers	<u>50,010,910</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,010,910</u>
CHANGE IN NET POSITION	<u>50,010,910</u>	<u>20,422</u>	<u>-</u>	<u>403,564</u>	<u>50,434,896</u>
NET POSITION					
Beginning, as previously reported	439,103,780	(221,621)	-	2,813,073	441,695,232
Prior period adjustment	-	313,557	-	-	313,557
Beginning, as restated	<u>439,103,780</u>	<u>91,936</u>	<u>-</u>	<u>2,813,073</u>	<u>442,008,789</u>
Ending	<u>\$ 489,114,690</u>	<u>\$ 112,358</u>	<u>\$ -</u>	<u>\$ 3,216,637</u>	<u>\$ 492,443,685</u>



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Industrial Development Board of the City of Chattanooga
Chattanooga, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Industrial Development Board of the City of Chattanooga (the Board), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Board’s basic financial statements, and have issued our report thereon dated January 23, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board’s internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Board’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chattanooga, Tennessee
January 23, 2025

*Henderson Hutcherson
& McCullough, PLLC*

**INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2024

None reported.

RESOLUTION

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO DONATE FIFTY THOUSAND DOLLARS (\$50,000.00) FROM FUNDS, APPROPRIATED FROM THE CITY OF CHATTANOOGA FOR THE PURPOSE OF ADVANCING WORKFORCE DEVELOPMENT IN THE TECHNOLOGY SECTOR, TO SUPPORT THE ENTERPRISE CENTER'S DIGITAL EQUITY EFFORTS IN PARTNERSHIP WITH THE STATE OF TENNESSEE.

BE IT RESOLVED, that the Industrial Development Board be and is hereby authorizing the donation of \$50,000.00 from funds, appropriated from the City of Chattanooga for the purpose of advancing workforce development in the technology sector, to support The Enterprise Center's digital equity efforts in partnership with the State of Tennessee.

ADOPTED: February 3, 2025

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

Kerry Hayes, *Chair*

Gordon Parker, *Secretary*

TO: Industrial Development Board of Chattanooga Appointed Members

FROM: Charita Allen
Senior Advisor of Economic and Workforce Development

SUBJECT: Approval of Resolution for The Enterprise Center in Partnership with City on the Hill Digital Workshops

RECOMMENDED ACTION:

Staff recommends that the IDB approve a resolution to provide funding support for an entry-level modular-based training program with certifications and earn-as-you-learn stipends targeting at-risk between the ages of 16-21.

RESOLUTION:

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO DONATE \$50,000.00 FROM FUNDS, APPROPRIATED FROM THE CITY OF CHATTANOOGA FOR THE PURPOSE OF ADVANCING WORKFORCE DEVELOPMENT IN THE TECHNOLOGY SECTOR, TO SUPPORT THE ENTERPRISE CENTER'S DIGITAL EQUITY EFFORTS IN PARTNERSHIP WITH THE STATE OF TENNESSEE.

STATE OF TENNESSEE AUTHORIZING STATUTE:

Chapter 53 - INDUSTRIAL DEVELOPMENT CORPORATIONS (§§ 7-53-101 — 7-53-317)

Part 3 - OPERATION AND POWERS (§§ 7-53-NEW — 7-53-317)

TN Code § 7-53-302 (2023)

Section 7-53-302(a)(8)

(a) The corporation has the following powers, together with all powers incidental to such powers or necessary for the performance of those powers, to:

(8) Sell, exchange, donate and convey any or all of its properties, including, without limitation, all or any part of the rents, revenues and receipts of the corporation from its projects, whenever its board of directors shall find any such action to be in furtherance of the purposes for which the corporation was organized;

ALIGNMENT WITH ECONOMIC DEVELOPMENT PLANS:

This resolution aligns with the **ONE CHATTANOOGA PLAN** goal of “Build a Regional Economy” on two priorities. 1.) Grow household income for all Chattanoogaans through workforce development and skills-training; and 2.) Refine Chattanooga’s competitive advantages and traded clusters vs. rival cities.

This resolution aligns with the Chattanooga Area Chamber of Commerce’s **CHATTANOOGA CLIMBS** Strategic Plan, funded by the City of Chattanooga and Hamilton County, on three

priorities 1.) Develop Skills for the New Economy; 2.) Grow Stronger Businesses, and 3.) Increase Regional Prosperity for All.

SUMMARY OF NEED:

Approval of this item will enable The Enterprise Center’s Tech Goes Home program to partner with the City of Chattanooga’s “City on the Hill” Department of Community Health program to provide entry-level certificate training, earn-as-you-learn stipends, and computer equipment to at-risk youth on the weekends. Funding is needed to cover the cost of certificate training and stipends for youth at the end of each training session.

BACKGROUND AND HISTORY:

In 2015, The Enterprise Center recognized a funding gap in the Technology Workforce for non-credit entry-level and upskilling programs with requests for coding programs. The requests resulted in the City of Chattanooga appropriating \$100,000 in 2015 and in 2018 another \$350,000 to the Industrial Development Board of Chattanooga (IDB) for Workforce Development to advance the **Technology Sector and Technology Skills** in the Chattanooga region. The IDB has previously provided three upskilling donations to local not-for-profit organizations.

FISCAL IMPACT:

The current fund balance for Tech Workforce NR13 Z00304 is \$285,000.

If approved, this item would have a \$50,000 impact.



Community Health

City on the Hill:

Digital Equity Training Workshops

Agenda

- **Chattanooga area needs and target participants**
- **Overview of the CWS-US program and modules**
- **List of partners**
- **CWS-US Metrics**
- **Program Budget**
- **Future pathways for additional training**

Child Poverty in Tennessee

In 2023, Tennessee's child poverty rate was 17.6%.

In Hamilton County, the rate was 20.6%.

In Chattanooga, the rate was 31.5%.



“Child poverty has been linked to adverse health outcomes, increase in risky behavior (e.g., violence), and higher rates of disability and mortality.”

Who are we Impacting?

Learn skills for a living wage to pass along for generations

- Youth 16-21
- Traditionally Disadvantaged
- Underrepresented Communities
- Public Housing
- Disabled
- High School Students

Overview of Program

Mission: Establish a Digital Equity program for training Chattanooga area adults and youth to enter the workforce with best-in-class training.

Why?

- Fill the thousands of jobs with great paying sustainable income for life across TN
- Unfilled jobs abound across our region
- Great paying jobs are great equalizers

How?

- Team of highly experienced professors and professionals
- Tech Goes Home to Enroll Students and provide free devices
- 16 week (Eight Two-Week Modules) of Live In-Classroom and Virtual Instruction
- Training on in-demand skills with certificates of completion
- Buy-in from local employers with civic endorsement

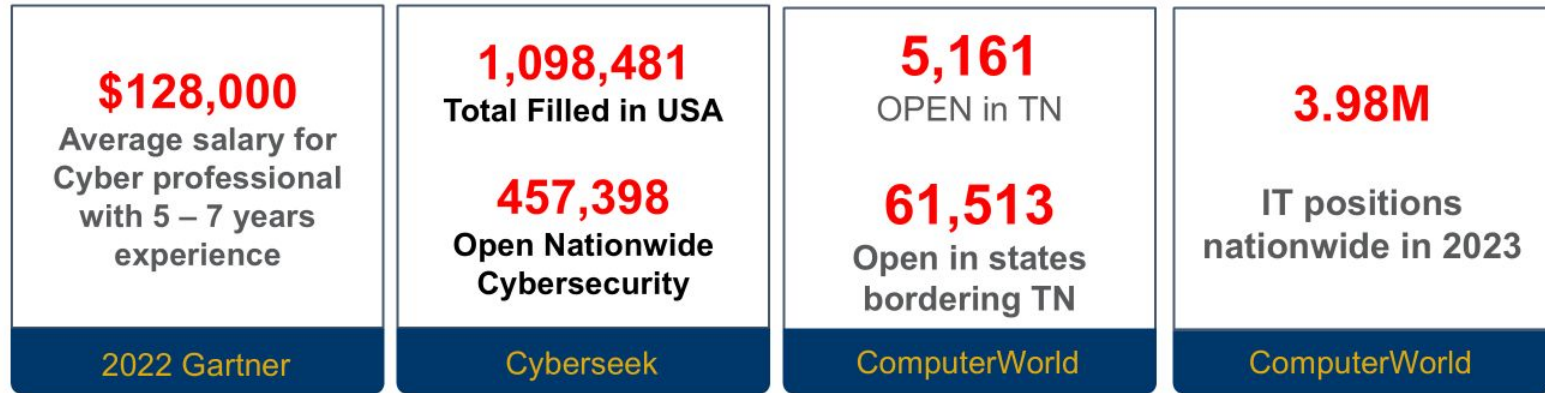


Experience Matters

Partnerships



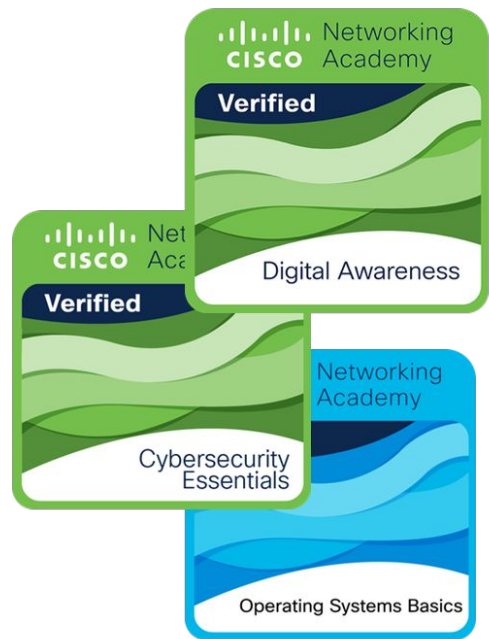
IT & Cyber Demand



Problem: Cyber talent demand has skyrocketed, while our universities are forecasting **only 30,000** graduates/year nationwide

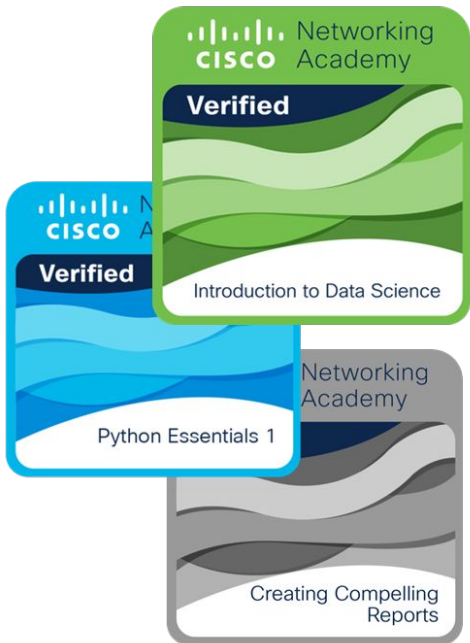
Solution: Half of open Cyber, Quantum and other technologies do not require a 2- or 4-year degree

Digital Equity Workshops 1-3



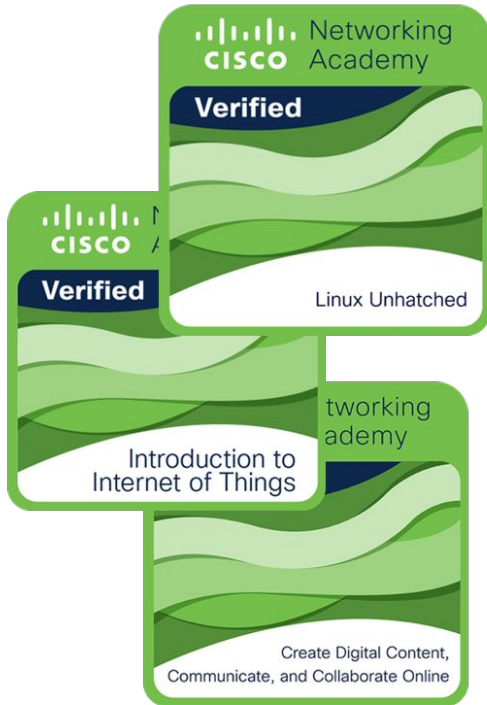
Workshop	Assignments
<p>1. Word Processing (Word)</p> <p>Introductions Cover letters and Resume Information History Files, Folders, Data Storage</p>	<p>Digital Literacy Assessment Job Market Research Soft skills required for job search Cover Letter, Resume and Peer Review LinkedIn and other Networking Tools</p>
<p>2. Presenting Information</p> <p>Graphics in publications Creating presentations Information Security Essentials and Hygiene Web page design-HTML</p>	<p>Market Research Activity Flyer Poster Presentations Introduction to Cybersecurity Web page design - HTML</p>
<p>3. Budgets and Data (Excel)</p> <p>What is data vs. information? Systems Spreadsheets, Logical/Physical</p>	<p>Discussion on data sources Personal Budget Statistics Visualization (Charts and Graphs)</p>

Digital Equity Workshops 4-6



Workshop	Assignments
4. Understand Database Systems Creating tables Automating SQL Query & Reporting Data Modeling	Excel to MS Access Excel to Oracle (APEX) Data Systems Peer Review
5. Logic and Coding in Python Early data structures and Logic Data types: logical vs physical Flowcharts	Scripted Program Computer Logic Python Essentials
6. Intermediate Topics Worksheets and Data Introduction to AI Functions & Pivot Tables	Discussion on data sources Personal vs. Business Budgets Statistics Add visualization

Digital Equity Workshops 7-8



Workshop	Assignments
<p>7. Topics in Operating Systems Operating Systems Ubuntu Philosophy & Ethics IoT</p>	<p>Raspberry Pi Linux Unhatched Ethics in Computing – Quiz</p>
<p>8. Create an Online Secure Database Oracle APEX Develop simple online database system from prior Excel worksheets Final website development</p>	<p>Peer Review Final database enabled website</p>

Program Budget

Please see the attached document

Experience Matters

\$12.8M NCAE-C/NSA funded 2020-23

1,834 Students (215% of goal)

Graduates are in High Demand

100% US Citizens/Permanent Residents

78%



1st Responder



Law Enforcement



Military

78.9%

Retention rate

73.2%

Underrepresented
populations

29.3%

Female

10,368 Applicants

50+ experienced Instructors (classroom & virtual)

100+ industry and government partners

50 States/5 Protectorates and
Active Military Across Globe





Digital Equity: City on the Hill

All About Employment and Sustainability

February 3, 2025



RESOLUTION

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO DONATE FIFTY THOUSAND DOLLARS (\$50,000.00) FROM FUNDS, APPROPRIATED FROM THE CITY OF CHATTANOOGA FOR THE PURPOSE OF ADVANCING WORKFORCE DEVELOPMENT IN THE TECHNOLOGY SECTOR, TO SUPPORT CO.LAB'S SKILLS ACCELERATOR IN PARTNERSHIP WITH GENER8TOR'S PLATFORM FOR UPSKILLING.

BE IT RESOLVED, that the Industrial Development Board be and is hereby authorizing the donation of \$50,000.00 from funds, appropriated from the City of Chattanooga for the purpose of advancing workforce development in the technology sector, to support Co.Lab's Skills Accelerator in partnership with Gener8tor's Platform for Upskilling.

ADOPTED: February 3, 2025

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

Kerry Hayes, *Chair*

Gordon Parker, *Secretary*

TO: Industrial Development Board of Chattanooga Appointed Members

FROM: Charita Allen
Senior Advisor of Economic and Workforce Development

SUBJECT: Approval of Resolution for The Company Lab

RECOMMENDED ACTION:

Staff recommends that the IDB approve a resolution to provide funding support for upskilling and IT workforce talent using a cohort methodology through a national platform.

RESOLUTION:

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO DONATE \$50,000.00 FROM FUNDS, APPROPRIATED FROM THE CITY OF CHATTANOOGA FOR THE PURPOSE OF ADVANCING WORKFORCE DEVELOPMENT IN THE TECHNOLOGY SECTOR, TO SUPPORT CO.LAB'S SKILLS ACCELERATOR IN PARTNERSHIP WITH GENER8TOR'S PLATFORM FOR UPSKILLING.

STATE OF TENNESSEE AUTHORIZING STATUTE:

Chapter 53 - INDUSTRIAL DEVELOPMENT CORPORATIONS (§§ 7-53-101 — 7-53-317)
Part 3 - OPERATION AND POWERS (§§ 7-53-NEW — 7-53-317)
TN Code § 7-53-302 (2023)
Section 7-53-302(a)(8)

(a) The corporation has the following powers, together with all powers incidental to such powers or necessary for the performance of those powers, to:

(8) Sell, exchange, donate and convey any or all of its properties, including, without limitation, all or any part of the rents, revenues and receipts of the corporation from its projects, whenever its board of directors shall find any such action to be in furtherance of the purposes for which the corporation was organized;

ALIGNMENT WITH ECONOMIC DEVELOPMENT PLANS:

This resolution aligns with the **ONE CHATTANOOGA PLAN** goal of “Build a Regional Economy” on two priorities. 1.) Grow household income for all Chattanoogaans through workforce development and skills-training; and 2.) Refine Chattanooga’s competitive advantages and traded clusters vs. rival cities.

This resolution aligns with the Chattanooga Area Chamber of Commerce’s **CHATTANOOGA CLIMBS** Strategic Plan, funded by the City of Chattanooga and Hamilton County, on three priorities 1.) Develop Skills for the New Economy; 2.) Grow Stronger Businesses, and 3.) Increase Regional Prosperity for All.

SUMMARY OF NEED:

Approval of this item will enable CO.LAB, in partnership with gener8tor, to expand the Skills Accelerator program. This virtual reskilling initiative provides flexible learning, personalized coaching, national certifications, and job placement support. It equips unemployed and underemployed individuals with skills to secure jobs in high-demand industries. Funding will support and expand these services, including targeted outreach, technical certifications, mentoring, and job placement assistance, to address workforce gaps and strengthen Chattanooga's economy.

BACKGROUND AND HISTORY:

In 2015, The Enterprise Center recognized a funding gap in the Technology Workforce for non-credit entry-level and upskilling programs with requests for coding programs. The requests resulted in the City of Chattanooga appropriating \$100,000 in 2015 and in 2018 another \$350,000 to the Industrial Development Board of Chattanooga (IDB) for Workforce Development to advance the **Technology Sector and Technology Skills** in the Chattanooga region. The IDB has previously provided three upskilling donations to local not-for-profit organizations.

FISCAL IMPACT:

The current fund balance for Tech Workforce NR13 Z00304 is \$285,000.

If approved, this item would have a \$50,000 impact.



Proposal to the Chattanooga Industrial Development Board

Support for CO.LAB's Skills Accelerator in Partnership with gener8tor

Introduction

CO.LAB, in collaboration with gener8tor, has launched the Skills Accelerator—a virtual, rapid reskilling program aimed at equipping unemployed and underemployed individuals with in-demand skills for high-growth industries. One of CO.LAB's main pillars of support is “talent” and having the *right* talent in our city for technical jobs is both critical for our community's ecosystem as well as critical to the individuals who will benefit from a more advanced employment status.

Program Overview

The Skills Accelerator is a 10-week, cohort-based virtual program offering:

- **One-on-One Career Coaching:** Personalized guidance on learning content, interview preparation, LinkedIn optimization, and resume writing.
- **Lunch and Learns:** Expert-led sessions on topics such as interview best practices, career pivots, and personal branding.
- **Access to a Network of Peers:** A supportive community fostering collaboration and shared learning experiences.
- **No Out-of-Pocket Cost:** Funded through scholarships and public workforce programs, ensuring accessibility for all eligible participants.
- **Learn at Your Own Pace:** Flexible module completion within the program timeframe, accommodating diverse schedules.
- **Job Placement Support:** Ongoing assistance from gener8tor's expert staff, including access to curated job openings.
- **Technical Certifications:** Providing technical training and certifications at no cost increasing tech talent in Chattanooga.

Impact on Chattanooga's Economic Development

This initiative addresses critical workforce needs by:

- **Bridging the Skills Gap:** Providing training aligned with employer demands in sectors such as technology, and project management.
- **Enhancing Employment Opportunities:** Empowering participants to secure gainful employment, thereby reducing local unemployment rates.
- **Supporting Economic Growth:** Contributing to a skilled labor pool that attracts and retains businesses in Chattanooga.
- **Promoting Inclusivity:** Ensuring equitable access to career advancement resources for underrepresented communities.

Request for Support

To effectively implement and expand the Skills Accelerator, CO.LAB requests a grant of \$50,000 from the Industrial Development Board. This funding will facilitate:

Direct Outreach

Targeted Networking Events: Host networking mixers or information sessions specifically for potential applicants

Partnership Building

- **Partner Collaborations:** Work with employment institutions, and schools, to connect with their unemployed or under-employed populations
- **Corporate Partnerships:** Collaborate with corporations in our network to bring awareness to the skills we can support them with
- **Non-Profit Collaborations:** Partner with other relevant non-profits that have a mission to support skills and job access. Establish reciprocal referral arrangements.

Strategic Marketing

- **Paid and Organic Campaigns:** Run highly targeted digital marketing campaigns on platforms like LinkedIn, Twitter, and startup-focused forums to reach entrepreneurs in our target demographics and industries. Highlight success stories, emphasizing the tangible impact of CO.LAB's skills program.
- **Content Creation:** Create compelling blog posts, videos, and case studies about past recipients and the benefits of being part of the program. Share these widely.
- **Media Outreach:** Build relationships with media outlets that cover economic opportunities

Return on Investment

Investing in the Skills Accelerator promises:

- **Economic Revitalization:** Stimulating the local economy through increased employment and specific technical skills for living wage positions. Reducing unemployment and underemployment in our region

- **Business Attraction:** Positioning Chattanooga as a hub for skilled talent, appealing to prospective employers. Positioning Chattanooga as a hub for innovation
- **Community Development:** Fostering a resilient workforce capable of adapting to evolving industry needs.
- **Reach:** Our goal is 30 participants per program with an overall reach goal of 330 participants
- **Enhancing Education and Training opportunities:** The program provides highly sought after technical certifications from Comptia, LinkedIn and Microsoft

Conclusion

CO.LAB's aim in delivering the Skills Accelerator represents a strategic initiative to enhance Chattanooga's workforce and economic landscape. We invite the Industrial Development Board to invest in this transformative program, driving sustainable growth and opportunity for our community.



Jason E. Mumpower
Comptroller

Report On Debt Obligation

Receipt Date: 12/03/2024

Entity and Debt Information

Entity Name

Industrial Development Board of the City of Chattanooga, Tennessee

Entity Address

100 East 11th Street, Suite 200 c/o Chattanooga City Attorney's Office Chattanooga, Tennessee 37402

Debt Issue Name

Tax Increment Revenue Note A (Stadium Development Project)

Series Year

2024

Debt Issue Face Amount

\$16,000,000.00

Face Amount Premium or Discount?

N/A

Tax Status

Taxable

Interest Type

Variable with Index and Basis Points

Index Type | Basis Points

SOFR | 250

Debt Obligation

Bond

Moody's Rating

Unrated

Standard & Poor's Rating

Unrated

Fitch Rating

Unrated

Other Rating Agency Name

N/A

Other Rating Agency Rating

N/A

Security

Tax Increment Financing (TIF)

Type of Sale Per Authorizing Document

Negotiated Sale

Dated Date

10/29/2024

Issue/Closing Date

10/29/2024

Final Maturity Date

12/1/2057

Debt Purpose

Purpose	Percentage	Description
Other	100%	Construction of multi-use sports and entertainment stadium
Education	0%	N/A
General Government	0%	N/A
Refunding	0%	N/A
Utilities	0%	N/A

Cost of Issuance and Professionals

Does your Debt Issue have costs or professionals?

No

Maturity Dates, Amounts, and Interest Rates

Comments

Year	Amount	Interest Rate
2057	\$16,000,000.00	VAR
TOTAL AMOUNT	\$16,000,000.00	

See final page for Submission Details and Signatures

Submission Details and Signatures

Is there an official statement or disclosure document, as applicable, that will be posted to EMMA: <https://emma.msrb.org/>?

Not Applicable

Signature - Chief Executive or Finance Officer of the Public Entity

Name

Kerry Hayes

Title/Position

Chair

Email

kerry.hayes@gmail.com

Alternate Email

N/A

Signature - Preparer (Submitter) of This Form

Name

Betsy Knotts

Title/Position

Counsel

Email

betsy.knotts@bassberry.com

Alternate Email

jesi.harrell@bassberry.com

Relationship to Public Entity

Bond Counsel

Organization

Bass, Berry and Sims PLC

Verification of Form Accuracy

By checking the box below as the signing of this form, I attest the following:

1. I certify that to the best of my knowledge the information in this form is accurate.
2. The debt herein complies with the approved Debt Management Policy of the public entity.
3. If the form has been prepared by someone other than the CEO or CFO, the CEO or CFO has authorized the submission of this document.

Verify Form Accuracy

Date to be Presented at Public Meeting

01/07/2025

Date to be emailed/mailed to members of the governing body

12/05/2024

Final Confirmation:

I hereby submit this report to the Division of Local Government Finance of the Tennessee Comptroller of the Treasury and understand my legal responsibility to: File this report with the members of the governing body no later than 45 days after the issuance or execution of the debt disclosed on this form. The Report is to be delivered to each member of the Governing Body and presented at a public meeting of the body. If there is not a scheduled public meeting of the governing body within forty-five (45) days, the report will be delivered by email or regular US mail to meet the 45-day requirement and also presented at the next scheduled meeting.



Jason E. Mumpower
Comptroller

Report On Debt Obligation

Receipt Date: 12/03/2024

Entity and Debt Information

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Entity Address

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Debt Issue Name

Tax Increment Revenue Note B (Stadium Development Project)

Series Year

2024

Debt Issue Face Amount

\$10,000,000.00

Face Amount Premium or Discount?

N/A

Tax Status

Taxable

Interest Type

Variable with Index and Basis Points

Index Type | Basis Points

SOFR | 250

Debt Obligation

Bond

Moody's Rating

Unrated

Standard & Poor's Rating

Unrated

Fitch Rating

Unrated

Other Rating Agency Name

N/A

Other Rating Agency Rating

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Security

Tax Increment Financing (TIF)

Type of Sale Per Authorizing Document

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Does your Debt Issue have costs or professionals?

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Comments

Year	Amount	Interest Rate
2057	\$10,000,000.00	VAR
TOTAL AMOUNT	\$10,000,000.00	

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Is there an official statement or disclosure document, as applicable, that will be posted to EMMA: <https://emma.msrb.org/>?

Not Applicable

Signature - Chief Executive or Finance Officer of the Public Entity

Name

Kerry Hayes

Title/Position

Chair

Email

kerry.hayes@gmail.com

Alternate Email

N/A

Signature - Preparer (Submitter) of This Form

Name

Betsy Knotts

Title/Position

Counsel

Email

betsy.knotts@bassberry.com

Alternate Email

jesi.harrell@bassberry.com

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Bass, Berry and Sims PLC

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