



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES**

**John P. Franklin Sr. City Council Building
Assembly Room**

Chattanooga, Tennessee

for

Monday, January 6, 2025

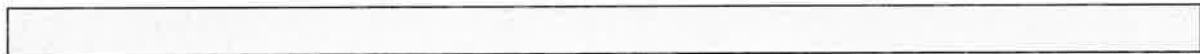
11:00 AM

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

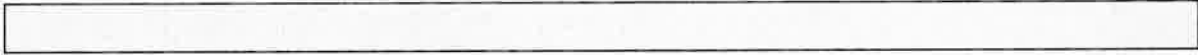
On motion of Mr. Adkins, seconded by Mr. Rodgers, the minutes of the December 2, 2024, monthly meeting were unanimously approved as written.



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.



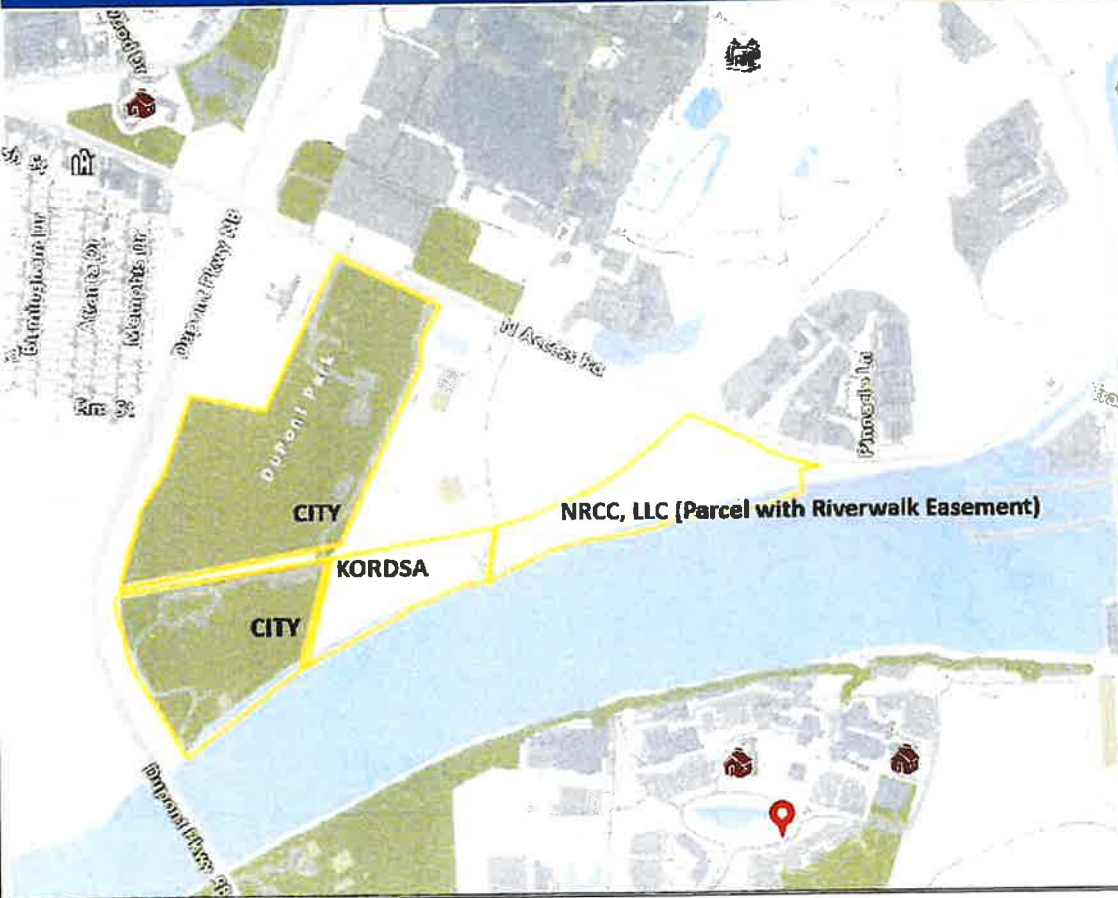
GORDON PARKER, *Secretary*

APPROVED:

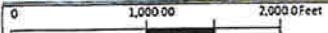


KERRY HAYES, *Chair*

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 LLC



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

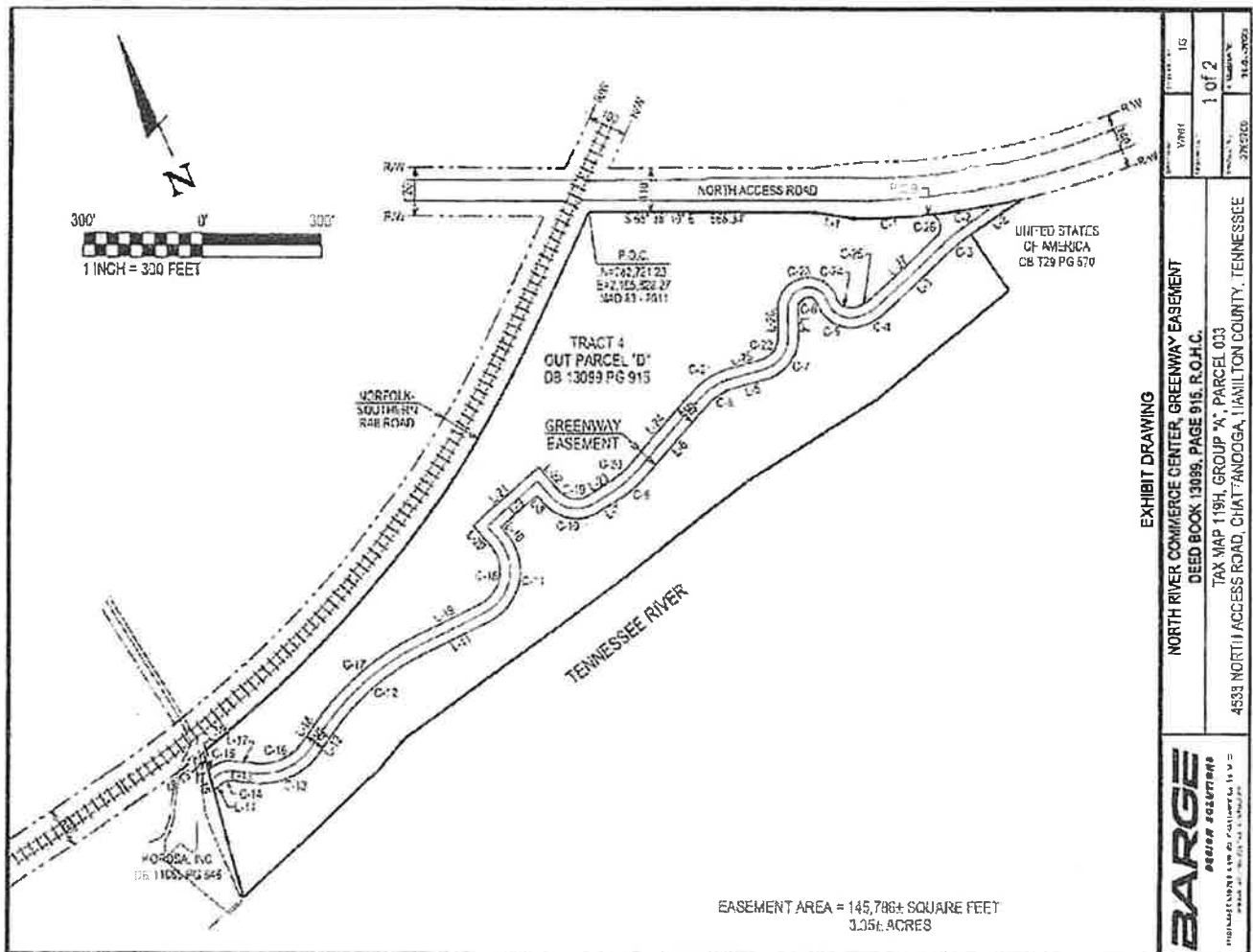


EXHIBIT DRAWING

DRAWING NO. 27265	SHEET NO. 1 OF 2	DATE 11.14.2023	PROJECT NORTH RIVER COMMERCE CENTER, GREENWAY EASEMENT DEED BOOK 13089, PAGE 915, R.O.H.C. TAX MAP 1194, GROUP "A", PARCEL 03 4533 NORTH ACCESS ROAD, CHATTANOOGA, HAMILTON COUNTY, TENNESSEE



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 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%	1.0	\$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%	1.5	\$15,000,000-	1.5	Community Benefit Commitments	1.0
250	2.5	100 - 104%	2.0	\$20,000,000-	2.0	Local Community Cooperation	1.0
300	3.0	105 - 109%	2.5	\$30,000,000-	3.0	Employee Benefits and Apprentices Programs	1.0
350	3.5	110 - 114%	3.0	\$40,000,000-	3.5	Exceptional Corporate Stewardship	1.0
400	4.0	115 - 119%	3.5	\$50,000,000-	4.0		
450	4.5	120 - 124%	4.0	\$75,000,000-	5.0		
500+	5.0	125 - 129%	4.5	\$100M-	6.0		
		130 - 134%	5.0	\$125M-	7.0		
		135 - 139%	5.5	\$150M-	8.0		
		140 - 144%	6.0	\$200M+	9.0		
		145 - 149%	6.5				
		150 - 154%	7.0				
		155 - 159%	7.5				
		160%+	8.0				

¹US Bureau of Labor Statistics – Quarterly Census of Employment and Wages (<https://www.bls.gov/qcew/>); 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

