



**INDUSTRIAL DEVELOPMENT BOARD  
MONTHLY MEETING MINUTES  
John P. Franklin Sr. City Council Building  
Chattanooga, Tennessee  
for  
May 2, 2022  
11:00 AM**

Present were Jimmy F. Rodgers, Jr. (Chair), Patrick Sharpley (Secretary), Gordon Parker (Assistant Secretary), James Floyd, and Kerry Hayes. Absent were Althea Jones (Vice-Chair) and Ray Adkins.

Also present were Phillip A. Noblett (Counsel for the Board); Geoff Smith, Matt Phillips, and Sam Berry (Access Road, LLC); Geoff Meldahl (CALEB); Mark Smith (Miller & Martin); Gail Hart (Real Property); Jermaine Freeman (Economic Development); and Helen Burns Sharp (ATM).

Mr. Rodgers called the meeting to order, established that the meeting was duly advertised, and a quorum was present to conduct business.



**MEETING OF APRIL 4, 2022 – MINUTES APPROVAL**

On motion of Mr. Hayes, seconded by Mr. Parker, the minutes of the April 4, 2022, meeting were unanimously approved.



**PUBLIC COMMENTS**

**GEOFF MELDAHL (CALEB)**

Mr. Meldahl stated that the TIF seems like a good candidate in a lot of ways. Mr. Meldahl hopes those that work in construction take interest through CALEB or other local organizations in the way we give tax breaks and what the benefits for the community are. The documentation seems to fit kind of well into the original planning documents.

There is a need for industrial space in the City where folks can access. When considering a TIF, he is saying this a good candidate for a tax break and would like to try to make sure we have in place community benefits, and agreements with the developers. We do not know what the end use is going to be. Anybody can come and rent the building and would need an agreement that

can hold the end user, not just the developer, to some standard of community benefits. We would need provisions on the goals being met. Mr. Meldahl believes this is something we can do working with developers and hopefully end users.

During the construction process, the spec for 700 local construction jobs at a fair bid of investment, we do not have local contractors who specialize in this big warehouse space, but he knows from working in the field that we have lots of workers who are ready. Mr. Meldahl wants to make sure these jobs are going to local folks that are in Chattanooga and who have the skills even if a special contractor to hire locally from existing labor pools, unions, trade schools, and making sure we are getting those jobs so that in the future Chattanooga can have its own constructors. We can provide all of the hands for those jobs in-house. Mr. Meldahl is looking forward to learning more about what the plans are for this site.

Mr. Rodgers asked Mr. Meldahl if he is a member of the Iron Workers Local 704. Mr. Rodgers asked why we do not have a local contractor that can build warehouses of this type. Mr. Meldahl stated we may - Marietta, GA and Texas were noted. As far as he knows, we do not have any certain people who specialize in this. If we get the skills, we will get the workers that in the future Chattanooga can have its own contractors specializing in that.

#### **HELEN BURNS SHARP (ATM)**

Ms. Sharp is the founder of Accountability for Taxpayer Money (ATM) and focuses on tax incentives and on government transparency. Ms. Sharp stated they are not against all tax incentives, and Ms. Sharp has worked particularly in her professional career on three TIFs. TIFs can be a valuable economic development tool. Ms. Sharp stated that things about the TIF seem very appealing to get more Class A office space and revitalizing the area that is somewhat blighted.

Ms. Sharp has a question of that these folks want four parcels on either side of North Access Road where they want to build these new buildings. Ms. Sharp wanted to know the proposed TIF boundary? Ms. Sharp believes it includes these parcels plus the old Dupont which is Corsa now and maybe some properties on the south owned by Corsa and Invista or maybe some city property. One of the concepts of the TIF is you draw a square and that all of the incremental funds, new tax money that is generated within this area goes towards things they have identified in the TIF which is primarily public infrastructure. Ms. Sharp wanted clarification on the TIF boundary. Ms. Sharp has been following TIFs for about ten years and decided she would put everything she thought she knew, and things she does not know, and has questions. Ms. Sharp has a document called TIF in Chattanooga, which she is calling TICK. She can guarantee it is probably the most boring read. It is very complicated.

TIFs are important and the more public awareness there is, is not being more criticism of bad TIFs but more support for good TIFs. Ms. Sharp wanted to mention the availability of the document. Mr. Rodgers appreciated her willingness to put this together and send the document to the Office of the City Attorney for distribution.



## RESOLUTION

On motion of Mr. Hayes, seconded by Mr. Parker,

**A RESOLUTION OF INTENT ACCEPTING THE APPLICATION AND ATTACHMENTS FROM ACCESS ROAD, LLC AS COMPLETE AND SUBMISSION OF THE TAX INCREMENT FINANCING APPLICATION FOR THE NORTH ACCESS ROAD AREA A/K/A THE NORTH RIVER COMMERCE CENTER TO THE CHATTANOOGA CITY COUNCIL FOR CONSIDERATION.**

Mr. Rodgers asked Mr. Jermaine Freeman what is the proposed TIF boundary? The TIF boundary will actually be considered. Not only the project parcels where they will construct the buildings, but it will also include a very large parcel that is owned by the City which is approximately 45 acres. Mr. Freeman pointed out on the map where they will be building. The TIF boundary will also include the Corsa site which is the former Dupont site and would also include another portion they will have an option to purchase. Mr. Freeman pointed to the other parcels. Mr. Freeman showed Ms. Sharp the map.

Mr. Freeman stated the Office of Economic Development have received an application for Tax Increment Financing from the applicant. The project is the North River Commerce Center which 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. The Administration is excited about this project because it has the potential to create hundreds of new jobs on a site that once employed thousands of Chattanoogaans. Job creation continues to be a key priority for the Kelly Administration, and the creation of the jobs will bring people back into the labor market and provide opportunities for working people to support their families.

Mr. Matt Phillips will introduce the development team partners and talk about the project. Mr. Charles Wood from the Chamber of Commerce will add some additional color to the conversation. Mr. Freeman will then let the Board know what the next steps are.

Mr. Phillips is President of Access Road, LLC as well as President of RISE Partners, LLC which is a commercial real estate services company, and Mr. Geoff Smith and the Development Manager of the project, Sam Berry. Mark Smith is their legal counsel. The company is based in Chattanooga, and he is a Chattanooga native with Hixson roots. The reason he was born in Chattanooga and why his family is in Chattanooga can be summed up by "Dupont". Both his grandparents retired from Dupont. Mr. Phillips gave his personal history. This project is personal for Mr. Phillips.

They want to see this happen for our City and community. Should the TIF be successful, they plan to develop a brand-new industrial park that will allow Chattanooga to be competitive in the realm of economic development. The North River Commerce Center would be developed on the 88 Invista acres when they sold the former Dupont plant to Corsa. They did not know the ball fields were owned by anybody other than Corsa. When they went looking for the opportunity for this redevelopment, they found Invista capped the property. They worked something out with

Corsa, a Turkish company, when they sold the plant and retained the 88 acres which is a much different perspective now from employing 300 employees compared to 5,000-6,000 employees that worked at the plant.

The site is zoned M-1 and can house anywhere from 800,000-900,000 square feet of Class A industrial and manufacturing. It can be distribution, e-commerce, technology-based industry, blight manufacturing or heavy manufacturing. Not counting the investment made by the future end users, the site will require over \$100 million of investment, including \$20 million of infrastructure improvements. It is projected to create 600 direct jobs and approximately 700 construction jobs which are temporary.

The site has many attributes that make it unique - access in Dupont Parkway, Highway 153, minutes from I-75 and I-24. It is minutes from a population base that will be the future employees of the businesses. One of the biggest challenges is finding people to fill these new job announcements. Being an infill site close to Chattanooga State, UTC, and places that train our workers is very important. This is one of the few sites in East Tennessee that currently has 100 megawatts of power capacity. The site has rail and is adjacent to the Tennessee River. This site has many challenges -- 70-year-old infrastructure that is either aging or out in the way. When the site was originally designed during World War II, it did not contemplate multiple users but only one.

There were many utilities that serve the Corsa plant. The project will require:

- 1,800 linear feet of Corsa's sewer to be relocated.
- New sewer in place of that relocated sewer of over 2,000 linear feet.
- 1,700 linear feet of the new sewer extended along Access Road to access the parcels shown on the plan on the southside of Access Road.
- There are 6,000 linear feet of overhead telephone and fiber that serve Corsa that either have to be relocated or demolished.
- 10,000 linear feet of new stormwater pipes that are going to capture both new runoff that we create and most of this is going to be impervious service.
- We also have to capture the water running off of the Corsa plant.
- New turn lanes, acceleration and deceleration lanes, new signalizations to accommodate and rework to traffic patterns currently designed for massive shift change.
- There is ingress and egress which will need to be changed. Access Road is currently quiet and has the capacity for more cars and trips. The way the road is designed is going to have to change. They are working closely with CDOT.

The developers have proposed to relocate the entrance of the North River Soccer Complex. The road that leads to the golf course to align with the full access movement will exist at the main entrance of Corsa and the North River Commerce Center. It is a much safer traffic pattern and will be reimbursed by TIF funds.

Mr. Woods believes as a community they have the tools in the tool belt. Chattanooga is far behind our peers in available Class A industrial space. If you look at our peer cities, it is truly a head scratcher as to why them and not us. We have land constraints -- mountains, rivers. Usually if it is undeveloped and flat, it is probably in a flood lane. Some of the sister cities are Greenville, SC and Huntsville, AL for comparison. In Greenville there were 7.7 million square feet of industrial projects that broke ground this year. At the end of 2021, Greenville had over 10 million square feet under construction. In Huntsville, AL, there were over 3 million square feet of new industrial space is under construction at the end of 2021. In comparison, Chattanooga had its first in a long time announced a Class A industrial project of 300,000 square feet. There is 17 million square feet in Greenville and 300,000 square feet in Chattanooga. There is a big gap. Public Private Partnership and redevelopment of this blighted site will help fill some of that need.

Mr. Phillips stated they are working with Sam Mills with the State and working closely with Charles Wood at the Chamber to put together a campaign to land the kind of companies and businesses we want in Chattanooga. We also want to provide an option for local companies that need to expand, and they are talking to a number of local companies now that are at their limits and need to grow.

Mr. Rodgers brought up the historical use of the Dupont facility in which he believes there have been asbestos cases come out of that facility. They called it the world's safest plant than any facility in town. Are any of these TIF funds being needed for any kind of environmental remediation? Mr. Phillips stated that the 88 acres that make up their site, none of it includes any remediation on the existing Corsa owned facility where they are currently producing nylon for tires. Mr. Phillips cannot speak to what environmental concerns may exist on the site because he has not studied it, but he can tell it went through a public Consent Decree with the federal government to clean up their site. In preparation, they hired the best environmental consultant they could find and attorney expecting to deal with whatever, and to their surprise, they handed them a clean Phase 1 because they went through a Consent Decree to clean up the environmental issues that exist on those 88 acres.

Mr. Parker asked if the 88 acres are exactly what is outlined here before buildings plus North River? Mr. Phillips stated it is buildings 100-400 and 26.3 acres along the Riverfront most of which is TVA transmission easement. From an industrial perspective, it is probably not developable but will add that they are having conversations with both the City and Trust for Public Land about providing an easement on that property in the future for a future riverwalk so we are 100% willing and wanting to be a part and would be a great addition to the community.

Mr. Charles Wood stated that our market as a whole has about 65 million square feet of industrial space in the market that sits with a vacancy rate of 2.5%. Most of the facilities that are vacant have a reason to be. They are older and outdated. The new industrial space going up right now is expected to be full pretty quickly and that space is under construction. It is not in existence at this point. We are at a point in the community to build multiple sectors of the economy, whatever



it is for housing, multi-family or retail, there is very limited real estate for new development. Chattanooga is a redevelopment story. If this site really lends itself, it would be a great chapter in Chattanooga's redevelopment story. For the market, Striker which makes medical devices, Bailey 160,000 square feet in the last quarter of last year from Kenco out in Bonny Oaks. The property really basically never hit the market. From a community standpoint, we compete with companies, jobs, and talent everyday and if you do not have access to that space, then the reality is we lose those projects.

As it relates to the Corsa property, they met with the company to encourage them if they wanted to be included from a tech boundary perspective in this TIF. What you see in the application everything is focused on those 88 acres and the new revenue that we created on those 88 acres. By including Corsa, it creates a tool and an economic opportunity for Corsa should they invest in property that will add new increment into the TIF that can then be used for other public purposes on that site. Our hope is that creates a tool that allows for redevelopment and environmental remediation on the site. There is a significant amount of the property where there is (inaudible) from an environmental standpoint is really what you want on the ground, but it also limits the amount of developable opportunity there is on the site. We are also recommending the City have their property in this. It is a similar reason. It creates an opportunity for the City where there is an economic tool should they want to use it over time. For us, we wanted to make sure we were thinking more than just those 88 acres as a community, and it really does create a pretty significant amount of opportunity in the future beyond this project for development. There is a significant amount of infrastructure. The infrastructure is overbuilt from what is happening there today. There are roughly 300 jobs that are active on the Corsa site. When you think of a property that had thousands and thousands of jobs at one point, this creates an opportunity to get back to some of that economic success.

This is the first step in what is a pretty long process from a TIF perspective. Mr. Freeman can speak about how the steps go but this is just the application for the IDB and then to the City Council.

Mr. Parker asked Mr. Freeman about the TIF boundary. Mr. Freeman stated any future development that occurs within that boundary would contribute to the TIF and then could be used for TIF eligible expenses that the IDB agrees to over time. For example, as Mr. Phillips talked about the proposed greenway improvements for what purpose could potentially be the North Chick Greenway. The North Chick Greenway along the river could be built using TIF funds presumably if there is enough increment over time to do that. Any proposed improvements that are happening within the TIF boundary within the planned area would be considered an eligible TIF expenditure.

Mr. Parker asked if the current developer has options on additional property to continue to develop. He is aware of a significant shortage of warehouse space in general. It will fill up very fast and will continue to develop land here. They probably have further opportunities if A, B, and C goes, let's keep going. Mr. Freeman stated they are the developers and always looking for land. Whether or not the land that they identified is land owned by the City, we have to also determine what is the best fit for whatever property they have identified. In this case, this is an easy sell for us because the property they have identified is currently under-utilized and already privately owned anyway. As Mr. Woods alluded, we want to remind the Board where we are in the TIF process. The resolution today is simply to accept the application as complete. We do have a

complete application, and the applicant did pay the \$1,500 application fee. Unlike the PILOT process, there is a distinct process outlined by City Council that was adopted by resolution in 2015 for Tax Increment Financing so that process is a seven-year-old process. From this point, should the Board vote to accept the application as complete and pass the resolution of intent for City Council, the City Council will consider this TIF application in the next few weeks.

The City Council will also consider the but-for test with the desire of the City to seek public improvements made, and the authorization for the developers to proceed with the submission of an Economic Impact Plan. After the City Council meetings, there are several more steps in this process, including review by an independent Application Review Committee, a public hearing at a regularly scheduled or special scheduled IDB meeting, final consideration of the application by both the City Council and County Commission, as well as pre-approval from the State Comptroller's Office. If approval is granted by the Comptroller's Office, then the final step of the process is for this Board to consider a Development and Financing Agreement. We will need an amendment for today's resolution.

Mr. Noblett stated we learned that the resolution heading would benefit RP Access, LLC for this property. There has been a name change that occurred very recently in the Secretary of State on April 19, 2022, for which this entity is now Access Road, LLC. We have prepared a revised resolution. Mr. Rodgers stated that the resolution is being asked to certify it is complete and ready to go on to the City Council. The resolution ends with "and approval". Mr. Noblett stated the resolution reads, "A resolution of intent accepting the application and attachments of Access Road, LLC as complete and submission of the Tax Increment Financing Application for the North Access Road Area to the City Council for consideration and approval." The Board is just accepting the application as complete based upon the resolution prepared.

Mr. Rodgers stated that we are forwarding this on to the City Council and County Commission, but they may choose not to approve. Mr. Noblett stated if they do not approve the project, it will have to come back to this body for the issue of the TIF. If they do not approve, it does not get approved. After further discussion, it was decided this would be discussed later with the Board. Mr. Rodgers asked who has been involved. Mr. Mark Smith works for the applicant. Economic Development works with the Office of the City Attorney as well as outside TIF counsel that provides support to the City and the IDB. Mr. Noblett stated the attorney is Erika Garrison who has worked on other TIF projects in Nashville.

Mr. Sharpley asked Mr. Noblett about the term of 15 years max. Mr. Noblett stated the amount is set by the City Council and County Commission on how long they are willing to be able to provide that benefit. If they put it for a specific term, it can no longer be what they are willing to approve. The Tax Increment Financing amounts here, the reason it is significant, you are getting a substantial amount of public infrastructure development that can be credited against their tax increment that would be phased. The amount they are paying right now would be based upon what it is currently on the project and not on what the substantial improvements will be to the property. It will generate a considerably larger amount of tax increment. It is up to the City Council and County Commission to determine how much credit they are willing to give.

Mr. Rodgers stated this is the first time a company has mentioned 600 jobs ultimately and 700 construction jobs coming to the IDB and acknowledge the significance of the construction jobs. They just do not spring up on their own.

Mr. Phillips stated the figures come from Younger in Jackson, TN, who has the scientific method of coming up with the numbers. With regard to the tilt up construction, these buildings are going to be concrete buildings. That is how Class A industrial buildings are built. We do not have tilt up construction in Chattanooga that specializes in concrete tilt up construction. (inaudible) has already been provided a list of subcontractors from this market. We have a construction engineer that used to be with EMJ who knows the market and has put together a list of subcontractors from this market that will be notified of this project when it is put out for bid. They will have an opportunity to be a part as any other contractor they would travel with.

Mr. Floyd asked Mr. Phillips about the investment amount. The total investment amount is \$102 million. The public infrastructure is \$23.5 million (TIF eligible) (which includes anything from the road widening, turn lanes, signalization, utilities). Because of the complexities of this job, they are negotiating with Wright Brothers a local site contractor and have been bidding on everything associated with public infrastructure. Total investment of the project does not include what the end users will invest and what goes into the buildings. This is what we have to spend to build the buildings. Should this process go through successfully, they plan to close on the property on September 1st, start construction in the fall, and they already have Barge Wagoner drawing so they can keep the schedule. They plan to be under construction in the fall, deliver the first building next summer, and will be in a position to finish in the first quarter of 2024.

Mr. Freeman stated there is a period of capitalized interest whereby the project is not actually generating any increment because it is not built yet. That happens immediately once this is approved. However, once increment starts to come in, part of that will also happen based on the County Assessor's reappraisal. Ideally, you should start to see increment actually coming in some time of 2023 and more and greater at higher levels in 2024 once the construction is complete.

Mr. Hayes asked about the mass transit. Mr. Freeman will check to see what the CARTA access is. Public transit facilities and public transit improvements are considered TIF eligible expenses. That is something that could be potentially covered as a TIF eligible expense.

The resolution was approved with the applicant's name being Access Road, LLC and striking the words "and approval" from the final sentence. The correct name should be Access Road, LLC and deleting RP Access, LLC.

**ADOPTED - MAY 2, 2022**



**OTHER BUSINESS**

**Website**

Mr. Rodgers stated that there was discussion with certain city officials about what can be done to try to make the existing website not only more informative for the public and perspective contractors but have it all in one place to be smoother and better for all. Mr. Freeman has agreed to participate on the Ad Hoc Committee, Mr. Hayes has agreed to Chair the Ad Hoc Committee, and Kim Narramore and Mr. Floyd will also be on the Committee.

The Committee will be looking at Knoxville, Memphis, and Nashville, for what they have done or information they have. Right now, the IDB information is partly on the City Attorney's page and the Boards/Commissions page. They want to wrap it all into one. Right now, there is a listing of all of the PILOTs over a certain period of time, and no listing of TIFs. They are going to try to make sure they bring it all together. There are TIF policies that should be included and why we do not have PILOT policies. Mr. Noblett stated that as the lawyer to the Board to make sure the Ad Hoc Committee keeps minutes.

Mr. Freeman stated that it is timely to bring this up. If you look at the websites for Memphis Edge or the Knoxville IDB, they are much more robust than the City's IDB website. This TIF application and plan area could potentially be something that can be captured on an IDB website. They are happy to support the Board on this project.



After further discussion, the meeting adjourned at 11:50 a.m.

  
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PATRICK SHARPLEY, *Secretary*

APPROVED:

  
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JIMMY F. RODGERS, JR., *Chair*