



**INDUSTRIAL DEVELOPMENT BOARD**  
**MONTHLY MEETING MINUTES**  
**Electronic-Conducted (Virtual) Meeting**  
**Chattanooga, Tennessee**  
**for**  
**November 2, 2020**  
**11:00 a.m.**

Present were H.H. (Skip) Ireland, III (Chair), Jimmy F. Rodgers, Jr. (Vice-Chair), Alan Lebovitz (Secretary), Ray Adkins, Althea Jones (Assistant Secretary), and Jelena Butler. Absent was James Miller. It was established that a quorum was present virtually in an electronic meeting to conduct business, and the meeting was duly advertised.

Also present were: Phillip A. Noblett (City Attorney); Daisy W. Madison and Eleanor Liu (City Finance); Bill Payne and Jason Payne (City Engineering); Charita Allen and Jermaine Freeman (ECD); Scott Harden (VW); Helen Burns Sharp (ATM); Hannah Kuhn; John Wilson (The Chattanooga); Dave Fleener (Times Free Press); Austin Sauerbrei; J. Walwyn; and Robert Winslow.

Mr. Ireland called the meeting to order.

**MEETING MINUTES APPROVAL**

On motion of Mr. Adkins, seconded by Ms. Butler, the minutes of the September 14, 2020, meeting were unanimously approved as published (6-0) upon roll call vote.

<b>ACTION: APPROVED</b>
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Ms. Helen Burns Sharp (Accountability for Taxpayer Money) has a couple of questions regarding Item 9 which is the Loan Agreement between the City and the IDB for the East Chattanooga TIF. Ms. Burns Sharp will ask questions, and Ms. Allen will answer in her report.

1. We know that a large part of this infrastructure TIF will be used to benefit the paint company, including the building of new roads on the site. Can you elaborate on what improvements are intended to benefit the surrounding residential neighborhoods?
2. Mayor Berke announced in the fall of 2019 that the City would work with the neighborhood to develop a plan for development of the 15 plus acres of the Tubman site that will not be used by the paint company. Can you give us an update on that planning? Has or will the City work with the Tubman Neighborhood Opportunity Steering Committee which is made up of neighborhood leaders in the area?

3. In the fall of 2019, the City approved a Land Donation Agreement to the paint company for a portion of the Tubman site. The agreement says that closing was scheduled by October 15, 2019. Did closing take place or does the City still own the site?
4. Exhibit C in the Loan Agreement before the Board today, says that construction plans, timelines, and budgets will be submitted to the IDB prior to the beginning of the project. When do you anticipate that this will take place?

There was no one else present to address the Board.

On motion of Mr. Rodgers, seconded by Mr. Lebovitz,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT CHAIR OR VICE-CHAIR TO ENTER INTO A PROFESSIONAL SERVICES CONTRACT WITH S&ME, INC. TO CONDUCT A DUE DILIGENCE STUDY RELATIVE TO PAD #2 AT ENTERPRISE SOUTH INDUSTRIAL PARK (ESIP), FOR AN AMOUNT NOT TO EXCEED TWO HUNDRED SIXTY-FOUR THOUSAND TWO HUNDRED DOLLARS (\$264,200.00). (VW(CB)62)

Mr. Bill Payne stated the resolution is related to the TVA invest prep grant. This resolution with S&ME is going to be part of the matching funds that are required as part of that TVA grant. This is for geotechnical and other related environmental activities that are going to be needed as part of making sure the site is prepped. We know what things are possible, and how we have to address all the subsurface features. It helps identify those and be able to make sure the site is available. This is for the 90 acre pad to the north of the side off of Ferdinand Piech Way and Hwy. 58. This is undeveloped at this point.

Mr. Jason Payne stated that the \$264,200.00 is split 50% Hamilton County and 50% IDB. The IDB and City of Chattanooga will be responsible for half. We are paying for it out of the PILOT funds. Ms. Allen stated that is correct, and we use those PILOT payment funds from other companies when those come in and use those from a business development standpoint to help us prep sites for future development. As a City, we are competing with other entities that have sites that are ready to go. Right now we do not have any sites that are ready to go. That is where that site prep comes in and that is when we use our matching funds in partnership with the State to try to get our sites ready because they have so many issues with them.

Mr. Rodgers stated he had one question for Mr. Bill Payne. Mr. Rodgers said congratulations to Mr. Payne on his promotion. How is Item 5 and Item 6, they both are dealing with due diligence studies at Pad #2 and the way Mr. Rodgers read No. 6 is that specifically lists money coming from a TVA investment grant, but No. 5 does not. Mr. Bill Payne stated they are for two different scopes, but they are intertwined and interconnected. This first item with S&ME is for the geotech and other subsurface and environmental related items that need to be investigated and make sure that they are understood on the site as part of the report. Those things are necessary in order to inform the second item with Barge.

Barge is going to be providing the design services that are necessary as part of that due diligence. Part of the due diligence is how we continue with the documents and reports that are necessary for people who are interested in that site. Jason Payne can provide some additional information on the specific scopes of either of those for more information. Specifically as it relates to the grants, the TVA grant itself is fully funding this contract with Barge. It is a reimbursable grant and the IDB will expend the funds up front and then submit on a routine basis to get those reimbursements back. Regarding conversations with Eleanor Liu in the Finance Department about how those will be tracked and how those will come across, those will be requests back to TVA for that funding. Initially, TVA told us that they wanted to make sure that we had a definite match, but we were also trying to make sure that the things we contracted for with Barge were all eligible for that and our match items can fall under a different vein than the grant itself. That is one reason we separated it, and the other has to do with the contracting mechanisms.

The S&ME is under an existing blanket contract with the City and it is a different mechanism for contracting and by keeping them separated at the Board's approval level, it allows to be able to utilize those different contracting mechanisms that are available and at the same time make sure that those two are still intertwined as far as the scope. Basically, the folks from S&ME will be working very closely, hand-in-hand with Barge so that in the end will be two different reports but will be very much a seamless due diligence between the two.

Mr. Jason Payne made one correction. On the next item, Barge is \$399,000 contract, \$349,000 of that will be the TVA grant. There is \$50,000 in that contract that will be locally matched. Mr. Bill Payne stated that the TVA grant is \$349,000, so a portion of the local match for the grant will be in funds that are paid to Barge, and the rest of it will be matched that comes in the form of the S&ME contract or for other expenses.

Mr. Noblett asked if there were any real good diagrams that show what has been buried and not been buried on this property which is the reason for this request? Mr. Bill Payne stated that we have extensive records from the Army during their utilization of what is out there. This is really about how do you take the existing contours and what is essentially the physical conditions of what has been left on that site. There are lots of different pieces. There is going to be a lot of cut and fill that has to be worked through. There have been some very high level concept plans about what might be possible, but those are not accurate to a development scale. That is where this invest prep grant is allowing to take it to the next step so that we can get to a development scale report and a development report set of plans so that we can get to that position of being a ready site. This is not so much a question of finding or knowing about things.

Everything has been remediated. The Army remediated everything that was identified on the property. This is about determining how far down is the rock; what is the nature of the rock; what are the characteristics of the rock; are we going to have to blast; what do the soils look like; are they good soils or fair soils; and how exactly can we utilize those and put them in a take the cup from one section and place it in a section for fill that will allow for the best available utilization of that pad once everything is complete. This is not at all about what is left on the site as much as it is about how we move forward to what is next for the site.

Mr. Noblett stated that the reason for that question is that it has a reference to frequency to main electro-magnetics that they were doing to look at what is underneath the soil. It is just rock. Mr. Bill Payne stated that is a less expensive method of probing depth of rock and other material of what that material may look like. It is a way of balancing what dollars we spend on this site. You can drill a tremendous number of holes across the site for borings to be able to determine the same information. You would determine it to a higher quality, but at also a greater expense. This is a blending of those two that allows us to do the geophysics portion and combine that with the geotechnical, the actual borings themselves, and those two things then help give broader interpretations and more detailed information about how those things are related in order to advance the site development. Mr. Noblett asked if that makes their quote lower than if they are doing it as geophysics versus geotechnical? Mr. Bill Payne said, yes, it does.

Ms. Allen stated that these are the questions that companies ask when they are looking at sites. It is helpful to be able to provide them with those reports. We are competing with other cities that have sites that have had all of these studies completed, and the pads are ready to go. We are trying to get on a level playing field at this point so that we can respond to those types of questions.

Mr. Jason Payne stated that we will be looking at the local stream, the boundaries of that stream, whether it is going to take a permit for clearing the site, mowing the buildings, and the environmental issues not left by the Army.

The motion carried unanimously with (6-0) upon roll call vote.

<b>ACTION: APPROVED</b>
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On motion of Mr. Rodgers, seconded by Mr. Lebovitz,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO ENTER INTO A PROFESSIONAL SERVICES CONTRACT WITH BARGE DESIGN SOLUTIONS TO CONDUCT A DUE DILIGENCE STUDY TO PAD #2 AT ENTERPRISE SOUTH INDUSTRIAL PARK (ESIP), FOR AN AMOUNT NOT TO EXCEED THREE HUNDRED NINETY-NINE THOUSAND DOLLARS (\$399,000.00). (VW(CB)63)

Discussion was had for this item in the previous item.

The motion carried unanimously with (6-0) upon roll call vote.

**ACTION: APPROVED**

**VOLKSWAGEN FINANCE REPORT**

Ms. Eleanor Liu gave the VW Finance Report. Like previous months, we are not really spending a whole lot. Two payments have been made total being \$44,014.00 only and all of that is from the second MOU with local funding portion. Overall spent, encumbered, and contingency is at 98.88%.

On motion of Ms. Butler, seconded by Ms. Jones,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO CONSENT TO THE ADDITION OF AN OUTPARCEL TO THE SUBLEASE BETWEEN T. GENE EDWARDS AND JUDY A. EDWARDS AND HOMESERVE USA CORP. FOR PURPOSES OF INCREASING PARKING SPACES FOR THE HOMESERVE USA CORP. PROJECT, PROVIDED THAT THE PARTIES WILL BE RESPONSIBLE FOR AN IN LIEU OF TAX PAYMENT EQUAL TO ONE HUNDRED PERCENT (100%) OF THE PROPERTY TAXES THAT WOULD ASSESSED AGAINST THE OUTPARCEL AND OUTPARCEL IMPROVEMENTS IF THE OUTPARCEL AND IMPROVEMENTS WERE SUBJECT TO TAXATION.

Mr. Noblett stated that it was determined that the agreement did not need to be signed. This was a sublease between T. Gene Edwards and HomeServe for the purpose of increasing parking spaces for the HomeServe project. The parties will be responsible for the in lieu of tax payments that will equal to 100% of the property taxes that would be involved. There was no deed that would require the Board's signature. The Second Agreement does not need to be signed so the second resolution for this item is to be approved. This is not anything that would require any further action by the Board.

The motion carried unanimously with (6-0) upon roll call vote.

**ACTION: APPROVED**

On motion of Mr. Lebovitz, seconded by Ms. Butler,

A RESOLUTION AUTHORIZING THE CHAIR AND SECRETARY TO EXECUTE THE ATTACHED LOAN DOCUMENTS AND OTHER NECESSARY TAX INCREMENT FINANCE DOCUMENTS WHICH PROVIDE FOR THE RECEIPT OF FOUR MILLION DOLLARS (\$4,000,000.00) FROM THE CITY FOR THE PURPOSE OF FUNDING INFRASTRUCTURE IMPROVEMENTS AND OTHER CAPITAL IMPROVEMENT PROJECTS AT THREE AND A HALF (3.5%) PERCENT INTEREST RATE FOR TWENTY (20) YEARS TO FUND INFRASTRUCTURE IMPROVEMENTS WITHIN THE EAST CHATTANOOGA RISING TIF DISTRICT PURSUANT TO THE ASSOCIATED ECONOMIC IMPACT PLAN FOR THE AREA.

Ms. Allen stated that this item is related to implementing infrastructure improvements on the 14 acres that the City owns as part of the TIF that was created with the Land Donation Agreement from the Nippon project. The Tubman site, Nippon, was not on the Roanoke side. It was pushed towards the railroad track in response to the neighborhood not wanting the company to take the entire site. When the company's project was pushed away from the Roanoke entrance, that then created a need for there to be an access point for the company onto Roanoke at which point that infrastructure is going to be funded from this TIF. That construction project when it happens, in partnership with Public Works and CDOT, the drawings and the construction design will come to this board for review and approval before that gets implemented.

Much like with the previous TIF through this board, the drawings had to be submitted and reviewed for this board before implementation. The same will happen with any of the TIF projects. Closing has taken place on the site, construction plans will be submitted to this board for review, and approval before implementation. The loan is very similar to the previous TIF where the developer sought the construction loan to be able to effectuate the construction and then the loan is then paid from the increment. We are doing the same thing. The IDB is accepting a loan from the City. We are the developers on this project. In order for us to develop the infrastructure, we

are taking out a loan, the proceeds from the increment will repay this loan. Ms. Madison does not have anything to add but is here for questions.

Mr. Freeman spoke about the community engagement component for the remaining 15 acres of the site. Mr. Freeman stated that we have engaged an outside organization to help on the community engagement portion that would also include a bit of a market analysis to determine what the site could actually support in terms of future development. Those planning processes had started but had to stop because of COVID-19. We could not have any external partners holding large meetings because of social distancing reasons. We are in the process of trying to resume the engagement process by meeting virtually with the organization we originally reached out to for help with the community engagement part.

The community engagement portion is in the planning, and we are trying to figure out what is the best way to go about doing community engagement knowing of course that we now no longer live in an age where we can have 100 people in a gymnasium with white boards, post-it notes, and sticky notes. We are going to have to think outside the box to find different ways of engaging the community.

We had an initial conversation with a few of the members of the Opportunity Steering Committee to let them know that we were interested in moving forward with resuming the engagement with the community. They expressed an interest in seeing us move forward with engaging the community. The members they spoke to felt pretty strongly that it was important for the community engagement to resume even if we needed to do it differently or think about it differently because of COVID-19. We are in active conversations with the firm we were working with before to resume the community engagement piece. Mr. Freeman anticipates that we should have some updates on the community engagement strategy by the end of the month.

Ms. Allen stated that once the community feedback comes back, and that determines the next steps for issuing an RFP, the proposed development that has been selected, that is the next infrastructure that will be built. The extension of Hardy Street right now is the only infrastructure that has been what we call programmed. The extension of Hardy through property that the City owns will become a City street. This street will not just serve Nippon as a main entrance, but it will also serve the rest of our 15 acres as well. It does not just benefit Nippon. It benefits Nippon and the rest of our site. That is the only infrastructure right now that is programmed that has a direct benefit to Nippon. It is not proposed that additional infrastructure will be developed for that project. The remaining infrastructure will benefit the 15 acres that remains on the site.

Mr. Rodgers wanted clarification of what, for the non-community engagement portion of that parcel, is the City doing from a standpoint of discussions, meetings, with the Nippon general contractor as far as making sure that those construction jobs are going to local contractors, local people to the extent we can? Ms. Allen said that they had conversations with the civil engineering team and the general contractor that was selected by Nippon which is SSOE. We have encouraged SSOE to seek a local subcontractor to help with not just the civil piece but the other pieces. They will be developing the plant in four different phases: (1) Civil; (2) Structural; (3) Mechanical; and the last phase.

Ms. Allen stated that they have reached out to them and connected them with a number of lists from the Chamber of all the local contractors, Chamber members, all of the local union and trade folks to have this conversation. They have been provided all contact information, e-mails, phones numbers, contact names, point people. They have reached out to the point people to say we include your information in this packet of information that we submitted to Nippon. We met their project management and will be onsite moving to Chattanooga who is actually helping to build and run the facility. They have held their place of meetings through LDO. They should have submitted their final plans last week and will start moving forward with selecting some of the local teams here.

Mr. Rodgers wanted to make sure Ms. Sharp's questions have been answered. Ms. Sharp was good.

The motion carried unanimously with (6-0) upon roll call vote.

**ACTION: APPROVED**

**DISCUSSION RE: CHARTER AMENDMENT TO ALLOW  
NINE MEMBERS INSTEAD OF SEVEN MEMBERS**

Mr. Noblett stated he wanted to bring this item to the Board. There has been some discussion among the Council about the fact that this Board is a seven member board. It would be much easier for them to deal with nine members where everybody had an appointment by district. That discussion is ongoing at this point in time and wanted to make the Board aware. The Council are trying to fill positions, and they sometimes feel left out whenever there is not a person in their district. It would require some type of charter amendment with the Secretary of State in Tennessee for that to occur. The statute in Tennessee that creates an Industrial Development Board says it has to be a board of no less than seven members. It does not put a limitation on the number. That may be floating around here as we are going a little bit further. We would have to do a charter amendment for the IDB which Mr. Noblett does not think it has been amended since 1985. Mr. Noblett will be presenting more information and just wanted the Board to be aware.

Mr. Noblett thanked Mr. Lebovitz for his service and wished he could stay with us. Mr. Lebovitz stated he is honored to serve and also thinks that it is important to rotate and give this honor, learning, and participation to others as well.

Mr. Noblett stated the Council wants to make sure every Council member had a pick which is an issue which comes up when you only have seven members. The biggest concern also is making sure on their end they feel like there is representation throughout the City for members on the Board. Mr. Noblett has stressed to the Council the importance of having people who know what you are doing here as well as this body. It is real important in the Charter currently to make sure there is staggering of terms so that you do not have someone that is brand new just coming in that does not know how this board has to deal with issues on financial items. That may be coming up as we are going along but will let the Board know. This was discussed at the last meeting of the Chattanooga City Council.



Mr. Adkins stated he would be in favor of moving this to nine members that way every councilman would have a representative on the Board and was duly noted by the Chair.

Mr. Noblett stated that Metro-Nashville has 41 or 42 council members. Mr. Noblett stated that as long as you have an odd number here to handle votes, the nine has worked well in Chattanooga for a number of items, that consideration would be good. Mr. Noblett does not think you need to have 11 or 15 because the more people you have involved it is more difficult to get a quorum present. It is wise to have a fairly, self-contained number.

There being no further business, the meeting was adjourned at 11:38 a.m.

*Alan Lebovitz*

Alan Lebovitz (Dec 8, 2020 15:59 EST)

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**ALAN LEBOVITZ, Secretary**

APPROVED:

*H H Ireland III*

H H Ireland III (Dec 8, 2020 15:58 EST)

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**H.H. (SKIP) IRELAND, III, Chair**

*\*The electronic Zoom presentation is kept on record by the Industrial Development Board.*









# 11-02-2020 IDB Minutes

Final Audit Report

2020-12-08

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