

RESOLUTION NO. 31361

A RESOLUTION AMENDING AND ADOPTING TAX INCREMENT FINANCING POLICIES AND PROCEDURES, A COPY OF WHICH IS SUBSTANTIALLY ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That it is hereby amending and adopting Tax Increment Financing Policies and Procedures, a copy of which is substantially attached hereto and made a part hereof by reference.

ADOPTED: November 1, 2022

/mem

POLICIES AND PROCEDURES RELATING TO
TAX INCREMENT INCENTIVES

APPROVED BY

THE CITY OF CHATTANOOGA, TENNESSEE

AND

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF CHATTANOOGA

Effective _____, 2022

POLICIES AND PROCEDURES RELATING TO TAX INCREMENT INCENTIVES

Introduction

The Industrial Development Board of the City of Chattanooga, Tennessee (the “Board” or “IDB”) and the City of Chattanooga, Tennessee (the “City”) have adopted these Policies and Procedures (these “Policies”) relating to the use of tax increment incentives pursuant to Section 7-53-312 of the Tennessee Code Annotated (a “Tax Increment Incentive”) and are adopted pursuant to Section 9-23-107 of the Tennessee Code Annotated. These Policies set forth the procedures of the Board and the City associated with Tax Increment Incentives and are intended to facilitate the consideration of requests for Tax Increment Incentives by the applicable legislative bodies of the City and Hamilton County, Tennessee (the “County”). These Policies also provide for the administration of the Tax Increment Incentives. The adoption of these Policies does not create or vest any rights in any person or entity, and both the City and the Board retain the right to approve any Tax Increment Incentive in the sole discretion of the City and the Board.

These policies and procedures only apply to any Tax Increment Incentives with respect to a specific project being initiated by a private developer and supported by incremental property tax revenues. If the City initiates a project supported by tax increment revenues on its own behalf or on behalf of or through the Chattanooga Housing Authority to finance public improvements in a redevelopment area, the City shall follow such procedures as the City deems appropriate under the circumstances.

Tax Increment Incentives generally take one of two forms – (i) reimbursements from Tax Increment Revenues to a private party of eligible costs incurred by that party relating to a Project as Tax Increment Revenues are received by the Board or (ii) non-recourse financing by the Board of eligible costs relating to a Project, which financing is payable from Tax Increment Revenues. The latter type of incentive is often called tax increment financing or a “TIF.” These Policies apply to both types of Tax Increment Incentives.

Capitalized terms used in these Policies and not otherwise defined shall have the meanings given to such terms in Section 10 of these Policies.

Section 1. General Policy

A Tax Increment Incentive is an economic development tool used by municipalities to allocate a portion of the new, additional taxes generated by a particular geographic area over a limited period of time to pay for eligible costs to the extent authorized by applicable law. For purposes of these Policies, the taxes that can be allocated are limited to property taxes. The tax increment is the difference in the property tax revenues generated by the property in the Plan Area after a project has been completed compared with the tax revenues generated by such property before the applicable plan was adopted (less certain deductions as required or permitted by applicable law). This increment can be used, as described above, to reimburse eligible costs or to pay debt service on tax increment financing incurred to finance such eligible costs.

The benefits of Tax Increment Incentive transactions include the following:

- (i) A TIF can be effective as “off balance sheet” financing of components of public infrastructure such as utilities and road and traffic improvements. A TIF is generally not included as a liability on the City’s balance sheet (although it may be noted). The structure of these transactions allows the City to utilize new incremental revenue streams to accelerate funding of public improvements. A TIF therefore can enable the City to complete public infrastructure that it otherwise could not afford at the time.
- (ii) Tax Increment Incentives provide support for projects that are not otherwise economically feasible. For instance, a Tax Increment Incentive transaction may assist in the redevelopment of blighted and under-utilized property in the City.
- (iii) Because of the accelerated development of public infrastructure improvements, the ad valorem property tax base from associated and adjacent properties often increases, which produces even greater benefits for the City and County.
- (iv) Tax Increment Incentives are paid from increases in tax revenues from a Plan Area and not from tax subsidies from other areas of the City. Therefore, that portion of the cost of projects supported by Tax Increment Incentives generally are paid by the development itself.
- (v) Projects supported by a Tax Increment Incentive may attract significant new jobs, businesses, and investment to the community, or may retain jobs and businesses that otherwise would be missed or lost without the investment made possible through a Tax Increment Incentive.

Tax Increment Incentives will generally be used for economic development projects that provide improvements in blighted and under-utilized areas in the City and in other properties approved by the City and, if applicable, the County. Members of the City Council of the City and the County Commission of the County (collectively, the “Governmental Authorities”), as the community’s elected representatives, are not only vested with the final authority to approve plans authorizing Tax Increment Incentives, but also are in the best position to determine the relative priorities of the proposed infrastructure improvements and the related community benefits from a public policy standpoint. The Board, with the support of the City’s staff, will administer and implement these Policies consistent with the policy directives of the City and, to the extent applicable, the County.

The Board has always viewed its core mission as the promotion of economic development and growth in the City, and in particular, commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City. A project fitting within this core mission will encounter greater flexibility and receptivity by the Board, as well as the City and the County, as opposed to projects that do not involve these factors.

Section 2. Statutory Background

The IDB is a nonprofit public corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act (the “IDB Act”), Tenn. Code Ann. §§7-53-101 et seq. The Board’s statutory purpose includes financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and the City, in particular.

On May 14, 2004, the Tennessee General Assembly amended the IDB Act to vest industrial development corporations like the Board with the authority to initiate and administer Tax Increment Incentives in areas that are approved by the Governmental Authorities. The Board’s responsibilities under the amendment include the following:

- (i) Preparation and submission of an Economic Impact Plan for an area that includes an eligible Project, which plan must comply with certain statutory criteria;
- (ii) Holding a public hearing relating to the Economic Impact Plan after proper, published notice; and
- (iii) Administering the incremental tax payments allocated to the Board under the Economic Impact Plan.

The purpose of these Policies is to specify the procedures for applying for a Tax Increment Incentive, specify the information that will be required of an Applicant, confirm that the Governmental Authorities retain the legal authority to approve any plan that would affect their respective property taxes, and prescribe the role the Board will play in the process. These Policies presume that each Economic Impact Plan will be submitted for approval by both Governmental Authorities, but the IDB, with the approval by the City Council, may approve an Economic Impact Plan that only applies to the City’s taxes, in which case all references to the County in these Policies will not be applicable as to such Economic Impact Plan.

The amendment, which is codified as Tenn. Code Ann. §7-53-312, provides that City Council is entitled to approve any Economic Impact Plan affecting property taxes due to the City and the County Commission must approve any Economic Impact Plan affecting property taxes owed to the County. Neither has the authority to approve an Economic Impact Plan affecting the property taxes of the other. A Tax Increment Incentive may be approved that allocates to the Board incremental property tax revenues from both real and personal property taxes in the specified area. However, because of the complexity of administering the calculation of the increment relating to personal property taxes, a Tax Increment Incentive that includes personal property taxes will only be approved if the allocation of incremental personal property taxes is essential, in the judgment of the Board and the Governmental Authorities, to the development of the Plan Area.

In 2012, the Tennessee General Assembly enacted the Uniformity in Tax Increment Financing Act of 2012 (the “TIF Uniformity Act”) to provide a more comprehensive statutory framework for utilizing Tax Increment Incentives. The TIF Uniformity Act was codified as Chapter 23 of Title 9 of the Tennessee Code Annotated. Pursuant to Section 9-23-107 of the TIF Uniformity Act, the City and the Board were specifically authorized to adopt policies and procedures relating to Tax Increment Incentives, and these Policies are adopted pursuant to such statutory authorization.

The Tennessee General Assembly has also enacted Section 7-53-316 of the IDB Act, which authorizes the use of certain incremental sales tax revenues to supplement Tax Increment Revenues in connection with the development of certain brownfield sites. These Policies shall apply to the consideration of an Economic Impact Plan to be adopted pursuant to Section 7-53-316 of the IDB Act, as well as Section 7-53-312 of the IDB Act, and any Applicant requesting consideration of an Economic Impact Plan under Section 7-53-316 of the IDB Act shall request such consideration in the Applicant’s Application.

Section 3. Process

3.1. Application. The process for requesting a Tax Increment Incentive will commence with an Applicant filing a completed Application in the form attached to these Policies as Exhibit A and incorporated herein by reference together with all exhibits, supplements, schedules, and financial information required in the Application. The Applicant shall tender an application fee to the Board in an amount set forth in Section 6 of these Policies. No action will be taken with respect to the Application until the Board (or its Administrative Agent) determines that it has received all information which may be relevant or necessary in determining the qualifications of the Applicant and the Project. **Acceptance of the Application does not imply, evidence, or confirm the IDB’s support for, or recommendation of, the Project identified in the Application or the Tax Increment Incentive request.**

3.2. Submission to Governmental Authorities. Upon receipt of the Application, the Board shall work with City staff to review the Application. The review shall include, but not be limited to, the following considerations: the purpose of the request; experience of the Applicant; description of the Project to be located in the area that would be the subject of the Economic Impact Plan (the “Plan Area”); proposed sources of funds to pay the Project; and evidence of the financial capability of the Applicant to undertake the Project. Once the Board determines that it has received a properly completed Application and any other information that it considers relevant or necessary for City Council to evaluate the Application and the Project, the Board will submit its acceptance of the Application with a proposed Resolution of Intent to the City Council.

Upon receipt of the Application from the Board, the City Council may take one of three actions: (i) reject the Application and return it to the Board, (ii) return the Application to the Board to request more information from the Applicant as specified by City Council, or (iii) approve the Resolution of Intent to consider an Economic Impact Plan relating to the Application. If adopted, the Resolution of Intent will instruct the Board to prepare and submit to City Council an Economic Impact Plan as requested by the Application.

If the Tax Increment Incentive request will affect County property taxes, the Board will also submit the Application and a proposed Resolution of Intent to the County Mayor and County Commission. County Commission may then take one of three actions described above in the same manner as City Council. If County Commission disapproves the Application or does not consider the Application in a timely manner, the City Council may reconsider the Application and adopt another Resolution of Intent instructing the Board to prepare and submit an Economic Impact Plan that only affects City taxes.

3.3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council and, if applicable, County Commission, the Board may prepare, with input from the Applicant, a proposed Economic Impact Plan for the Board's consideration. The Board may also instruct the Applicant to prepare the proposed Economic Impact Plan for the Board's consideration. The proposed Economic Impact Plan shall contain the information required by Section 7-53-312(b) of the IDB Act and, to the extent not already required by the IDB Act, shall also include the following information:

- (i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the Tax Increment Revenues will be generated, and the Base Taxes for each such tax parcel;
- (ii) a map clearly identifying the boundaries of the Plan Area;
- (iii) a clear description of the Project or Projects that will be located in the Plan Area and that will be developed by the Applicant;
- (iv) confirmation of the current zoning of the parcels in the Plan Area subject to the Economic Impact Plan;
- (v) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the Economic Impact Plan as to each tax parcel, and if the allocation period as to each tax parcel shall not commence in the same tax year, the maximum period of time during which such allocation periods can commence;
- (vi) a description of any proposed borrowing related to the Tax Increment Incentive;
- (vii) the number of jobs which the Applicant estimates will be created by the Project identified in the Plan Area and a summary of the projected compensation that will be paid to those holding the jobs;
- (viii) the estimated development and construction costs of the Project; and
- (ix) the projected total cost of the Tax Increment Incentive, including interest paid during the term of the Tax Increment Incentive.

If the Applicant is requested to prepare a proposed Economic Impact Plan, the Applicant shall submit the proposed Economic Impact Plan to the Board no later than ninety (90) days after such request is made of the Applicant. If the Applicant does not submit the proposed Economic Impact Plan within that

period, the Board has the authority to take no further action with respect to the Application and the Project. If the Board chooses to take no further action, the Board will consider any further requests of the Applicant as a new request requiring a new Application, the re-commencement of the procedures described above, and the payment of another application fee. If the Board elects to cause the preparation of the Economic Impact Plan, the Board will cause such preparation to occur promptly after approval of the applicable Resolution of Intent. In either case, the Applicant shall fully cooperate in connection with preparation of the proposed Economic Impact Plan and shall provide such economic impact information, including a report relating thereto from an independent consultant if requested by the Board.

3.4. Application Review Committee. There shall be an Application Review Committee consisting of not less than five (5) members. Two (2) members shall be appointed by the City Mayor; two (2) members shall be appointed by City Council; and one (1) member shall be a representative of the Chamber of Commerce. The Application Review Committee will review each Application, each proposed Economic Impact Plan, the application process to date, and the Resolution(s) of Intent. The Committee will advise the Board whether the Application and the proposed Economic Impact Plan comply with the IDB Act and these Policies, and is, therefore, qualified to be considered for submission to City Council and/or County Commission for approval. The Committee, in consultation with the Board's chairman, will then establish a proposed date for the Board to hold a public hearing and determine whether to submit the Economic Impact Plan to the City Council and, if applicable, County Commission for approval. The meetings of the Application Review Committee shall be subject to the Tennessee Open Meetings Act.

3.5. Public Hearing by the IDB. After the Application Review Committee and the Board's designated staff and counsel determine the Economic Impact Plan to be complete, the Board will hold a public hearing relating to the proposed Economic Impact Plan at a regular or special meeting of the Board. Notice of the public hearing shall be published in a newspaper of general circulation in Hamilton County at least two weeks prior to the date of the public hearing, as required by Section 7-53-312(g) of the IDB Act. If approved by the Board, the Board will submit the Economic Impact Plan to Chattanooga City Council and, if applicable, County Commission for consideration and approval. The submission shall include a summary of any comments from the public hearing on the proposed Economic Impact Plan and other information deemed pertinent by the Board.

3.6. Approval of Economic Impact Plan. The City Council and, if applicable, County Commission shall then consider whether to approve the proposed Economic Impact Plan. Such approval, if provided, shall be undertaken by resolution of the applicable governing body in accordance with the IDB Act and TIF Uniformity Act. After such approval, City Council and, if applicable, County Commission shall provide a certified copy of the resolution providing such approval to the Board.

3.7. Closing of Tax Increment Incentive. If an Economic Impact Plan requested by an Applicant is approved by City Council and, if applicable, County Commission, the Applicant and the Board will commence negotiation of the appropriate documents implementing the Tax Increment Incentive authorized by the Economic Impact Plan. Such documentation shall include, without limitation, a Development Agreement with the Applicant that will incorporate the specific terms of the Tax Increment Incentive and will require the Applicant to undertake the Project identified in the Economic Impact Plan consistent with the Applicant's Application. If the Tax Increment Incentive includes tax increment financing, the

documents required to implement such tax increment financing shall also be negotiated between the parties. Such documents, once negotiated, will be presented to the Board in substantially final form for consideration for approval.

The Board may instruct its counsel to prepare the documentation required to implement any Tax Increment Incentive or may instruct the Applicant to prepare such documents for the Board's review. In any event, all contractual commitments of the Board under such documents, including any tax increment financing, shall be non-recourse as to the Board other than with respect to allocated Tax Increment Revenues. All such documents shall be subject to the review and approval of the Board's counsel.

The Applicant will close the Tax Increment Incentive transaction within a reasonable period of time after the City Council and, if applicable, County Commission, approve the applicable Economic Impact Plan. If the closing of the Tax Increment Incentive does not occur within a 120-day period after such approval, the Board may consider the Application withdrawn and, unless such time period is extended by the Board, all approvals by the Board shall be deemed to have lapsed and be of no further force or effect.

Section 4. Board Policies for Tax Increment Incentives

The following policies shall apply with respect to Tax Increment Incentives within each Plan Area:

4.1. Maximum Allocation Period. Unless City Council and, if applicable, County Commission, approve otherwise in an Economic Impact Plan, the maximum allocation period for any Tax Increment Revenues as to any parcel in a Plan Area shall be 20 years, but the Board may provide for a shorter allocation period in any Economic Impact Plan if the Board determines that such shorter allocation period will result in a Tax Increment Incentive sufficient to make the Project financially feasible. A longer allocation period will only be permitted in extraordinary circumstances and only with the required statutory approvals under the TIF Uniformity Act.

4.2. Limit on Allocation of Incremental Tax Revenues. Unless City Council approves otherwise in an Economic Impact Plan, the maximum amount of Tax Increment Revenues of the City allocable to support a Tax Increment Incentive shall be 75% of the Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is 10 years or less and 60% of the Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is more than 10 years. The maximum amount of Tax Increment Revenues of the County allocable to support a Tax Increment Incentive shall be as is approved by the County Commission if the Economic Impact Plan is submitted to the County for approval.

4.3. Plan Area. The Plan Area, from which the Tax Increment Revenues will be generated, will consist of no more than (i) the parcels on which the applicable Project will be located, and (ii) those parcels, determined by the Board, to be directly affected and substantially benefited by the Project, whose owners have received the notice referred to in Section 4.5. The Board may rely upon the opinions of City staff and such independent consultants as the Board deems advisable in determining whether a parcel would be directly affected and substantially benefited by the Project in the Plan Area.

4.4. Eligible Costs. Unless City Council and, if applicable, County Commission approve otherwise in an Economic Impact Plan, a Tax Increment Incentive may only be used to pay or reimburse the cost of Public Infrastructure in a Plan Area that relates to a Project or Projects in such Plan Area. The cost of Public Infrastructure may include the following costs:

- (i) The cost of the land on which the Public Infrastructure will be located;
- (ii) Costs relating to the design and construction of the Public Infrastructure, including clearing, grading and excavating, site work, and other hard construction expenses;
- (iii) costs of obtaining permits for the Project from Governmental Authorities;
- (iv) capitalized interest relating to financing of the Public Infrastructure;
- (v) premiums for payment and performance bonds issued in favor of Governmental Authorities or professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;
- (vi) acquisition costs for equipment included in the Public Infrastructure; and
- (vii) fees and expenses of the Board and other fees and expenses related to the Tax Increment Incentive.

For purposes of these Policies, “Public Infrastructure” shall have the meaning given to that term in Section 9-23-102 of the TIF Uniformity Act.

If an Applicant desires the Board to pay any cost not described above, the Applicant should make such a request in its Application and shall demonstrate the extraordinary circumstances requiring the payment of such additional costs. If City Council and, if applicable, County Commission approve such additional costs as part of a Resolution of Intent, the Board may include such additional costs as being permitted in the applicable Economic Impact Plan.

4.5. Notice to Property Owners. The Board through its designated administrative staff will notify any owners of parcels included in the proposed Plan Area (other than the Applicant) that the Board will consider the Application for Tax Increment Incentive on a certain date and at a prescribed time and place. The Applicant will provide a list of all parcels contained in the Plan Area, the names of the record owners and the address of each owner. The Board’s notice will invite public comment and will be mailed to such property owners at least 14 days prior to the public hearing of the Board relating to the Economic Impact Plan described in Section 3.5 above. In addition, the form of notice will advise property owners how they may comment on the Economic Impact Plan such as by email or by letter, as well as by attending the hearing. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

4.6. Maximum Percentage of Project Cost and Minimum Project Size. The amount of a Tax Increment Incentive for a specific Project (either through the reimbursement of costs or based upon the principal amount of any tax increment financing) shall not exceed fifteen percent (15%) of the Total Projected Project Cost of any Applicant. The Applicant must also reasonably anticipate a Total Projected Project Cost of at least \$5,000,000 with respect to a proposed Project in order to apply for a Tax Increment Incentive.

4.7. Eligible Projects. As is described above, each Economic Impact Plan must include an eligible Project. The list of eligible Projects is included in Section 7-53-101(15) of the IDB Act. Such list of eligible Projects includes many types of commercial, industrial, and warehousing facilities as may be determined by the Board. However, in the absence of unusual or extenuating circumstances acceptable to the Board, Projects that are substantially residential or multifamily housing facilities under Section 7-53-101(15)(x) of the IDB Act, will not qualify for tax increment financing under the Board's TIF program. Such proposals should be submitted to the appropriate authority or entity.

4.8. Guaranties of Completion. The Board may require guaranties of completion of all or any portion of the Public Infrastructure from principals of the Applicant, payment and performance bonds from sureties acceptable to the Board, or letters of credit from financial institutions acceptable to the Board that assure the timely completion of the Public Infrastructure.

4.9. Transfer of Tax Increment Incentive. No rights to a Tax Increment Incentive may be sold, assigned, or leased, including by transfer of ownership interests in the Applicant, unless approved by the Board or otherwise specified in the Development Agreement, provided however that the Board will consent to the collateral assignment of Tax Increment Revenues to secure tax increment financing.

4.10. Additional Requirements; Amendments. These Policies are in addition to the normal rules and procedures of the Board. From time to time and without notice, these Policies may be amended or waived, in whole or part, by the Board and the City, and new policies may also be adopted by the Board and the City. The Board may consider any special circumstances or conditions in determining whether to submit an Application for consideration by the City Council and, if applicable, County Commission, and whether to prepare and submit an Economic Impact Plan for approval.

4.11. Applicant Affidavit. The Applicant must submit a signed affidavit certifying that the Project cannot proceed without the availability of a Tax Increment Incentive and must provide supporting documentation justifying the need for and the amount of the Tax Increment Incentive, in accordance with the Application form. The form of such affidavit is attached to these Policies as Exhibit B. In addition to requiring such affidavit, the Board, as a condition to the approval of any Economic Impact Plan, may retain an independent consulting firm, at the expense of the Applicant, to evaluate the Applicant's financial projections for the Applicant's Project to assist in evaluating whether the amount and allocation period of Tax Increment Incentive requested by the Applicant is required for Applicant to receive a commercially reasonable return on investment with respect to the Applicant's Project.

4.12. Tax Increment Payment Dates. The Tax Increment Revenues to be allocated to the Board for any Tax Increment Incentive shall be paid by the City and, if applicable, the County no later than sixty (60) days from the last day of each February, which is the last day that such tax revenues are not overdue. Delinquent taxes to be allocated to the Board shall be paid by the County and the City no later than sixty (60) days after each date such delinquent taxes are collected, together with interest thereon to the extent required by the Tax Increment Act.

4.13. State Approval Process. If any Tax Increment Incentive will be used to pay any cost that does not relate to Public Infrastructure or if any allocation period with respect to any parcel is to extend beyond 20 years, and only to the extent permitted by these Policies, the State Commissioner of Community and Economic Development and the State Comptroller of the Treasury shall be required to make a determination, as provided in the TIF Uniformity Act, that it is in the best interests of the State to permit such use of the Tax Increment Incentive or such extended allocation period.

4.14. Stormwater Fees. All applications for Tax Increment Incentives shall require verification that all stormwater fees for any properties owned by the applicant shall have been paid in full. No Tax Increment Incentive payments shall be approved by the Industrial Development Board or the City Council unless all stormwater fees have been paid in full and continue to be paid in full during the term of any Tax Incremental Incentive payments to the applicant. Additionally, no stormwater fees within the Economic Impact District shall be waived at any time during the term of the Tax Increment Incentive, pursuant to Tennessee law

Section 5. Post-Closing Evaluation

The Board intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of the City through the use of Tax Increment Incentives. Accordingly, the Applicant will be obligated to develop the Project substantially in accordance with the Economic Impact Plan and the Applicant's Application, and the Development Agreement will document that obligation. Material departures from the development specified in the Development Agreement will require the consent of the Board and may result in reductions or even elimination of the Tax Increment Incentive, depending on the effect of the proposed changes.

In addition, the Board requires the Applicant to annually certify compliance with the Development and Financing Agreement in a writing signed by the Applicant's chief executive officer or other executive acceptable to the Board. The Board will annually (or at such other times as it deems appropriate) evaluate each Project receiving a TIF to ensure compliance with the Development and Financing Agreement.

Section 6. Fees

6.1. Application Fee. The Applicant will submit the Application with an Application Fee of \$1,500.00, provided that for any Application submitted on or after January 1, 2023, the Application Fee shall be increased to \$8,000.00.

6.2. Annual Administrative Fee. For all Economic Impact Plans approved prior to January 1, 2023, the Applicant will pay to the Board an annual administrative fee equal to 25 basis points (0.25%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area. For all Economic Impact Plans approved on or after January 1, 2023, the Applicant will pay to the Board an annual administrative fee equal to 250 basis points (2.50%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area.

In addition, the Board will charge reasonable fees for any amendments to the Tax Increment Incentive, including any amendment to the Development Agreement, that will be based upon the facts and circumstances requiring the amendment, the actions required by the Board to effect the amendment, and the involvement of any Governmental Authorities. The Board may require that these fees be paid in advance of Board action and at the time the Applicant requests the amendment.

The fees described above are intended to offset the expenses of the Board and the City staff for evaluating and administering Tax Increment Incentives. In addition to the fees described above, the Applicant is responsible for payment of the Board's counsel fees and other expenses incurred by the Board with respect to the Application, the Economic Impact Plan, the Development Agreement and all other aspects of the Tax Increment Incentive, as applied to the Applicant, including, without limitation, the cost of any economic impact study and/or financial review deemed advisable by the Board.

Section 7. Environmental Report and Title Insurance

The Board may require the Applicant to provide at its expense a Phase I Environmental Site Assessment Report for the Project and/or Plan Areas that (i) shall be prepared by a recognized Person in the health, safety and environmental field that is acceptable to the Board; (ii) shall bear a date acceptable to the Board; and (iii) shall disclose no unacceptable conditions to the Board. All environmental reports requested by the Board must grant to the Board the right to rely on such reports.

The Board may also require that the Applicant obtain at its expense, and deliver to the Board, a title insurance commitment for the Project and/or Plan Areas described in the Economic Impact Plan.

Section 8. Conflicts of Interest

Each Board member shall be responsible for disclosing any material interest which he or she may have in or with an Applicant or any financing source for the applicable Project. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or financing source for the applicable Project shall submit to general counsel for the Board a representation of that interest, and such counsel shall advise both the Board and Board member whether the member needs to recuse himself or herself from consideration of the Application. Such recommendation of the Board's counsel shall be conclusive. If recusal is recommended, the Board will then consider the Application without participation from the member or members who recuse themselves.

If any counsel has a professional legal relationship with the Applicant or source of the financing for the Project other than incidental representations in connection with financings of other projects, the Board will retain special counsel to represent the Board in connection with the particular Application and Project being considered.

Section 9. Disclosures

The Application will require the Applicant to disclose, in addition to all other information required by the Application, the following:

- (i) If the Applicant or any principal in the Applicant are currently engaged in any civil or criminal proceeding;
- (ii) If the Applicant or any principal in the Applicant have ever been charged or convicted of any felony or currently is under indictment; or
- (iii) If the Applicant or any principal in the Applicant has ever filed for bankruptcy.

Section 10. Definitions

For purposes of these Policies, the following terms shall have the following meanings:

“Administrative Agent” means the Person providing administrative services to the Board from time to time. The Board’s current administrative agent is Office of Economic Development of the City.

“Application” means the Application for Tax Increment Incentive submitted hereunder in the form designated by the Board and as amended from time to time. The current form of the Application is attached hereto as Exhibit A.

“Base Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Dedicated Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Development Agreement” means the Development Agreement between the Board and the Applicant (and any guarantor thereof) or similar agreement or contract providing for the terms and implementation of the Project and the Tax Increment Incentive.

“Economic Impact Plan” means an economic impact plan within the meaning of Section 7-53-312 of the IDB Act.

“Governmental Authority” means the City of Chattanooga, Tennessee, and Hamilton County, Tennessee.

“IDB Act” means Chapter 53 of Title 7 of the Tennessee Code Annotated, as amended.

“Person” means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, individual and Governmental Authority.

“Plan Area” means the parcels of real property identified as the plan area in the applicable Economic Impact Plan.

“Project” means a project under Section 7-53-101(11) of the IDB Act and includes the infrastructure, utilities, road and traffic improvements, traffic signage and signals, buildings, structures, machinery, equipment, and land defined in the Application as part of the Project.

“Public Infrastructure” has the meaning assigned to it in Section 4.3.

“Reserved Taxes” means the Base Taxes and the Dedicated Taxes.

“Tax Increment Revenues” means the property tax revenues generated from the Plan Area after the Reserved Taxes less any amount that the County, the City or the Board withhold as administrative expenses or as may be reserved pursuant to applicable law.

“TIF Uniformity Act” means the Uniformity in Tax Increment Financing Act of 2012, as amended.

“Total Projected Project Cost” means all costs that are expected to be incurred in connection with the development of a Project and that would be capitalized in accordance with generally acceptable accounting principles other than interest, property taxes and insurance during the construction of the Project as set forth in the Applicant’s Application.

EXHIBIT A

TAX INCREMENT INCENTIVE APPLICATION

Please return the completed application and supporting documentation to:

Industrial Development Board for the City of Chattanooga, Tennessee
100 East 11th Street, Suite 200
Chattanooga, Tennessee 37402
(423) 643-8250

Tax Increment Incentive Application Lead-In Statement and Justification

The Industrial Development Board of the City of Chattanooga, Tennessee (the "IDB") views its core mission as the promotion of economic development and growth in the City of Chattanooga (the "City"), and in particular, commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City. The IDB's Tax Increment Incentive program is designed for economic development projects that provide improvements to public infrastructure in blighted and under-utilized areas of the City and in other properties designated by City Council. This Application form is part of and hereby incorporates by references all terms contained in the Policies and Procedures Relating to Tax Increment Incentives (the "Tax Increment Policies") approved by the IDB and the City.

Please address the following factors as they relate to your Project:

Economic Development

Will the proposed Project involve significant capital investment and generation of new jobs with wages in excess of the annual average wage in the City of Chattanooga?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Blight Removal

Will the proposed Project remove blight?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Pursuit of Community Plan or Policy

Will the proposed Project further the pursuit of an existing community plan or policy?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Environmental Remediation

Will the proposed Project address environmental remediation?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Public Infrastructure Need

Will the proposed Project address current public infrastructure needs? Yes _____. No _____. For purposes of this part, public infrastructure only includes public infrastructure that will not be located on private property.

If yes:

(1) Are the proposed public infrastructure improvements identified in the County's or City's current Capital Improvements Plan?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

(2) Are the proposed public infrastructure improvements identified in any County or City plans?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

If the proposed public infrastructure improvements are not in the County's or City's Capital Improvements Plan or any other existing City or County plan, please describe in detail the public's need for the public infrastructure and the basis for the priority or urgency for the public infrastructure, as requested by the Application.

Other: _____ (please specify)

I. Applicant Information

1. Name of Applicant: _____

2. Business Name and Address: _____

State of Organization (if an entity): _____

3. Contact Person: _____

Phone Number: _____

E-Mail Address: _____

4. Website of Applicant (if any): _____

5. Type of Business Entity: Sole Proprietorship Limited Partnership
 For-Profit Corporation General Partnership
 Limited Liability Company Nonprofit Corporation

6. Street addresses of the project site: _____

7. Please attach a legal description of the project site and a description of the leased premises, if applicable.

8. Does the Applicant currently own or lease the Project Site? (Check one)

Own Lease Neither (please explain) _____

9. At project completion, who will occupy and/or operate business on the site?

10. Evidence of Site Control:

A. If the Applicant owns the Project Site, attach a copy of the Applicant's deed. Also indicate:

Mortgage Holder(s): _____

Total annual mortgage payment (principal & interest) \$ _____

Total outstanding balance of existing mortgage(s): \$ _____

Name, address, and phone numbers of other persons or entities having an ownership interest in the property to be developed, if applicable: _____

B. If the Applicant has a contract or option to purchase the Project Site, attach a copy of the agreement or option contract (confidential information such as price may be redacted).

Also indicate:

Date contract was signed: ___/___/___ Closing/expiration date: ___/___/___

C. If the Applicant currently leases or will lease the Project Site, attach a copy of the lease or lease option contract (confidential financial information may be redacted).

Legal name of Owner as noted on the deed(s): _____

Name of person who signed lease for Tenant (lessee): _____

Landlord/Owner's name, address and phone number: _____

II. Project Description

11. Indicate the total amount of Tax Increment Incentive assistance requested (in current dollars), to be paid from Tax Increment Revenues: \$ _____

Also provide a breakdown of the capital costs and the financing costs, including an estimate of interest, to be paid by Tax Increment Revenues.

12. Number of years Tax Increment Incentive assistance is requested: _____
(See Tax Increment Policies for maximum years permitted.)

13. Has any other government assistance (funds, tax incentives, or other economic benefits) been provided to the Applicant or the property? Yes _____ No _____

If yes, describe the type, source, and amount of assistance provided: _____

14. Provide a list of all properties comprising the plan area by (CLT), along with the most recent tax bill for each parcel. Copies of tax bills can be obtained from the City of Chattanooga, Office of the Treasurer, 101 East 11th Street, Suite 100, Chattanooga, Tennessee 37402, phone (423) 643-7262; and Hamilton County Assessor's Office, 6135 Heritage Park Drive, Chattanooga, Tennessee 37416, phone (423) 209-7300.

CLT # (Parcel Identification #):	Assessed Value:	Taxes:
_____	_____	_____
_____	_____	_____

If any of the parcels listed above will not be owned by the Applicant at the time the Tax Increment Incentive closes, please provide a list of such owners and provide an explanation why the Applicant is requesting such parcels to be included in the plan area. If any of the parcels listed above is not part of the project, please list such parcels and provide an explanation why the Applicant is requesting such parcels to be included in the plan area.

15. Project Narrative: Write a brief description of the project. Be as specific as possible about timing, scope of work, type of construction, and financing. Attach additional sheets if necessary. Provide interior and exterior photographs.

16. Land Area of Project Area (in square feet or acres): _____

Zoning Classification of Project Area (by parcel): _____

Land Area of Plan Area (in square feet or acres): _____

Zoning Classification of Plan Area (by parcel): _____

17. Use of Funds (Entire Project): Amount Percent

Land Acquisition	\$ _____	_____ %
Site Development	\$ _____	_____ %
Public Improvements	\$ _____	_____ %
Building Costs (Hard)	\$ _____	_____ %
Soft Costs	\$ _____	_____ %

TOTAL: \$ _____ 100%

- Sources of Funds: Amount Percent

Owner's Equity	\$ _____	_____ %
Construction Loan	\$ _____	_____ %
Mezzanine	\$ _____	_____ %
Seller Financing	\$ _____	_____ %
Tax Increment	\$ _____	_____ %
Other	\$ _____	_____ %

TOTAL: \$ _____ 100%

Total Estimated Project Cost: \$ _____

18. When will construction start (Month/Year)? ____ / ____

19. When will construction be completed (Month/Year)? ____ / ____

20. Please list what public infrastructure (as defined in the Tax Increment Policies) is eligible for payment from a Tax Increment Incentive and an estimated cost:

<u>Category A</u>	<u>Quantity</u>	<u>Estimated Cost</u>
Site Work/Grading		\$
Storm Sewers: Pipes		\$
Structures		\$
Stormwater Facilities		\$
Flood Control		\$
Retaining Walls/Tunnels		\$
Sanitary Sewer Lines: Pipes		\$
Structures		\$
Water Lines		\$
Paving/Driveways		\$
Street, curbs, gutters		\$
Ramps, roads, bridges		\$
Off-street parking structures		\$
Sidewalks		\$
Landscaping/fencing		\$
Artificial lighting		\$
Greenways/walking trails		\$
Mass/public transit facilities		\$
Traffic signals		\$
Signage		\$

TOTAL CATEGORY A \$ _____

<u>Category B</u>	<u>Quantity</u>	<u>Estimated Cost</u>
Electrical services		\$
Utility infrastructure		\$
Utility under-grounding		\$
Telecom services		\$
Utility relocation		\$
Other items		\$

TOTAL CATEGORY B \$ _____

Other public infrastructure (provide a description and breakdown of costs in sufficient detail for an engineering review of cost estimates): _____

21. Development Team

Please list the business name, contact person, address, work and fax phone numbers, and email address for the following members of the Development Team:

Contractor: _____

Architect/Engineers: _____

Accountant: _____

Project Manager: _____

Construction Manager: _____

Development Consultant: _____

III. Applicant History

Please provide the following information about the Applicant:

22. Is the Applicant or any principal of the Applicant currently engaged in any civil or criminal proceeding? Yes _____ No _____

If yes, describe the type of proceeding, name the parties involved, list the relief requested or the charges alleged, and give the case name and details:

23. Has the Applicant or any principal of the Applicant ever been charged or convicted of any felony or currently under indictment? Yes _____ No _____

If yes, describe the type of charge, indictment, or conviction, and provide details:

24. Has the Applicant or any principal of the Applicant ever filed for bankruptcy? Yes _____ No _____

If yes, please give details and provide the case name: _____

IV. Supplemental Information

Please attach to this Application the following:

Exhibit A – Tax Increment Application Affidavit (which is Exhibit B to the Tax Increment Policies)

Exhibit B – History of the Development Entity

Exhibit C – Site Plan and Rendering (identify public infrastructure eligible for Tax Increment Incentive)

Exhibit D – List and Breakdown of Sources and Uses of Funds to undertake project

Checklist

Exhibit A – Tax Increment Application Affidavit (*submitted for preliminary qualification*):

- Applicant will pay the IDB the Application Fee required by the Tax Increment Policies.
- Applicant will list and specify all eligible public infrastructure costs in detail Applicant will acknowledge the maximum tax incentive available for the Project (See Tax Increment Policies for guidance)
- Applicant and/or the lead financing entity will sign an affidavit that the project would not be financially feasible if it were not for the Tax Increment Incentive.

Exhibit B – Declaration of Development Team and Disclosure of Principals and Entity, including:

- History of the Development Entity
- Resumes of all principals and key individuals
- Organizational structure of the development entity

Exhibit C – Description and Narrative of the Development Project, including:

- Copies of Project Contracts and/or Memoranda of Understanding
- Detailed Performance/Construction Schedule
- Site Plan and Rendering w/qualifying public infrastructure identified
- Copies of Deeds, Leases, and Option Contracts
- FIRMette from FEMA issued Flood Insurance Rate Maps (FIRMs) www.msc.fema.gov
- Photographs of Property
- Tax Bills
- Survey
- Maps of the Plan Area and the Project Area

Exhibit D – Project Funding and Financial Information, including:

- List and breakdown of Sources and Uses of Funds to undertake Project
- Detailed projections of Tax Increment Revenues by parcel for the term of the requested Tax Increment Incentive and narrative describing the basis and assumptions for the projections
- Pro-forma financial statement for five (5) years (if multiple entities are involved, the pro forma statements should be prepared on an entity basis and on a consolidated basis)
- Current financial statements (2 yrs.); P & L (2 yrs.); and Balance Sheet (2 yrs.) (if newly formed, a copy of a balance sheet as of the most recent month-end)
- Current banking relationships
- Evidence of bonding capacity or letter of credit

V. Representations of Applicant

By executing this Application, Applicant hereby represents, certifies and agrees as follows:

(a) The Project would not result in a reasonable rate of return on investment to the Applicant without the requested Tax Increment Incentive, and the Applicant would not undertake the Project as described in this Application unless the Tax Increment Incentive is available.

(b) The undersigned Applicant hereby agrees that the Applicant shall meet with a designated representative of the County, the City and/or the Board, upon request, to answer any questions that may arise in connection with the County's, the City's and/or the Board's review of this Application and that Applicant shall provide to the County, the City and/or the Board, upon request, any supplemental information requested in connection with the County's, the City's and/or Board's review of the Application, including, without limitation, such financial information as the County, the City and/or Board may request in order to determine that the Project would not be undertaken without the Tax Increment Incentive requested.

(c) The Applicant shall pay all expenses required by Section 6 of the Policies and Procedures of the Board relating to the Tax Increment Incentive and shall otherwise comply with such Policies and Procedures.

(d) The Applicant shall indemnify and hold harmless the Board, its employees, officers, directors, attorneys and consultants against all losses, costs, damages, expenses (including reasonable attorney's fees), and liabilities of any nature directly or indirectly resulting from, arising out of or relating to the acceptance, consideration, approval or disapproval of this Application for Tax Increment Incentives.

VI. Signature

I, the undersigned, affirm that the project descriptions, numerical and financial estimates, and all other information I have provided in this Application are true and complete to the best of my knowledge. I have read and understood the requirements described in this Application, including the Tax Incentive Financing Program of the Industrial Development Board of the City of Chattanooga, Tennessee. Furthermore, I certify that I am authorized to initiate the Tax Increment Incentive application process on behalf of the Applicant and the Project described.

The undersigned, furthermore, agrees to provide such additional information and documentation, from time to time, as the Board may consider necessary or convenient to determine the advisability of providing Tax Increment Incentive to the Applicant.

The undersigned agrees to pay or reimburse the Board for all costs, fees and expenses, including attorneys' fees, incurred by the Board in considering, evaluating, and enforcing the provisions of the Application and the Policies and Procedures of the Tax Increment Incentive Program. In certain instances, the Board may require that principals of the Applicant guarantee the payment of the above costs and supply the Board with financial statements of such principals.

Applicant: _____

Signed: _____

Date: _____, 20____

Legal Disclaimer

COMPLETION OF THIS APPLICATION DOES NOT ENTITLE THE APPLICANT TO FINANCIAL ASSISTANCE. ANY SUCH ASSISTANCE MUST BE APPROVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE OR THE HAMILTON COUNTY COMMISSION.

EXHIBIT B

**AFFIDAVIT TO ACCOMPANY
TAX INCREMENT INCENTIVE APPLICATION**

I, _____, being first duly sworn, depose and state under penalty of perjury as follows:

1. I am a corporate officer, managing member, general partner or sole proprietor of _____ (“Applicant”), a company duly organized in the State of _____ as a (Corporation/LLC/Sole Proprietorship/General Partnership/Limited Partnership). Applicant submits the accompanying Application requesting a tax increment incentive for the project located at _____ (“Site”). The Applicant represents (i) that the Application and all information furnished in support of the Application for the purpose of obtaining financial assistance under the Policies and Procedures for Tax Increment Incentives (the “Tax Increment Policies”) adopted by The Industrial Development Board of the City of Chattanooga (the “IDB”) and the City of Chattanooga are true and complete to the best of Applicant’s knowledge and belief and (i) that this Affidavit, including defined terms, shall be construed consistent with such Tax Increment Policies.
2. Applicant hereby acknowledges and declares that it will comply with the following submittal requirements for Tax Increment Incentive assistance from the IDB:
 - (i) Applicant will list and specify all costs of public infrastructure eligible for a Tax Increment Incentive;
 - (ii) Applicant will acknowledge the maximum tax increment reimbursement available for the Project;
 - (iii) Applicant will pay a Tax Increment Incentive application fee consistent with the IDB Policies; and
 - (iv) Applicant will be required to pay the IDB an administration fee consistent with the IDB Policies.
5. Applicant acknowledges and declares that no other reasonable means of financing the public infrastructure proposed to be financed with Tax Increment Incentive are available, because of one or more of the following reason(s) as checked by Applicant:
 - ____(i) The Project, including the public infrastructure, if financed by Applicant through cash on hand or through debt financing from a private lender, would not result in a reasonable rate of return to the Applicant; or
 - ____(ii) Applicant would not undertake the public infrastructure contemplated in the Application through resources reasonably available to the Applicant.

6. Applicant hereby agrees that Applicant shall at all times indemnify and hold harmless the IDB, its employees, officers, directors, counsel, and consultants against all losses, costs, damages, expenses (including reasonable attorney fees), and liabilities of any nature directly or indirectly resulting from, arising out of or relating to the acceptance, consideration, approval, or disapproval of the Application for Tax Increment Incentive assistance.

[signature page follows]

DATED this ___ day of _____, 20 ___

Signature

Title

Signed and sworn to before me this ___ day of _____, 20__.

Notary Public: _____

My commission Expires: _____