

AGENDA

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

Monday, November 7, 2022 @ 11:00 AM

1. Call meeting to order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Minutes Approval – October 3, 2022, Monthly Meeting.
4. Recognition of any person wishing to address the Board.

5. **Resolutions:**

- (a) **SUMMARY:** Ratify Execution – Closing Documents – Access Road TIF.

A RESOLUTION RATIFYING THE EXECUTION OF ALL NECESSARY CLOSING DOCUMENTS RELATED TO THE ACCESS ROAD (NORTH RIVER COMMERCE CENTER) TAX INCREMENT FINANCING TRANSACTION.

- (b) **SUMMARY:** Establish bank accounts for Access Road TIF.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA AUTHORIZING THE ESTABLISHMENT OF BANK ACCOUNTS RELATING TO THE NORTH RIVER COMMERCE CENTER INDUSTRIAL PARK.

- (c) **SUMMARY:** Release RFP for the Design-Build of e2i2 SSO Abatement Program Phase 1 – South Lee Hwy. and West Chickamauga Equalization Stations, Contract No. W-20-001-201, per the e2i2 Memorandum of Understanding with the City of Chattanooga.

A RESOLUTION AUTHORIZING THE RELEASE OF A REQUEST FOR PROPOSAL (RFP) FOR THE DESIGN-BUILD OF THE E2I2 SSO ABATEMENT PROGRAM PHASE 1 – SOUTH LEE HWY. AND WEST CHICKAMAUGA EQUALIZATION STATIONS, CONTRACT NO. W-20-001-201, PER THE E2I2 MEMORANDUM OF UNDERSTANDING WITH THE CITY OF CHATTANOOGA, IN SUBSTANTIALLY THE FORM ATTACHED.

- (d) **SUMMARY:** Reimburse the City of Chattanooga using TIF funds for expenditures related to the East Chattanooga Rising TIF District - \$167,637.77.

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO REIMBURSE THE CITY OF CHATTANOOGA USING TIF LOAN FUNDS FOR EXPENDITURES RELATED TO THE EAST CHATTANOOGA RISING TIF DISTRICT FOR EXPENDITURES OF THIRTY THOUSAND FIVE HUNDRED ONE AND 90/100 DOLLARS (\$30,501.90) FOR ASA ENGINEERING FOR DESIGN AND RPR SERVICES RELATED TO THE HARDY STREET EXTENSION; AND ONE HUNDRED THIRTY-SIX THOUSAND EIGHT HUNDRED THIRTY-SIX AND 21/100 DOLLARS (\$136,836.21) TO THOMAS BROTHERS CONSTRUCTION COMPANY FOR SERVICES RELATED TO THE CONSTRUCTION OF THE HARDY ST. EXTENSION; AND TWO HUNDRED NINETY-NINE AND 66/100 DOLLARS (\$299.66) TO THE CITY OF CHATTANOOGA FOR THE PURCHASE OF A LAND-DISTURBING PERMIT AS REQUIRED BY THE PERMITTING OFFICE FOR THE TOTAL AMOUNT OF ONE HUNDRED SIXTY-SEVEN THOUSAND SIX HUNDRED THIRTY-SEVEN AND 77/100 DOLLARS (\$167,637.77).

6. **Other Business and Discussion Items:**

- (a) PILOT policies and procedures;
- (b) TIF policies and procedures;
- (c) Bylaws; and
- (d) Website.

7. Adjournment.



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES
John P. Franklin Sr. City Council Building
Chattanooga, Tennessee
for
October 3, 2022
11:00 AM**

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Brent Goldberg (Chief Finance Officer) and Eleanor Liu (City Finance); Jermaine Freeman (Economic Development); Jason Payne (City Engineering); Gail Hart (Real Property); and Mike Pare (Times Free Press).

Chairman Rodgers called the meeting to order, Attorney Noblett established that the meeting was duly advertised, and a quorum was present with seven board members to conduct business.



MONTHLY MEETING OF OCTOBER 3, 2022 – MINUTES APPROVAL

On motion of Mr. Adkins, seconded by Ms. Jones, the minutes of the October 3, 2022, monthly meeting were unanimously approved.



CHAIRMAN'S REPORT

Items Addressed

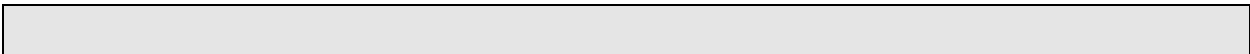
1. Streaming of meetings – today's meeting is being streamed and discussion was had about legality and retention rules with the City.
2. Annual Debt Report on Bonds and TIFs – another copy will be sent to the Board.
3. Bylaws – Nine-member board versus seven-member board – the Bylaws will need to be revised to reflect this change and that the Board will need to be in groups for specific terms of office to make sure there is continuity of knowledge whenever one group rolls off and the next group coming in will be able to do that. A seven-member board makes it more

difficult than a nine-member board in order to have three groups of three for terms of office. This will need to be coordinated with the current terms. It is designed to try to make sure there is a six-year term for all members and all members do not go off at the same time. The Charter has been amended with the Secretary of State. The Board needs two more members, and the Bylaws need to reflect that there will be a nine-member board. The Board can make the determination of which group each will be in. The Governing Body appoints the Board members. Chairman Rodgers will follow-up with the City Council Chair to make sure he is aware of this discussion. Mr. Noblett stated that the Board will need five members to make a quorum.



PUBLIC COMMENTS FROM CITIZENS

There was no one from the public wishing to address the Board.



RESOLUTION

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

A RESOLUTION RATIFYING THE EXECUTION OF THE MEMORANDUM OF UNDERSTANDING BY AND AMONG VOLKSWAGEN GROUP OF AMERICA CHATTANOOGA OPERATIONS, LLC, THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, AND THE STATE OF TENNESSEE, DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT DATED JULY 1, 2019. (VW(CB)77)

This resolution is regarding VW's expansion of electric vehicles. VW announced adding over 1,000 new jobs in its expansion. This is for the provision of up to \$50 million in grant money. We are also working with the City and County on a third Memorandum of Understanding to provide funding locally.

The resolution was unanimously adopted.

ADOPTED October 3, 2022

RESOLUTION

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

A RESOLUTION RATIFYING THE EXECUTION OF ALL NECESSARY CLOSING DOCUMENTS RELATED TO THE ACCESS ROAD (NORTH RIVER COMMERCE CENTER) TAX INCREMENT FINANCING TRANSACTION.

Chairman Rodgers is concerned that the items listed in the resolution were not provided to the Board. Mr. Sharpley requested this item be tabled to the next meeting until the Board gets a copy of the documents. Discussion was had about the process. The documents have been finalized.

The resolution was unanimously tabled until next month's meeting.

TABLED October 3, 2022

DISCUSSION ITEMS

- 1) **Agenda Process** – the Board did not have any questions regarding this process. The process is subject to modification. The agenda process has been circulated to all parties and has not changed since last discussed. Attorney Noblett read the five (5) agenda process items into the record:
 - All items desired to be included on the agenda for the next IDB meeting, along with a resolution request and/or all supporting documents, must be submitted via email to Maria Manalla @ mmanalla@chattanooga.gov and Attorney for the Board Phillip Noblett @ pnoblett@chattanooga.gov by noon at least ten (10) days before the regular monthly or specially called meeting (i.e., for the regular Monday meetings, this means by noon on the Friday, ten (10) days prior).
 - The final cut-off for agenda changes, not additional items, is seven (7) days before the regular monthly or specially called meeting at 10:00 a.m. (i.e., for the regular Monday meetings, this means by 10:00 a.m. on the Monday, seven (7) days prior).
 - The agenda will be finalized, circulated to the Board and team departments, and posted for the public, by 3:00 p.m. seven (7) days before the monthly or specially called meeting.
 - When the seven (7) day circulation date falls on a Monday Holiday, the submittal deadline is noon on Thursday before the Friday distribution. In that situation, the final cut-off for agenda changes, not additional items, is noon on Friday.
 - These deadlines are necessary to allow the public and IDB members time to meaningfully review and digest the materials. Exceptions may be made by the Chair in exceptional circumstances only.

Attorney Noblett stated the statute says whatever is reasonable. After further discussion, a motion was made to adopt the agenda process going forward officially by Mr. Hayes, seconded by Mr. Parker, and the motion unanimously carried. Future modifications can be implemented.

- 2) **Website** – Mr. Hayes has been working on this project to get it lined up and has worked with the IT Department. Progress is being made and are pleased. We would rather this process to be slow, get good quality, and have it done right.
- 3) Three other items on the agenda are as equally important. PILOT policies, TIF policies, and Bylaws. These will be included on the agenda going forward because until they are ironed out, we do not want to forget about it. These items are important, including recruiting standpoint, and practical suggestions from Mr. Hayes. We would also like to consider public comments. After further discussion, Mr. Freeman stated that it is anticipated that a draft of PILOT policies will be circulated within the next three weeks. We are working on TIF policies now.

The TIF policies were constructed and adopted by the City Council in 2015. The proposed changes will have to be originated by the City Council first and then the IDB may incorporate additional information.

With regard to the TIF policies, changes include increasing the application fee. The application fee is \$1,500 and will increase to between \$5,000-\$10,000. We would also increase the annual administrative fee which is 25 basis points which is 0.25%. Although the total TIF value on an annualized basis would be increased to 250 basis points which is 2.5% to annualize the TIF process. In addition, they want to bring additional alignment into what is considered the maximum TIF term. Right now, the term policy says that the maximum TIF term is fifteen (15) years, however, the situation here is twenty (20) years. The state statute is clear the maximum term of TIFs is twenty (20) years in which to align with the state policy.

Finally, our specific TIF policy prohibits the use of TIFs for projects used for residential, however, under the state statute for IDBs, the Board is allowed to use TIFs for the development of low to moderate income housing. As we look at some of the housing challenges, we are also proposing to make sure that TIFs can be used for the development for equal low to moderate income as well as senior citizens and disabled community. Those changes will be working through City Council for the next few weeks.

Recognition was given to Mr. Freeman. The department works with Mark Mamantov who serves as outside counsel to the City for TIF projects. Our local TIF policy is roughly based on the policy that was adopted at the City of Knoxville. As we look to implement changes, part of what we are seeing across the state what we have also experienced from knowing applications ourselves. The \$1,500 for an application fee is pretty cheap. It is about time to raise to 25 basis points in terms of the annual administrative fee, which is also pretty cheap. The ability to go to twenty (20) years is under the state statute. We have learned some things on our own, and with working with Mr. Mamantov, we have a good idea of what is happening across the state. The Chamber is included in these discussions.

The City will make the best decisions and will have the final say.

Under the state IDB statute, IDBs can use TIFs for the development of housing for people with low to moderate income and senior citizens that are disabled. The City Council will be considering this and voting on the changes a week from tomorrow.

Mr. Noblett stated you have to be careful with the low to moderate income housing aspect. The statute specifically reads any multi-family housing facilities to be occupied by low and moderate income, elderly, or handicapped persons as determined by this Board. In the past, that has always been some sort of apartment-type or multi-family construction where it is units that are separate. Those could be issues that could be developed through the Health and Ed Board. It deals with multi-family housing facilities. They did not define that for us and would have been nice if they had.

Mr. Freeman stated when the original policy was passed, it was specifically a blanket prohibition against using TIFs. The intent was to prohibit the use of TIFs for single family homes. That is essentially the intent of the state statute as well. It is clear in the use of multi-family housing. It is our intent as an administration that we do not have any desire for a policy for the development of TIFs for single family homes.

Mr. Freeman also added that the Council districts which are not currently represented on the IDB are Districts 6 and 8. The Council members only have to choose people who are city residents. For example, the City Council member for District 6 does not have to choose a board member who lives in District 6. They just have to choose a board member who lives within the City limits. For example, you, Mr. Chair, live in one district, but you represent District 5 because former Councilman Russell Gilbert allocated for you to have an extension on the IDB. Districts 6 and 8 are the districts which are currently not having representation. The new board members do not necessarily have to live in those districts, but they do have to live within the City of Chattanooga. Ms. Jones would like this clarified. After further discussion, Mr. Rodgers will follow-up with the Council Chair.

After further discussion, the meeting adjourned at 11:40 AM.

PATRICK SHARPLEY, *Secretary*

APPROVED:

JIMMY F. RODGERS, JR., *Chair*

RESOLUTION

A RESOLUTION RATIFYING THE EXECUTION OF ALL NECESSARY CLOSING DOCUMENTS RELATED TO THE ACCESS ROAD (NORTH RIVER COMMERCE CENTER) TAX INCREMENT FINANCING TRANSACTION.

BE IT RESOLVED, that the Industrial Development Board of the City of Chattanooga is hereby ratifying the execution of all necessary closing documents related to the Access Road (North River Commerce Center) Tax Increment Financing transaction as follows:

- (1) Loan Agreement;
- (2) Development and Financing Agreement;
- (3) Assignment of Tax Revenues;
- (4) Tax Increment Revenue Note;
- (5) Federal Tax Certificate and Agreement;
- (6) Form 8038-G;
- (7) Acknowledgement;
- (8) Closing Certificate; and
- (9) Opinion Letter.

ADOPTED: November 7, 2022

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

JIMMY F. RODGERS, JR., Chair

PATRICK SHARPLEY, Secretary

RESOLUTION

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA AUTHORIZING THE ESTABLISHMENT OF BANK ACCOUNTS RELATING TO THE NORTH RIVER COMMERCE CENTER INDUSTRIAL PARK.

BE IT RESOLVED, that the Board of Directors of the Industrial Development Board of the City of Chattanooga is hereby authorizing the establishment of bank accounts related to the North River Commerce Center Industrial Park.

ADOPTED: November 7, 2022.

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

JIMMY F. RODGERS, JR., Chair

PATRICK SHARPLEY, Secretary

RESOLUTION

A RESOLUTION AUTHORIZING THE RELEASE OF A REQUEST FOR PROPOSAL (RFP) FOR THE DESIGN-BUILD OF THE E2I2 SSO ABATEMENT PROGRAM PHASE 1 – SOUTH LEE HWY. AND WEST CHICKAMAUGA EQUALIZATION STATIONS, CONTRACT NO. W-20-001-201, PER THE E2I2 MEMORANDUM OF UNDERSTANDING WITH THE CITY OF CHATTANOOGA, IN SUBSTANTIALLY THE FORM ATTACHED.

BE IT RESOLVED, that the Industrial Development Board of the City of Chattanooga is hereby authorizing the release of a Request for Proposal (RFP) for the Design-Build of the e2i2 SSO Abatement Program Phase 1 – South Lee Hwy. and West Chickamauga Equalization Stations, Contract No. W-20-001-201, per the e2i2 Memorandum of Understanding with the City of Chattanooga, in substantially the form attached.

ADOPTED: November 7, 2022.

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

JIMMY F. RODGERS, JR., Chair

PATRICK SHARPLEY, Secretary

RESOLUTION

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO REIMBURSE THE CITY OF CHATTANOOGA USING TIF LOAN FUNDS FOR EXPENDITURES RELATED TO THE EAST CHATTANOOGA RISING TIF DISTRICT FOR EXPENDITURES OF THIRTY THOUSAND FIVE HUNDRED ONE AND 90/100 DOLLARS (\$30,501.90) FOR ASA ENGINEERING FOR DESIGN AND RPR SERVICES RELATED TO THE HARDY STREET EXTENSION; AND ONE HUNDRED THIRTY-SIX THOUSAND EIGHT HUNDRED THIRTY-SIX AND 21/100 DOLLARS (\$136,836.21) TO THOMAS BROTHERS CONSTRUCTION COMPANY FOR SERVICES RELATED TO THE CONSTRUCTION OF THE HARDY ST. EXTENSION; AND TWO HUNDRED NINETY-NINE AND 66/100 DOLLARS (\$299.66) TO THE CITY OF CHATTANOOGA FOR THE PURCHASE OF A LAND-DISTURBING PERMIT AS REQUIRED BY THE PERMITTING OFFICE FOR THE TOTAL AMOUNT OF ONE HUNDRED SIXTY-SEVEN THOUSAND SIX HUNDRED THIRTY-SEVEN AND 77/100 DOLLARS (\$167,637.77).

BE IT RESOLVED, that the Industrial Development Board of the City of Chattanooga is hereby authorizing the reimbursement to the City of Chattanooga using TIF loan funds for expenditures related to the East Chattanooga Rising TIF District for expenditures of \$30,501.90 for ASA Engineering for design and RPR services related to the Hardy Street Extension; and \$136,836.21 to Thomas Brothers Construction Company for services related to the construction of the Hardy St. Extension; and \$299.66 to the City of Chattanooga for the purchase of a land-disturbing permit as required by the permitting office for the total amount of \$167,637.77.

ADOPTED: November 7, 2022.

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

JIMMY F. RODGERS, JR., Chair

PATRICK SHARPLEY, Secretary

City of Chattanooga and Hamilton County
Payment In Lieu of Tax Agreement
Policies and Procedures

Introduction

It is the policy of the City of Chattanooga (“City”) and Hamilton County (“County”) to enhance the development of the local economy and to promote job creation and job retention via business investments within the area. To advance economic development, the City and County partner with the Chattanooga Area Chamber of Commerce to recruit, expand, and retain business entities. The City and County Mayors, with the assistance of the Chamber of Commerce, periodically identify broad economic goals for the City and County. The Mayors, or their designees, annually communicate the key objectives necessary to achieve those goals to their respective Legislative Bodies.

To promote attainment of high priority businesses, investments and stimulate job creation, the City and County have established a business incentive program for abatement of ad valorem taxes known as **Payments-In-Lieu-of-Tax Agreements (PILOTs)**. The Chamber uses PILOTs as a recruiting tool, to enhance employment opportunities, investments, community improvement, and provide the financial impact needed by the City and County and their citizens. The PILOT program is administered for the City and County by their Industrial Development Boards. PILOT agreements must be approved by the Mayors, the Legislative Bodies, and the IDB.

PART I

Objective

This document is a guide for application and consideration of certain economic and business development opportunities which may merit consideration for property tax abatement. In accordance with the objectives of all parties involved, each proposed project must be in the

public interest and clearly demonstrate economic benefit to the City. This is established by, but not limited to, those criteria found in Part IV of this document.

Property Taxes for Education

Successful public education systems are essential to the prosperity of any community. The demand for a qualified workforce requires high quality educational systems to provide potential employees with the foundation for workforce readiness. Therefore, that portion of property taxes dedicated to funding the Hamilton County Department of Education shall not be abated under a PILOT agreement.

PART II

Definitions

- A. **“Applicant”** means the qualified business enterprise applying for the incentive or their representative, consultant, or counsel acting on behalf of the Qualified Business Enterprise. May also be referred to as the “Lessee.”
- B. **“Application”** means the application for property tax incentives submitted in the form designated by the Chamber and as amended from time to time.
- C. **“Chattanooga Area Chamber of Commerce”** is the organization designated by the City and County as their primary point of contact on economic development matters pertaining to the recruitment, expansion, and retention of business within their jurisdiction. May also be referred to as the Chamber.
- D. **“Economic Impact Matrix”** incorporates the factors set forth in Part IV.
- E. **“Expansion”** means the addition of buildings, structures, machinery, or equipment for the purpose of expanding a project. An Expansion shall mean valuated independently from the original Project.
- F. **“Industrial Development Board”** means the nonprofit quasi-governmental corporations established by the City and the County pursuant to the Tennessee Industrial Development Corporation Act, TCA §7-53-101 et seq. The Industrial Development Boards’ statutory purpose includes financing, owning, and/or leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise

promoting new industry, commerce and trade. May also be referred to as the “board” or “IDB.”

- G. **“Lease Agreement”** means the formal contract between the Lessee and the Industrial Development Board containing the terms and conditions of the agreement and property tax incentives. May also be referred to as PILOT agreement.
- H. **“Mayors”** mean the Mayor of the City and Mayor of Hamilton County, Tennessee. As chief executive officers of their respective governments, the Mayors are a primary point of contact for negotiations on behalf of the City and County.
- I. **“Payment-in-Lieu-of-Taxes”** means payments established in lieu of ad valorem taxes on the property involved in the Project. Generally, for real property, such amounts are to be based on the taxes being generated at the time the board takes title to the property considering only the value of the unimproved property. Generally, for tangible personal property, such amounts are to be based on the taxes being generated at the time the Board takes title to the property. Subsequent re-evaluation shall occur at intervals consistent with re-appraisals as required by State law. Payment-in Lieu of Taxes may also be referred to as “PILOTS”.
- J. **“Legislative Bodies”** mean the Chattanooga City Council and the Hamilton County Commission.
- K. **“Project”** means buildings, structures, machinery, equipment, land, new employees and applicable wages defined in the application. This may include the addition of buildings, structures, machinery, or equipment that is committed by the applicant to be started within three (3) years of the lease date of the Project defined in application. Any phase or expansion planned beyond three (3) years of the initial Project will require a new application to be filed at the time that the expansion is planned.
- L. **“Qualified Business Enterprise”** means any person, corporation or other business entity engaged in the active conduct of a trade or business. For the purposes of applying for this incentive, a qualified business enterprise is classified under an appropriate North American Industry Classification System code primarily in the manufacturing, non-retail commercial, and distribution sectors. Headquarters relocation, expansion, or retention

projects are also included. Other projects may be considered if determined that the economic benefits are to an extent that warrants extraordinary consideration.

PART III

Eligible Projects

Projects in the following business sectors represent the Qualified Business Enterprises that this program targets for consideration, so long as the proposal meets the other criteria:

- A. Manufacturing Projects constructed to manufacture, assemble, process, fabricate and distribute agricultural, mining or manufactured products
- B. Headquarters Projects representing the relocation, expansion or retention of international, national, or primary regional headquarters of established companies
- C. Distribution Facilities constructed to receive and forward final goods to various locations.
- D. Non-Retail Commercial Office Buildings and Service Facilities constructed for a specific tenant who will occupy the facility for at least the term of the property tax incentive, plus 50% of the longevity of the original Lease Agreement for the purposes described therein.

Projects in other sectors such as retail, housing, speculative developments, etc. may be considered if it is determined that the overall economic benefits are to an extent that warrants extraordinary consideration.

PART IV

PILOT Evaluation Criteria

Projects are evaluated according to an Economic Impact Matrix, which incorporates the factors listed below over a three year period from the date of the Lease Agreement. A number of points for each of these categories are determined. The terms and conditions of the property tax incentive are based on the final score attributed to the Project.

- A. **Capital Investment:** The Qualified Business Enterprise shall describe the minimum capital investment it will make in real and personal property such as machinery, land, equipment, structures, buildings, etc.

- B. Number of New Jobs Created: The Qualified Business Enterprise shall include the number of net new jobs directly created. Part-time jobs may not be factored for the purposes of calculating terms of the Lease Agreement.
- C. Average Annual Wages: The Qualified Business Enterprise shall describe the average annual wages to be paid to employees in the newly created jobs. The salaries/benefits of administrative personnel such as Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Vice Presidents and Board Members shall not be part of the computation. The baseline shall be 100% of the average annual wage of Hamilton County (as reported by the United States Department of Labor/Bureau of Labor Statistics). Points are added or subtracted based on a percentage above or below the baseline.

Bonus Factors:

- A. Construction or renovation which results in building design and equipment that significantly reduces energy consumption. Documentation of Leed Certification or an equivalent standard of attainment shall be required.
- B. Exceptionally High Average Wages: The average annual wage of all jobs created as a result of the Project that exceeds 200% of the average annual industrial wage of Hamilton County.
- C. Location: The Project locates in a Renewal Community Zone defined by HUD or a remediated Brownfield site identified by the Environmental Protection Agency or the Tennessee Department of Environment & Conservation.

Special circumstances or conditions may be considered in granting or refusing a specific property tax incentive term. During the Project negotiation process, the Applicant may be required to provide additional commitments demonstrating a significant impact upon the economic and physical plans and policies of the City and County.

PART V

Application Process

The Applicant will arrange a pre-application conference with the Chattanooga Area Chamber of Commerce, on behalf of the Mayors, to determine what level of incentives, if any, may be

provided. The Applicant shall be informed that tax incentives should not be considered final until approved by the Mayors and the Legislative Bodies. The decision, to grant or not grant a PILOT, does not rest with the Chamber.

- A. The Applicant shall submit the application and supporting documentation to the Chamber's staff. Applicants are advised to retain legal counsel. The following information must be part of the application:
1. Application form;
 2. Project description;
 3. Main points of contact of the applicant;
 4. Projected capital investment estimates in real and personal property;
 5. Employment - current and/or projected;
 6. Wages – current and/or projected;
 7. Financial statements - preferably audited statements or at least statements reviewed by a properly licensed CPA, and annual reports. These shall be reviewed by the City and/or County Finance Departments and written documentation of assessment findings shall accompany the Chamber's report to the Mayors;
 8. Banking references;
 9. Environmental or other related information necessary for evaluation by Air Pollution Control Board, if seeking bonus on abatement; and
 10. Other documentation necessary to support the request.
- B. The Chamber will perform all necessary due diligence and prepare a report to the Mayors stipulating the proposed terms of the property tax incentive based on the Economic Impact Matrix. The report shall also include an estimated economic impact analysis to the City and County.
- C. The Mayors shall offer conditional approval or rejection of the proposed terms of the property tax incentive, subject to further negotiation.
- D. If approved by the Mayors, the Chamber will send the Applicant a conditional letter of commitment outlining the proposed terms of the incentive and reminding the applicant that final approval is subject to approval by the Legislative Bodies.

- E. If the property tax incentive offer is acceptable to the applicant, a draft Lease Agreement and other required documents shall be prepared by the attorney for the Applicant and shall be subject to the approval of the City, the County, and the IDB. Upon completion, the Legislative Bodies shall be notified of the Applicant's status by the Chamber.
- F. Working through the Chamber, the Applicant shall request a hearing of the Legislative Bodies to seek approval of the Lease Agreement. This comes in the form of resolutions authorizing the Mayors to sign the Lease Agreement on behalf of their respective governments. The Legislative Bodies must be provided with the Economic Impact Matrix, the Lease Agreement, and any other documents pertinent to the application.
- G. The Legislative Bodies will each meet to discuss the merits of the proposed Lease Agreement, lease and resolution. The Legislative Bodies will determine, each by majority vote, if the proposal is in the best interests of the City and County and meets the goals and objectives for economic development.
- H. Upon approval of the Legislative Bodies, the Lease Agreement will be presented to the IDB for approval and execution. Signatories to the Lease Agreement are the Mayors, Chairman of the IDB, the Applicant's representative, the Hamilton County Trustee, and the Hamilton County Assessor of Property.

PART VI

Project Expansions

If the Project expands during the term of the Lease Agreement, such expansion shall be considered as a separate Project for the purpose of seeking a property tax incentive. Project Expansions shall be subject to the same review and criteria as contained in the original Lease Agreement. As a condition of PILOT approval, applicants must agree to send signed copies of the Lease Agreement, annual update of the Economic Impact Matrix and annual attesting to the compliance or non-compliance status of those items identified in the original agreement and other periodic reports as required by the Lease Agreement and Tennessee state law to the State Board of Equalization, the IDB and the Chamber of Commerce.

PART VII

Reporting; Notification Requirements; Audit

- A. Economic Impact Matrix Report and Annual Report. Lessee shall send an annual update of the Economic Impact Matrix and Annual Report to the City Finance Officer, the Hamilton County Finance Administrator, the IDB, and the Chamber at the end of the Lessee's corporate tax year.
- B. State Board of Equalization Report. On or before October 1 of each year, the Lessee shall file with the State Board of Equalization a report listing leased properties and details of the Lease Agreement containing the items and in the format set forth in T.C.A. § 7-53-305. A copy of the report shall be filed with the County Assessor of property on or before October 15 each year. Additionally, Lessee shall provide a copy of this report to the IDB and the Chamber, together with a copy of the transmittal letter to the State of Tennessee.
- C. Required Notification. The Applicant shall make timely notification to the IDB, Mayors, and the Chamber of any mergers, acquisitions, bankruptcies, company relocation, change in corporate structure or organization, or changes in local senior management which may or may not directly impact the project.
- D. Audit. The City and County shall have the right to audit data pertinent to determining compliance with the Lease Agreement. **[Audit provision needs to be fleshed out here. Audit report back mechanism to Mayors, Legislative Bodies & IDB needs to be described.]**

PART VIII

Chamber's Project File

The Chamber shall maintain a current checklist and file copies of all documents received as required by the State of Tennessee and the City and County as outlined in the Lease Agreement and this Part VIII, including, but not limited to, Lease Agreement, Economic Impact Matrix, Annual Report, and original Economic Impact Matrix and annual update to Economic Impact Matrix.

PART IX

Compliance and Remedies

Applicants have three (3) years to reach compliance levels for investment, employment, wages, and other factors committed by the Applicant in the Lease Agreement and to maintain those levels throughout the term of the Lease Agreement. Each Applicant will provide an Annual Report inclusive of supporting documents to certify the Applicant's actual performance as more fully set forth in Part VII.A. Failure to provide the appropriate initial or annual follow-up documentation to the State of Tennessee, the City or the County shall be a violation of the Lease Agreement.

The Chamber will review the Annual Reports to determine the status of original goals versus actual performance reports and report these findings annually to the IDB. Any changes that prevent PILOT goal achievement may necessitate more frequent reporting. IDB will review the findings annually to determine the status of committed benefits by the applicant.

If audit findings or pertinent information reveals that the Applicant has not met the projections of the factors serving as the basis for the final calculation of the property tax incentive, the IDB, City or County shall have the right to audit data pertinent to determine compliance with the Lease Agreement. [Audit provision needs to be fleshed out here. Audit report back mechanism to Mayors, Legislative Bodies, & IDB needs to be described.]

The IDB, City or County may exercise one or more of a number of remedies contained in the Lease Agreement, including:

- A. termination of the Lease Agreement;
- B. adjustment of the property tax incentive based upon the Lessee's performance in meeting their investment, jobs, and wage commitments;
- C. compel payment of amounts approximating the taxes that would have been due if the incentive had been determined in accordance with the Lessee's actual performance; or
- D. take other legal action.

Every situation shall be considered on a case-by-case basis. One factor to consider is if the Applicant has made a good faith effort to comply with its employment, wage, and capital investment commitments, but extraordinary circumstances prevent it from achieving those goals.

Another factor that may be considered is that the applicant may have met or exceeded one or more of its commitments without meeting others.

The City and County Finance Officers, with the assistance of the Chamber of Commerce, shall assess compliance with the terms of all active Lease Agreements and make an annual status report to the Mayors and the Legislative Bodies. This Annual Report shall include compliance levels for investment, employment, wages, and other factors agreed to by the applicant, as stated in the Lease Agreement. The Mayors and the Legislative Bodies shall work in a collaborative effort to ensure PILOT criteria compliance and the ad valorem tax abatement program functions to preserve and enhance the best economic interests of City and County residents.

RESOLUTION NO. _____

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: _____, 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: _____

BY-LAWS

OF

INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CHATTANOOGA

A corporation organized and existing under the laws of the State of Tennessee.

Article I - Offices

The principal office of the corporation in the State of Tennessee shall be located at City Hall, 101 East 11th Street, Chattanooga, Hamilton County, Tennessee 37402, c/o the Mayor's Office. The corporation may have such other offices in the City of Chattanooga, Tennessee, as the Board of Directors may designate or as the business of the corporation may require from time to time.

Article II - Board Meetings

Section 1. Annual Meeting. The Board shall hold annual meetings at 1000 Lindsay Street, Chattanooga, Hamilton County, Tennessee, on the second Tuesday of June at the hour of eleven o'clock a.m. if not a legal holiday, but if a legal holiday, then on the business day next following.

Section 2. Special Meetings. Special meetings of the Board may be held at any time, and the place and hour shall be fixed in the notice. Such meetings may be called by the Chairman or at the written request of any three (3) members of the Board. The meetings may be held for any purpose or purposes, unless otherwise prescribed by statute. Calls for or notices of special meetings shall specify the object of such meeting, and only objects so specified shall be considered.

Section 3. Regular Meetings. Regular meetings of the Board may be set by resolution of the Board, and shall be held at a place of meeting as set forth in Section 4 below.

Section 4. Place of Meeting. The Board may designate any place within Chattanooga, Tennessee, as a place of meeting for any annual meeting or for any special meeting called by the Board. If no designation is made, the place of meeting shall be the registered office of the corporation, designated in Article I herein.

Section 5. Notice of Meeting. Written or printed notice stating the place, date, and hour of the meeting, and in case of a special meeting the purpose or purposes for which the meeting is called, shall be given not less than five (5) days nor more than thirty (30) days before the meeting, either personally or by mail, by or at the direction of the Chairman or the Secretary, or the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Board member at his address, with postage thereon prepaid.

Section 6. Voting. Only members of the Board shall be entitled to vote at the regular and special meetings of the Board. At all meetings, each Board member shall be entitled to one (1) vote.

Section 7. Quorum. A majority of the members of the Board shall be necessary for quorum. When a quorum is present, a majority of those present in person shall decide any question before the meeting.

Section 8. Meetings Public. All meetings of the Board shall be open to the public as provided by Tennessee Code Annotated Section 7-53-101, *et seq.*

Article III - Responsibilities of the Board

Section 1. General Powers. The business and affairs of the corporation shall be managed by the members of the Board.

Section 2. Number, Tenure, and Qualifications. The number of Board members of the corporation shall be seven (7). These shall serve for staggered terms of six (6) years each as elected by the Chattanooga City Council, except that the first Board appointed shall have members with terms of two (2) years, four (4) years, and six (6) years as provided by Tennessee Code Annotated, Section 7-53-101, *et seq.*

Section 3. Vacancies. Any vacancy occurring in the Board may be filled only by the City Council. Nominees for any vacancy on the Board shall be made in the same manner as provided by Tennessee Code Annotated, Section 7-53-301. A Board member elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 4. Compensation. As provided by Tennessee Code Annotated, Section 7-53-101, *et seq.*, all members of the Board shall serve without compensation.

Article IV - Officers

Section 1. Officers Number. The officers of the corporation shall be at least four (4): one Chairman, one Vice-Chairman, one Secretary, and one Assistant Secretary; provided, that the Board of Directors may from time to time elect additional Assistant Secretaries as may be needed for the accomplishment of the business of the Board.

Section 2. Election and Term of Office. The officers of the corporation to be elected by the Board shall be elected annually by the Board. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death or until he shall resign or he shall have been removed in the manner hereafter provided.

Section 3. Removal. Any officer elected by the Board may be removed by the Board whenever in its judgment the best interests of the corporation would be served thereby.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the City Council for the unexpired portion of that term.

Section 5. Chairman. The Chairman shall be the principal executive officer of the corporation and, subject to the control of the Board, shall in general supervise and control all of the business affairs of the corporation. He shall, when present, preside at all meetings of the Board. He may sign, with the Vice Chairman or Secretary of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and the execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties as may be prescribed by the Board from time to time.

Section 6. Vice Chairman. In the absence of the Chairman, or in the event of his death or inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and so acting, shall have all the powers of and be subject to all the restrictions on the Chairman. The Vice Chairman shall also perform such other duties as from time to time may be assigned by the Chairman or by the Board.

Section 7. Secretary. The Secretary shall keep the minutes of the meetings of the Board in one or more books provided for that purpose; shall see that all notices are duly given in accordance with the provisions of these By-Laws as required by law;

shall be custodian of the corporate records of the corporation; shall keep a register of the address of each Board member which shall be furnished to the Secretary by such Board member; shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Chairman or by the Board.

Section 8. Assistant Secretary. In the absence of the Secretary, or in the event of his death or inability or refusal to act, the Assistant Secretary shall perform the duties of the Secretary, and so acting, shall have all the powers of and be subject to all the restrictions on the Secretary. The Assistant Secretary shall also perform such other duties as from time to time may be assigned by the Secretary or by the Board.

Article V - Contracts, Bonds, Loans, Mortgages, Leases, Checks, and Deposits

Section 1. Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract, including but not limited to mortgages and leases, or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loan shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in the name of the corporation unless authority is specifically given by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the Board.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board may select.

Article VII - Fiscal Year

The fiscal year of the corporation shall begin on the first day of July and end on the thirtieth day of June in each year.

Article VIII - Dividends--Excess Earnings

The Board may not pay dividends. Excess earnings, if any, shall be disposed of as provided by Tennessee Code Annotated, Section 7-53-101, *et seq.*

Article IX - Waiver of Notice

Whenever any notice is required to be given to any member of the Board of the corporation under the provisions of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article X - State Enabling Statutes Controlling

The provisions of Chapter 28 of the Tennessee Code, relating to Industrial Development Corporations, Tennessee Code Annotated, Section 7-53-101, *et seq.*, and the provisions of the Charter of Incorporation shall in all cases be controlling, and in any matter not specifically covered herein, or should any provision herein be in conflict, then the provisions of said statutes and the Charter shall control.

Article XI - Amendments

These By-Laws may be altered, amended, or repealed and any new By-Laws may be adopted by the Board at any regular or special meeting of the Board; provided the proposed alteration, amendment or repealer shall first be proposed at any regular and special meeting of the Board and then consideration thereof shall be scheduled for the next regular or special meeting of the Board and the substance thereof shall be contained in all published and mailed notices of the meeting.