



**INDUSTRIAL DEVELOPMENT BOARD  
MONTHLY MEETING MINUTES**

City Council Assembly Room  
John P. Franklin, Sr. City Council Building  
Chattanooga, Tennessee

for  
March 2, 2020  
11:05 a.m.

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

Also present were: Phillip A. Noblett (City Attorney); Eleanor Liu and Jamie Zurkiya (City Finance); Jason Payne (City Engineering); Jermaine Freeman and Richard Beeland (ECD); Mike Pare (Times Free Press); and Alicia Juhl (Henderson, Hutcherson & McCullough).

**MEETING MINUTES APPROVAL**

On motion of Mr. Lebovitz, seconded by Mr. Rodgers, the minutes of the February 3, 2020, meeting were unanimously approved.

There was no one present wishing to address the Board.

**PRESENTATION BY  
HENDERSON, HUTCHERSON & McCULLOUGH  
VW AUDIT REPORT FOR PERIOD ENDING JUNE 30, 2019**

Ms. Alicia Juhl (Audit Manager for Henderson, Hutcherson & McCullough) gave a presentation of the VW audit report for period ending June 30, 2019. The result of the report was good, clean, and unmodified. Ms. Juhl stated that in the audit process all transactions are looked at as part of audit standards. There were no new significant accounting policies for 2019. The staff was cooperative and made the process smooth. There were no audit corrections.

On page 2, the opinion was presented. On pages 8 and 9, Statement of Net Position, is a statement that shows balances with a particular date and time. There was an increase in cash and cash equivalence of \$1,020,038. There was also an increase in non-current assets (depreciable assets). There is an increase in current liabilities which is a result of the timing for invoices at year end.

On Net Position there was an increase of \$2,655,019 which is solidified on page 9. A significant portion of that is tied up in leased assets at \$420,738,128. The Statement of Revenues shows the activity through the year as well as the TIF and Economic Development Incentive Program. Overall, operating income reflects the capital contributions that come in from the City and County. That was an increase of \$1,276,937.

Mr. Rodgers wanted to know what was excluded from the report. Ms. Juhl stated that a lot of times reports are set up for when tying into grants for reporting for the State. The report in the back does not actually show any money coming in from the State but still tied into the local matching funds. That was put up to show it is more state-oriented, not a federal grant situation and the only reason that is being set up is for the state purposes.

Mr. Noblett stated there are specific requirements under state law regarding TIFs which requires this type of audit to be done, as well as economic and community development funds. It does not include the PILOTs.

### **RESOLUTION**

A RESOLUTION TO AMEND AND EXECUTE THE LEASE AGREEMENT WITH VOLKSWAGEN GROUP OF AMERICA TO RELEASE TAX MAP NO. 139-074.02, A 17.14 ACRE PARCEL, WHICH WAS PREVIOUSLY OPTIONED AND RELEASED BY ERLANGER HEALTH SYSTEM. (VW(CB)59)

Mr. Jermaine Freeman stated that in 2010 VW and Erlanger partnered on setting up a wellness clinic at Enterprise South. Part of the Lease Agreement included Erlanger having the option to maybe eventually expand the wellness clinic to the parcel in question which is behind where the current wellness facility is currently constructed. Erlanger has indicated that they have no further interest in the parcel and would like to release it back to VW. After further discussion, a motion was made by Mr. Lebovitz, seconded by Ms. Butler, and the resolution was unanimously approved.

### **VOLKSWAGEN FINANCE REPORT**

Ms. Eleanor Liu presented the VW report with one payment made in the second MOU for \$170,643.00. The overall spent, encumbered, and contingencies are at 98.87%.

**RESOLUTION**

A RESOLUTION AUTHORIZING A CONSTRUCTION MITIGATION GRANT IN THE AMOUNT OF ONE THOUSAND DOLLARS (\$1,000.00) TO THE PALACE THEATER, IN ACCORDANCE WITH THE PATTEN PARKWAY CONSTRUCTION PROJECT. (CMG(6))

Mr. Jermaine Freeman stated that The Palace Theater is a small business located on Patten Parkway next to Southern Squeeze and Jack Brown's. It is a very independent theater that occasional shows independent films as well as they post special events, including poetry readings. As part of the ongoing Patten Parkway Construction Mitigation Program, they have set aside the requirements of providing all necessary paperwork for a \$1,000.00 grant. After further discussion, a motion was made by Mr. Lebovitz to approve the resolution, seconded by Mr. Rodgers, and the resolution unanimously was approved.

**RESOLUTION**

A RESOLUTION AUTHORIZING THE MEMBERS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, IN ACCORDANCE WITH INDUSTRIAL DEVELOPMENT CORPORATIONS BEING AUTHORIZED UNDER THE TENNESSEE CODE, TO ENACT AND APPROVE REAL ESTATE TRANSACTIONS, TO PAY FOR REAL ESTATE-RELATED SERVICES, FEES, AND LICENSED PROFESSIONAL COMMISSIONS, IN ACCORDANCE WITH STATE OF TENNESSEE REAL ESTATE LAWS AND REGULATIONS.

Mr. Jermaine Freeman stated that in working with the Chamber of Commerce at Enterprise South, the marketing package calls for the payment of five (5%) percent broker's commission for commercial real estate brokers who find tenants for available properties at Enterprise South. The IDB are within their rights to pay broker fees. It is something that has not been done before. As they continue to look at properties that are available at Enterprise South, it is currently in our marketing plan put together by the Chamber in order to make sure we are able to do what would be necessary for us to pass a resolution. Mr. Noblett stated that the Board would be authorized as a corporation to pay costs under state law. A question came up in connection with the property involved with EPB and there had been some initial offer to purchase the property with the real estate broker fees included in that amount. That was successfully negotiated out of the deal by Charita Allen in connection with this arrangement where we did not pay any fees. This resolution would authorize the Board to do that. The question is up to this Board whether you want to do that in case where the property is worth to be able to pay fees.

Mr. Ireland asked if we have done that to date on any other properties. Mr. Freeman stated that we have never really been asked to do it until now. Mr. Freeman stated that they were successfully able to negotiate a different arrangement this time so the IDB would not be paying that however it is something for us to keep in mind going forward for any additional properties at Enterprise South. Mr. Ireland asked if this would obligate the Board. Mr. Noblett stated that it would authorize the Board to do so as appropriate. Mr. Ireland asked if they would have to come back to the Board to get the five (5%) percent. Mr. Freeman stated that typically it would be included into whatever contract, purchase agreement, there would be for the land. A provision would be included in the purchase agreement for the land that would spell out the payment of the broker's commission. That would be something the Board would review. Mr. Noblett stated that normally in a real estate sales agreement there is going to be some records as to what the closing costs are and who is responsible. If the Board does not want to be responsible, that can be paid by the Buyer or the Seller. That is in the agreement today. Mr. Rodgers stated that his question is that if we have made it to this point and have not needed this authority, could we do this on an as-needed basis. It is not an obligation on every transaction.

After further discussion, a motion was made by Ms. Butler to approve the resolution giving the Board authority, seconded by Mr. Lebovitz, and the resolution was passed with six board members showing hands raised, and one abstaining vote by Mr. Rodgers, and the resolution was hereby approved.

#### **RESOLUTION**

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO ENTER INTO A CONTRACT FOR SALE AND PURCHASE, IN SUBSTANTIALLY THE FORM ATTACHED, WITH THE ELECTRIC POWER BOARD OF CHATTANOOGA AND TO EXECUTE A DEED AND ANY OTHER NECESSARY CLOSING DOCUMENTS FOR THE CONVEYANCE OF THE PROPERTY, FOR THE AMOUNT OF ONE MILLION ONE HUNDRED FOURTEEN THOUSAND ONE HUNDRED DOLLARS (\$1,114,100.00).

Mr. Jermaine Freeman stated that the parcel in question is related to the resolution voted on relating to the 17.14 acre parcel directly behind the Erlanger Wellness Clinic. What EPB would like to do is build an east operation center to look very similar in terms of form and function to their current operation center which is next to the rail yard off McCallie Avenue. It would be a \$16 million capital investment, would establish the new east operation center, and would eventually employ between 75-100 employees. The starting salaries would range between \$14-\$30 an hour and would max out between \$21-45 per hour. The positions that would be working at the east operation center would include material handlers, lineman, electricians, and supervisors. The canvas would include 10,000 sq. ft. of office space; 60,000 sq. ft. of warehouse space; 70,000 sq. ft. of covered storage for EPB vehicles wires and large items; and 40,000 sq. ft. of lay down area for equipment poles, transformers, reeled wire, and conduit.

The eastern portion of our City is one of the fastest growing areas of our city. Having that east operation center at Enterprise South accomplishes a couple of things:

(1) It allows EPB to have a real time operation center that is in Enterprise South and can quickly respond to any outages or disruptions in the eastern part of our city, especially for manufacturers who depend on steady flow of electricity and who absolutely depend on the smart grid to work and not be interrupted for the manufacturing processes.

(2) As our City has grown, and as we start to lose available land and space, it becomes more and more difficult for some of our partners like EPB to be able to identify areas where you can store large amounts of equipment in a lay down area. You do not want a lay down area at the end or near a neighborhood because of the attractiveness of what a lay down area looks like for equipment, however, that is a much better use in an industrial park. This gives EPB the ability to strategically establish an operation center in one of the fastest growing parts of our city and be close to manufacturers and other tenants that are in Enterprise South. This does not affect the McCallie facility. This is looked at as an expansion. This is a net addition to what they currently already have in terms of 600 employees.

There is a real estate fee of \$65,000 per acre and that is calculated on the \$1.1 million. Typically, when the Chamber markets parcels at Enterprise South, they usually market parcels at \$80,000 per acre, however, this site has some challenges. The hand out shows it is not a perfect square for a canvas. The EPB is not going to be able to have a ready-made pad that will be a perfect square for a nice neat little canvas. They will have to stagger buildings because they are going to lose two acres of land off the top. There is a gas easement that bisects the property and a wetland in the back of the property where they cannot develop. They are going to lose two acres off the top just going into it because you cannot build permanent structures on wetlands or on the easement. They have to stagger facilities. That is why the price came down and is a fair price.

There is a realtor commission fee which is in the agreement in the amount of \$55,705.00 in paragraph 15 of the agreement. The closing costs section in Paragraph 6 says that is all the responsibility of the Buyer in this case. There is a five (5%) percent amount of \$1.1 million charge. EPB is paying that portion. NAI Charter is an agent involved. NAI Charter is not necessarily involved with Enterprise South property. They are a different commercial realtor that the Chamber works with. After further discussion, a motion was made by Mr. Rodgers to approve this resolution, seconded by Ms. Butler, and the resolution was unanimously approved.

### **RECOGNITION OF MR. JAMES MILLER (BOARD MEMBER)**

Mr. Ireland welcomed Mr. Miller back to the Board meeting. He is one of our favorite people and it is good to see him. Mr. Miller was glad to be back. Mr. Ireland stated that he hopes Mr. Miller continues to get well and joins us. Everyone applauded for Mr. Miller.

There being no further business, the meeting was adjourned at 11:30 a.m.



---

**ALAN LEBOVITZ, *Secretary***

APPROVED:



---

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









# Minutes

Final Audit Report

2020-04-09

Created:	2020-04-08
By:	Maria Manalla (mmanalla@chattanooga.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAA2PCrovqtWLUx8UIRr54T-IHxvYUSeLPW

## "Minutes" History

-  Document created by Maria Manalla (mmanalla@chattanooga.gov)  
2020-04-08 - 6:20:18 PM GMT- IP address: 174.195.17.254
-  Document emailed to H H Ireland III (sireland@cosonline.com) for signature  
2020-04-08 - 6:22:41 PM GMT
-  Email viewed by H H Ireland III (sireland@cosonline.com)  
2020-04-09 - 11:52:57 AM GMT- IP address: 73.107.32.118
-  Document e-signed by H H Ireland III (sireland@cosonline.com)  
Signature Date: 2020-04-09 - 11:54:09 AM GMT - Time Source: server- IP address: 73.107.32.118
-  Document emailed to Alan Lebovitz (alan.lebovitz@cblproperties.com) for signature  
2020-04-09 - 11:54:11 AM GMT
-  Email viewed by Alan Lebovitz (alan.lebovitz@cblproperties.com)  
2020-04-09 - 12:17:45 PM GMT- IP address: 74.221.181.67
-  Document e-signed by Alan Lebovitz (alan.lebovitz@cblproperties.com)  
Signature Date: 2020-04-09 - 12:50:50 PM GMT - Time Source: server- IP address: 74.221.181.67
-  Signed document emailed to Maria Manalla (mmanalla@chattanooga.gov), H H Ireland III (sireland@cosonline.com) and Alan Lebovitz (alan.lebovitz@cblproperties.com)  
2020-04-09 - 12:50:50 PM GMT