



**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 AUGUST 1, 2022 – MINUTES APPROVAL

On motion of Mr. Adkins, seconded by Ms. Jones, the minutes of the August 1, 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.



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*