



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES**

**John P. Franklin Sr. City Council Building
Chattanooga, Tennessee**

**for
September 11, 2023
11:00 AM**

Present were Kerry Hayes (Chair), Althea Jones (Vice-Chair), Jimmy F. Rodgers, Jr., Jim Floyd, and Nadia Kain. Absent were Ray Adkins and Gordon Parker.

Also Present were: Attorney for the Board, Phillip A. Noblett; Jermaine Freeman (Interim Chief of Staff and Senior Advisor for Economic Development); Jason Payne and Bill Payne (City Engineering); Rick Wolf (CDM Smith); Tom Trent (Bradley); Nate Midford (Hazen); Jimmy White, Brad Shumpart, Megan Bissonette, and Grant Shelton (Urban Story Ventures); Weston Porter (Henderson, Hutcherson & McCullough); Justin Bolender (Jacobs); Helen Burns Sharp (ATM); Eric Myers (CDS); Charles Wood (Chamber); Mark Smith (Miller & Martin); Janice Gooden, Michael Gilliland, Erin Kellam, Angelica Acevedo, Alondra Gomez, and Joe Patten (CALEB); Matt Phillips (Rise Partners); Mike Pare (Times-Free Press); Eleanor Liu, Jamie Zurkiya, and Vickie Haley (City Finance); Todd Womack (Bridge); Mark Heinzer (Wastewater); and Betsy Knotts.



Chairman Hayes called the meeting to order, confirmed the meeting was duly advertised, and established that a quorum was present to conduct business. Two members were absent, and we have five members present for a quorum.



MONTHLY MEETING OF AUGUST 7, 2023 – MINUTES APPROVAL

On motion of Mr. Rodgers, seconded by Ms. Jones, the minutes of the August 7, 2023, monthly meeting were unanimously approved.



ELECTION OF ASSISTANT SECRETARY

We have one departure from a couple of weeks ago where Patrick Sharpley has left us to move to north Georgia, and we have a vacancy on the Executive Committee, and we will need to elect a new Assistant Secretary. Mr. Rodgers nominated Mr. Floyd as Assistant Secretary for the remainder of the year, seconded by Ms. Jones, and Mr. Floyd was elected as Assistant Secretary for the Board, and the motion carried.



There was no one present wishing to make any comments at this time.



DISCUSSION

**HENDERSON, HUTCHERSON & MCCULLOUGH
ON AUDIT REPORT**

Mr. Weston Porter, Partner with Henderson, Hutcherson & McCullough, was present who is in charge of the City of Chattanooga and IDB audits. They wanted to discuss the timing of the audit report for this year. The audit report for June 30, 2022, was delayed on a number of different factors. We had some things we were working through with the City of Chattanooga due to the Oracle implementation and some of the accounting pieces. They had some issues that needed to be worked through that could have impacted what they were doing with the Industrial Development Board audit. There were not any impacts but wanted to be sure when we finalized everything that we were not going to have to re-issue any issues with the City.

We also have had some turnover internally on the team that had been working on that interim period which was more of a delay. This year we have streamlined that process and have the same team working on both audits. We are working with a lot of the same staff when we do those audits. It makes sense to build some efficiency to have it all on one team and one house. The plan is to ask that we do the audit with the City and doing the IDB audit in conjunction with asking the same questions.

Chair Hayes asked about timing. Mr. Porter spoke with the finance team with the City, and they said they would be ready for them to come out and do their audit the first week of October. We are looking at the month of October to do that audit and the IDB audit with issuance towards the end of November or part of December which will be in time for the December 31st deadline set by the State.



PRESENTATION

CLEAR CHATTANOOGA – MOCCASIN BEND ENVIRONMENTAL CAMPUS (MBEC) RENEWABLE ENERGY PROGRAM

Mr. Mark Heinzer is the Administrator for the Wastewater Department for the City. In April, they had come to this Board and given a similar presentation, but it has been a while, and he wanted to refresh all this information with the Board prior to what they hope is a partnership with the Board.

This program has economic benefits as well as partnership benefits with the City. The partnership is for a design build project to generate renewable energy from wastewater. The reason design build is desirable is because the complexity of this project would be best if the consultant and the contractor work in concert as opposed to a consultant providing a design and then putting it out to bid which opens up to a little bit of a risk. It is a good way to minimize risk to the City.

Earlier this year, we wrapped up the energy audit at the treatment plant and one of the results of the audit was to look at the biosolids operation. There is a lot of energy pent up in wastewater and biosolids that goes to waste. It is a large capital investment of \$130-\$150 million total with some ancillary projects rolled into this that make this a comprehensive project and changes the nature of our plant.

The project is funded through a WIFIA loan partially up to 49% of project costs. The WIFIA loan is going to fund four of our different projects at the plant. The total award is \$186 million which is split up among the four projects. This loan was approved last year and have already started this with the e2i2 project which we are doing on partnership with this Board as design build. This is another piggyback on that loan. The deadline is December 31, 2028.

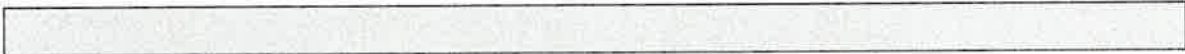
The next slide shows the program drivers, current operation, using 12-15 truckloads per day. (See presentation attached to these minutes). They are going 50 miles or further to apply this material because it is odorful and drive to rural areas so as to not creating a nuisance for the communities. It is not a very efficient process. It is called a Class B product applied to land.

The 2028 Vision is what we want to get at which is the Thermo-Hydrolysis Process (THP). (See presentation attached to these minutes). The THP will be self-sustaining. We will have leftover gas. We can sell this gas and put it back into the grid for renewable energy credit or we can power vehicles whether it is refusing collection vehicles or other large vehicles. Two ways get money back. The reduced volume of material is going to save a bunch of energy and costs. There is \$1.5 million a year in savings just trucking it. There is \$4 million a year gained in the sale of renewable energy credits. We get a Class A fertilizer which is much less odor and can go closer to farms. We can keep food waste from restaurants out of landfills and use that to generate energy. This is a multiple phase process. It is green energy and will help promote and maintain affordable sewer rates and supports local agriculture by reducing fertilizer costs. (See presentation attached to these minutes).

We want to again enter into a partnership with the IDB to be the owner/authority of the project as a design build owner. We would do the similar role like the e2i2 project. This is just informational today, and we will come back within a month or two with drafts of documents for approval. The responsibilities of the IDB and Wastewater were presented.

In October, they will come back to the Board to approve the Memorandum of Understanding, get the RFP out on the street, and early 2024 we will get the design builder on board. There is a hard stop deadline in 2028.

Chair Hayes asked if there was a sense of the total savings per year. Mr. Heinzer stated between \$7-\$9 million. This is all through the Enterprise fund.



RESOLUTION

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

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA RATIFYING THE ACTIONS OF ITS CHAIR TO APPOINT NADIA KAIN AS A SUBSTITUTE BOARD APPOINTEE TO THE APPLICATION REVIEW COMMITTEE SOLELY FOR ITS MEETING HELD ON SEPTEMBER 7, 2023.

At the last meeting, a motion was made to appoint Althea Jones to the Application Review Committee. Ms. Jones was unable to serve on the committee, and Ms. Kain has been selected to take her place. Attorney Noblett stated that the appointment is just for the September 7th meeting. Mr. Rodgers believes that the Board should revisit the issue of having board members to continue serving on committees. Should it be two people outside of the IDB. Chair Hayes stated we wanted to have IDB board members.

The motion carried.

ADOPTED-8/7/2023

PILOT POLICIES AND PROCEDURES

Chair Hayes stated that this will be the final time that this body hears public discussion on this matter, and we will take a vote to recommend it or not to the City Council at the October meeting. According to Chair Hayes' understanding of state law, the City itself cannot enter into tax abatement discussions. This is pending approval of the City Council, the Hamilton County Commission, and the IDB as a separate process when they are asking to do so. His hope is that we move forward, and the thing that he will be looking for before we take a vote are policies and procedures that protect taxpayers with really clear and consistent claw back provisions necessary

and to keep our economy competitive by focusing on the industry clusters where we have a natural advantage with the Chamber and the City.

Mr. Freeman stated we have more of an update. They have been working closely with the Chamber to create a PILOT policy that speaks to both the Chamber's strategic plan for economic growth of the City as well as the overall economic goals of the Administration and what they believe to be the goals of the City Council as well. When we put together and formulate a final document for the Board to consider, please keep in mind that their goal is to make sure that the City remains competitive as we compete against other cities across the country.

As Mr. Woods would tell you, it is very much a competitive dog eat dog world out there when it comes for competing for economic development projects. We as the City have been fortunate and certainly hit above our weight and certainly been successful at recruiting companies as well as keeping local companies, but there is competition. There is competition not only to keep growing companies that are already here within the City limits, but there is also competition from other cities in terms of getting new projects here.

One of the things they have considered doing as we go through this PILOT process is not only to continue to work with the Chamber but to also work a little bit more closely with the County in terms of putting together what hopefully will be a PILOT policy that both speaks to the City's goals and also keeps in mind some similar goals the County may have. In addition to that, we have been in conversations with local community advocate organizations, CALEB, which members are here today, and what we really want to do is also make sure that as we put together a policy that both helps the City to be competitive that we are also keeping in mind front and center community concerns about PILOTs and incentives in general.

What we will be doing over the next several weeks is meeting with the Chamber, the County, and members of CALEB to have some facilitative conversations that will be led by one of our external attorneys Mark Mamantov, unfortunately who could not be here today as he is under the weather, but he is represented by Betsy Knotts who is here from his office and who is a former attorney and in a local finance office within the Tennessee Comptroller office. We are looking forward to having some robust conversations with CALEB as well as our friends from the County and Chamber in the coming weeks to get to the needs of how our policy we are drafting can be aligned to address community concerns but also to make sure the City remains competitive and in a good position to compete with future projects.

Attorney Noblett stated the document here is the policy of the City and County to develop certain things. Is this going to be adopted by both the County Industrial Development Board and the City Industrial Development Board because they are two separate corporations? Mr. Freeman stated that is not the plan at this time. The plan at this time is for only the City to adopt a policy because we typically work in concert with the County, we want to make sure that we do have a policy that does not put us at odds with whatever economic development goals are which are often very much aligned with the economic development goals of the City. There will be differences. At this time, as the members of this body well know, neither the City nor the County have an adopted PILOT policy per se. The City has an adopted TIF policy, and the County does not. This is an opportunity for us as we in the City thinks about our PILOT policy and knowing that we

work well with the County, and we are typically working in concert to develop economic projects and want to be mindful of things that will also be important for the County. But it is not the expectation that this PILOT policy be adopted by the County per se.

Mr. Rodgers continues to be concerned about construction projects that come in. Perspectives from like the Associated General Contractors, from the Chattanooga building trades, other entities that have an interest in these projects, it is great to get the ultimate jobs. But Mr. Rodgers still thinks to the extent we do not include those parties in the discussion, we are cutting ourselves short as far as potential economic opportunities and jobs for our local workforce that engage in construction, not just the ultimate people that get the jobs. Keep those folks in mind. Mr. Freeman stated we will absolutely do that.

PUBLIC HEARING COMMENTS

Helen Burns Sharp

Accountability for Taxpayer Money (ATM)

Relative to the PILOT policies, Ms. Sharp thinks that it is a great idea that Mr. Mamantov join with us and one of the things that they have struggled with is when you have six or eight people trying to write code language, it gets kind of crazy. Somebody needs to make sure what they are composing flows well and hopes the PILOT policies are as good as the TIF policies.

Ms. Sharp likes the concept and would like to mention again in addition to the matrix, the Chamber wrote this document and places a lot of emphasis on the matrix. The matrix is not new, but people have not seen it before, including the Board, because it has not been attached yet. Ms. Sharp knows the value of matrix and saying these are some of the factors we want to look at, the number of jobs, pay, investment, etc. Ms. Sharp thinks economic development is more than adding some numbers together. Ms. Sharp would like to suggest that we have a qualitative component. For example, it seemed to Ms. Sharp like one of the things we could do is ask the applicant because the applicant knows the merits of the project more than anybody, to ask them as part of the application to answer questions such as, would your project be a game changer, would it be a catalyst for attracting other businesses, is it in a strategic industry sector, is the incentive a prerequisite to relocating or expanding here, and are there other compelling aspects about the project that we should consider?

In addition, Ms. Sharp thinks there are a few things that have not been viewed in the document that need to happen. We need to rename "Chamber Project Files" into "Project Files". We need to add City Hall and the County courthouse as a repository. This is probably information. These things need to be in public buildings. We need to do a PILOT flow chart, and the City of Knoxville has a really good PILOT flow chart, and hopefully that will get added.

Those are some of the smaller things. Ms. Sharp hopes there is going to be more discussion about some big picture things going on. This envisions a greater role for the Chamber. The Chamber has always been a key partner in administering this as the point of contact. The City has allowed the Chamber to do the first draft. The concern Ms. Sharp has is that the Chamber is a great organization, but they are a business advocacy group. What you are starting to see in

Chattanooga and will hear more of this notion is, who is looking out for us? There are a lot of people looking out for business and business does a good job here, we have a strong private sector, they do a good job of representing their interest and that is great, but we are very dependent on this Board and the City Council. Who else is looking out for our interest? That is just a reminder.

Another thing is Ms. Sharp hopes we can have more discussion, we hear about Greenville and Huntsville and certainly we want to be competitive, but when we drill down and look at a lot of the data, a lot of times businesses make their decisions on other things. A credible organization has looked at IRS records for businesses and about two percent is taxes. They typically make their decisions, but it is on labor force, location, manufacturing, infrastructure, etc. Certainly, everybody would love to have a tax break, but sometimes we sort of maybe drink the Kool-Aid a little bit like that is how they are making their decisions. We need this in our toolbox. We hear of Greenville and Huntsville competition, the City of Greenville does not give PILOTs, Greenville County does. Let us make sure that we recognize that businesses do not make their decisions even primarily based on tax incentives. Clearly, we need to offer an incentive.

Ms. Sharp hopes in the facilitating discussion that we can talk about some big picture kind of things. Ms. Sharp is also concerned about the way the wording in your draft is now it assumes a greater role for the IDB, not necessarily bad, a lesser role for the City Council, thinks that is bad because they are our elected officials, and probably a lesser role for the public. We will have the opportunity here, but we do not have the ability in a public meeting to go to our elected officials if many of these PILOTs under the current scenario are not going to the City Council. There are some big picture policy questions. Ms. Sharp is looking forward to the progress. It has been a long time coming, and we need to take the time to get this right, and something we are all proud of and works with everyone.

Charles Wood
Chattanooga Chamber of Commerce

The Board will see the full PILOT policy at the next meeting. Typically, when a company is choosing a new location, most of the time the way the negotiating works is they will identify down to two or maybe three locations. At that point, the project will generally work at any one of those locations. As they look at that, they then determine what are the costs, what are the potential risks, how do we mitigate those risks, and how is the community embracing the project. Those are all things that are considered by a company when they have worked through a location scenario where they are down to more than one location.

For the Chamber, the challenge is to always determine how we make sure that we are putting enough on the table to mitigate that company's risks. We are putting enough on the table to make sure that the company understands that we want them, and we are going to be a great partner as a community with them, and as part of this process, is making sure that company is going to deliver an economic benefit to Chattanooga.

We tried in the draft to minimize the amounts of qualitative dynamics that are in that policy. The reason for that is just like any public policy, it does not matter whether that is development code, zoning codes, or things like that. The more qualitative those policies are then the more

unknown and inability there is to determine very easily a project meets or does not meet requirements. We kept it as qualitatively as possible. There are some things that do protect the City and one of the key components in any incentive is we want to make sure we are being thoughtful or good stewards of our resources. At the same time, we compete against communities all over the country and all over the world and want to make sure we are competitive with those other communities.

What we are trying to get is a balance for that and that includes both not just on the incentive itself but on the process, it takes to get through that. There are two aspects. Will the incentive offer be competitive, and will the process allow us to compete, or would it be so slow that we lose projects because we cannot get to approval. Those are some of the key components. This is the most complicated TIF (sic) policy they have worked with the State. It is so complicated that we do not know exactly what is happening if there are so many steps in the policy. As we think about not just competitive in terms of what we offer as a community but also what does that process look like both for elected officials where they are seeing that every day is a new day, every time we bring a PILOT to Council it feels like every day is a new day. This helps create structure for them and believe it creates enough flexibility where if a project is significant would require more than a 10-year tax abatement, would then go to the City Council in the same way where if you need a variance for things you go to City Council. That is the concept to create enough clarity, very define the details, with a limited kind of amount of ambiguity that it allows for a process to work pretty quickly. But if a company is looking for exception, if the project is a significant size, then it allows for public officials.

Joe Patten
CALEB

Having a public hearing is very valuable, and we have not gotten in a position to show a policy to consider at this point. Mr. Patten wanted to clarify at that time to be able to have a continuation of a public hearing to make sure all substantive points are weighed out.

Mr. Freeman will get a draft of the PILOT policies to the Board at least ten days prior to the October 2nd vote.



RESOLUTION

On motion of Mr. Rodgers, seconded by Ms. Jones,

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA APPROVING AN AMENDMENT TO THE ECONOMIC IMPACT PLAN FOR THE DEVELOPMENT OF THE NORTH RIVER COMMERCE CENTER INDUSTRIAL PARK AND THE REDEVELOPMENT OF NORTH ACCESS ROAD AND SUBMITTING THE AMENDMENT TO THE CITY COUNCIL AND COUNTY COMMISSION.

Mr. Freeman stated the reason for this item coming back before the IDB today is to clean up some language in the original Economic Impact Plan. The developer, Rise Partners, will be seeking to do a TIF through a bond issuance at which point at some time in the future they will ask the IDB to help facilitate as part of that process which is a normal process of finalizing the TIF process. They need to have the ability of what is called a reserve account. The reserve account is something we need to clarify in the Economic Impact Plan is something that can be used as an instrument and that they would have the ability to do that through the Economic Impact Plan.

The language that has come before the Board today is because we are amending the Economic Impact Plan to make sure the developer in this case does have the ability to create the reserve fund to finalize the subsequent debt transaction as part of this overall TIF through the IDB. This is not changing the overall amount of the TIF at all. It does not change the overall term of the TIF in terms of 20 years. It is still a \$9.9 million TIF in terms of its total value. None of those changes. They simply now have the administrative capability to also create this debt reserve fund as part of their structure.

Matt Phillips (Managing Partner of Rise Partners)
Developer North River Commerce Center

What Rise Partners is not asking for does not increase the TIF proceeds or the reimbursement to them. It does not have any cost implications with the County, City, or IDB. It is akin to cleanup of a clerical error. The definition of transaction costs included a reserve account to pay off principal of a future bond issuance. This just allows them to proceed with the plan that was approved last year.

PUBLIC HEARING COMMENTS

Helen Burns Sharp

Accountability for Taxpayer Money (ATM)

Ms. Sharp has talked with Mr. Phillips and understands this was a scrivener's error but one of the things that concerned her is had it been like a one-page staff report explaining what this is, why you are being asked to do it, and then maybe redline because what is before the Board basically says delete paragraph 2 on something you adopted a year ago and replacing it with the wording below. And you probably did not have instant recall of what paragraph 2 was. Obviously bold/strike/redline would be helpful in the terms of the future it would be helpful for a one-page memo from the staff saying this is what this is and why the applicant is asking us to do it and recommend approval and if you are proposing to change the wording show in last year's Economic Impact Plan, show what that was. From a substantive standpoint this is fine, these things happen, but in terms of process maybe could be reminder to make it more clearly. People would not understand why this was being done.

Mr. Freeman stated they have a document from Mark Mamantov to circulate to the Board.

The motion carried.

ADOPTED-8/7/2023

RESOLUTION

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

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA SUBMITTING AN ECONOMIC IMPACT PLAN FOR THE BEND DEVELOPMENT PROJECT AND AUTHORIZING THE SUBMISSION OF SUCH PLAN TO THE CITY OF CHATTANOOGA AND HAMILTON COUNTY, TENNESSEE.

Mr. Hayes recused himself from voting on this resolution.

Mr. Freeman stated that when the application for the One Westside The Bend TIF first came before the Board in the June meeting, since then they have plotted along the TIF application process. We have held the Application Review Committee meeting and thank the IDB board members who participated. The meeting was two and a half hours and was very productive.

Charles Wood served on the TIF Application Review Committee and consisted of Nadia Kain (IDB), Gordon Parker (IDB), Rebecca Suttles (recommended from City Council Chair Dotley), Tenesha Irvin (recommended from City Council Chair Dotley), Leslie Gower (Association of General Contractors), and former Hamilton County Superintendent Dr. Bryan Johnson. We had a good fruitful discussion.

We are talking about a \$115 million TIF which \$100 million of the proceeds would come from property revenue with \$15 million coming from local option sales tax revenue, and then there would be an additional \$20 million allowed for interest. It would be \$135 million total.

What the City and County would be doing through the property tax revenue split is setting up a system where the developer would have the ability of being reimbursed for 50% of the public infrastructure costs. Only the City has the option to dedicate local option sales tax revenue as part of a Brownfields TIF because the County under state law has to dedicate any of their local option sales tax revenue to fund the school system. Only the City can participate in the local option sales tax portion.

An overview of the project details was presented. It is over one million square feet of commercial space that would be in the form of general office space, over half million square feet of retail space, entertainment space of over 37,000 square feet, and an estimate of 500 hotel rooms. You will also see an increase in residential units in the form of apartments, condos, and townhomes. There will be 10% of multifamily units designated as affordable.

The City has proposed that there also be participation with the Chattanooga Housing Authority which is undergoing a significant redevelopment plan itself on the other side of Riverfront Parkway. That plan is called Westside Evolves and was adopted as an official plan of the City last November. As part of that process, the Chattanooga Housing Authority will be pursuing a \$50 million grant from the United States Department of Housing and Urban Development called the Choice Neighborhood Grant which could help them jump start their redevelopment efforts over on the Westside. If they are successful in getting the \$50 million grant, they would also potentially have access to tens of millions of dollars of low income housing tax credits to help with the funding and creation of even more affordable housing units.

The Westside Evolves Plan focuses on two primary units right now on the Westside. The College Hill Courts and the Gateway Tower which combined account for 629 units. All of those units provide housing for people who are between zero and 30% AMI. These units are deeply affordable for people who are really at the very lowest ends of our AMI spectrum. The Westside Evolves Plan has the ability to not only preserve all of those 629 units but also would create over 1,100 additional units that would be affordable to people at various income levels.

The vision is The Bend happening on one side of Riverfront Parkway next to the river, and the Westside Evolves happening on the other side of Riverfront Parkway. It is very important to the City and to the Administration. As we look at these two projects, we look at them in tandem because of their tremendous redevelopment potential for our city happening so close.

The benefit here is that what we are also proposing is to take some of the new tax increment revenue as created from The Bend and to use that revenue to fund the Westside Evolves redevelopment plan which would then make them more competitive and pursuing that Choice Neighborhood Grant mentioned previously. They would then have the ability to provide funding as part of their local match for the project.

Brad Shumpert, Executive Vice President
Urban Story Ventures

When Urban Story Ventures had the opportunity to buy this 120-acres of an old Brownfield and realized the story was not yet written back in 2018, Mr. Shumpert does not believe anyone understood the generationally, transformative project we would be a part of with the One Westside Plan and Hamilton County schools in Westside Evolves. It is so exciting to play a role in completely transforming this portion of our city for decades to come.

When Urban Story Ventures looked at the former Brownfield site, we realized this story was not yet written, and we knew we were a local developer and were not someone coming in to impose our will from New York or California. We wanted to figure out what did Chattanooga want. We had about 1,200 folks come out and explained what they wanted their river to look like -- the types of shops, the types of industries, the types of entertainment district they would like to see. We went from there and employed some of the best land planners and folks we could find in the country to help put together a walkable, live, work, play community that would benefit every Chattanooga.

As you can see by the map, we are at the epicenter of a couple of ant hills merging. We are .9 miles away from Miller Park, .9 miles away from the Aquarium, and .9 miles away from southside. We are literally bringing the City to the river and the river to the City. What is so neat about this project is that you have 19th Street, M.L. King, Main Street where they currently end and prohibit local Chattanooga from having access to the river. There are gates up. This is a project that takes those gates away, that puts in over 14 acres of parks and recreational space, that opens up that area and the river to everyone. This will create an entire district where people can use the river as both recreation and enjoy the natural resource.

Mr. Shumpert referred to the presentation of the TIF district. We have 120 acres where we are going to create at least two sites for a major commercial user and will bring a lot of great white collar jobs to downtown. Chattanooga has not seen a new Class A office space development in 40 years and looking to invest in a minimum of \$800 million and possibly \$4 billion depending on how the economy, retail partners, multifamily partners, industrial partners as we look to put in over 100 boat slips. Folks cannot find a marina to park boats at for the summer. There is a waiting list. We can also bring in a new class of tourists.

One of the first users brought to The Bend site was Novonix. It was not the first folks interested. We have brought three jobs to 800 folks a day coming from companies like Lincoln Electric, Novonix, Day & Zimmerman, etc. We have activated this area as quickly as we could with the existing infrastructure. We are talking about 1.25 million square feet of concrete that have to come out. We have five miles of streets that have to be put in. We have proven our proof

of concept. Pictures were presented. There are 500,000 square feet of retail, food, beverage, and over 500 hotel rooms and focus on supporting local businesses that are looking to grow that can come to The Bend, multifamily, entertainment areas, amphitheater for concerts.

Mr. Freeman spoke at this point. The Chattanooga Housing Authority are looking to create mixed income housing, and a much denser housing on the footprint of what is today considered the Westside. It is considered College Hill Courts and Gateway Tower. All units will be replaced as part of this redevelopment. An overall image and aerial view were presented.

It is very important for us to be thinking about the Westside because the Westside, especially the College Hill Courts, were residential units built back in the 1930's and have not seen major renovation or operated since then. It is super important as part of this process to help facilitate the redevelopment of that site given the aging condition of those units.

As part of this process as well, when the Housing Authority has to apply for the Choice Neighborhood Grant, they will also be required to formulate a relocation plan. That relocation plan will bring in a relocation specialist which are in the middle of issuing requests for proposals, will help them to bring on someone that will work with each household that currently resides in College Hill Courts and Gateway Towers to ensure that residents have a plan for where they will live as the new buildings are built and help them to make sure that they have an opportunity to relocate back into the new buildings as new buildings come online.

The College Hill Courts is an extremely old development having been built back in the 1930's which was actually not long after the Housing Act was first created when it created the Housing Authority. This is a breakdown of what you would see Westside Evolves in terms of the overall units. You see the unit sizes, and you also see the income standards in the bottom table. The top table will show the bedroom units, and the bottom table will show you how many of the units will be affordable for people at 0-30% AMI, 31-60% AMI, 61-80%, and 81%+, this gives the Housing Authority the ability to create for the first time, a true mixed income community on the Westside where you can have diversity area residents and income. That could create one of the largest affordable housings projects the City has ever seen. This is why it is important for the City in terms of its plans to make sure that we are able to bring about Westside Evolves while we also are working for The Bend to help facilitate The Bend development as well.

Some of the key benefits are lots of public infrastructure. We believe the commercial office space will also lead to the creation of at least 2,000 new jobs. This is a TIF that will largely be backed by the developer. This has the ability to transfer the risk over to the developer. There would be an increased investment in affordable housing downtown.

Mr. Shumpart spoke at this point. There are a lot of roads and sidewalks. Two-thirds of The Bend currently does not have the required infrastructure. It is a \$198 million lift to put this in. We have designed it in three phases. Phase One is at Main Street which is first priority one to bring Main Street to the river. Phase Two to start bringing over from the Blue Goose Hollow area. Phase Three will merge in the middle as the infrastructure comes in from both sides.

Mr. Freeman spoke at this point. The Westside Evolves Plan is similar to The Bend and also is a multi-year phase plan and will take a number of years to complete. It is imagined that it will be a 12-phase plan. Phase One would start with the site that the Housing Authority has proposed. The City is in talks of donating the current street the City owns. The Housing Authority would have the ability to start to build their first units on that site as part of their build first plan. The build first plan would allow for them to immediately start bringing online new units which would be affordable for people at various incomes.

This is unique, and what they are proposing is to not only protect all of the revenue that would traditionally be used for public schools but to also make additional revenue to be able to help the County in terms of building a new career and technical education center for high school students. That center would not be a traditional building trades vocational school, but that they are imagining that it would be a career technical education center that would teach some of the skills that are needed in some of our businesses downtown whether it is advanced manufacturing or software developing and coding or that would allow or provide Hamilton County school students to get a jump start on some of those skills to go directly into jobs at BlueCross/BlueShield for example where they might use coding skills or go to work at a company like Novonix or Volkswagen where they can use advanced manufacturing skills. As part of this concept, the City would also be dedicating some of its increment to help fund the school site. This is some of the projected numbers in terms of the overall investments in education. This is a much larger investment in public education than we have seen in a previous TIF.

Hamilton County government has been in the process of acquiring the former BlueCross/BlueShield building at the bottom of Cameron Hill the Gateway site. That site is what they imagine renovating into this new career technical education center. We hope this facility can provide future local business pathways in technical education. In addition to this, the City has also been in talks with the County about also making sure we can support some expanded early learning programing in the downtown core.

Recap of The Bend by Mr. Shumpart as a blueprint for the future.

Recap of the Westside Evolves by Mr. Freeman is a 12-phase. The Housing Authority is now working with a developer out of Atlanta called Columbia Residential. They have future plans for land acquisition over in the Westside footprint to help in the facilitation of the plan. Folks from Columbia Residential have been on the ground here in Chattanooga off and on for the past several months.

There are additional community benefits that they see will be additional park space for the City, in addition to affordable housing units as part of Westside Evolves, 10% of the units at The Bend, the utilization of diverse business enterprises for contractor and subcontractors, and the possible creation of a business improvement district, or something like it, to access additional fees for additional upkeep, as well as multi-modal activity improvements in The Bend itself.

There was a breakdown of how each dollar is spent. The money that is imagined to be dedicated both to the school and as part of Westside Evolves and also to a new fire station. Each of that money revenue comes from every dollar that gets created. This is not a situation where we are giving money to The Bend first before we can give money to the Housing Authority, or before we give money to the fire station. Split of every dollar that is created is part of this.

As a disclaimer, this is not a tax increase. This is a tax increment financing, and it is important to make sure this is on the record that this is not a tax increase, it is simply using new tax revenue to fund and to reinvest in development.

Today we are doing a public hearing which is required under state law for the TIF policy. The next steps are for the City Council and County Commission to consider an Economic Impact Plan, and then a Development and Financing Agreement to come back before this Board assuming the City Council and the County Commission move forward on approval of the Economic Impact Plan.

Application Review Committee

Ms. Kain stated that this is an amazing opportunity for our city, not only to bring businesses to that area and to incorporate the Westside Evolves, and Ms. Kain is very excited to be a part of this. Mr. Wood thanked Ms. Kain for her time. It was two and a half hours or so. IDB Board Member Gordon Parker as well joined the group and others. It allowed for a pretty deep dive into the project itself and a number of inquisitive opportunities to ask questions by the Committee, but also for the Chattanooga Housing Authority.

To repeat some of the questions that Mr. Wood asked the Housing Authority were: (1) Has there ever been a larger project creating more affordable housing or had a bigger impact on affordable housing any time in recent history? The answer was no; and (2) What happens if this project does not move forward, how does the Chattanooga Housing Authority move forward with this plan and the Westside Evolves plan, and effectively the response back from the Housing Authority's attorney was? We start at ground zero. That was pretty meaningful for the Committee. The Committee recommended unanimously to recommend the project before the IDB.

PUBLIC HEARING

Ms. Jones asked if the DBE was a mandate or a goal? Mr. Freeman stated that it is currently still under negotiation. It is the City's preference that it be a mandate and are currently in the process of negotiating. They will keep the Board abreast.

Mr. Rodgers asked of the Westside Evolves of the 12 phases, how many years for completion? Mr. Freeman stated that it is eight to ten years. And from the standpoint of The Bend, how long are they envisioning the three phases for full development?

Mr. Jimmy White of Urban Story Ventures spoke at this point. They have been at this for the past four years. They have committed to six years to get all the infrastructure in. It is 12 years of the build out completion of what the studies show now.

Chair Hayes has a question for both sides of the project. As it relates to The Bend project, is this the speculative construction do you have a tenant in mind, realize you may not be able to disclose the identity, but curious? Mr. White stated they start the process with the office tower. We are trying to attract these new companies from Chicago, San Francisco, Seattle. If you have been to Nashville recently there is 19 cranes in downtown and the product that is moving is not the old product. As the work and retail environment changes, it is an experience to draw employers back and draw people to retail.

We started contemplating this as a fully designed, permanent building. We are ready to break ground. We are in multiple discussions about relocations, but initially took the approach it was going to be a multi-tenant building. We found in every market where there has been a demand for that new-type product that there are folks that will be there. It is a permanent building. They are confident it will get done. They are demanding \$50 per square foot for rent. Mr. Hayes asked if they had the ability to curate local businesses? Their goal is to bring in new retail.

Chair Hayes asked about the affordability component is 10%, is that 80% AMI? Currently, it is 80% AMI, and is a huge part of what makes this TIF exceptional. The way we have modeled this it will be a TIF that is modeled in other cities. The affordability component of what is happening with the Westside Plan and the education piece. We really are going to change generationally lives. The 10% is something they wanted to do.

Chair Hayes asked about the \$345 million that will be going to the educational use, is that over the course of the 20-year of the TIF? Yes. Is there a claw back provision, how is that enforced? Mr. Freeman stated that through the Choice Neighborhood process that process is monitored by the U.S. Department of Housing and Urban Development which will then follow-up with the relocation specialist to the Housing Authority to make sure the Housing Authority is following through. If the Housing Authority were to violate that process, that would incur significant penalties from HUD.

Mr. Rodgers asked Mr. White a question. Mr. Rodgers thinks that it is wonderful that a local company has visions and plans and that is great. One question he has is in the sense for citizens who may be reading Mr. Pare's article in the Time-Free Press who are engaged in the contracting or construction sides, and you hear six to eight and 12 years, that is a lot of jobs, and somebody has got to be building that stuff. What do you say to those folks as far as what you envision their role to be? Mr. White stated that is a great question.

Urban Story Ventures is a local company with 60 employees. They have been here for a decade plus investing in our community. It is important and they have been working with local contractors, architects, (inaudible) Grace Construction, Ragan Smith has a local office here based out of Nashville. In order to create that Chattanooga feels, having Chattanooga employees, companies vested in that effort is huge, and they will commit to and continue to do that. Also working with these national groups that have been there, done that, the Avalon's of the world, DC, is also part of that.

Helen Burns Sharp

Accountability for Taxpayer Money (ATM)

Ms. Sharp is a fan of this project and TIF. The applicants have done something really creative here. It is unique and complicated. Ms. Sharp has gotten educated, and it is a very novel approach that enables them to implement their vision. It also carves out some funding for some city projects, the Housing Authority, and County projects. Good job there.

Part of the public and IDB's role is to make sure that we are protecting the public's interest. Ms. Sharp would remind all that we need to be mindful of that when we create – TIFs are not an abatement the way a PILOT is. These folks still pay property taxes and some of it comes to the City, and some gets allocated under this scenario for these important projects. But remember that there is money over a 20 plus year period with this \$135 million TIF and the stadium \$80 million TIF, and the Rise Partners \$10 million TIF, all like that which is money that is not going to the General Fund for services like police, fire, and parks over a long period. This is not money that is going to basic services and to be mindful of this.

Some of the things that are in the adopted TIF policies are there and wants to ask a couple of questions that Ms. Sharp does not know the answer to:

1. Our TIF policies say that the Board may require guarantees of completion on any of all portions of the public infrastructure. Ms. Sharp does not have any idea whether the City is planning to, whether it should or not, but would raise that question.
2. On third-party agreements, different from the Younger report, which is a standard cost benefit analysis, this is someone who knows public finance to do a but-for analysis. Ms. Sharp believes one was done on this, but it has not been mentioned. Ms. Sharp asked the applicant if Municap looked at this? Yes. Great.
3. The next question stormwater fees that those are the responsibility of the property owner, and Ms. Sharp is assuming they would be paying the stormwater fees throughout this project? Yes.
4. Environmental report – these folks know what they are doing. They know they have a Brownfield site, and they probably have done a Phase One Environmental Assessment in the past, your policies say that one has not already been submitted. Has one been submitted to the City for the planned area? Yes.
5. Title insurance – the Board has the ability to require the applicant to do a title insurance commitment for the project or planned area. That may not be necessary, it may have already been done, just raise the question.
6. In terms of accountability, a lot of this will get addressed in the Development Agreement which the plan has to go to the City Council and County Commission and work will done on the Development Agreement which will come back to this Board, that would be the place to probably address – Ms. Sharp thinks it's great that they offer to do at least 10% low and moderate income housing that would be 80% AMI would

be that a single person with an income of up to \$44,600 to get a unit there and estimate up to \$1,115 in rent. That is great we have that offer. Will this be mentioned in the Development Agreement and how will this be monitored?

7. The Chair mentioned claw back language. Ms. Sharp was thinking claw back in terms of the actual TIF infrastructure. There sometimes is wording in agreements that address situations like what if there is a hiccup in the very unlikely event things do not go as planned. Ms. Sharp had an experience in Oregon where PepsiCo was going to build a Gatorade facility. They decided nobody was buying Gatorade the way they had been, so they decided not to build the plant on the west coast. But because our City Attorney put some good wording in the Development Agreement, that the City wrote a check for \$20 million. Ms. Sharp is not suggesting that on this, but there was an effort to protect the public interest. The last thing the City expected, or PepsiCo/Gatorade expected was that they would not build that plant and they fully intended to do it. The business world changed and decided not to do it or whatever. There was protection for the City. Ms. Sharp has looked at one of the TIFs of M.L. King extension and there is some wording that the IDB reserves the right to claw back a portion of the TIF financing if developer fails to complete the public infrastructure or if a developer fails to invest more than "x" in the overall project by insert date. The claw back would be reasonably proportional to the benefit if the developer failed to provide Ms. Sharp is wondering if there is claw back language like that contemplated for this particular TIF project?

Trying to be advocates for the public in the remote chance things do not go as expected because there has been discussion about claw back language to make sure the infrastructure is completed in an "x" amount of the investment.

Chair Hayes thanked Ms. Sharp. The proceeds would only begin to flow as the reimbursement of the funds that are coming out of pocket. Chair Hayes was talking about the grant. Ms. Sharp said that one of the things you have to ask yourself on these TIFs is what happens if the project does not get built. Not speaking on this project at all. Ms. Sharp thinks this will be an overwhelming success. What happens if they get started and the financing goes astray and the building is half built and just sitting there. On the one hand, we are not out any money, but on the other hand should that possibility be addressed somehow.

Mr. Freeman stated that claw back language is contemplated as part of the Development Agreement. It is part of discussion in any TIF. The simplest way to do it is to tie the claw back language to the completion of the public infrastructure because that is what the developer is getting reimbursed for, and to have benchmarks that tie back their ability to be reimbursed by how much public infrastructure they complete. Yes, there will be claw backs that will be written into the Development and Financing Agreement. Chair Hayes stated the affordability component of the housing (inaudible). Mr. Freeman stated yes, knock on wood if there is approval from City Council and County Commission everything that you see within this presentation would in some way be memorialized in the Development Agreement.

Janice Gooden
CALEB

Ms. Gooden is here with CALEB, but she is speaking as a community member and her church is on the Westside – Renaissance Presbyterian. Ms. Gooden has been involved in the process with One Riverfront as well as Westside Evolves. Ms. Gooden thought why you would have two major things going on side by side and not engage. Ms. Good is happy to see that the two have come together. There has been no investment as far as the Westside. Going back to zero is not an option. Ms. Gooden thinks at this point it is the quality of life issue. It is time to move forward.

There being no other persons with comments, Chair Hayes does not need to turn over the gavel but will abstain when vote is taken. Mr. Rodgers stated that we have proposed resolution language. Mr. Rodgers has an issue with submitting it to the City and County for approval. Mr. Rodgers still continues to think that we should not be that presumptuous that we are advising what their option is for approval. We should have it worded “for consideration” and let them do with it what they please. The resolution on the bottom of page one and the top of page two where both of those paragraphs should be amended to reflect “for consideration” which is one issue he has.

The other issue is that he is perplexed by the second paragraph on the top of page two ratifying action taken on behalf the Board. That is pretty vague. Mr. Rodgers is bothered by us as a formal body ratifying – I don’t know what. Mr. Rodgers fully trusts Mr. Freeman and his staff. It is vague language which is his concern. It should be taken out. Mr. Rodgers is not comfortable with saying he approves it.

Chair Hayes stated he appreciates that. To the point of “consideration” versus “approval” he happens to agree with. Mr. Freeman confirmed the ratification language. All we wanted to do was to make sure both the ratification of Ms. Kain’s replacement of Ms. Jones on the Application Review Committee was addressed, but then also just ratifying that all of the application materials have been accepted and that was it.

Mr. Rodgers’ response would be we should not be forwarding it on to the City Council and County Commission if that had not been done. Therefore, we do not need to ratify that it has been done because we are doing so through the resolution. Mr. Rodgers’ proposal is to make a motion that we adopt this resolution change the word “approval” to “consideration” on the two paragraphs mentioned and delete that one paragraph.

Attorney Noblett stated that the requirements under state law for this body under 7-53-312 is that IDB’s or industrial development corporations are authorized to prepare and submit to the municipality of their creation of the Economic Impact Plan. Attorney Noblett requested that if you do an amendment here to say “submitting an Economic Impact Plan” to them and that is pursuant to the state law. Mr. Rodgers stated that we assist to the City on the top of page two to the County just leave it period and no for approval and no for consideration? Attorney Noblett stated just submitting. Mr. Rodgers is fine with that amendment. Ms. Jones moved for the amendment and Ms. Kain seconded the motion.

Mr. Rodgers clarified for the record the language for the resolution: on the bottom paragraph on page one and the top paragraph on page two, change both of those slightly, and the bottom paragraph on page one put a period where it currently reads to submit the Economic Impact Plan to the City Council (the "City Council") of the City. On the top of page two where there is a parenthesis, which says the County Commission, put a period and delete for approval.

Attorney Noblett as scrivener would like to use the semi-colon there. Mr. Rodgers did not mind, and Attorney Noblett will take out "for approval". Mr. Rodgers stated that does not affect his vote. Mr. Rodgers stated for clarification that he is proposing to delete the second paragraph on page two, which he does not think it is necessary given from what we have been told by Mr. Freeman, we are covered.

Attorney Noblett stated that the caption should read, "A resolution of the Industrial Development Board of the City of Chattanooga submitting an Economic Impact Plan for The Bend development and authorizing the submission of the plan to the City and the County." Mr. Rodgers moved to make that change as well. Chair Hayes stated that with those changes incorporated all approved, one abstention, and the motion passed.


ADOPTED-9/11/2023

There being no further discussion, the meeting adjourned at 12:45 PM.



GORDON PARKER, *Secretary*

APPROVED:



KERRY HAYES, *Chair*