



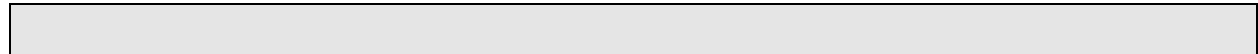
**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES
John P. Franklin Sr. City Council Building
Chattanooga, Tennessee
for
October 2, 2023
11:00 AM**

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Jermaine Freeman (Interim Chief of Staff and Senior Advisor for Economic Development); Adam Myers (Chattanooga Area Chamber); Janice Gooden and Joseph Peden (CALEB); Helen Burns Sharp (ATM); Eleanor Liu (City Finance); Mike Pare (Times-Free Press); Lindsay Parker (VW); Richard Beeland (Economic Development); and Brent Taber (MAP Engineering).

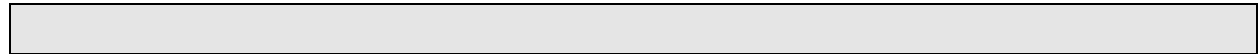


Chairman Hayes called the meeting to order, confirmed the meeting was duly advertised, and established that a quorum was present to conduct business.

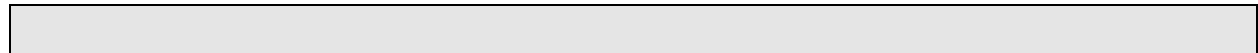


MONTHLY MEETING OF SEPTEMBER 11, 2023 – MINUTES APPROVAL

On motion of Mr. Parker, seconded by Mr. Floyd, the minutes of the September 11, 2023, monthly meeting were unanimously approved.



There was no one present wishing to make any comments.



**PRESENTATION OF VW FUNDING PROGRESS SUMMARY
AND ECD PROGRAMS SUMMARY**

Ms. Eleanor Liu gave an overview of the summaries. The first MOU we have spent 99.98% and have a balance of \$53,257. The second MOU we have spent 99.82% and have a balance of \$394,570. The third MOU we have spent zero. Total to date, we spent 89.42%.

Mr. Parker asked, on the third MOU, is there any upcoming expenditures? Ms. Liu is not aware of anything, and Bill Payne told Ms. Liu that most likely the \$15 million state grant might get one single invoice from them, and that was months ago Mr. Payne told Ms. Liu that. Ms. Liu assumes it is on the way. The third MOU will probably expire in another year.

On the ECD Programs Summary the most interesting number would be the cash balance on the NR14 columns at \$1.6 million. In total we have \$2.3 million, but the cash balance has already been designated.

On the TIF Summary, we have three ongoing TIFs we regularly receive payment from Hamilton County and the City and remit the payment to the developer. The Sports Authority and The Bend do not have any action as of yet.



RESOLUTION

On motion of Mr. Floyd, seconded by Ms. Kain,

**A RESOLUTION AUTHORIZING THE CHAIR OR VICE-
CHAIR TO EXECUTE A TERMINATION OF SLOPE
EASEMENT RELATIVE TO THE PLASTIC OMNIUM
AUTO EXTERIORS, LLC PILOT AS AMENDED.**

Mr. Jermaine Freeman stated this easement is related to the construction of Plastic Omnium which is an automotive supplier for Volkswagen and is part of an existing PILOT agreement. The reason Mr. Taber is here today is to give a little background of how the easement came into place, why it needs to be removed, and the reason the IDB has to be a signatory is because the Plastic Omnium property is held by the IDB because of the existing PILOT.

Mr. Brent Taber with MAP Engineering was present. With regard to the slope easement of Plastic Omnium Tract 30, at the time of their development our tract and adjoining tract has a much lower grade, and the slope easement language that has been terminated when the adjoining site was filled on top the slope. However, that was assuming that our tract would need to be filled to that elevation. Our design does not require that much fill, and they did install a retaining wall approximately 450 feet in length from zero to 10-12 feet and varies in distance off the property line from 10-60 feet or so and allows the access drive to come in to service the new construction. It has been completed approximately 6-7 months.

The retaining wall is an engineered wall designed by the geotech engineering firm. The location is Hickory Valley Road Tract 33, Plastic Omnium is Tract 30. It is a secure, stable site and a portion of the existing slope still remains. The slope easement is enacted to protect the slope from when future development occurs and does not undermine the current tenant's development. Our design has maintained that integrity of the slope.

The wall pulls away from the slope as the grades allow so you have portions where the wall comes back in and ties into the existing slope. It ranges from zero elevation to approximately 10-12 feet but just depends on the location of the wall.

Attorney Noblett stated that this particular request would be a termination of a slope easement where the last paragraph has a provision that says based upon \$10 that is paid, the IDB and tenant are forever terminated, released, and cancel the slope easement with the effective date filed and neither tenant nor any of his affiliated companies will be liable in contract to any person direct or indirect for damages, costs, expenses of any nature. Does the Board have a problem with adding neither the tenant nor the IDB nor any of those companies will be responsible? This would protect the IDB as well that we be released from liability.

Mr. Floyd made the motion to approve the termination of the slope easement but with the wording which releases liability of the IDB as suggested, seconded by Ms. Kain, and the resolution was approved as amended. The motion carried.

ADOPTED-10/2/2023 AS AMENDED

RESOLUTION

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

A RESOLUTION ADOPTING THE INDUSTRIAL DEVELOPMENT BOARD'S PILOT POLICIES AND PROCEDURES.

Mr. Freeman stated that when we last met three weeks ago on Monday, September 11th, we advised this Board that we would continue to work with some of our community partners and members on developing a sound PILOT policy. What we wanted to do today is give you just an overview of the existing PILOT policy draft prepared by the Chamber of Commerce so we could at least start to have some formal discussion and we will talk about next steps once we get to the end of today's slides.

Mr. Freeman introduced Mr. Adam Myers who is the new Vice-President of Economic Development for the Chamber of Commerce. Charles Wood is now the CEO of the Chamber of Commerce and is very excited to have some help. Mr. Myers went through the slides.

Mr. Myers has been in economic development for the past 11 years and most recently in Tampa, Florida, and is excited to be in Chattanooga. Mr. Myers has been here about three weeks but will be spearheading this process on behalf of the Chamber and looking forward to working with the Board.

There was some discussion at the last meeting but with the policy review the goals of the policy we want to continue to be a steward of public resources while also creating a clear, predictable process in the policy, improving transparency, increasing Chattanooga's competitiveness in terms of how we compete against other communities in Tennessee as well as across the entire United States, and growing jobs investment in Chattanooga. We feel like these goals are in line with the IDB initiative in terms of growing investment and high quality jobs in Chattanooga and improving our competitive position as we compete against communities.

When we talk about being a steward of public resources, we really want to make sure that it is aware that within the policy it will hold all taxes associated with schools harmless. That means none of the taxes associated with the schools will be impacted by the City policy. It also codifies inclusions of the economic development fee, outlines for the reporting process, implements a conflict of interest requirement, requires an economic impact analysis prior to approval, it protects stormwater fees as part of this process, and institutes a public hearing as part of the approval process. Lastly, it will require an affidavit from the company stating that the project will not happen in Chattanooga but for these incentives. Meaning that but for the incentive, this project wouldn't (inaudible) locate elsewhere.

In terms of creating a clear and predictable process, in the policy really defines the eligibility projects based on minimum thresholds, including 100 new full-time jobs, \$20 million in capital investment for manufacturing projects, and \$5 million for office projects. It also focuses on specific industry sectors, including manufacturing, office, distribution, and in non-retail commercial, and requires a minimum wage of at least 80% of Hamilton County's average wage, but there is also a scoring matrix which is in the appendix of the policy.

The policy does delegate the authority to the IDB which is the same as Knoxville, Clarksville, Memphis, Nashville, and other markets across Tennessee and how they currently operate these policies. It codifies the standard percentages of the PILOT with 100% year one, 75% year two, 60% year three, and 50% for years four and beyond. With that clear and predictable process, it does codify the number of years for the PILOT to be based on job creation, wages, capital investment, the location if it is in a distressed or disadvantaged area, leadership meaning that is proven beyond community benefits with a commitment of corporate responsibility and safety, as well as environmental commitments in terms of LEED certification, Brownfield redevelopments. It outlines the approval process within that policy and also provides flexibility for projects that do not meet the policy or are seeking a PILOT for a longer term greater than 10 years that would have to be approved by City Council prior to the IDB.

Mr. Freeman stated that at some point the IDB will need to adopt a policy similar to the way we did with the revision of our TIF policies. Whatever policy the Board adopts we will also ask the City Council to also adopt and the City Council may have their own ideas or edits they may want to make. At this point what we would like to do given the fact that we had some

conversations with community members with CALEB and community partners like the County, we would like to ask from the Administration that instead of adopting the policy today, we would ask for more time to continue to engage with the community members and that we bring the Board back a policy in 90 days for this body to consider voting on. We had a great conversation with CALEB as well as Mark Mamantov (outside TIF attorney), and those conversations were very productive and helpful and set a tone to unpack some of the issues addressed in the policy. Mr. Freeman would like for them to continue the conversations but will need more time and if it is okay with the Board ask that the resolution be deferred 90 days until the January meeting on January 8th. That will give more time to continue to work with the community partners, continue to engage with Mark Mamantov, and continue towards putting together a group of community members that will obviously will include friends from CALEB and also the Chamber, County, City, and also give us an opportunity to engage with other community partners that have not been at the table so far, for example, the home builders and contractors.

Chair Hayes asked if January the board is considering a final draft ready for passage and given the complexities of the holiday, what is a realistic date that the Board would get the final draft? Mr. Freeman stated based on this new timeline, the Board would get the final draft in time for the December meeting and the Board can vote in January. The December meeting would be the last discussion point and January would be the vote. Assuming the Board votes on this policy, it will then go to City Council for vote.

Mr. Freeman stated that the Chamber's particular concerns are whether or not there are types of projects that meet with the IDB that do not have to be elevated to City Council. In terms of making sure our community members who are concerned about tax incentives and transparency understand what we are thinking, if there is a type of project that we all agree on, let's have a policy that basically says this type of project can go ahead and be accelerated through the IDB approval without the politicization that comes with taking every project to City Council. If there are projects that we all agree on as being good for the community, then we would like to see if those projects have a simpler path to approval through the IDB. If there are projects that do not meet those qualifications, then let us continue to bring those projects both to the IDB and to the City Council for approval. That is where the Administration ultimately wants to go in partnership with the Chamber, but we also want to make sure that whatever we are doing is something that everyone understands that the IDB can be supportive of and friends of the community.

After further discussion, Mr. Rodgers asked if there would be any PILOTs being envisioned that would be presented to the Board within the 90 day time period. Mr. Freeman said no. Ms. Jones asked, how can the Board prepare for the December meeting? Mr. Freeman stated that he and Mr. Myers will prepare a slide with the final presentation but between now and December we will continue to have meetings with the community and other community or labor groups that need to be engaged and continue to work with Mark Mamantov (outside counsel) to help us work through to develop a policy that meets the Administration's goals but is also mindful and respectful. There will be a presentation in December and have interested parties here and is always happy to take suggestions from interested stakeholders.

Chair Hayes needed clarity on three language points. The Hamilton County average annual wage what is that number? The scoring of disadvantaged areas was another point. It would be qualified census tracts based on HUD definition and opportunities in areas as well. One of the ways HUD defines qualified census tracts is based on census tracts would be to look at new market tax credits. Chair Hayes would like that spelled out. Another point is the community benefits definition.

After further discussion, the resolution was deferred 90 days to the January 8, 2024, meeting. The motion carried.

DEFERRED 90 DAYS – JANUARY 8, 2024

There being no further business, Mr. Adkins made a motion to adjourn the meeting at 11:30 AM.

GORDON PARKER, *Secretary*

APPROVED:

KERRY HAYES, *Chair*