



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

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Jermaine Freeman and Brooke Satterfield (Mayor's Office); Adam Myers (Chattanooga Area Chamber); Paul Boylan; Gail Hart (Real Property); Dave Flessner (Times-Free Press); Josh McCutcheon; Bill Payne (Public Works); Geoff Meldahl, Janice Gooden, Joseph Paden (CALEB); Justin Steinmann and Mark Heinzer (Wastewater); Mark Mamantov (Bass Berry); Vickie Haley (Finance); Kim Narramore; Richard Beeland; and Justin Bollender (Jacobs).



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 NOVEMBER 6, 2023 – MINUTES APPROVAL**

On motion of Mr. Adkins, seconded by Mr. Parker, the minutes of the November 6, 2023, monthly meeting were unanimously approved.



**PUBLIC COMMENTS**

No one from the public had comments.



## PUBLIC HEARING

### “A PRESENTATION AND DISCUSSION OF THE CHAMBER’S RECOMMENDED PILOT POLICIES AND PROCEDURES”.

Mr. Jermaine Freeman stated there have been discussions with the Board, the Chamber, and community partners about drafting a policy for jobs PILOTs. The City currently does not have a policy for jobs PILOTs. One of the goals of the Kelly Administration was to put in place a policy, but what we want to do and Mr. Mark Mamantov to do today was to give the Board a chance to weigh in because we have not had an opportunity for the Board to provide input in terms of what the Board, which is charged under state law for executing PILOTs, what the Board thinks should be in a PILOT agreement. Mr. Mamantov works closely with the City and County to provide a global perspective of how other jurisdictions across the state approach PILOTs to help inform this process as we go forward here in Chattanooga.

Mr. Mamantov is primarily a bond lawyer and does public finance work all over the state, and over the years, he worked extensively in the incentive area reviewing PILOTs, TIFs, and other similar public private type partnerships. He has an opportunity to see what other communities are doing. It is interesting to him that each jurisdiction has their own eco-system of how they do things. This is an opportunity for the Board to take a step back and decide whether you want to do something a little bit different from what has been done in the past.

A lot of what Mr. Woods’ draft is based upon has been distributed to each of you and a lot of what CALEB and Ms. Helen Burns Sharp have looked at is what has been done in Knox County, Knoxville. It is really important to understand, and thinks there has been a little bit of confusion, that the Knox County IDB has PILOT policies similar to what the IDB is looking at. Knox County does not like their policies, and Mr. Mamantov is going to help them redo theirs. The City of Knoxville has no PILOT policies. We have divided things up in Knox County where Knox County’s IDB deals with all of the “jobs PILOTs” like you are recruiting an industry to bring them to your community. All those go to the Chamber and the Knox County IDB. The City has no involvement even if the location is inside the City of Knoxville. It is very different from what this Board did.

The reason it is so different is that the City of Knoxville has no industrial parks. There is no place to build like VW. There is not a great need for the City’s IDB to be in that business of “jobs PILOTs”. What the City IDB does, and this is very different from what this Board does and for good reason, they focus purely on redevelopment. They do PILOTs for lots of downtown projects basically to try to save old buildings. They do targeted PILOTs. We do extensive but-for analysis for this City IDB deals. Those are almost all private developer deals where they are asking essentially for public assistance.

We pay a third-party consultant and kick their proform and is really hard to see if they really need what they are doing. We have two of them on the agenda tomorrow in front of our City Council. Similarly, they have been using, with Mr. Freeman’s assistance, the same firm on some of the work we have been doing here in Chattanooga. The County IDB does none of that. The Chamber is playing off against Kentucky or Alabama trying to get a deal here, they often will

have a site's selection consultant who in many instances is being compensated by how much incentives they can get out of the community. Even though it may not be what moves the dials so much where they select Chattanooga, it is what the site's selection consultant has a real incentive to squeeze you all for every dollar they can get.

When Mr. Adam Myers with the Chamber is out there trying to convince somebody to come to Chattanooga and Hamilton County, he is competing with other people that often have state tax credits against income tax which we do not have because we do not have an income tax. The most significant local benefit that you can give an industry is a PILOT. About 40-50 jurisdictions across the state have a developed PILOT policy that if you fill it within certain criteria, the City pre-approves them basically. When Mr. Myers is out there recruiting, he has these policies that he can say, if you meet these criteria, you are going to create these many jobs, pay this level of wages, and you will get blank number of years of a PILOT. It depoliticizes the process and helps Mr. Myers and the folks who are recruiting businesses for you to know what they can offer instead of saying I think I can offer this, now let's take the next two months to go in front of the County Commission and City Council and try to convince them it is a good idea.

Mr. Mamantov is not saying which approach is better, it is just a lot more efficient to develop a community consensus on what is acceptable. Why do people do this in the first place? State law says that this Board can only negotiate a PILOT if the City Council adopts a delegation resolution giving you the legal authority to do it. What you would be asking them to do is to adopt a resolution saying, "Dear IDB, we delegate to you the authority to negotiate PILOTs for people who meet these criteria without coming back to us." so that you know the people that are doing your economic development recruitment know what the deal is ahead of time. You may have that once in a lifetime or once in a century deal like VW, you are going to say, we are going to go back to – that is outside the matrix, but the vast majority of deals can often fit within this sort of criteria that you develop.

As Mr. Mamantov has been describing this gives a whole lot more certainty to the business recruitment process. After further discussion, not only does it apply for a pre-approval of certain kind of deals, it also gives you all the procedures. You have an application form, which Mr. Woods is drafting, and will have all the details of, do you want an Application Review Committee like we have with TIFs to meet ahead of time, to consider it, and then make a recommendation to the Board.

Mr. Mamantov has done a bunch of those for people and has them come back and say, "why do we create this stupid committee because we are voting on it twice," versus this is really working well. Those sorts of things are the other reasons you would do it. The IDB for Shelby and Memphis County fought over PILOTs for years. The only jurisdiction the state that has, in his mind, constitutionally adopted a law that says Memphis cannot abate Shelby County's taxes without their approval and vice versa. To bring peace to that situation, they created a big, joint IDB created by both Shelby County and the City of Memphis called The Industrial Growth of Shelby County and City of Memphis, Tennessee. They call themselves EDGE and if you get a chance, look at their website. They have pre-approved seven types of PILOTs that they can grant just to an application process. They cover everything from redevelopment to industry to targeted areas they are trying to create business in, and they are a PILOT machine. They are probably the

most extreme in the state. That is one reason Shelby County got so mad is that Memphis was abating all the taxes within the City in a core of Memphis. Montgomery County adopted their resolution years ago that says, "Dear IDB, go grant PILOTs wherever you see fit. We won't question you." No criteria. No nothing. When an industry shows up, they just cut a deal.

Blount County has a very similar thing. They have been extremely successful in attracting large industries within our state. If you ask ECD, the two most successful counties in Tennessee are for attracting industry other than the City IDB with VW and probably Montgomery and Blount, both of them have extremely liberal policies that basically let their IDB cut deals. Mr. Mamantov is not saying that is what should be done, but what their billfold is.

What is the County's role? You can abate the County's taxes all day long without their approval legally unless it is for a retail project that has a term of more than ten years. That has not been the tradition of Hamilton County. You have brought every PILOT as far as Mr. Mamantov knows to both jurisdictions to get approved even though this Board were not legally required to do that. That is part of what makes this Board's process so lengthy and somewhat cumbersome. Mr. Mamantov has never seen a PILOT agreement signed by trustees and assessors like we do here in Hamilton County. It is the only county that Mr. Mamantov has ever worked in, but it is spreading a little bit. Rhea and Bradley sort of copy a little bit of what the Chattanooga IDB does because the Chattanooga IDB is the leading City in this area and a lot of people look to the way that this Board does things.

The education issue was discussed. Mr. Mamantov only has seen maybe four counties in the state that actually reserve the school taxes in a PILOT. It is very rare. Probably a good policy, but it is not common to do that.

What Mr. Mamantov suggests, if the IDB wants to go down this path, it is probably best to ask the County to approve these policies too so they buy into them. Legally, they don't have to. But is it the right thing to do? It probably is the right thing to do to buy peace. There have been a lot of fights in the legislature over these issues. And Mr. Mamantov thought they were going to repeal that. There was discussion about Sieverville, Pigeon Forge, and retail centers. TIFs you have to have approval of both. It is always important to distinguish between those two.

Mr. Mamantov has met and talked with Ms. Sharp, Ms. Gooden, and Mr. Paden, and you are lucky to have such engaged citizenry. He has never seen anything like that. They raise a lot of really good issues. Every community is unique. Talking to them they are not excited probably about this concept of a blanket delegation to the Board and more authority, not because it is this Board, but the more City Council gives an opportunity to think.

There are certain industries related to the work in the quantum fiber and probably automotive suppliers, Mr. Mamantov thinks you can probably develop a consensus around that there are types of industries. Most people do not do it based on industry. They base it on mainly manufacturing of some sort. The key issue is what types would you think people would think is a delegation resolution. Most people do not want to do an abatement for a million dollar project. Usually there is some threshold. Mr. Woods' draft has some thresholds. A lot of folks do not

want to do it unless at least the average wage is market or above. Often you do not want to provide an incentive to people that are litigating with you.

If we come up with a list of things the Council delegates to the IDB, that does not mean that someone cannot submit an application. It would just need to go to City Council. State law says basically you can abate taxes for somebody up to 20 years without Comptroller approval. For really big projects, you can go up to 30 years. The vast majority of the deals Mr. Mamantov does are 10-15 years. What Mr. Woods proposed was up to 20 years, which is very reasonable.

The common three factors are the number of jobs, wage levels that are above the average wage in the community, and capital expenditures. Those are used as the three criteria that determine the matrix that Mr. Woods has edited by CALEB, and those are still the main factors. They have a lot more soft factors in both approaches. Brownfields were also brought up. The details deserve a lot of questions. Some people have different terms for personal and real property. Some have shorter for personal property because the abatement really does not help people much after about five years. The features of the funds were discussed by Mr. Freeman.

Attorney Noblett stated there are no changes to the clawbacks. Mr. Mamantov strongly recommends clawbacks, and if you do not enforce them, they do not mean very much. It is form, they miss it, they write a check, it is really straightforward. Further discussion was had on clawbacks by Mr. Mamantov and definitely encouraged clawbacks.

Mr. Mamantov stated that Hamilton County is unique in not abating the school portion in response to Mr. Hayes' question. There was more discussion on the school portion.

Mr. Mamantov stated again that clawbacks are really important. The state wants to see you have clawbacks and are not hard to do.

In Knox County, their Chamber runs their IDB. The County has very little involvement. The meetings are set up by the IDB and staffed by Chamber staff. They are the best to monitor compliance to make sure the people file their reports. As in Knoxville, their City IDB have turned the administration of that over to their version of the Chattanooga Housing Authority. It has an entire redevelopment department while Chattanooga does not. They do about ten PILOTs a year, but it is largely for historical buildings that need renovation without some sort of tax break. PILOTs do not work for condos. TIFs work for condos.

Mr. Hayes questioned about the compliance piece. Mr. Freeman stated the Chamber monitors compliance, and the Administration enforces if there is a problem. This Board has not had too much issue with that. Mr. Freeman stated correct. For the most part, the Chamber has been pretty successful in making sure companies are pretty compliant. Attorney Noblett stated that is the purpose of the annual reporting to make sure they are compliant.

Mr. Mamantov stated that he knows a big issue he often gets on incentives is the but-for test. There is nothing in Tennessee law that says you have to pass a but-for test. It is just good civic practice. It is not a relevant test other than you are fighting with other jurisdictions to get someone. You can get them to certify. After further discussion, people are seeking abatement to

try to get the best deal they can on their location. There was further discussion on the but-for test by Mr. Mamantov. Nashville is probably the only jurisdiction in the state that has gotten so fortunate. Nashville does not recruit business but curate business in Nashville now. People are coming to them. There was discussion about other jurisdictions.

Mr. Mamantov recapped stating that he does not know what the Board wants. The health and ed boards have the same basic statute, and their scope is more limited.

Mr. Hayes addressed the Board about Ms. Sharp's comments that are well taken. Regarding the matrix document, Mr. Freeman said there is a version by the Chamber, and a matrix that was modified by CALEB.

Mr. Freeman thinks that the matrix clearly has priorities from the Chamber, Administration, and CALEB. What Mr. Mamantov is trying to get to today is to get the understanding from this body of what this body's priorities are for economic development, understanding that a PILOT at the end of the day is a tool to promote economic development.

Mr. Adkins asked with future PILOTs, if they fail, do they cause the property tax to rise to meet the City and County demands? Mr. Hayes' understanding is, and he does not want to speak on the Administration's behalf, that in the sense that they fail to produce the minimum jobs that they agree to a clawback enforcement and be asked to pay what they owe.

Mr. Mamantov stated that the first standard form of a PILOT Lease says that if you close the business or declare bankruptcy, all tax abatements benefits go away immediately. Normally, if it truly fails, if they hire people – the state basically says that if you hit 90% of what you project, we are going to leave you alone. We are not going to come after you for getting really close. Their clawbacks kick in. A lot of people come and say it will ask you to get the same deal they get at the state which is the 90% threshold.

Mr. Adkins questioned foreclosures for back taxes. Will this be in effect on giving PILOTs to people who have filed for foreclosure? Attorney Noblett stated that is one of the reasons he thought we had on the front end of it having actually the Assessor and the County Trustee actually sign off on the document in case there is an event where someone does not continue to provide their benefits, then they would know about it real quick. Mr. Mamantov does not think there is a problem, and he has never seen that before. Bankruptcy creates a host of issues, but if they close the plant, the PILOT Agreements are liens, like taxes are, on the property by state law so you basically have the same ability to collect them as you do your regular property taxes. Mr. Mamantov has never seen anybody lose payments to this. Very rarely have they had any foreclosures on deals under PILOTs. It certainly has happened.

Mr. Parker asked the Chamber, when you are out approaching businesses, how far on the list does a PILOT come up? Is this one of the top five questions asking or once you are negotiating? Adam Myers with the Chamber stated that typically when you are at the front end of a project, you really are marketing the workforce in the community, the industry clusters, but this part of the process will come up. They are going to want to know on the front end of what that looks like as you continue to get to the short list, this becomes more and more important because what you are

doing is you are competing with another community typically when you are on an even plain term. Both have proven that you have the workforce, you both have proven that you have the site, now you are trying to really compete against the community in what the advantages are for locating here.

Ms. Shekari asked based on this matrix, the City term is the City working with the Chamber, and probably close to what their matrix would be, but Ms. Shekari is seeing a big difference on the investment section which seems to be where the CALEB number differs a lot from the City number, and ultimately the years are different, but there is not a lot of – she does not think that anybody from CALEB or your analysis can speak to what was it really. The job numbers' points are all kind of consistent, but somewhere in the investment, which says real and personal property for tax reductions are requested, somehow that number or point value seems to change under the CALEB matrix versus the City matrix.

Mr. Mamantov has a redline version. One thing he knows the CALEB folks emphasized was the corporate responsibility track record. Mr. Mamantov thinks that is a relatively modest add on. Mr. Mamantov was surprised, from the CALEB review of the matrix, there was not as big a gap. Ms. Sharp represents ATM and they work together. Her main concern is that she is more in the process – public hearings, things like that. You are trying to recruit this business, the last thing they want to do is come in front of governing bodies and be put through the ringer. That could be a factor in being able to recruit the business. That is what the Board will have to decide. Often these businesses want to be out of sight, out of mind, and the least that they have to do is the vetting. They want to show up at the ribbon cutting and not a bunch of public meetings. That is a big concern of Ms. Sharp. She really likes the public hearing. If you have a matrix with set things, there really is not much to have a public hearing about. Either they fit or do not fit.

**JOE PADEN**  
**CALEB**

Mr. Paden presented documents for the Board and are attached to these minutes for the record, as well as Ms. Sharp's comments. They have been discussing with the City the policies, and the documents are a quick overview of the policies as CALEB's proposal and some recommendations and adjustments. A copy of their most recent matrix score and has also provided a table attached to the matrix that compares the Knoxville matrix versus what the City has given in actual term abatements to companies that have come through in the past ten years, different types of companies. It also compares almost up-to-date matrix in the table. It was helpful for CALEB to see how the different matrixes would actually score. CALEB has looked at the investment category and heard from Mr. Mamantov in one of their meetings that some of the other counties in the state are tending to put more emphasis on the jobs and wages components of the matrix because they are not as mobile or concrete in terms of the value you are getting. Looking at that investment category, CALEB has scaled it back to range up to a higher level scale and thought would be more accurate to the value that a project would render for the actual benefit of the public and community.

## DISCUSSION

Mr. Hayes made a couple of points. What is the status of the negotiations with the County? Mr. Freeman stated that this exercise is largely a City-driven exercise. What they have tried to do is to remain open in conversation and collaboration with the County. The policy we are discussing is a City-only policy. (inaudible) From the Administration's perspective, we want to make sure as we position the City for future opportunities for economic development, that we are positioning the City to create conditions that can be conducive to economic and job growth. We want to make sure that we also are incorporating community things that are positive and benefits for the community. We do want to make sure we are positioning the City to take advantage of economic growth, and we are not unduly burdening our economic environment with too much bureaucratic things and hoops to jump through.

It is also important to remember that typically when a PILOT deal is coming before the City and County, there is often times already some sort of state incentive that is on the table. Often times, in our work with the State of Tennessee and Department of Economic and Community Development, there is sort of a hope and a desire from the state that the local community will participate just as a state is also making some sort of economic development incentive available to the company.

For example, often times the state will provide certain types of grants to companies for expanding or growing in Chattanooga. In our work with the state, one of the things you have to remember that gets lost is that the recruitment of a company is not a solo exercise that only the City and Chamber are doing. We are hunting as a pack, which is something that Mr. Freeman has said before. The City is working in conjunction with the County and the state and sometimes other community partners to lure industry here. Often times, the state's desire is to make sure that local communities do have "some skin in the game" as they and the state are also in some skin of the game to attract industry to our communities.

We want to make sure that we are targeting the types of industries that we all can agree we want to see sort of growing and thriving in this community. For example, we would love to continue to make this process easier to incentivize TIF jobs or jobs in the automotive industry that support VW because obviously VW is a huge part of our current eco-system and economy. In terms of the tech sector, those are obviously the jobs of the future, anything that we can do to make the City more competitive to be able to take on those jobs that we think are appropriate.

This is the position we are coming from. How do we create a policy that captures some of the concerns of the community and addresses some of the community benefits that we have talked about? We also have to balance the fact that we want to be competitive to take advantage of jobs in the future.

Mr. Hayes stated that to think to the larger point of the delegation authority and maybe automating or streamlining some of this work for future prospects, Mr. Hayes is mindful about what Mr. Mamantov said about the opportunity for politicization that could set in if the City Council continues to have some final appellate authority so to speak on every PILOT that they consider. It does concern Mr. Hayes that if a future council is not as economically minded as our



current one, that could really create some headwinds for future prospects. That is something that Mr. Hayes is concerned about. It is not in any way to take exception with Ms. Sharp's point, which he thinks are good ones, but Mr. Hayes' preference for this body would be to make sure we have as much authority as we can to hasten economic development to the degree possible. Speaking personally, Mr. Hayes would be highly supportive of a way to make sure, as capital gets cheaper and that the pipeline gets fuller, that we are able to be as aggressive as we can be in getting companies to consider Chattanooga very seriously.

To Mr. Paden's point about the wages, Mr. Hayes could not agree more. Everything that he personally sort of sees from something that does limit us really has to do with the fact that wages are not keeping pace with every other cost that people are dealing with in our community. Anything that could be done on that matrix to really punish people that are not willing to pay, we want them to pay, and really reward those that are willing to commit to a higher wage to keep pressing that ceiling upwards we should take a strong look at.

As to Mr. Adkins' point on compliance and clawback, Mr. Hayes asked, does the Administration believe you need more staff? If there is money that these companies are paying in the way of fees, Mr. Hayes personally likes the idea that they might be paying for their own compliance. The small business grants are important. If there is a budgetary need, that becomes a capacity stream in ECD for getting more companies, and there is more compliance functions should some fall short on their promises. Mr. Hayes likes the idea that they have already paid some of the enforcement to take place. Mr. Hayes suggests that Mr. Freeman consider this from a budgetary recommendation when the time comes. Mr. Freeman said it is a great idea, and we can do it.

Mr. Freeman spoke on the timeline. There are some target industries where there are terms of talking about potential delegation resolution, we are not talking about delegating all PILOT responsibility to the IDB. We are simply saying if there are certain types of targeted industries of projects that we can all agree as a community that are great for the community, let us delegate those to the IDB because there is no point in slowing those down if we all agree. For example, if there is a major supplier that is going to come and offer competitive wages, and they are going to be a supplier for VW, we can all agree that it would be a good fit for the community. Let us figure out a way to delegate those types of projects as opposed to every single project that comes to our community. Mr. Freeman said that we could come to a consensus on some sort of key targeted industries and reserve the right to bring other PILOT prospects through the same traditional way that we have in the past.

Mr. Meldahl had a comment. VW being here is already a large incentive for a supplier of VW to locate here. Mr. Meldahl is worried if we are stream-lining incentives for people who already have a good geographical incentive being here, then we are just giving away a lot of future funds without really vetting. This is where the but-for test comes in. Gestamp benefits hugely and saves a ton of money being close to VW as well as any VW supplier. If we are blanket and incentivizing people who are in that complimentary industry, are we missing a chance to vet carefully would it be here otherwise just because of logistical convenience?

Mr. Freeman stated he thinks that is a fair question. The VW supplier does not have to be in Chattanooga to be close to VW. They can be in Catoosa County, Knox County, or Murfreesboro. We have a company here that supplies the Toyota/Mazda facility which is in Huntsville. That company is here in Chattanooga. They chose to locate in Chattanooga because they wanted to be close enough to Toyota/Mazda, but they did not want necessarily to be under Toyota/Mazda's thumb so they chose to be in Chattanooga. There are opportunities to attract suppliers to this area, but it does not mean that just because VW is geographically located in Chattanooga that a supplier has to be here.

If we have an opportunity to continue to make sure that we are creating a more robust economy in which we are seeing VW invest more through their suppliers, that is a good thing for us to try to expedite the process. Mr. Meldahl agrees, he just does not think it is that much of a hoop to make them jump through to justify that in a public hearing. After further discussion, Mr. Freeman stated that the IDB has the ability to make the decision which could include a public hearing as opposed to requiring a company to go before the City Council. Whether or not they want to go to the County Commission is up to the County, as opposed to whether or not they want to go to the City Council and the IDB and then come back to the IDB. That is all we are saying. It is not a PILOT by right. We are simply saying you have the ability to come directly to the IDB, and the IDB can make that decision.

What Mr. Mamantov highly recommends is to develop an application form and have a question, would you be here anyway, and explain why you would not, and flush that issue out early on. After further discussion, Mr. Mamantov spoke about robots and to focus on wage levels and the number of jobs instead if he was building a matrix from scratch.

Ms. Janice Gooden with CALEB made a comment. Ms. Gooden thinks this is a continuation of the conversation that they started and is not sure where we are in the process but obviously there is some more work that needs to be done. Ms. Gooden is wondering what the next steps are.

Mr. Adkins would like to get comments from the City Attorney and thinks we should move this to the City Council and get their thoughts on it before the Board makes a decision. Mr. Hayes stated that from a procedural standpoint he is not sure we can or should. We are recommending it to them. Attorney Noblett stated as far as the documentation if you get to the point where you have a final document you can clearly provide that document to the Council and have their comments regarding that documentation. The issue here is whether this is a step forward that the IDB would be taking on its own without the Council's necessary approval on the front end. They have that authority under state law.

The one issue that bothers Attorney Noblett on at least in our process is the aspect of the school fund portion. If you are trying to look for an educational workforce that is the best workforce to be able to handle these jobs, it seems you have to fund the education. That is the one aspect at least in our current process that has resulted because the City initially had a school system and we went away from the school system, and the County always lets us know about that. That

is the issue that Attorney Noblett does think is important when you are talking about what the process is for the future will be.

Mr. Mamantov stated that he wanted to be clear as a policy matter, he was not arguing at all and understands and agrees with that and is just trying to share. You can draft a PILOT policy that is purely procedural, here's a beautiful application, and here is the process that we are going to do. Or you could try to draft it as a delegation as to certain types of projects. We are at that sort of fork and hoping to get some guidance which fork you wanted to proceed down. After further discussion, there is nothing in state law that says that one way or the other.

Attorney Noblett stated that the types of businesses that you are talking about, the limitations that you are trying to do, and some feedback from the Council will definitely help. We do have a nine member board so each one has a council member that has appointed them to their position. That is better than some areas where you might not have a nine member board.

Ms. Shekari is pro-matrix. It does not have to determine anything and that is why there are bonus points and discretion but it puts different projects through the same lens and that is helpful to anyone to look at and be able to see what those numbers are. If there is a compromise possible, that will help ten years from now when people look at projects to be able to look back. History shows what the numbers look like. That to Ms. Shekari is an impact put on the actual projects to get approved and the process of doing it that way. On the process side of it going through City Council, one thing about a matrix is that a business can anticipate what those numbers are and can say these are the things they are going to evaluate, these are what our points are going to look like, based on the numbers we have which would help from a business anticipation side. On the process side, we want to make sure that the community has an opportunity for input and this meeting is a public meeting and is one that is advertised as when it has an agenda and meets monthly, Ms. Shekari is leaning a little bit towards the redundancy.

Ms. Shekari is always wanting opportunities for input but sometimes the City Council is the place for people to have an audience for a participation issue as opposed to digging. All of the people here are digging into what the real issues are and she appreciated that. Ms. Shekari is open to changing her mind but having 16 different ways for people to provide input does not think is necessary. There is not any decision that gets made really other than us having an idea of what the City Council thinks about it.

After further discussion, Ms. Hayes is interested in having this process concluded at some point. Mr. Parker asked if perhaps we are looking at a matrix that will only include certain industries but anything outside of the industry has to go back through the original stated process?

Mr. Freeman said yes. What we are looking at is a matrix and a policy that basically says that there is sort of a two track system here. There is a system here where we have high priority and demand types of projects that we all agree are great projects for the City. They have an expedited sort of pathway going straight to the IDB, the City Council delegates that responsibility to the IDB, and anything that does not fit in that category goes through the typical thing that we have always done which requires City Council and IDB approval. Yes, that would play out on the matrix. Mr. Parker asked, who designs the list of who is included and not included?

After further discussion, Mr. Freeman stated what we would do is look at the tech industry, automotive sector, there is clearly things from the Administration's purview that we would want to see targeted. That list is probably going to be smaller rather than larger because everything cannot be a targeted industry. What might be helpful is for us to continue to work with Mr. Mamantov and CALEB over the next couple of weeks and put before this body a policy with the specific focus of industries in place to say these are the industries we would like to see that decision making is delegated to the IDB and anything else that does not follow this category goes through the process that we have always gone through in the past. Mr. Parker asked if this is in consultation with the Chamber of that target? Mr. Freeman said absolutely.

Mr. Hayes suggested that we work concurrently, and if there are conversations and we take the responsibility for having some conversations with council members, to get their input and preferences and feedback, we can maybe pause this conversation at our January meeting and see where we are. Ms. Jones asked, what are they asking their council member? Mr. Adkins spoke with Councilman Henderson and his thoughts were to leave it like it is. Mr. Freeman stated that currently there is no policy. After further discussion, Attorney Noblett stated that he recommends that the Board do not talk to more than one council person at a time. Ms. Jones asked, if we have the volume we are talking about? Are there lots of things coming through and this needs to be kind of buttoned up ASAP?

Mr. Freeman stated that he thinks that it would be helpful to button up just because it has been a topic of conversation for a while. Relative to other jurisdictions, Mr. Freeman does not know if we have the volume of deals that are coming through. Mr. Freeman thinks it is always helpful to have a policy but does not know if we necessarily have to have the volume of deals compared to other cities. After further discussion, Mr. Mamantov stated that the County of Knoxville has had about 50 PILOTs. There are 30 redevelopments and 20 jobs PILOTs. This Board is more active in industrial than they are, but probably two or three a year jobs PILOTs.

Mr. Freeman stated that right now we are averaging one PILOT a year. In 2023, we had Kordsa which was approved earlier this year, and we did not have any PILOTs done in 2022. In 2021, we had Steam Logistics and Novonix. We are not talking about a ton of action here, but it might be helpful to provide some sort of predictability for this process going forward.

Mr. Parker asked, do we feel this would increase that number? Mr. Freeman stated that is our goal. If we can get to a policy that makes sense for the Chamber, the business community, but also captures the concerns of our friends with CALEB, and we can make the process more predictable, maybe we can get more jobs to come to the table.

Mr. Freeman stated the Board has not voted to have a policy. What the Board did vote on was a TIF policy. Mr. Mamantov stated that if the majority of the council believes we want to vote on this, that is perfect. Mr. Mamantov highly recommends that the Board have a policy with the application form and fee. The Chamber needs something that when that guy shows up with a business, here is what you need to fill out to get a PILOT. Deciding that you still want City Council to vote on every single PILOT, it would be a good idea to have procedures.

Ms. Jones thinks the question is whether or not we have a general policy or we have one focused on certain industries. Mr. Hayes agreed. There are things we need to do within our policymaking to target and reward specific industry clusters. It is hard to prove a negative and hard to know how many deals we make because there was no policy in place.

The public hearing ended.

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**OTHER BUSINESS**

**(Informational Purposes Only)**

**(a) Report on Debt Obligation for Evergreen Real Estate TIF.**

Josh McCutcheon with City Finance spoke. Tennessee law requires us to report new debt obligations to the governing body. This one we missed. On December 21, 2015, Evergreen Real Estate entered into a variable rate loan agreement with Pinnacle Bank to provide a portion of equity for the Riverwalk at Cameron Harbor. This filing was missed, and we are catching up. The loan was \$3.5 million, Pinnacle's base rate, plus 50 basis points, and final maturity of the loan is 2026. No issuance cost, and the loan is secured by Tax Increment Financing.

**(b) e2i2 Quarterly Update.**

Mr. Mark Heinzer stated that they did not have a presentation but submitted a report. The project is currently on budget and on schedule. Nothing major to report. We should have some more information on additional costs after meeting.

There being no further business, on motion of Mr. Adkins, seconded by Mr. Parker, the meeting adjourned at 12:10 PM.

  
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**JIM FLOYD, *Assistant Secretary***

**APPROVED:**

  
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**KERRY HAYES, *Chair***