

AGENDA
**MONTHLY MEETING OF THE BOARD OF DIRECTORS
OF THE
INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CHATTANOOGA, TENNESSEE**

Monday, February 2, 2026 @ 11:00 AM

1. Call meeting to order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Minutes approval for the January 5, 2026, monthly meeting.
4. Recognition of any person wishing to address the Board.
5. A resolution ratifying action taken by the Industrial Development Board Chair and City Finance Officer to execute a Management Representation Letter for the Auditor, Henderson, Hutcherson & McCullough PLLC for Fiscal Year ending June 30, 2025.
6. Presentation of IDB Audit Report by Henderson, Hutcherson & McCullough.
7. Quarterly Project Update No. 3 by Wastewater Dept. and Jacobs Engineering Group, Inc. W-20-027-101 MBEC Class A POWER (Progressive Design Build).
8. Quarterly Project Update Consent Decree Program Management W-20-001-201 e2i2 SSO Abatement Program (Progressive Design Build) by Wastewater Dept. and Jacobs Engineering Group, Inc.
9. Overview of Purchasing Process for CivicServe Economic Development Software.
10. IDB Staffing Comparison.
11. **Other Business – Discussion Items**
12. Adjournment.



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES**

**John P. Franklin Sr. City Council Building
Assembly Room
Chattanooga, Tennessee
for
Monday, January 5, 2026
11:05 AM**

Present were Althea Jones (Chair), Gordon Parker (Vice-Chair), Jim Floyd (Secretary), Jimmy F. Rodgers, Jr., Melody Shekari, Marcus Cade-Johnson, and Brent Goldberg. Absent was Nadia Kain (Assistant Secretary).

Also Present were: Attorney for the Board, Phillip A. Noblett; Justin Bolender (Jacobs Engineering); Janice Gooden (CALEB); Mark Smith (Miller & Martin); Richard Beeland, Charita Allen, and Kim Narramore (Economic Development); Gail Hart (Economic Development); Mark Heinzer and Kendra Yates (Wastewater); Eleanor Liu (Finance); Mark Mamantov (Bass Berry & Sims); and Hanneke van Deursen (Housing).

Chairwoman Althea Jones confirmed that a quorum was present to conduct business, and the meeting was properly advertised.

MONTHLY MEETING OF DECEMBER 1, 2025 – MINUTES APPROVAL

On motion of Mr. Floyd, seconded by Mr. Rodgers, the minutes of the December 1, 2025, monthly meeting were approved as submitted.

PUBLIC COMMENTS

There was no one from the public with comments.

QUARTERLY FINANCE REPORTS

Ms. Eleanor Liu gave the finance report. The VW grant report has no activity at all since last report. Regarding the Economic Development Program Summary, the two major changes are the Southeast Tennessee Development District in the amount of \$358,000 from the original given out with the pandemic. The City appropriated \$1.3 million to the Renewing Chattanooga Fund. Total on hand and available to spend is \$3.8 million.

The next report is the TIF. The only major change is that we collected \$8,000 for the Northgate Mall application. The available cash spent on all TIF funds is \$156,336.29.

The last report is the Wastewater Program Summary. In the two programs, we have \$1.3 million spent in December and we have not received full reimbursement. We will get that taken care of this month.

QUARTERLY PROJECT UPDATE NO. 2 BY WASTEWATER DEPT. AND JACOBS ENGINEERING GROUP, INC. W-20-027-101 MBEC CLASS A POWER (PROGRESSIVE DESIGN BUILD)

Mr. Mark Heinzer gave the quarterly report. We submitted a quarterly report for Class A Power Project, and this is funded through the IDB as a regional impact in capacity wise with the Wastewater treatment facility. Progress is going as expected. We have our Basis of Design Report due on January 30th. In less than a month, we will have a report to kick off into the full 30% and 60% design phases. The 60% design phase will be completed in August which is where we will get our cost estimate for construction. Since this is a design build project, construction can begin after that point. It is tracking well on those dates. We had hoped to get the Basis of Design Report completed in December but that got pushed one month for us. Otherwise, the project is moving along as expected.

RESOLUTIONS

Northgate Mall TIF Project

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

**A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA APPROVING
AND ACKNOWLEDGING AN AMENDMENT TO THE
ECONOMIC IMPACT PLAN FOR THE NORTHGATE
MALL INFRASTRUCTURE PROJECT AS
RECOMMENDED BY THE CITY OF CHATTANOOGA,
TENNESSEE.**

Ms. Charita Allen said that this item is a follow-up to the very last item that this Board approved that is related to the third-party review of the approved Northgate Mall TIF. There was a recommendation in it from the third-party reviewer that basically said a range for the TIF was anywhere between \$7.7 million and \$8.7 million. The original application reflected a request for \$9.2 million. This board, because of reviewing that third-party review, recommended that the \$9.2 million amount be reduced to \$8.7 million. That was approved and moved forward to City Council for approval and vote. The City Council amended the document and approved. This item is recognizing for the IDB to recognize that the City Council accepted the recommendation, amended the document, and approved it. It is a clerical acknowledgement that the IDB is approving this.

We do have in the packet a memo from our outside TIF counsel that was sent to staff. Ms. Allen read the memorandum wording for the general public which states as follows:

“As you are aware, the City Council of the City of Chattanooga approved the economic impact plan for the Northgate Mall redevelopment that was previously approved by the Industrial Development Board. When the City Council approved that plan, City Council amended the plan to reduce the amount of tax increment revenues that may be allocated pursuant to the plan to \$8,700,000 (plus interest) from \$9,200,000 (plus interest). This reduction was based on recommendation of a third-party review of the “but for” test related to the transaction. Pursuant to applicable State law, the Industrial Development Board must also approve the amendment. However, the Board is not required to hold another public hearing as to the amendment. The proposed resolution for the Board would approve the amendment.”

Mr. Jimmy Rodgers found an interesting read in Chattanooga.com where Mr. Wilson reported about two properties selling there for a combined amount of \$37 million just in the last few days. Mr. Rodgers thought it was interesting that the context of all that we are doing here from the standpoint of this resolution in front of us is not even finalized, and there is already multi-millions of dollars of property being sold right next door since we ensued Northgate Mall. Is that something as a we as a board should be concerned about?

Ms. Allen would say “no” to that. What typically happens is, this is an incentive for the improvement of the infrastructure to encourage future development. What happens is that once that infrastructure is in place and the discussion of having this infrastructure in place has led to more conversations around other retailers wanting to come into the property. Ms. Allen is not surprised that properties are starting to change hands because we have spent the last eight months having discussions about building a better Northgate Mall, building a better Hixson infrastructure. Ms. Allen is not surprised that we are starting to see transactions happening at all.

Attorney Noblett asked if there is any concern for this body that the Council has another resolution on the agenda for tomorrow? Ms. Allen said that Attorney Noblett is referring to an item that is coming up before City Council tomorrow. It is a resolution that has been drafted by City Council Member Jeff Davis for Council District 3. This falls within his district. There is going to be a recommendation that the IDB consider what the public would like to see built on the site after the infrastructure goes into place and that the IDB encourages the developer to hold public

engagement/community engagement sessions to discuss the items that the public would like to see because of future development and not necessarily related to the infrastructure. What will happen is, City Council will review that resolution on the agenda currently on the website, they will vote on that, and the recommendation would then come to the IDB. Chances are that will come to the IDB in February; however, we will send that resolution to this board once it has been approved along with the proposed amendments to it, and we will take those recommendations and incorporate them into a draft Development Agreement. When we bring the draft Development Agreement to this board, we will have attempted to incorporate some of those requests as far as it is related to a paragraph around the developer to conduct public engagement to review the community's desires around certain items.

Attorney Noblett said that will be in the public hearing tomorrow in front of the Council before that is approved. The resolution just has a caption of "urging the IDB" to do certain things. We will have to see what happens and what is approved.

Mr. Rodgers asked if the resolution was to be approved, do we, the IDB, still have leverage to alter the documents to incorporate the language? Since what you are saying we do but want to confirm. Ms. Allen said typically what happens is that when a Development Agreement comes to the Board for approval, all those items have already been worked through.

Mr. Rodgers asked if there is anything at this point based on how if this resolution were to pass tomorrow, we can alter? Ms. Allen said that there are always opportunities to amend a document when it comes to the Board for voting.

Mr. Floyd asked if we would be able to return it to the City Council to make recommendations, is that basically what they are saying? Ms. Allen is going to ask our TIF counsel to weigh in on this one. Mr. Goldberg said but we won't see the document until February. Attorney Noblett said no – right - no. Mr. Goldberg said that it has already incorporated everything at the Staff level.

After further discussion, Attorney Mark Mamantov weighed in. Assuming the City Council resolution passes, they will immediately start working on the Development Agreement and share it obviously with Attorney Noblett, and the Board will get a draft well ahead of time and will have plenty of time to offer comments. What you are being asked to vote on today will not affect in any way what is going to come back – as Attorney Mamantov told Council and he thinks he told the Board, the hard part is now drafting the Development Agreement which is somewhat called an "inchoate" concept of what this is going to look like.

Attorney Mamantov is excited to get some guidance, and the Board is probably as well from the City Council as to what they are looking for, and we will be working hard on a Development Agreement. Attorney Mamantov hopes it will be ready for February, and this is going to be a hard one because there are a lot of moving parts in terms. It is unique in many ways, it is partially redevelopment, it is partially economic development and Attorney Mamantov is looking forward to working with the Council, Mark Smith is here if you have any questions.

What you are being asked to do today is truly clerical. It is in everybody's best interest that they lower the maximum amount because you are protecting the public by \$200,000 to \$500,000 by approving what is in front of you today. Once this resolution hopefully is passed by City Council and is sure that Ms. Allen will share it with the Board and we will dive into drafting a Development Agreement for the Board's consideration. The Board will have ample time to bring back in March we will begin working on it.

Ms. Melody Shekari asked a question on the process. Ms. Shekari knows that the City Council had to vote in the first place, yes, and it came back to the Board, on the Development Agreement.

Are you saying that the Board sees it first? Yes. Attorney Mamantov said that the City does not vote on a Development Agreement. As he has seen the draft resolution, they are not asking for a vote on it. They are providing input for the Board today and would like the Board to consider as you so incline. This is going to be an important role for the Board to play, reviewing this agreement, and seeing if it meets – you could always ask the City Council, City staff for further input as you consider it, but the vote on the Development Agreement is the Board's as you are a party to it with the developer, not the City.

The motion carried.

ADOPTED

North River Access Road TIF Project

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

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS TO AMEND THE DEVELOPMENT AGREEMENT AND TAX INCREMENT FINANCING DOCUMENTS RELATING TO THE NORTH RIVER COMMERCE CENTER INDUSTRIAL PARK.

Ms. Allen said that again we have another memo that was sent to us from our legal counsel, Bass Berry & Sims. The memo states as follows:

“As you are aware, the City Council of the City of Chattanooga and the County Commission of Hamilton County recently approved an amendment to the economic impact plan for the Access Road development. Among other things, this amendment extended the period for commencing allocations of tax increment revenues from the plan area and broadened the permitted scope of the development. In order to implement the provisions of this amendment to the economic impact plan, corresponding amendments to the Development Agreement for the development are required. In connection with these

amendments, Access Road, LLC, as the developer and the lender for the tax increment financing, would also agree to restructure the tax increment financing that has been previously issued in order to align the debt service payments on the tax increment financing with the actual tax increment revenues that are being realized from the portion of the project that has been completed and to reflect the additional time that is being given to the developer to complete the project. The resolution submitted to the Industrial Development Board for consideration would approve execution of an amendment to the Development Agreement and the execution of the amending documents relating to the tax increment financing in order to effectuate these changes.”

Again, this is a successful project. Two buildings have already been built. The developer came to the table asking for a change of use to build a different type of development on those two remaining parcels. The public infrastructure, the public benefit as far as roads, signaling, lighting, all of that has been completed and successful. We are asking for these things that are outlined and have been amended into the attached agreement.

Mr. Rodgers asked as far as the project itself, Mr. Rodgers remembers the presentation went well and seeing the building is there, from the standpoint of broadening the scope, can you clarify a little bit more about what is envisioned versus what was presented to us before? Ms. Allen said that what was presented before was there was a requirement that four buildings be built that were all industrial warehouse buildings. Two of those buildings have been built, the market changed, the developer came back and asked to build other things. We did put into that expansion of what could be developed, there were restrictions such as there is no hospitality, there is no retail, there were some uses that they limited but other than that it allows for office, medical, and some non-industrial that can be on the site.

Mr. Parker said as a result they are going to delay their payments -- longer time? Ms. Allen said the TIF term is not extended. The term for development is. What happened is, typically, in Development Agreements, they are time certain you must have built something by a certain date. Ms. Allen is changing the allowable development types. What we are saying is that we are also allowing you a longer time to build these new things.

Attorney Noblett said the principal amounts of the TIF notes remain the same, correct? Ms. Allen said correct. Mr. Rodgers said that obviously from the Administration’s standpoint, you would not be here otherwise. Are you guys okay with the change? Ms. Allen said we are. We have spoken with the Chattanooga Chamber of Commerce which helps to approve companies. This was borne out of a particular company that wanted to build and was looking to build an office building on that space but because the use was so restricted to the industrial piece, the developer would not be able to entertain that kind of interest in the property. Again, we opened that up.

The motion carried.

ADOPTED

Wildflower Development

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

A RESOLUTION DECLARING THE INTENT OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA STATING ITS INTENT TO REIMBURSE PUBLIC INFRASTRUCTURE COSTS RELATING TO PROPOSED WILDFLOWER DEVELOPMENT CONDITIONED UPON THE ISSUANCE OF SPECIAL ASSESSMENT INDEBTEDNESS.

Ms. Hanneke van Deursen spoke about this matter. There has been a new state law that has created a housing tool which will hopefully be coming forward in the future to create industrial development districts.

Industrial development districts are a financing tool authorized under Tennessee law that allow developers to use long-term, tax-exempt bond payments in payment for an infrastructure that supports new housing without imposing costs on the City. Where this differs from a TIF is instead of paying off the bonds by future tax revenue, there is a special assessment, an extra tax on the district that homeowners and business owners are paying to pay off the bonds.

The advantage of this is that 30-year tax-exempt bond financing is a lot cheaper than conventional debt for building roads and sewer and so the overall purchase price of the home is lowered even though homeowners have a higher annual tax bill. It is a housing bill that has been used in Texas and Florida quite extensively to build new housing and one that Tennessee made possible in the Real Estate Infrastructure Act of 2025 which was a modification of the earlier Residential Infrastructure Development Act of 2024.

It is an exciting tool, it is a new tool, and we are not coming for it today, but it is a project proposal. What we are coming for is this intent to reimburse resolution. The memo prepared by our legal counsel for the record states:

“As we have discussed, the City of Chattanooga has been contacted regarding the proposed use of special assessment financing to assist with the cost of public infrastructure for the Wildflower development located off Goodwin Road in the City at the former Cigna location. This potential financing is at a preliminary stage. Before such financing can be undertaken, the City would need to receive a petition to impose special assessments with respect to the development, and City Council would need to agree to impose such special assessments. As you are aware, City Council has asked to be briefed on special assessment financing at a meeting in January. If City Council receives an appropriate petition, which is expected, and chooses to impose such special assessments, the Industrial Development Board could undertake a special assessment financing secured by those assessments. Because the developer for the Wildflower development has already commenced work on the public infrastructure and is prepared to dedicate a portion of that infrastructure to

the City, the developer's representative asked the Industrial Development Board to adopt a resolution known as an "intent to reimburse" resolution that meets the requirements of federal tax law and essentially states that if the special assessment financing is issued, the Industrial Development Board expects to reimburse the developer for public infrastructure costs that have been incurred. The adoption of this resolution in no way commits the City to approve the imposition of special assessments or commits the Industrial Development Board to issue special assessment debt. This resolution just preserves options for the City, [in negotiations moving forward] [Industrial Development Board and the developer while the project is evaluated (omitted)]. As bond counsel to the City, we have been asked to draft the proposed resolution, which accompanies this memorandum. Please let us know if you have any questions."

Really what this resolution is doing is putting a stake in the ground for tax law purposes so that if we choose to move forward with this project (which again we have one meeting that we are in early stages) we are able to reimburse the developer for the infrastructure that is being built right now and we can lower the home prices on those houses that are going to be constructed. It in no way commits us to moving forward with this development but should make change moving forward and take it before Council. It will allow the current phase to be included in that district and provide greater public benefit because of this district. The way the special assessment is calculated is based on the volume of the bonds issued. It is basically what would need to be paid on an annual basis to pay off the size of the debt.

After further discussion, there are disclosure requirements. No one would be purchasing a house without being aware of what that assessment is. Ms. Shekari asked how much this is obligating us to. What are we talking about? It depends on the development size, so even just a max, what would be the max that we are committing ourselves? Ms. van Deursen said that we are obligating ourselves to nothing. This resolution is simply that if the Board chooses to move forward, we have an option to include the first phase in the development. The volume would be clearly contingent on future initiatives. It is also important to recognize that the City and the IDB are not obligated by the debt and it is fully secured by the special assessment.

Mr. Goldberg said that it looks like the resolution states \$10 million maximum principal. Ms. Shekari said for the debt to be issued, that is not the cost. What would the infrastructure be? Ms. van Deursen said we do not pay for the infrastructure.

Mr. Rodgers said that his concern is that why are we, if this is, and it sounds somewhat speculative, and why are we saying we expect to be reimbursed as opposed to we may reimburse or we will consider reimbursement because Mr. Rodgers is bothered by the legality of saying the developer relying on us expecting to reimburse and if we do not come through, where that leaves us and like Ms. Shekari is saying we do not even have a cap on it? What Mr. Rodgers is hearing you saying as well is that some of the work has already started. Mr. Rodgers is going back to the "but for" test, it has already started in being implemented, why do we need to jump on now?

Ms. van Deursen said the intent to reimburse is in the resolution conditioned upon issuance. That is what is all hung on. If we do not issue the special assessment, (inaudible) this does not commit us in any way. The reason we would want to jump on something that is already underway is because we have the potential to negotiate public benefit into the phase. By using the tax-exempt debt in infrastructure instead of conventional financing, the purchase price of the homes could be lowered. Even those homes that are already being built right now, you can bring to market a more affordable price and if we were not to take – we could still in the later phase do that because there is an opportunity to expand for the public benefit going through this process. That is why we are interested in preserving the option in the future to do it but does not commit us.

Mr. Rodgers asked who is the developer on this project? Mr. Parker asked Wildflower Development, which is a private enterprise residential developer? Ms. van Deursen said uh-huh.

Chairwoman Jones said there are homes being built on that property by Wildflower Development. After further discussion about Wildflower Development, it is owned by EAH Acquisitions, LLC. The name of the development is Wildflower Development being undertaken by EAH Acquisitions, LLC. Mr. Rodgers asked if Ms. van Deursen knows who is behind EAH Acquisitions, LLC? Ms. van Deursen said they did preliminary with the development team, and this is the very early stages of negotiation. It is because of the timing of involvement that we are coming forward now. The City Council will have to approve this, they will need a petition filed, there is a whole process that must happen to do this. What this resolution before you today is about is giving us the opportunity to include this first phase in that tax-exempt status for federal tax purposes.

Ms. Shekari said this is a new tool and has questions. Special assessment would be included, where does that portion of the funds go? Ms. van Deursen said the special assessment is used to pay off the bonds. It comes in on the property tax bill. It sits junior to property taxes but senior to mortgage debt. That is what pays off the bonds. In the way that a TIF is paid off with future tax revenue, the Special Assessment District is not committing the City's future tax revenue, instead the owners of parcels in this district are paying extra tax or assessment to pay off the bonds for development. In a way, it is a tool to allow growth to pay bonds off because it is the new residents that are paying for the infrastructure in their neighborhood. Ms. Shekari said that we are kicking in extra for the infrastructure is what you are saying. Ms. van Deursen said we do not pay for it. The extra tax the homeowners pay are what (inaudible). They pay off. Ms. Shekari asked if they are just passing through the IDB. Why are we considering it in the first place? Does it come into an account for us that we set aside and it just pays off? Mr. Goldberg said because we issued the debt, right? Attorney Noblett said yes.

Mr. Goldberg said that the Board is just being asked to vote on whether we have an intent to reimburse but really what we are approving is a maximum debt of \$10 million? Attorney Mamantov said that this is sort of the magic language that the federal tax code requires. That is what they look for. The 4th or 5th paragraph is what he wrote. Despite what we said in the other paragraph, we don't (inaudible) anything. They filed the plat to dedicate the first portion about 45 days ago, and they just realized that this tool is available. The guy that contacted Attorney Mamantov and reached out is like the guru in Florida and Texas, and he is really working the state letting developers know there are tools out here.

We are meeting with the City Council and Ms. Allen next week, the 13th, to provide an overview of the special assessments and if the Board wants to set aside some time through that meeting to go through the Board's role in these things. Of course, it is non-recourse. It is much like a conduit bond issue, but the unique thing is that it is closely analogous to a TIF. It is basically an allocation of revenues that the City collects to the Board to pay off the debt. The City can do it itself. But we recommend as bond counsel to the City and the Board, it is better to isolate this debt from the City because if there is ever a default on it you don't want – the IDB, the people understand, is a conduit.

If the City of Chattanooga defaults from the Special Assessment Debt because of non-payment, then it looks like a blemish on the City. That is why you use for both TIFs and these sorts of things, this is all new in Tennessee, but generally, a but-for analysis – this is not an incentive. We are not giving any public funds at all. Usually, you extract things from the developer. If we agree to cooperate with you under special assessment, then you will do such and such. And that is usually in a Development Agreement, much like a TIF, but we are not giving them any public funds. We are just cooperating with the collection of this special assessment. It is a very complicated process. This came up quickly.

After further discussion, the T.C.A. time period they have for leaving their options open to expire if you want to adopt this today, this is just again to preserve options, Attorney Mamantov said this will be a three- or four-month process. The City considers whether they want to be involved and he echoes what Ms. van Deursen says, this can help with housing. It is work. You are lucky you have very confident staff on the Housing side here in Chattanooga and the Finance team is strong. After further information, the City of Franklin was discussed. This is a complicated issue. Today we are just trying to check the box on a tax issue and hopefully if you are comfortable with it, it does not bind you. It is worded that way to be the magic language.

After further discussion, Attorney Noblett confirmed with Attorney Mamantov that this is a new law because it just came in 2024 and was most recently amended in 2025. It was not available for the Board to be able to consider. After further discussion, Mr. Mamantov gave the history of the law, and it will be provided to City Council. This is a tough tax issue. They will file a petition, and the Council must vote on it per state law per the developer within thirty (30) days. They cannot delay it. They will be talking about cooperation. It is a mandatory 30-day vote once the initiator petitions to do the assessment or not. Every property owner must agree to join. If they sold any lots already, every lot owner must join in the petition for the assessment.

Mr. Rodgers said he appreciates Attorney Mamantov's memos. Please keep them coming. Thank you to Attorney Mamantov and Ms. van Deursen for their patience today. It is at least new to Mr. Rodgers. Attorney Noblett about six months ago did make the Board aware of this law in connection with a different issue. Mr. Rodgers asked our Chairwoman if at some point in the next few months if we can have a short version of a presentation about what exactly this law means and our role, that would be helpful. Chairwoman Jones does not personally know anything about this and would benefit with some more education on this type of thing especially if you feel it is going to come up more often.

Chairwoman Jones asked for clarification of what this resolution does today or if this holds up anything in the future. Attorney Mamantov said they filed plat about 45 days ago for the first phase of the development. If you look at quadrants of the development, and the first quadrant they platted and recorded plat which results in the dedication of the infrastructure to the City of Chattanooga. Once it has been dedicated, basically the IRS is going to say going back, you never counted on this. They have been talking behind the scenes and really don't understand what they are doing. Attorney Mamantov has been getting fielders about this project through the grapevine for several months. They did not know what to ask for. When they got him involved and said we are about to record this first phase to preserve our options, could we ask the IDB to adopt what this is called the intent to reimburse resolution so that if we were ever successful in issuing a special assessment that we would preserve the ability to get paid back from that special assessment and from what we dedicated about 45 days ago. Otherwise, they are going to have to keep that financing tied up while probably with a high-cost bank loan which will delay them in being able to proceed with additional phases of the development of the project which is what everyone wants to see. This would allow them to free up financing for the first phase if we are able to do this successfully and move on to the next phase.

Ms. van Deursen said that it increases the value of going through this whole process for the project and give us more grounds to negotiate public benefit into the project so more housing can be built, which is our targeted public benefit for this project. This does not include this phase of infrastructure in the Special Assessment District, and we lose out on the benefit to the project which we use to negotiate additional affordability into the project from that phase. Just the benefit gets lower.

Mr. Marcus Cade-Johnson asked if there is a certain dollar amount that you would want. Ms. van Deursen said yes, all that needs to be negotiated. We have had that one meeting and spoke with the developers and would like to see affordability as a public benefit if we are to consider this moving forward, but we have not yet talked about specific prices. You lose the leverage.

Mr. Parker said that this to him sounds like a "sell" game if he understands that you are basically asking the homeowners of this new development to pay for infrastructure for 30 years on a separate tax line item annually, and hopefully, that the developer will lower his selling price of the development, is that correct? Ms. van Deursen said almost. Yes, the homeowner is paying for the infrastructure over a 30-year term. Otherwise, they would be paying for the infrastructure in the higher purchase price. This is part of the negotiation we would want to see. We would not be going through this process if we did not see lower purchases on the other end, but that is something that the next few months we will come forward. We know that by using tax-exempt debt to pay for the infrastructure, the cost of the development to the developer is lower so we have room to push for those lower purchase prices, and it does benefit the homeowners.

Mr. Goldberg said that this essentially allows the developer to add tax-exempt financing to the capital setting which decreases their cost which decreases the purchase price. Correct. Which personally, Mr. Goldberg thinks these are tax tools we need to use all throughout the City and the County because that is why we do not have affordable housing. We do not use the tools that are available.

Mr. Rodgers made a motion that we approve this resolution given what Mr. Mamantov has said and Ms. van Deursen, what they said as far as it is not committing us. Down the road it is simply allowing us some leverage and flexibility going forward for the next few months. In the meantime, we can see how those discussions go, we can see what the City Council does and hopefully we can get any presentation of some kind ourselves, to educate ourselves, and then we can decide at that point whether we want to approve it or not from what he is hearing. Mr. Rodgers made a motion to approve the resolution, seconded by Mr. Goldberg, and resolution passes.

Chairwoman Jones requested an education for this Board in the next couple of months so we can better understand this process.

ADOPTED

OTHER BUSINESS/DISCUSSION ITEMS

Ms. Shekari had a couple of things that came up over the last month that she wants to make the Board aware because it has to do with our performance and transparency. We have had some questions about staffing and how we feel about that. Ms. Shekari was contacted by two individuals in Chattanooga that were not very happy with the way that we have been doing things. The presentations are not available for the public, and they cannot access them, they have FOIA requests, they cannot see the Power Point presentations we have. They can see our agendas but there is really important information in the Power Point presentation, and she does not think we are releasing those in a way that is accessible to folks. It is not people who oppose or support a project. Mostly, other property owners want to know how a project might impact them, but they cannot get the information other than sitting and listening and cannot read the presentation because of the way the cameras are angled and where the presentation is on the screen makes it hard.

Ms. Shekari did help them get access. It should not be something that any individual person should contact a board member for it, and we need to make sure all our agendas are on-line, all our presentations are posted after. Ms. Shekari does not believe we get all of them ahead of time. It might be after the meeting that they showed presentations from outside entities so that business leaders and people in the community can see what is presented to the Board because it is public information.

Chairwoman Jones said that when someone is watching the meeting the presentation isn't – Ms. Shekari thinks it is in a little box on the side but sometimes the person standing here will block that and so they can't see it or it might be small. It might just be very small. Ms. Shekari has watched it before and noticed it is not very clear. It does not become what they see. They just get a view of that person speaking from the Board.

The second one had to do with a vote that we voted in November. Ms. Shekari does not believe the e-mail that she was planning to send to staff has got to them yet. She found it in her drafts. We approved of a contract and there were questions about whether an RFP was put out, what the assessment was, and it was for the software that we are using. There are other businesses in Chattanooga that may have been interested in putting a proposal and made interested in being a vendor and we did not have a chance to consider it and for us it is not having software before and

familiarity with what we should be looking for and there is a lot of frustration with the process. We have been talking about a meeting and then we got it presented in a meeting we passed it. We had discussion and that was it. Ms. Shekari is making sure our processes are public, transparent, so that the folks in the community do know that we are looking for contractors and things like that. Ms. Shekari believes there are interested people that work nationwide but were not considered for whatever reason and want to make sure our board makes sure that we are making this process available for everybody and being fair in how we do things.

Mr. Rodgers would also like to follow up to make sure that all our presentations are at least accessible to the public through our website for at least a year or so. In this instance, we have the North River Commerce Center and there might be some folks in the public that would say what was that presentation, it was very helpful, where you get it, and was this what the Board was presented today and impact what we saw before. Maybe not to have it for five years but at least for a year or so so people can go back.

The other thing Mr. Rodgers is going to ask of Ms. Allen as far as if we are still wanting to look at the February agenda for a possible IDB employee. That was discussed a few months ago. Ms. Allen said that we are currently reviewing the staffing of all the IDBs like the size of Chattanooga and pulling all that research together to present in February. The IDB is a City Economic Development Department. If the Department staffs the IDB, are they a department of ten or three. What does that look like. If they are an IDB or they a department, do they have a staff of seven or do they have no staff and are staffed by the City through a City of ten. We are pulling all that research together for presentation.

Mr. Goldberg said for the software to clarify for the record, Mr. Goldberg assumes, and you can confirm that all City procurement rules were followed? Ms. Allen said they were, and we have a follow-up with the Purchasing Department because that vendor also reached out to our Purchasing team. Just so this board is aware, typically the way the purchase of software happens this day in age, we meet with the IT team, they ask us what we are looking for, and they take it from us and do research. They come back to us with recommended vendors. It is not like we could say this is what we want to use, figure out how to make it happen, and they sort of take it from us – are they going to bring us something they like ... has this been properly vetted. We did go through the process, and we are happy to be present at the next meeting. In the meantime, Ms. Allen does have a call later with Purchasing to go through and did reach out to that vendor in a conversation. Those original conversations happened. The vendor reached out because they had seen an October agenda item that said the IDB had funded it. That is how it all started. Ms. Allen is happy to follow-up and close the loop on that when we meet again in February.

Chairwoman Jones said that she had that we were going to be talking about the staff member in February and we will be sure to do that. In terms of the ability to see presentations when someone is watching, is that something we can easily shift through our IT folks? Ms. Allen is working on that.

The other piece that is part of the Economic Development software is to have a public-facing interface so that when there are items that are related to Economic Development, instead of the general public having to figure out do I go to City Council, YouTube, IDB page, where am I going, they go to the Economic Development page click, and a live screen will be there, the agendas will be there, but the agendas with the attachments will also be there.

That is something they are working with IT because IT wants to control what is put on the website and who has access to that. Our future public interface will help us to do that. That was part of the platform that we are looking at.



There being no further business, the meeting adjourned at 11:50 AM.

JIM FLOYD, Secretary

APPROVED:

ALTHEA R. JONES, Chair

RESOLUTION

A RESOLUTION RATIFYING ACTION TAKEN BY THE INDUSTRIAL DEVELOPMENT BOARD CHAIR AND CITY FINANCE OFFICER TO EXECUTE A MANAGEMENT REPRESENTATION LETTER FOR THE AUDITOR, HENDERSON, HUTCHERSON & MCCULLOUGH, PLLC FOR FISCAL YEAR ENDING JUNE 30, 2025.

BE IT RESOLVED, that it is hereby ratifying action taken by the Industrial Development Board Chair and City Finance Officer to execute a Management Representation Letter for the Auditor, Henderson, Hutcherson & McCullough, PLLC for Fiscal Year ending June 30, 2025.

ADOPTED: February 2, 2026

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

Althea R. Jones, Chair

Jim Floyd, Secretary



City of Chattanooga

Department of Finance and Administration

Mayor Tim Kelly

October 24, 2025

Henderson Hutcherson & McCullough, PLLC
1200 Market St.
Chattanooga, TN 37402

We are providing this letter in connection with your audit of the financial statements of The Industrial Development Board of the City of Chattanooga (the Board) as of June 30, 2025 and 2024, and for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the activity and the respective changes in financial position in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

The Board is a public corporation formed pursuant to the provisions of Tennessee Industrial Development Corporation Act. The Board performs public functions on behalf of the City of Chattanooga (the City), and its purpose is to undertake the financing and development of projects to promote industry, trade, commerce, tourism and recreation, and housing construction. The Board participates in these activities by serving as a non-recourse conduit for taxable or tax-free financing for industrial purposes. The audited financial statements include the activities of the Project Site of the Volkswagen Group of America, Inc. (the Project Site), the Expansion Site of the Volkswagen Group of America Chattanooga Operations, LLC (the Expansion Site), the Partnership Agreement with the Volkswagen Group of America Chattanooga Operations, LLC (the Partnership Agreement), and the Tax Increment Financing (TIF) and Economic Development Incentive Programs (EDIP) for the City.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

- 1) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information required by generally accepted accounting principles.
- 2) We have made available to you all—
 - a) Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of state awards.
- 5) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 6) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 7) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 8) We have a process to track the status of audit findings and recommendations, if applicable.
- 9) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 10) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 11) The Board has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 12) The following, if any, have been properly recorded or disclosed in the financial statements:
 - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which Board is contingently liable.
 - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
- 13) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 14) There are no:
 - a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
- 15) As part of your audit, you assisted with the review and preparation of the financial statements, related notes and schedule of expenditures of state awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements, related notes and schedule of expenditures of state awards.
- 16) The Board has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 17) The Board has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 18) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

- 19) The financial statements properly classify all activities.
- 20) Components of net position (investments in capital assets; restricted; and unrestricted) are properly classified.
- 21) Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position.
- 22) Capital assets, including infrastructure, are properly capitalized, reported, and, if applicable, depreciated.
- 23) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
 - a) With respect to the Schedule of Expenditures of State Awards
 - b) We acknowledge our responsibility for presenting the Schedule of Expenditures of State Awards in accordance with accounting principles generally accepted in the United States of America, and we believe the Schedule of Expenditures of State Awards, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the Schedule of Expenditures of State Awards have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- 24) Supplementary Information in Relation to the Financial Statements as a whole with respect to the combining financial statements accompanying the financial statements:
 - a) We acknowledge our responsibility for the presentation of the combining financial statements in accordance with accounting principles generally accepted in the United States of America.
 - b) We believe the combining financial statements, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c) The methods of measurement or presentation have not changed from those used in the prior period.
 - d) We believe the following significant assumptions or interpretations underlying the measurement or presentation of the combining financial statements, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
 - e) When the combining financial statements are not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.
- 25) We have evaluated and classified any subsequent events as recognized or non-recognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed: 

Title: CFO, City of Chattanooga

Signed: 

Title: Chair, IDB

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CHATTANOOGA**

FINANCIAL REPORT

JUNE 30, 2025 AND 2024



CERTIFIED PUBLIC ACCOUNTANTS

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

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THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

ROSTER OF BOARD MEMBERS

JUNE 30, 2025 AND 2024

Ray Adkins, Member Appointed by City Council	3 rd Term Jun 15, 2021, to Jun 15, 2027	District 1
Althea R. Jones, Vice-Chair Appointed by City Council	2 nd Term Jul 14, 2024, to Jun 13, 2030	District 2
James Floyd, Assistant Secretary Appointed by City Council	2 nd Term Oct 23, 2024, to Oct 22, 2030	District 3
Gordon Parker, Secretary Appointed by City Council	2 nd Term May 17, 2022, to May 17, 2028	District 4
Jimmy F. Rodgers, Member Appointed by City Council	2 nd Term Oct 07, 2020, to Oct 07, 2026	District 5
Nadia Kain, Member Appointed by City Council	1 st Term Jun 07, 2023, to Jun 06, 2029	District 6
Marcus Cade-Johnson, Member Appointed by City Council	1 st Term Jan 22, 2025, to Jan 21, 2031	District 7
Melody Shekari, Member Appointed by City Council	1 st Term Oct 25, 2023, to Oct 24, 2029	District 8
Kerry Hayes, Chair Appointed by City Council	1 st Term Apr 20, 2021, to Apr 20, 2027	District 9

The Board meets on 1st Monday of the month at 11:00 a.m. in the City Council Assembly Room, 1000 Lindsay Street, Chattanooga, TN 37402.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Industrial Development Board of the City of Chattanooga
Chattanooga, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Industrial Development Board of the City of Chattanooga, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Industrial Development Board of the City of Chattanooga, and the changes in its financial position and its cash flows as of and for the years ended June 30, 2025 and 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Industrial Development Board of the City of Chattanooga and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the entity's basic financial statements. The accompanying combining program schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining program schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining program schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the roster of board members but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025, on our consideration of the entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

Chattanooga, Tennessee
October 24, 2025

*Henderson Hutcherson
& McCullough, PLLC*

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

The Industrial Development Board of the City of Chattanooga (the Board) was established in 1967 for the purpose of undertaking financing and development of projects to promote industry, trade, commerce, tourism, recreation, and housing construction in Chattanooga, Tennessee (the City).

Pursuant to a Memorandum of Understanding (MOU) on July 15, 2008, as amended, by and among Volkswagen Group of America, Inc.; the State of Tennessee; Hamilton County (the County); the City; the Chattanooga Area Chamber of Commerce; and the Board, the Board was awarded \$210.8 million in grants from the State of Tennessee as incentives to build a billion-dollar automotive plant; an additional \$46 million in local government funding was also pledged. On June 30, 2014, a second MOU was entered into whereby the state awarded an additional \$165.8 million in incentives. An additional \$52.5 million was pledged by the City and the County to be shared equally. On June 6, 2017, an amendment increased the State incentive to \$168.9 million. These additional capital contributions support a Volkswagen Group of America Chattanooga Operations, LLC (VWGoA) expansion to include a production line for a new sport utility vehicle and a national research and development center. On June 27, 2022, the Board accepted a third MOU in which the State provided \$50 million incentive grant to VW through the Board for electric vehicle production. Another \$5 million of local government funding was pledged equally by the City and the County.

In fiscal year 2014, the Board entered into the first Tax Incremental Financing (TIF) agreement with Black Creek, LLC after the City Council approved the economic impact plan, on resolution 27143 dated June 9, 2012. The TIF agreement refunds taxes to support infrastructure and commercial real estate development. The amount of tax refunded is based on the increased tax values in the TIF plan area over the base tax at implementation, less allowable City and County expenses. In 2018, the Board entered into another TIF agreement with Evergreen Real Estate. The City Council approved the economic impact plan, on resolution 29336 on February 20, 2018. In 2020, the Board entered into a third TIF agreement for the East Chattanooga Rising Development Area following the City Council approving the economic impact plan, on resolution 30147 on December 3, 2019. Nippon Paint, as one of the world's biggest paint and coating makers, is to build a 270,000-square-foot manufacturing complex on site. On July 12, 2022, the City Council approved the economic impact plan, on resolution 31182 and as a result, the Board entered into a TIF agreement with Access Road, LLC to build the North River Commerce Center Industrial Park. It proposes to build significant Class A industrial space along North Access Road in Hixson adjacent to the Corsa facility, which is the former DuPont site. On August 1, 2022, after the City Council approved the economic impact plan on resolution 31235, the Board entered into a TIF agreement with the newly formed public non-profit corporation, The Sports Authority of the County of Hamilton and the City of Chattanooga (Sports Authority), to build a multi-use stadium in the South Broad District Area. The stadium is to promote and accelerate the economic redevelopment of the area. On March 25, 2024, the City Council approved an economic impact plan on resolution 31672, the Board entered into a TIF agreement with Urban Story Ventures, LLC to support a multi-use development called The Bend. This 120-acre adaptive reuse project is estimated to cost \$2.3 billion.

(Continued)

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

In fiscal year 2015, directed by the City Mayor, the City of Chattanooga's Department of Economic Development began a program called Economic Development Incentive Program (EDIP) to assist, support and incentivize local businesses and workforce to develop and grow. Since 2016, through City appropriation and the Economic Development Fee collected from qualifying businesses which are Payment-In-Lieu-of-Property-Tax (PILOT), EDIP has been expanded into the following programs:

- Growing Small Business Incentive Plan which provides incentives for small businesses with 100 or fewer employees in the city to create more jobs.
- Technology Workforce Development brings city residents, technology companies, and our workforce training partners together to train and reskill residents to embrace the future of Chattanooga.
- Small Business Construction Mitigation Grant awards qualified businesses that are impacted by construction projects in the city.
- Renewing Chattanooga helps combat blight, vacant, and abandoned properties in underserved communities throughout the city that fall into despair.
- Business Development fund dollars are used to encourage private investment and existing businesses retention. Eligible expenses range from site surveys and property appraisals to marketing initiatives and matching grant opportunities.
- Innovation grant funds are used to award businesses with innovative products, systems or technologies while creating ten or more Chattanooga-based full-time jobs.

In order to meet federal Clean Water Act requirements, the City and the Board began a Green Energy Program in 2022. On February 7, 2022, the Board executed a MOU with the City for the design and construction of wet weather equalization stations, estimated to cost \$125 million. This environmental and economic infrastructure improvement (e2i2) program's goal is to reduce or eliminate chronic sanitary sewer overflows in the regional sanitary sewer collection system and to prevent moratoriums on sanitary sewer connections under the City's consent decree. On March 25, 2023, the Board executed another MOU with the City to implement a significant solids process optimization implementation (SPOI) program. The construction of a Thermal Hydrolysis Process facility will increase biogas production, reduce energy consumption, and improve effluent quality. The estimated cost of the project is about \$67.5 million.

As members of the Board, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Volkswagen Group of America, Inc.'s Project Site (Project Site), Volkswagen Group of America Chattanooga Operations, LLC's Expansion Site and Project (Expansion Site and Expansion Project), Tax Increment Financing (TIF), Green Energy Program, and Economic Development Incentive Programs (EDIP) for the City for the fiscal years ended June 30, 2025 and 2024. We encourage readers to consider the information presented herein in conjunction with additional information provided in the notes to the basic financial statements, which can be found beginning on page 14 of this report.

Financial Highlights

- Net position at the end of the most recent fiscal year is \$492.9 million. \$489.4 million of that amount is invested in the development of the Project Site and Expansion Site of VWGoA automotive plant.
- For the year, the net position increased by \$0.4 million, primarily due to \$0.3 million of investment in leased assets relating to VW sites.
- The Green Energy Program cost increased to \$28.1 million during the year and the reimbursement of \$28.1 million from the City was recorded for the year.

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

Overview of Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the financial statement of the Project and Expansion Site of VWGoA along with certain other economic development programs managed for the City and the County. Operations are accounted for in a single proprietary fund. The basic financial statements consist of financial statements and related notes to the financial statements.

The *Statement of Net Position* presents financial information on the Project and Expansion Site's and other economic development programs' assets and liabilities with the difference reported as net position. Net position is primarily invested in leased assets and represents the amount of grants dollars expended to build and equip the Project and Expansion Site. Costs incurred by VWGoA are not included.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported on an accrual basis as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, financial transactions are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements.

The financial statements can be found beginning on page 10 of this report; notes to the financial statements can be found beginning on page 14 of this report.

Financial Analysis

Assets exceeded liabilities by \$492.9 million at the close of the most recent fiscal year; of this amount, \$489.4 million reflects investment in leased assets (e.g., land, buildings and infrastructure). An additional \$28,971 is restricted for construction, \$148,336 is restricted for TIF plans, and another \$3.3 million is restricted for Economic Development Incentive Programs.

	Net Position		
	June 30, 2025	June 30, 2024	June 30, 2023
Current and other assets	\$ 16,405,790	\$ 3,643,070	\$ 2,476,934
Noncurrent asset	477,756	468,331	457,046
Leased assets	<u>489,386,465</u>	<u>489,085,719</u>	<u>439,074,809</u>
Total assets	<u>506,270,011</u>	<u>493,197,120</u>	<u>442,008,789</u>
Current liabilities	<u>13,406,151</u>	<u>753,435</u>	<u>313,557</u>
Net position:			
Investment in leased assets	489,386,465	489,085,719	439,074,809
Restricted for construction	28,971	28,971	28,971
Restricted for EDIP	3,300,088	3,216,637	2,813,073
Restricted for TIF	148,336	112,358	-
Unrestricted	<u>-</u>	<u>-</u>	<u>(221,621)</u>
Total net position	<u>\$ 492,863,860</u>	<u>\$ 492,443,685</u>	<u>\$ 441,695,232</u>

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

Financial Analysis (Continued)

Total assets increased \$13.1 million. Cash on hand increased \$1.5 million, 1.3 million of that is due to the Green Energy Programs reimbursement revenue received from the City. There is no long-term debt associated with the Project and Expansion Site.

	Changes in Net Position		
	Year ended June 30, 2025	Year ended June 30, 2024	Year ended June 30, 2023
Operating Revenues:			
City of Chattanooga	\$ 1,652,711	\$ 864,620	\$ 543,624
Hamilton County payment	944,869	483,896	451,082
Green energy program revenue	28,059,351	4,473,966	-
TVA	-	-	67,507
TIF application revenue	-	-	8,000
TIF admin fees	31,183	25,216	80,936
EDIP revenues	362,719	432,279	472,179
Allowance for bad debt	9,425	11,285	15,017
Miscellaneous revenue	-	-	29,997
Total operating revenues	<u>31,060,258</u>	<u>6,291,262</u>	<u>1,668,342</u>
Operating Expenses:			
TIF expenses	2,592,785	1,353,310	1,081,066
Green energy program expense	28,059,351	4,473,966	139,428
Grant award	288,693	40,000	-
Total operating expenses	<u>30,940,829</u>	<u>5,867,276</u>	<u>1,220,494</u>
Operating income	<u>119,429</u>	<u>423,986</u>	<u>447,848</u>
Nonoperating Revenues (Expenses):			
City of Chattanooga	150,373	5,455	5,455
Hamilton County	150,373	5,455	5,455
Capital contributions	-	50,000,000	-
Transfer in	50,000	-	33,754
Transfer out	(50,000)	-	(33,754)
Total nonoperating revenues (expenses)	<u>300,746</u>	<u>50,010,910</u>	<u>10,910</u>
Change in net position	<u>420,175</u>	<u>50,434,896</u>	<u>458,758</u>
Net Position:			
Beginning, as previously reported	492,443,685	441,695,232	441,236,474
Error correction	-	313,557	-
Beginning, as restated	<u>492,443,685</u>	<u>442,008,789</u>	<u>441,236,474</u>
Ending	<u>\$ 492,863,860</u>	<u>\$ 492,443,685</u>	<u>\$ 441,695,232</u>

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

Financial Analysis (Continued)

The change in net position compared to last fiscal year increased \$0.4 million. The Green Energy Program increased project activity this year, and the cost and reimbursement increased by \$23.6 million. EDIP increased \$0.2 million in grants awarded to area businesses. The Board started distributing TIF payment to the North River Commerce Center Industrial Park TIF and the Sports Authority TIF in the amount of \$0.3 million and \$0.5 million respectively.

Analysis of Budget Variations

The budget for the Project and Expansion Site is on a cumulative basis. The difference reflects the amount of grant revenue remaining within the grant period.

Budgetary Highlights		
	Estimated Revenues	Actual Revenues
Revenue source:		
State of Tennessee 6.1	\$ 92,919,998	\$ 92,919,998
State of Tennessee 6.2	72,705,000	72,705,000
State of Tennessee 9.10	1,965,905	1,965,905
State of Tennessee 3.1	168,877,867	168,877,867
State of Tennessee 2.1	50,000,000	50,000,000
Local 6.2 1st MOU	40,000,000	40,000,000
Local 6.2 2nd MOU	52,500,000	52,284,572
Letter of Intent	5,000,000	-
Private donations	90,525	90,525
	<u>\$ 484,059,295</u>	<u>\$ 478,843,867</u>

Leased Assets

The Project and Expansion Site and Project's investment in leased assets is \$489.4 million. The investment in leased assets includes land and leased assets for the building and equipment. There is no depreciation recorded as this entire investment is leased to VWGoA under a 30-year Payment-in-Lieu-of-Tax Agreement provision in the MOU. The lease expires July 2038.

Leased Assets	2025	2024	2023
Land	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
Depreciable leased assets	<u>479,386,465</u>	<u>479,085,719</u>	<u>429,074,809</u>
Total leased assets	<u>\$ 489,386,465</u>	<u>\$ 489,085,719</u>	<u>\$ 439,074,809</u>

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

State Grants Status

The Project Site and Expansion Site and Project state grants are budgeted on a cumulative grant basis. Ending dates for the grants are as follows:

State grant 6.1	Expired June 30, 2015	\$ 92,919,998
State grant 6.2	Expired June 30, 2015	72,705,000
State grant 9.10	Expired April 30, 2017	1,965,905
State grant 3.1	Expired March 6, 2020	168,877,867
State grant 2.1	Expired January 10, 2024	50,000,000

Requests for Information

This financial report is designed to provide a general overview of the Board activities related to the Project and Expansion Site of VWGoA and certain other economic development incentives managed for the City and the County. Questions concerning any of the information provided in this report should be addressed to the City of Chattanooga Finance Department who is acting as the fiscal agent of the Board.

City of Chattanooga Finance Department
101 East 11th Street; Suite 101
Chattanooga, Tennessee 37402
(423) 643-7363
www.chattanooga.gov

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

STATEMENTS OF NET POSITION

JUNE 30, 2025 AND 2024

ASSETS		
	2025	2024
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,821,841	\$ 3,309,581
Receivables:		
City of Chattanooga	11,439,250	-
Hamilton County	144,699	-
TVA	<u>-</u>	<u>333,489</u>
Total current assets	<u>16,405,790</u>	<u>3,643,070</u>
NONCURRENT ASSETS		
Leased assets, land	10,000,000	10,000,000
Leased assets, depreciable	479,386,465	479,085,719
Account receivable - Southeast Tennessee Development District	351,016	288,196
Note receivable - Southeast Tennessee Development District, net of allowance for bad debt	<u>126,740</u>	<u>180,135</u>
Total noncurrent assets	<u>489,864,221</u>	<u>489,554,050</u>
TOTAL ASSETS	<u><u>\$ 506,270,011</u></u>	<u><u>\$ 493,197,120</u></u>

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

STATEMENTS OF NET POSITION

JUNE 30, 2025 AND 2024

LIABILITIES AND NET POSITION		
	2025	2024
CURRENT LIABILITIES		
Due to City of Chattanooga	\$ 11,554,978	\$ -
Retainage payable	1,771,798	-
Accrued liabilities - TIF	79,375	-
Accrued liabilities - Green Energy Program	-	743,435
Accrued liabilities - EDIP	-	10,000
	<hr/>	<hr/>
Total current liabilities	13,406,151	753,435
	<hr/>	<hr/>
NET POSITION		
Investment in leased assets	489,386,465	489,085,719
Restricted for construction	28,971	28,971
Restricted for TIF	148,336	112,358
Restricted for economic development incentive programs	3,300,088	3,216,637
	<hr/>	<hr/>
Total net position	492,863,860	492,443,685
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 506,270,011</u></u>	<u><u>\$ 493,197,120</u></u>

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
City of Chattanooga	\$ 1,652,711	\$ 864,620
Hamilton County	944,869	483,896
Green energy program revenue	28,059,351	4,473,966
TIF admin fees	31,183	25,216
Economic development incentive program grant revenue	362,719	432,279
Allowance for bad debt	<u>9,425</u>	<u>11,285</u>
 Total operating revenues	 <u>31,060,258</u>	 <u>6,291,262</u>
OPERATING EXPENSES		
TIF expenses	2,592,785	1,353,310
Green energy program expense	28,059,351	4,473,966
Economic development incentive program grant awards	<u>288,693</u>	<u>40,000</u>
 Total operating expenses	 <u>30,940,829</u>	 <u>5,867,276</u>
OPERATING INCOME	 <u>119,429</u>	 <u>423,986</u>
NONOPERATING REVENUES (EXPENSES)		
Capital contributions	-	50,000,000
City of Chattanooga local matching funds	150,373	5,455
Hamilton County local matching funds	150,373	5,455
Transfers in	50,000	-
Transfers out	<u>(50,000)</u>	<u>-</u>
 Total nonoperating revenues (expenses)	 <u>300,746</u>	 <u>50,010,910</u>
CHANGE IN NET POSITION	 420,175	 50,434,896
NET POSITION		
Beginning, as previously reported	492,443,685	441,695,232
Error correction	<u>-</u>	<u>313,557</u>
Beginning, as restated	<u>492,443,685</u>	<u>442,008,789</u>
 Ending	 <u>\$ 492,863,860</u>	 <u>\$ 492,443,685</u>

The accompanying notes are an integral part of the financial statements.

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from local governments	\$ 19,800,373	\$ 5,962,566
Payments of grant awards and TIF expenses	<u>(18,288,113)</u>	<u>(5,125,126)</u>
Net cash from operating activities	<u>1,512,260</u>	<u>837,440</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash receipts from capital contributions	300,746	50,010,910
Payments for leased assets	<u>(300,746)</u>	<u>(50,010,910)</u>
Net cash from financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	1,512,260	837,440
Cash and cash equivalents - beginning	<u>3,309,581</u>	<u>2,472,141</u>
Cash and cash equivalents - ending	<u>\$ 4,821,841</u>	<u>\$ 3,309,581</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ 119,429	\$ 423,986
Adjustments not affecting cash:		
(Increase) decrease in receivable - City of Chattanooga	(11,439,250)	(328,696)
(Increase) decrease in receivable - Hamilton County	(144,699)	-
(Increase) decrease in receivable - TVA	333,489	-
(Increase) decrease in receivable - cash with STNDD	(62,820)	(75,233)
(Increase) decrease in note receivable	53,395	63,948
Increase (decrease) in due to City of Chattanooga	11,554,978	-
Increase (decrease) in accrued liabilities - Retainage payable	1,771,798	-
Increase (decrease) in accrued liabilities - TIF	79,375	-
Increase (decrease) in accrued liabilities - Green Energy Program	(743,435)	743,435
Increase (decrease) in accrued liabilities - EDIP	<u>(10,000)</u>	<u>10,000</u>
Total adjustments	<u>1,392,831</u>	<u>413,454</u>
Net cash from operating activities	<u>\$ 1,512,260</u>	<u>\$ 837,440</u>

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Industrial Development Board of the City of Chattanooga (the Board) is a public corporation formed pursuant to the provisions of the Tennessee Industrial Development Corporation Act. The Board performs public functions on behalf of the City of Chattanooga (the City), and its purpose is to undertake the financing and development of projects to promote industry, trade, commerce, tourism, recreation, and housing construction. The Board participates in these activities by serving as a non-recourse conduit for taxable or tax-free financing for industrial entities. The accompanying financial statements include the activities of Volkswagen Group of America, Inc.'s (VWGoA) Project Site (Project Site), Volkswagen Group of America Chattanooga Operations, LLC's Expansion Site and Project (Expansion Site and Expansion Project), and Volkswagen Group of America Chattanooga Operations, LLC Partnership Agreement (Partnership Agreement), as well as management of the City's Tax Increment Financing (TIF) program, wastewater programs, and certain economic development incentives.

The financial statements of the Project Site have been prepared in accordance with United States generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The more significant accounting policies are described below.

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. The measurement focus is upon the determination of financial position, changes in net position, and changes in cash flows. The accounting principles used are those applicable to comparable businesses in the private sector. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. All assets and liabilities (whether current or noncurrent) associated with the Board's activities are included in the statement of net position.

These financial statements distinguish operating revenues from non-operating items. Operating revenues include city appropriation for economic development incentive programs.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash held by the City as the Board's agent, amounts due from banks, interest-bearing deposits at various financial institutions, certificates of deposits, and short-term investments with an original maturity of three months or less. As of June 30, 2025 and 2024, all cash is held by the City as the Board's agent and is designated for use authorized by capital contracts and the Board approving disbursements. The City's policies limit deposits to those instruments allowed by applicable state laws. The deposits must be covered by state depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the State Reserve Banks acting as third-party agents.

(Continued)

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts and notes receivable are reported net of an allowance for doubtful accounts. The allowance is based on the Board's estimate of the amount of receivables that will actually be collected. Once receivables are determined to be uncollectible, they are written off through a charge against revenues. As of June 30, 2025 and 2024, the Board established an allowance for doubtful accounts of \$22,364 and \$31,789, respectively.

Leased Assets

Leased assets (including infrastructure) are recorded at historical cost. Contributed leased assets are recorded at their estimated fair market value on the date contributed. Leased assets include public domain infrastructure assets consisting of buildings, roads, streets and sidewalks, sewers, lighting systems, and drainage systems. The Project Site and Expansion Site define leased assets as assets with an estimated useful life of three years or more.

Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Any costs incurred for repairs and maintenance are expensed as incurred. Because the Board holds these assets in a lease for the Project Site and Expansion Site, no depreciation expense was recorded for the years ended June 30, 2025 and 2024.

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
Leased assets, land	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000
Leased assets, depreciable	<u>479,085,719</u>	<u>300,746</u>	<u>-</u>	<u>479,386,465</u>
Total leased assets	<u>\$ 489,085,719</u>	<u>\$ 300,746</u>	<u>\$ -</u>	<u>\$ 489,386,465</u>

Net Position

The Board's financial statements utilize a net position presentation. Net position is categorized as investment in leased assets, restricted and unrestricted. As of June 30, 2025 and 2024, the Board has no debt related to the leased assets.

Investment in Leased Assets – is intended to reflect the portion of net position which is associated with non-liquid leased assets less outstanding leased asset related debt.

Restricted Net Position – represents net position that has third party (statutory, bond covenant or granting agency) limitations on their use. The Board's policy is generally to use any restricted net position first, as appropriate opportunities arise.

Unrestricted Net Position – represents unrestricted net position. While management may have categorized and segmented portions for various purposes, the Board has the unrestricted authority to revisit or alter these managerial decisions.

(Continued)

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Revenues

The Board is a recipient of grant revenues for the Project Site and the Expansion Site and recognizes these revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements, are met. Resources transmitted to the Project Site before the eligibility requirements are met are reported as deferred revenues. Some grants and contributions consist of resources that are restricted for capital purposes – to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the Board.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Administrative Services

The Board operates under an administrative services agreement with the City, which provides legal, financial management, accounting, and clerical support at no cost.

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS

Project Site

During the fiscal year ending May 31, 2009, VWGoA announced its decision to build a \$1 billion automotive production facility in Chattanooga, Tennessee. The announcement was the culmination of years of extensive economic development efforts by the City. The VWGoA facility is expected to contribute to the economic expansion of the City and the surrounding region for years to come. The Project Site is under development to support the operations of the VWGoA automotive production facility.

(Continued)

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS (Continued)

Project Site (Continued)

In connection with the development of the VW Project Site, the Board, the City, the County, the State of Tennessee (including various state agencies), and the Greater Chattanooga Area Chamber of Commerce (the Chamber) executed a Memorandum of Understanding (MOU). The provisions of the MOU include:

- Term of 30 years, to expire July 2038
- Identification of land parcels for the Project Site and Expansion Site
- State and local tax incentives
- Making the Project Site available and suitable for use by VWGoA
- Training and administrative assistance
- Commitments of the City, the County, and the State of Tennessee
- Development of a Welcome Center

During the year ended May 31, 2009, the Board was awarded state grants for the Project Site, as follows:

1. Volkswagen Grant 6.1 totaling approximately \$79.6 million was awarded by the Tennessee Department of Finance and Administration for the development of the Project Site. In subsequent grant amendments, this amount was increased to \$96.0 million.
2. Volkswagen Grant 6.2 totaling approximately \$70.0 million was awarded by the Tennessee Department of Finance and Administration to provide additional infrastructure at the Project Site. The City and the County also committed to provide \$20.0 million each over four years for infrastructure.
3. Volkswagen Grant 9.10 totaling approximately \$1.8 million was awarded by the Tennessee Department of Economic and Community Development for the design and installation of signs for VWGoA facility and workforce recruitment campaign.

With funding from a Tennessee General Assembly appropriation, Volkswagen Grant 6.1 was initially awarded in July 2008. The State of Tennessee decided in June 2009 to utilize bond proceeds rather than an appropriation to fund the Project Site. As a result, Volkswagen Grant 6.1 was amended. The amendment caused the Board to obtain additional documentation from contractors developing the Project Site in order to comply with the amended grant. The Volkswagen Grant 9.1 was amended by the State of Tennessee, the Department of Economic and Community Development, and the Board for an additional \$1,766,200 to be awarded by the Tennessee Department of Finance and Administration. This amendment was made effective as of December 31, 2013.

The City and the County have worked diligently to develop the Project Site and have provided funding, when needed, to prevent any interruptions in the development of the Project Site and to ensure the Project Site is available and suitable for the VWGoA facility. Pursuant to the MOU, the City and County transferred land with a fair market value of \$10,000,000 to the Project Site during the 2010 fiscal year.

(Continued)

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS (Continued)

Project Site (Continued)

State grants 6.1 and 6.2 related to the Project Site ended effective June 30, 2015, and state grant 9.10 related to the Project Site ended effective April 30, 2017.

Expansion Site

On June 30, 2014, a second MOU was entered into whereby the state awarded an additional \$165.8 million in incentives subject to annual appropriation by the legislature in fiscal year 2016. An additional \$52.5 million was pledged by the City and County to be shared equally; of which \$20 million was appropriated in fiscal year 2015 and \$6.25 million was appropriated in fiscal year 2016 by the City. The County appropriated the full amount in fiscal year 2015. These additional capital contributions support a VWGoA expansion to include a production line for a new sport utility vehicle and a national research and development center. On June 6, 2017, an amendment was awarded which increased the State incentive to \$168.9 million.

Expansion Project

As VWGoA began to expand its production capacities to include the electric vehicle in the Chattanooga plant, a third MOU was entered into on June 7, 2022, whereby the state awarded \$50 million to cover project-related costs to VWGoA through the Board. It requires VWGoA to make a total capital investment of approximately \$800 million and hire 1,000 additional employees. A Letter of Intent (LOI) signed between VWGoA, the County, the City, and the Board on January 11, 2019, stipulates the City and the County each provide \$2.5 million to the Board for the construction of certain capital projects for the benefit of VWGoA's electric vehicle project at the site. The state grant ended effective on January 10, 2024.

Tax Increment Financing (TIF)

The Board is the administrative agent of the City's TIF program. TIF's are arrangements in which taxes are refunded to help develop or redevelop areas within the City. These agreements are authorized by T.C.A. section 13-20-205. The amount of tax refunded is based on the increased tax values in the TIF plan area over the base tax at implementation, less allowable City and County expenses.

The first TIF administered by the Board is the Black Creek Mountain. Tax year 2011 serves as the base year for the tax increments. The TIF agreement is effective for 20 years.

On February 20, 2018, the Board approved the Development and Financing Agreement with Evergreen Real Estate regarding the M.L. King Extension Project to the Riverfront.

(Continued)

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS (Continued)

Tax Increment Financing (TIF) (Continued)

On December 3, 2019, the Board took on a third TIF with the City as the developer to complete the required significant public road and infrastructure upgrade in the Chattanooga East area. This project will enable Nippon Paint Automotive American to open its plant on site. While undertaking the site development construction, the City agreed to loan \$4 million to the Board to finance certain tax increment eligible cost relating to the construction. According to the loan agreement, the interest on the loan began in fiscal year 2022. The TIF payment in fiscal year 2021 was applied to the outstanding loan balance. This loan is considered a conduit debt and is only disclosed along with the interest payment on the City's Annual Comprehensive Financial Report.

TIF Loan Interest Due to the City					
Tax Year	Fiscal Year	TIF Revenue Collected	Interest Due	Unpaid Interest	Outstanding Balance
					\$ 4,000,000
2020	2021	\$ 14,768	\$ -	\$ -	3,985,232
2021	2022	18,637	207,667	189,030	3,985,232
2022	2023	17,417	141,944	124,527	3,985,232
2023	2024	18,393	142,333	123,941	3,985,232
2024	2025	44,527	141,944	97,418	3,985,232
		<u>\$ 113,742</u>	<u>\$ 633,888</u>	<u>\$ 534,916</u>	

On July 12, 2022, the Board entered into a TIF agreement with Access Road, LLC to build the North River Commerce Center Industrial Park. It proposes to build significant Class A industrial space along North Access Road in Hixson adjacent to the Corsa facility which is the former DuPont site.

On August 1, 2022, the Board entered into another TIF agreement with the Sports Authority to build a new stadium in the South Broad District Area. It will promote and accelerate the economic redevelopment of the area.

On March 25, 2024, the Board approved a \$115 million TIF agreement for The Bend project – a redevelopment initiative aimed at transforming western downtown Chattanooga with infrastructure improvements and affordable housing over the next decade. This redevelopment of western downtown of Chattanooga is expected to spur a minimum of \$800 million in new development over the next 10 years, including the construction of infrastructure, educational opportunities, and new affordable housing.

Economic Development Incentive Programs (EDIP)

The Board administers certain economic development incentive programs for the City of Chattanooga Department of Economic Development.

(Continued)

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS (Continued)

Economic Development Incentive Programs (EDIP) (Continued)

Growing Small Business is the first program established by the Board. It provides incentives for businesses with 100 or fewer employees that create five or more jobs within the prior 12 months. \$200,000 has been provided by the City since the beginning of the program in 2015.

Economic Development Program is a program that receives and holds the Economic Development fee payments from the qualifying businesses. The money is used for the City's economic development, as directed by the Mayor of the City. Amid the onset of COVID-19, \$500,000 was disbursed as part of the City's \$2.5 million 90-Day Stabilization Fund, as a "bridge" loan assistant until small businesses can apply and receive assistance from the federal government. This \$500,000 provided immediate relief to small businesses that were adversely impacted by the executive orders issued by the Governor and Mayor to slow the spread of COVID-19. The loan terms generally last between five to seven years.

Technology Workforce Development is a program that helps to ensure Chattanooga's residents have the skills and training needed to work in the growing tech sector of the community. \$100,000 was provided in 2015 with an additional \$350,000 provided by the City in 2018. \$50,000 was disbursed to the Enterprise Center for the COVID-19 Coronavirus Digital Access Project for K-12 students in under-served communities.

Small Business Construction Mitigation Grant is a program that provides assistance to qualifying small businesses that are impacted by construction projects in the City. \$25,000 was provided in 2016 with an additional \$19,000 provided by the City in 2018.

Renewing Chattanooga is a program that intends to provide façade grants for the physical renovation of disinvested and blighted properties in underserved communities throughout the City. This is a tool kit to help combat blight, vacant, and abandoned properties that fall into disrepair.

Business Development's mission is to encourage private investment and existing business retention. In fiscal year 2020, \$25,000 was disbursed to the Chattanooga Chamber of Commerce for a marketing campaign on behalf of small businesses impacted by the Coronavirus executive order closures.

Innovation program awards businesses with innovative products, systems, or technologies while creating local jobs.

Green Energy Programs

Environment and Economic Infrastructure Improvement (e2i2) Program - On February 7, 2022, the Board and the City entered an MOU to execute a new program called e2i2. It encompasses the clear Chattanooga and scenic city vision for Chattanooga by reducing sanitary sewage that enters the Tennessee River and waterways. At an estimated cost of \$125 million, this program will design and build equalization stations at strategic locations to reduce sanitary sewer overflows in the regional sanitary sewer collection system, comply with EPA Consent Decrees, and promote regional economic growth.

(Continued)

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – DESCRIPTION OF THE PROJECT SITE, EXPANSION SITE AND PROJECT, AND SIGNIFICANT AGREEMENTS (Continued)

Green Energy Programs (Continued)

Solids Process Optimization Implementation (SPOI) Program - On March 25, 2023, the Board and the City entered another MOU to start an optimization project that meets federal consent decree requirements while implementing a Thermal Hydrolysis Process for pre-treatment and anaerobic digestion of biosolids. It will enhance the City's wastewater infrastructure, reduce energy consumption, improve effluent quality, and create value-added byproducts like Class A biosolids.

NOTE 3 – CONTINGENCIES

The Project Site has received state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. Management does not anticipate any material losses from such disallowances and believes that potential reimbursements would not significantly affect financial results.

The Board is involved in certain claims arising from normal business activities. Management believes that neither the financial position nor results of operations of the Project Site will be materially affected by the final outcome of these proceedings.

NOTE 4 – CONDUIT DEBT OBLIGATIONS

From time to time, the Board has issued bonds and loans to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. These debts are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment, ownership of the acquired facilities transfers to the private-sector entity served by the debt issuance. Neither the Board, the City, nor the State is obligated in any manner for repayment of the bonds and loans. Accordingly, these debts are not reported as liabilities in the accompanying financial statements.

The Board has seven outstanding loans and one refunding revenue bonds, the original amounts of which were \$252,489,045. The outstanding principal at end of fiscal year 2025 is \$249,477,935.

NOTE 5 – ERROR CORRECTION

In fiscal year 2024, the Board and the City determined that the interest payable of \$313,557 on the \$4 million loan from the City to the Board, which was recorded for the East Chattanooga Rising TIF, was recorded in error. Given that this TIF loan is conduit debt, and both the loan and interest revenue are recorded in the City's Annual Comprehensive Financial Report, this interest payable was removed from the Board's financial statements.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to June 30, 2025, through October 24, 2025, for potential recognition or disclosure in the financial statements. Management has not identified any item requiring recognition or disclosure.

SUPPLEMENTARY INFORMATION

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

COMBINING PROGRAMS SCHEDULE OF NET POSITION

JUNE 30, 2025

	ASSETS				
	Project and Expansion Site	Tax Increment Financing	Green Energy Program	Economic Development Incentive	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ -	\$ 148,336	\$ 1,771,798	\$ 2,901,707	\$ 4,821,841
Receivables:					
City of Chattanooga	-	-	11,439,250	-	11,439,250
Hamilton County	<u>144,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,699</u>
Total current assets	<u>144,699</u>	<u>148,336</u>	<u>13,211,048</u>	<u>2,901,707</u>	<u>16,405,790</u>
NONCURRENT ASSETS					
Leased assets, land	10,000,000	-	-	-	10,000,000
Leased assets, depreciable	479,386,465	-	-	-	479,386,465
Account receivable - Southeast Tennessee Development District	-	-	-	351,016	351,016
Note Receivable - Southeast Tennessee Development District	-	-	-	149,104	149,104
Allowance for bad debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,364)</u>	<u>(22,364)</u>
Total noncurrent assets	<u>489,386,465</u>	<u>-</u>	<u>-</u>	<u>477,756</u>	<u>489,864,221</u>
TOTAL ASSETS	<u>\$ 489,531,164</u>	<u>\$ 148,336</u>	<u>\$ 13,211,048</u>	<u>\$ 3,379,463</u>	<u>\$ 506,270,011</u>

See independent auditor's report.

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

COMBINING PROGRAMS SCHEDULE OF NET POSITION

JUNE 30, 2025

LIABILITIES AND NET POSITION

	Project and Expansion Site	Tax Increment Financing	Green Energy Program	Economic Development Incentive	Total
CURRENT LIABILITIES					
Due to City of Chattanooga	\$ 115,728	\$ -	\$ 11,439,250	\$ -	\$ 11,554,978
Retainage payable	-	-	1,771,798	-	1,771,798
Accrued liabilities - TIF	-	-	-	79,375	79,375
Total current liabilities	<u>115,728</u>	<u>-</u>	<u>13,211,048</u>	<u>79,375</u>	<u>13,406,151</u>
NET POSITION					
Investment in leased assets	489,386,465	-	-	-	489,386,465
Restricted for construction	28,971	-	-	-	28,971
Restricted for TIF	-	148,336	-	-	148,336
Restricted for economic development incentive programs	-	-	-	3,300,088	3,300,088
Total net position	<u>489,415,436</u>	<u>148,336</u>	<u>-</u>	<u>3,300,088</u>	<u>492,863,860</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 489,531,164</u>	<u>\$ 148,336</u>	<u>\$ 13,211,048</u>	<u>\$ 3,379,463</u>	<u>\$ 506,270,011</u>

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

COMBINING PROGRAMS SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2025

	Project and Expansion Site	Tax Increment Financing	Green Energy Program	Economic Development Incentive	Total
OPERATING REVENUES					
City of Chattanooga	\$ -	\$ 1,652,711	\$ -	\$ -	\$ 1,652,711
Hamilton County	-	944,869	-	-	944,869
Green energy program revenue	-	-	28,059,351	-	28,059,351
TIF admin fees	-	31,183	-	-	31,183
Economic development incentive program grant revenue	-	-	-	362,719	362,719
Allowance for bad debt	-	-	-	9,425	9,425
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>-</u>	<u>2,628,763</u>	<u>28,059,351</u>	<u>372,144</u>	<u>31,060,258</u>
OPERATING EXPENSES					
TIF expenses	-	2,592,785	-	-	2,592,785
Green energy program expense	-	-	28,059,351	-	28,059,351
Economic development incentive program grant awards	-	-	-	288,693	288,693
	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,693</u>	<u>288,693</u>
Total operating expenses	<u>-</u>	<u>2,592,785</u>	<u>28,059,351</u>	<u>288,693</u>	<u>30,940,829</u>
OPERATING INCOME	<u>-</u>	<u>35,978</u>	<u>-</u>	<u>83,451</u>	<u>119,429</u>

(Continued)

THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

COMBINING PROGRAMS SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2025

(Continued)

	Project and Expansion Site	Tax Increment Financing	Green Energy Program	Economic Development Incentive	Total
NONOPERATING REVENUES (EXPENSES)					
City of Chattanooga local matching funds	150,373	-	-	-	150,373
Hamilton County local matching funds	150,373	-	-	-	150,373
Transfers in	-	-	-	50,000	50,000
Transfers out	-	-	-	(50,000)	(50,000)
Total nonoperating revenues (expenses)	300,746	-	-	-	300,746
CHANGE IN NET POSITION	300,746	35,978	-	83,451	420,175
NET POSITION					
Beginning	489,114,690	112,358	-	3,216,637	492,443,685
Ending	\$ 489,415,436	\$ 148,336	\$ -	\$ 3,300,088	\$ 492,863,860



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
The Industrial Development Board of the City of Chattanooga
Chattanooga, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Industrial Development Board of the City of Chattanooga (the Board), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chattanooga, Tennessee
October 24, 2025

Henderson Hutcherson
& McCullough, PLLC

**THE INDUSTRIAL DEVELOPMENT BOARD OF THE
CITY OF CHATTANOOGA**

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2025

None reported.



City of Chattanooga Wastewater Department Consent Decree Program Program Management

Project:	W-20-027-101 MBEC Class A POWER (Progressive Design Build)
Date:	January 22, 2026
To:	City of Chattanooga Industrial Development Board
From:	City of Chattanooga Wastewater Department & Jacobs Engineering Group, Inc.
Subject:	Quarterly Project Update No. 03

Purpose

The purpose of this update to inform the Industrial Development Board (IDB) of project progress including:

- Project background
- work-to-date,
- contract value and paid to date,
- project schedule,
- risk & change management and,
- upcoming board action requests.

Project Background

City of Chattanooga Project Manager: Alan Ogle, Assistant Director of Engineering, Wastewater Department

Industrial Development Board Representative: Bill Payne

Design Build Team:

- Contractor/Lead: Archer Western
 - Design Team: Stantec, Barge Design Solutions, Derryberry Public Relations
- Owner's Advisor: Jacobs Engineering Group, Inc.

Documents executed through IDB:

- Design Build Request for Proposal – April 2024
 - Awarded to Archer Western Design Build Team
- Design Build Agreement – March 2025
- Design Build Phase 1 Notice To Proceed- April 4, 2025

Work-to-Date

The following are highlights of work performed to date:

- Previous update(s):





- Kickoff Meeting held 1/22/2025.
- NTP Issued 4/4/2025.

- Alternatives Evaluation Kickoff Workshop held April 7, 2025.
- Site reconnaissance including topographic surveying, 3D scans and review of various treatment plant systems
- Developing Alternatives Analysis Technical Memorandum to identify and select basis of design
- Flow & Loads Technical Memo Draft Deliverable June 26, 2025
- Alternatives Analysis Technical Memo Draft Deliverable July 21, 2025
- Topographic Surveying and existing facility/building 3D Scans Completed September 2025
- Development of buried utilities mapping at MBEC
- Current update:
 - Topographic surveying and 3D building scans complete.
 - Phase 1 of subsurface geotechnical field work/exploration complete
 - Basis of Design Report Draft Deliverable is under way – due date 1/30/2026
 - Solution concept for liquids treatment
 - decommissioning pure oxygen system
 - Install IFAS (Integrated Fixed-Film Activated Sludge) process to intensify treatment within the current basin footprint.
 - Install new blowers for aeration in existing building
 - Solution concept for handling biosolids
 - Install new anaerobic digester complex
 - New post dewatering centrifuge & cake handling
 - Prepare site for Thermal Dryer Services contractor to produce a Class A/EQ biosolid product
 - Decommission existing digestion and post dewatering systems
 - Early Works GMP package underway, to include:
 - Demolition of the Filter Press Building
 - Preparations for Thermal Dryer Services, Linear Generator & FOG (Fats, Oils, and Grease) projects.
- Next milestones:
 - Basis of Design Report Deliverable, scheduled for completion 1/30/26
 - 30% design documents, schedule for completion in May 2026
 - 60% design documents scheduled for completion in August 2026
 - Guaranteed Maximum Price (GMP), based on 60% design documents, scheduled for completion in November 2026.



Contract Value & Paid to Date

Table 1 Payments to Date, through December 31, 2026

Description	Contract Value (\$)	Completed To Date (\$)	Completed (%)
Total	\$ 13,390,000	\$ 3,433,029.35	25.6%

The project is only in Phase 1 (Pre-construction) of the Design Build project. The current Phase 1 contract goes through the 60% design and 60% GMP.

Based on only Phase 1, the project is currently 25.6% complete based on contract value paid to date.

Based on only Phase 1, the project is currently 49% complete based on schedule completion.

Project Schedule

- The project notice to proceed was issued April 4, 2025.
- Phase 1 (through 60% Design and Guaranteed Maximum Price) is contractually due NTP+16 Months.
- Phase 2 substantial completion is NTP+51 Months. Final completion of Phase 2 services (Substantial completion+1 Month).
- The schedule has been delayed by approximately four months due to evaluation of alternatives and budget consideration challenges.
- It is anticipated that this schedule erosion can be gain back throughout the remaining schedule duration, hence the overall completion date remains unchanged at this time.

Table 2 – Project Milestones

Milestone	Contractual Duration (Months)	Contractual Due Date	Anticipated Duration (Months)	Anticipated Due Date
Phase 1 (60% Design + GMP)	16	8/3/2026	20	12/3/2026
Phase 2 Substantial Completion	51	7/3/2029	55	11/3/2029
Final Completion of Phase 2 Services	52	8/2/2029	52	8/2/229

Change Management

No changes to date.

Upcoming Board Action Requests

None planned at this time.

The upcoming early works package will include a GMP for this construction work. We anticipate this to be ready for IDB consideration and action in Spring/Summer 2026.





City of Chattanooga Wastewater Department Consent Decree Program Program Management

Project: W-20-001-201 e2i2 SSO Abatement Program (Progressive Design Build)

Date: January 22, 2026

To: City of Chattanooga Industrial Development Board

From: City of Chattanooga Wastewater Department and Jacobs Engineering Group, Inc

Subject: Quarterly Project Update

Purpose

The purpose of this update is to inform the Industrial Development Board (IDB) of project progress including:

- project background,
- work-to-date,
- contract value and paid to date,
- project schedule,
- change management and,
- upcoming board action requests.

Project Background

City of Chattanooga Project Owner: Wastewater Department

City of Chattanooga Project Manager: Dennis Malone, Assistant City Engineer

Industrial Development Board Representative: Bill Payne, City Engineer

Owner's Advisor: Jacobs Engineering Group, Inc.

Design Builder: Brasfield & Gorrie (B&G)

Documents executed & presented to IDB, to date:

- Design Build RFP – Nov 2022
- Memorandum of Understanding – April 2023
- Design Build Agreement – April 2023
- Property Lease – July 2023

Work-to-Date

Following are the project highlights through December 2025.

Jacobs



Ongoing easement negotiations:

Based on parcel owner agreements the easement/property acquisitions are 93% complete, fourteen of fifteen agreements are complete, one easement is in-process, see table below.

Parcel owner	Status
Wysong	Complete
Bruns	Complete
Nationwide	Complete
Bridgeway Apartments	Complete
Edwards/HomeServe	Complete
City Church*	Complete
Dillard	Complete
TN MH	Complete
Chen	Complete
Moore	Complete
Everhart	Complete
General Shale/Emerald Enterprises	Complete
Morgan	Complete
Villas Apartments	Complete
Patel	In-process

Ongoing Design Efforts

Edwards/HomeServe Driveway Design

The Edwards/HomeServe easement agreement requires redesign of the access drive into the property from Lee Highway. After the pipeline is installed across the driveway, the restoration will widen the drive to accommodate two exit lanes and one entrance lane. The preliminary design is complete, and efforts are underway to gain acceptance from CDOT and the property owner.

South Lee EQ Station Access Road

Permanent access is not possible from Lee Highway therefore the DB Team completed design for a new access road from McCutcheon Road. Following completion of the property acquisition from City Church the DB completed the design for this driveway and site access point. Construction has begun but only within the City's newly acquired property, once the easement is acquired from Mr. Patel (see table above) the construction of the access point to McCutcheon Road will be installed.

Construction progress update:

e2i2 construction is currently trending for an on schedule and on budget completion. Overall project schedule is anticipated for completion in March 2027, on schedule. South Lee Highway EQ Station is trending towards a project substantial completion date of November 09, 2026, which is also the contractual substantial completion date for that site.



Contract Value & Paid to Date

Table 1 Payments to Date, through December 31, 2026

Description	Contract Value (\$)	Completed To Date (\$)	Completed (%)
Total	\$ 153,087,868.00	\$ 85,329,240.34	55.74%

The project is currently 55.74% complete based on contract value paid to date.

The project is currently 61.40% complete based on schedule completion.

Project Schedule

Table 2 – Project Milestones

Milestone	Duration (days)	Due Date	Actual
Phase 1 (60% Design + GMP)	365	7/24/2024	8/19/2024
Phase 2 NTP Issued	1	08/30/2024	08/30/2024
Final Design Completion	270	05/27/2025	05/03/2025
Phase 2 Construction Mobilization	1	01/06/2025	01/06/2025
South Lee Hwy Substantial Completion	600	08/29/2026	On Schedule
South Lee Hwy Final Completion	60	10/28/2026	On Schedule
Phase 2 (Full Project) Substantial Completion	810	03/26/2027	On Schedule
Phase 2 (Full Project) Final Completion	60	05/26/2027	On Schedule

Change Management

See Attachment 1.

Upcoming Board Action Requests

None at this time.

Attachments

1. Brasfield & Gorrie Construction Update - December 2025

Attachment 1

Brasfield & Gorrie Construction Update - December
2025

December 2025 Monthly Status Report

**e2i2 SSO Abatement Program
Phase 1 - South Lee Hwy and
West Chickamauga EQ Stations
12.31.2025**



**BRASFIELD
& GORRIE**



Jacobs





Section 1		Progress Summary
Section 2		Upcoming Work
Section 3		Schedule Status Summary
Section 4		Safety Status Summary
Section 5		Quality Status Summary
Section 6		Contract Amount Status Summary
Section 7		Action Items/Key Decisions Needed
Section 8		Requests for Information
Section 9		Submittals

Attachments

- A. Schedules
 - 8-Week Look-Ahead Project Schedule – 12.30.25
 - Remaining Project Schedule – 12.30.25
 - Weather Log
- B. Owner Contingency CRF Log
- C. Design-Builder Contingency Log
- D. RFI Log
- E. Submittal Log
- F. December 2025 Progress Photos



SECTION 1

PROGRESS SUMMARY

COMPLETED / ONGOING ACTIVITIES IN DECEMBER

WEST CHICKAMAUGA EQUALIZATION STATION:

- Installed shoring and forms for roof slab pour at Diversion Structure
- Rebar and conduit installed for Diversion Structure roof slab
- Roof slab for Diversion Structure poured
- Poured second half of lower lift of Pump Station wet well walls
- Stripped forms from lower lift of Pump Station walls
- Formed, reinforced and poured footing and slab for Electrical Building
- Began installation of exterior CMU block
- Continued installing 30" Tank Drain Line
- Installation of ductbank and light pole bases behind I-75 retaining wall completed
- 4" irrigation water line installation ongoing
- Ongoing installation of rebar and shotcrete of outside and inside core wall at the West EQ Tank
- Ongoing installation of rebar and shotcrete of outside and inside core wall at the East EQ Tank

SOUTH LEE HWY EQUALIZATION STATION:

- SLEQ West Electrical Building exterior CMU block installation completed
- Formed and installed rebar for SLEQ West Electrical Building generator pad
- Ongoing crack injection at SLEQ Pump Station
- Water testing at SLEQ Pump Station in progress
- Ongoing regrading of McCutcheon Pond
- Completed SLEQ East Electrical Building exterior brick work and roofing installation
- Completed installation of plywood ceiling in SLEQ East Electrical Building
- Intermediate coat of interior paint at SLEQ East Electrical Building completed
- Electrical equipment installation ongoing inside SLEQ East Electrical Building
- Ongoing installation of site ductbank at South Lee Hwy tank site
- EPB primary power and fiber conduit installation complete at SLEQ tank site
- Shoring and formwork for South Lee EQ tank dome installed
- First half of South Lee EQ tank dome poured
- Completed majority of 18" EQ tank drain line
- Installed 6" fire water vault
- 24" tank inlet plug valve installed
- Bore & Jack under Lee Hwy complete
- Eslinger (TAW contractor) completed TAW 6" St. Stephens water line tie-in to Lee Hwy.
- HomeServe water line relocation completed
- Installation of 24" force main from bore receiving pit towards tank site has started



NORTH LEE HIGHWAY CONVEYANCE IMPROVEMENTS:

- Completed first segment of 18" to 24" upsize
- Ongoing 18" relief sewer installation
- Ongoing steel casing installation at first petroleum utility crossing

SOUTH LEE HIGHWAY CONVEYANCE IMPROVEMENTS:

- Completed CIPP lining of existing 24" sewer
- Repaving of Robin Drive completed

SECTION 2 UPCOMING WORK

UPCOMING ACTIVITIES IN JANUARY

WEST CHICKAMAUGA EQUALIZATION STATION:

- Insurance water test of Pump Station wet well
- Begin structural backfill around Pump Station
- Form, reinforce, and pour Pump Station valve vault slab
- Form, reinforce, and pour remaining Pump Station wet well and valve vault walls
- Begin installation of scaffolding and shoring for the Pump Station elevated slab
- Install rebar and conduit for Pump Station Elevated Slab
- Continue masonry work at the Electrical Building
- Finish installation of wall rebar and shotcrete of outside and inside core wall at the West EQ Tank
- Install Tank Fill & Overflow DIP at West EQ Tank
- Begin forming the dome for the West EQ Tank
- Continue installation of rebar and shotcrete of outside and inside core wall at East EQ Tank

SOUTH LEE HWY EQUALIZATION STATION:

- Complete Water Testing of Pump Station/Diversion Structure.
- Install roof trusses and decking and complete CMU interior masonry work at the SLEQ West Electrical Building
- Continue regrading of McCutcheon Pond
- Continue installation of the 24" force main and offsite ductbank from Bore & Jack to EQ Tank Site
- Cross HomeServe driveway with 24" force main
- Continue SLEQ East Electrical Building interior finishes and electrical and HVAC equipment install
- Continue Tank Site electrical ductbank installation
- Form & Cast dome at EQ Tank
- Begin prestress of EQ Tank



NORTH LEE HIGHWAY CONVEYANCE IMPROVEMENTS:

- Complete crossing of first petroleum utility line
- Continue installing 18" relief sewer

SOUTH LEE HIGHWAY CONVEYANCE IMPROVEMENTS:

- Complete grassing and landscaping work
- Finalize MH S139P003 scope of revisions

SECTION 3

SCHEDULE STATUS SUMMARY-KEY PROJECT MILESTONES

Description	Target Date	Completed Date
Design Milestones		
95% Set Design Issue	February 5, 2025	Complete
Final Design Completion – 100% Issued for Construction	April 30, 2025 (Actual)	Complete
South Lee Hwy EQ Station		
Phase 2 Construction Mobilization	January 6, 2025 (Actual)	Complete
Substantial Completion	November 9, 2026	Tracking
Final Completion	January 8, 2027	Tracking
Original Calendar Days of Contract = 733	Remaining Calendar Days = 373	49.11% Complete**
West Chickamauga EQ Station		
Phase 2 Construction Mobilization	January 6, 2025 (Actual)	Complete
Substantial Completion	June 7, 2027	Tracking
Final Completion	August 6, 2027	Tracking
Original Calendar Days of Contract = 943 Days	Remaining Calendar Days = 583 Days	38.18% Complete**

**See below schedule and cost impacts for additional information



SCHEDULE NARRATIVE

Summary Status:

Attached is the December 2025 Schedule with a data date of "12/30/25". e2i2 Phase 2 is currently trending for an early project completion of March 2, 2027. South Lee Highway EQ Station is trending towards a project substantial completion date of November 09, 2026. For clarification, the eight (8) excess adverse weather workdays incurred and documented during the months of April and May 2025 have been incorporated into the Project Schedule.

Longest Path:

The longest path to Phase 2 Completion currently runs through the Electrical Building at West Chickamauga EQ Station.

The longest path to the South Lee Highway EQ Station Completion milestone currently runs through the South Lee Highway Pump Station & Diversion Structure.

Risks/Challenges/Delays:

Current risks for the project include:

1. Property purchase and closing for remaining critical easements
2. Maintaining the current schedule for tank & pump station construction at both sites
3. Delays in equipment deliveries, notably electrical equipment, large valves, and odor control equipment

POTENTIAL SCHEDULE & COST IMPACTS

Any cost change notifications are documented to Jacobs and will be summarized during the monthly progress meeting. See Section 6 and attachments for Owner Contingency, Allowances and Design-Builder Contingency logs and updates.

Other Significant Potential Schedule and Cost Events Include:

1. Property Easement/ Acquisitions – The City, Jacobs and ORC continued working on easement acquisitions this month. The project team easement acquisition coordination meetings continued and are focused on the new site access road easement for the South Lee Hwy EQ Station. Everyone is aware of the required remaining easements, and the City is trying to complete and close each quickly. Delays in obtaining will result in schedule and cost impacts. The City expects to close on one of the remaining easements at the end of this month.



2. South Lee EQ Station Permanent Access Route, Design and Acquisition – The South Lee Hwy EQ Station East Site permanent access design is complete. ARAP and NWP 58 Permit modification applications were submitted to TDEC and USACE on September 19. The TDEC 30-day public notice period was completed on November 28. We are awaiting TDEC and USACE approvals. LDO and SWPPP permit applications have been submitted and approved. Construction costs will be submitted after permitting approval. The City will complete this site access property acquisition very soon.

3. Additional Adverse Weather Day Request – In October, there were 5 adverse weather workdays. The contract includes 4 October adverse weather workdays. B&G requested 1 additional contract workday for the excess adverse October weather workday. B&G will include this additional request contract workday in the next CRF.

SECTION 4

SAFETY STATUS SUMMARY

Safety Item	Description		
Subcontractors Onsite	Contractor	No.	Tasks
	Greenrise	1	Weekly Erosion control checks.
	JDS	11	Finish SL conveyance work and continue NL conveyance work.
	Lawson Electric	15	CMU rough-in at SLEQ West Electrical Building and ongoing SLEQ East Site Duct Bank. CMU rough-in at WCEQ Electrical Building and ongoing Site duct bank.
	G&P Masonry	7	Installation of interior CMU block at SLEQ West Electrical Building. Installation of CMU block at WCEQ Electrical Building
	Bama Reinforcing	3	Continued Installation of rebar at WCEQ Pump Station and SLEQ Pump Station
	Crom	53	At SLEQ, pour the remaining half of the EQ Tank Dome. At WCEQ, the West & East EQ Tank shotcrete of inner and outer wall is currently ongoing.
	TS Raulston	2	Installation of HVAC equipment at SLEQ East Electrical Building
	GCU	5	Completed SLH Conveyance CIPP work and one manhole rehabilitation
	Allied Underground	5	Completed bore & jack operation beneath Lee Hwy



	CIP	3	Ongoing coating of stand pipes for EQ tanks
Upcoming Safety Risks During January 2026	<ol style="list-style-type: none"> 1. FRP SLEQ Pump Station valve vault footing and walls. 2. FRP second half of SLEQ EQ Tank Roof. 3. Installation of 24" FM at HomeServe and St. Stevens. 4. FRP remaining WCEQ Pump Station wet well walls and valve vault slab and walls. 5. Installation of shoring and scaffolding at WCEQ Pump Station and Diversion Structure. 6. 30" drain line installation 7. Installation of DIP Tank Fill & Overflow Pipes at West EQ Tank. 8. Installation of Electrical Building CMU at WCEQ. 9. Installation of roof trusses at WCEQ Electrical Building 		
Monthly Safety Statistics/Information for December 2025	<ol style="list-style-type: none"> 1. 39 new employees were orientated this month 2. 5 minor incidents during this month. <p>*** Incident reports are available upon request.</p>		

SECTION 5

QUALITY STATUS SUMMARY

Description
West Chickamauga EQ Station
<ul style="list-style-type: none"> • Twice weekly erosion control inspections. • Monitor structure excavation layout and elevations. • Monitor yard pipe installation layout and elevations. • Monitor Structural Rebar and Concrete placement. • Pressure Testing of completed Yard Piping. • Geotechnical Inspections and Concrete Sampling and Testing. • Checking DIP Coating Mils.
South Lee Hwy EQ Station
<ul style="list-style-type: none"> • Twice weekly erosion control inspections. • Monitor structure layout and elevations. • Monitor yard pipe installation layout and elevations. • Geotechnical Inspections and Concrete Sampling and Testing. • Pressure Testing of completed Yard Piping. • Monitor Structural Rebar and Concrete placement. • Checking DIP Coating Mils.



SECTION 6

CONTRACT AMOUNT STATUS SUMMARY

See attached Contingency Logs for additional details.

Item	Amount
Owner Contingency - Original	\$4,521,887
Less CRF 1 through CRF 4	\$57,912
Owner Contingency - Remaining	\$4,463,975
Design-Builder Contingency - Original	\$4,710,459
Less DBC-1 through DBC-10	\$112,789
Design-Builder Contingency - Remaining	\$4,597,670
Original Contract Amount	\$153,087,868
	Forecasted Amount
Forecasted Contract Amount	\$153,087,868

SECTION 7

ACTION ITEMS/KEY DECISIONS NEEDED

Item	Description	Resp.
001	Easements for South Lee Hwy EQ Station Permanent Access	

SECTION 8

REQUESTS FOR INFORMATION

- See attached RFI Log.

SECTION 9

SUBMITTALS

- See attached Submittal Log.

December 2025

e2i2 Monthly Progress Update



South Lee Hwy EQ Station

December 2025



South Lee Hwy Pump Station

December 2025



South Lee Hwy West Elec Building

December 2025



Bore & Jack under Lee Hwy

December 2025



McCutcheon Pond Regrading

December 2025



HomeServe Water Line Relocations

December 2025



HomeServe Water Line Relocations

December 2025



South Lee Hwy Tank Site

December 2025



South Lee Hwy EQ Tank

December 2025



South Lee Hwy East Elec Bldg

December 2025



South Lee Hwy Ductbank / 24" Valve Install

December 2025



West Chickamauga EQ Station

December 2025



West Chickamauga Diversion Structure

December 2025



West Chickamauga Diversion Structure

December 2025



West Chickamauga Pump Station

December 2025



West Chickamauga Pump Station

December 2025



West Chickamauga Electrical Building

December 2025



WCEQ 30" Drain Line Install Ongoing

December 2025



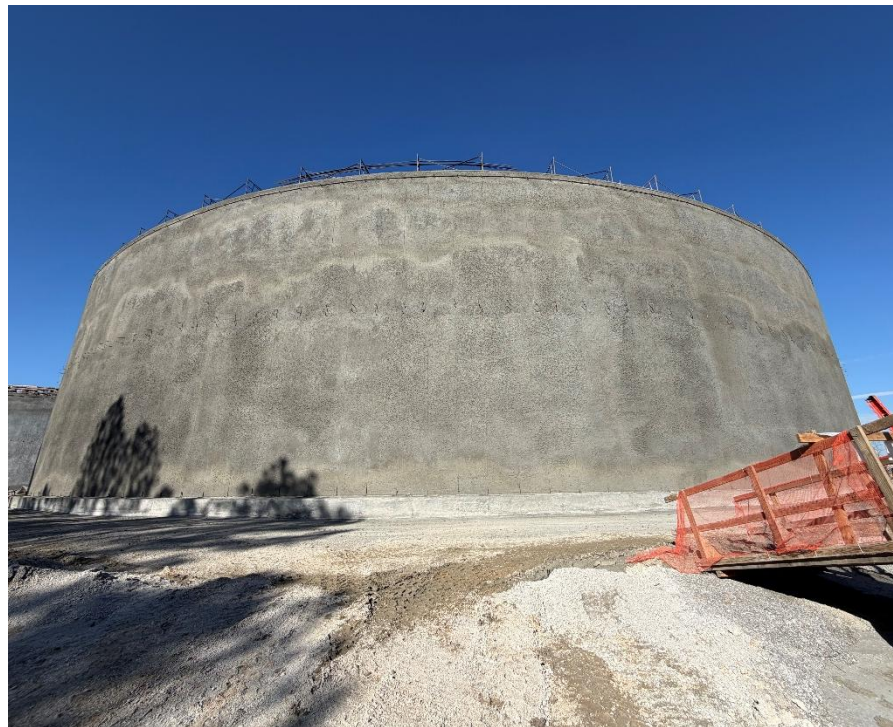
December 2025

WCEQ 4" Water Line & Site Ductbank Install Ongoing



West Chickamauga EQ Tanks

December 2025



West Chickamauga EQ Tanks

December 2025



South Lee Hwy Conveyance

December 2025



South Lee Hwy Conveyance

December 2025



South Lee Hwy Conveyance

December 2025



North Lee Hwy Conveyance

December 2025



North Lee Hwy Conveyance

December 2025



North Lee Hwy Conveyance

December 2025



Date: February 2, 2026

TO: Industrial Development Board of Chattanooga Appointed Members

FROM: Charita Allen, Senior Advisor of Economic and Workforce Development

SUBJECT: Overview of the City of Chattanooga Purchasing Process for Recently Awarded CivicServe Economic Development Software

In response to a public inquiry from a local software sales representative, the attached documents outline the selection process for previously awarded Civic Serve.

1. DTS IT PMO Project Lifecycle Steps

The attached PMO Project Lifecycle document provides the steps to selecting a software vendor.

2. The attached **Purchase Review document** details the steps regarding the vendor selection for this \$44,000 procurement, the attached Purchase Review provides a detailed evaluation of how various solutions met Economic Development's requirements. This includes a specific analysis explaining why certain vendors including HubSpot were not viable options.
3. Finally, the attached **CivicServe Sole Source document** confirms the need for a CRM specifically built for your business model and avoids the offset of costly custom development. Features such as the back-end economic development CRM, branded public portal, and automated compliance were essential to meeting those requirements.






FISCAL IMPACT: \$44,000 previously approved by the IDB.

Purchase Review (CTAC):

CivicServe – Economic Development Incentive Management Platform

Project ID: [IT-12756](#) | BMFA [SR-82026](#)
Date: October 17, 2025
Author: Constance (Connie) Bradshaw – IT Project Manager
Reviewers: James Spruill Matthew McDarmont

Key links / resources:

- 1.  CivicServe Proposal Bundle 10102025.pdf
- 2.  CivicServe Sole Source Letter.pdf
- 3.  CivicServe – City of Chattanooga Vendor Questionnaire (Econ Dev) (Responses)
- 4.  Econ Dev TIF requirements tracker
- 5.  Justification IT-12756 Managing tax abatements and economic development incentives

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1.0 Executive Summary

This document reviews Project IT-12756, justifying the **CivicServe** software purchase. The Chattanooga Department of Economic Development manages vital business incentives to attract investment and create jobs, crucial for the city's economic health. This systematic solution replaces manual processes currently utilized by Econ Development today.

The Recommendation:

The project team recommends proceeding with the procurement of the **CivicServe** platform for **\$44,000**. See information below.

Time-sensitive Dependency:

- The IDB will need to approve before it goes to Council/Purchasing agenda.
- Charita Allen will take this project through review at the IDB meeting on Mon 11/3. Friday.
- 10/24 is the deadline for IDB agenda items.
- **Urgency:** Charita Allen wanted to ask the IDB to fund half of the \$44k amount using the “TIF Admin Fee to Chattanooga” fund account #782602. The current balance is \$160,559.09. To date, no funds have been spent from this account (also curious why no admin fee has been received from the North River or Sport Authority TIFs.) This software would help staff monitor TIFs and PILOTs which are approved through the IDB and reported annually to the IDB.

Target Jan 2026 for start of project implementation work.

CivicServe Proposal includes:

- Year 1 software subscription
 - *"You are locking in the multi-module discount going forward, it will not revert back up to the list price in Year 2. Please note that our MSA has language around renewals and caps any annual increases at 8% per year. The attached MSA is a one-year agreement, but if you want to negotiate a multi-year agreement, we can work with you on a renewal rate lower than the 8% for the committed multi-year term."*
- CivicServe software including some or all core components of the following modules:
 - Core Platform
 - Business Retention and Expansion (BRE) Module
 - Incentives Module
 - Integrations
- Unlimited internal users of the platform limited to the City of Chatt, Chamber Economic Development, and SE Tennessee Development (SETD) staff
- Unlimited external users of the public facing portal including businesses, developers, business owners, residents, etc.
- Implementation and Configuration (included)

- Post Implementation Support (included)
- Cloud based storage: 500GB
 - *“All document storage is via a standard storage account provisioned by CivicServe. 50GB of storage is included in the fees set forth above, with every additional 50GB of storage being assessed a fee of \$20/month. Additionally, 500GB per month of document attachment retrieval is included. CivicServe will advise the Customer upon reaching the range of 85-90% of the allotted storage amount. At said time, customer may elect to transfer and delete files or agree to incur future data storage fees as outlined herein.”*
- **Pending incremental charge decision: *Staging sandbox \$250/month or \$3k annually***
 - **Q: If we purchase the sandbox, would you typically use that for the initial build then copy to production for go-live?**
 - *A: Our standard approach is to build and configure your solution directly in the production environment. Once configuration is complete and validated, we move the production site to the staging environment to preserve it as your baseline.*
 - **Q: If we needed to refresh the sandbox from prod at any point in the future, can you support that request?**
 - *A: Yes, we support sandbox refreshes from production on a quarterly basis, scheduled at the end of each quarter.*
 - **Q: What is your release management process i.e. do you have an external comms page for publishing new releases, are your Admin users at the client site made aware in advance and through what mechanisms i.e. email, client's CivicServe splash page, etc? Do you provide release notes?**
 - *A: We keep customers informed through multiple channels. All customers receive email notifications with detailed release notes prior to each release. Users can also subscribe to receive these notifications based on their preferences. Additionally, in-app messaging alerts users to new releases with accompanying release notes accessible directly within the application.*

Project Justification

Challenge: The Economic Development department manually manages 15 active incentive projects, a \$3.5 billion capital investment. This inefficient, spreadsheet-reliant process wastes staff hours, risks compliance errors, lacks analytics, and compromises effective governance of this multi-billion-dollar portfolio.

Solution: The project team proposes implementing CivicServe, a cloud-based software designed to automate the entire lifecycle of economic development incentive management for local governments. It addresses all business and technical requirements, from application intake and workflow to compliance monitoring, financial management, and public reporting.

Process: The Project Management Office (PMO), in close partnership with the Economic Development department, has completed a thorough due diligence process initiated on August 8, 2025. This structured evaluation included comprehensive requirements gathering, current-state process mapping, and a competitive vendor analysis. The evaluation featured formal demonstrations from the recommended vendor, CivicServe, and a benchmark competitor, Vertix EIM, ensuring a comparative and data-driven selection.

Investment: This proposal requests approval for a one-time expenditure of **\$44,000** to procure the CivicServe software suite. This figure is based on

a formal quote received from the vendor and reconfirmed by the project team on October 9, 2025. Preliminary budget allocation planning has been completed with the sponsoring department.

Project Fact Sheet

Item	Detail
Project Name	CivicServe Title, Economic Development and Incentive Software
Project ID: BMFA ITOPS ID:	IT-12756 SR-82026
Sponsoring Department	Economic Development
Strategic Epic Alignment	Operational Excellence
Project Manager	Constance Bradshaw / Matthew McDarmont
Business Stakeholder	Charita Allen, Senior Advisor, Economic and Workforce Development
Project Start Date	August 8, 2025
Estimated Completion Date	March 31, 2026
Financial Request	\$44,000

2.0 The Strategic Imperative for Automation in Economic Development

Acquiring dedicated software for managing economic development incentives is a strategic necessity, not just an operational upgrade. The current manual process is unsustainable and too risky given the scale and complexity of the city's long-term commitments.

2.1 Current State: Managing a Multi-Billion Dollar Portfolio Manually

The core function of the Economic Development department is to attract and retain businesses that contribute to the city's growth. This work has resulted in a **significant portfolio of 15 active projects that represent approximately \$3.5 Billion in private capital investment within Chattanooga.**

The agreements governing these investments are long-term, often lasting for periods of up to 30 years.

Current agreement lifecycle management is manual, relying on spreadsheets, documents, and emails. This complex process involves constant coordination among the Chamber of Commerce, City Finance, County Finance, County Assessor, Economic Development, and external partners. The lack of a centralized platform makes consistent information access a significant challenge.

2.2 Quantifying the Inefficiency and Risk

The city's manual compliance tracking system wastes hundreds of hours annually and poses significant risks. Without a centralized, automated system, the city risks financial losses or legal challenges due to human error in monitoring legally binding agreements for job creation, wage levels, and capital investment. This manual process also creates continuity risks, as staff turnover can lead to the loss of critical institutional knowledge over the agreements' 30-year lifespan

2.3 Alignment with City Strategic Goals

This project aligns with the city's "Operational Excellence" Epic, a strategic initiative to modernize processes, improve efficiency, and enhance governance through technology. By automating a high-risk manual process, it exemplifies operational excellence.

The system's robust reporting and analytics will enable the Economic Development department to provide clear, accurate, and timely performance reports to leadership, City Council, and the public, enhancing transparency and public trust in the city's economic incentive programs.

3.0 Analysis of Core Business and Technical Requirements

Before vendor engagement, the project team defined requirements (IT-12816) and process workflows (IT-12817) to ensure the chosen solution addresses the city's documented needs.

3.1 Key Functional Requirements

The analysis produced a detailed set of functional requirements, which can be categorized into five core pillars that define the necessary capabilities of the new system :

1. **Agreement & Project Management:** Centralize all company, project, and incentive agreement documentation securely, including amendments and compliance documents, with version control.
2. **Compliance & Performance Tracking:** Monitor agreement performance (job creation, wages, capital investment) with automated alerts for deadlines or unmet obligations.
3. **Financial Management & ROI Analysis:** Handle complex financial calculations (tax abatements, economic development fees) and analyze the cost-benefit of agreements and programs.
4. **Reporting & Analytics:** Generate flexible reports for leadership (dashboards), auditors (compliance summaries), and the public (program summaries).
5. **Workflow Automation & Notifications:** Automate tasks and communications, configuring workflows for internal reviews and approvals.

3.2 Critical Technical Requirements

Beyond the core business functions, the project team identified several technical requirements that are essential for the long-term success and viability of the solution.

Key technical needs: integration with city systems (permitting, finance, GIS) to prevent data silos, and robust security with granular access controls for sensitive information across departments. A government-experienced vendor is preferred for pre-existing connectors.

4.0 Due Diligence and Vendor Evaluation

CivicServe was chosen after a structured evaluation process, including vendor demos (IT-12819), questionnaires (IT-12820), and scope review (IT-12821), ensuring the best fit for city requirements.

4.1 Market Scan and Vendor Demonstrations

The evaluation process included a market scan to identify potential solutions specializing in economic development and incentive management for the public sector. Based on this research, the project team engaged with two vendors for formal demonstrations:

- A comprehensive demonstration was conducted with the primary candidate, CivicServe, on September 17, 2025. This session was attended by key stakeholders from the Economic Development department and the PMO.

- To establish a competitive baseline and validate the capabilities of the primary candidate, a benchmark vendor demonstration was held with Vertix EIM on October 1, 2025.

This comparative approach was critical to the due diligence process. It ensured that the final recommendation was not based on the offerings of a single vendor but was instead an informed choice made after a direct comparison of competing solutions against the city's specific needs.

4.2 Formal Vendor IT Infrastructure Vetting

CivicServe, the recommended vendor, passed the city's technical vetting process, including an ITOPS review of their IT Vendor Questionnaire. The project manager confirmed "no known red flags," indicating the platform meets the city's security, technical architecture, and support standards.

4.3 Clarifying the "Sole Source" Position

While CivicServe is the sole provider of its branded suite, the project team conducted a competitive evaluation, including a benchmark demonstration with Vertix EIM. This analysis concluded that CivicServe's specialized platform offers the best value and functional fit for the city's complex needs, a more defensible justification than a pure sole-source claim.

1. Purpose-Built and Comprehensive Platform Integration

CivicServe argues that it is the "sole source provider" of its Economic Development suite of software for local governments. The core of this claim is that it is the "only purpose-built platform" dedicated solely to the economic development process in government today.

The alternative to purchasing CivicServe would be acquiring "multiple disjointed systems" or requiring "costly custom development" to achieve the required level of functionality.

2. Unique Integration with Core City Systems

A critical non-negotiable identified during the investigation was the ability of the new system to "talk to the city's other core platforms".

CivicServe specifically mitigates this integration risk by:

- Providing proven pre-built connectors right "out the box" for the city's key systems, specifically Oracle for finance and ESRI for mapping.
- Avoiding the need for the "expensive, time-consuming, and really risky custom programming" that a more generic platform would likely require to establish those same connections.

- Including system-wide GIS integration that ties data and projects to districts, wards, and custom boundaries. This allows the city to report on activity by incentive district, council district, or zip code, assuming the city provides the necessary GIS data.

Vendor Selection Options

1. Demo'd Vendors

Evaluation Criterion	CivicServe Link to vendor quote	Vertex EIM (Benchmark) Link to vendor quote
Core Functional Fit	Exceeds Requirements: Purpose-built modules for every aspect of incentive management, from application to compliance and reporting.	Meets Requirements: General EIM (Enterprise Information Management) capabilities that could be configured, but lacks specialized, out-of-the-box features.
Government Sector Specialization	Exceeds Requirements: Exclusively focused on local government clients, demonstrating a deep understanding of municipal processes and regulations.	Partially Meets Requirements: Serves multiple industries; government is not a primary focus area.
Integration Capabilities (Oracle/ESRI)	Exceeds Requirements: Demonstrated experience and standard processes for integrating with common municipal ERP and GIS platforms.	Partially Meets Requirements: Integration possible but would likely require a custom statement of work, adding cost and risk.
Reporting & Analytics	Exceeds Requirements: Includes pre-built dashboards and reporting tools specifically for economic development metrics and public transparency.	Meets Requirements: Provides general business intelligence tools that would require significant configuration to meet city needs.
User Interface / Ease of Use	High: Modern, intuitive interface designed for non-technical business users.	Moderate: More complex interface typical of a broad enterprise platform.
Estimated Cost	\$44,000	Quote requested; expected to be comparable or higher due to potential customization needs.

2. Vendors with similar functionality (source: Marketplace.city)

Feature	CivicServe *Cloud-based Link to vendor quote	Vertex EIM *SFDC platform Link to vendor quote	Bludot	EDOIQ	Executive Pulse	GovPilot	GovSense	OpenGov	Site Selection Group (IncentiTak)
Branded Public Portal	Yes	Optional Web-Based Applications	Yes	Not specified	Not specified	Yes	Not specified	Yes	Not specified
GIS Integration	Yes	Add-on	Yes	Not specified	Not specified	Yes	Yes	Yes	Not specified
Automated Compliance & Public Submission	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Backend CRM, Project & Incentive Management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Backend Property Management	Yes	Yes	Not specified	Not specified	Yes	Yes	Not specified	Not specified	Not specified
Multi-Agency Collaboration	Yes	Not specified	Not specified	Yes	Not specified	Not specified	Yes	Not specified	Not specified
Project Scoring	Yes	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified
Real-Time Reporting & Analytics	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Goal Management	Yes	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified	Not specified

3. Vendors with similar functionality - Strengths and Weaknesses

Vendor	Key Strengths	Key Weaknesses
CivicServe - demo'd Link to vendor quote	Fully integrated, purpose-built platform for economic development, covering the entire lifecycle from lead management to compliance. Strong multi-agency collaboration features.	Higher initial investment compared to basic CRM or single-purpose tools.

Vendor	Key Strengths	Key Weaknesses
Vertex EIM - demo'd Link to vendor quote	Strong in incentive and contract management with automated compliance.	Hosted on Salesforce.com (SFDC) platform. <i>SFDC is not a standard in COC. Lacks a branded public portal and GIS integration is not standard. Limited multi-agency collaboration and no project scoring or goal management features.</i>
Bludot	Focus on business retention, attraction, and workforce development with a user-friendly interface.	<i>Lacks a dedicated property management module and multi-agency collaboration features.</i>
EDOIQ	Good for project and relationship management with a focus on incentives.	<i>Lacks a public portal, GIS integration, and property management features.</i>
Executive Pulse	A CRM specifically for economic developers, good for contact and initiative tracking.	Not a full lifecycle management tool; <i>lacks incentive and property management modules.</i>
GovPilot	A broad e-government platform with some economic development functionalities.	Not purpose-built for economic development; may <i>lack the depth of features for complex incentive management.</i>
GovSense	Offers a suite of government resource planning tools.	Not a specialized economic development platform; <i>may require significant customization.</i>
HubSpot	Best-in-class for marketing, lead attraction, and business retention (BRE). extremely user-friendly with powerful automation for email and follow-ups. Massive ecosystem of integrations (Outlook, Gmail, Slack).	Not purpose-built for government. Lacks native modules for incentive compliance, property databases, or project scoring. Requires significant customization to "speak" economic development language. <i>HubSpot is a generic sales/marketing platform. It lacks native incentive tracking for things like job creation or clawbacks, requiring custom fields that are less robust than CivicServe or IncentiTTrak. It also lacks built-in GIS/real estate tools for property management and would need integration with a tool like GIS Planning (ZoomProspector) for site selection.</i>
OpenGov	Strong in permitting and licensing, which is a component of economic development.	Not a comprehensive economic development platform; <i>lacks CRM, and advanced incentive management.</i>
Site Selection Group (IncentiTTrak)	Specialized in incentive management and compliance tracking.	Not a full economic development platform; <i>lacks CRM, project management, and a public portal.</i>

5.0 Recommended Solution: CivicServe

Based on the comprehensive evaluation process, the project team confidently recommends the CivicServe platform as the optimal solution to meet the city's economic development management needs. The platform's design, feature set, and technical architecture align directly with the requirements established at the outset of this project.

5.1 A Purpose-Built Platform for Government

CivicServe, designed for the public sector, offers a specialized solution for municipal governments. Unlike generic platforms, it's tailored to economic development departments, reducing implementation time, risk, and ensuring alignment with government needs.

5.2 Direct Alignment with City Requirements

CivicServe's platform directly addresses the city's functional and technical needs. The vendor demo confirmed out-of-the-box capabilities for all five core functional pillars, showing exceptional alignment with city requirements, as detailed below.

5.3 Technical Viability and Integration

CivicServe is recommended due to its confirmed ability to integrate with the city's Oracle, ESRI, and OpenGov systems. Their experience with other municipal clients and successful IT Vendor Questionnaire completion provide confidence in a successful integration, preventing data silos.

Requirements & Solution Alignment Matrix

Business Requirement	How CivicServe Delivers
Automated compliance monitoring for job creation, wages, and investment targets.	Provides a configurable compliance module with automated email alerts, deadline tracking, and dashboard widgets to proactively flag non-compliant projects.
Centralized, secure repository for all agreement documents spanning up to 30 years.	Offers unlimited cloud-based document storage with version control and granular access permissions, with all documents linked directly to their corresponding project records.

Business Requirement	How CivicServe Delivers
Robust financial management to track tax abatements and analyze program ROI.	Includes a dedicated financial module to track revenue forgone, calculate the value of incentives, and generate reports on the overall financial performance and impact of the programs.
Public-facing reporting capabilities for transparency with officials and citizens.	Features a built-in analytics engine with tools to create and publish specific datasets or summary dashboards to a public portal, enhancing transparency and accountability.
Configurable workflows to automate internal review and approval processes.	Provides a visual workflow builder that allows administrators to easily map and automate multi-step, multi-departmental approval processes, ensuring efficiency and auditability.
Integration with key city systems (Oracle, ESRI, OpenGov).	Offers proven integration pathways and APIs designed to connect with common public sector enterprise platforms, enabling a seamless flow of data.

6.0 Investment Analysis and Value Proposition

The procurement of the CivicServe platform represents a strategic investment in efficiency, risk mitigation, and data-driven governance. The financial outlay is modest when compared to the value of the portfolio it will manage and the risks it will mitigate.

6.1 Financial Request

The project requires formal approval for a total expenditure of \$44,000. This figure is based on a formal quote received from CivicServe, which was reviewed and reconfirmed by the project team on October 9, 2025. This cost covers the necessary software licensing and implementation services. In preparation for this request, the project team has already conducted preliminary "Budget allocation planning" with the leadership of the Economic Development department, who are prepared to sponsor this initiative financially.

6.2 Return on Investment (ROI) Analysis

The return on this investment can be analyzed through both quantitative and qualitative lenses. While the qualitative benefits are the most significant, the quantitative returns provide a clear and immediate justification for the expenditure.

- **Quantitative ROI (Hard Savings):** The primary quantitative return is the reclamation of the "hundreds of hours of work annually" currently spent on manual administration. By automating tasks such as report generation, compliance reminders, and data aggregation, the platform will free up highly skilled staff to focus on strategic initiatives such as attracting new investment and supporting existing businesses. A conservative estimate of the value of this reclaimed staff time demonstrates a clear and rapid payback period for the initial \$44,000 investment.
 - **Qualitative ROI (Value Proposition):** The most critical returns on this investment are strategic and qualitative:
 - **Risk Mitigation:** This is the most important value proposition. The platform dramatically reduces the risk of costly compliance errors, missed deadlines, and data loss within a \$3.5 Billion portfolio.¹ The cost of a single significant error—whether a legal challenge, a required clawback, or damage to the city's business-friendly reputation—could far exceed the cost of this software.
 - **Enhanced Decision-Making:** The system will provide leadership with accurate, real-time data on the performance of all incentive agreements. This enables a more strategic approach to economic development, allowing for data-informed decisions about which programs are most effective and where future investments should be directed.
 - **Increased Transparency and Accountability:** The platform simplifies and automates the process of reporting to the City Council, auditors, and the public.¹ This fosters greater trust and accountability in the city's management of these important public-private partnerships.
 - **Improved Stakeholder Collaboration:** By creating a single, authoritative source of truth, the platform will streamline communication and reduce administrative friction between the numerous internal and external stakeholders involved in the incentive process.
-

7.0 Implementation Roadmap and Governance

Approval of this procurement request will allow the project to transition smoothly into a well-defined implementation phase. The project has been meticulously planned with a detailed work breakdown structure, ensuring a clear and manageable path to successful deployment. This level of granular planning is, in itself, a primary tool for mitigating project execution risk.

7.1 Phased Implementation Plan

Target Jan 2026 for start of project implementation work.

The project's remaining work is already structured as a comprehensive series of sub-tasks within the city's project management system.¹ Upon approval, the team will execute the following key phases:



- **Phase 1:** Procurement & Kick-off: This phase will begin immediately with the Contract review (IT-12823) and Procurement (IT-12822) activities. Once the contract is executed, a formal Project Kick-off (IT-12824) will be held with all stakeholders.
- **Phase 2:** Configuration & Data: The technical team will work with the vendor on Environment configuration (IT-12825) and Security configuration (IT-12827). A critical task in this phase is Data migration (IT-12826), which will involve moving historical agreement data into the new system.
- **Phase 3:** Testing & Training: Rigorous system Testing (IT-12829) will be conducted to ensure all functions and integrations perform as expected. Concurrently, comprehensive Training (IT-12830) will be provided to all end-users.
- **Phase 4:** Deployment & Go-Live: This phase includes the final Deployment (IT-12828) of the configured platform into the production environment, followed by the official Go-live (IT-12831).
- **Phase 5:** Project Closeout: The final phase involves securing formal Deliverable acceptance (IT-12832) from the business owner, completing Knowledge transfer (IT-12833) to support teams, conducting a project Retrospective (IT-12835), and obtaining final Sign-off (IT-12836).

7.2 Project Timeline

The project is currently tracking toward an **estimated completion date of March 31, 2026**. This timeline is considered achievable due to the extensive preparatory work that has already been completed during the analysis and vendor selection phases.

7.3 Governance and Team Structure

The project will continue to operate under the established governance framework of the PMO.

- **Project Team:** Day-to-day management will be handled by PMO Project Managers Constance Bradshaw and Matthew McDarmont, under the

direction of the PMO Director, James Spruill.

- **Executive Sponsor:** Charita Allen, Senior Advisor for Economic and Workforce Development, will continue to serve as the primary business stakeholder and executive sponsor, providing strategic direction and ensuring alignment with departmental goals.
- **Technical Lead:** The vendor will drive all aspects of the implementation.
- **Business Lead:** Winston Brooks is the assigned business requirements lead and will oversee the technical aspects of the implementation.
- **Steering Committee:** Regular project status updates and key decisions will be managed through the existing project governance structure, with any significant issues or change requests being escalated to this Technology Board as required.

8.0 Risk Assessment and Mitigation

While the project's status log currently indicates no active risks, a proactive approach to risk management is essential for a project of this nature.¹ The detailed, multi-phase implementation plan outlined in the project's sub-tasks provides a strong foundational framework for mitigating execution risk. By breaking the project into manageable components, the team can better identify and address challenges before they impact the project's timeline or budget. The PMO has identified the following potential risks and has developed corresponding mitigation strategies for the board's consideration.

- **Risk 1: Data Migration Complexity**
 - *Description:* Historical data from decades of agreements exists in disparate spreadsheets and unstructured documents. This data may be incomplete, inconsistent, or in formats that are difficult to import automatically, which could delay the project timeline.
 - *Mitigation:* The dedicated "Data migration" sub-task (IT-12826) will not be a simple import. It will begin with a thorough data discovery, cleansing, and validation phase. Project hours will be allocated for manual data review, entry, and verification for the most critical records to ensure data integrity in the new system from day one.
- **Risk 2: User Adoption**
 - *Description:* Staff within the Economic Development department and its partner agencies are accustomed to long-standing manual processes. Resistance to change could lead to low adoption of the new system, preventing the full realization of the projected efficiency gains.
 - *Mitigation:* The implementation plan includes a dedicated "Training" sub-task (IT-12830). This will not be a one-size-fits-all session. The PMO will partner with Economic Development leadership to champion the new system and will develop role-based and use-case-specific training materials for each distinct stakeholder group to ensure the training is relevant and effective.
 - **Communication Plan:** Draft a communication plan to be socialized with all key stakeholders. Will include the following information:

Objectives:

- To ensure all relevant stakeholders are informed about the project's progress, benefits, and impacts.

- To foster understanding and support for the new CivicServe platform.
- To mitigate resistance to change and encourage user adoption.
- To provide clear channels for feedback and address concerns promptly.

Key Stakeholders:

- **Technology Board:** For formal approvals and high-level updates.
- **Economic Development Department Staff:** Primary end-users, requiring detailed training and ongoing support.
- **PMO Project Managers (Connie Bradshaw, Matt McDarmont):** Day-to-day project communication and issue resolution.
- **PMO Director (James Spruill):** Oversight and strategic communication.
- **Executive Sponsor (Charita Allen):** High-level advocacy and strategic alignment.
- **Business Lead (Winston Brooks):** Technical oversight and business requirements communication.
- **Partner Agencies (Chamber of Commerce, City Finance, County Finance, County Assessor, SETD):** Collaboration and integration updates.
- **External Partners (Developers, Lenders, State Agencies):** Updates on public-facing portal and reporting.
- **City Council & Public:** Transparency reports and program performance.
- **Communication Channels & Activities:** Audience > Communication Channel/Activity

9.0 Recommendation and Formal Request for Approval

The evidence and analysis presented in this document lead to a clear and unequivocal conclusion. The city's current manual process for managing its \$3.5 Billion economic development incentive portfolio is inefficient, unsustainable, and carries an unacceptable level of financial and reputational risk.

9.1 Summary of Justification

A structured and comprehensive due diligence process, including a competitive vendor evaluation, has identified the CivicServe platform as the most effective and technically viable solution to automate and secure this critical municipal function. The proposed solution directly aligns with all defined business requirements, offers a strong value proposition through risk mitigation and efficiency gains, and is supported by a well-defined implementation plan. The investment is strategically aligned with the city's goal of achieving operational excellence and will provide the tools needed for transparent, data-driven governance.

9.2 Formal Request

The Project Management Office, with the full support of the Department of Economic Development, formally requests the Technology Board's approval for an expenditure of \$44,000 to procure the CivicServe software platform and associated implementation services.

9.3 Next Steps Upon Approval

Upon receiving approval, the project team will immediately initiate the next steps in the project plan. The "Procurement" (IT-12822) and "Contract review" (IT-12823) sub-tasks, which are currently in progress, will be prioritized for completion. The immediate goal will be to execute a contract with CivicServe and schedule the formal project kick-off meeting, officially moving the project from planning into active implementation.



CivicServe, Inc.

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Bloomington, IL 61701

(888) 597-0220

civicserve.com

Connie Bradshaw
City of Chattanooga, TN

October 6, 2025

Dear Connie,

This letter serves to notify you that CivicServe, Inc. is the sole source provider of the CivicServe Economic Development suite of software for local governments. The platform has been built to support the entirety of the economic development lifecycle process, including complex workflows, digitizing local and state economic development reporting requirements, and automating compliance with agreement obligations. CivicServe is the only purpose-built platform for local government economic development that includes all the following functionality required for this project in a single, centralized solution, which would otherwise require multiple disjointed systems, or require costly custom development.

- **Branded public portal:** Attract new businesses by leveraging CivicServe's public portal for businesses, developers and residents. The public facing online application process is simple to complete and enables customers to self-service by checking the live status of their applications & projects online. Stimulate new development with our property registration and available property promotion that showcases your community to developers.
- **GIS integration:** The City will be able to allow users to submit online applications and pre-screen users by address to allow them to understand which programs they are eligible for.
- **Automated compliance notifications and public portal documentation submission:** Developers, businesses, and residents will be able to supply compliance & KPI documentation directly to the City seamlessly through the public portal.
- **Back-end economic development CRM, project & incentive management:** Allows City staff to manage the full lifecycle of incentive programs and projects, track leads, automate the tracking of agreement obligations and submissions, log and track interactions with businesses and developers, and log site visits & BRE visits with survey results.
- **Back-end property management portal:** Manage available properties, track submissions of interest from the public portal, collect property information from brokers, and manage and track property leases & compliance with obligations.
- **Multi-agency collaboration:** Notify, assign tasks, and collaborate with internal teams and external economic development partners to work together on projects, program management, compliance tracking, and outreach to businesses. CivicServe's granular permissions-based system ensures only the correct individuals have access to the appropriate information.
- **Project scoring capabilities:** Leverage CivicServe's complex project scoring capabilities to score project applicants against specific program eligibility and goals set by the City.
- **Real-time reporting & analytics:** Report real-time information such as average project cost, average eligible cost, dollars per project by district, projects by approval status, fund balances, and more. Assuming the City provides CivicServe the necessary data from its GIS system, the City will be able to report on activity, data, and projects by incentive district, council district, zip code, etc. within the platform. Leverage the system's custom reporting wizard to create complex custom reports to meet local & state reporting requirements.
- **Goal management:** Track the department's activities against strategic plans & goals and view status in real-time with goal dashboards and reporting.

CivicServe requires only internet access with no hardware to buy or complicated software to learn. We help government agencies reach their customers in a secure, cloud-based environment, consolidating people, data, and processes into a single environment, eliminating spreadsheets, and other error-prone manual processes. No other vendor offers this comprehensive and uniquely integrated cloud-based platform dedicated solely to the economic development process in government today. We appreciate your interest and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Black".

Scott Black
Chief Operating Officer

IT PMO Project Lifecycle Steps



PHASE 1: ORIGINATION (BACKLOG)

Initial Review ✓

The Project Management Office (PMO) conducts an initial review and assigns the project to a manager. (Mandatory)

Preparation ✓

Create the project in Jira/Monday.com and prepare documentation folders with proposal and retrospective forms. (Mandatory)



PHASE 2 & 3: PLANNING

Requirements Gathering

Meet with stakeholders and internal teams to define and document project needs in the Project Proposal.

Research & Discovery

Review potential solutions and coordinate vendor demos with stakeholders to find the best fit.

Vendor & Scope Review

Send a Software Standards Checklist to vendors and follow up with stakeholders to confirm requirements and solutions.

CIO Review ✓

Present the Project Initiation Document to the CIO for approval to move forward with the project. (Mandatory)

Procurement & Contract Review

Submit purchase requests and manage contract reviews with the appropriate departments (BMFA & OCA).

Project Kick-off

Once the contract is finalized, schedule the kick-off meeting and get the Project Charter signed by all stakeholders.



PHASE 4: EXECUTION (IN PROGRESS)

Environment Configuration

Set up all necessary environments for development, testing, staging, and production.

Data Migration & Security

Move data between environments while ensuring integrity and implement security measures like single-sign-on.

Deployment & Testing

Configure the application and conduct user acceptance testing to ensure it functions correctly.

Training & Go Live

Train personnel on the new application and execute the official roll-out for all users.



PHASE 5: CLOSING

Deliverable Acceptance ✓

Confirm with stakeholders that all tasks are complete and that they accept the final product. (Mandatory)

Knowledge Transfer ✓

Create and store all relevant project documentation and instructions in Confluence for future reference. (Mandatory)

Update Linked Issues ✓

Ensure all associated service request tickets in the system are commented on and closed out. (Mandatory)

Retrospective ✓

Hold an internal PMO meeting to review the project's execution and document lessons learned. (Mandatory)

Final Sign-off ✓

Notify the PMO Director to receive the final project sign-off, officially closing the project. (Mandatory)

Economic Development IDB Staffing Comparisons



February 2, 2026

Comparing Industrial Development Boards TCA §§ 7-53-101 — 320

	Chattanooga	Nashville	Memphis	Knoxville	Clarksville
Full Name	City of Chattanooga Industrial Development Board	<u>Industrial Development Board of the Metropolitan Government of Nashville and Davidson County</u>	<u>Economic Development Growth Engine (EDGE)</u>	<u>Knoxville’s Community Development Corporation</u>	<u>Clarksville Montgomery County Industrial Development Board</u>
Administration		City Staff and Intergovernmental Agreement	Third Party City/County	Third Party Knoxville Community Development Corporation	Third Party/Chamber
Number of Directors		9	11	9	13
Staff		1	9	1-3	3
Serves		Metro	City/County	City	City/County
Public Corporation Structure	Non-Profit Public Corporation	Non-Profit Public Corporation	Non-Profit Public Corporation	Non-Profit Public Corporation	Non-Profit Public Corporation
		Jamari Brown Senior Director Economic and Community Development, Executive Director, IDB	Dr. Joann Massey President and CEO Memphis Economic Development Growth Engine (EDGE)	Ben Bentley Executive Director and CEO Knoxville Community Development Corporation	Josh Ward Executive Director, VP of Industrial Development Clarksville-Montgomery County Economic Development Council