

AGENDA

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

Monday, December 2, 2024 @ 11:00 AM

1. Call meeting to order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Minutes approval for the November 4, 2024, monthly meeting.
4. Recognition of any person wishing to address the Board.
5. **e2i2 Project**
 - a. A resolution authorizing the Industrial Development Board Chair or Vice-Chair to enter into an agreement for grant administration services with the Southeast Tennessee Development District, in substantially the form attached, for technical assistance on Davis Bacon labor compliance, for the e2i2 Project, at a cost not to exceed \$75,000.00.
6. **Workforce Development**
 - a. A resolution authorizing the Industrial Development Board to donate \$50,000.00 from funds, appropriated from the City of Chattanooga for the purpose of advancing workforce development in the technology sector, to the Chattanooga Chamber Foundation for a Workforce Development Tech Accelerator Program. **(Tabled from 11-04-2024)**
 - b. A resolution authorizing the Industrial Development Board Chair or Vice-Chair to execute a Project Grant Agreement (High Growth Jobs and Investment Program) with Economic Development Project AIS Enclosure Systems – Chattanooga, LLC for a competitive performance-based grant per job to support electrical infrastructure growth and talent pool development. **(Tabled from 11-04-2024)**
7. **Small Business Incentive Grants**
 - a. A resolution authorizing an award of a Small Business Incentive Grant to The Athens Chattanooga Group, LLC d/b/a Ben & Jerry's, in the amount of \$7,500.00. **(SBI-32)**
 - b. A resolution authorizing an award of a Small Business Incentive Grant to Office Furniture Works, LLC, in the amount of \$9,818.00. **(SBI-33)**
8. Other Business – Discussion Items
9. Adjournment.



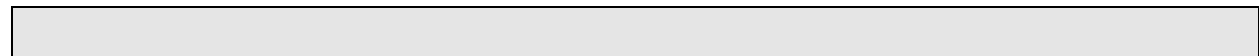
**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES
John P. Franklin Sr. City Council Building
Assembly Room
Chattanooga, Tennessee
for
Monday, November 4, 2024
11:05 AM**

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Adam Myers, Steve Hiatt, and Christina Henderson (Chattanooga Chamber); Cindy Glasgow and Shaun Kilmartin (Avail Enclosures); Walt Robinson (Apprenticeship Works); Andrew Hudson (Chattanooga 2.0); Helen Burns Sharp (ATM); Mike Pare (Times-Free Press); Bill Payne (Public Works); Eleanor Liu and Javid Majid (Finance); Shane Sheperd (JEG); Becky Hachenburg (Stantec); Jason Ray (Archer Western); Charita Allen (Economic Development); Jermaine Freeman (Chief of Staff); and Justin Steinmann (Wastewater).



Vice-Chair Jones called the meeting to order, confirmed the meeting was duly advertised, and established that a quorum was present to conduct business.



MONTHLY MEETING OF OCTOBER 7, 2024 – MINUTES APPROVAL

On motion of Mr. Rodgers, seconded by Mr. Parker, the minutes of the October 7, 2024, monthly meeting were unanimously approved as written.



PUBLIC COMMENTS

Ms. Helen Burns Sharp is with Accountability for Taxpayer Money. The Workforce Development items reminded Ms. Sharp that transparency is an important issue, and the Board is being as transparent as possible. Ms. Sharp did not get much detail on-line in the way of specific information. There is a solution to this. Ms. Sharp was a department head in Oregon for 18 years in city government and any time they presented something to the Planning Commission or a board or City Council, they had to do a staff report. In the staff report, they had to summarize what is before you, why we are presenting this to you, and here are some of the questions that you might want to consider in making your decision to frame the discussion. Ms. Sharp believes the staff would be happy to do that and would go a long way in answering some of these issues.

These questions are not a reflection on staff or the Chamber or company that is asking for a grant. This is just wanting to know the answer to some kind of basic questions. In the case of the donation to the Chamber for the IDB to donate \$50,000 to the Chamber for a Workforce Development Tech Accelerator Program, questions were who decided we needed this new program, has it been discussed at a City Council meeting, what kind of entities qualify to receive donated lease payments, is there a written agreement between the City IDB and the Chamber that includes the description of the program and expectations, and is there an explanation for why the Chamber needs additional public funding to do this program? The City and County pay the Chamber \$1.2 million annually to assist with Economic Development activities, including administering the PILOT program. We have only had three PILOTs in the past five years. But there probably is a good reason. Maybe Mr. Myers or someone can explain that maybe today.

The second is the resolution on a grant with AIS Enclosure Systems but the terms are sort of a policy question. Normally, when the Board, like in the Small Business Incentive Program, City Council established that program and sometimes the Board makes grants to individual small businesses. In this case, was there a resolution, did the City Council establish any High Growth Jobs and Investment Program? Is it a new program and has the Board been asked to make grants to other private businesses in the past? The name of this program is High Growth Industry Sectors, is industrialized building manufacturing on that list? What criteria should the IDB use when deciding which businesses to reward? On PILOTs and TIFs, the IDB first reviews an application. Has the IDB seen an application for this company's request for taxpayer assistance? Who prepared the agreement? Was it the City Attorney, the Chamber, or a private attorney hired by the prospective grantee?

Good Jobs First is a national policy resource center that promotes government accountability in Economic Development. Regarding accountability for tax incentives, they have called Chattanooga the least transparent of the major cities in Tennessee. Let's change that, starting with staff reports and continuing by keeping transparency in mind when writing PILOT policies.



RESOLUTIONS

Volkswagen Project

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

A RESOLUTION TO APPROVE THE PURCHASE OF AN E200NE-155 COMPRESSOR AND HBA15004 DESSICANT DRYER FROM INGERSOLL RAND INDUSTRIAL, U.S., INC., FOR A COST OF TWO HUNDRED EIGHTY-SIX THOUSAND THREE AND 30/100 DOLLARS (\$286,003.30), AND A FREIGHT ALLOWANCE OF THREE THOUSAND FIVE HUNDRED DOLLARS (\$3,500.00), FOR A TOTAL COST OF TWO HUNDRED EIGHTY-NINE THOUSAND FIVE HUNDRED THREE AND 30/100 DOLLARS (\$289,503.30), AND TO AMEND THE RESOLUTION APPROVED ON OCTOBER 7, 2024, TO REMOVE THE INSTALLATION ALLOWANCE OF ONE HUNDRED THOUSAND DOLLARS (\$100,000.00).

Mr. Bill Payne said that the purchaser previously came before the Board in October and included the installation allowance. However, after further consideration, the company is desiring to handle the installation portion themselves, and they do have the need for the addition of a dryer and air compressor. This is still the same compressor that the Board looked at and approved in October. We are adding the dryer component to this so it is an additional element being added on to the compressor, and we are putting a freight allowance so the \$289,503.30 includes a freight allowance for having to drop ship to VW. Once the installation is complete, they will do a follow-up inspection in order to confirm that the compressor and dryer are in service. This has come from some of the remaining funds from MOUs 1 and 2 which are local incentive dollars. There will be a small amount left over after completion. We are very near the end of those dollars.

We were trying to move quickly in order to get the order in place so it can be installed during a December shutdown period for the plant. However, once they made the determination that they were going to handle the installation, that holiday shutdown period is not critical for the replacement of this piece of equipment so it was determined in the best interest to turn back. Apologies for having to come twice.

The \$336,000 included the \$100,000 installation allowance. Ingersoll Rand was essentially given a discount if they provided the installation since they are no longer providing the installation. Of the base amount, the compressor could give up about \$20,000 and then we have since added this dryer onto the purchase as well. That change in base amount plus the dryer and freight allowance being added brings the revised total to \$289,503.30. This resolution replaces last month's resolution. The motion carried.

ADOPTED

Class A Power Project

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO EXECUTE A PROGRESSIVE DESIGN-BUILD CONTRACT, IN SUBSTANTIALLY THE FORM ATTACHED, WITH ADDITIONAL AMENDMENTS, FOR THE CLASS A POWER PROJECT – CONTRACT NO. W-20-027, WITH ARCHER WESTERN CONSTRUCTION, LLC, OF ATLANTA, GA, TO EXECUTE PHASE 1 OF THE PROJECT, IN THE AMOUNT OF THIRTEEN MILLION THREE HUNDRED NINETY THOUSAND DOLLARS (\$13,390,000.00), SUBJECT TO APPROVAL BY THE OFFICE OF THE CITY ATTORNEY.

Mr. Justin Steinmann clarified this is the second design build project coming with the Class A Power Project. We gave a presentation a few months ago. This award is for Phase 1 which with a design build contract is from initial design all the way up to 60%. Just like we came last month and the prior month with e2i2, you may recall we came with a Change Order where once we had the Guaranteed Maximum Price for that first project, we came with a Change Order for the full project cost. In the number of months when we do the 60% design, we will do the same thing with this project. We have consulted with Attorney Noblett acting as IDB Counsel as this contract format is a standard DBIA contract form. We are still talking with the consultant about possible amendments to it as well as final review of that by the City Attorney's office.

This is work being done at the treatment plant. There are a number of different processing improvements including biosolids reduction improvements, THP, things like that. There are a number of different processing improvements and working with the consultant is finalizing what those processes are but as far as outcomes they include producing or engineering from either use or reuse, reducing our biosolids volume, and increasing quality.

The motion carried.

ADOPTED

e2i2 Project

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO ENTER INTO SALES CONTRACTS WITH THE ELECTRIC POWER BOARD OF CHATTANOOGA, FOR ELECTRICAL SERVICES FOR THE WEST CHICKAMAUGA AND SOUTH LEE HIGHWAY PROJECT SITES, FOR THE E2I2 PROJECT, AT A COST NOT TO EXCEED FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000.00).

Mr. Steinmann said that the cost for the relocation of electrical service is not a part of the design build contract. Any expenses that are outside of that contract we have to come to the IDB to request approval. This represents an estimated cost with some cushion because we are still finalizing this sales agreement with EPB as to operating changes required for the electrical services for both project sites for e2i2.

The motion carried.

ADOPTED

e2i2 Project

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR HIS DESIGNEE TO APPROVE EXPENDITURES OF FIFTY THOUSAND DOLLARS (\$50,000.00) OR LESS FOR THE E2I2 DESIGN BUILD PROJECT FOR EXPENSES INCURRED OUTSIDE THE APPROVED DESIGN-BUILD CONTRACT.

Mr. Steinmann said that this item is much like at Council where the staff had the ability to process expenditures for items less than \$50,000 without Council approval. We find with a design build project of \$150 million plus there are a lot of expenses that in services that may fall outside the design build project and do not feel it was good use of the Board’s time to come for every \$3,000, \$5,000, \$7,000 expense that falls outside of it. This authorizes the Chair or designee, Bill Payne for example, who currently is authorized to sign invoices and other things on behalf of the Board for those expenses under that amount solely for the e2i2 Project. If we proceed with Class A Power, we will bring a separate authorization request. Attorney Noblett said if not, all of those would have to come before the Board for ratification or action taken after they occur and sometimes these are time sensitive issues. The motion carried.

ADOPTED

e2i2 Project Update (Report Only)

Mr. Steinmann said typically they have been providing that in PDF format and if there are any questions, he is glad to answer those, but otherwise there is no action.

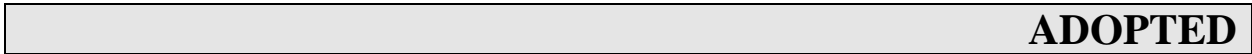


HomeServe PILOT

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT CHAIR OR VICE-CHAIR TO EXECUTE A QUITCLAIM DEED TRANSFERRING THE HOMESERVE PROPERTY LOCATED AT 7134 LEE HIGHWAY, PARCEL NO. 139P-C-007, GIVEN THE COMPLETION OF THE PILOT INCENTIVE WHICH ENDED DECEMBER 31, 2023.

Attorney Noblett said that whenever something goes back on the tax roll, it is the completion of the process for the PILOT, and they will be taxed at the rate of improvements on the property from that point on. There will no longer be payment in lieu of taxes, but there will be an actual tax rate based upon improvements on the property. That has been requested in this case. The motion carried and they are now back on the tax roll.



ADOPTED

Workforce Development

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO DONATE FIFTY THOUSAND DOLLARS (\$50,000.00) FROM ITS FUNDS GENERATED BY ECONOMIC DEVELOPMENT LEASE PAYMENTS TO THE CHATTANOOGA CHAMBER FOUNDATION, A TENNESSEE NON-PROFIT CORPORATION, FOR A WORKFORCE DEVELOPMENT TECH ACCELERATOR PROGRAM IN FURTHERANCE OF ECONOMIC DEVELOPMENT IN THE TECHNOLOGY SECTOR.

Mr. Jermaine Freeman said that the Board has had the opportunity to hear that the Mayor has a new member of the team to get us a boost on the Economic Development and Workforce Development front. Mr. Freeman introduced the Mayor's new point person for Economic Development, Ms. Charita Allen. Ms. Allen previously served with the City of Chattanooga in the capacity as Deputy Administrator for Economic Development before joining the State of Tennessee's Department of Economic Development and Community Development which she

served as Director of Workforce Development. Ms. Allen will be the primary go between the Administrator and this Board representing greater initiatives for this Board. A lot of what you are hearing today is reflection when you think back to when you heard the Chattanooga Climbs presentation which has been several months. You will remember that one of the things the City and the County do with the Chamber of Commerce is to work towards the development of the Chattanooga Climbs Economic Development strategy. In that Chattanooga Climbs strategy, there is a focus on workforce development creating high wage jobs for Chattanoogaans and also pursuing targeted industry sectors to grow our economy, including pursuing the growth in the advancement of manufacturing space, as well as the software and IT development space. A lot of what you are going to hear today reflects that and reflects the pursuit of those sectors because of the work that we do with the Chattanooga Climbs plan and because the support that we give to the Chamber is reflective and includes that work in addition to the work to pursue and vet economic development projects for PILOTs.

Ms. Allen provided a framework for the Economic Development tools that we are currently using. What we are working on moving forward is going to be supported by these two recent studies. In March 2024, local Regional Planning Agency authorized this study that is related to capital funding and how we fund our capital projects for both infrastructure and facilities. Prior to that, there was a study that was completed in 2023 that was commissioned by both the City and County, and that was totally our existing Economic Development programs in looking at the tools we currently have and what tools we need to have. The high level recommendations we are looking at are that they can now utilize downtown sites. Obviously, there are going to be some retail incentives pointed towards that. Its transparency and clarity for developers seeking public benefits. We are going to be looking forward to standardized agreements, standardized applications, and looking at the approval process. Looking at how we evaluate and verify job creation capital investment. That is part of that study. Planning for 2025 again, we will be looking at some retail and restaurant incentives that are pointed in that direction. The last one, providing Workforce Development to improve job access.

That is going to take us to our current toolkit and have it set up. The way we look at our business toolkit here at the City of Chattanooga recognizing this is not all encompassing. You are not going to see new market tax credits, you are not going to see EPA assessment grants, you are not going to see some of those state and federal programs. These are the ones that typically task the Industrial Development Board here in the City. They also task the City and the County. These are our primary rules.

The start outs, small businesses, and neighborhood businesses are all of the programs. Some of those we have brought in the past before this Board. You will probably see Construction Mitigation Grants come up as we look at the Walnut Street Bridge Renovation Project. Those awards will come through this particular body. Growing Small Businesses are typically programs that are funded using the Economic Development fee that is paid for PILOTs into the Industrial Development Board. The Board has authority through the state statute to fund programs using those dollars. That is where historical rates for private businesses have been made in the form of Growing Small Business Grants (inaudible) and moving forward we will look at façade and signage grants. Those will come out of those Economic Development fee payments as well. The high growth jobs that are investment, that is where those dollars are coming from – those pool of

funds that are coming from those Economic Development fee payments that are made to this Board as part of the PILOT agreement. When you look at column five, we are looking for large capital projects. Those are projects that involve either bonding or TIF increment and property taxes. Those will require both City and County approvals. Some of those also require state approvals. We have those in a different category. Those are larger capital investment projects. Those will typically have a resolution that will come from the City and County that will come to this Board because you are dealing with a source of funding that is related to property taxes.

The last one is Workforce Development. We currently have a fund at the IDB that we used previously to fund COVID grants. Years ago, we sent funding to Urban League for an after-hours COVID program as well. Historically, we funded Workforce Development programs through this Board in the past that have come directly to us. Those funds are from a direct appropriation from the City of Chattanooga. Those funds are restricted and can only be used for (inaudible), but the IDB has the authority for that particular fund category. Moving forward, if you look at the items in yellow, those are the items on which we will be focusing on the remainder of this year and for 2025. It is looking at again construction mitigation grants, façade, and signage grants. Sarah Mattson will be working on that program now. High growth high jobs investment is coming from the Chamber.

The large capital is going to be focusing on policy changes, templates, monitoring, and updating guidelines for PILOTs and TIFs. As a community, we will start looking at redevelopment TIFs and those are TIFs where the increment can be used not just for infrastructure but in vertical construction. There are a lot of housing projects where you have mixed use developments and there is housing in the vertical part of the development, a redevelopment TIF will allow the increment to fund that. Recognizing we are not doing well right now, we still have to put together policies around it. We are currently looking at other communities that are using that tool and that tool would not come before this Board but would go through a different agency that has the authority through the state to do that.

That is the overview. Ms. Sharp was saying what is the framework, why are we doing these programs, do we have the authority to do these programs, and how are they set up. This is typically how a City has operated when it comes to those programs. Historically, we have come to the Board at the beginning of each fiscal year that we anticipate doing 25 small business grants and moving some monies over from one segment of the budget to fund that. We have not done that yet. We will do that in 2025. Ms. Allen just moved back to the City in July and anticipates when we get the end of April when we do the annual report to this Board that we will at that point put together our goals for each of those categories and what that might look like.

Mr. Rodgers asked for an update on the PILOT policies and procedures status. Where does that stand because we have not heard anything substantive in a while. Ms. Allen said that currently we have draft policies that were sent from the Chamber and have been evaluating those. The County has hired someone at the County to also oversee PILOTs, and the County auditor has someone also who is going to be a point person for auditing PILOTs. The City, County, and the County Auditor have all had conversations with the City Auditor. We understand what changes we need to implement based on the performance of previous PILOTs and some of the obstacles we run into so we recognize that. We anticipate the beginning of the year we will be ready with

our PILOT policies. Ms. Allen does not know the process of whether they go to the City first, or County, or IDB, but all three boards will receive a presentation on it.

Ms. Allen would like to say to the City Attorney that the way that resolution is worded the funding is coming from a (inaudible) privilege and not from an Economic Development fee lease payments on this particular item.

Ms. Jones asked about the wording. Attorney Noblett said that it has a reference for Economic Development lease payments. It is coming from Economic Development. It will be coming from an appropriation. It is already in a fund, but that fund has monies in it that were previous appropriations. Technically, this next item comes from the City appropriation and not from Economic Development fees. We were fortunate in that there is an appropriation that money is left over in it so we are using those monies. The monies were not generated by the Chattanooga Chamber. That may need to be explained.

Mr. Andrew Hudson is the Director of Vital Pathways to Prosperity, which is the career pathways initiative of Chattanooga 2.0. The collective impact authorization is housed with the Chamber. We will be talking about a request for funds for the Chattanooga Tech Accelerator. Mr. Hudson will be attending his presentation by Walt Robinson, the Executive Director of the Apprenticeship Hub and Christina Henderson the Director of Workforce Development at the Chattanooga Chamber of Commerce.

Why are we asking for money for a tech accelerator? We have worked for over a year now on outlining tech jobs that are in high demand for our local labor market research and moving backwards from jobs of training. In this instance, one of the jobs that we see in five years and a significant need for that labor and also the need to prepare someone for that method of training which is the registered apprenticeship. We work with the Department of Labor and will talk about the registered apprenticeship that we have and this is an accelerated training that goes with that.

We have worked really hard to not just to provide training to give someone a certificate but move backward from a job into training that provides someone in an accelerated way to learn and earn while they are also working and also be able to walk away with an interview before the training is over. We piloted this program in a welding program last year and also in our line worker program that we partnered with these are all collective and backed programs co-built with employers. We work with the employer to outline the skills and build the training from there. This training is accelerated training and I am happy to talk about it.

Christina Henderson will talk about the labor demand for why we build data analysts. Ms. Henderson wants to clarify that when we talk about the Chamber asking for this funding it is not the Chamber that is ultimately going to be receiving these funds. It is serving individuals in our community to help them enter into careers that provide substantive wages. As Mr. Freeman mentioned, the Chamber is committed to not only long-term economic development in our community and existing industries and recruiting new high growth industries but specifically in the creation of jobs that pay sustaining wages for citizens that historically have been underserved and overlooked. Information Technologies is one of the Chamber's target industries in terms of recruiting over the next five years and so while we have some of those jobs already here, we are

very intentionally recruiting companies that will hopefully lead to the growth of jobs in that sector. After further discussion, in the Chattanooga Region there are 17 jobs for computer support technicians and 9 current job openings for data analysts. We know that the jobs are here.

Mr. Hudson said they built these pathways as true career pathways of economic mobility. Part of that has to do with recruiting students to come to Hamilton County schools as well as eligible adults in our underserved populations providing them with reasonable ways to move from an entry level understanding of IT into a middle skills opportunity. We have had several instances in our community of training like IT certificates and there is a great entry level. Those are not specifically related to a job. We have built training that leads to those base level data jobs that pay \$20-\$25 an hour and at the same time provide that person being an eligible candidate for a registered apprenticeship for a job that pays closer to \$60,000 a year.

In our company, there have been two companies that are incentivized by the Department of Labor to hire apprentices. We are having trouble creating an applicant for that. Our goal is to create economic mobility. Part of that has to do with the fact that we are also building this directly off of skills training. When we recently built training, we built it backwards from two particular jobs in our community. They will go off of skills. We have taken that same skills approach from the trades and walked back into the tech spaces and said what are the skills that you need for this job. Not just a certification but what are the abilities that someone needs in order to walk into that \$20-\$25 an hour job. That is what we have outlined as well as the ability for someone to not only go through one certification but six, as well as the ability to have a weekly stipend to offset the costs and also the ability to have an instructor walk beside them during this base learning. This also allows us to use the reflective approach to the use of federal workforce dollars.

One of the best things we are able to pilot in our welding program was the ability to leverage those federal workforce dollars through individual training grants that people can qualify for based off of income and obstacles towards employment. This program is the same that we build in conversation with the Southeast Tennessee Workforce Development Board and with the American Job Center around those qualifications to get these great certifications while also working a job because the training will be offered from 5:30-8:00 PM, Monday through Friday, and also allowing them the ability to have that connection with the workforce dollars.

The base outline of this was an accelerator. For seven weeks, someone will go Monday-Friday, 5:30-8:00 PM, and meet in person using an online platform using video learnings as well as projects that teach them to move from a basic understanding of data. In order to apply for this program, you not only send your information on the website, but you take a basic Excel spreadsheet test that shows you are capable of those entry level data skills and able to move further along quickly. Quickly is really important because our goal is to use any funds from the community as efficiently as possible to get somebody to a job. Not just a certificate but to get them into a job. Otherwise, why are we doing this. The goal is to move really quickly and also, we know that all of these jobs being able to learn is a real thing. Being able to walk into a job and not just knowing how to do these different levels of coding or different levels of data analysis or data visualization but being able to be handed a new project and be able to learn these new skills. That is part of what happens with the accelerator as well. It is very similar to boot camps and different programs like Ed to Go or Ed X that are offered by universities and our state and those are used as online

accelerators. This is an example of where we have localized that and worked closely with Build Within to create custom tech accelerator base office skills that are outlined for the jobs that are listed in our community.

Mr. Walt Robinson said that we are just one of five apprenticeship hubs in the country and by far the smallest but also the mightiest. The others are Los Angeles County, Sacramento, Maryland, Virginia, and Chattanooga, Tennessee. We have been selected to be one of those five communities in the country to help connect people directly to actual jobs that exist. One of the benefits of being one of the five hubs is that we get to utilize and bring to Chattanooga programs, learning sequences, and experiences, that are proven in the other hubs and get to bring them here and adapt them to our community. We are not trying something that looks good on paper. We are doing something that has worked elsewhere and adapting it for our community as part of the benefit of having the hub as a nation.

One of many in National Apprenticeship Week, we have many local employers who are starting apprenticeship programs or have apprentices active right now and one of the things about this accelerate model is that it is a middle skills closer. A lot of employers are not finding the kind of applicants they need because there is a large emphasis on the front end tools. We have plenty of options in the post-secondary and higher ed space. You can get a four year degree, we have Tennessee Promise, but there is a gap in the middle that is unfulfilled. The employers are keenly aware. We helped create this program. There are multiple organizations involved. The idea is that we have a collective impact to leverage this as a direct line to a job for folks in our community.

The Department of Labor after talking to a lot of businesses over the country and study have determined that there were barriers to creating registered apprenticeships. Registered apprenticeship means something that is vetted by the Department of Labor for quality where an individual learns and earns at the same time. We want to get the job with a mentor and get paid to do it. There were some hurdles to creating those apprenticeships in the new economy and technology space. They created something called the Apprenticeships Building America Act. Under that act, one of the grantors Built Within, is a registered apprenticeship intermediary. The Department of Labor had as part of the grant allowed to employ resources into five communities. As part of the resources, we have another staff and access to what essentially is equivalent to millions of dollars' worth of economic development workforce development software, training programs, and all that is provided to our community by the hub designation. The communities are Sacramento, Los Angeles County, State of Maryland, northern Virginia, DC, Chattanooga, TN.

We were awarded the hub in November 2022 and he came on in March 2023. There has been a lot of education on the front end and a lot of confusion about what apprenticeship means. It means something very specific. Working with businesses to start programs, getting employers to understand the potential of it, also working with the school system, and working with other folks who are doing community facing work to articulate that this is a great option. You can get an apprenticeship, and get paid to learn. Some companies will pay for you to get a college degree after you graduate from your apprenticeship. It is a great option for people who are maybe straight from high school to college.

After further discussion, Mr. Parker asked how many employers there are between the welding and line workers, how many companies are you feeding to? Have you already lined up for the data analysis and how many? For the line worker pathway, they work extensively with EPB, TVA, and IBEW is a community partner. For the welding program, they work with Astec, Miller Industries, and (inaudible). Those were the three employers we work with. We work directly with the CWIs at Astec to delineate those fields and with CWIs at Miller. We use that same model where we not only outline the registered apprenticeship but move forward to what skills are ready.

With the middle skills, we know that by 2030, 70% of jobs in Tennessee will require more than high school. We are not talking about that over half of those jobs require something other than a two or four year degree. We are looking at creative solutions. We have seen this tested in other locations as a way to get some of those middle skills positions such as this contract.

There are two major employers that are remote work employers one is called Data (inaudible) and Big Tech X. They hire an online interview, based on a skills examination. One of the modules of this type of accelerator is practice exams like those that will be on that. After further discussion, Mr. Rodgers asked why these jobs? You say it targets high growth but there are a lot of other jobs that need training in our area. And who is benefiting? There are only certain companies needing this type of job. If we give this money to the foundation, who's to say that the people you train don't take that training and go to Silicone Valley or Riley, North Carolina, and leave us. Mr. Rodgers' concern is asking to be front \$50,000 for a very targeted group of jobs. That is bothersome. After further discussion, data jobs and housing were discussed.

They have already built the training and the largest part of this expense has already been done. The online platform people will use has been built. If this funding does not go through, then they are going to diversify, turn back around, and look for other funding. It will not stop this training, but it is crucial to get it up and running as soon as possible (by January).

All of the money will go directly to the participants and the people that are helping them with three instructors/trainers. All of the money around developing the platform, software, has already been purchased and passed through the hub. The community has that. It is under the umbrella of Chattanooga 2.0. Training like this could cost between \$10,000 to \$15,000 for a good affordable one and expensive one could cost upwards to \$25,000. That part of the training is already paid for. We are trying to create a holistic wraparound support so that we can take people that are underserved and unrepresented that already have obstacles towards employment and give them the opportunity. It is an incremental stipend. We discovered by giving stipends it helps offset the cost of transportation, food, and childcare for someone to be in the training, but we also understood it is really important for us to have an increasing stipend. It will start out lower and move up as the weeks go on to incentivize. It is intense and fast-paced. These are in person training with three instructors. After further discussion, soft skills and social capital development were discussed.

Mr. Rodgers is not comfortable in just giving \$50,000 to target a select few jobs, and he does not know anything more about this. Mr. Rodgers would like to get more information before we start as a public entity start doling out money for certain jobs and not others. They will paint a larger picture. Ms. Sharp has raised good questions. Ms. Allen said that this item has not been discussed with the City Council nor the County Commission and came directly to the IDB with the authority of the IDB to support workforce items.

Built Within has been supported by the City in the past and is not new to the City. This was an extension of that. Our partnership with the Chamber and the Chamber Foundation is borne out of all the requests they receive on a regular basis from organizations who are doing workforce development in figuring out how we vet them, which ones have employers behind them, etc. We pulled in the Chamber to say there is a need here and who are the existing partners, are they collaborating with other entities, what are the deliverables, and has this been proven or happened somewhere else so that we are not just funding an effort or initiative in the hopes it is going to be successful, that has proven results. That is why we brought this to the Board versus taking it to the City Council because the City is already invested in Build Within. We need small micro-workforce development initiatives funded to pilot them and prove successes and find additional funding after we get through the first couple of cohorts and figure out how that looks.

Attorney Noblett said there is authority under Tennessee law at Section 7-53-302 which is in the resolution that you have the authority to donate parts of the rents, revenues, or receipts that you find the action being in furtherance for the purpose in which the corporation was organized for workforce development here in the City of Chattanooga. Attorney Noblett was concerned where the \$50,000 is coming from. Do we have PILOT funds that will generate that money? Where does the money come from?

Ms. Allen said the funds come from the tech workforce fund that is already established in the IDB. Those are the appropriation dollars that were sent over by the City. We do have a fund that is just for tech workforce training that we have had for some years. We have funded in the past. The IDB only has the authority over funds that it generates.

Mr. Rodgers said that this discussion is good in the sense that you can see where we have questions. If we had a staff report that gave more information as far as background with the money and where it comes from, and addresses those questions on the front end. Ms. Allen said that it is easily done for a staff report.

Ms. Jones asked to defer this resolution to the next meeting. Mr. Parker asked if this was a seven week program. The \$50,000 is for eight students. We are training eight students with the in-kind and total about \$91,000. Mr. Parker is 100% for workforce development. We need it. He works in manufacturing. More information will be provided by demonstration, testimonials, and economic impact. The Board would also like to see someone local.

The resolution was tabled for the next meeting so the Board can get more information.

TABLED TO DECEMBER MEETING

Workforce Development

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO EXECUTE A PROJECT GRANT AGREEMENT (HIGH GROWTH JOBS AND INVESTMENT PROGRAM) WITH AIS ENCLOSURE SYSTEMS – CHATTANOOGA, LLC.

This resolution was also tabled for the December meeting.

TABLED TO DECEMBER MEETING

There being no discussion items and no further business, the meeting adjourned at 12:13 PM.

GORDON PARKER, *Secretary*

APPROVED:

KERRY HAYES, *Chair*



Helen Burns Sharp <untiedlaces@gmail.com>

ATM/HBS Comments on Agenda Items at 11-04-2024 IDB Meeting

Helen Burns Sharp <untiedlaces@gmail.com>
To: Helen Burns Sharp <untiedlaces@gmail.com>

Mon, Nov 4, 2024 at 9:49 AM

Two items on today's IDB agenda suggest that the City needs to improve transparency when asking the IDB to allocate taxpayer dollars. Fortunately, there is an easy solution.

You could ask your good economic development staff (Mayor's Office, Chamber) to begin a practice common in other cities of preparing a brief staff report whenever they ask you to pass a resolution. It would give background on why the resolution is before you and try to anticipate and answer questions like those I raise below about today's resolutions. It would contain a staff recommendation from whoever wrote the report.

8. a. A Resolution authorizing the IDB to donate \$50,000 from funds generated by (PILOT) economic development lease payments to the Chattanooga Chamber Foundation for a Workforce Development Tech Accelerator Program

- Who decided we needed this new program? Has it been discussed at a City Council meeting?
- What kind of entities qualify to receive "donated" lease payments?
- Is there a written agreement between the City/IDB and the Chamber that includes a description of the program and its expectations?
- What is the explanation for why the Chamber needs additional public funding to do this program? (The City and County pay the Chamber \$1.2 million annually to assist with economic development activities, including administering the PILOT program. Only three PILOTS have been approved in the past five years.)

8. b. A Resolution authorizing the IDB to execute a Project Grant Agreement (High Growth Jobs and Investment Program) with AIS Enclosure Systems—Chattanooga LLC.

- Did the City Council pass a resolution establishing this program? That is how the Small Business Incentive Program got started.
- Is this a new program? Has the IDB been asked to make grants to other private businesses in the past?
- Is there a list of "high growth" industry sectors? If so, is industrialized building manufacturing on the list?
- What criteria should the IDB use when deciding which businesses to reward?
- On PILOTS and TIFs, the IDB first reviews an application. Has the IDB seen an application for this company's request for taxpayer assistance?
- Who prepared the agreement? Was it the City Attorney, the Chamber, or a private attorney hired by the prospective grantee?

Good Jobs First is a national policy resource center that promotes government accountability in economic development. Regarding accountability for tax incentives, they have called Chattanooga the least transparent of the major cities in Tennessee. Let's change that, starting with staff reports and continuing by keeping transparency in mind

when writing PILOT policies.

Helen Burns Sharp |tel. m. 423-994-2382 |
129 Walnut St., Unit 444
Chattanooga, TN 37403

RESOLUTION

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO ENTER INTO AN AGREEMENT FOR GRANT ADMINISTRATION SERVICES WITH THE SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT, IN SUBSTANTIALLY THE FORM ATTACHED, FOR TECHNICAL ASSISTANCE ON DAVIS BACON LABOR COMPLIANCE, FOR THE E2I2 PROJECT, AT A COST NOT TO EXCEED SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00).

BE IT RESOLVED, that the Industrial Development Board of the City of Chattanooga is hereby authorizing the Chair or Vice-Chair to enter into an agreement for grant administration services with the Southeast Tennessee Development District, in substantially the form attached, for technical assistance on Davis Bacon labor compliance, for the e2i2 Project, at a cost not to exceed \$75,000.00.

ADOPTED: December 2, 2024

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

KERRY HAYES, Chair

GORDON PARKER, Secretary

**STATE REVOLVING LOAN FUND
CITY OF CHATTANOOGA
E2I2 SSO ABATEMENT PROGRAM**

Agreement for Grant Administration Services

THIS AGREEMENT, entered into as of _____, by and between the City of Chattanooga's Industrial Development Board, (hereinafter called the "Utility") and the Southeast Tennessee Development District (hereinafter called the "Contractor") WITNESSETH THAT:

WHEREAS, the Utility desires to engage the Contractor to render certain technical or professional administrative services hereafter described in connection with projects being financed through a Clean Water State Revolving Loan Fund (SRLF) from the Tennessee Department of Environment and Conservation.

WHEREAS, the SRLF does not require a solicitation for administrative services when this service is provided by the Southeast Tennessee Development District, which is a unit of government; and

WHEREAS, the State of Tennessee has approved the Development District to administer state funded projects:

NOW THEREFORE, the parties hereto do mutually agree as follows:

1. The Utility hereby agrees to engage the Contractor and the Contractor hereby agrees to perform professional services in connection with the project as set forth below and contained in this AGREEMENT.
2. The Contractor shall do, perform and carry out, in a satisfactory and proper manner the following services:
 - a. Set up Davis Bacon related record keeping files for the Utility.
 - b. Assist in any necessary documentation of project assurances, certifications, and job creation.
3. The services of the Contractor are to commence as soon as practical after the execution of this Agreement and shall be undertaken and completed in the light of the purposes of this Agreement.
4. The Utility agrees to compensate the Contractor for the following costs incurred in the conduct of the services rendered under this Agreement.
 - a. Direct chargeable salaries and fringe benefits.
 - b. Travel costs including lodging and subsistence.
 - c. Communication costs related to administration of the project.

d. Other direct costs.

5. All costs charges shall be in accordance with the allowable amounts set forth in the Uniform Travel regulations adopted by the Tennessee Development District Association and the Contractor's Cost Allocation Plan prepared in accordance with the Accounting Manual for Development Districts in Tennessee prescribed by the Comptroller of the State of Tennessee.
6. The Contractor shall maintain documentation for all expenditures under this Agreement. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Agreement, shall be maintained in conformity with generally accepted accounting principles for a period of three full years from the date of final payment, and shall be subject to audit at any reasonable time upon reasonable notice by SRLF, the Comptroller of the Treasury, the Utility or their duly appointed representatives. The records shall be maintained at no less than those recommended in the Uniform Accounting Manual for Development Districts in Tennessee, published by the Comptroller of the Treasury, State of Tennessee.
7. It is expressly understood and agreed that in no event will reimbursement to be paid hereunder exceed \$75,000 for the first 30 months of active construction. If construction continues after 30 months, the contractor will bill \$2,500 monthly until completion of project. The Contractor is to be paid \$37,500 when project is 50% complete, \$37,500 and any additional charges accrued monthly when the project is 100% complete.
8. If through any cause, the Contractor shall fail to fulfill in a timely and proper manner its obligations under this Agreement, the Utility shall thereupon have the right to terminate this Agreement by giving written notice to the Contractor of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. In that event, all finished or unfinished documents, data, and reports prepared by the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed.
9. In carrying out this Agreement, the Contractor will not discriminate against any employee or applicant for employment because of race, creed, color or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff, or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applications for employment, notice to be provided by the Government setting forth the provisions of this non-discrimination clause. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color or national origin.
10. No officers, member, or employee of the Utility and no members of its governing body, and no other public official of the governing body of the locality who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of this Agreement, shall participate in any decision relating to this Agreement which affect his or her personal interest or have any personal or

pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.

11. The Contractor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performances of services required to be performed under this Agreement. The Contractor further covenants that in the performance of this Agreement no person having any such interest shall be employed.

AGREED TO, and executed by the duly authorized officials of each party, to be effective as of the date first written above.

City of Chattanooga's Industrial Development Board

Witness

By: _____
[NAME]
[TITLE]

Southeast Tennessee Development District

Witness

By: _____
Chuck Hammonds
Executive Director

RESOLUTION

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO DONATE FIFTY THOUSAND DOLLARS (\$50,000.00) FROM FUNDS APPROPRIATED FROM THE CITY OF CHATTANOOGA FOR THE PURPOSE OF ADVANCING WORKFORCE DEVELOPMENT IN THE TECHNOLOGY SECTOR, TO THE CHATTANOOGA CHAMBER FOUNDATION FOR A WORKFORCE DEVELOPMENT TECH ACCELERATOR PROGRAM.

WHEREAS, the Mayor has the authority to use and direct the use of certain funds generated by Economic Development lease payments provided in the Agreements for Payments in Lieu of Taxes Workforce Development Grants in furtherance of economic development and technical sector; and

WHEREAS, Tennessee Code Annotated Section 7-53-302(a)(8) provides that an Industrial Development Corporation can, “[s]ell, exchange, donate and convey any or all of its properties, including without limitation, all or any parts of the rents, revenues and receipts of the corporation from its projects, whenever its Board of Directors shall find any such action to be in furtherance of the purpose for which the corporation was organized.

BE IT RESOLVED, that the Industrial Development Board of the City of Chattanooga is hereby authorizing the donation of \$50,000.00 from funds appropriated from the City of Chattanooga for the purpose of advancing workforce development in the technology sector, to the Chattanooga Chamber Foundation for a Workforce Development Tech Accelerator Program.

ADOPTED: December 2, 2024

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

KERRY HAYES, Chair

GORDON PARKER, Secretary

TO: Industrial Development Board of Chattanooga Appointed Members

FROM: Charita Allen
Senior Advisor of Economic and Workforce Development

SUBJECT: Approval of Resolution for Tech Workforce

RECOMMENDED ACTION:

Staff recommends that the IDB approve a resolution to launch a proven national Tech Accelerator upskilling program in Chattanooga.

RESOLUTION:

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO DONATE FIFTY THOUSAND DOLLARS (\$50,000.00) FROM FUNDS, APPROPRIATED FROM THE CITY OF CHATTANOOGA FOR THE PURPOSE OF ADVANCING WORKFORCE DEVELOPMENT IN THE TECHNOLOGY SECTOR, TO THE CHATTANOOGA CHAMBER FOUNDATION FOR A WORKFORCE DEVELOPMENT TECH ACCELERATOR PROGRAM.

STATE OF TENNESSEE AUTHORIZING STATUTE:

Chapter 53 - INDUSTRIAL DEVELOPMENT CORPORATIONS (§§ 7-53-101 — 7-53-317)
Part 3 - OPERATION AND POWERS (§§ 7-53-NEW — 7-53-317)
TN Code § 7-53-302 (2023)
Section 7-53-302(a)(8)

(a) The corporation has the following powers, together with all powers incidental to such powers or necessary for the performance of those powers, to:

(8) Sell, exchange, donate and convey any or all of its properties, including, without limitation, all or any part of the rents, revenues and receipts of the corporation from its projects, whenever its board of directors shall find any such action to be in furtherance of the purposes for which the corporation was organized;

ALIGNMENT WITH ECONOMIC DEVELOPMENT PLANS:

This resolution aligns with the **ONE CHATTANOOGA PLAN** goal of “Build a Regional Economy” on two priorities. 1.) Grow household income for all Chattanoogaans through workforce development and skills-training; and 2.) Refine Chattanooga’s competitive advantages and traded clusters vs. rival cities.

This resolution aligns with the Chattanooga Area Chamber of Commerce’s **CHATTANOOGA CLIMBS** Strategic Plan, funded by the City of Chattanooga and Hamilton County, on three

priorities 1.) Develop Skills for the New Economy; 2.) Grow Stronger Businesses, and 3.) Increase Regional Prosperity for All.

SUMMARY OF NEED:

Approval of this item will enable the Chattanooga Area Chamber of Commerce, in partnership with Chattanooga 2.0, Apprenticeship Works, and BuildWithin to launch a proven IT upskilling program to strengthen the local talent pool.

BACKGROUND AND HISTORY:

In 2015, The Enterprise Center recognized a funding gap in the Technology Workforce for non-credit entry-level and upskilling programs with requests for coding programs. The requests resulted in the City of Chattanooga appropriating \$100,000 in 2015 and in 2018 another \$350,000 to the Industrial Development Board of Chattanooga (IDB) for Workforce Development to advance the **Technology Sector and Technology Skills** in the Chattanooga region. The IDB has provided donations to The Enterprise Center for Covalence Coding Academy (\$64,000) and The Urban League (\$40,000) for a computer coding program. *See HHM IDB Financial Audit for June 2023/2022. Presented to the IDB Board on March 25, 2024.*

FISCAL IMPACT:

The current fund balance for Tech Workforce NR13 Z00304 is \$335,000.

If approved, this item would have a \$50,000 impact.



Chattanooga Tech Accelerator

Data Analyst Track

The Accelerator Strategy

- **Cross-Sector Employability** — Accelerator graduates are not siloed into just one sector, they are employable across multiple industries.
 - *Ex: There is an emerging demand for Data Analysts across a diverse array of sectors: healthcare, advanced manufacturing, education, insurance, and IT. Graduates have a wider range of options for post-accelerator employment.*
- **Credential-Driven** — Credentials and micro credentials create tangible value for both employee and employer.
- **Track Record of Success** — The Accelerator Model has been used successfully in partnership with municipal partners—most notably with the Washington, D.C. with the municipal Department of Employment Services.
- **Employer-Informed** — We work directly with employers to ensure training is relevant, timely, and marketable. The Accelerator Model begins with a job and works backward to strengthen the pipeline to full-time employment.

Job Outlook: Data Analyst

1. Annual Demand in Chattanooga MSA:

- ~ 55 Openings Annually

2. Annual Wages in Chattanooga MSA: \$40k to \$110k

- *The \$40-50k jobs TA grads are ready to apply for; the \$75 to \$110k jobs TA grads are ready to apprentice for.*

Skills-Driven Training

- A. Employers pick the skills and microcredentials they want prior to hiring as employee or apprentice.
- B. Ability to forefront skills instead of curriculum.
- C. Ability to leverage WIOA workforce funding.
- D. 20% asynchronous content.
- E. Led in person to build teamwork and professional skills

Data Analysis Certificates: (We will narrow down to 4-5 based on employer's input)

1. Microsoft Certified: Data Analyst Associate
Provider: Microsoft
2. Certified Analytics Professional (CAP)
Provider: INFORMS
3. Google Data Analytics Professional Certificate
Provider: Coursera (offered by Google)
4. IBM Data Science Professional Certificate
Provider: Coursera (offered by IBM)
5. AWS Certified Data Analytics - Specialty
Provider: Amazon Web Services (AWS)
6. SQL Certification
Provider: (LinkedIn Learning, or Codecademy)

Operations of this Accelerator

- A. 7 weeks, Monday–Friday 5:30pm to 8pm; co-hosted by ChaTech (tentatively at INCubator).
- B. 4-5 credentials
- C. Job-ready grads
- D. Talent pool for Registered Apprenticeship
- E. Advanced Laptops provided by Tech Goes Home (Enterprise Center).
- F. Instructor/Tutor contract hired.
- G. Curriculum provided by Apprenticeship Works and BuildWithin
- H. Certificates provided by Apprenticeship Works and BuildWithin

Story of Successful Tech Accelerator Grad: Chyna Keene

This is Chyna Keene, a DC resident and a graduate of DC DOES & BuildWithin's **Tech Accelerator** program.

Chyna began her career transition to the technology sector in **November 2022** from a career in the service industry (after attending a semester of college). The Accelerator provided training in technology tools, CompTIA certifications, and modern software such as Jira and Intercom.

In **December 2022** Chyna graduated from the Tech Accelerator program and was hired to be a full-time apprentice.

In **February 2023**, Chyna secured full-time employment at an industry-aligned employer. She has since been promoted and works directly with customers and clients all over the world.



Accelerator Outcomes

Direct:

- A. Hired directly into an entry-level Data Job
- B. Hired directly into a Registered Apprenticeship for advanced Data Analyst.

Latent:

- A. Upskill and advance incumbent workers to mitigate the risk of adopting registered apprenticeships for companies.
- B. Build pattern for “on-ramps” of accelerated trainings for advanced-skills learn-and-earn models.
- C. Portable training format that can be integrated into recruitment of future companies and Economic Development.

Accelerator Budget

Chattanooga Tech Accelerator			
Budget			
<u>Expense</u>	<u>Quantity</u>	<u>Rate</u>	<u>Total</u>
Trainee Stipends	weekly	\$500 average	\$28,000
Instructors	3 Instructors	\$1000 weekly	\$21,000
Incidentals			\$1,000
	Total to Launch Accelerator:		\$50,000

In-Kind Contributions

In-Kind Contributions	<u>Amount</u>	<u>Contributor</u>
Devices	\$16,000	Tech Goes Home
Meeting Space	\$8,750	ChaTech
Software Licenses	\$7,000	BuildWithin
Certificates	\$8,768	BuildWithin
In-Kind Estimate	\$40,518	

RESOLUTION

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO EXECUTE A PROJECT GRANT AGREEMENT (HIGH GROWTH JOBS AND INVESTMENT PROGRAM) WITH ECONOMIC DEVELOPMENT PROJECT AIS ENCLOSURE SYSTEMS – CHATTANOOGA, LLC FOR A COMPETITIVE PERFORMANCE-BASED GRANT PER JOB TO SUPPORT ELECTRICAL INFRASTRUCTURE GROWTH AND TALENT POOL DEVELOPMENT.

BE IT RESOLVED, that the Industrial Development Board of the City of Chattanooga is hereby authorizing the Chair or Vice-Chair to execute a Project Grant Agreement (High Growth Jobs and Investment Program) with Economic Development Project AIS Enclosure Systems – Chattanooga, LLC for a competitive performance-based grant per job to support electrical infrastructure growth and talent pool development.

ADOPTED: December 2, 2024

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

KERRY HAYES, Chair

GORDON PARKER, Secretary

TO: Industrial Development Board of Chattanooga Appointed Members

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

SUBJECT: Approval of Resolution for. AIS Enclosure Systems

RECOMMENDED ACTION:

Staff recommends that the IDB approve a resolution for AIS Enclosure Systems Resolution for a competitive performance-based per job grant to support electrical infrastructure growth and talent pool development.

RESOLUTION:

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO EXECUTE A PROJECT GRANT AGREEMENT (HIGH GROWTH JOBS AND INVESTMENT PROGRAM) WITH ECONOMIC DEVELOPMENT PROJECT AIS ENCLOSURE SYSTEMS – CHATTANOOGA, LLC FOR A COMPETITIVE PERFORMANCE-BASED GRANT PER JOB TO SUPPORT ELECTRICAL INFRASTRUCTURE GROWTH AND TALENT POOL DEVELOPMENT.

STATE OF TENNESSEE AUTHORIZING STATUTE:

Chapter 53 - INDUSTRIAL DEVELOPMENT CORPORATIONS (§§ 7-53-101 — 7-53-317)

Part 3 - OPERATION AND POWERS (§§ 7-53-NEW — 7-53-317)

TN Code § 7-53-302 (2023)

Section 7-53-302(a)(8)

(a) The corporation has the following powers, together with all powers incidental to such powers or necessary for the performance of those powers, to:

(8) Sell, exchange, donate and convey any or all of its properties, including, without limitation, all or any part of the rents, revenues and receipts of the corporation from its projects, whenever its board of directors shall find any such action to be in furtherance of the purposes for which the corporation was organized;

ALIGNMENT WITH ECONOMIC DEVELOPMENT PLANS:

This resolution aligns with the **ONE CHATTANOOGA PLAN** goal of “Build a Regional Economy” on three priorities. 1) Attract higher-paying jobs with targeted economic recruiting 2.) Grow household income for all Chattanoogaans through workforce development and skills-training 3.) Refine Chattanooga’s competitive advantages and traded clusters vs. rival cities

This resolution aligns with the Chattanooga Area Chamber of Commerce's **CHATTANOOGA CLIMBS Higher** Strategic Plan, funded by the City of Chattanooga and Hamilton County, on four priorities 1.) Create More High Quality Jobs; 2.) Develop Skills for the New Economy; 3.) Grow Stronger Businesses, and 4.) Increase Regional Prosperity for All.

SUMMARY OF NEED:

Approval of this resolution will enable the City of Chattanooga and Hamilton County to compete for AIS Enclosure System's expansion in partnership with the State of Tennessee retention and expansion incentive.

BACKGROUND AND HISTORY:

Due to limited and declining industrial space, the Chattanooga region is shifting from large-scale industrial recruitments to less capital intensive projects with higher-wages, higher-skills, and/ or the building of a talent pool. Because this new economic development strategy focuses less on land, there is a need for new incentives not tied to property taxes, which the City and County have historically utilized through Payments In Lieu of Taxes (PILOTs) incentives.

The IDB currently focuses on local grants for Innovation, Renewing Chattanooga, and Growing Small Businesses. The funding source for these programs was created in 2015 utilizing PILOT Economic Development Fees paid into the IDB. Once these fees are paid into the IDB, the Board has the authority to create programs for industry and industry workforce programs in support of economic development projects. The new High Growth Jobs and Investment Program is funded from Economic Development Fees at the IDB.

FISCAL IMPACT:

The annual IDB Accounting Report was presented during the July 1, 2024 IDB Meeting. **The current Economic Development Fee fund balance for account NR14 Z00306 IDB-PILOTS is \$2,617,733.64.**

If approved, this resolution would have an impact of a maximum of \$102,500 to the IDB paid out in a five-year job creation schedule.

ROI: The ROI for this program is measured by the new jobs created, proposed average annual wages and capital investment that will be added to the community. **AIS Enclosure Systems would add 82 new jobs at an average annual wage of \$58,639 and make a capital investment of \$8,300,000** in real and personal property within the City of Chattanooga and Hamilton County.



AIS ENCLOSURE SYSTEMS EXPANSION OPPORTUNITY



AIS ENCLOSURE SYSTEMS

- Operating in Chattanooga since 1968, originally Lectrus Corporation. Lectrus Corporation was acquired by Avail Infrastructure Solutions in 2018.
- AIS Enclosure Systems manufactures modular e-houses that house electrical infrastructure, relay and control panels, modular data systems and power distribution centers that are used on construction sites and manufacturing facilities.
- The company currently operates a facility at 1919 W. Polymer Dr., Chattanooga, TN 37421 where they have 104 employees.



EXPANSION OVERVIEW

- AIS Enclosure Systems reached out to the Chattanooga Chamber in September 2023 regarding the potential expansion. The Chamber has partnered with TNECD, TVA, City of Chattanooga, and Hamilton County to support the expansion.
- AIS Enclosure Systems is proposing an expansion of their Chattanooga operations.
 - New Jobs Created: 82 by 12/31/2026
 - Average Wages: \$58,639 annually
 - Estimated New Annual Payroll at full ramp up: \$4,808,398
 - Capital Investment
 - \$4.5 million in real property
 - \$3.8 million in personal property
 - **\$8.3 million total**
 - Chattanooga is competing with GA for the project.



HIGH GROWTH JOBS & INVESTMENT PROGRAM

- Performance based incentive program designed for the creation and retention of net new jobs
- Addressing a need for a tool to support high growth expansions, relocations and new operations that are competitive but do not meet PILOT thresholds.
- Project should be in target industries, create at least 25 new jobs over three years, and have average wages at least 80% of the current Hamilton County average wage to encourage economic mobility
- Incentive payout is based on new jobs and wages
- The incentive is performance based and would be paid out as the jobs are created and retained
- Proposing \$2,500/job for AIS Enclosure Systems. Total of \$205,000 between 2025 - 2030
- Hamilton County approved a 50% match of the grant on Nov. 20, 2024. This match would be paid into the IDB to support the project.



PAYOUT SCHEDULE

Grant Payment Schedule*									
	New Employee Annual Goal & Initial Year to Measure Goal		2025	2026	2027	2028	2029	2030	Total
Phase I Net New Employees	15		\$9,375	\$9,375	\$9,375	\$9,375			
Date	12/31/2024								
Phase II Net New Employees	34			\$21,250	\$21,250	\$21,250	\$21,250		
Date	12/31/2025								
Phase III Net New Employees	33				\$20,625	\$20,625	\$20,625	\$20,625	
Date	12/31/2026								
Total Net Employees Phase I - III	82	Total Payout	\$9,375	\$30,625	\$51,250	\$51,250	\$41,875	\$20,625	\$205,000

*The payment dates shall be March 1st following each measurement year.



COMPLIANCE

- AIS Enclosure Systems will submit an annual compliance report to show that the new jobs were created by December 31st of each proposed ramp up year.
- The company must meet 90% of their proposed job creation to receive any payout for that year.
- Incentive amounts are up-to amounts. If the company goes above and beyond their job creation estimates, the payout remains the same each year and does not accelerate.
- Additionally, the company will submit four quarter average employment figures to ensure that the previous year's jobs are retained.
- Once the City and County have confirmed compliance, the IDB will provide the incentive amount by March 1st of that year's compliance.



High Growth Jobs & Investment Grant:

Description: A performance-based grant program to support the expansion, retention and attraction of target industry businesses creating new jobs that pay livable wages in Hamilton County. Companies must be based in Target Industries for either Hamilton County based on the Chattanooga Climbs Higher Strategic Plan or the State of Tennessee. These projects must also be competitive in that but-for this grant the company would not choose to locate or expand in Hamilton County. The awards would be split evenly between Hamilton County and the City of Chattanooga IDB for projects that plan to locate within the City of Chattanooga limits.

Qualifications: Companies must create at least 25 new jobs over a three-year period. Jobs must pay at least 80% of the current annual average wage of Hamilton County¹. This is a discretionary grant program and not by right. All businesses must submit a grant application to the Chamber of Commerce and then be reviewed by the Mayor of Chattanooga’s office and Mayor of Hamilton County’s office.

Restrictions: This program is not to be utilized in addition with PILOTs.

Award Amounts: Companies will be evaluated based on the total number of jobs being created, the average wages of the new jobs, the capital investment of the project, and timeframe for new job creation. The award amounts per job are determined by the average wages and broken down as listed below.

Average Wage Qualification	Award Amount Per Job
80% of Hamilton County Average Wage	\$2,000
90% of Hamilton County Average Wage	\$2,500
100% of Hamilton County Average Wage	\$3,000
150% of Hamilton County Average Wage	\$4,000
200% of Hamilton County Average Wage	\$5,000

Payout Schedule: For each year of job creation, the grant payout will be spread out over the next four years at up to 25% each year. This is to ensure that the new jobs are both created and retained. The grants are up to amounts. Should the company exceed their job creation in a performance year, the payout will not be accelerated, or additional payout will not be added to the grant.

Compliance: Companies will submit annual compliance certifying new jobs created by December 31st of their performance years. Companies will also submit quarterly employment figures to ensure that the new jobs are retained in following years, and they do not fall below their initial baseline employment as determined in their agreement. Companies must meet at least 90% of their new job creation to receive an award for that performance year. Companies must also meet or exceed their average wage requirements as determined by their agreement. Once compliance reports have been submitted to the Chamber of Commerce, the Chamber shall create an annual summary of all companies' compliance and submit to staff at the City of Chattanooga and Hamilton County. Staff can conduct additional compliance as necessary. Once staff has confirmed compliance a request for payment of Hamilton County's portion of the incentive will be sent to Hamilton County's Economic Development staff. If company is in compliance, then the IDB will payout the incentive award amount for that year by March 1st.

Process: Upon submission of an incentive application to the Chattanooga Area Chamber of Commerce, the Chamber of Commerce will share the application and incentive request to the Mayor of Chattanooga's office and Mayor of Hamilton County's staff. Once the City and County administrations have both agreed to the project and award amount a formal offer letter will be drafted and submitted to the Company. Once the company has accepted the offer, a draft agreement will be sent over for their review. After the agreement has been finalized, the City and County will provide a schedule for approval targeting the next available County Commission and IDB meetings. Unless timing of the project dictates otherwise, the project would be heard by County Commission first and then IDB following Commission approval. The grant agreement must be approved by and be with an Industrial Development Board per Tennessee State Statutes.

Notes:

¹ Average wage is determined by the latest annual average wage for Hamilton County as published by the US Bureau of Labor Statistics – Quarterly Census of Employment and Wages (<https://www.bls.gov/cew/>); Hamilton County's current average annual wage for private industry is \$62,919 for 2022

RESOLUTION

A RESOLUTION AUTHORIZING AN AWARD OF A SMALL BUSINESS INCENTIVE GRANT TO THE ATHENS CHATTANOOGA GROUP, LLC D/B/A BEN & JERRY'S, IN THE AMOUNT OF SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$7,500.00).

BE IT RESOLVED, that the Industrial Development Board be and is hereby authorizing an award of a Small Business Incentive Grant to The Athens Chattanooga Group, LLC d/b/a Ben & Jerry's, in the amount of \$7,500.00.

ADOPTED: December 2, 2024

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

KERRY HAYES, *Chair*

GORDON PARKER, *Secretary*

SBI-(32)



Industrial Development Board Company Summary

Incentive Type:

Growing Small Business Incentive

Company Name:

The Athens Chattanooga Group, LLC d/b/a Ben & Jerry's

Physical Address:	201 Broad St. Chattanooga, TN 37402
Mailing Address:	PO Box 935, Pittsboro, NC 27312
Phone Number:	423-265-8606
Federal Tax ID Number:	85-2048984
Web Address (URL):	www.benjerry.com/chattanooga
Corporate Structure:	LLC
Primary Industry:	Ice Cream/Dessert Retail
SETD Recommendation for Approval	YES
Recommended Award Amount for Job Creation:	\$5,000.00
Recommended Additional Award Amount for Reimbursement of Eligible Expenses:	\$2,500.00
Recommended Total Award Amount?	\$7,500.00

RESOLUTION

A RESOLUTION AUTHORIZING AN AWARD OF A SMALL BUSINESS INCENTIVE GRANT TO OFFICE FURNITURE WORKS, LLC, IN THE AMOUNT OF NINE THOUSAND EIGHT HUNDRED EIGHTEEN DOLLARS (\$9,818.00).

BE IT RESOLVED, that the Industrial Development Board be and is hereby authorizing an award of a Small Business Incentive Grant to Office Furniture Works, LLC, in the amount of \$9,818.00.

ADOPTED: December 2, 2024

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

KERRY HAYES, *Chair*

GORDON PARKER, *Secretary*

SBI-(33)



Industrial Development Board Company Summary

Incentive Type:

Growing Small Business Incentive

Company Name:

Office Furniture Works

Physical Address:	1900 Stuart St. Chattanooga, TN 37406
Mailing Address:	1900 Stuart St. Chattanooga, TN 37406
Phone Number:	423-790-1376
Federal Tax ID Number:	80-0197790
Web Address (URL):	www.ofwllc.com
Corporate Structure:	LLC
Primary Industry:	Office Furniture Retailer
SETD Recommendation for Approval	YES
Recommended Award Amount for Job Creation:	\$4,909.00
Recommended Additional Award Amount for Reimbursement of Eligible Expenses:	\$4,909.00
Recommended Total Award Amount?	\$9,818.00