

AGENDA

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

Wednesday, January 18, 2023 @ 11:00 AM

1. Call meeting to order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Minutes Summary Approval – December 5, 2022, Monthly Meeting.
4. Recognition of any person wishing to address the Board.
5. **PUBLIC HEARING – TAX INCREMENT FINANCING POLICIES AND PROCEDURES.**
6. A RESOLUTION ADOPTING TAX INCREMENT FINANCING POLICIES AND PROCEDURES, A COPY OF WHICH IS SUBSTANTIALLY ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE.
7. **DISCUSSION ITEMS-OTHER BUSINESS**
 - (a) Bylaws
 - (b) Website
8. FYI Only – Notice of Lien to Gestamp from B&B Steel Erection
9. Adjournment.



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES SUMMARY**

**John P. Franklin Sr. City Council Building
Chattanooga, Tennessee
for
December 5, 2022
11:00 AM**

S U M M A R Y

Present were Jimmy F. Rodgers, Jr. (Chair), Althea Jones (Vice-Chair), Patrick Sharpley (Secretary), Gordon Parker (Assistant Secretary), Ray Adkins, Kerry Hayes, and Jim Floyd. Also Present were: Attorney for the Board, Phillip A. Noblett; Eleanor Liu, Vickie Haley, and Jamie Zurkiya (Finance); Helen Burns Sharp (ATM); Mike Pare (Times Free Press); Gail Hart (Real Property); Bill Payne and Jason Payne (City Engineering); Paul Boylan; Steve Hiatt (Chamber); Mark Mamantov (Bass, Berry & Sims); and Jermaine Freeman (Economic Development).

Chairman Rodgers called the meeting to order, Attorney Noblett established that the meeting was duly advertised, and a quorum was present with seven board members to conduct business.

MINUTES - November 7, 2022, meeting – **Adkins/Sharpley-Unanimously Approved.**

REPORT – Gordon Parker stated the microphones were not working good on the streaming of the last meeting.

PUBLIC COMMENTS – Helen Burns Sharp presented an updated Hamilton County Assessor's data map, commentaries, and observations.

PRESENTATION – IDB Finance Report by Eleanor Liu.

RESOLUTIONS

- 1) A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA RATIFYING AND AUTHORIZING THE ESTABLISHMENT OF BANK ACCOUNTS PURSUANT TO THE LOAN AGREEMENT WITH TAX INCREMENT FINANCING FOR THE NORTH RIVER COMMERCE CENTER INDUSTRIAL PARK AND REDEVELOPMENT OF NORTH ACCESS ROAD. **Parker/Floyd-Unanimously Approved.**

- 2) A RESOLUTION AUTHORIZING THE CHAIR AND/OR SECRETARY TO BE DELEGATED AS SIGNATORIES ON THE IDB'S TRUIST BANK ACCOUNT IN THE ESTIMATED AMOUNT OF SIX THOUSAND SIX HUNDRED SEVENTY-SIX AND 47/100 DOLLARS (\$6,676.47), TRANSFER THE BALANCE TO THE CITY'S TRUIST BANK ACCOUNT MANAGED BY THE CITY TREASURER, AND CLOSING IDB'S TRUIST BANK ACCOUNT. **Parker/Sharpley-Unanimously Approved.**
- 3) A RESOLUTION AUTHORIZING THE CHAIR OR VICE-CHAIR TO EXECUTE AN ACKNOWLEDGEMENT LETTER RELATING TO THE HOMESERVE PILOT AGREEMENT AND THE CONTEMPLATED TRANSACTIONS MANAGED BY BROOKFIELD ASSET MANAGEMENT, INC. OF THE SHARED CAPITAL OF HOMESERVE. **Postponed to next meeting.**

OTHER BUSINESS AND DISCUSSION ITEMS

- (a) Website update; and
- (b) Bylaws and PILOT procedures – January agenda.

PUBLIC HEARING ON TIF POLICIES AND PROCEDURES
BY MARK MAMANTOV

PUBLIC COMMENTS

- (a) Joseph Paden (CALEB); and
- (b) Helen Burns Sharp (ATM) – requested modified redline version of procedures and would like the hearing continued until the January meeting.

After further discussion, the meeting adjourned at 12:40 PM.

PATRICK SHARPLEY, *Secretary*

APPROVED:

JIMMY F. RODGERS, JR., *Chair*

RESOLUTION

A RESOLUTION ADOPTING TAX INCREMENT FINANCING POLICIES AND PROCEDURES, A COPY OF WHICH IS SUBSTANTIALLY ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE.

BE IT RESOLVED, that the Industrial Development Board of the City of Chattanooga is hereby adopting Tax Increment Financing Policies and Procedures, a copy of which is substantially attached hereto and made a part hereof by reference.

ADOPTED: January 18, 2023

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

JIMMY F. RODGERS, JR., Chair

PATRICK SHARPLEY, Secretary

POLICIES AND PROCEDURES RELATING TO
TAX INCREMENT INCENTIVES

APPROVED BY

THE CITY OF CHATTANOOGA, TENNESSEE

AND

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF CHATTANOOGA

Effective _____, 2022

POLICIES AND PROCEDURES RELATING TO TAX INCREMENT INCENTIVES

Introduction

The Industrial Development Board of the City of Chattanooga, Tennessee (the “Board” or “IDB”) and the City of Chattanooga, Tennessee (the “City”) have adopted these Policies and Procedures (these “Policies”) relating to the use of tax increment incentives pursuant to Section 7-53-312 of the Tennessee Code Annotated (a “Tax Increment Incentive”) and are adopted pursuant to Section 9-23-107 of the Tennessee Code Annotated. These Policies set forth the procedures of the Board and the City associated with Tax Increment Incentives and are intended to facilitate the consideration of requests for Tax Increment Incentives by the applicable legislative bodies of the City and Hamilton County, Tennessee (the “County”). These Policies also provide for the administration of the Tax Increment Incentives. The adoption of these Policies does not create or vest any rights in any person or entity, and both the City and the Board retain the right to approve any Tax Increment Incentive in the sole discretion of the City and the Board.

These policies and procedures only apply to any Tax Increment Incentives with respect to a specific project being initiated by a private developer and supported by incremental property tax revenues. If the City initiates a project supported by tax increment revenues on its own behalf or on behalf of or through the Chattanooga Housing Authority to finance public improvements in a redevelopment area, the City shall follow such procedures as the City deems appropriate under the circumstances.

Tax Increment Incentives generally take one of two forms – (i) reimbursements from Tax Increment Revenues to a private party of eligible costs incurred by that party relating to a Project as Tax Increment Revenues are received by the Board or (ii) non-recourse financing by the Board of eligible costs relating to a Project, which financing is payable from Tax Increment Revenues. The latter type of incentive is often called tax increment financing or a “TIF.” These Policies apply to both types of Tax Increment Incentives.

Capitalized terms used in these Policies and not otherwise defined shall have the meanings given to such terms in Section 10 of these Policies.

Section 1. General Policy

A Tax Increment Incentive is an economic development tool used by municipalities to allocate a portion of the new, additional taxes generated by a particular geographic area over a limited period of time to pay for eligible costs to the extent authorized by applicable law. For purposes of these Policies, the taxes that can be allocated are limited to property taxes. The tax increment is the difference in the property tax revenues generated by the property in the Plan Area after a project has been completed compared with the tax revenues generated by such property before the applicable plan was adopted (less certain deductions as required or permitted by applicable law). This increment can be used, as described above, to reimburse eligible costs or to pay debt service on tax increment financing incurred to finance such eligible costs.

The benefits of Tax Increment Incentive transactions include the following:

- (i) A TIF can be effective as “off balance sheet” financing of components of public infrastructure such as utilities and road and traffic improvements. A TIF is generally not included as a liability on the City’s balance sheet (although it may be noted). The structure of these transactions allows the City to utilize new incremental revenue streams to accelerate funding of public improvements. A TIF therefore can enable the City to complete public infrastructure that it otherwise could not afford at the time.
- (ii) Tax Increment Incentives provide support for projects that are not otherwise economically feasible. For instance, a Tax Increment Incentive transaction may assist in the redevelopment of blighted and under-utilized property in the City.
- (iii) Because of the accelerated development of public infrastructure improvements, the ad valorem property tax base from associated and adjacent properties often increases, which produces even greater benefits for the City and County.
- (iv) Tax Increment Incentives are paid from increases in tax revenues from a Plan Area and not from tax subsidies from other areas of the City. Therefore, that portion of the cost of projects supported by Tax Increment Incentives generally are paid by the development itself.
- (v) Projects supported by a Tax Increment Incentive may attract significant new jobs, businesses, and investment to the community, or may retain jobs and businesses that otherwise would be missed or lost without the investment made possible through a Tax Increment Incentive.

Tax Increment Incentives will generally be used for economic development projects that provide improvements in blighted and under-utilized areas in the City and in other properties approved by the City and, if applicable, the County. Members of the City Council of the City and the County Commission of the County (collectively, the “Governmental Authorities”), as the community’s elected representatives, are not only vested with the final authority to approve plans authorizing Tax Increment Incentives, but also are in the best position to determine the relative priorities of the proposed infrastructure improvements and the related community benefits from a public policy standpoint. The Board, with the support of the City’s staff, will administer and implement these Policies consistent with the policy directives of the City and, to the extent applicable, the County.

The Board has always viewed its core mission as the promotion of economic development and growth in the City, and in particular, commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City. A project fitting within this core mission will encounter greater flexibility and receptivity by the Board, as well as the City and the County, as opposed to projects that do not involve these factors.

Section 2. Statutory Background

The IDB is a nonprofit public corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act (the “IDB Act”), Tenn. Code Ann. §§7-53-101 et seq. The Board’s statutory purpose includes financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and the City, in particular.

On May 14, 2004, the Tennessee General Assembly amended the IDB Act to vest industrial development corporations like the Board with the authority to initiate and administer Tax Increment Incentives in areas that are approved by the Governmental Authorities. The Board’s responsibilities under the amendment include the following:

- (i) Preparation and submission of an Economic Impact Plan for an area that includes an eligible Project, which plan must comply with certain statutory criteria;
- (ii) Holding a public hearing relating to the Economic Impact Plan after proper, published notice; and
- (iii) Administering the incremental tax payments allocated to the Board under the Economic Impact Plan.

The purpose of these Policies is to specify the procedures for applying for a Tax Increment Incentive, specify the information that will be required of an Applicant, confirm that the Governmental Authorities retain the legal authority to approve any plan that would affect their respective property taxes, and prescribe the role the Board will play in the process. These Policies presume that each Economic Impact Plan will be submitted for approval by both Governmental Authorities, but the IDB, with the approval by the City Council, may approve an Economic Impact Plan that only applies to the City’s taxes, in which case all references to the County in these Policies will not be applicable as to such Economic Impact Plan.

The amendment, which is codified as Tenn. Code Ann. §7-53-312, provides that City Council is entitled to approve any Economic Impact Plan affecting property taxes due to the City and the County Commission must approve any Economic Impact Plan affecting property taxes owed to the County. Neither has the authority to approve an Economic Impact Plan affecting the property taxes of the other. A Tax Increment Incentive may be approved that allocates to the Board incremental property tax revenues from both real and personal property taxes in the specified area. However, because of the complexity of administering the calculation of the increment relating to personal property taxes, a Tax Increment Incentive that includes personal property taxes will only be approved if the allocation of incremental personal property taxes is essential, in the judgment of the Board and the Governmental Authorities, to the development of the Plan Area.

In 2012, the Tennessee General Assembly enacted the Uniformity in Tax Increment Financing Act of 2012 (the “TIF Uniformity Act”) to provide a more comprehensive statutory framework for utilizing Tax

Increment Incentives. The TIF Uniformity Act was codified as Chapter 23 of Title 9 of the Tennessee Code Annotated. Pursuant to Section 9-23-107 of the TIF Uniformity Act, the City and the Board were specifically authorized to adopt policies and procedures relating to Tax Increment Incentives, and these Policies are adopted pursuant to such statutory authorization.

The Tennessee General Assembly has also enacted Section 7-53-316 of the IDB Act, which authorizes the use of certain incremental sales tax revenues to supplement Tax Increment Revenues in connection with the development of certain brownfield sites. These Policies shall apply to the consideration of an Economic Impact Plan to be adopted pursuant to Section 7-53-316 of the IDB Act, as well as Section 7-53-312 of the IDB Act, and any Applicant requesting consideration of an Economic Impact Plan under Section 7-53-316 of the IDB Act shall request such consideration in the Applicant's Application.

Section 3. Process

3.1. Application. The process for requesting a Tax Increment Incentive will commence with an Applicant filing a completed Application in the form attached to these Policies as Exhibit A and incorporated herein by reference together with all exhibits, supplements, schedules, and financial information required in the Application. The Applicant shall tender an application fee to the Board in an amount set forth in Section 6 of these Policies. No action will be taken with respect to the Application until the Board (or its Administrative Agent) determines that it has received all information which may be relevant or necessary in determining the qualifications of the Applicant and the Project. **Acceptance of the Application does not imply, evidence, or confirm the IDB's support for, or recommendation of, the Project identified in the Application or the Tax Increment Incentive request.**

3.2. Submission to Governmental Authorities. Upon receipt of the Application, the Board shall work with City staff to review the Application. The review shall include, but not be limited to, the following considerations: the purpose of the request; experience of the Applicant; description of the Project to be located in the area that would be the subject of the Economic Impact Plan (the "Plan Area"); proposed sources of funds to pay the Project; and evidence of the financial capability of the Applicant to undertake the Project. Once the Board determines that it has received a properly completed Application and any other information that it considers relevant or necessary for City Council to evaluate the Application and the Project, the Board will submit its acceptance of the Application with a proposed Resolution of Intent to the City Council.

Upon receipt of the Application from the Board, the City Council may take one of three actions: (i) reject the Application and return it to the Board, (ii) return the Application to the Board to request more information from the Applicant as specified by City Council, or (iii) approve the Resolution of Intent to consider an Economic Impact Plan relating to the Application. If adopted, the Resolution of Intent will instruct the Board to prepare and submit to City Council an Economic Impact Plan as requested by the Application.

If the Tax Increment Incentive request will affect County property taxes, the Board will also submit the Application and a proposed Resolution of Intent to the County Mayor and County Commission. County Commission may then take one of three actions described above in the same manner as City Council. If

County Commission disapproves the Application or does not consider the Application in a timely manner, the City Council may reconsider the Application and adopt another Resolution of Intent instructing the Board to prepare and submit an Economic Impact Plan that only affects City taxes.

3.3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council and, if applicable, County Commission, the Board may prepare, with input from the Applicant, a proposed Economic Impact Plan for the Board's consideration. The Board may also instruct the Applicant to prepare the proposed Economic Impact Plan for the Board's consideration. The proposed Economic Impact Plan shall contain the information required by Section 7-53-312(b) of the IDB Act and, to the extent not already required by the IDB Act, shall also include the following information:

- (i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the Tax Increment Revenues will be generated, and the Base Taxes for each such tax parcel;
- (ii) a map clearly identifying the boundaries of the Plan Area;
- (iii) a clear description of the Project or Projects that will be located in the Plan Area and that will be developed by the Applicant;
- (iv) confirmation of the current zoning of the parcels in the Plan Area subject to the Economic Impact Plan;
- (v) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the Economic Impact Plan as to each tax parcel, and if the allocation period as to each tax parcel shall not commence in the same tax year, the maximum period of time during which such allocation periods can commence;
- (vi) a description of any proposed borrowing related to the Tax Increment Incentive;
- (vii) the number of jobs which the Applicant estimates will be created by the Project identified in the Plan Area and a summary of the projected compensation that will be paid to those holding the jobs;
- (viii) the estimated development and construction costs of the Project; and
- (ix) the projected total cost of the Tax Increment Incentive, including interest paid during the term of the Tax Increment Incentive.

If the Applicant is requested to prepare a proposed Economic Impact Plan, the Applicant shall submit the proposed Economic Impact Plan to the Board no later than ninety (90) days after such request is made of the Applicant. If the Applicant does not submit the proposed Economic Impact Plan within that period, the Board has the authority to take no further action with respect to the Application and the Project. If the Board chooses to take no further action, the Board will consider any further requests of the Applicant

as a new request requiring a new Application, the re-commencement of the procedures described above, and the payment of another application fee. If the Board elects to cause the preparation of the Economic Impact Plan, the Board will cause such preparation to occur promptly after approval of the applicable Resolution of Intent. In either case, the Applicant shall fully cooperate in connection with preparation of the proposed Economic Impact Plan and shall provide such economic impact information, including a report relating thereto from an independent consultant if requested by the Board.

3.4. Application Review Committee. There shall be an Application Review Committee consisting of not less than five (5) members. Two (2) members shall be appointed by the City Mayor; two (2) members shall be appointed by City Council; and one (1) member shall be a representative of the Chamber of Commerce. The Application Review Committee will review each Application, each proposed Economic Impact Plan, the application process to date, and the Resolution(s) of Intent. The Committee will advise the Board whether the Application and the proposed Economic Impact Plan comply with the IDB Act and these Policies, and is, therefore, qualified to be considered for submission to City Council and/or County Commission for approval. The Committee, in consultation with the Board's chairman, will then establish a proposed date for the Board to hold a public hearing and determine whether to submit the Economic Impact Plan to the City Council and, if applicable, County Commission for approval. The meetings of the Application Review Committee shall be subject to the Tennessee Open Meetings Act.

3.5. Public Hearing by the IDB. After the Application Review Committee and the Board's designated staff and counsel determine the Economic Impact Plan to be complete, the Board will hold a public hearing relating to the proposed Economic Impact Plan at a regular or special meeting of the Board. Notice of the public hearing shall be published in a newspaper of general circulation in Hamilton County at least two weeks prior to the date of the public hearing, as required by Section 7-53-312(g) of the IDB Act. If approved by the Board, the Board will submit the Economic Impact Plan to Chattanooga City Council and, if applicable, County Commission for consideration and approval. The submission shall include a summary of any comments from the public hearing on the proposed Economic Impact Plan and other information deemed pertinent by the Board.

3.6. Approval of Economic Impact Plan. The City Council and, if applicable, County Commission shall then consider whether to approve the proposed Economic Impact Plan. Such approval, if provided, shall be undertaken by resolution of the applicable governing body in accordance with the IDB Act and TIF Uniformity Act. After such approval, City Council and, if applicable, County Commission shall provide a certified copy of the resolution providing such approval to the Board.

3.7. Closing of Tax Increment Incentive. If an Economic Impact Plan requested by an Applicant is approved by City Council and, if applicable, County Commission, the Applicant and the Board will commence negotiation of the appropriate documents implementing the Tax Increment Incentive authorized by the Economic Impact Plan. Such documentation shall include, without limitation, a Development Agreement with the Applicant that will incorporate the specific terms of the Tax Increment Incentive and will require the Applicant to undertake the Project identified in the Economic Impact Plan consistent with the Applicant's Application. If the Tax Increment Incentive includes tax increment financing, the documents required to implement such tax increment financing shall also be negotiated between the parties.

Such documents, once negotiated, will be presented to the Board in substantially final form for consideration for approval.

The Board may instruct its counsel to prepare the documentation required to implement any Tax Increment Incentive or may instruct the Applicant to prepare such documents for the Board's review. In any event, all contractual commitments of the Board under such documents, including any tax increment financing, shall be non-recourse as to the Board other than with respect to allocated Tax Increment Revenues. All such documents shall be subject to the review and approval of the Board's counsel.

The Applicant will close the Tax Increment Incentive transaction within a reasonable period of time after the City Council and, if applicable, County Commission, approve the applicable Economic Impact Plan. If the closing of the Tax Increment Incentive does not occur within a 120-day period after such approval, the Board may consider the Application withdrawn and, unless such time period is extended by the Board, all approvals by the Board shall be deemed to have lapsed and be of no further force or effect.

Section 4. Board Policies for Tax Increment Incentives

The following policies shall apply with respect to Tax Increment Incentives within each Plan Area:

4.1. Maximum Allocation Period. Unless City Council and, if applicable, County Commission, approve otherwise in an Economic Impact Plan, the maximum allocation period for any Tax Increment Revenues as to any parcel in a Plan Area shall be 20 years, but the Board may provide for a shorter allocation period in any Economic Impact Plan if the Board determines that such shorter allocation period will result in a Tax Increment Incentive sufficient to make the Project financially feasible. A longer allocation period will only be permitted in extraordinary circumstances and only with the required statutory approvals under the TIF Uniformity Act.

4.2. Limit on Allocation of Gross Incremental Tax Revenues. Unless City Council approves otherwise in an Economic Impact Plan, the maximum amount of Gross Tax Increment Revenues of the City allocable to support a Tax Increment Incentive shall be 75% of the Gross Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is 10 years or less and 60% of the Gross Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is more than 10 years. The maximum amount of Gross Tax Increment Revenues of the County allocable to support a Tax Increment Incentive shall be as is approved by the County Commission if the Economic Impact Plan is submitted to the County for approval.

4.3. Plan Area. The Plan Area, from which the Tax Increment Revenues will be generated, will consist of no more than (i) the parcels on which the applicable Project will be located, and (ii) those parcels, determined by the Board, to be directly affected and substantially benefited by the Project, whose owners have received the notice referred to in Section 4.5. The Board may rely upon the opinions of City staff and such independent consultants as the Board deems advisable in determining whether a parcel would be directly affected and substantially benefited by the Project in the Plan Area.

4.4. Eligible Costs. Unless City Council and, if applicable, County Commission approve otherwise

in an Economic Impact Plan, a Tax Increment Incentive may only be used to pay or reimburse the cost of Public Infrastructure in a Plan Area that relates to a Project or Projects in such Plan Area. The cost of Public Infrastructure may include the following costs:

- (i) The cost of the land on which the Public Infrastructure will be located;
- (ii) Costs relating to the design and construction of the Public Infrastructure, including clearing, grading and excavating, site work, and other hard construction expenses;
- (iii) costs of obtaining permits for the Project from Governmental Authorities;
- (iv) capitalized interest relating to financing of the Public Infrastructure;
- (v) premiums for payment and performance bonds issued in favor of Governmental Authorities or professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;
- (vi) acquisition costs for equipment included in the Public Infrastructure; and
- (vii) fees and expenses of the Board and other fees and expenses related to the Tax Increment Incentive.

For purposes of these Policies, “Public Infrastructure” shall have the meaning given to that term in Section 9-23-102 of the TIF Uniformity Act.

If an Applicant desires the Board to pay any cost not described above, the Applicant should make such a request in its Application and shall demonstrate the extraordinary circumstances requiring the payment of such additional costs. If City Council and, if applicable, County Commission approve such additional costs as part of a Resolution of Intent, the Board may include such additional costs as being permitted in the applicable Economic Impact Plan.

4.5. Notice to Property Owners. The Board through its designated administrative staff will notify any owners of parcels included in the proposed Plan Area (other than the Applicant) that the Board will consider the Application for Tax Increment Incentive on a certain date and at a prescribed time and place. The Applicant will provide a list of all parcels contained in the Plan Area, the names of the record owners and the address of each owner. The Board’s notice will invite public comment and will be mailed to such property owners at least 14 days prior to the public hearing of the Board relating to the Economic Impact Plan described in Section 3.5 above. In addition, the form of notice will advise property owners how they may comment on the Economic Impact Plan such as by email or by letter, as well as by attending the hearing. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

4.6. Maximum Percentage of Project Cost and Minimum Project Size. The amount of a Tax Increment Incentive for a specific Project (either through the reimbursement of costs or based upon the principal amount of any tax increment financing) shall not exceed fifteen percent (15%) of the Total

Projected Project Cost of any Applicant. The Applicant must also reasonably anticipate a Total Projected Project Cost of at least \$5,000,000 with respect to a proposed Project in order to apply for a Tax Increment Incentive.

4.7. Eligible Projects. As is described above, each Economic Impact Plan must include an eligible Project. The list of eligible Projects is included in Section 7-53-101(15) of the IDB Act. Such list of eligible Projects includes many types of commercial, industrial, and warehousing facilities as may be determined by the Board. However, in the absence of unusual or extenuating circumstances acceptable to the Board and the City, Projects that are substantially residential or are multifamily housing facilities under Section 7-53-101(15)(x) of the IDB Act will not qualify as an eligible Project for purposes of an Economic Impact Plan. A request for an incentive for a residential project, including a multifamily housing facility, should be submitted to the appropriate governmental authority or entity to the extent incentives may be available for such projects.

4.8. Guaranties of Completion. The Board may require guaranties of completion of all or any portion of the Public Infrastructure from principals of the Applicant, payment and performance bonds from sureties acceptable to the Board, or letters of credit from financial institutions acceptable to the Board that assure the timely completion of the Public Infrastructure.

4.9. Transfer of Tax Increment Incentive. No rights to a Tax Increment Incentive may be sold, assigned, or leased, including by transfer of ownership interests in the Applicant, unless approved by the Board or otherwise specified in the Development Agreement, provided however that the Board will consent to the collateral assignment of Tax Increment Revenues to secure tax increment financing.

4.10. Additional Requirements; Amendments. These Policies are in addition to the normal rules and procedures of the Board. From time to time and without notice, these Policies may be amended or waived, in whole or part, by the Board and the City, and new policies may also be adopted by the Board and the City. The Board may consider any special circumstances or conditions in determining whether to submit an Application for consideration by the City Council and, if applicable, County Commission, and whether to prepare and submit an Economic Impact Plan for approval.

4.11. Applicant Affidavit. The Applicant must submit a signed affidavit certifying that the Project cannot proceed without the availability of a Tax Increment Incentive and must provide supporting documentation justifying the need for and the amount of the Tax Increment Incentive, in accordance with the Application form. The form of such affidavit is attached to these Policies as Exhibit B. In addition to requiring such affidavit, the Board, as a condition to the approval of any Economic Impact Plan, may retain an independent consulting firm, at the expense of the Applicant, to evaluate the Applicant's financial projections for the Applicant's Project to assist in evaluating whether the amount and allocation period of Tax Increment Incentive requested by the Applicant is required for Applicant to receive a commercially reasonable return on investment with respect to the Applicant's Project.

4.12. Tax Increment Payment Dates. The Tax Increment Revenues to be allocated to the Board for any Tax Increment Incentive shall be paid by the City and, if applicable, the County no later than sixty (60) days from the last day of each February, which is the last day that such tax revenues are not overdue.

Delinquent taxes to be allocated to the Board shall be paid by the County and the City no later than sixty (60) days after each date such delinquent taxes are collected, together with interest thereon to the extent required by the Tax Increment Act.

4.13. State Approval Process. If any Tax Increment Incentive will be used to pay any cost that does not relate to Public Infrastructure or if any allocation period with respect to any parcel is to extend beyond 20 years, and only to the extent permitted by these Policies, the State Commissioner of Community and Economic Development and the State Comptroller of the Treasury shall be required to make a determination, as provided in the TIF Uniformity Act, that it is in the best interests of the State to permit such use of the Tax Increment Incentive or such extended allocation period.

4.14. Stormwater Fees. All applications for Tax Increment Incentives shall require verification that all stormwater fees for any properties owned by the Applicant shall have been paid in full. No Tax Increment Incentive payments shall be made by the Board or the City to an Applicant or its permitted assigns unless all stormwater fees have been paid in full and continue to be paid in full during the term of any Tax Incremental Incentive by the Applicant and its permitted assigns. Additionally, no stormwater fees within a Plan Area shall be waived at any time during the term of the Tax Increment Incentive pursuant to Tennessee law.

Section 5. Post-Closing Evaluation

The Board intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of the City through the use of Tax Increment Incentives. Accordingly, the Applicant will be obligated to develop the Project substantially in accordance with the Economic Impact Plan and the Applicant's Application, and the Development Agreement will document that obligation. Material departures from the development specified in the Development Agreement will require the consent of the Board and may result in reductions or even elimination of the Tax Increment Incentive, depending on the effect of the proposed changes.

In addition, the Board requires the Applicant to annually certify compliance with the Development and Financing Agreement in a writing signed by the Applicant's chief executive officer or other executive acceptable to the Board. The Board will annually (or at such other times as it deems appropriate) evaluate each Project receiving a TIF to ensure compliance with the Development and Financing Agreement.

Section 6. Fees

6.1. Application Fee. The Applicant will submit the Application with an Application Fee of \$1,500.00, provided that for any Application submitted on or after January 1, 2023, the Application Fee shall be increased to \$8,000.00.

6.2. Annual Administrative Fee. For all Economic Impact Plans approved prior to January 1, 2023, the Applicant will pay to the Board an annual administrative fee equal to 25 basis points (0.25%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area. For all Economic Impact Plans approved on or after January 1, 2023, the Applicant will pay to the Board an

annual administrative fee equal to 250 basis points (2.50%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area. The annual administrative fees provided for in this paragraph shall be payable from the Tax Increment Revenues allocable to the Board and not from Gross Tax Increment Revenues retained by the City.

In addition, the Board will charge reasonable fees for any amendments to the Tax Increment Incentive, including any amendment to the Development Agreement, that will be based upon the facts and circumstances requiring the amendment, the actions required by the Board to effect the amendment, and the involvement of any Governmental Authorities. The Board may require that these fees be paid in advance of Board action and at the time the Applicant requests the amendment.

The fees described above are intended to offset the expenses of the Board and the City staff for evaluating and administering Tax Increment Incentives. In addition to the fees described above, the Applicant is responsible for payment of the Board's counsel fees and other expenses incurred by the Board with respect to the Application, the Economic Impact Plan, the Development Agreement and all other aspects of the Tax Increment Incentive, as applied to the Applicant, including, without limitation, the cost of any economic impact study and/or financial review deemed advisable by the Board.

Section 7. Environmental Report and Title Insurance

The Board may require the Applicant to provide at its expense a Phase I Environmental Site Assessment Report for the Project and/or Plan Areas that (i) shall be prepared by a recognized Person in the health, safety and environmental field that is acceptable to the Board; (ii) shall bear a date acceptable to the Board; and (iii) shall disclose no unacceptable conditions to the Board. All environmental reports requested by the Board must grant to the Board the right to rely on such reports.

The Board may also require that the Applicant obtain at its expense, and deliver to the Board, a title insurance commitment for the Project and/or Plan Areas described in the Economic Impact Plan.

Section 8. Conflicts of Interest

Each Board member shall be responsible for disclosing any material interest which he or she may have in or with an Applicant or any financing source for the applicable Project. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or financing source for the applicable Project shall submit to general counsel for the Board a representation of that interest, and such counsel shall advise both the Board and Board member whether the member needs to recuse himself or herself from consideration of the Application. Such recommendation of the Board's counsel shall be conclusive. If recusal is recommended, the Board will then consider the Application without participation from the member or members who recuse themselves.

If any counsel has a professional legal relationship with the Applicant or source of the financing for the Project other than incidental representations in connection with financings of other projects, the Board will retain special counsel to represent the Board in connection with the particular Application and Project being considered.

Section 9. Disclosures

The Application will require the Applicant to disclose, in addition to all other information required by the Application, the following:

- (i) If the Applicant or any principal in the Applicant are currently engaged in any civil or criminal proceeding;
- (ii) If the Applicant or any principal in the Applicant have ever been charged or convicted of any felony or currently is under indictment; or
- (iii) If the Applicant or any principal in the Applicant has ever filed for bankruptcy.

Section 10. Definitions

For purposes of these Policies, the following terms shall have the following meanings:

“Administrative Agent” means the Person providing administrative services to the Board from time to time. The Board’s current administrative agent is Office of Economic Development of the City.

“Application” means the Application for Tax Increment Incentive submitted hereunder in the form designated by the Board and as amended from time to time. The current form of the Application is attached hereto as Exhibit A.

“Base Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Dedicated Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Development Agreement” means the Development Agreement between the Board and the Applicant (and any guarantor thereof) or similar agreement or contract providing for the terms and implementation of the Project and the Tax Increment Incentive.

“Economic Impact Plan” means an economic impact plan within the meaning of Section 7-53-312 of the IDB Act.

“Governmental Authority” means the City of Chattanooga, Tennessee, and Hamilton County, Tennessee.

“Gross Tax Increment Revenues” means the property tax revenues generated from the Plan Area less the Base Taxes, without reduction for Dedicated Taxes and any amount the County, the City, or the Board withhold as administrative expenses or as may be reserved pursuant to applicable law.

“IDB Act” means Chapter 53 of Title 7 of the Tennessee Code Annotated, as amended.

“Person” means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, individual and

Governmental Authority.

“Plan Area” means the parcels of real property identified as the plan area in the applicable Economic Impact Plan.

“Project” means a project under Section 7-53-101(11) of the IDB Act and includes the infrastructure, utilities, road and traffic improvements, traffic signage and signals, buildings, structures, machinery, equipment, and land defined in the Application as part of the Project.

“Public Infrastructure” has the meaning assigned to it in Section 4.3.

“Reserved Taxes” means the Base Taxes and the Dedicated Taxes.

“Tax Increment Revenues” means the property tax revenues generated from the Plan Area after the Reserved Taxes less any amount that the County, the City or the Board withhold as administrative expenses or as may be reserved pursuant to applicable law.

“TIF Uniformity Act” means the Uniformity in Tax Increment Financing Act of 2012, as amended.

“Total Projected Project Cost” means all costs that are expected to be incurred in connection with the development of a Project and that would be capitalized in accordance with generally acceptable accounting principles other than interest, property taxes and insurance during the construction of the Project as set forth in the Applicant’s Application.

RESOLUTION NO. 28335

A RESOLUTION ADOPTING TAX INCREMENT FINANCING POLICIES AND PROCEDURES, A COPY OF WHICH IS SUBSTANTIALLY ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that it is hereby adopting Tax Increment Financing policies and procedures, a copy of which is substantially attached hereto and made a part hereof by reference. The TIF procedures will become effective sixty (60) days following its passage.

ADOPTED: July 21, 2015

/vmm

CITY OF CHATTANOOGA

TAX INCREMENT FINANCING

Policies, Procedures and Application



The Industrial Development Board of the City of Chattanooga

**THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF
CHATTANOOGA (TENNESSEE) TAX INCREMENT FINANCING PROGRAM
POLICIES AND PROCEDURES**

Introduction

The Industrial Development Board of the City of Chattanooga, Tennessee (“Board” or IDB”) adopted this Tax Increment Financing (“TIF”) Program and the following Policies and Procedures on _____. It sets forth the terms of the Program, the policies and procedures associated with TIF proposals and approvals; is intended to implement and facilitate the consideration of requests for tax increment financing by applicable legislative bodies of City of Chattanooga and Hamilton County, Tennessee; and provides for the implementation and administration of the TIF. The TIF Program is a discretionary program, and the adoption of this Program and the related Policies and Procedures do not create or vest any rights in any person or entity.

These policies and procedures only apply to any tax increment financing with respect to a specific project being initiated by a private developer and supported by incremental property tax revenues. If the City initiates a TIF arrangement on its own behalf or on behalf of the Chattanooga Housing Authority to finance public improvements in a redevelopment area, the City shall follow such procedures as the City deems appropriate under the circumstances.

Section 1. General Policy

Tax increment financing is an economic development tool used by municipalities to allocate all or a portion of the new, additional taxes generated by a development over a limited period of time to pay for public infrastructure, other improvements related to that development, and those projects allowed under TCA 7-53-101, et seq. Tax increment is the difference in tax revenues generated by the property in the development area after a project has been completed compared with the tax revenues generated by a property before the development plan was adopted. The difference in these tax revenues pays towards the costs of improvements to the public infrastructure serving the development area.

The benefits of TIF transactions include the following:

- (i) TIF transactions can be effective as “off balance sheet” financing of components of public infrastructure such as utilities and road and traffic improvements. TIF bonds and notes are not included in the municipality’s general debt obligations. The structure of these transactions allows the municipality to utilize the new incremental revenue streams to accelerate funding of municipal improvements. This enables a municipality to complete public infrastructure that it otherwise could not afford at the time.
- (ii) TIFs provide financing for projects that are not otherwise economically feasible. For instance, TIF transactions may contribute to the redevelopment of blighted and under-utilized property selected by the municipality.
- (iii) Because of the accelerated development of public infrastructure improvements, the ad valorem property tax base from associated and adjacent properties often increases, which produces even greater benefits for the municipality.
- (iv) TIF projects are financed from increases in tax revenues that the development itself generates and not from tax subsidies from other areas of the municipality. In short, TIF projects effectively allow a development to pay for itself.

- (v) TIF projects may attract significant new jobs, businesses, and investment to the community, or may retain jobs and businesses, that otherwise would be missed or lost without the investment made possible through tax increment financing.

The TIF Program is primarily for economic development projects that provide improvements in blighted and under-utilized areas in the City of Chattanooga and in other properties designated by City Council and the Hamilton County Commission. Members of Hamilton County Commission and City Council, as qualified elected representatives, are the ones not only vested with the final authority to approve TIF transactions and districts, but also are in the best position to determine the relative priorities of the proposed infrastructure improvements and the related community benefits from a public policy standpoint. The Board, with staff from ECD, the Office of the City Attorney, and the Mayor's Office, will administer and implement the TIF Program and its policies and procedures.

Section 2. Statutory Background

Enabling Legislation and Statutory Authority of the Board. The IDB is a nonprofit public corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act ("Act"), Tenn. Code Ann. §§7-53-101 *et seq.* The Board's statutory purpose includes financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and Chattanooga, in particular.

On May 14, 2004, the Tennessee General Assembly amended the Act to vest industrial development corporations like the Board with the authority to initiate and administer tax increment financing for certain qualified projects approved by Chattanooga City Council and Hamilton County Commission. The Board's responsibilities under the amendment include the following:

- (i) Preparation and submission of an economic impact plan for the project that complies with the statutory criteria;
- (ii) Holding a public hearing relating to the economic impact plan after proper, published notice; and
- (iii) Administering the incremental tax payments under the TIF.

The purpose of these Policies and Procedures is to identify the procedures for applying for tax increment financing, specify the information that will be required of an Applicant, confirm that the City Council and the Hamilton County Commission will actually decide whether to grant the tax increment financing (as the Act provides) affecting their respective property taxes, and prescribe the roles the Board will play in the process.

The amendment, which is codified as Tenn. Code Ann. §7-53-312, provides that City Council must approve TIFs affecting property taxes due to the City of Chattanooga and the County Commission must approve TIFs affecting property taxes owed to Hamilton County. Neither has the authority to authorize a TIF transaction affecting the property taxes of the other. TIFs may be granted for projects generating both real and personal property taxes.

The Board has always viewed its core mission as the promotion of economic development and growth in the City of Chattanooga, and in particular commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City of Chattanooga. A project fitting within this core mission will encounter greater flexibility and receptivity by both the Board and the

Governmental Authorities, as opposed to projects that do not involve these factors.

Section 3. Process

3.1. Application. The process for requesting tax increment financing will commence with an Applicant filing a completed Application in the form attached to this Program as Exhibit A and incorporated herein by reference together with all exhibits, supplements, schedules, and financial information required in the Application. The Applicant shall tender an application fee to the Board in an amount set forth in Section 6 of this Program. No action will be taken with respect to the Application until the Board (or its Administrative Agent) determines that it has received all information which may be relevant or necessary in determining the qualifications of the Applicant and the Project. **Acceptance of the Application does not imply, evidence or confirm the IDB's support for, or recommendation of, the Project and the TIF request.**

3.2. Submission to Governmental Authorities. Upon receipt of the Application, the Board shall work with the City of Chattanooga Finance and Administration and Economic and Community Departments to review the Application. The review shall include, but not be limited to, the following considerations: the purpose of the request; history and background of the applicant developer; project description; proposed use of funds on the project shown in a pro-forma; and two years of financial statements for the applicant developer. Once the Board determines that it has received a properly completed Application and any other information that it considers relevant or necessary for City Council to determine the qualifications of the Applicant and the Project, the Board will submit its acceptance of the Application and the information with a proposed Resolution of Intent to the City Council, City Council, the City of Chattanooga ECD, and other governmental departments specified by either the Mayor or the City Council.

If the TIF request will affect City property taxes, the Board will take comparable actions and timely provide the same information to the City Mayor, City Council and other governmental departments specified by either the Mayor or City Council.

After a full review by these Governmental Authorities, the City Council may take one of three actions: (i) reject the Application and return it to the Board, (ii) return it to the Board for more information, or (iii) approve a Resolution of Intent described below. To authorize further action and direct the Board to prepare and submit an economic impact plan, the City Council will adopt a Resolution of Intent stating that (i) the proposed Project will provide necessary improvements to public infrastructure that the City wants to occur within the proposed time for the Project, but does not currently plan to effect in the short term under its existing capital improvement plans, and (ii) the City Council will consider an economic impact plan prepared and submitted by the Board, with aid from ECD, with respect to the Project in accordance with the Policies and Procedures set forth herein.

If the TIF request will affect County property taxes, County Commission may engage in the same deliberations and may take similar action with respect to the Application.

3.3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council that makes the above findings and directs the Board to proceed with the preparation and submission of an economic impact plan, the Applicant will submit a proposed economic impact plan to the Board, generally in the form designed by the Board and containing the information required by Section 7-53-312(b) of the Act and the following information and documents:

- (i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the incremental tax revenues will be generated;

- (ii) a map or drawing clearly identifying the boundaries of the Project Area, including the proposed public improvements, and the boundaries of the Plan Area;
- (iii) confirmation of the current zoning of the Project Area and the Plan Area subject to the economic impact plan;
- (iv) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the economic impact plan;
- (v) a description of any proposed borrowing related to the tax increment financing;
- (vi) the number of jobs which the Applicant estimates will be created by the Project and the wages, salaries and other compensation that will be paid to those holding the jobs;
- (vii) the estimated development and construction costs of the Project; and
- (viii) the projected total cost of the TIF, including interest paid during the term of the TIF.

The Applicant is to submit the proposed economic impact plan to the Board no later than ninety (90) days after approval of the Resolution of Intent referred to in Section 3.2 by the City Council. If the Applicant does not submit the proposed plan within that period, the Board has the authority to take no further action with respect to the Application and the Project. If the Board chooses to take no further action, the Board will consider any requests of the Applicant as a new request requiring a new Application, the re-commencement of the procedures described above, and the payment of another application fee.

The Board's designated staff and counsel will review the proposed plan and will advise the Applicant if any additional information or changes are necessary for the plan. If necessary, the Applicant shall then revise the plan and submit the revised plan to the IDB Application Review Committee.

3.4. Application Review Committee. There shall be an Application Review Committee consisting of not less than five (5) members, Two (2) members shall be appointed by the Mayor; two (2) members shall be appointed by City Council; and one (1) member shall be a representative of the Chamber of Commerce. The Application Review Committee will review the economic impact plan, the application process to date, and the Resolution of Intent. The Committee will also review a proposed Development and Financing Agreement and will evaluate the terms in light of the Board's Policies and determine whether to recommend the Agreement and any variations from such Policies to the Board. The Committee will advise the Board whether the economic impact plan complies with the Act and this Program, and is, therefore, qualified to be considered for submission to City Council and/or County Commission for approval. The Committee will also determine whether to recommend the Development and Financing Agreement to the Board for its approval. The Committee will then establish a proposed date for the Board to hold a public hearing and determine whether to submit the economic impact plan to the City Council and/or County Commission for approval. The Application Review Committee shall be subject to the Tennessee Open Meetings Act.

3.5. Notice and Hearing of IDB. After the Application Review Committee and the Board's designated staff and counsel determine the economic impact plan to be complete, the Board will hold a public hearing related to the proposed plan at a regular or special meeting. Notice of the public hearing shall be published in a newspaper of general circulation in Hamilton County at least two weeks prior to the date of the public hearing, as required by Section 7-53-312(g) of the Act. The Board will submit the economic impact plan to Chattanooga City

Council and/or Hamilton County Commission for consideration and approval. The submission shall include a summary of any comments from the public hearing on the proposed plan and other information deemed pertinent by the Board.

3.6. Approval of Municipality/Transaction Documents. If the Chattanooga City Council approves the economic impact plan, the Applicant and the Board will enter into a Development and Financing Agreement with the project developer, which will incorporate the specific terms of the tax increment financing approved by the municipality.

The Applicant shall be responsible for preparation of any documents related to third party financing authorized as part of the economic impact plan. All third party financing shall be non-recourse as to the Board, and all financing documents shall be subject to the review and approval of the Board's counsel.

The Applicant will close the TIF transaction within a reasonable period of time after the Board sends the Development and Financing Agreement and the related closing documents to the Applicant. If the closing does not occur within a 90-day period, the Board has the authority to consider the Application withdrawn and the TIF transaction and all approvals by the Board and other Governmental Authorities will lapse and be of no further force or effect.

A diagram summarizing the above procedures is attached hereto as Exhibit B.

Section 4. Board Policies for TIF Projects

The Board has adopted the following policies with respect to TIF Projects and will not prepare and submit economic impact plans failing to comply with the following criteria, unless specifically directed to do so by the Commission or City Council:

4.1. Maximum Term. The typical maximum period for any TIF will be 15 years. **Under certain circumstances, however, the TIF may be extended for 20 years, or the statutory limit in T.C.A § 9-23-104, whichever is greater.**

4.2. Incremental Tax Revenues. The -Board generally will allocate a maximum of 75% of the incremental tax revenues for TIF transactions having a term of 10 years or less and 60% of such incremental revenues for TIF transactions having terms in excess of 10 years.

4.3. Plan Area. The Plan Area, from which the TIF Revenues will be generated, will consist of no more than (i) the parcels included in the Project Area, and (ii) those parcels, determined by the Board, to be directly affected and substantially benefited by the Project , whose owners have received the notice referred to in Section 4.5 The Board may rely upon the opinions of the City of Chattanooga ECD, Public Works, or other engineering consultants in determining whether a parcel would be directly affected and substantially benefited by the Public Infrastructure.

4.4. TIF Eligible Costs. **Incremental tax revenues may be used for all uses outlined in T.C.A. § 7-53-312; however, these revenues should primarily be used to finance only the following Project costs:**

- (i) Capital or land costs, including costs incurred for construction and reconstruction of Public Infrastructure, clearing, grading and excavating, site work, and other hard construction expenses;
- (ii) costs of obtaining permits for the Project from Governmental Authorities;

- (iii) capitalized interest;
- (iv) premiums for payment and performance bonds issued in favor of Governmental Authorities or the Board professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;
- (v) acquisition costs for equipment; and
- (vi) fees and expenses of the Board and other fees and expenses related to the TIF.

Public Infrastructure will include the following facilities and improvements:

- (A) Streets, roads, highways, curbs, gutters, water lines, sanitary sewer lines, storm drainage facilities, ramps, roads, bridges, traffic signals, paving, driveways, sidewalks, walking and running trails, mass transit and other public transportation facilities, culverts, manholes, retaining walls, tunnels, approaches, underpasses, artificial lighting, off-street parking improvements, parking garages and other structures, fencing, landscaping, public parks, site work and grading for such public infrastructure, walkways, signage, flood control improvements, and improvements for the supply, storage and distribution of water; and
- (B) Electricity and telecommunications services, utility, and other similar site development infrastructure costs, qualified public improvements that may include on-site, off-site, utility relocation and under-grounding, according to the municipality's plans.

Under limited circumstances, the Board will include the costs of acquiring public rights of way as TIF Eligible Costs, but this determination will be made on a case by case basis after due consideration of the circumstances.

4.5. Notice to Property Owners. (i) The Board through its designated administrative staff will notify the owners of parcels included in the proposed Plan Area that the Board will consider the Application for tax increment financing on a certain date and at a prescribed time and place. The Applicant will provide a list of all parcels contained in the Plan Area, the names of the record owners and the address of each owner. The Board's notice will invite public comment and will give the property owners at least 14 days' notice of the Board meeting. In addition, the form of notice will advise property owners how they may comment on the Project such as by email or by letter, as well as attending the meeting. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

(ii) In addition, the Board will record an instrument in the Register of Deeds Office providing public notice of the tax increment financing and the properties contained in the Plan Area.

4.6. Minimum TIF Project. The Board will consider TIF Projects for submission to City Council or County Commission, but such Projects shall generally include (i) at least \$5,000,000 in capital improvements to the Project Area, without taking into account the costs of the Public Infrastructure to be financed by the TIF, and (ii) at least \$1,000,000 of Public Infrastructure that will be financed by tax increment revenues from the Plan Area.

4.7. Residential Projects. In the absence of unusual or extenuating circumstances acceptable to the Board, Projects that are substantially residential will not qualify for tax increment financing under the Board's TIF Program. Such proposals should be submitted to the appropriate authority or entity.

4.8. Guaranties of Completion. The Board may require guaranties of completion of the Project from principals of the Applicant, payment and performance bonds from sureties acceptable to the Board, or letters of credit from financial institutions acceptable to the Board that assure the timely completion of the Project.

4.9. Transfer of TIF. No rights to a TIF may be sold, assigned, or leased unless otherwise specified in the Development and Financing Agreement, provided however that the Board will consent to the collateral assignment of TIF Revenues to secure financing for the TIF Eligible Costs.

These Policies are in addition to the normal rules and procedures of the Board. From time to time and without notice, the Policies may be amended, waived in whole or part, or deleted by the Board, and new policies may also be adopted by the Board. The Board may consider other special circumstances or conditions in determining whether to submit an Application for consideration by the legislative body of the municipality and whether to prepare and submit an economic impact plan for approval.

Section 5. Post-Closing Evaluation

The Board intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of the City of Chattanooga. Accordingly, it has established a follow-up system of accountability to insure that the benefits represented by the Applicant to the Board actually come to fruition. The Applicant will be obligated to develop the Project substantially in accordance with the economic impact plan. Material departures from the development described in the economic impact plan will require the consent of the Board and may result in reductions or even elimination of the TIF, depending on the effect of the proposed changes. These commitments will be provided in the Development and Financing Agreement with the Applicant.

In addition, the Board requires the Applicant to annually certify compliance with the Development and Financing Agreement in a writing signed by the Applicant's chief executive officer or other executive acceptable to the Board. The Board will annually (or at such other times as it deems appropriate) evaluate each Project receiving a TIF to ensure compliance with the Development and Financing Agreement.

Section 6. Fees

6.1. Application Fee. The Applicant will submit the Application with a minimum Application Fee of \$1,500.00 for resources used for the initial review of the Application. Additionally, costs and expenses that would be incurred by the Board, Governmental Authorities, or Plan Review Committee related to the economic impact study and/or financial review are passed through to the Applicant.

6.2. Annual Administrative Fee. The Applicant will pay to the Board an annual administrative fee equal to [**25 basis points (0.25%)**] of the maximum tax increment benefit, which will be deducted from the amount disbursed to the Applicant, lender or bond trustee.

In addition, the Board will charge reasonable fees for any amendments to the TIF and the Development and Financing Agreement that will be based upon the facts and circumstances requiring the amendment, the actions required by the Board to effect the amendment, and the involvement of any Governmental Authorities. The Board may require that these fees be paid in advance of Board action and at the time the Applicant requests the amendment.

The above quoted fees are for reimbursement of the expenses of the Board, and other economic development programs as approved by the administration of the City of Chattanooga. In addition to the fees described above, the Applicant is responsible for payment of the Board's counsel fees and other expenses incurred by the Board with respect to the Application, the economic impact plan, the Development and Financing Agreement and all other aspects of the TIF Program, as applied to the Applicant.

Section 7. Environmental Report and Title Insurance

The Board may require the Applicant to provide at its expense a Phase I Environmental Site Assessment Report for the Project and/or Plan Areas that (i) shall be prepared by a recognized Person in the health, safety and environmental field that is acceptable to the Board; (ii) shall bear a date acceptable to the Board; and (iii) shall disclose no unacceptable conditions to the Board. All environmental reports requested by the Board must grant to the Board the right to rely on such reports.

The Board may also require that the Applicant obtain at its expense, and deliver to the Board, a title insurance commitment for the Project and/or Plan Areas described in the economic impact plan.

Section 8. Conflicts of Interest

Each Board member shall be responsible for disclosing any material interest which he or she may have in or with an Applicant or financing source. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or financing source shall submit to the Board Counsel a representation of that interest, and Board Counsel shall advise both the Board and Board member whether the member needs to recuse himself or herself from consideration of the Application. Such recommendation of Board Counsel shall be conclusive. If recusal is recommended, the Board will then consider the Application without participation from the member or members who recuse themselves.

To avoid conflicts of interests, no TIF will be approved if Board Counsel has a professional legal relationship with the Applicant or source of the financing other than incidental representations in connection with proposed financings of other projects, but the Board may waive this condition in appropriate circumstances. In the event of a conflict involving Board Counsel, the Board will retain special counsel to represent it in connection with the particular Project being considered.

Section 9. Definitions

For purposes of this Program, the following terms shall have the following meanings:

“Administrative Agent” means the Person providing administrative services to the Board from time to time. The Board's current administrative agent is ECD of the City of Chattanooga, and the City Attorney.

Application” means the Application for TIF submitted hereunder in the form designated by the Board and as amended from time to time. The initial form of the Application is attached hereto as Exhibit A.

“Development and Financing Agreement” means the Development and Financing Agreement between the Board and the Applicant (and any guarantor thereof) or similar agreement or contract providing for the terms and implementation of the TIF.

“Governmental Authority” means the City of Chattanooga, Tennessee, Hamilton County, Tennessee, the State of Tennessee, any political subdivision of any of them, and any agency, department, commission, board, bureau or instrumentality of any of them.

“Person” means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, individual and Governmental Authority.

“Plan Area” means the real property included in the Project Area and any additional parcels meeting the criteria provided in Section 4.3, from which the TIF Revenues will be generated in order to finance the Public Infrastructure constituting a part of the Project.

“Project” means a project under Section 7-53-101(11) of the Act.

“Project Area” means the real property designated in the Application constituting the Project, including property for the Public Infrastructure.

“Public Infrastructure” has the meaning assigned to it in Section 4.3.

“TIF Revenues” means the property tax revenues generated from the Plan Area after consideration of the Base Tax Amount and the allocation of tax revenues to municipal debt service.

EXHIBIT A TO TIF PROGRAM

TIF APPLICATION FORM

TAX INCREMENT FINANCING APPLICATION

Please return the completed application and supporting documentation to:

The Industrial Development Board for the City of Chattanooga
100 East 11th Street, Suite 200
Chattanooga, Tennessee 37402
(423) 643-8250

TIF Application Lead-In Statement and Justification

The Industrial Development Board of the City of Chattanooga views its core mission as the promotion of economic development and growth in the City of Chattanooga, and in particular commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City. The TIF Program is designed for economic development projects that provide improvements to public infrastructure in blighted and under-utilized areas of the City of Chattanooga and in other properties designated by Hamilton County Commission and City Council.

Please address the following factors as they related to your Project:

Economic Development

Will the proposed Project involve significant capital investment and the generation of new jobs with wages in excess of the City of Chattanooga annual average wage?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

Blight Removal

Will the proposed Project remove blight?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

Pursuit of Community Plan or Policy

Will the proposed Project further the pursuit of an existing community plan or policy?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

Environmental Remediation

Will the proposed Project address environmental remediation?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

Public Infrastructure Need

Will the proposed Project address current public infrastructure needs?

Yes _____ No _____

If yes:

Are the proposed public infrastructure improvements identified in the County's or City's current Capital Improvements Plan?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

Are the proposed public infrastructure improvements identified in any County or City plans?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

If the proposed public infrastructure improvements are not in the County or City Capital Improvements Plan or any other existing City or County plan, please describe in detail the public's need for the public infrastructure and the basis for the priority or urgency for the public infrastructure, as requested by the Application.

____ **Other** (please specify)

I. Applicant Information

1. Name of Applicant: _____

2. Business Name and Address: _____

State of Organization: _____

3. Contact Person: _____

Phone Number: _____

Fax Number: _____

E-Mail Address: _____

4. Website: _____

5. Type of Business Entity: Sole Proprietorship Limited Partnership
 For-Profit Corporation General Partnership
 Limited Liability Company Nonprofit Corporation

6. Provide the street addresses of the project site:

7. Provide a legal description of the project site and a description of the leased premises, if applicable.

8. Currently, does the Applicant own or lease the property? (Check one)

Own Lease Neither

9. At project completion, who will occupy (operate business on) the site? _____

10. Evidence of Site Control:

A. If the Applicant owns the project site, attach a copy of the Applicant's deed. Also indicate:

Mortgage Holder(s):

Total annual mortgage payment (principal & interest) \$ _____

Total outstanding balance of existing mortgage(s): \$ _____

Name, address, and phone numbers of other persons or entities having an ownership interest in the property to be developed, if applicable:

B. If the Applicant has a contract or option to purchase the project site, attach a copy of the agreement or option contract. Also indicate:

Date contract was signed: _____/_____/_____

Closing/expiration date: _____/_____/_____

C. If the Applicant currently leases or will lease the project site, attach a copy of the lease or lease option contract. Also indicate:

Legal name of Owner as noted on the deed(s): _____

Name of person who signed lease for Tenant(lessee): _____

Landlord/Owner's name, address and phone no.: _____

II. Project Description

11. Indicate the total amount of TIF assistance requested (in current dollars), to be paid from TIF Revenues: \$ _____

Also provide a breakdown of the capital costs and the financing costs to be paid by TIF Revenues.

12. Number of years TIF assistance is requested: _____
(existing policy is that TIF transaction will have a maximum term of 15 years).

13. Has any other government assistance (funds, tax incentives, or other economic benefits) been provided to the Applicant or the property? (Check one): Yes No

If yes, describe the type, source, and amount of assistance provided:

14. Provide a list of all properties comprising the plan area by (CLT), along with the most recent tax bill for each parcel. Copies of tax bills can be obtained from the City of Chattanooga, Office of the Treasurer, 101 East 11th Street, Suite 100, Chattanooga, Tennessee 37402, phone (423) 643-7262; and Hamilton County Assessor’s Office, 6135 Heritage Park Drive, Chattanooga, Tennessee 37416, phone (423) 209-7300.

CLT # (Parcel Identification Number)	Assessed Value	Taxes
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

15. Project Narrative: Write a brief description of the project. Be as specific as possible about timing, scope of work, type of construction and financing. Attach additional sheets if necessary. Provide interior and exterior photographs.

16. Land Area of Project Area (in square feet or acres): _____
 Zoning Classification of Project Area (by parcel): _____
 Land Area of Plan Area (in square feet or acres): _____
 Zoning Classification of Plan Area (by parcel): _____

17. Use of Funds (Entire Project):

	<u>Amount</u>	<u>Percent</u>
Land Acquisition	\$ _____	_____ %
Site Development	\$ _____	_____ %
Public Improvements	\$ _____	_____ %
Building Costs (Hard)	\$ _____	_____ %
Soft Costs	\$ _____	_____ %
TOTAL:	\$ _____	100%

Sources of Funds:

	<u>Amount</u>	<u>Percent</u>
Owner's Equity	\$ _____	_____ %
Construction Loan	\$ _____	_____ %
Mezzanine	\$ _____	_____ %
Seller Financing	\$ _____	_____ %
Tax Increment	\$ _____	_____ %
Other	\$ _____	_____ %
TOTAL:	\$ _____	100%

Total Estimated Project Cost: \$ _____

18. When will construction start (Month/Year)? _____ / _____

19. When will construction be completed (Month/Year)? _____ / _____

20. Please list what public improvement(s) are eligible for tax increment financing and estimated cost:

<u>Category A</u>	<u>Quantity</u>	<u>Estimated Cost</u>
Site Work / Grading:	_____	\$ _____
Storm Sewers:	_____	\$ _____
Pipes:	_____	\$ _____
Structures:	_____	\$ _____
Stormwater Facilities:	_____	\$ _____
Flood Control:	_____	\$ _____
Retaining Walls/Tunnels:	_____	\$ _____
Sanitary Sewer Lines:	_____	\$ _____
Pipes:	_____	\$ _____
Structures:	_____	\$ _____
Water Lines:	_____	\$ _____
Paving / Driveways:	_____	\$ _____
Street, Curbs, Gutters:	_____	\$ _____
Ramps/Roads/Bridges:	_____	\$ _____
Off-Street Parking Structures:	_____	\$ _____
Sidewalks:	_____	\$ _____
Landscaping / Fencing:	_____	\$ _____
Artificial Lighting:	_____	\$ _____
Greenways/Walking Trails:	_____	\$ _____
Mass /Public Transit Facilities:	_____	\$ _____
Traffic Signals:	_____	\$ _____
Signage:	_____	\$ _____
TOTAL CATEGORY A		\$ _____

<u>Category B</u>	<u>Quantity</u>	<u>Estimated Cost</u>
Electrical Services:	_____	\$ _____
Utility Infrastructure:	_____	\$ _____
Utility Under-grounding:	_____	\$ _____
Telecom Services:	_____	\$ _____
Utility Relocation:	_____	\$ _____
Other Items:	_____	\$ _____
TOTAL CATEGORY B		\$ _____

Other public improvements (provide a description and breakdown of costs in sufficient detail for an engineering review of cost estimates): _____

21. Development Team

Please list the business name, contact person, address, work and fax phone numbers, and email address for the following members of the Development Team:

Contractor: _____

Architect/Engineers: _____

Accountant: _____

Project Manager: _____

Construction Manager: _____

Development Consultant: _____

III. Supplemental Information

Note to Applicant – All Exhibits from the checklist must be complete before IDB staff will submit your request for tax increment financing for initial consideration by the Hamilton County Commission and/or Chattanooga City Council.

22. Submit the following as Exhibits to the Application that will include the information set forth in the following checklist:

Exhibit A – Tax Increment Application Affidavit

Exhibit B – History of the Development Entity

Exhibit C – Site Plan and Rendering (identify public improvements eligible for TIF)

Exhibit D – List and Breakdown of Sources and Uses of Funds to undertake project

Checklist

Exhibit A – Tax Increment Application Affidavit (*submitted for preliminary qualification*):

Applicant will pay IDB Application Fee of \$_____.

Applicant will list and specify all Eligible TIF Costs in detail
Applicant will acknowledge the maximum tax incentive available for the Project (See Sections 4.1 through 4.3 for guidance)

Applicant and/or the lead financing entity will sign an affidavit that the project would not be financially feasible, if it were not for the Tax Increment Financing.

Exhibit B – Declaration of Development Team and Disclosure of Principals and Entity, including:

History of the Development Entity
Resumes of all principals and key individuals
Organizational structure of the development entity

Exhibit C – Description and Narrative of the Development Project, including:

Copies of Project Contracts and/or Memoranda of Understanding
Detailed Performance/Construction Schedule
Site Plan and Rendering w/qualifying public improvements identified
Copies of Deeds, Leases, and Option Contracts
FIRMette from FEMA issued Flood Insurance Rate Maps (FIRMs) www.msc.fema.gov
Photographs of Property
Tax Bills
Survey
Maps of the Plan Area and the Project Area

Exhibit D – Project Funding and Financial Information, including:

List and breakdown of Sources and Uses of Funds to undertake Project
Detailed projections of TIF Revenues by parcel for the term of the requested TIF and narrative describing the basis and assumptions for the projections
Pro-forma financial statement for five (5) years (if multiple entities are involved, the pro forma statements should be prepared on an entity basis and on a consolidated basis)
Current financial statements (2 yrs.); P & L (2 yrs.); and Balance Sheet (2 yrs.)
(if newly formed, a copy of a balance sheet as of the most recent month-end)
Current banking relationships
Evidence of bonding capacity or letter of credit

VII. Signature

I, the undersigned, affirm that the project descriptions, numerical and financial estimates, and all other information I have provided in this Application are true and complete to the best of my knowledge. I have read and understood the requirements described in this Application, including the Tax Incentive Financing Program of The Industrial Development Board of the City of Chattanooga. Furthermore, I certify that I am authorized to initiate the TIF application process on behalf of the Applicant and the Project described.

The undersigned, furthermore, agrees to provide such additional information and documentation, from time to time, as the Board may consider necessary or convenient to determine the advisability of providing tax increment financing to the Applicant.

The undersigned agrees to pay or reimburse the Board for all costs, fees and expenses, including attorneys' fees, incurred by the Board in considering, evaluating, and enforcing the provisions of the Application and

the Policies and Procedures of the Tax Increment Financing Program. In certain instances the Board may require that principals of the Applicant guarantee the payment of the above costs and supply the Board with financial statements of such principals.

Signed: _____ Date: _____, 20_____

Title: _____

Legal Disclaimer

COMPLETION OF THIS APPLICATION DOES NOT ENTITLE THE APPLICANT TO FINANCIAL ASSISTANCE. ANY SUCH ASSISTANCE MUST BE APPROVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE OR THE HAMILTON COUNTY COMMISSION

AFFIDAVIT
TO
TIF APPLICATION

I, _____, being first duly sworn, depose and state under penalty of perjury as follows:

1. I am a corporate officer, managing member, general partner or sole proprietor of _____ (“Applicant”), a company duly organized in the State of _____ as a (Corporation/LLC/Sole Proprietorship/General Partnership/Limited Partnership). Applicant submits this Application requesting tax increment financing for the project located at (“Site”). The Applicant represents that this Application and all information furnished in support of the Application for the purpose of obtaining financial assistance under The Industrial Development Board of the City of Chattanooga Tax Increment Financing Program (“TIF Program”) are true and complete to the best of Applicant’s knowledge and belief.

2. Applicant hereby acknowledges and declares that it will comply with the following submittal requirements for tax increment financing assistance from The Industrial Development Board of the City of Chattanooga (the “IDB”):

- (i) Applicant will list and specify all costs of qualified improvements to Public Infrastructure for tax increment financing;
- (ii) Applicant will acknowledge the maximum tax increment reimbursement available for the Project;
- (iii) Applicant will pay a tax increment financing application fee of \$_____ to the IDB at the time of application;
- (iv) Applicant will be required to pay the IDB an administration fee equal to _____, which will be deducted annually out of the TIF Revenues.

5. Applicant acknowledges and declares that no other reasonable means of financing the public improvements proposed to be financed with tax increment financing are available, because of one or more of the following reason(s) as checked by Applicant:

- _____ (i) The Project, including the public improvements, if financed by Applicant through cash on hand or through debt financing from a private lender, would not result in a reasonable rate of return to the Applicant; or
- _____ (ii) Applicant would not undertake the full set of improvements contemplated in the Application through resources reasonably available to the Applicant.

6. Applicant hereby agrees that Applicant shall at all times indemnify and hold harmless the IDB, its employees, officers, directors, counsel, and consultants against all losses, costs, damages, expenses (including reasonable attorney fees), and liabilities of any nature directly or indirectly resulting

from, arising out of or relating to the acceptance, consideration, approval, or disapproval of this Application for tax increment financing assistance.

DATED this _____ day of _____, 20_____

Signature

Title

Signed and sworn to before me this _____ day of _____, 20____

Notary Public

My commission Expires: _____

RESOLUTION NO. 31361

A RESOLUTION AMENDING AND ADOPTING TAX INCREMENT FINANCING POLICIES AND PROCEDURES, A COPY OF WHICH IS SUBSTANTIALLY ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That it is hereby amending and adopting Tax Increment Financing Policies and Procedures, a copy of which is substantially attached hereto and made a part hereof by reference.

ADOPTED: November 1, 2022

/mem

POLICIES AND PROCEDURES RELATING TO
TAX INCREMENT INCENTIVES

APPROVED BY

THE CITY OF CHATTANOOGA, TENNESSEE

AND

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF CHATTANOOGA

Effective _____, 2022

POLICIES AND PROCEDURES RELATING TO TAX INCREMENT INCENTIVES

Introduction

The Industrial Development Board of the City of Chattanooga, Tennessee (the “Board” or “IDB”) and the City of Chattanooga, Tennessee (the “City”) have adopted these Policies and Procedures (these “Policies”) relating to the use of tax increment incentives pursuant to Section 7-53-312 of the Tennessee Code Annotated (a “Tax Increment Incentive”) and are adopted pursuant to Section 9-23-107 of the Tennessee Code Annotated. These Policies set forth the procedures of the Board and the City associated with Tax Increment Incentives and are intended to facilitate the consideration of requests for Tax Increment Incentives by the applicable legislative bodies of the City and Hamilton County, Tennessee (the “County”). These Policies also provide for the administration of the Tax Increment Incentives. The adoption of these Policies does not create or vest any rights in any person or entity, and both the City and the Board retain the right to approve any Tax Increment Incentive in the sole discretion of the City and the Board.

These policies and procedures only apply to any Tax Increment Incentives with respect to a specific project being initiated by a private developer and supported by incremental property tax revenues. If the City initiates a project supported by tax increment revenues on its own behalf or on behalf of or through the Chattanooga Housing Authority to finance public improvements in a redevelopment area, the City shall follow such procedures as the City deems appropriate under the circumstances.

Tax Increment Incentives generally take one of two forms – (i) reimbursements from Tax Increment Revenues to a private party of eligible costs incurred by that party relating to a Project as Tax Increment Revenues are received by the Board or (ii) non-recourse financing by the Board of eligible costs relating to a Project, which financing is payable from Tax Increment Revenues. The latter type of incentive is often called tax increment financing or a “TIF.” These Policies apply to both types of Tax Increment Incentives.

Capitalized terms used in these Policies and not otherwise defined shall have the meanings given to such terms in Section 10 of these Policies.

Section 1. General Policy

A Tax Increment Incentive is an economic development tool used by municipalities to allocate a portion of the new, additional taxes generated by a particular geographic area over a limited period of time to pay for eligible costs to the extent authorized by applicable law. For purposes of these Policies, the taxes that can be allocated are limited to property taxes. The tax increment is the difference in the property tax revenues generated by the property in the Plan Area after a project has been completed compared with the tax revenues generated by such property before the applicable plan was adopted (less certain deductions as required or permitted by applicable law). This increment can be used, as described above, to reimburse eligible costs or to pay debt service on tax increment financing incurred to finance such eligible costs.

The benefits of Tax Increment Incentive transactions include the following:

- (i) A TIF can be effective as “off balance sheet” financing of components of public infrastructure such as utilities and road and traffic improvements. A TIF is generally not included as a liability on the City’s balance sheet (although it may be noted). The structure of these transactions allows the City to utilize new incremental revenue streams to accelerate funding of public improvements. A TIF therefore can enable the City to complete public infrastructure that it otherwise could not afford at the time.
- (ii) Tax Increment Incentives provide support for projects that are not otherwise economically feasible. For instance, a Tax Increment Incentive transaction may assist in the redevelopment of blighted and under-utilized property in the City.
- (iii) Because of the accelerated development of public infrastructure improvements, the ad valorem property tax base from associated and adjacent properties often increases, which produces even greater benefits for the City and County.
- (iv) Tax Increment Incentives are paid from increases in tax revenues from a Plan Area and not from tax subsidies from other areas of the City. Therefore, that portion of the cost of projects supported by Tax Increment Incentives generally are paid by the development itself.
- (v) Projects supported by a Tax Increment Incentive may attract significant new jobs, businesses, and investment to the community, or may retain jobs and businesses that otherwise would be missed or lost without the investment made possible through a Tax Increment Incentive.

Tax Increment Incentives will generally be used for economic development projects that provide improvements in blighted and under-utilized areas in the City and in other properties approved by the City and, if applicable, the County. Members of the City Council of the City and the County Commission of the County (collectively, the “Governmental Authorities”), as the community’s elected representatives, are not only vested with the final authority to approve plans authorizing Tax Increment Incentives, but also are in the best position to determine the relative priorities of the proposed infrastructure improvements and the related community benefits from a public policy standpoint. The Board, with the support of the City’s staff, will administer and implement these Policies consistent with the policy directives of the City and, to the extent applicable, the County.

The Board has always viewed its core mission as the promotion of economic development and growth in the City, and in particular, commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City. A project fitting within this core mission will encounter greater flexibility and receptivity by the Board, as well as the City and the County, as opposed to projects that do not involve these factors.

Section 2. Statutory Background

The IDB is a nonprofit public corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act (the “IDB Act”), Tenn. Code Ann. §§7-53-101 et seq. The Board’s statutory purpose includes financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and the City, in particular.

On May 14, 2004, the Tennessee General Assembly amended the IDB Act to vest industrial development corporations like the Board with the authority to initiate and administer Tax Increment Incentives in areas that are approved by the Governmental Authorities. The Board’s responsibilities under the amendment include the following:

- (i) Preparation and submission of an Economic Impact Plan for an area that includes an eligible Project, which plan must comply with certain statutory criteria;
- (ii) Holding a public hearing relating to the Economic Impact Plan after proper, published notice; and
- (iii) Administering the incremental tax payments allocated to the Board under the Economic Impact Plan.

The purpose of these Policies is to specify the procedures for applying for a Tax Increment Incentive, specify the information that will be required of an Applicant, confirm that the Governmental Authorities retain the legal authority to approve any plan that would affect their respective property taxes, and prescribe the role the Board will play in the process. These Policies presume that each Economic Impact Plan will be submitted for approval by both Governmental Authorities, but the IDB, with the approval by the City Council, may approve an Economic Impact Plan that only applies to the City’s taxes, in which case all references to the County in these Policies will not be applicable as to such Economic Impact Plan.

The amendment, which is codified as Tenn. Code Ann. §7-53-312, provides that City Council is entitled to approve any Economic Impact Plan affecting property taxes due to the City and the County Commission must approve any Economic Impact Plan affecting property taxes owed to the County. Neither has the authority to approve an Economic Impact Plan affecting the property taxes of the other. A Tax Increment Incentive may be approved that allocates to the Board incremental property tax revenues from both real and personal property taxes in the specified area. However, because of the complexity of administering the calculation of the increment relating to personal property taxes, a Tax Increment Incentive that includes personal property taxes will only be approved if the allocation of incremental personal property taxes is essential, in the judgment of the Board and the Governmental Authorities, to the development of the Plan Area.

In 2012, the Tennessee General Assembly enacted the Uniformity in Tax Increment Financing Act of 2012 (the “TIF Uniformity Act”) to provide a more comprehensive statutory framework for utilizing Tax Increment Incentives. The TIF Uniformity Act was codified as Chapter 23 of Title 9 of the Tennessee Code Annotated. Pursuant to Section 9-23-107 of the TIF Uniformity Act, the City and the Board were specifically authorized to adopt policies and procedures relating to Tax Increment Incentives, and these Policies are adopted pursuant to such statutory authorization.

The Tennessee General Assembly has also enacted Section 7-53-316 of the IDB Act, which authorizes the use of certain incremental sales tax revenues to supplement Tax Increment Revenues in connection with the development of certain brownfield sites. These Policies shall apply to the consideration of an Economic Impact Plan to be adopted pursuant to Section 7-53-316 of the IDB Act, as well as Section 7-53-312 of the IDB Act, and any Applicant requesting consideration of an Economic Impact Plan under Section 7-53-316 of the IDB Act shall request such consideration in the Applicant’s Application.

Section 3. Process

3.1. Application. The process for requesting a Tax Increment Incentive will commence with an Applicant filing a completed Application in the form attached to these Policies as Exhibit A and incorporated herein by reference together with all exhibits, supplements, schedules, and financial information required in the Application. The Applicant shall tender an application fee to the Board in an amount set forth in Section 6 of these Policies. No action will be taken with respect to the Application until the Board (or its Administrative Agent) determines that it has received all information which may be relevant or necessary in determining the qualifications of the Applicant and the Project. **Acceptance of the Application does not imply, evidence, or confirm the IDB’s support for, or recommendation of, the Project identified in the Application or the Tax Increment Incentive request.**

3.2. Submission to Governmental Authorities. Upon receipt of the Application, the Board shall work with City staff to review the Application. The review shall include, but not be limited to, the following considerations: the purpose of the request; experience of the Applicant; description of the Project to be located in the area that would be the subject of the Economic Impact Plan (the “Plan Area”); proposed sources of funds to pay the Project; and evidence of the financial capability of the Applicant to undertake the Project. Once the Board determines that it has received a properly completed Application and any other information that it considers relevant or necessary for City Council to evaluate the Application and the Project, the Board will submit its acceptance of the Application with a proposed Resolution of Intent to the City Council.

Upon receipt of the Application from the Board, the City Council may take one of three actions: (i) reject the Application and return it to the Board, (ii) return the Application to the Board to request more information from the Applicant as specified by City Council, or (iii) approve the Resolution of Intent to consider an Economic Impact Plan relating to the Application. If adopted, the Resolution of Intent will instruct the Board to prepare and submit to City Council an Economic Impact Plan as requested by the Application.

If the Tax Increment Incentive request will affect County property taxes, the Board will also submit the Application and a proposed Resolution of Intent to the County Mayor and County Commission. County Commission may then take one of three actions described above in the same manner as City Council. If County Commission disapproves the Application or does not consider the Application in a timely manner, the City Council may reconsider the Application and adopt another Resolution of Intent instructing the Board to prepare and submit an Economic Impact Plan that only affects City taxes.

3.3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council and, if applicable, County Commission, the Board may prepare, with input from the Applicant, a proposed Economic Impact Plan for the Board's consideration. The Board may also instruct the Applicant to prepare the proposed Economic Impact Plan for the Board's consideration. The proposed Economic Impact Plan shall contain the information required by Section 7-53-312(b) of the IDB Act and, to the extent not already required by the IDB Act, shall also include the following information:

- (i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the Tax Increment Revenues will be generated, and the Base Taxes for each such tax parcel;
- (ii) a map clearly identifying the boundaries of the Plan Area;
- (iii) a clear description of the Project or Projects that will be located in the Plan Area and that will be developed by the Applicant;
- (iv) confirmation of the current zoning of the parcels in the Plan Area subject to the Economic Impact Plan;
- (v) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the Economic Impact Plan as to each tax parcel, and if the allocation period as to each tax parcel shall not commence in the same tax year, the maximum period of time during which such allocation periods can commence;
- (vi) a description of any proposed borrowing related to the Tax Increment Incentive;
- (vii) the number of jobs which the Applicant estimates will be created by the Project identified in the Plan Area and a summary of the projected compensation that will be paid to those holding the jobs;
- (viii) the estimated development and construction costs of the Project; and
- (ix) the projected total cost of the Tax Increment Incentive, including interest paid during the term of the Tax Increment Incentive.

If the Applicant is requested to prepare a proposed Economic Impact Plan, the Applicant shall submit the proposed Economic Impact Plan to the Board no later than ninety (90) days after such request is made of the Applicant. If the Applicant does not submit the proposed Economic Impact Plan within that

period, the Board has the authority to take no further action with respect to the Application and the Project. If the Board chooses to take no further action, the Board will consider any further requests of the Applicant as a new request requiring a new Application, the re-commencement of the procedures described above, and the payment of another application fee. If the Board elects to cause the preparation of the Economic Impact Plan, the Board will cause such preparation to occur promptly after approval of the applicable Resolution of Intent. In either case, the Applicant shall fully cooperate in connection with preparation of the proposed Economic Impact Plan and shall provide such economic impact information, including a report relating thereto from an independent consultant if requested by the Board.

3.4. Application Review Committee. There shall be an Application Review Committee consisting of not less than five (5) members. Two (2) members shall be appointed by the City Mayor; two (2) members shall be appointed by City Council; and one (1) member shall be a representative of the Chamber of Commerce. The Application Review Committee will review each Application, each proposed Economic Impact Plan, the application process to date, and the Resolution(s) of Intent. The Committee will advise the Board whether the Application and the proposed Economic Impact Plan comply with the IDB Act and these Policies, and is, therefore, qualified to be considered for submission to City Council and/or County Commission for approval. The Committee, in consultation with the Board's chairman, will then establish a proposed date for the Board to hold a public hearing and determine whether to submit the Economic Impact Plan to the City Council and, if applicable, County Commission for approval. The meetings of the Application Review Committee shall be subject to the Tennessee Open Meetings Act.

3.5. Public Hearing by the IDB. After the Application Review Committee and the Board's designated staff and counsel determine the Economic Impact Plan to be complete, the Board will hold a public hearing relating to the proposed Economic Impact Plan at a regular or special meeting of the Board. Notice of the public hearing shall be published in a newspaper of general circulation in Hamilton County at least two weeks prior to the date of the public hearing, as required by Section 7-53-312(g) of the IDB Act. If approved by the Board, the Board will submit the Economic Impact Plan to Chattanooga City Council and, if applicable, County Commission for consideration and approval. The submission shall include a summary of any comments from the public hearing on the proposed Economic Impact Plan and other information deemed pertinent by the Board.

3.6. Approval of Economic Impact Plan. The City Council and, if applicable, County Commission shall then consider whether to approve the proposed Economic Impact Plan. Such approval, if provided, shall be undertaken by resolution of the applicable governing body in accordance with the IDB Act and TIF Uniformity Act. After such approval, City Council and, if applicable, County Commission shall provide a certified copy of the resolution providing such approval to the Board.

3.7. Closing of Tax Increment Incentive. If an Economic Impact Plan requested by an Applicant is approved by City Council and, if applicable, County Commission, the Applicant and the Board will commence negotiation of the appropriate documents implementing the Tax Increment Incentive authorized by the Economic Impact Plan. Such documentation shall include, without limitation, a Development Agreement with the Applicant that will incorporate the specific terms of the Tax Increment Incentive and will require the Applicant to undertake the Project identified in the Economic Impact Plan consistent with the Applicant's Application. If the Tax Increment Incentive includes tax increment financing, the

documents required to implement such tax increment financing shall also be negotiated between the parties. Such documents, once negotiated, will be presented to the Board in substantially final form for consideration for approval.

The Board may instruct its counsel to prepare the documentation required to implement any Tax Increment Incentive or may instruct the Applicant to prepare such documents for the Board's review. In any event, all contractual commitments of the Board under such documents, including any tax increment financing, shall be non-recourse as to the Board other than with respect to allocated Tax Increment Revenues. All such documents shall be subject to the review and approval of the Board's counsel.

The Applicant will close the Tax Increment Incentive transaction within a reasonable period of time after the City Council and, if applicable, County Commission, approve the applicable Economic Impact Plan. If the closing of the Tax Increment Incentive does not occur within a 120-day period after such approval, the Board may consider the Application withdrawn and, unless such time period is extended by the Board, all approvals by the Board shall be deemed to have lapsed and be of no further force or effect.

Section 4. Board Policies for Tax Increment Incentives

The following policies shall apply with respect to Tax Increment Incentives within each Plan Area:

4.1. Maximum Allocation Period. Unless City Council and, if applicable, County Commission, approve otherwise in an Economic Impact Plan, the maximum allocation period for any Tax Increment Revenues as to any parcel in a Plan Area shall be 20 years, but the Board may provide for a shorter allocation period in any Economic Impact Plan if the Board determines that such shorter allocation period will result in a Tax Increment Incentive sufficient to make the Project financially feasible. A longer allocation period will only be permitted in extraordinary circumstances and only with the required statutory approvals under the TIF Uniformity Act.

4.2. Limit on Allocation of Incremental Tax Revenues. Unless City Council approves otherwise in an Economic Impact Plan, the maximum amount of Tax Increment Revenues of the City allocable to support a Tax Increment Incentive shall be 75% of the Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is 10 years or less and 60% of the Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is more than 10 years. The maximum amount of Tax Increment Revenues of the County allocable to support a Tax Increment Incentive shall be as is approved by the County Commission if the Economic Impact Plan is submitted to the County for approval.

4.3. Plan Area. The Plan Area, from which the Tax Increment Revenues will be generated, will consist of no more than (i) the parcels on which the applicable Project will be located, and (ii) those parcels, determined by the Board, to be directly affected and substantially benefited by the Project, whose owners have received the notice referred to in Section 4.5. The Board may rely upon the opinions of City staff and such independent consultants as the Board deems advisable in determining whether a parcel would be directly affected and substantially benefited by the Project in the Plan Area.

4.4. Eligible Costs. Unless City Council and, if applicable, County Commission approve otherwise in an Economic Impact Plan, a Tax Increment Incentive may only be used to pay or reimburse the cost of Public Infrastructure in a Plan Area that relates to a Project or Projects in such Plan Area. The cost of Public Infrastructure may include the following costs:

- (i) The cost of the land on which the Public Infrastructure will be located;
- (ii) Costs relating to the design and construction of the Public Infrastructure, including clearing, grading and excavating, site work, and other hard construction expenses;
- (iii) costs of obtaining permits for the Project from Governmental Authorities;
- (iv) capitalized interest relating to financing of the Public Infrastructure;
- (v) premiums for payment and performance bonds issued in favor of Governmental Authorities or professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;
- (vi) acquisition costs for equipment included in the Public Infrastructure; and
- (vii) fees and expenses of the Board and other fees and expenses related to the Tax Increment Incentive.

For purposes of these Policies, “Public Infrastructure” shall have the meaning given to that term in Section 9-23-102 of the TIF Uniformity Act.

If an Applicant desires the Board to pay any cost not described above, the Applicant should make such a request in its Application and shall demonstrate the extraordinary circumstances requiring the payment of such additional costs. If City Council and, if applicable, County Commission approve such additional costs as part of a Resolution of Intent, the Board may include such additional costs as being permitted in the applicable Economic Impact Plan.

4.5. Notice to Property Owners. The Board through its designated administrative staff will notify any owners of parcels included in the proposed Plan Area (other than the Applicant) that the Board will consider the Application for Tax Increment Incentive on a certain date and at a prescribed time and place. The Applicant will provide a list of all parcels contained in the Plan Area, the names of the record owners and the address of each owner. The Board’s notice will invite public comment and will be mailed to such property owners at least 14 days prior to the public hearing of the Board relating to the Economic Impact Plan described in Section 3.5 above. In addition, the form of notice will advise property owners how they may comment on the Economic Impact Plan such as by email or by letter, as well as by attending the hearing. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

4.6. Maximum Percentage of Project Cost and Minimum Project Size. The amount of a Tax Increment Incentive for a specific Project (either through the reimbursement of costs or based upon the principal amount of any tax increment financing) shall not exceed fifteen percent (15%) of the Total Projected Project Cost of any Applicant. The Applicant must also reasonably anticipate a Total Projected Project Cost of at least \$5,000,000 with respect to a proposed Project in order to apply for a Tax Increment Incentive.

4.7. Eligible Projects. As is described above, each Economic Impact Plan must include an eligible Project. The list of eligible Projects is included in Section 7-53-101(15) of the IDB Act. Such list of eligible Projects includes many types of commercial, industrial, and warehousing facilities as may be determined by the Board. However, in the absence of unusual or extenuating circumstances acceptable to the Board, Projects that are substantially residential or multifamily housing facilities under Section 7-53-101(15)(x) of the IDB Act, will not qualify for tax increment financing under the Board's TIF program. Such proposals should be submitted to the appropriate authority or entity.

4.8. Guaranties of Completion. The Board may require guaranties of completion of all or any portion of the Public Infrastructure from principals of the Applicant, payment and performance bonds from sureties acceptable to the Board, or letters of credit from financial institutions acceptable to the Board that assure the timely completion of the Public Infrastructure.

4.9. Transfer of Tax Increment Incentive. No rights to a Tax Increment Incentive may be sold, assigned, or leased, including by transfer of ownership interests in the Applicant, unless approved by the Board or otherwise specified in the Development Agreement, provided however that the Board will consent to the collateral assignment of Tax Increment Revenues to secure tax increment financing.

4.10. Additional Requirements; Amendments. These Policies are in addition to the normal rules and procedures of the Board. From time to time and without notice, these Policies may be amended or waived, in whole or part, by the Board and the City, and new policies may also be adopted by the Board and the City. The Board may consider any special circumstances or conditions in determining whether to submit an Application for consideration by the City Council and, if applicable, County Commission, and whether to prepare and submit an Economic Impact Plan for approval.

4.11. Applicant Affidavit. The Applicant must submit a signed affidavit certifying that the Project cannot proceed without the availability of a Tax Increment Incentive and must provide supporting documentation justifying the need for and the amount of the Tax Increment Incentive, in accordance with the Application form. The form of such affidavit is attached to these Policies as Exhibit B. In addition to requiring such affidavit, the Board, as a condition to the approval of any Economic Impact Plan, may retain an independent consulting firm, at the expense of the Applicant, to evaluate the Applicant's financial projections for the Applicant's Project to assist in evaluating whether the amount and allocation period of Tax Increment Incentive requested by the Applicant is required for Applicant to receive a commercially reasonable return on investment with respect to the Applicant's Project.

4.12. Tax Increment Payment Dates. The Tax Increment Revenues to be allocated to the Board for any Tax Increment Incentive shall be paid by the City and, if applicable, the County no later than sixty (60) days from the last day of each February, which is the last day that such tax revenues are not overdue. Delinquent taxes to be allocated to the Board shall be paid by the County and the City no later than sixty (60) days after each date such delinquent taxes are collected, together with interest thereon to the extent required by the Tax Increment Act.

4.13. State Approval Process. If any Tax Increment Incentive will be used to pay any cost that does not relate to Public Infrastructure or if any allocation period with respect to any parcel is to extend beyond 20 years, and only to the extent permitted by these Policies, the State Commissioner of Community and Economic Development and the State Comptroller of the Treasury shall be required to make a determination, as provided in the TIF Uniformity Act, that it is in the best interests of the State to permit such use of the Tax Increment Incentive or such extended allocation period.

4.14. Stormwater Fees. All applications for Tax Increment Incentives shall require verification that all stormwater fees for any properties owned by the applicant shall have been paid in full. No Tax Increment Incentive payments shall be approved by the Industrial Development Board or the City Council unless all stormwater fees have been paid in full and continue to be paid in full during the term of any Tax Incremental Incentive payments to the applicant. Additionally, no stormwater fees within the Economic Impact District shall be waived at any time during the term of the Tax Increment Incentive, pursuant to Tennessee law

Section 5. Post-Closing Evaluation

The Board intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of the City through the use of Tax Increment Incentives. Accordingly, the Applicant will be obligated to develop the Project substantially in accordance with the Economic Impact Plan and the Applicant's Application, and the Development Agreement will document that obligation. Material departures from the development specified in the Development Agreement will require the consent of the Board and may result in reductions or even elimination of the Tax Increment Incentive, depending on the effect of the proposed changes.

In addition, the Board requires the Applicant to annually certify compliance with the Development and Financing Agreement in a writing signed by the Applicant's chief executive officer or other executive acceptable to the Board. The Board will annually (or at such other times as it deems appropriate) evaluate each Project receiving a TIF to ensure compliance with the Development and Financing Agreement.

Section 6. Fees

6.1. Application Fee. The Applicant will submit the Application with an Application Fee of \$1,500.00, provided that for any Application submitted on or after January 1, 2023, the Application Fee shall be increased to \$8,000.00.

6.2. Annual Administrative Fee. For all Economic Impact Plans approved prior to January 1, 2023, the Applicant will pay to the Board an annual administrative fee equal to 25 basis points (0.25%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area. For all Economic Impact Plans approved on or after January 1, 2023, the Applicant will pay to the Board an annual administrative fee equal to 250 basis points (2.50%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area.

In addition, the Board will charge reasonable fees for any amendments to the Tax Increment Incentive, including any amendment to the Development Agreement, that will be based upon the facts and circumstances requiring the amendment, the actions required by the Board to effect the amendment, and the involvement of any Governmental Authorities. The Board may require that these fees be paid in advance of Board action and at the time the Applicant requests the amendment.

The fees described above are intended to offset the expenses of the Board and the City staff for evaluating and administering Tax Increment Incentives. In addition to the fees described above, the Applicant is responsible for payment of the Board's counsel fees and other expenses incurred by the Board with respect to the Application, the Economic Impact Plan, the Development Agreement and all other aspects of the Tax Increment Incentive, as applied to the Applicant, including, without limitation, the cost of any economic impact study and/or financial review deemed advisable by the Board.

Section 7. Environmental Report and Title Insurance

The Board may require the Applicant to provide at its expense a Phase I Environmental Site Assessment Report for the Project and/or Plan Areas that (i) shall be prepared by a recognized Person in the health, safety and environmental field that is acceptable to the Board; (ii) shall bear a date acceptable to the Board; and (iii) shall disclose no unacceptable conditions to the Board. All environmental reports requested by the Board must grant to the Board the right to rely on such reports.

The Board may also require that the Applicant obtain at its expense, and deliver to the Board, a title insurance commitment for the Project and/or Plan Areas described in the Economic Impact Plan.

Section 8. Conflicts of Interest

Each Board member shall be responsible for disclosing any material interest which he or she may have in or with an Applicant or any financing source for the applicable Project. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or financing source for the applicable Project shall submit to general counsel for the Board a representation of that interest, and such counsel shall advise both the Board and Board member whether the member needs to recuse himself or herself from consideration of the Application. Such recommendation of the Board's counsel shall be conclusive. If recusal is recommended, the Board will then consider the Application without participation from the member or members who recuse themselves.

If any counsel has a professional legal relationship with the Applicant or source of the financing for the Project other than incidental representations in connection with financings of other projects, the Board will retain special counsel to represent the Board in connection with the particular Application and Project being considered.

Section 9. Disclosures

The Application will require the Applicant to disclose, in addition to all other information required by the Application, the following:

- (i) If the Applicant or any principal in the Applicant are currently engaged in any civil or criminal proceeding;
- (ii) If the Applicant or any principal in the Applicant have ever been charged or convicted of any felony or currently is under indictment; or
- (iii) If the Applicant or any principal in the Applicant has ever filed for bankruptcy.

Section 10. Definitions

For purposes of these Policies, the following terms shall have the following meanings:

“Administrative Agent” means the Person providing administrative services to the Board from time to time. The Board’s current administrative agent is Office of Economic Development of the City.

“Application” means the Application for Tax Increment Incentive submitted hereunder in the form designated by the Board and as amended from time to time. The current form of the Application is attached hereto as Exhibit A.

“Base Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Dedicated Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Development Agreement” means the Development Agreement between the Board and the Applicant (and any guarantor thereof) or similar agreement or contract providing for the terms and implementation of the Project and the Tax Increment Incentive.

“Economic Impact Plan” means an economic impact plan within the meaning of Section 7-53-312 of the IDB Act.

“Governmental Authority” means the City of Chattanooga, Tennessee, and Hamilton County, Tennessee.

“IDB Act” means Chapter 53 of Title 7 of the Tennessee Code Annotated, as amended.

“Person” means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, individual and Governmental Authority.

“Plan Area” means the parcels of real property identified as the plan area in the applicable Economic Impact Plan.

“Project” means a project under Section 7-53-101(11) of the IDB Act and includes the infrastructure, utilities, road and traffic improvements, traffic signage and signals, buildings, structures, machinery, equipment, and land defined in the Application as part of the Project.

“Public Infrastructure” has the meaning assigned to it in Section 4.3.

“Reserved Taxes” means the Base Taxes and the Dedicated Taxes.

“Tax Increment Revenues” means the property tax revenues generated from the Plan Area after the Reserved Taxes less any amount that the County, the City or the Board withhold as administrative expenses or as may be reserved pursuant to applicable law.

“TIF Uniformity Act” means the Uniformity in Tax Increment Financing Act of 2012, as amended.

“Total Projected Project Cost” means all costs that are expected to be incurred in connection with the development of a Project and that would be capitalized in accordance with generally acceptable accounting principles other than interest, property taxes and insurance during the construction of the Project as set forth in the Applicant’s Application.

EXHIBIT A

TAX INCREMENT INCENTIVE APPLICATION

Please return the completed application and supporting documentation to:

Industrial Development Board for the City of Chattanooga, Tennessee
100 East 11th Street, Suite 200
Chattanooga, Tennessee 37402
(423) 643-8250

Tax Increment Incentive Application Lead-In Statement and Justification

The Industrial Development Board of the City of Chattanooga, Tennessee (the "IDB") views its core mission as the promotion of economic development and growth in the City of Chattanooga (the "City"), and in particular, commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City. The IDB's Tax Increment Incentive program is designed for economic development projects that provide improvements to public infrastructure in blighted and under-utilized areas of the City and in other properties designated by City Council. This Application form is part of and hereby incorporates by references all terms contained in the Policies and Procedures Relating to Tax Increment Incentives (the "Tax Increment Policies") approved by the IDB and the City.

Please address the following factors as they relate to your Project:

Economic Development

Will the proposed Project involve significant capital investment and generation of new jobs with wages in excess of the annual average wage in the City of Chattanooga?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Blight Removal

Will the proposed Project remove blight?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Pursuit of Community Plan or Policy

Will the proposed Project further the pursuit of an existing community plan or policy?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Environmental Remediation

Will the proposed Project address environmental remediation?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Public Infrastructure Need

Will the proposed Project address current public infrastructure needs? Yes _____. No _____. For purposes of this part, public infrastructure only includes public infrastructure that will not be located on private property.

If yes:

(1) Are the proposed public infrastructure improvements identified in the County's or City's current Capital Improvements Plan?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

(2) Are the proposed public infrastructure improvements identified in any County or City plans?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

If the proposed public infrastructure improvements are not in the County's or City's Capital Improvements Plan or any other existing City or County plan, please describe in detail the public's need for the public infrastructure and the basis for the priority or urgency for the public infrastructure, as requested by the Application.

Other: _____ (please specify)

I. Applicant Information

1. Name of Applicant: _____

2. Business Name and Address: _____

State of Organization (if an entity): _____

3. Contact Person: _____

Phone Number: _____

E-Mail Address: _____

4. Website of Applicant (if any): _____

5. Type of Business Entity: Sole Proprietorship Limited Partnership
 For-Profit Corporation General Partnership
 Limited Liability Company Nonprofit Corporation

6. Street addresses of the project site: _____

7. Please attach a legal description of the project site and a description of the leased premises, if applicable.

8. Does the Applicant currently own or lease the Project Site? (Check one)

Own Lease Neither (please explain) _____

9. At project completion, who will occupy and/or operate business on the site?

10. Evidence of Site Control:

A. If the Applicant owns the Project Site, attach a copy of the Applicant's deed. Also indicate:

Mortgage Holder(s): _____

Total annual mortgage payment (principal & interest) \$ _____

Total outstanding balance of existing mortgage(s): \$ _____

Name, address, and phone numbers of other persons or entities having an ownership interest in the property to be developed, if applicable: _____

B. If the Applicant has a contract or option to purchase the Project Site, attach a copy of the agreement or option contract (confidential information such as price may be redacted).

Also indicate:
Date contract was signed: ___/___/___ Closing/expiration date: ___/___/___

C. If the Applicant currently leases or will lease the Project Site, attach a copy of the lease or lease option contract (confidential financial information may be redacted).

Legal name of Owner as noted on the deed(s): _____

Name of person who signed lease for Tenant (lessee): _____

Landlord/Owner's name, address and phone number: _____

II. Project Description

11. Indicate the total amount of Tax Increment Incentive assistance requested (in current dollars), to be paid from Tax Increment Revenues: \$ _____

Also provide a breakdown of the capital costs and the financing costs, including an estimate of interest, to be paid by Tax Increment Revenues.

12. Number of years Tax Increment Incentive assistance is requested: _____
(See Tax Increment Policies for maximum years permitted.)

13. Has any other government assistance (funds, tax incentives, or other economic benefits) been provided to the Applicant or the property? Yes _____ No _____

If yes, describe the type, source, and amount of assistance provided: _____

14. Provide a list of all properties comprising the plan area by (CLT), along with the most recent tax bill for each parcel. Copies of tax bills can be obtained from the City of Chattanooga, Office of the Treasurer, 101 East 11th Street, Suite 100, Chattanooga, Tennessee 37402, phone (423) 643-7262; and Hamilton County Assessor's Office, 6135 Heritage Park Drive, Chattanooga, Tennessee 37416, phone (423) 209-7300.

CLT # (Parcel Identification #):	Assessed Value:	Taxes:
_____	_____	_____
_____	_____	_____

If any of the parcels listed above will not be owned by the Applicant at the time the Tax Increment Incentive closes, please provide a list of such owners and provide an explanation why the Applicant is requesting such parcels to be included in the plan area. If any of the parcels listed above is not part of the project, please list such parcels and provide an explanation why the Applicant is requesting such parcels to be included in the plan area.

15. Project Narrative: Write a brief description of the project. Be as specific as possible about timing, scope of work, type of construction, and financing. Attach additional sheets if necessary. Provide interior and exterior photographs.

16. Land Area of Project Area (in square feet or acres): _____

Zoning Classification of Project Area (by parcel): _____

Land Area of Plan Area (in square feet or acres): _____

Zoning Classification of Plan Area (by parcel): _____

17. Use of Funds (Entire Project): Amount Percent

Land Acquisition	\$ _____	_____ %
Site Development	\$ _____	_____ %
Public Improvements	\$ _____	_____ %
Building Costs (Hard)	\$ _____	_____ %
Soft Costs	\$ _____	_____ %

TOTAL: \$ _____ 100%

- Sources of Funds: Amount Percent

Owner's Equity	\$ _____	_____ %
Construction Loan	\$ _____	_____ %
Mezzanine	\$ _____	_____ %
Seller Financing	\$ _____	_____ %
Tax Increment	\$ _____	_____ %
Other	\$ _____	_____ %

TOTAL: \$ _____ 100%

Total Estimated Project Cost: \$ _____

18. When will construction start (Month/Year)? ____ / ____

19. When will construction be completed (Month/Year)? ____ / ____

20. Please list what public infrastructure (as defined in the Tax Increment Policies) is eligible for payment from a Tax Increment Incentive and an estimated cost:

<u>Category A</u>	<u>Quantity</u>	<u>Estimated Cost</u>
Site Work/Grading		\$
Storm Sewers:		
Pipes		\$
Structures		\$
Stormwater Facilities		\$
Flood Control		\$
Retaining Walls/Tunnels		\$
Sanitary Sewer Lines:		
Pipes		\$
Structures		\$
Water Lines		\$
Paving/Driveways		\$
Street, curbs, gutters		\$
Ramps, roads, bridges		\$
Off-street parking structures		\$
Sidewalks		\$
Landscaping/fencing		\$
Artificial lighting		\$
Greenways/walking trails		\$
Mass/public transit facilities		\$
Traffic signals		\$
Signage		\$

TOTAL CATEGORY A \$ _____

<u>Category B</u>	<u>Quantity</u>	<u>Estimated Cost</u>
Electrical services		\$
Utility infrastructure		\$
Utility under-grounding		\$
Telecom services		\$
Utility relocation		\$
Other items		\$

TOTAL CATEGORY B \$ _____

Other public infrastructure (provide a description and breakdown of costs in sufficient detail for an engineering review of cost estimates): _____

21. Development Team

Please list the business name, contact person, address, work and fax phone numbers, and email address for the following members of the Development Team:

Contractor: _____

Architect/Engineers: _____

Accountant: _____

Project Manager: _____

Construction Manager: _____

Development Consultant: _____

III. Applicant History

Please provide the following information about the Applicant:

22. Is the Applicant or any principal of the Applicant currently engaged in any civil or criminal proceeding? Yes _____ No _____

If yes, describe the type of proceeding, name the parties involved, list the relief requested or the charges alleged, and give the case name and details:

23. Has the Applicant or any principal of the Applicant ever been charged or convicted of any felony or currently under indictment? Yes _____ No _____

If yes, describe the type of charge, indictment, or conviction, and provide details:

24. Has the Applicant or any principal of the Applicant ever filed for bankruptcy? Yes _____ No _____

If yes, please give details and provide the case name: _____

IV. Supplemental Information

Please attach to this Application the following:

Exhibit A – Tax Increment Application Affidavit (which is Exhibit B to the Tax Increment Policies)

Exhibit B – History of the Development Entity

Exhibit C – Site Plan and Rendering (identify public infrastructure eligible for Tax Increment Incentive)

Exhibit D – List and Breakdown of Sources and Uses of Funds to undertake project

Checklist

Exhibit A – Tax Increment Application Affidavit (*submitted for preliminary qualification*):

- Applicant will pay the IDB the Application Fee required by the Tax Increment Policies.
- Applicant will list and specify all eligible public infrastructure costs in detail Applicant will acknowledge the maximum tax incentive available for the Project (See Tax Increment Policies for guidance)
- Applicant and/or the lead financing entity will sign an affidavit that the project would not be financially feasible if it were not for the Tax Increment Incentive.

Exhibit B – Declaration of Development Team and Disclosure of Principals and Entity, including:

- History of the Development Entity
- Resumes of all principals and key individuals
- Organizational structure of the development entity

Exhibit C – Description and Narrative of the Development Project, including:

- Copies of Project Contracts and/or Memoranda of Understanding
- Detailed Performance/Construction Schedule
- Site Plan and Rendering w/qualifying public infrastructure identified
- Copies of Deeds, Leases, and Option Contracts
- FIRMette from FEMA issued Flood Insurance Rate Maps (FIRMs) www.msc.fema.gov
- Photographs of Property
- Tax Bills
- Survey
- Maps of the Plan Area and the Project Area

Exhibit D – Project Funding and Financial Information, including:

- List and breakdown of Sources and Uses of Funds to undertake Project
- Detailed projections of Tax Increment Revenues by parcel for the term of the requested Tax Increment Incentive and narrative describing the basis and assumptions for the projections
- Pro-forma financial statement for five (5) years (if multiple entities are involved, the pro forma statements should be prepared on an entity basis and on a consolidated basis)
- Current financial statements (2 yrs.); P & L (2 yrs.); and Balance Sheet (2 yrs.) (if newly formed, a copy of a balance sheet as of the most recent month-end)
- Current banking relationships
- Evidence of bonding capacity or letter of credit

V. Representations of Applicant

By executing this Application, Applicant hereby represents, certifies and agrees as follows:

(a) The Project would not result in a reasonable rate of return on investment to the Applicant without the requested Tax Increment Incentive, and the Applicant would not undertake the Project as described in this Application unless the Tax Increment Incentive is available.

(b) The undersigned Applicant hereby agrees that the Applicant shall meet with a designated representative of the County, the City and/or the Board, upon request, to answer any questions that may arise in connection with the County's, the City's and/or the Board's review of this Application and that Applicant shall provide to the County, the City and/or the Board, upon request, any supplemental information requested in connection with the County's, the City's and/or Board's review of the Application, including, without limitation, such financial information as the County, the City and/or Board may request in order to determine that the Project would not be undertaken without the Tax Increment Incentive requested.

(c) The Applicant shall pay all expenses required by Section 6 of the Policies and Procedures of the Board relating to the Tax Increment Incentive and shall otherwise comply with such Policies and Procedures.

(d) The Applicant shall indemnify and hold harmless the Board, its employees, officers, directors, attorneys and consultants against all losses, costs, damages, expenses (including reasonable attorney's fees), and liabilities of any nature directly or indirectly resulting from, arising out of or relating to the acceptance, consideration, approval or disapproval of this Application for Tax Increment Incentives.

VI. Signature

I, the undersigned, affirm that the project descriptions, numerical and financial estimates, and all other information I have provided in this Application are true and complete to the best of my knowledge. I have read and understood the requirements described in this Application, including the Tax Incentive Financing Program of the Industrial Development Board of the City of Chattanooga, Tennessee. Furthermore, I certify that I am authorized to initiate the Tax Increment Incentive application process on behalf of the Applicant and the Project described.

The undersigned, furthermore, agrees to provide such additional information and documentation, from time to time, as the Board may consider necessary or convenient to determine the advisability of providing Tax Increment Incentive to the Applicant.

The undersigned agrees to pay or reimburse the Board for all costs, fees and expenses, including attorneys' fees, incurred by the Board in considering, evaluating, and enforcing the provisions of the Application and the Policies and Procedures of the Tax Increment Incentive Program. In certain instances, the Board may require that principals of the Applicant guarantee the payment of the above costs and supply the Board with financial statements of such principals.

Applicant: _____

Signed: _____

Date: _____, 20____

Legal Disclaimer

COMPLETION OF THIS APPLICATION DOES NOT ENTITLE THE APPLICANT TO FINANCIAL ASSISTANCE. ANY SUCH ASSISTANCE MUST BE APPROVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE OR THE HAMILTON COUNTY COMMISSION.

EXHIBIT B

**AFFIDAVIT TO ACCOMPANY
TAX INCREMENT INCENTIVE APPLICATION**

I, _____, being first duly sworn, depose and state under penalty of perjury as follows:

1. I am a corporate officer, managing member, general partner or sole proprietor of _____ (“Applicant”), a company duly organized in the State of _____ as a (Corporation/LLC/Sole Proprietorship/General Partnership/Limited Partnership). Applicant submits the accompanying Application requesting a tax increment incentive for the project located at _____ (“Site”). The Applicant represents (i) that the Application and all information furnished in support of the Application for the purpose of obtaining financial assistance under the Policies and Procedures for Tax Increment Incentives (the “Tax Increment Policies”) adopted by The Industrial Development Board of the City of Chattanooga (the “IDB”) and the City of Chattanooga are true and complete to the best of Applicant’s knowledge and belief and (i) that this Affidavit, including defined terms, shall be construed consistent with such Tax Increment Policies.
2. Applicant hereby acknowledges and declares that it will comply with the following submittal requirements for Tax Increment Incentive assistance from the IDB:
 - (i) Applicant will list and specify all costs of public infrastructure eligible for a Tax Increment Incentive;
 - (ii) Applicant will acknowledge the maximum tax increment reimbursement available for the Project;
 - (iii) Applicant will pay a Tax Increment Incentive application fee consistent with the IDB Policies; and
 - (iv) Applicant will be required to pay the IDB an administration fee consistent with the IDB Policies.
5. Applicant acknowledges and declares that no other reasonable means of financing the public infrastructure proposed to be financed with Tax Increment Incentive are available, because of one or more of the following reason(s) as checked by Applicant:
 - ____(i) The Project, including the public infrastructure, if financed by Applicant through cash on hand or through debt financing from a private lender, would not result in a reasonable rate of return to the Applicant; or
 - ____(ii) Applicant would not undertake the public infrastructure contemplated in the Application through resources reasonably available to the Applicant.

6. Applicant hereby agrees that Applicant shall at all times indemnify and hold harmless the IDB, its employees, officers, directors, counsel, and consultants against all losses, costs, damages, expenses (including reasonable attorney fees), and liabilities of any nature directly or indirectly resulting from, arising out of or relating to the acceptance, consideration, approval, or disapproval of the Application for Tax Increment Incentive assistance.

[signature page follows]

DATED this ___ day of _____, 20 ___

Signature

Title

Signed and sworn to before me this ___ day of _____, 20__.

Notary Public: _____

My commission Expires: _____

RESOLUTION NO. 31389

A RESOLUTION AMENDING AND ADOPTING TAX INCREMENT FINANCING POLICIES AND PROCEDURES, A COPY OF WHICH IS IN SUBSTANTIALLY THE FORM ATTACHED AND MADE A PART HEREOF BY REFERENCE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That it is hereby amending and adopting Tax Increment Financing Policies and Procedures, a copy of which is in substantially the form attached and made a part hereof by reference.

ADOPTED: November 29, 2022

/mem

POLICIES AND PROCEDURES RELATING TO
TAX INCREMENT INCENTIVES

APPROVED BY

THE CITY OF CHATTANOOGA, TENNESSEE

AND

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF CHATTANOOGA

Effective _____, 2022

POLICIES AND PROCEDURES RELATING TO TAX INCREMENT INCENTIVES

Introduction

The Industrial Development Board of the City of Chattanooga, Tennessee (the “Board” or “IDB”) and the City of Chattanooga, Tennessee (the “City”) have adopted these Policies and Procedures (these “Policies”) relating to the use of tax increment incentives pursuant to Section 7-53-312 of the Tennessee Code Annotated (a “Tax Increment Incentive”) and are adopted pursuant to Section 9-23-107 of the Tennessee Code Annotated. These Policies set forth the procedures of the Board and the City associated with Tax Increment Incentives and are intended to facilitate the consideration of requests for Tax Increment Incentives by the applicable legislative bodies of the City and Hamilton County, Tennessee (the “County”). These Policies also provide for the administration of the Tax Increment Incentives. The adoption of these Policies does not create or vest any rights in any person or entity, and both the City and the Board retain the right to approve any Tax Increment Incentive in the sole discretion of the City and the Board.

These policies and procedures only apply to any Tax Increment Incentives with respect to a specific project being initiated by a private developer and supported by incremental property tax revenues. If the City initiates a project supported by tax increment revenues on its own behalf or on behalf of or through the Chattanooga Housing Authority to finance public improvements in a redevelopment area, the City shall follow such procedures as the City deems appropriate under the circumstances.

Tax Increment Incentives generally take one of two forms – (i) reimbursements from Tax Increment Revenues to a private party of eligible costs incurred by that party relating to a Project as Tax Increment Revenues are received by the Board or (ii) non-recourse financing by the Board of eligible costs relating to a Project, which financing is payable from Tax Increment Revenues. The latter type of incentive is often called tax increment financing or a “TIF.” These Policies apply to both types of Tax Increment Incentives.

Capitalized terms used in these Policies and not otherwise defined shall have the meanings given to such terms in Section 10 of these Policies.

Section 1. General Policy

A Tax Increment Incentive is an economic development tool used by municipalities to allocate a portion of the new, additional taxes generated by a particular geographic area over a limited period of time to pay for eligible costs to the extent authorized by applicable law. For purposes of these Policies, the taxes that can be allocated are limited to property taxes. The tax increment is the difference in the property tax revenues generated by the property in the Plan Area after a project has been completed compared with the tax revenues generated by such property before the applicable plan was adopted (less certain deductions as required or permitted by applicable law). This increment can be used, as described above, to reimburse eligible costs or to pay debt service on tax increment financing incurred to finance such eligible costs.

The benefits of Tax Increment Incentive transactions include the following:

- (i) A TIF can be effective as “off balance sheet” financing of components of public infrastructure such as utilities and road and traffic improvements. A TIF is generally not included as a liability on the City’s balance sheet (although it may be noted). The structure of these transactions allows the City to utilize new incremental revenue streams to accelerate funding of public improvements. A TIF therefore can enable the City to complete public infrastructure that it otherwise could not afford at the time.
- (ii) Tax Increment Incentives provide support for projects that are not otherwise economically feasible. For instance, a Tax Increment Incentive transaction may assist in the redevelopment of blighted and under-utilized property in the City.
- (iii) Because of the accelerated development of public infrastructure improvements, the ad valorem property tax base from associated and adjacent properties often increases, which produces even greater benefits for the City and County.
- (iv) Tax Increment Incentives are paid from increases in tax revenues from a Plan Area and not from tax subsidies from other areas of the City. Therefore, that portion of the cost of projects supported by Tax Increment Incentives generally are paid by the development itself.
- (v) Projects supported by a Tax Increment Incentive may attract significant new jobs, businesses, and investment to the community, or may retain jobs and businesses that otherwise would be missed or lost without the investment made possible through a Tax Increment Incentive.

Tax Increment Incentives will generally be used for economic development projects that provide improvements in blighted and under-utilized areas in the City and in other properties approved by the City and, if applicable, the County. Members of the City Council of the City and the County Commission of the County (collectively, the “Governmental Authorities”), as the community’s elected representatives, are not only vested with the final authority to approve plans authorizing Tax Increment Incentives, but also are in the best position to determine the relative priorities of the proposed infrastructure improvements and the related community benefits from a public policy standpoint. The Board, with the support of the City’s staff, will administer and implement these Policies consistent with the policy directives of the City and, to the extent applicable, the County.

The Board has always viewed its core mission as the promotion of economic development and growth in the City, and in particular, commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City. A project fitting within this core mission will encounter greater flexibility and receptivity by the Board, as well as the City and the County, as opposed to projects that do not involve these factors.

Section 2. Statutory Background

The IDB is a nonprofit public corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act (the “IDB Act”), Tenn. Code Ann. §§7-53-101 et seq. The Board’s statutory purpose includes financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and the City, in particular.

On May 14, 2004, the Tennessee General Assembly amended the IDB Act to vest industrial development corporations like the Board with the authority to initiate and administer Tax Increment Incentives in areas that are approved by the Governmental Authorities. The Board’s responsibilities under the amendment include the following:

- (i) Preparation and submission of an Economic Impact Plan for an area that includes an eligible Project, which plan must comply with certain statutory criteria;
- (ii) Holding a public hearing relating to the Economic Impact Plan after proper, published notice; and
- (iii) Administering the incremental tax payments allocated to the Board under the Economic Impact Plan.

The purpose of these Policies is to specify the procedures for applying for a Tax Increment Incentive, specify the information that will be required of an Applicant, confirm that the Governmental Authorities retain the legal authority to approve any plan that would affect their respective property taxes, and prescribe the role the Board will play in the process. These Policies presume that each Economic Impact Plan will be submitted for approval by both Governmental Authorities, but the IDB, with the approval by the City Council, may approve an Economic Impact Plan that only applies to the City’s taxes, in which case all references to the County in these Policies will not be applicable as to such Economic Impact Plan.

The amendment, which is codified as Tenn. Code Ann. §7-53-312, provides that City Council is entitled to approve any Economic Impact Plan affecting property taxes due to the City and the County Commission must approve any Economic Impact Plan affecting property taxes owed to the County. Neither has the authority to approve an Economic Impact Plan affecting the property taxes of the other. A Tax Increment Incentive may be approved that allocates to the Board incremental property tax revenues from both real and personal property taxes in the specified area. However, because of the complexity of administering the calculation of the increment relating to personal property taxes, a Tax Increment Incentive that includes personal property taxes will only be approved if the allocation of incremental personal property taxes is essential, in the judgment of the Board and the Governmental Authorities, to the development of the Plan Area.

In 2012, the Tennessee General Assembly enacted the Uniformity in Tax Increment Financing Act of 2012 (the “TIF Uniformity Act”) to provide a more comprehensive statutory framework for utilizing Tax

Increment Incentives. The TIF Uniformity Act was codified as Chapter 23 of Title 9 of the Tennessee Code Annotated. Pursuant to Section 9-23-107 of the TIF Uniformity Act, the City and the Board were specifically authorized to adopt policies and procedures relating to Tax Increment Incentives, and these Policies are adopted pursuant to such statutory authorization.

The Tennessee General Assembly has also enacted Section 7-53-316 of the IDB Act, which authorizes the use of certain incremental sales tax revenues to supplement Tax Increment Revenues in connection with the development of certain brownfield sites. These Policies shall apply to the consideration of an Economic Impact Plan to be adopted pursuant to Section 7-53-316 of the IDB Act, as well as Section 7-53-312 of the IDB Act, and any Applicant requesting consideration of an Economic Impact Plan under Section 7-53-316 of the IDB Act shall request such consideration in the Applicant's Application.

Section 3. Process

3.1. Application. The process for requesting a Tax Increment Incentive will commence with an Applicant filing a completed Application in the form attached to these Policies as Exhibit A and incorporated herein by reference together with all exhibits, supplements, schedules, and financial information required in the Application. The Applicant shall tender an application fee to the Board in an amount set forth in Section 6 of these Policies. No action will be taken with respect to the Application until the Board (or its Administrative Agent) determines that it has received all information which may be relevant or necessary in determining the qualifications of the Applicant and the Project. **Acceptance of the Application does not imply, evidence, or confirm the IDB's support for, or recommendation of, the Project identified in the Application or the Tax Increment Incentive request.**

3.2. Submission to Governmental Authorities. Upon receipt of the Application, the Board shall work with City staff to review the Application. The review shall include, but not be limited to, the following considerations: the purpose of the request; experience of the Applicant; description of the Project to be located in the area that would be the subject of the Economic Impact Plan (the "Plan Area"); proposed sources of funds to pay the Project; and evidence of the financial capability of the Applicant to undertake the Project. Once the Board determines that it has received a properly completed Application and any other information that it considers relevant or necessary for City Council to evaluate the Application and the Project, the Board will submit its acceptance of the Application with a proposed Resolution of Intent to the City Council.

Upon receipt of the Application from the Board, the City Council may take one of three actions: (i) reject the Application and return it to the Board, (ii) return the Application to the Board to request more information from the Applicant as specified by City Council, or (iii) approve the Resolution of Intent to consider an Economic Impact Plan relating to the Application. If adopted, the Resolution of Intent will instruct the Board to prepare and submit to City Council an Economic Impact Plan as requested by the Application.

If the Tax Increment Incentive request will affect County property taxes, the Board will also submit the Application and a proposed Resolution of Intent to the County Mayor and County Commission. County Commission may then take one of three actions described above in the same manner as City Council. If

County Commission disapproves the Application or does not consider the Application in a timely manner, the City Council may reconsider the Application and adopt another Resolution of Intent instructing the Board to prepare and submit an Economic Impact Plan that only affects City taxes.

3.3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council and, if applicable, County Commission, the Board may prepare, with input from the Applicant, a proposed Economic Impact Plan for the Board's consideration. The Board may also instruct the Applicant to prepare the proposed Economic Impact Plan for the Board's consideration. The proposed Economic Impact Plan shall contain the information required by Section 7-53-312(b) of the IDB Act and, to the extent not already required by the IDB Act, shall also include the following information:

- (i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the Tax Increment Revenues will be generated, and the Base Taxes for each such tax parcel;
- (ii) a map clearly identifying the boundaries of the Plan Area;
- (iii) a clear description of the Project or Projects that will be located in the Plan Area and that will be developed by the Applicant;
- (iv) confirmation of the current zoning of the parcels in the Plan Area subject to the Economic Impact Plan;
- (v) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the Economic Impact Plan as to each tax parcel, and if the allocation period as to each tax parcel shall not commence in the same tax year, the maximum period of time during which such allocation periods can commence;
- (vi) a description of any proposed borrowing related to the Tax Increment Incentive;
- (vii) the number of jobs which the Applicant estimates will be created by the Project identified in the Plan Area and a summary of the projected compensation that will be paid to those holding the jobs;
- (viii) the estimated development and construction costs of the Project; and
- (ix) the projected total cost of the Tax Increment Incentive, including interest paid during the term of the Tax Increment Incentive.

If the Applicant is requested to prepare a proposed Economic Impact Plan, the Applicant shall submit the proposed Economic Impact Plan to the Board no later than ninety (90) days after such request is made of the Applicant. If the Applicant does not submit the proposed Economic Impact Plan within that period, the Board has the authority to take no further action with respect to the Application and the Project. If the Board chooses to take no further action, the Board will consider any further requests of the Applicant

as a new request requiring a new Application, the re-commencement of the procedures described above, and the payment of another application fee. If the Board elects to cause the preparation of the Economic Impact Plan, the Board will cause such preparation to occur promptly after approval of the applicable Resolution of Intent. In either case, the Applicant shall fully cooperate in connection with preparation of the proposed Economic Impact Plan and shall provide such economic impact information, including a report relating thereto from an independent consultant if requested by the Board.

3.4. Application Review Committee. There shall be an Application Review Committee consisting of not less than five (5) members. Two (2) members shall be appointed by the City Mayor; two (2) members shall be appointed by City Council; and one (1) member shall be a representative of the Chamber of Commerce. The Application Review Committee will review each Application, each proposed Economic Impact Plan, the application process to date, and the Resolution(s) of Intent. The Committee will advise the Board whether the Application and the proposed Economic Impact Plan comply with the IDB Act and these Policies, and is, therefore, qualified to be considered for submission to City Council and/or County Commission for approval. The Committee, in consultation with the Board's chairman, will then establish a proposed date for the Board to hold a public hearing and determine whether to submit the Economic Impact Plan to the City Council and, if applicable, County Commission for approval. The meetings of the Application Review Committee shall be subject to the Tennessee Open Meetings Act.

3.5. Public Hearing by the IDB. After the Application Review Committee and the Board's designated staff and counsel determine the Economic Impact Plan to be complete, the Board will hold a public hearing relating to the proposed Economic Impact Plan at a regular or special meeting of the Board. Notice of the public hearing shall be published in a newspaper of general circulation in Hamilton County at least two weeks prior to the date of the public hearing, as required by Section 7-53-312(g) of the IDB Act. If approved by the Board, the Board will submit the Economic Impact Plan to Chattanooga City Council and, if applicable, County Commission for consideration and approval. The submission shall include a summary of any comments from the public hearing on the proposed Economic Impact Plan and other information deemed pertinent by the Board.

3.6. Approval of Economic Impact Plan. The City Council and, if applicable, County Commission shall then consider whether to approve the proposed Economic Impact Plan. Such approval, if provided, shall be undertaken by resolution of the applicable governing body in accordance with the IDB Act and TIF Uniformity Act. After such approval, City Council and, if applicable, County Commission shall provide a certified copy of the resolution providing such approval to the Board.

3.7. Closing of Tax Increment Incentive. If an Economic Impact Plan requested by an Applicant is approved by City Council and, if applicable, County Commission, the Applicant and the Board will commence negotiation of the appropriate documents implementing the Tax Increment Incentive authorized by the Economic Impact Plan. Such documentation shall include, without limitation, a Development Agreement with the Applicant that will incorporate the specific terms of the Tax Increment Incentive and will require the Applicant to undertake the Project identified in the Economic Impact Plan consistent with the Applicant's Application. If the Tax Increment Incentive includes tax increment financing, the documents required to implement such tax increment financing shall also be negotiated between the parties.

Such documents, once negotiated, will be presented to the Board in substantially final form for consideration for approval.

The Board may instruct its counsel to prepare the documentation required to implement any Tax Increment Incentive or may instruct the Applicant to prepare such documents for the Board's review. In any event, all contractual commitments of the Board under such documents, including any tax increment financing, shall be non-recourse as to the Board other than with respect to allocated Tax Increment Revenues. All such documents shall be subject to the review and approval of the Board's counsel.

The Applicant will close the Tax Increment Incentive transaction within a reasonable period of time after the City Council and, if applicable, County Commission, approve the applicable Economic Impact Plan. If the closing of the Tax Increment Incentive does not occur within a 120-day period after such approval, the Board may consider the Application withdrawn and, unless such time period is extended by the Board, all approvals by the Board shall be deemed to have lapsed and be of no further force or effect.

Section 4. Board Policies for Tax Increment Incentives

The following policies shall apply with respect to Tax Increment Incentives within each Plan Area:

4.1. Maximum Allocation Period. Unless City Council and, if applicable, County Commission, approve otherwise in an Economic Impact Plan, the maximum allocation period for any Tax Increment Revenues as to any parcel in a Plan Area shall be 20 years, but the Board may provide for a shorter allocation period in any Economic Impact Plan if the Board determines that such shorter allocation period will result in a Tax Increment Incentive sufficient to make the Project financially feasible. A longer allocation period will only be permitted in extraordinary circumstances and only with the required statutory approvals under the TIF Uniformity Act.

4.2. Limit on Allocation of Gross Incremental Tax Revenues. Unless City Council approves otherwise in an Economic Impact Plan, the maximum amount of Gross Tax Increment Revenues of the City allocable to support a Tax Increment Incentive shall be 75% of the Gross Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is 10 years or less and 60% of the Gross Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is more than 10 years. The maximum amount of Gross Tax Increment Revenues of the County allocable to support a Tax Increment Incentive shall be as is approved by the County Commission if the Economic Impact Plan is submitted to the County for approval.

4.3. Plan Area. The Plan Area, from which the Tax Increment Revenues will be generated, will consist of no more than (i) the parcels on which the applicable Project will be located, and (ii) those parcels, determined by the Board, to be directly affected and substantially benefited by the Project, whose owners have received the notice referred to in Section 4.5. The Board may rely upon the opinions of City staff and such independent consultants as the Board deems advisable in determining whether a parcel would be directly affected and substantially benefited by the Project in the Plan Area.

4.4. Eligible Costs. Unless City Council and, if applicable, County Commission approve otherwise

in an Economic Impact Plan, a Tax Increment Incentive may only be used to pay or reimburse the cost of Public Infrastructure in a Plan Area that relates to a Project or Projects in such Plan Area. The cost of Public Infrastructure may include the following costs:

- (i) The cost of the land on which the Public Infrastructure will be located;
- (ii) Costs relating to the design and construction of the Public Infrastructure, including clearing, grading and excavating, site work, and other hard construction expenses;
- (iii) costs of obtaining permits for the Project from Governmental Authorities;
- (iv) capitalized interest relating to financing of the Public Infrastructure;
- (v) premiums for payment and performance bonds issued in favor of Governmental Authorities or professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;
- (vi) acquisition costs for equipment included in the Public Infrastructure; and
- (vii) fees and expenses of the Board and other fees and expenses related to the Tax Increment Incentive.

For purposes of these Policies, “Public Infrastructure” shall have the meaning given to that term in Section 9-23-102 of the TIF Uniformity Act.

If an Applicant desires the Board to pay any cost not described above, the Applicant should make such a request in its Application and shall demonstrate the extraordinary circumstances requiring the payment of such additional costs. If City Council and, if applicable, County Commission approve such additional costs as part of a Resolution of Intent, the Board may include such additional costs as being permitted in the applicable Economic Impact Plan.

4.5. Notice to Property Owners. The Board through its designated administrative staff will notify any owners of parcels included in the proposed Plan Area (other than the Applicant) that the Board will consider the Application for Tax Increment Incentive on a certain date and at a prescribed time and place. The Applicant will provide a list of all parcels contained in the Plan Area, the names of the record owners and the address of each owner. The Board’s notice will invite public comment and will be mailed to such property owners at least 14 days prior to the public hearing of the Board relating to the Economic Impact Plan described in Section 3.5 above. In addition, the form of notice will advise property owners how they may comment on the Economic Impact Plan such as by email or by letter, as well as by attending the hearing. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

4.6. Maximum Percentage of Project Cost and Minimum Project Size. The amount of a Tax Increment Incentive for a specific Project (either through the reimbursement of costs or based upon the principal amount of any tax increment financing) shall not exceed fifteen percent (15%) of the Total

Projected Project Cost of any Applicant. The Applicant must also reasonably anticipate a Total Projected Project Cost of at least \$5,000,000 with respect to a proposed Project in order to apply for a Tax Increment Incentive.

4.7. Eligible Projects. As is described above, each Economic Impact Plan must include an eligible Project. The list of eligible Projects is included in Section 7-53-101(15) of the IDB Act. Such list of eligible Projects includes many types of commercial, industrial, and warehousing facilities as may be determined by the Board. However, in the absence of unusual or extenuating circumstances acceptable to the Board and the City, Projects that are substantially residential or are multifamily housing facilities under Section 7-53-101(15)(x) of the IDB Act will not qualify as an eligible Project for purposes of an Economic Impact Plan. A request for an incentive for a residential project, including a multifamily housing facility, should be submitted to the appropriate governmental authority or entity to the extent incentives may be available for such projects.

4.8. Guaranties of Completion. The Board may require guaranties of completion of all or any portion of the Public Infrastructure from principals of the Applicant, payment and performance bonds from sureties acceptable to the Board, or letters of credit from financial institutions acceptable to the Board that assure the timely completion of the Public Infrastructure.

4.9. Transfer of Tax Increment Incentive. No rights to a Tax Increment Incentive may be sold, assigned, or leased, including by transfer of ownership interests in the Applicant, unless approved by the Board or otherwise specified in the Development Agreement, provided however that the Board will consent to the collateral assignment of Tax Increment Revenues to secure tax increment financing.

4.10. Additional Requirements; Amendments. These Policies are in addition to the normal rules and procedures of the Board. From time to time and without notice, these Policies may be amended or waived, in whole or part, by the Board and the City, and new policies may also be adopted by the Board and the City. The Board may consider any special circumstances or conditions in determining whether to submit an Application for consideration by the City Council and, if applicable, County Commission, and whether to prepare and submit an Economic Impact Plan for approval.

4.11. Applicant Affidavit. The Applicant must submit a signed affidavit certifying that the Project cannot proceed without the availability of a Tax Increment Incentive and must provide supporting documentation justifying the need for and the amount of the Tax Increment Incentive, in accordance with the Application form. The form of such affidavit is attached to these Policies as Exhibit B. In addition to requiring such affidavit, the Board, as a condition to the approval of any Economic Impact Plan, may retain an independent consulting firm, at the expense of the Applicant, to evaluate the Applicant's financial projections for the Applicant's Project to assist in evaluating whether the amount and allocation period of Tax Increment Incentive requested by the Applicant is required for Applicant to receive a commercially reasonable return on investment with respect to the Applicant's Project.

4.12. Tax Increment Payment Dates. The Tax Increment Revenues to be allocated to the Board for any Tax Increment Incentive shall be paid by the City and, if applicable, the County no later than sixty (60) days from the last day of each February, which is the last day that such tax revenues are not overdue.

Delinquent taxes to be allocated to the Board shall be paid by the County and the City no later than sixty (60) days after each date such delinquent taxes are collected, together with interest thereon to the extent required by the Tax Increment Act.

4.13. State Approval Process. If any Tax Increment Incentive will be used to pay any cost that does not relate to Public Infrastructure or if any allocation period with respect to any parcel is to extend beyond 20 years, and only to the extent permitted by these Policies, the State Commissioner of Community and Economic Development and the State Comptroller of the Treasury shall be required to make a determination, as provided in the TIF Uniformity Act, that it is in the best interests of the State to permit such use of the Tax Increment Incentive or such extended allocation period.

4.14. Stormwater Fees. All applications for Tax Increment Incentives shall require verification that all stormwater fees for any properties owned by the Applicant shall have been paid in full. No Tax Increment Incentive payments shall be made by the Board or the City to an Applicant or its permitted assigns unless all stormwater fees have been paid in full and continue to be paid in full during the term of any Tax Incremental Incentive by the Applicant and its permitted assigns. Additionally, no stormwater fees within a Plan Area shall be waived at any time during the term of the Tax Increment Incentive pursuant to Tennessee law.

Section 5. Post-Closing Evaluation

The Board intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of the City through the use of Tax Increment Incentives. Accordingly, the Applicant will be obligated to develop the Project substantially in accordance with the Economic Impact Plan and the Applicant's Application, and the Development Agreement will document that obligation. Material departures from the development specified in the Development Agreement will require the consent of the Board and may result in reductions or even elimination of the Tax Increment Incentive, depending on the effect of the proposed changes.

In addition, the Board requires the Applicant to annually certify compliance with the Development and Financing Agreement in a writing signed by the Applicant's chief executive officer or other executive acceptable to the Board. The Board will annually (or at such other times as it deems appropriate) evaluate each Project receiving a TIF to ensure compliance with the Development and Financing Agreement.

Section 6. Fees

6.1. Application Fee. The Applicant will submit the Application with an Application Fee of \$1,500.00, provided that for any Application submitted on or after January 1, 2023, the Application Fee shall be increased to \$8,000.00.

6.2. Annual Administrative Fee. For all Economic Impact Plans approved prior to January 1, 2023, the Applicant will pay to the Board an annual administrative fee equal to 25 basis points (0.25%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area. For all Economic Impact Plans approved on or after January 1, 2023, the Applicant will pay to the Board an

annual administrative fee equal to 250 basis points (2.50%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area. The annual administrative fees provided for in this paragraph shall be payable from the Tax Increment Revenues allocable to the Board and not from Gross Tax Increment Revenues retained by the City.

In addition, the Board will charge reasonable fees for any amendments to the Tax Increment Incentive, including any amendment to the Development Agreement, that will be based upon the facts and circumstances requiring the amendment, the actions required by the Board to effect the amendment, and the involvement of any Governmental Authorities. The Board may require that these fees be paid in advance of Board action and at the time the Applicant requests the amendment.

The fees described above are intended to offset the expenses of the Board and the City staff for evaluating and administering Tax Increment Incentives. In addition to the fees described above, the Applicant is responsible for payment of the Board's counsel fees and other expenses incurred by the Board with respect to the Application, the Economic Impact Plan, the Development Agreement and all other aspects of the Tax Increment Incentive, as applied to the Applicant, including, without limitation, the cost of any economic impact study and/or financial review deemed advisable by the Board.

Section 7. Environmental Report and Title Insurance

The Board may require the Applicant to provide at its expense a Phase I Environmental Site Assessment Report for the Project and/or Plan Areas that (i) shall be prepared by a recognized Person in the health, safety and environmental field that is acceptable to the Board; (ii) shall bear a date acceptable to the Board; and (iii) shall disclose no unacceptable conditions to the Board. All environmental reports requested by the Board must grant to the Board the right to rely on such reports.

The Board may also require that the Applicant obtain at its expense, and deliver to the Board, a title insurance commitment for the Project and/or Plan Areas described in the Economic Impact Plan.

Section 8. Conflicts of Interest

Each Board member shall be responsible for disclosing any material interest which he or she may have in or with an Applicant or any financing source for the applicable Project. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or financing source for the applicable Project shall submit to general counsel for the Board a representation of that interest, and such counsel shall advise both the Board and Board member whether the member needs to recuse himself or herself from consideration of the Application. Such recommendation of the Board's counsel shall be conclusive. If recusal is recommended, the Board will then consider the Application without participation from the member or members who recuse themselves.

If any counsel has a professional legal relationship with the Applicant or source of the financing for the Project other than incidental representations in connection with financings of other projects, the Board will retain special counsel to represent the Board in connection with the particular Application and Project being considered.

Section 9. Disclosures

The Application will require the Applicant to disclose, in addition to all other information required by the Application, the following:

- (i) If the Applicant or any principal in the Applicant are currently engaged in any civil or criminal proceeding;
- (ii) If the Applicant or any principal in the Applicant have ever been charged or convicted of any felony or currently is under indictment; or
- (iii) If the Applicant or any principal in the Applicant has ever filed for bankruptcy.

Section 10. Definitions

For purposes of these Policies, the following terms shall have the following meanings:

“Administrative Agent” means the Person providing administrative services to the Board from time to time. The Board’s current administrative agent is Office of Economic Development of the City.

“Application” means the Application for Tax Increment Incentive submitted hereunder in the form designated by the Board and as amended from time to time. The current form of the Application is attached hereto as Exhibit A.

“Base Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Dedicated Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Development Agreement” means the Development Agreement between the Board and the Applicant (and any guarantor thereof) or similar agreement or contract providing for the terms and implementation of the Project and the Tax Increment Incentive.

“Economic Impact Plan” means an economic impact plan within the meaning of Section 7-53-312 of the IDB Act.

“Governmental Authority” means the City of Chattanooga, Tennessee, and Hamilton County, Tennessee.

“Gross Tax Increment Revenues” means the property tax revenues generated from the Plan Area less the Base Taxes, without reduction for Dedicated Taxes and any amount the County, the City, or the Board withhold as administrative expenses or as may be reserved pursuant to applicable law.

“IDB Act” means Chapter 53 of Title 7 of the Tennessee Code Annotated, as amended.

“Person” means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, individual and

Governmental Authority.

“Plan Area” means the parcels of real property identified as the plan area in the applicable Economic Impact Plan.

“Project” means a project under Section 7-53-101(11) of the IDB Act and includes the infrastructure, utilities, road and traffic improvements, traffic signage and signals, buildings, structures, machinery, equipment, and land defined in the Application as part of the Project.

“Public Infrastructure” has the meaning assigned to it in Section 4.3.

“Reserved Taxes” means the Base Taxes and the Dedicated Taxes.

“Tax Increment Revenues” means the property tax revenues generated from the Plan Area after the Reserved Taxes less any amount that the County, the City or the Board withhold as administrative expenses or as may be reserved pursuant to applicable law.

“TIF Uniformity Act” means the Uniformity in Tax Increment Financing Act of 2012, as amended.

“Total Projected Project Cost” means all costs that are expected to be incurred in connection with the development of a Project and that would be capitalized in accordance with generally acceptable accounting principles other than interest, property taxes and insurance during the construction of the Project as set forth in the Applicant’s Application.

POLICIES AND PROCEDURES RELATING TO
TAX INCREMENT INCENTIVES

RESOLUTION NO. 28335

APPROVED BY

A RESOLUTION ADOPTING TAX INCREMENT FINANCING
POLICIES AND PROCEDURES, A COPY OF WHICH IS
SUBSTANTIALLY ATTACHED HERETO AND MADE A PART
HEREOF BY REFERENCE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
CHATTANOOGA, TENNESSEE

~~TENNESSEE, that it is hereby adopting Tax Increment Financing policies and procedures, a
copy of which is substantially attached hereto and made a part hereof by reference. The TIF
procedures will become effective sixty (60) days following its passage.~~

~~ADOPTED: July 21, 2015~~

~~/vm
m~~

28335

AND

4816-8152-1188.1

~~CITY OF
CHATTANOOGA~~

~~TAX INCREMENT
FINANCING~~

~~Policies, Procedures and
Application~~

~~The Industrial Development Board of the City of Chattanooga~~
~~THE INDUSTRIAL DEVELOPMENT BOARD OF~~
~~THE CITY OF CHATTANOOGA (TENNESSEE) TAX~~
~~INCREMENT FINANCING PROGRAM~~

POLICIES AND PROCEDURES FOR TAX INCREMENT INCENTIVES

Introduction

The Industrial Development Board of the City of Chattanooga, Tennessee (the “Board” or “IDB”) ~~adopted this Tax Increment Financing (“TIF”) Program and the following~~ and the City of Chattanooga, Tennessee (the “City”) have adopted these Policies and Procedures ~~on~~ _____. ~~It sets forth the terms of the Program, the policies and procedures associated with TIF proposals and approvals; is~~ (these “Policies”) relating to the use of tax increment incentives pursuant to Section 7-53-312 of the Tennessee Code Annotated (a “Tax Increment Incentive”) and are adopted pursuant to Section 9-23-107 of the Tennessee Code Annotated. These

Policies set forth the procedures of the Board and the City associated with Tax Increment Incentives and are intended to ~~implement and~~ facilitate the consideration of requests for ~~tax~~ Increment financing by Incentives by the applicable legislative bodies of ~~the City of Chattanooga and Hamilton County, Tennessee; and (the “County”).~~ These Policies also provides for the ~~implementation and~~ administration of the ~~TIF. The TIF Program is a discretionary program, and the Tax Increment Incentives. The~~ adoption of ~~this Program and the related~~ these Policies and ~~Procedures~~ do not create or vest any rights in any person or entity, and both the City and the Board retain the right to approve any Tax Increment Incentive in the sole discretion of the City and the Board.

These policies and procedures only apply to any ~~tax~~ Increment financing Incentives with respect to a specific project being initiated by a private developer and supported by incremental property tax revenues. If the City initiates a ~~TIF arrangement~~ project supported by tax increment revenues on its own behalf or on behalf of or through the Chattanooga Housing Authority to finance public improvements in a redevelopment area, the City shall follow such procedures as the City deems appropriate under the circumstances.

Tax Increment Incentives generally take one of two forms – a reimbursement of a private party of costs using incremental property tax revenues or a non-recourse financing of the Board payable from incremental property tax revenues, which is often call tax increment financing or a “TIF.” These Policies apply to both Tax Increment Incentives used to reimburse costs as well as TIFs.

Capitalized terms used in these Policies and not otherwise defined shall have the meanings given to such terms in Section 10 of these Policies.

Section 1. General Policy

A Tax i ~~Increment financing~~ Incentive is an economic development tool used by municipalities to allocate ~~all or~~ a portion of the new, additional taxes generated by a ~~development~~ particular geographic area over a limited period of time to pay for ~~public infrastructure, other improvements related to that development, and those projects allowed under TCA 7-53-101, et seq.~~ eligible costs to the extent authorized by applicable law. For purposes of these Policies, the taxes that can be allocated are limited to property taxes. The T tax increment is the difference in the property tax revenues generated by the property in the ~~development~~ plan area after a project has been completed compared with the tax revenues generated by ~~asuch~~ property before the ~~development~~ applicable plan was adopted. ~~The difference in these tax revenues pays towards the costs of improvements to the public infrastructure serving the development area. (less certain deductions as required or permitted by applicable law).~~ This increment can be used, as described, above to reimburse eligible costs or to pay debt service on Tax Increment Financing incurred to finance such eligible costs.

The benefits of ~~TIF~~ Tax Increment Incentive transactions include the following:

(i) ~~A TIF transactions~~ can be effective as “off balance sheet” financing of components of public infrastructure such as utilities and road and traffic improvements. ~~A TIF bonds and notes are~~ generally not included in the municipality’s general debt obligations as a liability on the City’s balance sheet (although it may be noted). The structure of these transactions allows the ~~municipality~~ City to utilize ~~the~~ new incremental revenue streams to accelerate funding of ~~municipal~~ public improvements. ~~This~~ A TIF therefore can enable ~~a municipality~~ the City to complete public infrastructure that it otherwise could not afford at the time.

(ii) ~~TIFs~~ Tax Increment Incentives provide ~~financings~~ support for projects that are not otherwise economically feasible. For instance, ~~TIF~~ a Tax Increment Incentive transactions may ~~contribute to~~ assist in the redevelopment of blighted and under-utilized property ~~selected by~~ in the ~~municipality~~ City.

(iii) Because of the accelerated development of public infrastructure improvements, the ad valorem property tax base from associated and adjacent properties often increases, which produces even greater benefits for the ~~municipality~~ City and County.

(iv) ~~TIF projects are financed~~ Tax Increment Incentives are paid from increases in tax revenues that the ~~development itself~~ plan area that includes a project generates and not from tax subsidies from other areas of the ~~municipality~~. ~~In short, TIF~~ City. Therefore, that portion of the cost of projects ~~effectively allow~~ supported by Tax Increment Incentives generally are paid by the development ~~to pay for~~ itself.

(v) ~~TIF~~ Projects supported by a Tax Increment Incentive may attract significant new jobs, businesses, and investment to the community, or may retain jobs and businesses, that otherwise would be missed or lost without the investment made possible through ~~a~~ Tax i ~~ncrement~~ financings Incentive.

~~The TIF Program is primarily~~ Tax Increment Incentives will generally be used for economic development projects that provide improvements in blighted and under-utilized areas in the ~~City of Chattanooga~~ and in other properties designated by City Council and the Hamilton County Commission ~~(the “Governmental Authorities”)~~. Members of ~~Hamilton County Commission and City Council, as qualified~~ the Governmental Authorities, as the community’s elected representatives, are ~~the ones~~ not only vested with the final authority to approve ~~TIF transactions and districts~~ plans authorizing Tax Increment Incentives, but also are in the best position to determine the relative priorities of the proposed infrastructure improvements and the related community benefits from a public policy standpoint. The Board, with ~~staff from ECD, the Offices~~ support of the ~~City’s Attorney, and the Mayor’s Office~~ staff, will administer and implement ~~the TIF Program and its~~ these p ~~olicies and procedures~~.

Section 2. Statutory Background

~~Enabling Legislation and Statutory Authority of the Board.~~ The IDB is a nonprofit public corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act (“Act”), Tenn. Code Ann. §§7-53-101 et seq. The Board’s statutory purpose includes financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and ~~Chattanooga~~the City, in particular.

On May 14, 2004, the Tennessee General Assembly amended the Act to vest industrial development corporations like the Board with the authority to initiate and administer ~~†Tax i~~Increment financing for certain qualified projects~~Incentives in areas that are~~ approved by ~~Chattanooga City Council and Hamilton County Commission~~the Governmental Authorities. The Board’s responsibilities under the amendment include the following:

- (i) Preparation and submission of an ~~e~~Economic ~~i~~impact ~~p~~plan for ~~the~~an area that includes an eligible project ~~that, which plan must~~ comply with ~~the~~certain statutory criteria;
- (ii) Holding a public hearing relating to the ~~e~~Economic ~~i~~impact ~~p~~plan after proper, published notice; and
- (iii) Administering the incremental tax payments allocated to the Board under the ~~††~~Economic Impact Plan.

The purpose of these Policies ~~and Procedures~~ is to ~~identify~~specify the procedures for applying for ~~a †Tax i~~Increment financing~~Incentive~~, specify the information that will be required of an Applicant, confirm that the ~~City Council and the Hamilton County Commission and will actually decide whether to grant the tax increment financing (as the Act provides)~~Governmental Authorities retain the legal authority to approve any plan that would affecting their respective property taxes, and prescribe the roles the Board will play in the process. These Policies presume that each Economic Impact Plan will be submitted to approval by both Governmental Authorities, but the IDB, with the approval by the City Council, may approve an Economic Impact Plan that only applies to the City’s taxes, in which case all references to the County in these Policies will not be applicable.

The amendment, which is codified as Tenn. Code Ann. §7-53-312, provides that City Council ~~must~~is entitled to approve ~~††~~any Economic Impact Plan affecting property taxes due to the City ~~of Chattanooga~~ and the County Commission must approve ~~††~~any Economic Impact Plan affecting property taxes owed to ~~Hamilton~~the County. Neither has the authority to ~~authorize a †† transaction~~approve an Economic Impact Plan affecting the property taxes of the other. ~~†† may be granted for projects generating~~A Tax Increment Incentive may be approved that allocates to the Board incremental property tax revenues from both real and personal property taxes: in the specified area. However, because of the complexity of administering the calculation of the increment relating to personal property taxes, a Tax Increment Incentive that

includes personal property taxes will only be approved if the allocation of incremental personal property taxes are essential, in the judgment of the Board and the Governmental Authorities, to the development of the plan area.

The Board has always viewed its core mission as the promotion of economic development and growth in the City ~~of Chattanooga~~, and in particular commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City ~~of Chattanooga~~. A project fitting within this core mission will encounter greater flexibility and receptivity by ~~both~~ the Board ~~and~~ as well as the

Governmental Authorities, as opposed to projects that do not involve these factors.

Section 3. Process

3.1. Application. The process for requesting a ~~tax~~ Increment ~~financing~~ Incentive will commence with an Applicant filing a completed Application in the form attached to ~~this Program~~ these Policies as Exhibit A and incorporated herein by reference together with all exhibits, supplements, schedules, and financial information required in the Application. The Applicant shall tender an application fee to the Board in an amount set forth in Section 6 of ~~this Program~~ these Policies. No action will be taken with respect to the Application until the Board (or its Administrative Agent) determines that it has received all information which may be relevant or necessary in determining the qualifications of the Applicant and the Project. **Acceptance of the Application does not imply, evidence or confirm the IDB's support for, or recommendation of, the Project ~~and the~~ TF Identified in the Application or the Tax Increment Incentive request.**

3.2. Submission to Governmental Authorities. Upon receipt of the Application, the Board shall work with ~~the City of Chattanooga Finance and Administration and Economic and Community Departments~~ staff to review the Application. The review shall include, but not be limited to, the following considerations: the purpose of the request; ~~history and background~~ experience of the ~~a~~ Applicant-developer; ~~project~~; description of the Project to be located in the area that would be the subject of the Economic Impact Plan (the "Plan Area"); proposed ~~uses~~ sources of funds ~~onto pay~~ the ~~p~~ Project-shown in a pro-forma; and two years of financial statements for the ~~a~~ Applicant-developer. Once the Board determines that it has received a properly completed Application and any other information that it considers relevant or necessary for City Council to determine the qualifications of the Applicant and the Project, the Board will submit its acceptance of the Application ~~and the information~~ with a proposed Resolution of Intent to the City Council, ~~City Council, the City of Chattanooga ECD, and other~~ and such governmental departments specified by either the Mayor or the City Council.

If the ~~TF~~ Tax Increment Incentive request will affect ~~City~~ County property taxes, the Board will take comparable actions and timely provide the same information to the ~~City~~ County Mayor, ~~City Council~~ County Commission and other governmental departments specified by either the County Mayor ~~or City Council~~.

After a full review by these Governmental Authorities, the City Council may take one of three actions: (i) reject the Application and return it to the Board, (ii) return it to the Board for more information, or (iii) approve a Resolution of Intent described below. To authorize further action and direct the Board to prepare and submit an eEconomic iImpact pPlan, the City Council will adopt a Resolution of Intent stating that ~~(i) the proposed Project will provide necessary improvements to public infrastructure that the City wants to occur within the proposed time for the Project, but does not currently plan to effect in the short term under its existing capital improvement plans, and (ii) the City Council will consider an eEconomic iImpact pPlan prepared and submitted by the Board, with aid from ECD City staff, with respect to the Project in accordance with the these Policies ~~and Procedures set forth herein.~~~~

If the ~~HT~~Tax Increment Incentive request will affect County property taxes, County Commission may engage in the same deliberations and may take similar action with respect to the Application.

3.3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council that makes the above findings and directs the Board to proceed with the preparation and submission of an eEconomic iImpact pPlan, the Board will request City staff to prepare (or request the Applicant will to submit) a proposed eEconomic iImpact pPlan to the Board, generally in the form designed by the Board and containing the information required by Section 7-53-312(b) of the Act and the following information and documents:

- (i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the incremental tax revenues will be generated;
- (ii) a map or drawing clearly identifying the ~~boundaries of the~~ Project to be undertaken by the Applicant in the Plan Area, including the proposed public improvements, and the boundaries of the Plan Area;
- (iii) confirmation of the current zoning of the Project Area and the Plan Area subject to the eEconomic iImpact pPlan;
- (iv) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the eEconomic iImpact pPlan;
- (v) a description of any proposed borrowing related to the ~~€~~Tax iIncrement financing Incentive;
- (vi) the number of jobs which the Applicant estimates will be created by the Project and the wages, salaries and other compensation that will be paid to those holding the jobs;
- (vii) the estimated development and construction costs of the Project; and

(viii) the projected total cost of the ~~HF~~Tax Increment Incentive, including interest paid during the term of the

Tax Increment Incentive~~HF~~.

The Applicant is to submit the proposed eEconomic iImpact pPlan to the Board no later than ninety (90) days after approval of the Resolution of Intent referred to in Section 3.2 by the City Council. If the Applicant does not submit the proposed plan within that period, the Board has the authority to take no further action with respect to the Application and the Project. If the Board chooses to take no further action, the Board will consider any requests of the Applicant as a new request requiring a new Application, the re-commencement of the procedures described above, and the payment of another application fee.

The Board's designated staff and counsel will review the proposed plan and will advise the Applicant if any additional information or changes are necessary for the plan. If necessary, the Applicant shall then revise the plan and submit the revised plan to the IDB Application Review Committee.

3.4. Application Review Committee. There shall be an Application Review Committee consisting of not less than five (5) members, Two (2) members shall be appointed by the Mayor; two (2) members shall be appointed by City Council; and one (1) member shall be a representative of the Chamber of Commerce. The Application Review Committee will review the eEconomic iImpact pPlan, the application process to date, and the Resolution of Intent. The Committee will also review a proposed Development ~~and Financing~~ Agreement and will evaluate the terms in light of the Board's Policies and determine whether to recommend the Agreement and any variations from such Policies to the Board. The Committee will advise the Board whether the eEconomic iImpact pPlan complies with the Act and ~~this Program~~these Policies, and is, therefore, qualified to be considered for submission to City Council and/or County Commission for approval. The Committee will also determine whether to recommend the Development ~~and Financing~~ Agreement to the Board for its approval. The Committee will then establish a proposed date for the Board to hold a public hearing and determine whether to submit the eEconomic iImpact pPlan to the City Council and/or County Commission for approval. The Application Review Committee shall be subject to the Tennessee Open Meetings Act.

3.5. Notice and Hearing of IDB. After the Application Review Committee and the Board's designated staff and counsel determine the eEconomic iImpact pPlan to be complete, the Board will hold a public hearing related to the proposed plan at a regular or special meeting. Notice of the public hearing shall be published in a newspaper of general circulation in Hamilton County at least two weeks prior to the date of the public hearing, as required by Section 7-53- 312(g) of the Act. The Board will submit the eEconomic iImpact pPlan to Chattanooga City

Council and/or Hamilton County Commission for consideration and approval. The

submission shall include a summary of any comments from the public hearing on the proposed plan and other information deemed pertinent by the Board.

3.6. Approval of Municipality/Transaction Documents. If the Chattanooga City Council approves the eEconomic iImpact pPlan, the Applicant and the Board will enter into a Development ~~and Financing~~ Agreement with the project developer, which will incorporate the specific terms of the ~~tTax iIncrement~~ financingIncentive approved by the municipality.

The Applicant shall be responsible for preparation of any documents related to third party financing authorized as part of the eEconomic iImpact pPlan. All third party financing shall be non-recourse as to the Board, and all financing documents shall be subject to the review and approval of the Board's counsel.

The Applicant will close the TIFTax Increment Incentive transaction within a reasonable period of time after the Board sends the Development ~~and Financing~~ Agreement and the related closing documents to the Applicant. If the closing does not occur within a 90-day period, the Board has the authority to consider the Application withdrawn and the TIFTax Increment Incentive transaction and all approvals by the Board and other Governmental Authorities will lapse and be of no further force or effect.

A diagram summarizing the above procedures is attached hereto as Exhibit B.

Section 4. Board Policies for TIFTax Increment Incentive Projects

The Board has adopted the following policies with respect to TIFTax Increment Incentive Projects and will not prepare and submit eEconomic iImpact pPlans failing to comply with the following criteria, unless specifically directed to do so by the Commission or City Council:

4.1. Maximum Term. The ~~typical~~ maximum allocation period for any ~~TIF will be 15-20 years~~ ~~Under certain circumstances, however, the TIF may be extended for 20 years, or the statutory limit in T.C.A. § 9-23-104, whichever is greater.~~ tax increment revenues as to any parcel in a Plan Area shall be 20 years, but the Board may provide for a shorter allocation period in any Economic Impact Plan as the Board deems prudent. A longer allocation period will only be permitted in extraordinary circumstances and only with the required statutory approvals under the TIF Uniformity Act.

4.2. Incremental Tax Revenues. The Board generally will allocate a maximum of 75% of the incremental tax revenues for TIFTax Increment Incentive transactions having a term of 10 years or less and 60% of such incremental revenues for TIFTax Increment Incentive transactions having terms in excess of 10 years.

4.3. Plan Area. The Plan Area, from which the TIFTax Increment Revenues will be generated, will consist of no more than (i) the parcels included in the Project Area, and (ii) those

parcels, determined by the Board, to be directly affected and substantially benefited by the Project, whose owners have received the notice referred to in Section 4.5 The Board may rely upon the opinions of the City of Chattanooga ECD, Public Works, or other engineering consultants in determining whether a parcel would be directly affected and substantially benefited by the Public Infrastructure.

4.4. ~~TIF~~-Eligible Costs. Incremental tax revenues may be used for all uses outlined in T.C.A. § 7-53-312; however, these revenues should primarily be used to finance only the following Project costs:

- (i) Capital or land costs, including costs incurred for construction and reconstruction of Public Infrastructure, clearing, grading and excavating, site work, and other hard construction expenses;
- (ii) costs of obtaining permits for the Project from Governmental Authorities;
- (iii) capitalized interest;
- (iv) premiums for payment and performance bonds issued in favor of Governmental Authorities or the Board professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;
- (v) acquisition costs for equipment; and
- (vi) fees and expenses of the Board and other fees and expenses related to the ~~TIF~~[Tax Increment Incentive](#).

[For purposes of these Policies, "Public Infrastructure" shall have the meaning given to that term in Section 9-23-102 of the TIF Uniformity Act, as amended from time to time.](#)

~~Public Infrastructure will include the following facilities and improvements:~~

~~(A) Streets, roads, highways, curbs, gutters, water lines, sanitary sewer lines, storm drainage facilities, ramps, roads, bridges, traffic signals, paving, driveways, sidewalks, walking and running trails, mass transit and other public transportation facilities, culverts, manholes, retaining walls, tunnels, approaches, underpasses, artificial lighting, off-street parking improvements, parking garages and other structures, fencing, landscaping, public parks, site work and grading for such public infrastructure, walkways, signage, flood control improvements, and improvements for the supply, storage and distribution of water; and~~

~~(B) Electricity and telecommunications services, utility, and other similar site~~

~~development infrastructure costs, qualified public improvements that may include on-site, off-site, utility relocation and under-grounding, according to the municipality's plans.~~

Under limited circumstances, the Board will include the costs of acquiring public rights of way as ~~TIF~~Tax Increment Incentive Eligible Costs, but this determination will be made on a case by case basis after due consideration of the circumstances.

4.5. Notice to Property Owners. (i) The Board through its designated administrative staff will notify the owners of parcels included in the proposed Plan Area that the Board will consider the Application for ~~T~~Tax increment ~~finaneing~~Incentive on a certain date and at a prescribed time and place. The Applicant will provide a list of all parcels contained in the Plan Area, the names of the record owners and the address of each owner. The Board's notice will invite public comment and will ~~give the~~mailed to such property owners at least 14 days' notice ~~of the Board~~prior to the applicable public hearing and meeting. In addition, the form of notice will advise property owners how they may comment on the Project such as by email or by letter, as well as attending the meeting. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

~~(ii) In addition, the Board will record an instrument in the Register of Deeds Office providing public notice of the tax increment financing and the properties contained in the Plan Area.~~

4.6. Minimum ~~TIF~~ Project Cost. The Board will consider ~~TIF~~Tax Increment Incentive Projects for submission to City Council or County Commission, but such Projects shall generally include (i) at least \$5,000,000 in capital improvements to the Project Area, without taking into account the costs of the Public Infrastructure to be financed by the ~~TIF~~Tax Increment Incentive, and (ii) at least \$1,000,000 of Public Infrastructure that will be financed by tax increment revenues from the Plan Area.

4.7. Residential Projects. In ~~the absence of unusual or extenuating circumstances acceptable to the Board, Projects that are substantially residential will not qualify for tax increment financing under the Board's TIF Program. Such proposals should be submitted to the appropriate authority or entity. In accordance with TCA (insert appropriate legal reference), TIFs can be used for the development of housing for low to moderate income populations, and housing for senior citizens and disabled~~accordance with the Act, and for purposes of clarification, a Project within a Plan Area may include residential rental housing for persons of low and/or moderate income, as determined by the Board, and for elderly or handicapped persons.

4.8. Guaranties of Completion. The Board may require guaranties of completion of the Project from principals of the Applicant, payment and performance bonds from sureties acceptable to the Board, or letters of credit from financial institutions acceptable to the Board that assure the timely completion of the Project.

4.9. Transfer of ~~TIF~~Tax Increment Incentive. No rights to a ~~TIF~~Tax Increment Incentive may be sold, assigned, or leased unless otherwise specified in the Development ~~and Financing~~ Agreement, provided however that the Board will consent to the collateral assignment of ~~TIF~~Tax Increment Revenues to secure financing for ~~the~~a TIF ~~Eligible Costs~~.

4.10. Additional Requirements. These Policies are in addition to the normal rules and procedures of the Board. From time to time and without notice, the Policies may be amended, waived in whole or part, or deleted by the Board, and new policies may also be adopted by the Board. The Board may consider other special circumstances or conditions in determining whether to submit an Application for consideration by the legislative body of the municipality and whether to prepare and submit an ~~e~~Economic ~~i~~Impact ~~p~~Plan for approval.

4.9-11. Applicant Affidavit. The Applicant must submit a signed affidavit certifying that the Project cannot proceed without the availability of ~~TIF~~Tax Increment Incentive and must provide supporting documentation justifying the need for and the amount of the ~~TIF~~Tax Increment Incentive, in accordance with the Application form.

4.9-12. State Approval Process. ~~TIF~~If any Tax increments Incentive will be used to pay any cost that does not related to Public Infrastructure, the use of the Tax Increment Incentive must be approved in the Economic Impact Plan and must be pre-approved before ~~increment~~any such cost is paid, by the State Commissioner of Community and Economic Development, and the ~~s~~State Comptroller of the Treasury, ~~and the state Building Commissioner. These approvals are sought after local approvals have been recorded~~ as provided in the TIF Uniformity Act.

Section 5. Post-Closing Evaluation

The Board intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of the City ~~of Chattanooga. Accordingly, it has established a follow-up system of accountability to insure that the benefits represented by the Applicant to the Board actually come to fruition. The~~through the use of Tax Increment Incentives. Accordingly, the Applicant will be obligated to develop the Project substantially in accordance with the ~~e~~Economic ~~i~~Impact ~~p~~Plan and the Applicant's Application. These commitments will be provided in the Development Agreement with the Applicant. Material departures from the development ~~described in the economic impact plans~~specified in the Development Agreement will require the consent of the Board and may result in reductions or even elimination of the ~~TIF~~Tax Increment Incentive, depending on the effect of the proposed changes. ~~These commitments will be provided in the Development and Financing Agreement with the Applicant.~~

~~In addition, the Board requires the Applicant to annually certify compliance with the Development and Financing Agreement in a writing signed by the Applicant's chief executive officer or other executive acceptable to the Board. The Board will annually (or at such other times as it deems appropriate) evaluate each Project receiving a TIF to ensure compliance with~~

~~the Development and Financing Agreement.~~

Section 6. Fees

6.1. Application Fee. The Applicant will submit the Application with ~~a minimum~~an Application Fee of \$1,500.00 ~~for resources used for the initial review of the,~~ provided that for any Application. ~~Effective~~ submitted on or after January 1, 2023, the ~~minimum~~ Application Fee shall be increased to \$8,000.00. ~~Additionally, costs and expenses that would be incurred by the Board, Governmental Authorities, or Plan Review Committee related to the economic impact study and/or financial review are passed through to the Applicant.~~

6.2. Annual Administrative Fee. ~~The~~ For all Applications approved prior to January 1, 2023, ~~the~~ Applicant will pay to the Board an annual administrative fee equal to ~~{25 basis points (0.25%)}~~ of the ~~maximum tax increment benefit, which will be deducted from the amount disbursed to the Applicant, lender or bond trustee. Effective~~ incremental property tax revenues allocated to the Board each year with respect to the applicable Plan Area. For all Applications approved on or after January 1, 2023, the Applicant will pay to the Board an annual administrative fee ~~will be~~ equal to ~~{250 basis points (2.50%)}~~ for all TIF applications received January 1, 2023 or after of the incremental property tax revenues allocated to the Board each year with respect to the applicable Plan Area.

In addition, the Board will charge reasonable fees for any amendments to the ~~TIF~~ Tax Increment Incentive and the Development ~~and Financing~~ Agreement that will be based upon the facts and circumstances requiring the amendment, the actions required by the Board to effect the amendment, and the involvement of any Governmental Authorities. The Board may require that these fees be paid in advance of Board action and at the time the Applicant requests the amendment.

~~The above-quoted fees are for reimbursement of~~ described above are intended to offset the expenses of the Board, ~~and other economic development programs as approved by the administration of the City of Chattanooga staff for evaluating and administering Tax Increment Incentives.~~ In addition to the fees described above, the Applicant is responsible for payment of the Board's counsel fees and other expenses incurred by the Board with respect to the Application, the ~~e~~ Economic i ~~Impact~~ p ~~Plan,~~ the Development ~~and Financing~~ Agreement and all other aspects of the ~~TIF-Program~~ Tax Increment Incentive, as applied to the Applicant, including, without limitation, the cost of any economic impact study and/or financial review deemed advisable by the Board.

Section 7. Environmental Report and Title Insurance

The Board may require the Applicant to provide at its expense a Phase I Environmental Site Assessment Report for the Project and/or Plan Areas that (i) shall be prepared by a recognized Person in the health, safety and environmental field that is acceptable to the Board; (ii) shall bear a date acceptable to the Board; and (iii) shall disclose no unacceptable conditions to the

Board. All environmental reports requested by the Board must grant to the Board the right to rely on such reports.

The Board may also require that the Applicant obtain at its expense, and deliver to the Board, a title insurance commitment for the Project and/or Plan Areas described in the [eEconomic iImpact pPlan](#).

Section 8. Conflicts of Interest

Each Board member shall be responsible for disclosing any material interest which he or she may have in or with an Applicant or financing source. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or financing source shall submit to the Board Counsel a representation of that interest, and Board Counsel shall advise both the Board and Board member whether the member needs to recuse himself or herself from consideration of the Application. Such recommendation of Board Counsel shall be conclusive. If recusal is recommended, the Board will then consider the Application without participation from the member or members who recuse themselves.

To avoid conflicts of interests, no ~~HF~~[Tax Increment Incentive](#) will be approved if Board Counsel has a professional legal relationship with the Applicant or source of the financing other than incidental representations in connection with proposed financings of other projects, but the Board may waive this condition in appropriate circumstances. In the event of a conflict involving Board Counsel, the Board will retain special counsel to represent it in connection with the particular Project being considered.

Section 9. Disclosures

[The Application will require the Applicant to disclose the following:](#)

~~The following disclosures, along with detailed information as applicable, must be made:~~

- If the ~~a~~[Applicant, guarantor, or any ~~other~~ principals ~~involved within~~ the ~~project~~\[Applicant\]\(#\) are currently engaged in any civil or criminal proceeding;](#)
- If the ~~a~~[Applicant, guarantor, or any ~~other~~ principals ~~involved within~~ the ~~project~~\[Applicant\]\(#\) have ever been charged or convicted of any felony or currently is under indictment; ~~or~~](#)
- If the ~~a~~[Applicant](#) ~~or any principal in the Applicant~~ has ever filed for bankruptcy.

Section 10.

Definitions

For purposes of ~~this Program~~[these Policies](#), the following terms shall have the following meanings:

“**Administrative Agent**” means the Person providing administrative services to the Board from time to time. The Board’s current administrative agent is ~~ECD~~[Office of Economic Development](#)

of the City ~~of Chattanooga, and the City Attorney.~~

Application” means the Application for ~~TIF~~Tax Increment Incentive submitted hereunder in the form designated by the Board and as amended from time to time. The ~~initial~~current form of the Application is attached hereto as Exhibit A.

“Base Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Dedicated Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Development ~~and Financing~~ Agreement” means the Development ~~and Financing~~ Agreement between the Board and the Applicant (and any guarantor thereof) or similar agreement or contract providing for the terms and implementation of the ~~TIF~~Tax Increment Incentive.

“Economic Impact Plan” means an economic impact plan within the meaning of Section 7-53-312 of the Act.

“Governmental Authority” means the City of Chattanooga, Tennessee, and Hamilton County, Tennessee, ~~the State of Tennessee, any political subdivision of any of them, and any agency, department, commission, board, bureau or instrumentality of any of them.~~

“Person” means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, individual and Governmental Authority.

“Plan Area” means the real property included in the ~~Project Area and any additional parcels meeting the criteria provided in Section 4.3, from which the TIF Revenues will be generated in order to finance the Public Infrastructure constituting a part of the Project.~~Plan Area as identified in the applicable Economic Impact Plan.

“Project” means a project under Section 7-53-101(11) of the Act and includes the infrastructure, utilities, road and traffic improvements, traffic signage and signals, buildings, structures, machinery, equipment, and land defined in the Application as part of the Project.

~~“Project Area” means the real property designated in the Application constituting the Project, including property for the Public Infrastructure.~~

“Public Infrastructure” has the meaning assigned to it in Section 4.3.

“Reserved Taxes” means the Base Taxes and the Dedicated Taxes.

TIF Tax Increment Revenues means the property tax revenues generated from the Plan Area after ~~consideration of the Base Tax Amount and the allocation of tax revenues to municipal debt~~the Reserved Taxes.

TIF Uniformity Act means the Uniformity in Tax Increment Financing Act of 2012, as amended.

~~POST TIF APPROVAL. Upon completion of any project subject to a TIF, the project shall be reviewed to determine if the project was completed as set forth in the application with respect to such plans and specifications approved by the IDB. If the project as completed would have received a TIF of fewer years than granted to the proposed project, the term of the TIF may be reduced appropriately prior to any financing.~~

Summary report:	
Litera® Change-Pro for Word 10.10.0.103 Document comparison done on 10/7/2022 3:30:10 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: Front Portion of TIF Policies Original Version.docx	
Modified filename: Front Portion of TIF Policies.docx	
Changes:	
Add	284
Delete	324
Move From	2
Move To	2
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	612

EXHIBIT A

TAX INCREMENT INCENTIVE APPLICATION

Please return the completed application and supporting documentation to:

Industrial Development Board for the City of Chattanooga, Tennessee
100 East 11th Street, Suite 200
Chattanooga, Tennessee 37402
(423) 643-8250

Tax Increment Incentive Application Lead-In Statement and Justification

The Industrial Development Board of the City of Chattanooga, Tennessee ([the "IDB"](#)) views its core mission as the promotion of economic development and growth in the City of Chattanooga ([the "City"](#)), and in particular, commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City. The [IDB's](#) Tax Increment Incentive ~~P~~program is designed for economic development projects that provide improvements to public infrastructure in blighted and under-utilized areas of the City ~~of Chattanooga~~ and in other properties designated by ~~Hamilton County Commission and~~ City Council. [This Application form is part of and hereby incorporates by references all terms contained in the Policies and Procedures Relating to Tax Increment Incentives \(the "Tax Increment Policies"\) approved by the IDB and the City.](#)

Please address the following factors as they relate to your Project:

Economic Development

Will the proposed Project involve significant capital investment and generation of new jobs with wages in excess of the annual average wage in the City of Chattanooga?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Blight Removal

Will the proposed Project remove blight?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Pursuit of Community Plan or Policy

Will the proposed Project further the pursuit of an existing community plan or policy?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Environmental Remediation

Will the proposed Project address environmental remediation?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

Public Infrastructure Need

Will the proposed Project address current public infrastructure needs? Yes _____ No _____. [For purposes of this part, public infrastructure only includes public infrastructure that will not be located on private property.](#)

If yes:

- (1) Are the proposed public infrastructure improvements identified in the County’s or City’s current Capital Improvements Plan?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

- (2) Are the proposed public infrastructure improvements identified in any County or City plans?

Yes ___ No ___ (If yes, please specify in detail, using additional sheets if necessary)

If the proposed public infrastructure improvements are not in the County’s or City’s Capital Improvements Plan or any other existing City or County plan, please describe in detail the public’s need for the public infrastructure and the basis for the priority or urgency for the public infrastructure, as requested by the Application.

Other: _____ (please specify)

I. Applicant Information

1. Name of Applicant: _____

2. Business Name and Address: _____

State of Organization (if an entity): _____

3. Contact Person: _____

Phone Number: _____

E-Mail Address: _____

4. Website of Applicant (if any): _____

5. Type of Business Entity: Sole Proprietorship Limited Partnership
 For-Profit Corporation General Partnership
 Limited Liability Company Nonprofit Corporation

6. Street addresses of the project site: _____

7. Please attach a legal description of the project site and a description of the leased premises, if applicable.

8. Does the Applicant currently own or lease the Project Site? (Check one)

Own Lease Neither (please explain)

9. At project completion, who will occupy and/or operate business on the site?

10. Evidence of Site Control:

A. If the Applicant owns the Project Site, attach a copy of the Applicant's deed. Also indicate:

Mortgage Holder(s): _____

Total annual mortgage payment (principal & interest) \$ _____

Total outstanding balance of existing mortgage(s): \$ _____

Name, address, and phone numbers of other persons or entities having an ownership interest in the property to be developed, if applicable: _____

- B. If the Applicant has a contract or option to purchase the Project Site, attach a copy of the agreement or option contract (confidential information such as price may be redacted).

Also indicate:

Date contract was signed: ___/___/___ Closing/expiration date: ___/___/___

- C. If the Applicant currently leases or will lease the Project Site, attach a copy of the lease or lease option contract (confidential financial information may be redacted).

Legal name of Owner as noted on the deed(s): _____

Name of person who signed lease for Tenant (lessee): _____

Landlord/Owner's name, address and phone number: _____

II. Project Description

11. Indicate the total amount of Tax Increment Incentive assistance requested (in current dollars), to be paid from Tax Increment Revenues: \$ _____

Also provide a breakdown of the capital costs and the financing costs, including an estimate of interest, to be paid by Tax Increment Revenues.

12. Number of years Tax Increment Incentive assistance is requested: _____
(See [IDB Tax Increment Policyies](#) for maximum years permitted.)

13. Has any other government assistance (funds, tax incentives, or other economic benefits) been provided to the Applicant or the property? Yes _____ No _____

If yes, describe the type, source, and amount of assistance provided: _____

14. Provide a list of all properties comprising the plan area by (CLT), along with the most recent tax bill for each parcel. Copies of tax bills can be obtained from the City of Chattanooga, Office of the Treasurer, 101 East 11th Street, Suite 100, Chattanooga, Tennessee 37402, phone (423) 643-7262; and Hamilton County Assessor's Office, 6135 Heritage Park Drive, Chattanooga, Tennessee 37416, phone (423) 209-7300.

CLT # (Parcel Identification #):	Assessed Value:	Taxes:
_____	_____	_____
_____	_____	_____

If any of the parcels listed above will not be owned by the Applicant at the time the Tax Increment Incentive closes, please provide a list of such owners and provide an explanation why the Applicant is requesting such parcels to be included in the plan area. If any of the parcels listed above is not part of the project, please list such parcels and provide an explanation why the Applicant is requesting such parcels to be included in the plan area.

15. Project Narrative: Write a brief description of the project. Be as specific as possible about timing, scope of work, type of construction, and financing. Attach additional sheets if necessary. Provide interior and exterior photographs.

16. Land Area of Project Area (in square feet or acres): _____

Zoning Classification of Project Area (by parcel): _____

Land Area of Plan Area (in square feet or acres): _____

Zoning Classification of Plan Area (by parcel): _____

17. Use of Funds (Entire Project): Amount Percent

Land Acquisition	\$ _____	_____ %
Site Development	\$ _____	_____ %
Public Improvements	\$ _____	_____ %
Building Costs (Hard)	\$ _____	_____ %
Soft Costs	\$ _____	_____ %

TOTAL: \$ _____ 100%

Sources of Funds: Amount Percent

Owner's Equity	\$ _____	_____ %
Construction Loan	\$ _____	_____ %
Mezzanine	\$ _____	_____ %
Seller Financing	\$ _____	_____ %
Tax Increment	\$ _____	_____ %
Other	\$ _____	_____ %

TOTAL: \$ _____ 100%

Total Estimated Project Cost: \$ _____

18. When will construction start (Month/Year)? ____/____

19. When will construction be completed (Month/Year)? ____/____

20. Please list what public ~~improvement(s)~~ are infrastructure (as defined in the Tax Increment Policies) is eligible for payment from a Tax Increment Incentive and an estimated cost:

<u>Category A</u>	<u>Quantity</u>	<u>Estimated Cost</u>
Site Work/Grading		\$
Storm Sewers:		
Pipes		\$
Structures		\$
Stormwater Facilities		\$
Flood Control		\$
Retaining Walls/Tunnels		\$
Sanitary Sewer Lines:		
Pipes		\$
Structures		\$
Water Lines		\$
Paving/Driveways		\$
Street, curbs, gutters		\$
Ramps, roads, bridges		\$
Off-street parking structures		\$
Sidewalks		\$
Landscaping/fencing		\$
Artificial lighting		\$
Greenways/walking trails		\$
Mass/public transit facilities		\$
Traffic signals		\$
Signage		\$

TOTAL CATEGORY A \$ _____

<u>Category B</u>	<u>Quantity</u>	<u>Estimated Cost</u>
Electrical services		\$
Utility infrastructure		\$
Utility under-grounding		\$
Telecom services		\$
Utility relocation		\$
Other items		\$

TOTAL CATEGORY B \$ _____

Other public ~~improvements~~ infrastructure (provide a description and breakdown of costs in sufficient detail for an engineering review of cost estimates): _____

21. Development Team

Please list the business name, contact person, address, work and fax phone numbers, and email address for the following members of the Development Team:

Contractor: _____

Architect/Engineers: _____

Accountant: _____

Project Manager: _____

Construction Manager: _____

Development Consultant: _____

III. Applicant History

Please provide the following information about the Applicant:

22. Is the Applicant or any principal of the Applicant currently engaged in any civil or criminal proceeding? Yes _____ No _____

If yes, describe the type of proceeding, name the parties involved, list the relief requested or the charges alleged, and give the case name and details: _____

23. Has the Applicant or any principal of the Applicant ever been charged or convicted of any felony or currently under indictment? Yes _____ No _____

If yes, describe the type of charge, indictment, or conviction, and provide details: _____

24. Has the Applicant or any principal of the Applicant ever filed for bankruptcy? Yes ____ No ____

If yes, please give details and provide the case name:

IV. Supplemental Information

Please attach to this Application the following:

Exhibit A – Tax Increment Application Affidavit ([which is Exhibit B to the Tax Increment Policies](#))

Exhibit B – History of the Development Entity

Exhibit C – Site Plan and Rendering (identify public ~~improvements~~[infrastructure](#) eligible for Tax Increment Incentive)

Exhibit D – List and Breakdown of Sources and Uses of Funds to undertake project

Checklist

Exhibit A – Tax Increment Application Affidavit (*submitted for preliminary qualification*):

- Applicant will pay [the](#) IDB [the](#) Application Fee of \$ _____ [required by the Tax Increment Policies](#).
- Applicant will list and specify all ~~E~~ligible ~~Tax Increment Incentive~~[public infrastructure](#) ~~C~~costs in detail Applicant will acknowledge the maximum tax incentive available for the Project (See ~~IDB~~[Tax Increment Policies Sections 4.1 through 4.3](#) for guidance)
- Applicant and/or the lead financing entity will sign an affidavit that the project would not be financially feasible if it were not for the Tax Increment Incentive.

Exhibit B – Declaration of Development Team and Disclosure of Principals and Entity, including:

- History of the Development Entity
- Resumes of all principals and key individuals
- Organizational structure of the development entity

Exhibit C – Description and Narrative of the Development Project, including:

- Copies of Project Contracts and/or Memoranda of Understanding
- Detailed Performance/Construction Schedule
- Site Plan and Rendering w/qualifying public ~~improvements~~infrastructure identified
- Copies of Deeds, Leases, and Option Contracts
- FIRMette from FEMA issued Flood Insurance Rate Maps (FIRMs) www.msc.fema.gov
- Photographs of Property
- Tax Bills
- Survey
- Maps of the Plan Area and the Project Area

Exhibit D – Project Funding and Financial Information, including:

- List and breakdown of Sources and Uses of Funds to undertake Project
- Detailed projections of Tax Increment Revenues by parcel for the term of the requested Tax Increment Incentive and narrative describing the basis and assumptions for the projections
- Pro-forma financial statement for five (5) years (if multiple entities are involved, the pro forma statements should be prepared on an entity basis and on a consolidated basis)
- Current financial statements (2 yrs.); P & L (2 yrs.); and Balance Sheet (2 yrs.) (if newly formed, a copy of a balance sheet as of the most recent month-end)
- Current banking relationships
- Evidence of bonding capacity or letter of credit

V. Representations of Applicant

By executing this Application, Applicant hereby represents, certifies and agrees as follows:

(a) The Project would not result in a reasonable rate of return on investment to the Applicant without the requested Tax Increment Incentive, and the Applicant would not undertake the Project as described in this Application unless the Tax Increment Incentive is available.

(b) The undersigned Applicant hereby agrees that the Applicant shall meet with a designated representative of the County, the City and/or the Board, upon request, to answer any questions that may arise in connection with the County's, the City's and/or the Board's review of this Application and that Applicant shall provide to the County, the City and/or the Board, upon request, any supplemental information requested in connection with the County's, the City's and/or Board's review of the Application, including, without limitation, such financial information as the County, the City and/or Board may request in order to determine that the Project would not be undertaken without the Tax Increment Incentive requested.

(c) The Applicant shall pay all expenses required by Section 6 of the Policies and Procedures of the Board relating to the Tax Increment Incentive and shall otherwise comply with such Policies and Procedures.

(d) The Applicant shall indemnify and hold harmless the Board, its employees, officers, directors, attorneys and consultants against all losses, costs, damages, expenses (including reasonable attorney's fees), and liabilities of any nature directly or indirectly resulting from, arising out of or

relating to the acceptance, consideration, approval or disapproval of this Application for Tax Increment Incentives.

VI. Signature

I, the undersigned, affirm that the project descriptions, numerical and financial estimates, and all other information I have provided in this Application are true and complete to the best of my knowledge. I have read and understood the requirements described in this Application, including the Tax Incentive Financing Program of the Industrial Development Board of the City of Chattanooga, Tennessee. Furthermore, I certify that I am authorized to initiate the Tax Increment Incentive application process on behalf of the Applicant and the Project described.

The undersigned, furthermore, agrees to provide such additional information and documentation, from time to time, as the Board may consider necessary or convenient to determine the advisability of providing Tax Increment Incentive to the Applicant.

The undersigned agrees to pay or reimburse the Board for all costs, fees and expenses, including attorneys' fees, incurred by the Board in considering, evaluating, and enforcing the provisions of the Application and the Policies and Procedures of the Tax Increment Incentive Program. In certain instances, the Board may require that principals of the Applicant guarantee the payment of the above costs and supply the Board with financial statements of such principals.

Applicant: _____

Signed: _____ Date: _____, 20_____

Legal Disclaimer

COMPLETION OF THIS APPLICATION DOES NOT ENTITLE THE APPLICANT TO FINANCIAL ASSISTANCE. ANY SUCH ASSISTANCE MUST BE APPROVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE OR THE HAMILTON COUNTY COMMISSION.

EXHIBIT B

**AFFIDAVIT TO ACCOMPANY
TAX INCREMENT INCENTIVE APPLICATION**

I, _____, being first duly sworn, depose and state under penalty of perjury as follows:

1. I am a corporate officer, managing member, general partner or sole proprietor of _____ (“Applicant”), a company duly organized in the State of _____ as a (Corporation/LLC/Sole Proprietorship/General Partnership/Limited Partnership). Applicant submits ~~this~~the accompanying Application requesting a tax increment incentive for the project located at _____ (“Site”). The Applicant represents (i) that this Application and all information furnished in support of the Application for the purpose of obtaining financial assistance under the Policies and Procedures for Tax Increment Incentives (the “Tax Increment Policies”) adopted by The Industrial Development Board of the City of Chattanooga, Tennessee Policies and Procedures for Tax Increment Incentive (the “Policies”) (the “IDB”) and the City of Chattanooga are true and complete to the best of Applicant’s knowledge and belief and (i) that this Affidavit, including defined terms, shall be construed consistent with such Tax Increment Policies.
2. Applicant hereby acknowledges and declares that it will comply with the following submittal requirements for Tax Increment Incentive assistance from ~~The Industrial Development Board of the City of Chattanooga (the “the IDB”):~~
 - (i) Applicant will list and specify all costs of ~~qualified improvements to~~ public ~~infrastructure~~ eligible for a Tax Increment Incentive;
 - (ii) Applicant will acknowledge the maximum tax increment reimbursement available for the Project;
 - (iii) Applicant will pay a Tax Increment Incentive application fee ~~of \$ _____ to~~ consistent with the IDB ~~at the time of application~~ Policies; and
 - (iv) Applicant will be required to pay the IDB an administration fee ~~equal to _____, which will be deducted annually out of the Tax Increment Revenues~~ consistent with the IDB Policies.
5. Applicant acknowledges and declares that no other reasonable means of financing the public ~~improvements~~ infrastructure proposed to be financed with Tax Increment Incentive are available, because of one or more of the following reason(s) as checked by Applicant:

| _____(i) The Project, including the public ~~improvements~~infrastructure, if financed by Applicant through cash on hand or through debt financing from a private lender, would not result in a reasonable rate of return to the Applicant; or

| _____(ii) Applicant would not undertake the ~~full set of improvements~~public infrastructure contemplated in the Application through resources reasonably available to the Applicant.

6. Applicant hereby agrees that Applicant shall at all times indemnify and hold harmless the IDB, its employees, officers, directors, counsel, and consultants against all losses, costs, damages, expenses (including reasonable attorney fees), and liabilities of any nature directly or indirectly resulting from, arising out of or relating to the acceptance, consideration, approval, or disapproval of ~~this~~the Application for Tax Increment Incentive assistance.

[signature page follows]

DATED this ____ day of _____, 20 ____

Signature

Title

Signed and sworn to before me this ____day of _____, 20__.

Notary Public: _____

My commission Expires: _____

Summary report:	
Litera® Change-Pro for Word 10.10.0.103 Document comparison done on 10/21/2022 3:02:14 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: iw://BBSLIBRARY/BBS/34012825/3	
Modified DMS: iw://BBSLIBRARY/BBS/34012825/4	
Changes:	
Add	49
Delete	35
Move From	1
Move To	1
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	86

POLICIES AND PROCEDURES RELATING TO
TAX INCREMENT INCENTIVES

APPROVED BY

THE CITY OF CHATTANOOGA, TENNESSEE

AND

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF CHATTANOOGA

Effective _____, 2022

POLICIES AND PROCEDURES RELATING TO TAX INCREMENT INCENTIVES

Introduction

The Industrial Development Board of the City of Chattanooga, Tennessee (the “Board” or “IDB”) and the City of Chattanooga, Tennessee (the “City”) have adopted these Policies and Procedures (these “Policies”) relating to the use of tax increment incentives pursuant to Section 7-53-312 of the Tennessee Code Annotated (a “Tax Increment Incentive”) and are adopted pursuant to Section 9-23-107

of the Tennessee Code Annotated. These Policies set forth the procedures of the Board and the City associated with Tax Increment Incentives and are intended to facilitate the consideration of requests for Tax Increment Incentives by the applicable legislative bodies of the City and Hamilton County, Tennessee (the “County”). These Policies also provide for the administration of the Tax Increment Incentives. The adoption of these Policies does not create or vest any rights in any person or entity, and both the City and the Board retain the right to approve any Tax Increment Incentive in the sole discretion of the City and the Board.

These policies and procedures only apply to any Tax Increment Incentives with respect to a specific project being initiated by a private developer and supported by incremental property tax revenues. If the City initiates a project supported by tax increment revenues on its own behalf or on behalf of or through the Chattanooga Housing Authority to finance public improvements in a redevelopment area, the City shall follow such procedures as the City deems appropriate under the circumstances.

Tax Increment Incentives generally take one of two forms – (i) reimbursements from Tax Increment Revenues to a private party of eligible costs incurred by that party relating to a Project as Tax Increment Revenues are received by the Board or (ii) non-recourse financing by the Board of eligible costs relating to a Project, which financing is payable from Tax Increment Revenues. The latter type of incentive is often called tax increment financing or a “TIF.” These Policies apply to both types of Tax Increment Incentives.

Capitalized terms used in these Policies and not otherwise defined shall have the meanings given to such terms in Section 10 of these Policies.

Section 1. General Policy

A Tax Increment Incentive is an economic development tool used by municipalities to allocate a portion of the new, additional taxes generated by a particular geographic area over a limited period of time to pay for eligible costs to the extent authorized by applicable law. For purposes of these Policies, the taxes that can be allocated are limited to property taxes. The tax increment is the difference in the property tax revenues generated by the property in the Plan Area after a project has been completed compared with the tax revenues generated by such property before the applicable plan was adopted (less certain deductions as required or permitted by applicable law). This increment can be used, as described above, to reimburse eligible costs or to pay debt service on tax increment financing incurred to finance such eligible costs.

The benefits of Tax Increment Incentive transactions include the following:

- (i) A TIF can be effective as “off balance sheet” financing of components of public infrastructure such as utilities and road and traffic improvements. A TIF is generally not included as a liability on the City’s balance sheet (although it may be noted). The structure of these transactions allows the City to utilize new incremental revenue streams to accelerate funding of public improvements. A TIF therefore can enable the City to complete public

infrastructure that it otherwise could not afford at the time.

(ii) Tax Increment Incentives provide support for projects that are not otherwise economically feasible. For instance, a Tax Increment Incentive transaction may assist in the redevelopment of blighted and under-utilized property in the City.

(iii) Because of the accelerated development of public infrastructure improvements, the ad valorem property tax base from associated and adjacent properties often increases, which produces even greater benefits for the City and County.

(iv) Tax Increment Incentives are paid from increases in tax revenues from a Plan Area and not from tax subsidies from other areas of the City. Therefore, that portion of the cost of projects supported by Tax Increment Incentives generally are paid by the development itself.

(v) Projects supported by a Tax Increment Incentive may attract significant new jobs, businesses, and investment to the community, or may retain jobs and businesses that otherwise would be missed or lost without the investment made possible through a Tax Increment Incentive.

Tax Increment Incentives will generally be used for economic development projects that provide improvements in blighted and under-utilized areas in the City and in other properties approved by the City and, if applicable, the County. Members of the City Council of the City and the County Commission of the County (collectively, the “Governmental Authorities”), as the community’s elected representatives, are not only vested with the final authority to approve plans authorizing Tax Increment Incentives, but also are in the best position to determine the relative priorities of the proposed infrastructure improvements and the related community benefits from a public policy standpoint. The Board, with the support of the City’s staff, will administer and implement these Policies consistent with the policy directives of the City and, to the extent applicable, the County.

The Board has always viewed its core mission as the promotion of economic development and growth in the City, and in particular, commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City. A project fitting within this core mission will encounter greater flexibility and receptivity by the Board, as well as the City and the County, as opposed to projects that do not involve these factors.

Section 2. Statutory Background

The IDB is a nonprofit public corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act (the “IDB Act”), Tenn. Code Ann. §§7-53-101 et seq. The Board’s statutory purpose includes financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new

industry, commerce and trade in Tennessee and the City, in particular.

On May 14, 2004, the Tennessee General Assembly amended the IDB Act to vest industrial development corporations like the Board with the authority to initiate and administer Tax Increment Incentives in areas that are approved by the Governmental Authorities. The Board's responsibilities under the amendment include the following:

- (i) Preparation and submission of an Economic Impact Plan for an area that includes an eligible Project, which plan must comply with certain statutory criteria;
- (ii) Holding a public hearing relating to the Economic Impact Plan after proper, published notice; and
- (iii) Administering the incremental tax payments allocated to the Board under the Economic Impact Plan.

The purpose of these Policies is to specify the procedures for applying for a Tax Increment Incentive, specify the information that will be required of an Applicant, confirm that the Governmental Authorities retain the legal authority to approve any plan that would affect their respective property taxes, and prescribe the role the Board will play in the process. These Policies presume that each Economic Impact Plan will be submitted for approval by both Governmental Authorities, but the IDB, with the approval by the City Council, may approve an Economic Impact Plan that only applies to the City's taxes, in which case all references to the County in these Policies will not be applicable as to such Economic Impact Plan.

The amendment, which is codified as Tenn. Code Ann. §7-53-312, provides that City Council is entitled to approve any Economic Impact Plan affecting property taxes due to the City and the County Commission must approve any Economic Impact Plan affecting property taxes owed to the County. Neither has the authority to approve an Economic Impact Plan affecting the property taxes of the other. A Tax Increment Incentive may be approved that allocates to the Board incremental property tax revenues from both real and personal property taxes in the specified area. However, because of the complexity of administering the calculation of the increment relating to personal property taxes, a Tax Increment Incentive that includes personal property taxes will only be approved if the allocation of incremental personal property taxes is essential, in the judgment of the Board and the Governmental Authorities, to the development of the Plan Area.

In 2012, the Tennessee General Assembly enacted the Uniformity in Tax Increment Financing Act of 2012 (the "TIF Uniformity Act") to provide a more comprehensive statutory framework for utilizing Tax Increment Incentives. The TIF Uniformity Act was codified as Chapter 23 of Title 9 of the Tennessee Code Annotated. Pursuant to Section 9-23-107 of the TIF Uniformity Act, the City and the Board were specifically authorized to adopt policies and procedures relating to Tax Increment Incentives, and these Policies are adopted pursuant to such statutory authorization.

The Tennessee General Assembly has also enacted Section 7-53-316 of the IDB Act, which

authorizes the use of certain incremental sales tax revenues to supplement Tax Increment Revenues in connection with the development of certain brownfield sites. These Policies shall apply to the consideration of an Economic Impact Plan to be adopted pursuant to Section 7-53-316 of the IDB Act, as well as Section 7-53-312 of the IDB Act, and any Applicant requesting consideration of an Economic Impact Plan under Section 7-53-316 of the IDB Act shall request such consideration in the Applicant's Application.

Section 3. Process

3.1. Application. The process for requesting a Tax Increment Incentive will commence with an Applicant filing a completed Application in the form attached to these Policies as Exhibit A and incorporated herein by reference together with all exhibits, supplements, schedules, and financial information required in the Application. The Applicant shall tender an application fee to the Board in an amount set forth in Section 6 of these Policies. No action will be taken with respect to the Application until the Board (or its Administrative Agent) determines that it has received all information which may be relevant or necessary in determining the qualifications of the Applicant and the Project. **Acceptance of the Application does not imply, evidence, or confirm the IDB's support for, or recommendation of, the Project identified in the Application or the Tax Increment Incentive request.**

3.2. Submission to Governmental Authorities. Upon receipt of the Application, the Board shall work with City staff to review the Application. The review shall include, but not be limited to, the following considerations: the purpose of the request; experience of the Applicant; description of the Project to be located in the area that would be the subject of the Economic Impact Plan (the "Plan Area"); proposed sources of funds to pay the Project; and evidence of the financial capability of the Applicant to undertake the Project. Once the Board determines that it has received a properly completed Application and any other information that it considers relevant or necessary for City Council to evaluate the Application and the Project, the Board will submit its acceptance of the Application with a proposed Resolution of Intent to the City Council.

Upon receipt of the Application from the Board, the City Council may take one of three actions: (i) reject the Application and return it to the Board, (ii) return the Application to the Board to request more information from the Applicant as specified by City Council, or (iii) approve the Resolution of Intent to consider an Economic Impact Plan relating to the Application. If adopted, the Resolution of Intent will instruct the Board to prepare and submit to City Council an Economic Impact Plan as requested by the Application.

If the Tax Increment Incentive request will affect County property taxes, the Board will also submit the Application and a proposed Resolution of Intent to the County Mayor and County Commission. County Commission may then take one of three actions described above in the same manner as City Council. If County Commission disapproves the Application or does not consider the Application in a timely manner, the City Council may reconsider the Application and adopt another Resolution of Intent instructing the Board to prepare and submit an Economic Impact Plan that only affects City taxes.

3.3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council and, if applicable, County Commission, the Board may prepare, with input from the Applicant, a proposed Economic Impact Plan for the Board's consideration. The Board may also instruct the Applicant to prepare the proposed Economic Impact Plan for the Board's consideration. The proposed Economic Impact Plan shall contain the information required by Section 7-53-312(b) of the IDB Act and, to the extent not already required by the IDB Act, shall also include the following information:

- (i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the Tax Increment Revenues will be generated, and the Base Taxes for each such tax parcel;
- (ii) a map clearly identifying the boundaries of the Plan Area;
- (iii) a clear description of the Project or Projects that will be located in the Plan Area and that will be developed by the Applicant;
- (iv) confirmation of the current zoning of the parcels in the Plan Area subject to the Economic Impact Plan;
- (v) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the Economic Impact Plan as to each tax parcel, and if the allocation period as to each tax parcel shall not commence in the same tax year, the maximum period of time during which such allocation periods can commence;
- (vi) a description of any proposed borrowing related to the Tax Increment Incentive;
- (vii) the number of jobs which the Applicant estimates will be created by the Project identified in the Plan Area and a summary of the projected compensation that will be paid to those holding the jobs;
- (viii) the estimated development and construction costs of the Project; and
- (ix) the projected total cost of the Tax Increment Incentive, including interest paid during the term of the Tax Increment Incentive.

If the Applicant is requested to prepare a proposed Economic Impact Plan, the Applicant shall submit the proposed Economic Impact Plan to the Board no later than ninety (90) days after such request is made of the Applicant. If the Applicant does not submit the proposed Economic Impact Plan within that period, the Board has the authority to take no further action with respect to the Application and the Project. If the Board chooses to take no further action, the Board will consider any further requests of the Applicant as a new request requiring a new Application, the re-commencement of the procedures described above, and the payment of another application fee. If the Board elects to cause the preparation of the Economic Impact Plan, the Board will cause such preparation to occur promptly after approval of

the applicable Resolution of Intent. In either case, the Applicant shall fully cooperate in connection with preparation of the proposed Economic Impact Plan and shall provide such economic impact information, including a report relating thereto from an independent consultant if requested by the Board.

3.4. Application Review Committee. There shall be an Application Review Committee consisting of not less than five (5) members. Two (2) members shall be appointed by the City Mayor; two (2) members shall be appointed by City Council; and one (1) member shall be a representative of the Chamber of Commerce. The Application Review Committee will review each Application, each proposed Economic Impact Plan, the application process to date, and the Resolution(s) of Intent. The Committee will advise the Board whether the Application and the proposed Economic Impact Plan comply with the IDB Act and these Policies, and is, therefore, qualified to be considered for submission to City Council and/or County Commission for approval. The Committee, in consultation with the Board's chairman, will then establish a proposed date for the Board to hold a public hearing and determine whether to submit the Economic Impact Plan to the City Council and, if applicable, County Commission for approval. The meetings of the Application Review Committee shall be subject to the Tennessee Open Meetings Act.

3.5. Public Hearing by the IDB. After the Application Review Committee and the Board's designated staff and counsel determine the Economic Impact Plan to be complete, the Board will hold a public hearing relating to the proposed Economic Impact Plan at a regular or special meeting of the Board. Notice of the public hearing shall be published in a newspaper of general circulation in Hamilton County at least two weeks prior to the date of the public hearing, as required by Section 7-53-312(g) of the IDB Act. If approved by the Board, the Board will submit the Economic Impact Plan to Chattanooga City Council and, if applicable, County Commission for consideration and approval. The submission shall include a summary of any comments from the public hearing on the proposed Economic Impact Plan and other information deemed pertinent by the Board.

3.6. Approval of Economic Impact Plan. The City Council and, if applicable, County Commission shall then consider whether to approve the proposed Economic Impact Plan. Such approval, if provided, shall be undertaken by resolution of the applicable governing body in accordance with the IDB Act and TIF Uniformity Act. After such approval, City Council and, if applicable, County Commission shall provide a certified copy of the resolution providing such approval to the Board.

3.7. Closing of Tax Increment Incentive. If an Economic Impact Plan requested by an Applicant is approved by City Council and, if applicable, County Commission, the Applicant and the Board will commence negotiation of the appropriate documents implementing the Tax Increment Incentive authorized by the Economic Impact Plan. Such documentation shall include, without limitation, a Development Agreement with the Applicant that will incorporate the specific terms of the Tax Increment Incentive and will require the Applicant to undertake the Project identified in the Economic Impact Plan consistent with the Applicant's Application. If the Tax Increment Incentive includes tax increment financing, the documents required to implement such tax increment financing shall also be negotiated between the parties. Such documents, once negotiated, will be presented to the Board in substantially final form for consideration for approval.

The Board may instruct its counsel to prepare the documentation required to implement any Tax Increment Incentive or may instruct the Applicant to prepare such documents for the Board's review. In any event, all contractual commitments of the Board under such documents, including any tax increment financing, shall be non-recourse as to the Board other than with respect to allocated Tax Increment Revenues. All such documents shall be subject to the review and approval of the Board's counsel.

The Applicant will close the Tax Increment Incentive transaction within a reasonable period of time after the City Council and, if applicable, County Commission, approve the applicable Economic Impact Plan. If the closing of the Tax Increment Incentive does not occur within a 120-day period after such approval, the Board may consider the Application withdrawn and, unless such time period is extended by the Board, all approvals by the Board shall be deemed to have lapsed and be of no further force or effect.

Section 4. Board Policies for Tax Increment Incentives

The following policies shall apply with respect to Tax Increment Incentives within each Plan Area:

4.1. Maximum Allocation Period. Unless City Council and, if applicable, County Commission, approve otherwise in an Economic Impact Plan, the maximum allocation period for any Tax Increment Revenues as to any parcel in a Plan Area shall be 20 years, but the Board may provide for a shorter allocation period in any Economic Impact Plan if the Board determines that such shorter allocation period will result in a Tax Increment Incentive sufficient to make the Project financially feasible. A longer allocation period will only be permitted in extraordinary circumstances and only with the required statutory approvals under the TIF Uniformity Act.

4.2. Limit on Allocation of [Gross Incremental Tax Revenues](#). Unless City Council approves otherwise in an Economic Impact Plan, the maximum amount of [Gross](#) Tax Increment Revenues of the City allocable to support a Tax Increment Incentive shall be 75% of the [Gross](#) Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is 10 years or less and 60% of the [Gross](#) Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is more than 10 years. The maximum amount of [Gross](#) Tax Increment Revenues of the County allocable to support a Tax Increment Incentive shall be as is approved by the County Commission if the Economic Impact Plan is submitted to the County for approval.

4.3. Plan Area. The Plan Area, from which the Tax Increment Revenues will be generated, will consist of no more than (i) the parcels on which the applicable Project will be located, and (ii) those parcels, determined by the Board, to be directly affected and substantially benefited by the Project, whose owners have received the notice referred to in Section 4.5. The Board may rely upon the opinions of City staff and such independent consultants as the Board deems advisable in determining whether a parcel would be directly affected and substantially benefited by the Project in the Plan Area.

4.4. Eligible Costs. Unless City Council and, if applicable, County Commission approve

otherwise in an Economic Impact Plan, a Tax Increment Incentive may only be used to pay or reimburse the cost of Public Infrastructure in a Plan Area that relates to a Project or Projects in such Plan Area. The cost of Public Infrastructure may include the following costs:

- (i) The cost of the land on which the Public Infrastructure will be located;
- (ii) Costs relating to the design and construction of the Public Infrastructure, including clearing, grading and excavating, site work, and other hard construction expenses;
- (iii) costs of obtaining permits for the Project from Governmental Authorities;
- (iv) capitalized interest relating to financing of the Public Infrastructure;
- (v) premiums for payment and performance bonds issued in favor of Governmental Authorities or professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;
- (vi) acquisition costs for equipment included in the Public Infrastructure; and
- (vii) fees and expenses of the Board and other fees and expenses related to the Tax Increment Incentive.

For purposes of these Policies, “Public Infrastructure” shall have the meaning given to that term in Section 9-23-102 of the TIF Uniformity Act.

If an Applicant desires the Board to pay any cost not described above, the Applicant should make such a request in its Application and shall demonstrate the extraordinary circumstances requiring the payment of such additional costs. If City Council and, if applicable, County Commission approve such additional costs as part of a Resolution of Intent, the Board may include such additional costs as being permitted in the applicable Economic Impact Plan.

4.5. Notice to Property Owners. The Board through its designated administrative staff will notify any owners of parcels included in the proposed Plan Area (other than the Applicant) that the Board will consider the Application for Tax Increment Incentive on a certain date and at a prescribed time and place. The Applicant will provide a list of all parcels contained in the Plan Area, the names of the record owners and the address of each owner. The Board’s notice will invite public comment and will be mailed to such property owners at least 14 days prior to the public hearing of the Board relating to the Economic Impact Plan described in Section 3.5 above. In addition, the form of notice will advise property owners how they may comment on the Economic Impact Plan such as by email or by letter, as well as by attending the hearing. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

4.6. Maximum Percentage of Project Cost and Minimum Project Size. The amount of a Tax Increment Incentive for a specific Project (either through the reimbursement of costs or based upon the principal amount of any tax increment financing) shall not exceed fifteen percent (15%) of the Total

Projected Project Cost of any Applicant. The Applicant must also reasonably anticipate a Total Projected Project Cost of at least \$5,000,000 with respect to a proposed Project in order to apply for a Tax Increment Incentive.

4.7. Eligible Projects. As is described above, each Economic Impact Plan must include an eligible Project. The list of eligible Projects is included in Section 7-53-101(15) of the IDB Act. Such list of eligible Projects includes many types of commercial, industrial, and warehousing facilities as may be determined by the Board. However, in the absence of unusual or extenuating circumstances acceptable to the Board and the City, Projects that are substantially residential or are multifamily housing facilities under Section 7-53-101(15)(x) of the IDB Act, ~~will not qualify for tax increment financing under the Board's TIF program. Such proposals~~ as an eligible Project for purposes of an Economic Impact Plan. A request for an incentive for a residential project, including a multifamily housing facility, should be submitted to the appropriate governmental authority or entity to the extent incentives may be available for such projects.

4.8. Guaranties of Completion. The Board may require guaranties of completion of all or any portion of the Public Infrastructure from principals of the Applicant, payment and performance bonds from sureties acceptable to the Board, or letters of credit from financial institutions acceptable to the Board that assure the timely completion of the Public Infrastructure.

4.9. Transfer of Tax Increment Incentive. No rights to a Tax Increment Incentive may be sold, assigned, or leased, including by transfer of ownership interests in the Applicant, unless approved by the Board or otherwise specified in the Development Agreement, provided however that the Board will consent to the collateral assignment of Tax Increment Revenues to secure tax increment financing.

4.10. Additional Requirements; Amendments. These Policies are in addition to the normal rules and procedures of the Board. From time to time and without notice, these Policies may be amended or waived, in whole or part, by the Board and the City, and new policies may also be adopted by the Board and the City. The Board may consider any special circumstances or conditions in determining whether to submit an Application for consideration by the City Council and, if applicable, County Commission, and whether to prepare and submit an Economic Impact Plan for approval.

4.11. Applicant Affidavit. The Applicant must submit a signed affidavit certifying that the Project cannot proceed without the availability of a Tax Increment Incentive and must provide supporting documentation justifying the need for and the amount of the Tax Increment Incentive, in accordance with the Application form. The form of such affidavit is attached to these Policies as Exhibit B. In addition to requiring such affidavit, the Board, as a condition to the approval of any Economic Impact Plan, may retain an independent consulting firm, at the expense of the Applicant, to evaluate the Applicant's financial projections for the Applicant's Project to assist in evaluating whether the amount and allocation period of Tax Increment Incentive requested by the Applicant is required for Applicant to receive a commercially reasonable return on investment with respect to the Applicant's Project.

4.12. Tax Increment Payment Dates. The Tax Increment Revenues to be allocated to the Board for any Tax Increment Incentive shall be paid by the City and, if applicable, the County no later

than sixty (60) days from the last day of each February, which is the last day that such tax revenues are not overdue. Delinquent taxes to be allocated to the Board shall be paid by the County and the City no later than sixty (60) days after each date such delinquent taxes are collected, together with interest thereon to the extent required by the Tax Increment Act.

4.13. State Approval Process. If any Tax Increment Incentive will be used to pay any cost that does not relate to Public Infrastructure or if any allocation period with respect to any parcel is to extend beyond 20 years, and only to the extent permitted by these Policies, the State Commissioner of Community and Economic Development and the State Comptroller of the Treasury shall be required to make a determination, as provided in the TIF Uniformity Act, that it is in the best interests of the State to permit such use of the Tax Increment Incentive or such extended allocation period.

4.14. Stormwater Fees. All applications for Tax Increment Incentives shall require verification that all stormwater fees for any properties owned by the ~~a~~Applicant shall have been paid in full. No Tax Increment Incentive payments shall be ~~approved~~made by the ~~Industrial Development~~Board or the City ~~Council~~to an Applicant or its permitted assigns unless all stormwater fees have been paid in full and continue to be paid in full during the term of any Tax Incremental Incentive ~~payments to~~by the ~~a~~Applicant and its permitted assigns. Additionally, no stormwater fees within ~~the Economic Impact District~~a Plan Area shall be waived at any time during the term of the Tax Increment Incentive, pursuant to Tennessee law.

Section 5. Post-Closing Evaluation

The Board intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of the City through the use of Tax Increment Incentives. Accordingly, the Applicant will be obligated to develop the Project substantially in accordance with the Economic Impact Plan and the Applicant's Application, and the Development Agreement will document that obligation. Material departures from the development specified in the Development Agreement will require the consent of the Board and may result in reductions or even elimination of the Tax Increment Incentive, depending on the effect of the proposed changes.

In addition, the Board requires the Applicant to annually certify compliance with the Development and Financing Agreement in a writing signed by the Applicant's chief executive officer or other executive acceptable to the Board. The Board will annually (or at such other times as it deems appropriate) evaluate each Project receiving a TIF to ensure compliance with the Development and Financing Agreement.

Section 6. Fees

6.1. Application Fee. The Applicant will submit the Application with an Application Fee of \$1,500.00, provided that for any Application submitted on or after January 1, 2023, the Application Fee shall be increased to \$8,000.00.

6.2. Annual Administrative Fee. For all Economic Impact Plans approved prior to January 1,

2023, the Applicant will pay to the Board an annual administrative fee equal to 25 basis points (0.25%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area. For all Economic Impact Plans approved on or after January 1, 2023, the Applicant will pay to the Board an annual administrative fee equal to 250 basis points (2.50%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area. The annual administrative fees provided for in this paragraph shall be payable from the Tax Increment Revenues allocable to the Board and not from Gross Tax Increment Revenues retained by the City.

In addition, the Board will charge reasonable fees for any amendments to the Tax Increment Incentive, including any amendment to the Development Agreement, that will be based upon the facts and circumstances requiring the amendment, the actions required by the Board to effect the amendment, and the involvement of any Governmental Authorities. The Board may require that these fees be paid in advance of Board action and at the time the Applicant requests the amendment.

The fees described above are intended to offset the expenses of the Board and the City staff for evaluating and administering Tax Increment Incentives. In addition to the fees described above, the Applicant is responsible for payment of the Board's counsel fees and other expenses incurred by the Board with respect to the Application, the Economic Impact Plan, the Development Agreement and all other aspects of the Tax Increment Incentive, as applied to the Applicant, including, without limitation, the cost of any economic impact study and/or financial review deemed advisable by the Board.

Section 7. Environmental Report and Title Insurance

The Board may require the Applicant to provide at its expense a Phase I Environmental Site Assessment Report for the Project and/or Plan Areas that (i) shall be prepared by a recognized Person in the health, safety and environmental field that is acceptable to the Board; (ii) shall bear a date acceptable to the Board; and (iii) shall disclose no unacceptable conditions to the Board. All environmental reports requested by the Board must grant to the Board the right to rely on such reports.

The Board may also require that the Applicant obtain at its expense, and deliver to the Board, a title insurance commitment for the Project and/or Plan Areas described in the Economic Impact Plan.

Section 8. Conflicts of Interest

Each Board member shall be responsible for disclosing any material interest which he or she may have in or with an Applicant or any financing source for the applicable Project. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or financing source for the applicable Project shall submit to general counsel for the Board a representation of that interest, and such counsel shall advise both the Board and Board member whether the member needs to recuse himself or herself from consideration of the Application. Such recommendation of the Board's counsel shall be conclusive. If recusal is recommended, the Board will then consider the Application without participation from the member or members who recuse themselves.

If any counsel has a professional legal relationship with the Applicant or source of the financing

for the Project other than incidental representations in connection with financings of other projects, the Board will retain special counsel to represent the Board in connection with the particular Application and Project being considered.

Section 9. Disclosures

The Application will require the Applicant to disclose, in addition to all other information required by the Application, the following:

- (i) If the Applicant or any principal in the Applicant are currently engaged in any civil or criminal proceeding;
- (ii) If the Applicant or any principal in the Applicant have ever been charged or convicted of any felony or currently is under indictment; or
- (iii) If the Applicant or any principal in the Applicant has ever filed for bankruptcy.

Section 10. Definitions

For purposes of these Policies, the following terms shall have the following meanings:

“Administrative Agent” means the Person providing administrative services to the Board from time to time. The Board’s current administrative agent is Office of Economic Development of the City.

“Application” means the Application for Tax Increment Incentive submitted hereunder in the form designated by the Board and as amended from time to time. The current form of the Application is attached hereto as Exhibit A.

“Base Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Dedicated Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Development Agreement” means the Development Agreement between the Board and the Applicant (and any guarantor thereof) or similar agreement or contract providing for the terms and implementation of the Project and the Tax Increment Incentive.

“Economic Impact Plan” means an economic impact plan within the meaning of Section 7-53-312 of the IDB Act.

“Governmental Authority” means the City of Chattanooga, Tennessee, and Hamilton County, Tennessee.

“Gross Tax Increment Revenues” means the property tax revenues generated from the Plan Area less the Base Taxes, without reduction for Dedicated Taxes and any amount the County, the City, or the Board withhold as administrative expenses or as may be reserved pursuant to applicable law.

“IDB Act” means Chapter 53 of Title 7 of the Tennessee Code Annotated, as amended.

“Person” means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, individual and Governmental Authority.

“Plan Area” means the parcels of real property identified as the plan area in the applicable Economic Impact Plan.

“Project” means a project under Section 7-53-101(11) of the IDB Act and includes the infrastructure, utilities, road and traffic improvements, traffic signage and signals, buildings, structures, machinery, equipment, and land defined in the Application as part of the Project.

“Public Infrastructure” has the meaning assigned to it in Section 4.3.

“Reserved Taxes” means the Base Taxes and the Dedicated Taxes.

“Tax Increment Revenues” means the property tax revenues generated from the Plan Area after the Reserved Taxes less any amount that the County, the City or the Board withhold as administrative expenses or as may be reserved pursuant to applicable law.

“TIF Uniformity Act” means the Uniformity in Tax Increment Financing Act of 2012, as amended.

“Total Projected Project Cost” means all costs that are expected to be incurred in connection with the development of a Project and that would be capitalized in accordance with generally acceptable accounting principles other than interest, property taxes and insurance during the construction of the Project as set forth in the Applicant’s Application.

Summary report:	
Litera® Change-Pro for Word 10.10.0.103 Document comparison done on 11/18/2022 3:31:46 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 2022.10.28 TIF Policies v7 PAN ALTERNATE VERSION 3 - Final.docx	
Modified DMS: iw://BBSLIBRARY/BBS/33894243/7	
Changes:	
<u>Add</u>	26
Delete	10
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	36

BY-LAWS

OF

INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CHATTANOOGA

A corporation organized and existing under the laws of the State of Tennessee.

Article I - Offices

The principal office of the corporation in the State of Tennessee shall be located at City Hall, 101 East 11th Street, Chattanooga, Hamilton County, Tennessee 37402, c/o the Mayor's Office. The corporation may have such other offices in the City of Chattanooga, Tennessee, as the Board of Directors may designate or as the business of the corporation may require from time to time.

Article II - Board Meetings

Section 1. Annual Meeting. The Board shall hold annual meetings at 1000 Lindsay Street, Chattanooga, Hamilton County, Tennessee, on the second Tuesday of June at the hour of eleven o'clock a.m. if not a legal holiday, but if a legal holiday, then on the business day next following.

Section 2. Special Meetings. Special meetings of the Board may be held at any time, and the place and hour shall be fixed in the notice. Such meetings may be called by the Chairman or at the written request of any three (3) members of the Board. The meetings may be held for any purpose or purposes, unless otherwise prescribed by statute. Calls for or notices of special meetings shall specify the object of such meeting, and only objects so specified shall be considered.

Section 3. Regular Meetings. Regular meetings of the Board may be set by resolution of the Board, and shall be held at a place of meeting as set forth in Section 4 below.

Section 4. Place of Meeting. The Board may designate any place within Chattanooga, Tennessee, as a place of meeting for any annual meeting or for any special meeting called by the Board. If no designation is made, the place of meeting shall be the registered office of the corporation, designated in Article I herein.

Section 5. Notice of Meeting. Written or printed notice stating the place, date, and hour of the meeting, and in case of a special meeting the purpose or purposes for which the meeting is called, shall be given not less than five (5) days nor more than thirty (30) days before the meeting, either personally or by mail, by or at the direction of the Chairman or the Secretary, or the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Board member at his address, with postage thereon prepaid.

Section 6. Voting. Only members of the Board shall be entitled to vote at the regular and special meetings of the Board. At all meetings, each Board member shall be entitled to one (1) vote.

Section 7. Quorum. A majority of the members of the Board shall be necessary for quorum. When a quorum is present, a majority of those present in person shall decide any question before the meeting.

Section 8. Meetings Public. All meetings of the Board shall be open to the public as provided by Tennessee Code Annotated Section 7-53-101, *et seq.*

Article III - Responsibilities of the Board

Section 1. General Powers. The business and affairs of the corporation shall be managed by the members of the Board.

Section 2. Number, Tenure, and Qualifications. The number of Board members of the corporation shall be seven (7). These shall serve for staggered terms of six (6) years each as elected by the Chattanooga City Council, except that the first Board appointed shall have members with terms of two (2) years, four (4) years, and six (6) years as provided by Tennessee Code Annotated, Section 7-53-101, *et seq.*

Section 3. Vacancies. Any vacancy occurring in the Board may be filled only by the City Council. Nominees for any vacancy on the Board shall be made in the same manner as provided by Tennessee Code Annotated, Section 7-53-301. A Board member elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 4. Compensation. As provided by Tennessee Code Annotated, Section 7-53-101, *et seq.*, all members of the Board shall serve without compensation.

Article IV - Officers

Section 1. Officers Number. The officers of the corporation shall be at least four (4): one Chairman, one Vice-Chairman, one Secretary, and one Assistant Secretary; provided, that the Board of Directors may from time to time elect additional Assistant Secretaries as may be needed for the accomplishment of the business of the Board.

Section 2. Election and Term of Office. The officers of the corporation to be elected by the Board shall be elected annually by the Board. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death or until he shall resign or he shall have been removed in the manner hereafter provided.

Section 3. Removal. Any officer elected by the Board may be removed by the Board whenever in its judgment the best interests of the corporation would be served thereby.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the City Council for the unexpired portion of that term.

Section 5. Chairman. The Chairman shall be the principal executive officer of the corporation and, subject to the control of the Board, shall in general supervise and control all of the business affairs of the corporation. He shall, when present, preside at all meetings of the Board. He may sign, with the Vice Chairman or Secretary of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and the execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties as may be prescribed by the Board from time to time.

Section 6. Vice Chairman. In the absence of the Chairman, or in the event of his death or inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and so acting, shall have all the powers of and be subject to all the restrictions on the Chairman. The Vice Chairman shall also perform such other duties as from time to time may be assigned by the Chairman or by the Board.

Section 7. Secretary. The Secretary shall keep the minutes of the meetings of the Board in one or more books provided for that purpose; shall see that all notices are duly given in accordance with the provisions of these By-Laws as required by law;

shall be custodian of the corporate records of the corporation; shall keep a register of the address of each Board member which shall be furnished to the Secretary by such Board member; shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Chairman or by the Board.

Section 8. Assistant Secretary. In the absence of the Secretary, or in the event of his death or inability or refusal to act, the Assistant Secretary shall perform the duties of the Secretary, and so acting, shall have all the powers of and be subject to all the restrictions on the Secretary. The Assistant Secretary shall also perform such other duties as from time to time may be assigned by the Secretary or by the Board.

Article V - Contracts, Bonds, Loans, Mortgages, Leases, Checks, and Deposits

Section 1. Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract, including but not limited to mortgages and leases, or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loan shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in the name of the corporation unless authority is specifically given by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the Board.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board may select.

Article VII - Fiscal Year

The fiscal year of the corporation shall begin on the first day of July and end on the thirtieth day of June in each year.

Article VIII - Dividends--Excess Earnings

The Board may not pay dividends. Excess earnings, if any, shall be disposed of as provided by Tennessee Code Annotated, Section 7-53-101, *et seq.*

Article IX - Waiver of Notice

Whenever any notice is required to be given to any member of the Board of the corporation under the provisions of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article X - State Enabling Statutes Controlling

The provisions of Chapter 28 of the Tennessee Code, relating to Industrial Development Corporations, Tennessee Code Annotated, Section 7-53-101, *et seq.*, and the provisions of the Charter of Incorporation shall in all cases be controlling, and in any matter not specifically covered herein, or should any provision herein be in conflict, then the provisions of said statutes and the Charter shall control.

Article XI - Amendments

These By-Laws may be altered, amended, or repealed and any new By-Laws may be adopted by the Board at any regular or special meeting of the Board; provided the proposed alteration, amendment or repealer shall first be proposed at any regular and special meeting of the Board and then consideration thereof shall be scheduled for the next regular or special meeting of the Board and the substance thereof shall be contained in all published and mailed notices of the meeting.

Tennessee:

Parcel No. 1: Beginning at a point of intersection between the south property line of Industrial Development Board of the City of Chattanooga (GESTAMP LEASE ARREA) and the west proposed right-of-way line of Ferdinand Piech Way on Highway Project No. HPP-9202(116), being 52.00 feet left of project centerline station 148+92.62; thence along said proposed right of way line as follows: north 08 degrees 06 minutes 06 seconds west 102.18 feet to Point 52.00 feet left of project centerline station 149-94.80; thence along said proposed right of way line as follows: and curving to the right in a northwesterly direction and having a radius of 2135.48 feet and an arc length of 1220.45 feet to a point of intersection with the east property line being 52.00 feet left of project centerline station 153+80.83 thence along said east property line, south 6 degrees 56 minutes 19 seconds east 54.01 feet to a point, 43.80 feet left of project centerline station 153+28.64: thence curving to the left in a southeasterly direction and having a radius of 2133.48 feet and an arc length of 342.64 feet to a point, 44.00 feet left of project centerline station 149+93.04, thence south 08 degrees 06 minutes 10 seconds east 106.69 feet to a point of intersection with the south property line, being 44.00 feet left of project centerline station 148+86.35: thence along said property line, north 59 degrees 59 minutes 60 seconds west 10.17 feet to the point of beginning.

Parcel No. 2: Beginning at a point of intersection between the south proposed right-of-way line of Ferdinand Piech Way and the east property line of Industrial Development Board of the City of Chattanooga (GESTAMP LEASE AREA) on Highway project No. HPP-9202(116), being 52.00 feet left of project centerline station 169+57.25: thence along said proposed right of way line as follows: and curving to the left in a northwesterly direction and having a radius of 457.30 feet and an arc length of 262.87 feet to a point, 52.00 feet left of project centerline station 172+50.00, south 79 degrees 51 minutes 22 seconds west 56.73 feet to a point, 80.00 feet left of the project centerline station 173+00.00 north 70 degrees 36 minutes 35 seconds west 200.00 feet to a point 80.00 feet left of project centerline station 175+00.00, north 73 degrees 16 minutes 37 seconds west 108.00 feet to a point 88.00 feet left of project centerline station 176+00.00, north 65 degrees 10 minutes 32 seconds west 57.01 feet to a point 90.00 feet left of project centerline station 176+50.00, north 58 degrees 40 minutes 00 seconds west 57.05 feet to a point, 90.00 feet left of project centerline station 177+-00.00, north 51 degrees 55 minutes 00 seconds west 114.02 feet to a point, 90.00 feet left of project centerline station 178+00.00, north 45 degrees 40 minutes 32 seconds west 97.05 feet to a point, 88.00 feet left of project centerline station 179+00.00, north 29 degrees 25 minutes 36 seconds west 49.26 feet to a point, 70.00 feet left of project centerline station 179+50.00, north 55 degrees 21 minutes 01 seconds west 92.63 feet to a point 70.00 feet left of project centerline station 180+50.00, north 36 degrees 46 minutes 29 seconds west 1.77 feet to a point of intersection with the northeast property line, being 69.35 feet left of project centerline station 180+51.76:

thence along said property line as follows: north 19 degrees 23 minutes 19 seconds east 19.75 feet to a point of intersection with the east property line, being 50.03 feet left of project centerline station 80+56.16: thence along said property line as follows: and curving to the right in a southeasterly direction and having a radius of 905.00 feet and an arc length of 110.40 feet to a point, 50.03 feet left of project centerline station 179+39.65, thence along said property line as follows: and curving to the right in a southeasterly direction and having a radius of 905.00 and an arc length of 98.72 feet to a point, 49.90 feet left of project centerline station 178+35.50: thence along said property line as follows: and curving to the left in a southeasterly direction and having a radius of 686.62 feet and an arc length of 301.14 feet to point 44.03 feet left of project centerline station 175+54.09, south 70 degrees 35 minutes 38 seconds east 305.21 feet to a point, 43.95 feet left of project centerline station 172+49.07, thence along said property line as follows: and curving to the right in a southeasterly direction and having a radius of 459.30 feet and an arc length of 242.87 feet to a point, 41.49 feet left of project centerline station 169+84.08: thence along said property line, south 15 degrees 09 minutes 15 seconds east 26.54 feet to the point of the beginning.

Parcels 1 and 2 containing 0.807 acres more or less.

Parcel No. 2: Being a proposed permanent slope easement on Highway Project No. HPP-9202(116) and lying west of and adjacent to the proposed right-of-way line as described in parcel no. 1 and beginning at the south property line and ending at 52 ± feet left of 170+90 ± and having a width varying from 5 feet ± to 30 feet ±, and containing 0.677 acres, more or less.

The above-described property was conveyed as a permanent easement for construction and maintenance of the slopes outside the proposed right-of-way line. The land described above, on which the slopes are to be constructed, was to remain the property of the Industrial Development Board of the City of Chattanooga and may be used for any purpose desired, provided such use does not interfere with the use or maintenance of said slopes.

Parcel No. 3: Being a temporary construction easement on Highway Project No. HPP-9202(116) and lying west of and adjacent to the slope easement as described in parcel no. 2 and adjacent to the proposed right of way as described in parcel no. 1 and beginning at the south property line and ending 52 ± feet left of project centerline station 171+00 ± and having a width of 10 feet ±, and containing 0.463 acres, more or less.

Being all or a portion of the property conveyed to the Industrial Development Board of the City of Chattanooga under instrument of record in G.I. Book 8842, Page 829, in the Register's Office of Hamilton County, Tennessee.

REFERENCE: The legal description of the property described herein was taken from the Warranty Deed recorded at GI Book 12001, Pages 355 to 359 in the Register's Office of Hamilton County, Tennessee.

Said labor, equipment, materials, and supplies were rendered, furnished, and delivered to Gestamp Chattanooga II, LLC, by B&B Steel Erection Co., Inc. During that period of time, B&B Steel Erection Co., Inc. was a contractor Gestamp Chattanooga II, LLC pursuant to a contract, and said labor, equipment, materials and supplies were rendered for the purpose of improving said property. All the aforesaid labor, materials, supplies and equipment furnished by B&B Steel Erection Co., Inc. were used in and about the improvement of the afore-described real estate. This Notice of Lien Claim has been filed within the time required according to the laws of the State of Tennessee, and the claimant will take all legal steps to enforce its lien as required by law.

The first of the work or labor was performed or the first of the material, services, equipment, or machinery was furnished on the 21st day of March, 2021. The last of the work or labor was performed or the last of the material, services, equipment, or machinery was furnished on the 30th day of September, 2022.

The total amount due and owing for labor, materials, supplies and equipment furnished and delivered to the property after allowing all credits and deductions, and over and above all legal setoffs, is the sum of Twenty-Four Thousand, Four Hundred and Thirty-Six Dollars and Seventy-Four Cents (\$24,436.74), all of which is due and unpaid.

In addition, B&B Steel Erection Co., Inc., hereby claims the expenses of drafting and recording this Notice of Lien in the Register's Office of Hamilton County, Tennessee, being attorney's fees of \$500.00, recording costs of \$27.00, and all attorneys' fees and court costs for litigation and the collection of the amount owed.

Now, B&B Steel Erection Co., Inc., hereby claims the lien upon the aforesaid property, including the improvements, buildings, and structures thereon for Twenty-Four Thousand, Four Hundred and Thirty-Six Dollars and Seventy-Four Cents (\$24,436.74) plus recording fees for filing this lien, attorney's fees, and court costs for litigation and the collection of the amount owed.

This the 20th day of December, 2022.

William David Booker
William David Booker

Sworn to and subscribed before me, a Notary Public this 20th day of December, 2022.

Gretchen Richards
Notary Public
My commission expires: Aug 28, 2024



ACKNOWLEDGMENT

STATE OF TENNESSEE)
)
COUNTY OF HAMILTON)

Personally appeared before me, a Notary Public, William David Booker, to me personally known, or who proved himself to be on the basis of satisfactory evidence, who, first being duly sworn, made oath that is he is the co-owner, executive officer, and operator of B&B Steel Erection Co., Inc., that he is duly authorized to execute the foregoing instrument for and on behalf of B&B Steel Erection Co., Inc., and that the said instrument was executed on behalf of B&B Steel Erection Co., Inc. by and through him as the free act and deed of B&B Steel Erection Co., Inc. for the purposes therein expressed.

Witness my hand and seal this 20th day of December, 2022.

Gretchen Richards

My Commission Expires: Aug 28, 2024



