



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES**

**John P. Franklin Sr. City Council Building
Assembly Room
Chattanooga, Tennessee
for
Monday, April 7, 2025
11:00 AM**

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Adam Myers (Chattanooga Chamber); Mark Smith, Rachael Ruiz, and Jim Haley (Miller & Martin); Javaid Majid, Weston Porter, and Eleanor Liu (Finance); Gail Hart (Real Property); Clay Oliver (Public Works); Charita Allen (Economic Development); and Robert Long (Novonix).

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

MONTHLY MEETING OF MARCH 3, 2025 – MINUTES APPROVAL

On motion of Mr. Adkins, seconded by Mr. Parker, the minutes of the March 3, 2025, monthly meeting were unanimously approved as written.

PUBLIC COMMENTS

There was no one from the public who had comments.

FINANCE REPORTS

Ms. Eleanor Liu gave the presentation of the finance reports. The first report is the VW Progress Report. Back in October 2024, the Board approved the purchase of a compressor which costs about \$239,000.00, and we allocated about \$50,000.00 through the remaining dollar amount from the first MOU. The remaining we have a match from the second MOU. The first MOU is completely finished. One hundred percent is spent, and the second MOU has a remaining balance of \$215,429.00. The third MOU we have \$5 million of local grant that has not been spent. Overall we are within budget at 99.0%.

The next report is the Economic Development Program Summary. All the cash we have is about \$2.9 million. Most of that is in the Interfund which has a cash balance of \$2,356,094.90 available to spend.

The next report is the TIF. Through the year, we have had no activities. The only activity we had was in April when the County and City turned over the tax payment. Ms. Liu has not seen any payments yet. The July presentation will have something.

The last report is for e2i2. To date, we spent about \$14,050,439.33. The operating income (loss) is (\$8,042,200.64).

PILOT POLICIES AND PROCEDURES

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

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA APPROVING POLICIES AND PROCEDURES FOR PAYMENT-IN-LIEU-OF-TAX TRANSACTIONS.

Ms. Charita Allen said the state statute allows authorization for the IDB to approve and set policies for PILOTs. This fits within the long-term One Chattanooga Plan that Mayor Kelly's administration has put forward for the first term and the second term and also this lines up with the Chattanooga Chamber of Commerce's Strategic Plan for Growing Regional Economy. There is not a fiscal impact to the IDB for this resolution and the PILOT policies are the first formal adopted policies that the City of Chattanooga will enact.

In the past, the City of Chattanooga operated under standards and operational procedures related to PILOTs, but we have not had formal policies. What this does is set guidelines around targeted industries, sets an approved application process which answers questions around environmental risk, previous layoffs, all those other questions that typically are asked but not included in the application. We have now included those in the application. It also provides for a point matrix on the scale to help determine the length and term of a PILOT policy and agreement which we did not have in the past.

Staff are recommending approval of the PILOT policies. These were discussed and presented to the IDB in January, approved by City Council in February, discussed here with the IDB in March, and asking for approval of this item today.

Mr. Adkins asked about clawback provisions. Ms. Allen said there are clawback provisions in each of the PILOT agreements. They are different and depend on the PILOT itself. They are typically related to job creation and capital investment. The way the agreements are written, for instance if a company is not compliant with its job commitments, that clawback only applies to that job commitment. The same with capital investment.

The motion carried.

ADOPTED

NOVONIX PILOT

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO ENTER INTO AND EXECUTE THAT CERTAIN A “REAL ESTATE PURCHASE AND SALE AGREEMENT” RELATIVE TO THE PURCHASE OF APPROXIMATELY 182.39 ACRES KNOWN AS THE SPECIAL LEGISLATIVE AREA, MAIN MANUFACTURING AREA, PARCEL 1.02, 182.39 ACRES, OF THE ENTERPRISE SOUTH INDUSTRIAL PARK AND TO EXECUTE NECESSARY CLOSING DOCUMENTS AND TAKE TITLE TO CERTAIN REAL AND PERSONAL PROPERTY IN CONNECTION WITH THE NOVONIX ENTERPRISE SOUTH LLC PROJECT, TO LEASE SUCH PROPERTY TO NOVONIX ENTERPRISE SOUTH LLC, TO ENTER INTO AN AGREEMENT FOR PAYMENTS IN LIEU OF AD VALOREM TAXES, AND TO EXECUTE OTHER DOCUMENTS RELATED TO THE PROPERTY’S ENROLLMENT IN THE VOLUNTARY CLEANUP AND OVERSIGHT ASSISTANCE PROGRAM WITH THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION.

Ms. Allen said that this item is a staff recommendation that was presented to the City Council and approved on March 11, 2025. It was also approved by Hamilton County Commission on March 12, 2025. In addition to the PILOT and the Purchase and Sale Agreement, what is different is there also two Lease Agreements that are part of the IDB. There is a Real Property Lease and Personal Property Lease that will be for the Board’s consideration today.

The state statute authorizes this Board to approve both the PILOT Agreement with the Purchase and Sale Agreement added to the leases. This aligns with the One Chattanooga Plan for Building Regional Economy. It aligns again with the Chattanooga Chamber of Commerce’s strategic plan. There is background and information that both Novonix and the Chamber of

Commerce will present to the Board. The fiscal impact to the IDB would be to the account that is NR14 for IDB PILOTs. If approved, this item would add an additional \$10,996,804.00 to the account in the form of economic fee payments that would come into the IDB.

Mr. Adam Myers spoke from the Chattanooga Chamber. Before we go into the PILOT presentation specifically with all of the news out there regarding the company and because we have done this also with the City Council and County Commission, we wanted to ask the company to give you an update as well on the project. We have the Chief Financial Officer and Interim CEO for Novonix who will give an update.

Mr. Robert Long spoke from Novonix. The stock exchange information was presented with disclaimers. What we are going to cover today is the Riverside update, Enterprise South, and future outlook.

From a Riverside perspective, it has been well-known that they were affected by sector trends that slowed the plant progress in delivery of certain equipment and installation. The product technology development with certain Offtake Agreement battery partners that did affect their overall trajectory and got ahead of themselves a little bit. We had a layoff of 19 individuals in January 2025. We did not have the best language in those agreements and there was some confusion about if those people could be rehired by the organization and they absolutely can. They have hired two since then as we look to scale out the operations in the coming months. If jobs are still available, they may apply, and there would be no reason not to hire any of those individuals back.

The incentive and grant status of Riverside is where they are paying 100% of the applicable taxes on the PILOT related to the Riverside Project. We have not affected that PILOT just yet. The Department of Energy (MESC) grant for \$100 million awarded in November 2023 is very active. They have ongoing dialogues weekly with the MESC office. It is an active reimbursement process and submits invoices for reimbursement requests to the Department of Energy the last Friday of each month. They review with executive orders and change of administration. They have been paying under the grant and are operating as one would presume.

With executive orders and latest information also with the Department of Energy, they are very focused on critical minerals, national defense, and onshoring of jobs in the U.S. and are very key aspects of the Department of Energy they are focused on. We checked all of those boxes and are very excited about our projects, and continue to enjoy good interaction and support from the Department of Energy. We also have applied for a Department of Defense loan on the Riverside facility, and critical minerals, national security are early stages of that process and should come back within the next month. There is no conflict with the PILOT or the Department of Energy (MESC) grant. They were excited to receive our application, and there has been some dialogue back and forth. We will inform the public as they are required to do so.

Enterprise South is 182 acres located in the Enterprise South Industrial Park. Their operating capacity will be 31,500 tpa, and will bring total production once both sites Riverside and Enterprise South site is over 50,000 tpa by 2028. This will help support the Offtake Agreements with Stellantis, PowerCo, and Panasonic. They continue to pursue offtake revenue contracts. Those are in the various stages of completion.

They would very much leverage the learnings and engineering studies from Riverside. There is essentially nothing unique about Enterprise South production process that is different than the Riverside process. Very much can apply those learnings and machinery process to the new site from Riverside. We were offered a conditional commitment from the Department of Energy Loan Program Office for \$754 million which is a significant piece of the total \$1 billion overall project cost. We expect to employ just over 500 jobs in Phase 1. We are building the site so that the 31,500 ton capacity could expand up to 75,000 ton capacity with build out.

The site and PILOT Agreement are very important to the success of this project. The closing on the LPO loan and closing on the property acquisition are interdependent -- cannot close on the loan without the property and cannot close on the property without the loan. We are coordinating long lead time items with the Department of Energy Home Program Office such as environmental and engineering studies. Very good dialogue and conversations with the Loan Program Office and will be in touch with the State of Tennessee for ECD grant, but those are in the early stages. We have many things to do on the site and process before we get in touch with the state in a serious way there.

Overall, even last week in our board meeting, the commitment to Chattanooga was absolutely firmer to have officially Chattanooga as our principal place of business and headquarters. We established the Novonix Institute of Advanced Battery Technology with Lookout Valley Middle High School and continue to advance in investing in state-of-the-art STEM learning processes be it with Chattanooga State or UTC curriculum to ensure student training. We had students from the Lookout Valley Middle High School tour and shadowing like interview skills and overall life skills as they look to graduate and enter the workforce or secondary education. Various other things to help employees have tuition reimbursement with Project Return. We engaged with that organization in October and continue to utilize them as a source for future employees.

In the future, we have signed Offtake Agreements with Stellantis, PowerCo, and Panasonic. We have a Joint Development Agreement with LG Energy Solution that could evolve into an Offtake Agreement. Contractor Customer Volumes are outlined in the presentation. They are very active in the space to continue to develop facility, secure revenue, subject to modifications, and specifications. The products are getting to each customer, which is good for them and us with flexibility of process to meet other customers' demands.

We focus on scaling the site, securing financial future with Offtake Agreements, and various capital raise efforts. For instance, the \$754 million conditional loan commitment is with the Department of Energy, the \$100 million MESC grant funds, and attracting additional strategic investment.

Mr. Gordon Parker asked if the products currently consumed here are in the domestic or international markets? As a follow-up to the tariffs that are currently in place, do you envision that as positive or negative? Mr. Long said it will largely be domestic. Those Offtake Agreements ought to be U.S. produced graphite. Graphite makes up 40% of the materials in a lithium ion battery. That volume is the most significant and very key on having production here in the U.S. The tariffs are positive because there is a trade case for the ITC where particularly graphite is the subject. There is a range of 850% to 920% that should be in graphite, and 95% of the world's submitted graphite is produced in China. Where that lands, the next read out for that group is in mid to late May. That would significantly aide even if it is not at a very high level.

Mr. Adkins asked about 300 employees at the Riverside if Novonix was going to give Veterans' preference? Mr. Long said that they will access and do have Veterans on-site now and to the extent that we can also access the Veterans organizations, they will do that. Their Chairman of the Board is a retired Four-Star Admiral and is very near and dear to his heart. Mr. Adkins thanked Mr. Long for working with Lookout Valley.

Ms. Melody Shekari thanked Mr. Long for Project Return. Ms. Shekari did see an article in the paper this week about some significant challenges and the only question Ms. Shekari has is if it changes the application at all or is that just something that is just a disclosure. All the targets are the same and information on the factors was filed on February 28th with regard to disclosures.

Ms. Nadia Kain asked regarding green construction, if that is something that Novonix is going to utilize whether it is environmentally friendly. Mr. Long said yes, they will be very mindful of run-off and processes that make sure the environmental impact is very low, and also, the manufacturing process itself is very green. They have very low waste definitely compared to the current process today with graphite in China. We are very aware of our environmental footprint and want to make sure we minimize that on the construction and manufacturing sides. Ms. Kain also asked regarding the community engagement in reaching out and incorporating the local schools, is that going to be part of the annual reporting process so that you will be able to keep us up to date on those initiatives? Mr. Long said they can.

Ms. Althea Jones asked if Mr. Long could speak about small business partnership program. Mr. Long said that in particular to the Riverside facility in certain of their Offtake Agreements there is a community impact metric. While working with the facility, they are also working through their community impact to have a positive ripple effect in the community that if for instance we have a local supplier for Enterprise South, can we direct our contractors to use similar or more local than someone's organization that may not benefit that ripple effect or collateral benefit within the community. Mr. Long said they can track, but would need to track it by vendors. It is definitely able to be done. Just a process.

Attorney Noblett asked Mr. Long how the product would be delivered. It is all on I-75 because right now on the Riverside you have the ability to use the river. Will you be able to do that? It will all be by truck. We are wondering because I-75 is quite clogged up. The motion carried.

ADOPTED

There being no further business, a motion was made by Mr. Parker, seconded by Ms. Jones, and the meeting adjourned at 11:25 AM.



GORDON PARKER, *Secretary*

APPROVED:



ALTHEA JONES, *Vice-Chair*