



**INDUSTRIAL DEVELOPMENT BOARD
SPECIAL MONTHLY MEETING MINUTES**

John P. Franklin Sr. City Council Building

Assembly Room

Chattanooga, Tennessee

for

Monday, April 20, 2026

11:00 AM

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Janice Gooden; Emmalyn Porter (SETDD); Weston Porter, Matt Dale, and Eleanor Liu (Finance); David Neuhoff (CBL); Helen Burns-Sharp (ATM); Charita Allen, Winston Brooks, and Kim Narramore (Economic Development); Hiren DeSai (Kalabo Paper Products); and Matt Phillips (Rise Partners).



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



MONTHLY MEETING OF MARCH 2, 2026 – MINUTES APPROVAL

On motion of Ms. Kain, seconded by Mr. Floyd, the minutes of the March 2, 2026, monthly meeting were approved as submitted.



PUBLIC COMMENTS

HELEN BURNS-SHARP, Founder Accountability for Taxpayer Money (ATM)

Ms. Sharp had a couple of requests for the Staff and the Applicant when it gets to these on the agenda. Ms. Sharp always felt the North River Access Road TIF was probably the most normal of all of the TIFs. A couple of times it has come back and rarely do TIFs, once they are approved, come back, and sure there are good reasons. Ms. Sharp would like the Staff or the Applicant to explain what this is about, and a reminder that they have come back before for things that they could mention those too.

With regard to the Northgate Mall TIF, Ms. Sharp noticed the boundary for the sales tax collection that it could have been the entire boundary of the TIF, but instead, it is basically B.J.'s and restaurants along 153 places where today the sales taxes have been collected. What was the thinking over the 20-year period this is in effect that some of the vacant properties there, when it redevelops into a town center, might become businesses that would generate sales taxes? Ms. Sharp wanted to know if someone could address why the decision to restrict it to that particular portion of the TIF boundary.

VOLKSWAGEN FINANCE REPORTS

Ms. Eleanor Liu said the first report presented is the VW Progress Report. Since the last presentation, there is no change. The percentage spent, encumbered, and contingency were at 99.0%. Overall, there are still two MOUs that will have residual amount not spent.

The second MOU went over \$215,429 not yet spent. The third MOU has \$5 million that has not been spent. With regard to the Economic Development Program Summary, the cash amount spent is about \$4.07 million. These are for the second program.

The next report TIF Summary is exactly as presented at the last meeting. We only receive the TIF payments once a year generally around this month and at the time of this report, we have not received any payments. In the July presentation, Ms. Liu will be able to present the TIF payment received this year.

The last report is the Wastewater Program Summary. Since inception until now, we have spent over \$100 million and every single penny of that we received reimbursement from the City. Cash amount is zero.

RESOLUTION

North River Access Road TIF

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

A RESOLUTION ENGAGING STIFEL, NICOLAUS & COMPANY, INCORPORATED, AS UNDERWRITERS FOR A PROPOSED TAX INCREMENT FINANCING (TIF) RELATING TO THE NORTH RIVER COMMERCE CENTER INDUSTRIAL PARK AND THE NORTH ACCESS ROAD ECONOMIC DEVELOPMENT AREA.

Ms. Charita Allen is bringing this item as it relates to the Tax Increment Financing that is going into the project and the need for the developer to secure a bond firm to assist with the Tax Increment Financing. There is a letter in the packet that is from legal counsel that represents our TIF Projects. The letter is attached to these minutes herein referenced as **Exhibit "A"**.

This is a project that came to us for an amendment to their existing Economic Impact Plan that was approved recently. It was related to the fact that when the project first came to this board, the City, and the County, it was for the development of four (4) Class-A industrial buildings. Two of those have been built. Because the original plan mandated that they could only be that type of development, at some point, the developer was getting inquiries from other projects and not able to facilitate building those projects because there were restrictions on the type of development. They came back to the authorizing bodies and basically said can we change the use type on this particular TIF. We said yes, we put some limitations around it, there are some things that they are not able to build. Ms. Allen does not recall those off the top of her head, but we did amend that and so as a result of the many other uses, we are now looking at the financing that is behind it and restructuring the financing.

Ms. Allen read into the record the memo from our legal counsel who represents all of our TIFs from Bass Berry & Sims Attorney Mark Mamantov dated April 14th regarding the engagement of Stifel, Nicolaus & Company, Incorporated as underwriter for Access Road TIF Financing. See attached memo attached to these minutes herein referenced as **Exhibit "A"**. Ms. Nadia Kain asked if this was done before where we asked to refinance TIF notes with past experiences. Attorney Noblett said this is a first. Generally, that bond board is involved on the front end with financing advice.

Mr. David Hudson asked if the Board is hiring Stifel. Ms. Allen said the Board is actually approving the engagement letter for the developer to hire. The responsibility remains with the developer but because we have public monies, we have the role in approving the selection of the particular bond agent. Attorney Noblett said that is required in this case because the Stifel group as underwriter will make sure the bonds are dealt with correctly. Ms. Kain clarified that the underwriter will be paying when the closing occurs and the developer is who will be paying those closing fees.

The motion carried.

RESOLUTION

Northgate Mall TIF

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

A RESOLUTION APPROVING AN INTERGOVERNMENTAL FINANCIAL ASSISTANCE AGREEMENT BETWEEN THE CITY OF CHATTANOOGA, TENNESSEE, AND THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA RELATING TO THE NORTHGATE MALL REDEVELOPMENT PROJECT.

Ms. Allen said that this is an item that is related to the Intergovernmental Financial Assistance Agreement that is the plan between the City of Chattanooga and the Development Board recognizing that any sales tax generated from a particular identified area would come to the Development Board into an account and would be used for reimbursement of the infrastructure.

During the process of approving the TIF, this was an agreement that should have come to this Board that we overlooked and did not bring to this Board. Ms. Allen read the memo into the record from attorney Mark Mamantov of Bass Berry & Sims dated April 14, 2026, for the approval of the Intergovernmental Financial Agreement for the Northgate Mall Redevelopment which is attached to these minutes referenced as **Exhibit "B"**.

Ms. Allen responded to Ms. Helen Burns-Sharp's question related to the sales tax area. The entire TIF district was identified. A portion of that TIF district will be demolished and redeveloped as the main sewer line and all underground infrastructure. We chose not to try and capture sales tax from that because that sales tax would not be predictable. You would have certain projects that would be coming on-line, certain coming off-line, to be determined when those would happen based on the phases of the construction.

What was predictable, which what is called the crescent area as below the main area for redevelopment, which is fully constructed, already on-line, already tapped into sewerage and those they chose again to identify the sales tax area and limited just to that. If the entire site, there would have been more sales tax actually going into the project, and we determined that based on the amount of the development that was necessary it proved roughly \$8.7 million as Ms. Allen recalls for that particular project and we reverse engineered sort of let's capture the crescent area and not the entire site. That is why it is a limited area and not the full scope of the entire site. Under Exhibit "A" of the map is the sales tax. That is on-line and will continue to be on-line.

Mr. Gordon Parker asked if the Agreement was made after the City Council had passed the original approval? Ms. Allen said no, great question, they were approved at the same time. Everything went through the City at the same time. This piece was left off of the IDB side. It did not carry forward with the original agreement. Ms. Kain asked if they have a number or is that still just being formulated for what the assistance agreement is limited to or encompassed? Ms. Allen said there is a limit to the amount of the sales tax captured. For the assistance agreement, since the City Council approved, is there any kind of caps or limits?

Ms. Allen said great question. One of the things we did do with this TIF, we identified both the property tax and set with the TIF a baseline and what that says is that these taxes are already being collected and they will continue to be collected and the incremental, there is a portion that you take the debt service, there is a portion that you take schools, and then there is a portion that we maintain, and that remaining portion is what goes towards the project and infrastructure. We did the same thing with the sales tax. What we said was there is a baseline sales tax already being collected which we have identified and we are going to maintain that as we move forward with the TIF. There is a baseline of sales tax we are now capturing, and this would be the incremental everything that is over and above that would be captured and would be used towards repayment of the infrastructure. Keeping in mind that the crescent area that you will see, those businesses will benefit from the upgrade of this particular infrastructure so the first upgrades that you will see with the infrastructure are related to solidifying the foundation of that crescent.

Mr. Parker asked if the City has stepped into this before? Are they all of sudden now concerned that this redevelopment is not going to generate enough incremental revenue to cover the TIF. Why is the City having to step in and augment this? With the local sales tax. Ms. Allen said what essentially happened is on the property taxes because the property tax increment was not sufficient to cover the \$8.7 million in infrastructure, there had to be another funding source and sales tax was what was available. That is how we have done it. We also have for instance done two other TIFs, we have local sales tax will go into those other TIFs. We have one where state tax will.

Mr. Hudson asked if this is temporary or permanent in place this way. The TIF is in place for the duration of the TIF agreement for the project and then it goes away and then all the increment comes back to the City. This sales tax district will remain with the TIF all the way through? Yes, it will remain with the TIF until such time that the increment has been paid for and then all the funds will come back to the City.

Attorney Noblett said there is a reference to 240 months as the term. Mr. Parker's concern is that the development is not going to cover the TIF without the local sales tax option. Ms. Allen said that is correct and you have an asset that is declining so essentially if the mall were performing at its highest and best, we would not need to use the sales tax piece but because we have a declining asset, the property taxes have been steadily going down on the mall and that is why we are capturing that delta from the sales tax.

Mr. Hudson said as the mall is developed, that will go towards the TIF. Ms. Allen said that as the mall is redeveloped and the property taxes start going up because you have a new development in it, less of the sales tax will need to be used because you will have no other property tax coming up. But in order to put the TIF in place, you have to show the state that there are adequate revenues to reimburse for the cost of the infrastructure, and those revenues are split between two different sources right now – property tax and sales tax.

Ms. Jones said there were other examples of this. We have other TIFs that we have approved that are using sales tax to supplement property tax infrastructure. Mr. Parker asked which ones. The stadium is using sales tax and property tax, and The Bend is also proposed to use sales tax and property tax.

Ms. Kain said it is essentially this document that was in our packet when we initially approved it, it is just verifying that is the process that we are going forward with. Ms. Allen will ask legal counsel to correct her if she is wrong. The way she sees it from staff is that City Council is saying to the IDB, we have an agreement, we are sending sales tax to you, it goes into an account, and that is used for reimbursement for infrastructure on this particular project. It prevents the IDB from using the sales tax increment that comes into this fund from using it for anything other than reimbursement on this particular infrastructure project. This resolution just authorizes the Chair to be able to sign this document on behalf of the Board, but it also requires the Mayor to sign this document as well on behalf of the City.

The motion carried.

ADOPTED

RESOLUTION

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

A RESOLUTION AUTHORIZING AN AWARD OF A SMALL BUSINESS INCENTIVE GRANT TO KALABO INVESTMENTS, LLC D/B/A KALABO PAPER PRODUCTS, IN THE AMOUNT OF NINE THOUSAND ONE HUNDRED SEVENTY-FOUR DOLLARS (\$9,174.00). SBI-(34)

Mr. Winston Brooks spoke about this Small Business Incentive Grant for Kalabo Paper Products. There is a staff report which explains the Growing Small Business Incentive which has been in existence as part of this board for several years. This is the first time we have brought one forward in his two years, so he is excited to do that. See attached Staff Report attached herein by reference to these minutes as **Exhibit “C”**.

Mr. Hiren Desai spoke about Kalabo Paper Products. They started production in about March 2025. The way it came about is that Kalabo is a town where he is from and his wife came up with the idea of doing paper products which his family has examined. When he came back, up to a point, he created Kalabo and with it got someone he had known that was living paycheck to

paycheck. They created a plant in Chattanooga and fast forward a year in production they have six to seven employees as of today. The operator could not make it today because his child was sick but husband and wife living paycheck to paycheck, wife worked night shift, originally got her back working in the office at Kalabo so they could have dinner with the young kids in the evening, and they have created a small business start-up minority-owned, woman-owned business. As of today, we are supporting our own business in hospitality which products include toilet tissue, kitchen towels, restaurant, bar, and lunch napkins, with the potential to expand. One strategy they are trying to do is if we can get a janitorial supply, we feel this will take off and approach to about 20 employees. Selfishly, they live in Chattanooga. It is halfway between his home and office, but he would have been better off moving to north Georgia with the incentives that they give compared to Chattanooga, Tennessee. This is an extra incentive for how in the future you could help more jobs coming to Chattanooga.

In north Georgia we have better tax incentives, employee credits, and incentives for equipment. Ms. Kain noted that you are expecting to add 15 or more employees and currently have five to seven. This is a municipal grant set up through the IDB and was started several years ago. Right now, it is a \$2.5 million investment. It could be an additional \$2.5 million other investment with 20 employees plus. The lease space is for three years right now. He anticipates that they will continue on, but it is off of Shallowford Road on Polymer Drive. Pictures were shown in the presentation. If they expand, they can go into any type of paper products.

They are competitive with the major suppliers and manufacturers in the country. Between Cleveland and Dalton, they are delivering toilet paper. It is growing slow and steady. That is not what they intended but what they become. If we can get a janitorial supply, that would be really good to grow this business. The goal is that these funds will be used to market. The equipment took nine months to set up. They just started production in March and will stay in Chattanooga. Mr. Parker commended Mr. Desai for starting the business here.

The motion carried.

ADOPTED

**DISCUSSION CONTINUATION OF STIFEL, NICOLAUS & COMPANY
ENGAGEMENT RESOLUTION – NORTH RIVER COMMERCE CENTER**

Ms. Jones said they need to go back to the Stifel, Nicolaus & Company resolution for the North River Access Road TIF. We need to make a correction to the letter. The developer Matt Phillips is here, and Ms. Allen misspoke about relationship between the bond underwriter, IDB, and the developer. Mr. Phillips is going to clarify that.

Mr. Matt Phillips with Rise Partners spoke. The way these TIF structures work, at least theirs, they are actually the lender where they cover the public infrastructure costs. There is a series of notes in the TIF documents where the IDB is the Issuer or the Note Holder. It reflects the \$8.75 million certified public infrastructure costs that we spent as we discussed in prior meetings. The difference here now is that there is a revenue stream which will monetize those notes. Stifel, Nicolaus will go out to public market and issue a bond that refinances those notes so

that where it replaces the Note Holder, the Note Holder there will be a series of bond buyers. The cost of the issuance in the question earlier is actually paid from the par amount of the bonds down out of the issuance of the total amount.

The one thing important to clarify is the reason why we are here is because the IDB is the actual Issuer whether it is our TIF or someone else's. We cannot be the bond issuer for public dollars. That is what this body would do. The IDB is the Issuer and would have to engage with Stifel. They have had a tremendous amount of success with Stifel in this space over the years in other markets. It is very typical for the IDB to engage an underwriter whether it is this IDB or another similar entity. It is really important because one thing that was misstated in the prior presentation it sounded like they were going to be the ones to engage and the IDB needs to know about it. The IDB signs the document. Mr. Mamantov's memo speaks to that but wants to make sure that is super clear. It is correct in the document.

Attorney Noblett said the Chair will sign the document. It is also limited in what recovery the folks will actually be able to get from Stifel as well. The resolution says the appointment of Stifel on the engagement letter does not create a contract between the Board and Stifel except for the terms explicitly provided therein. The Board shall only be required to pay any compensation pursuant to the terms of the Bond Purchase Agreement that occurs. The document itself is limiting any compensation that Stifel gets in connection with this matter to 2.5% of that bond deal.

Mr. Phillips said that based on their last conversation with Mark Mamantov what the process would be is that they will go out and market this revenue stream, refinance as much as the note or notes, there are multiple notes that exist, and then prior to that transaction closing, we have to come back to this board to approve the final package. This is just engaging Stifel to start the process.

Ms. Kain said that clarifies her questions about who would be responsible for compensation and at 2.5% is the number we are looking at now and that answers our question too. We are going to be able to approve these bonds before they are issued. In the original TIF documents dated back to when we first did this project and came before this body, it was envisioned that there would be a par amount of bond issuance and that there was a net that could not exceed the amount of public infrastructure \$8.754 million. The difference between par and net is the cost issuance. It could be anything from a debt service reserve cost, or it could be a fee to pay towards Stifel and comes out of their side of the ledger and not the Board's.

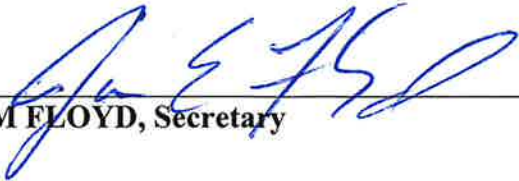
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OTHER BUSINESS/DISCUSSION ITEMS

There was no other business/discussion items.

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There being no further business or discussion items, the meeting adjourned at 11:45 AM.



JIM FLOYD, Secretary

APPROVED:



ALTHEA R. JONES, Chair

BASS BERRY + SIMS_{nc}

1700 Riverview Tower
900 S. Gay Street
Knoxville, TN 37902
(865) 521-6200

M E M O R A N D U M

TO: Charita Allen
Winston Brooks
Phil Noblett

FROM: Mark Mamantov

DATE: April 14, 2026

RE: Engagement of Stifel, Nicolaus & Company, Incorporated as underwriter for Access Road Tax Increment Financing

The Industrial Development Board has previously approved a tax increment financing with respect to the North River Commerce Center Industrial Park in connection with the redevelopment of the North Access Road area. Because that financing was not marketable until a significant portion of the buildings in the industrial park had been completed and a predictable amount of tax increment revenues was available, the developer for the project purchased the financing on an interim basis. Now that a significant portion of the development has been completed and a predictable tax increment revenue stream exists, the developer has requested the Industrial Development Board to refinance a portion of the tax increment financing through the sale of tax increment notes to investors unrelated to the developer. This refinancing will provide a long-term fixed rate for the portion of the debt that is refinanced. The developer has requested the Industrial Development Board to approve the engagement of Stifel, Nicolaus & Company, Incorporated, as the underwriter for this refinancing. Stifel is one of the most experienced underwriting firms in the country for this type of financing. In order to comply with certain federal securities laws, Stifel has requested the Board to sign an engagement letter, the approval of which is on the Industrial Development Board's agenda. The engagement letter is preliminary and nonbinding, and any compensation payable to the underwriter would only be payable if closing occurs. However, the execution of this engagement letter would allow the underwriter to work with City staff and the developer to prepare the necessary documents for the financing and present the financing to the Industrial Development Board for consideration.

49901897.1



BASS BERRY + SIMS_{PC}

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900 S. Gay Street
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(865) 521-6200

M E M O R A N D U M

TO: Charita Allen
Winston Brooks
Phil Noblett

FROM: Mark Mamantov

DATE: April 14, 2026

RE: Approval of Intergovernmental Financial Assistance Agreement for Northgate Mall
Redevelopment

At the last meeting of the Industrial Development Board, the Board approved a development agreement relating to the Northgate Mall redevelopment. Pursuant to that agreement, certain incremental property tax revenues were made available to the developer as an incentive to undertake a redevelopment project. Because the incremental property tax revenues were fairly limited, the City Council agreed to supplement those revenues with a pledge of certain local option sales tax revenues of the City to be derived from the area being redeveloped. To do so, the City Council approved an Intergovernmental Financial Assistance Agreement under which the City agrees to contribute a certain amount of local option sales tax revenues to the Board to supplement the incremental property tax revenues. When the Development Agreement was approved, which was everyone's primary focus, we failed to request the Board to also approve acceptance of the Intergovernmental Financial Assistance Agreement. A proposed agenda item for Board's meeting on April 20th is approval of this Agreement. This Agreement does not commit the Board to undertake any additional commitments to the developer. It just acknowledges that the local option sales tax revenues will be received by the Board and applied as is provided in the Development Agreement.

49902094.1



Date: April 20, 2026

TO: Industrial Development Board of Chattanooga Appointed Members

FROM: Winston Brooks, Director of Economic Development and Entrepreneurship

SUBJECT: Favorable Recommendation for Growing Small Business Initiative (GSBI) Grant: Kalabo Investments, LLC d/b/a Kalabo Paper Products

RECOMMENDED ACTION:

Staff respectfully recommends the approval of a Growing Small Business Initiative (GSBI) grant in the total amount of \$9,174.00 for Kalabo Investments, LLC (d/b/a Kalabo Paper Products). The company has successfully fulfilled all program requirements, driving local economic growth by purchasing new manufacturing equipment and creating five high-quality, full-time jobs within the City of Chattanooga.

Company Profile

Kalabo Paper Products is a locally owned and operated manufacturing business established in 2024, located at 2131 Polymer Drive, Suite 107 B, Chattanooga, TN. Under the leadership of President & CEO Hiren Desai, the company manufactures premium, commercial-grade paper goods, including toilet paper, paper towels, napkins, and breakroom supplies. Kalabo supplies high-volume operations across the Southeast, including restaurants, hotels, healthcare facilities, schools, and industrial plants. The company is currently in good standing with the Tennessee Secretary of State and operates as a for-profit entity within Chattanooga city limits.

Job Creation and Economic Impact

To qualify for the GSBI grant, businesses must create a minimum of five full-time jobs (30+ hours per week) within a contiguous 18-month period. Kalabo has met these expectations. The company has over five full time employees. The company expects to add fifteen more employees.

Equipment Investment

Kalabo's workforce expansion was driven by significant investments in their local manufacturing infrastructure. To keep up with demand and scale their workforce, the company purchased and installed new manufacturing machinery at their Chattanooga warehouse. Recent documentation and site photos confirm the active installation and operation of extensive paper rolling machines, custom packaging lines, and a tissue conveyor.

Grant Breakdown

The Southeast Tennessee Development District (SETD) has reviewed Kalabo's application, verified their job creation and equipment expenditures, and certified the award amounts. The requested \$9,174.00 grant is divided into two matched categories:

Recommended Award Amount for Job Creation: \$4,587.00

Recommended Additional Award Amount for Reimbursement of Eligible Expenses (Equipment):
\$4,587.00



Total Recommended Award: \$9,174.00

Fiscal Impact

Funds will come from account NR11 Z00303 with a balance of \$92,256.02.