



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES
John P. Franklin Sr. City Council Building
Assembly Room
Chattanooga, Tennessee
for
Monday, June 3, 2024
11:01 AM**

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Gail Hart (Real Property); Mike Pare (Times-Free Press); Paul Boylan and Eleanor Liu (Finance); Bill Payne (Public Works); and Nick Nichols (Nichols Fleet Equipment).

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

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SPECIAL MONTHLY MEETING OF MARCH 25, 2024 – MINUTES APPROVAL

On motion of Mr. Adkins, seconded by Mr. Floyd, the minutes summary of the March 25, 2024, special monthly meeting was unanimously approved.

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PUBLIC COMMENTS

No one from the public had comments.

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

A RESOLUTION AUTHORIZING AN AWARD OF A GROWING SMALL BUSINESS INCENTIVE GRANT TO NICHOLS FLEET EQUIPMENT, INC., IN THE AMOUNT OF \$10,000.00. (SBI-29)

Mr. Nick Nichols introduced himself as Vice-President with Nichols Fleet Equipment, Inc. Their new address is 2805 Riverport Road in Chattanooga. Nichols Fleet Equipment, Inc. has been a local company since founding in 1991. They are an upfitter of truck-mounted equipment. They take truck chassis, frame rails, and help fit it with equipment. The primary function of the equipment they put on the trucks and sell to their customers is for field service of heavy equipment. Our customers would be anyone that is running heavy equipment on job sites. That could be the heavy equipment dealers, the CAT dealers, the Komatsu dealers, the Deere Dealers. They will sell to large rental companies that are sending field service technicians out to perform maintenance on equipment on job sites. They do a lot with TVA, the utilities. Those are essentially the things they get into.

Examples on the slide showed two primary trucks. Field service mechanics' trucks who have bodies with compartments that a mechanic will put tools and parts on that are needed to go out and perform maintenance work. If you are out running a big excavator and the excavator breaks, it is not practical to pick it up and take it back to the shop to work on it. The mechanics will do the work onsite. It may have a welder on it to weld a shovel on an excavator. It will have a crane if they need to pull an engine block out of a machine. That is essentially what those do. There are two examples of two fuel and lube trucks. A gas station and oil change station on a vehicle. These trucks are going to go out on job sites to perform oil changes on equipment and fuel up the equipment. It is all about uptime for the end user and keeping the big machines up and running, building roads and houses, some other examples of cranes, and pulling fire hydrants. In large part it is designed to go out and perform that maintenance work on equipment in the field whether it is a giant bulldozer, excavator, or pulling fire hydrants. The equipment is also customized.

Mr. Nichols' father founded the company in 1991. He was working for another related company that was based out of Atlanta which went out of business. The company was a one man show in 1991. In 1997, another facility was built in East Lake until March of 2024. The growth continued. Mr. Nichols' brother and he joined the company. They outgrew their East Lake facility. They leased a building in St. Elmo for five years. In December of 2022, after a couple of false starts due to COVID, they broke ground on a new facility in the Industrial Park on Amnicola in March of 2024. When they broke ground, they almost doubled their employee talent since in the new building. Slides of the new building were shown. They had 150 chassis on their lot waiting to be upfitted. They have a paint booth and do sprays in the back of pickup trucks and decal wraps.

The total number of employees is just above 40 full-time. They have plenty of veterans that work for the company, about four or five. They are proud to have their veterans.

They do very little manufacturing and are largely an assembler. The two largest manufacturers are companies outside of Iowa that make cranes. They are a distributor for them. They are assemblers and do not manufacture this equipment. They get into small fabrication almost daily. It is skilled and trainable labor.

Attorney Noblett said that he was concerned about the fire hydrant lift. Mr. Nichols said Tennessee American may have two of those. Water leaks are a pretty big thing. They have done some things with Hixson Utility and Catoosa. They get into the local utilities from time to time. American Water has become a bigger account for them and has expanded on to Maryland and Virginia. We have three different water companies in Chattanooga.

They are always hiring. They have ads running now. They found when they moved into the new building, they were able to very quickly get in there. Production has increased and have been able to put up more trucks than ever. We need to build up the support side and look for help in shipping and receiving, help in the warehouse, help in the retail parts side. E-commerce is a big opportunity. They have three or four jobs posted and are always looking for good technicians to build the trucks.

A lot of the big fleet accounts are regional. They do work with a company who makes caterpillars for East Tennessee. They send trucks for them all over Tennessee. One of their largest accounts is H&E Equipment Rentals, based out of Baton Rouge, and has a branch in Chattanooga and all over the country.

Mr. Freeman said that the grant is the City's longest running small business incentive tool used now for almost 10 years. It basically provides a cash award for companies that have created at least five full-time jobs and also has the potential to provide a little bit of reimbursement for companies that not only have created at least five full-time jobs but that have also secured some equipment or to be reimbursed for. The maximum award amount for any given award is \$10,000 which is before the Board today. This has been the most popular city grants program and also the longest running and tailor made for smaller businesses. Businesses that exceed 100 employees are not eligible to apply for this grant.

The motion carried.



OTHER BUSINESS – DISCUSSION ITEM

FYI - Review Tennessee Comptroller of the Treasury letter regarding the financial report.

Chairman Hayes said it is noted that this item has been discussed to our best ability. If the Comptroller wants to share anything else with us in the future -- Attorney Noblett said that we received a copy of the letter on April 15th in the packet. Henderson, Hutcherson has been doing our accounting work for the Board. The reason we thought it was something important is that it said that the following was observed during the review of the financial report and the

Statement of Net Position reported a deficit unrestricted net position balance of \$221,000 at year end and management should take steps to ensure this deficit is eliminated. That was the reason this was brought up to the Board for review. It may just be simply an accounting method that we have with the City that is causing that to occur. They were using the Gatsby (sic) Method.

Ms. Liu said that dollar amount is recording a liability on three TIFs. The third TIF was East Chattanooga Rising we have a payment due of first year \$221,000, second year \$141,000, but at the same time the TIF payments came in and that is the \$10,000 first year and the second year is \$14,000. There is a big difference in what we see, and what we are able to send out with what is due. Ms. Liu recorded that payable. Eventually the tax income will cover all of that interest expense. For one reason or another, this entry can be suspended and can be moved. Ms. Liu was hoping someone else would tell her there was a sound reason for this. Until that happens, she does not know what to do. The fiscal year is ending and she is about to do the same thing again unless someone tells her the accounting method. Hopefully this can be discussed.

Ms. Liu said that she would need to hear from the accountant along with Attorney Noblett who was part, the CFO, and our attorney Mark Mamantov. He is very experienced in the TIF procedures. We are hoping to hear from him of what he can provide help with similar solutions.

Chairman Hayes said that the Board should respond to the letter and encourages Ms. Liu to meet and come to some resolution about how to handle this and maybe discuss at our next meeting. Chairman Hayes would be happy to sign a letter to respond to the Comptroller's concerns. Chairman Hayes said it is not a big deal but wants to make sure that this is discussed properly and addressed in writing.

Mr. Rodgers asked that we table this topic and put it on the next agenda to stay on top of it. The Comptroller is talking about a fair presentation. This is pretty important. Chairman Hayes will be happy to make sure this stays on the agenda for next month. Chairman Hayes does not believe the Board needs to take any action but wants to make sure Ms. Liu understands what we are talking about and doing before we issue any kind of response. Let us make sure we have some conclusion on it by next month if possible.

Attorney Noblett said for simplicity purposes as well, tax increment financing is involved whenever you have large improvements that may be made and they are asking for that to come back from the tax sources this Board has approved. Until the taxation amounts increase for the property that is the issue. It may just be a timing thing that is causing that to occur.

Chairman Hayes wanted to note that the next meeting is scheduled for the 1st of July which is when we are to vote on our Chair and Vice-Chair. Please make sure that is on your calendars, and we need to have a quorum for that.

DISCUSSION ON PILOT POLICIES AND PROCEDURES

Mr. Rodgers said that he noticed in the minutes where it talks about the update on PILOT policies and procedures that we are expected to have a draft at our May meeting and we did not have and we are now in June.


Mr. Freeman said that they are anticipating that a draft will come before the Board at the July meeting. During our last session, the Board expressed some interest in being able to communicate with their City Council representatives for the same districts. As the Board has done that, the Administration of the Department of Economic Development use that time to not only to do work on the PILOT policies but also have been engaged in and involved in several things that are not related to PILOT policies regarding workforce development and affordable housing initiatives the Administration is pursuing.

Mr. Freeman said to please note that the Deputy Secretary of the U.S. Department of Energy was here on Friday to give praise on a company called Novonix which was originally based in Lookout Valley but has now expanded to a downtown facility in the building that houses the former Alstom plant. Novonix is growing, and they are now the recipient of a large amount of federal assistance from the U.S. Department of Energy as they continue to manufacture, expand, and grow their synthetic graphite manufacturing structure which is used to produce graphite for electric vehicles and electric cars.

As we work on our PILOT policies, Mr. Freeman wanted to remind the Board that the success that Novonix is enjoying today does not happen in a vacuum. Novonix was a PILOT recipient that this Board issued a PILOT to in 2021. It was the first jobs PILOT of the Kelly Administration. When we come to the Board and ask for assistance in helping to further economic development for jobs in our community, Novonix is a great example of how all of those pieces fit together. We do anticipate that we will come back to the Board with the Chamber's help with the final draft of the final policies for the July meeting.




There being no further business, on motion of Mr. Parker, seconded by Ms. Jones, the meeting adjourned at 11:30 AM.



Gordon Parker, *Secretary*

APPROVED:



Kerry Hayes, *Chair*