



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES**

John P. Franklin Sr. City Council Building

Assembly Room

Chattanooga, Tennessee

for

Monday, July 14, 2025

11:00 AM

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Charita Allen (Economic Development); Elizabeth McCright (Chattanooga Housing Authority); Robin Derryberry; Janice Gooden (CALEB); Eleanor Liu (Finance); and Justin Steinmann, Mark Heinzer, and Elizabeth Goss (Wastewater).

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

ELECTION OF OFFICERS

The 2025-2026 IDB Board Officers are as follows:

Chair Kerry Hayes, motion by Jones/Parker.

Vice-Chairwoman Althea Jones, motion by Kain/Rodgers.

Secretary Gordon Parker, motion by Rodgers/Jones.

Assistant Secretary Jim Floyd, motion by Rodgers/Parker.

MONTHLY MEETING OF JUNE 2, 2025 – MINUTES APPROVAL

On motion of Ms. Jones, seconded by Mr. Parker, the minutes of the June 2, 2025, monthly meeting were unanimously approved as written.

PUBLIC COMMENTS

There was no one from the public who had comments.

IDB VOLKSWAGEN GRANTS FINANCIAL PROGRESS REPORT, PROGRAMS SUMMARY, AND TAX INCREMENT FINANCING (TIF) SUMMARY

Ms. Eleanor Liu gave an overview of the reports. With regard to the VW Grants Financial Progress Report, since the last report in March, nothing has changed. Expense, spent, encumbered, and contingency we are at 99%.

With regard to the Economic Development Program Summary, the combined programs have a cash available and spent of \$2.9 million.

With regard to the e2i2 Program Summary, since the start of the program, today we have spent about \$21 million. The date of this report is June 25th and we have \$4.9 million in cash.

With regard to the TIF Report, the tax payment came in for each of the TIFs. This year we have received five payments: Black Creek Mountain, M.L. King, East Chattanooga Rising, and the first time North Access Road Commerce Center, and the Sports Authority.

The payments actually come in, and almost all of the dollar amounts go out to the developer short of the admin fee. The next page will show in detail each year for each TIF how much we receive from the County, the City, and the Developer. This is the fifth year that we will be receiving payments. The payments received from the County and the City are less than expected. We had a \$4 million loan agreement with the City. So far all we received were payment of interest incurred for each year. The last page showed the itemization sheet on the loans. Each year, the dollar amount of the City is not enough to cover interest. Ms. Charita Allen can give an update.

Ms. Charita Allen said that at the end of the presentation, she has an overview of all of the TIFs. On the East Chattanooga Rising TIF, we currently are in the process of updating the market analysis. It was conducted in late 2020, early 2021, and updating that market analysis with the consultant that provided that and from there we will issue an RFP. We are in the process of doing a market analysis, RFP, which would go for the existing parcels that are still available for development, and that is where we were hoping that would have already happened. That development would happen and we would be adding additional increment to this particular TIF district. We are planning hopefully mid-August, early September, for that RFP for the parcels to

go out. In the meantime, we are having conversations with the developers of the availability of those parcels, the zoning, all of those questions. We anticipate by the end of the year that we will bring forward to this board some type of Development Agreement for the development of those additional parcels which would generate that increment and solve that problem for interest and fees on the debt service.

With regard to that \$4 million debt service, that was for infrastructure for the TIF district with a goal of a master developer coming in and having available at that time \$4 million for them to build out the infrastructure and start construction. We had difficulty finding a developer. In particular, the housing developer at that time, and that is why it has to delay this process. The market has changed a little bit and we no longer are in the heart of COVID and we are hoping that as we are moving forward, we will be able to rectify that situation.

Mr. Jimmy Rodgers asked if the loan is from the IDB to the City. Ms. Allen said correct, it is. Right now the City is servicing the debt. Mr. Rodgers asked if there were interest payments that were not paid. No, the payments have been made. Very little. The very last page of the report shows how much received. So far for the past five years, we have been paying a total of \$430,000. Mr. Rodgers asked if the City was in arrears with the IDB at this point? Ms. Liu said last year we received a letter from the State Comptroller Office regarding the interest payment. We have paid a huge payable. This year we will not show the payment but the receivable is showing up on the City side showing the IDB holder of interest payment.

E2I2 PROJECT UPDATE BY WASTEWATER

On motion of Ms. Jones, seconded by Mr. Floyd,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO ACQUIRE THE REAL PROPERTY LOCATED AT 7218 HAMILTON ACRES CIRCLE, CHATTANOOGA, HAMILTON COUNTY, TENNESSEE, TAX PARCEL NO. 139P-C-007.04, INCLUDING ALL NECESSARY FEES AND CLOSING COSTS AS PART OF THE PURCHASE, FOR AN AMOUNT NOT TO EXCEED \$700,000.00, FOR USE IN CONNECTION WITH THE CITY OF CHATTANOOGA WASTEWATER DEPARTMENT'S E2I2 PROJECT.

Mr. Justin Steinmann said that we have both quarterly updates for e2i2 and Class A Power. We have project managers here for any specific questions.

We did come previously for a not to exceed \$400,000 request for easements for this project. In this particular instance, we are looking at acquiring real property for an amount not to exceed \$700,000.

The \$700,000 is a combination of closing costs and other necessary fees. Ms. Elizabeth Goss said that this particular parcel will be used as a permitting and access point for the tech site and the appraised value for the purchase price is \$580,000. Mr. Rodgers asked if the \$580,000 of the \$700,000 is going for the purchase price. What is the other \$120,000? Mr. Steinmann said it includes a combination of closing costs but also, we came with a not to exceed amount because time is of the essence on this purchase. We want to make sure if there were any unanticipated costs within reason that we were authorized. Ms. Goss said it is for City Church off of Lee Hwy. The purchase price has been agreed to already. They originally approached them to see if they would be interested in selling just an access easement which they denied, and that they were not interested. The property for them is away from their main parcel. They want the neighborhood in the back that used to be their retirement community that they sold off many years ago. They decided that they were only interested in selling the whole parcel.

Mr. Steinmann said that we will have the opportunity at a future date once this is completed for the parcel to be transferred to the City and then issue an RFP to sell that portion of the parcel that is not required for this purpose.

Mr. Marcus Cade-Johnson asked what other anticipated costs do you perceive? Mr. Steinmann said that they could reduce the amount if the Board prefers. It just comes down to – we are really purchasing this because from a property schedule standpoint, we really need to keep things moving forward and because this Board only meets once a month and sometimes skips those as needed, we did not want to be in a situation where we were not authorized to spend anything that may come up.

Mr. Gordon Parker again asked the purchase price has already been established in writing with the Seller? Ms. Goss said yes, they agreed to the appraised value. Ms. Nadia Kain asked how the value was determined and the market value. The appraised value is the purchase price but then you are adding an estimate of the fees and closing costs expecting and plus a little buffer.

The motion carried.

ADOPTED

MOCCASIN BEND ENVIRONMENTAL CAMPUS (MBEC)
CLASS A POWER PROJECT UPDATE

Mr. Steinmann does not have a lot of updates to give on this project as of yet. It is currently in the process of alternatives analysis in design, and we are expecting a complete analysis on the next quarterly update to follow and should have quite a bit more information about it as the project is solidifying the different details of that are being determined.

Chairman Hayes said that just as a reminder for us this is the conversion of the biosolids processing as well as how we deal with productive use of RMG or other gas produced as well as replacing our outdated plant. There are some other beneficial things that will be coming up. It is a design build project.

CHATTANOOGA HOUSING AUTHORITY
REQUEST FOR PROJECT FUNDING

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

A RESOLUTION AUTHORIZING THE ALLOCATION OF \$1.5 MILLION FROM THE INDUSTRIAL DEVELOPMENT BOARD IDB RENEWING CHATTANOOGA ACCOUNT NR17 TO THE CHATTANOOGA HOUSING AUTHORITY (CHA) FOR PHASE 1 RENOVATION AND EXPANSION OF THE JAMES A. HENRY HUB AT 1241 GROVE STREET, AS A PART OF THE CITY AND CHA'S SUCCESSFUL \$50 MILLION CHOICE NEIGHBORHOODS IMPLEMENTATION GRANT FOR THE ONE WESTSIDE TRANSFORMATION PLAN. (DEFERRED FROM 06-02-2025)

Ms. Allen said that this item is coming at the request of the Mayor for the IDB to review this item. We have provided a presentation at the last meeting and deferred it to this meeting to allow time for board members to digest the information. The staff is recommending support for this \$1.5 million grant to the Housing Authority. This is allowed under state statute Section 7-53-302(a)(8). This is in alignment with the One Chattanooga Plan for growing household incomes for Chattanoogaans. It is worth noting that the \$1.5 million goes towards the James A. Henry renovation project, which will serve as the community hub for the revitalization of the Choice Neighborhoods Grant Program, keeping in mind it is a \$50 million grant and this provides us with the funding match for part of it. There was loss of appropriation and DOE grant which is why we are coming before the Board.

The City of Chattanooga government stepped in for the \$4.5 million that left a gap of \$1.5 million we are asking the IDB to consider today. This also aligns with the Chattanooga Climbs Higher Plan where there is a component of the James A. Henry Center which will include workforce development, training, upscaling, and at one point a one stop career center which is being refunded because of state funding. The City of Chattanooga will run a one stop career center under different grants.

This is a \$1.5 million request. We heard earlier that the current accounting that the IDB has available for funds is \$2.9 million. Keep in mind that moving forward and through the remainder of 2025 and spring of 2026, the IDB will have an income of roughly \$1,348,037. Those monies come from four different sources. Of the PILOT economic development fees, we have roughly \$459,000 coming in from PILOTs this year and early next year. We have funding of \$538,000 which will be coming back to the IDB for small business programs not designated for Growing Small Business. That is coming from monies that were sitting at Chattanooga Neighborhood Enterprise that are coming to the IDB. We also have a repayment of Neighborhood

Reinvestment Loan Fund. During COVID, the IDB sent \$500,000 to the Southeast Tennessee Development District for implementation of the small business program and will be covered in the presentation later. The \$500,000 was sent over with the stipulation that those funds had to come back to the IDB when they were repaid. To date, \$331,000 has been repaid. Those funds will be coming back to us this year, and we have a County match from Hamilton County government of \$200,000 which is for the High Growth/High Jobs Initiative Program. That is a match for both the IDB and the County.

We are asking this Board to consider approving the \$1.5 million grant that would go to the Chattanooga Housing Authority for the James A. Henry project and we will have come back in roughly \$1.3 million.

After further discussion, we are moving our statutory authority to do this. It is confirmed by Attorney Noblett. The \$1.5 million we are considering transferring monies due us to rectify the fund balance within the twelve months. Ms. Allen said correct, yes. There is a clear workforce development use. Chairman Hayes asked what is the timing for the actual renovation and construction? The Chattanooga Housing Authority will speak about the timing of the project.

Ms. Betsy McCright with the Chattanooga Housing Authority spoke. Currently, the renovation expansion in Phase 1 should be completed by the end of December. The head start will be in February 2026. Chairman Hayes asked regarding the federal funds being taken away, is there any indication that any of those might be replaced or appealed? Ms. McCright would defer to the City on that. It was a Department of Energy grant that the City had applied for \$2.9 million as well as an earmark from the help of \$5 million. Ms. McCright does not know.

Mr. Rodgers asked if anything has substantively changed to the proposed project since Ms. McCright was here last month. Ms. McCright said no, not really.

Mr. Parker had a question about the monies that are due back. Mr. Parker said that he sat up here on board here two or three years, these monies just miraculously just showed up at your last meeting. Who is keeping an eye on what is left? Are there any other monies that the IDB is due and how long has this just been sitting out there? All four funds.

Ms. Allen said they do keep track of this. When a PILOT is approved through City, County, and IDB, we know what those PILOT payments are and when those PILOT payments are coming into the IDB. That is part of that quarterly report that this board receives every month. When you get those monies that are coming into that account, that is from all of those different PILOT funds. The report we get from the Finance Department will show every quarter exactly which company is paying in and what those amounts are. We are tracking that on a regular basis. The CNE one is just one time. CNE was to implement small business programs. They did not. We found out that they were going to send those monies back. That is when that one came in.

With regard to the Revolving Loan Fund, we knew in 2020 that those monies were going to come back to us. They are not due back to the City until 2029. We said there is already \$331,000. Why wait until 2029. Send those monies over to us now. We are requesting those ahead of time. The last one we know exactly where that is. That is a very good question and historically we would not have anticipated funds that are coming in every year. We should do that moving forward.

The motion carried.

ADOPTED

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

A RESOLUTION AUTHORIZING THE TRANSFER OF \$1.5 MILLION FROM THE INDUSTRIAL DEVELOPMENT BOARD IDB PILOTS FUND ACCOUNT NR14 TO THE IDB RENEWING CHATTANOOGA ACCOUNT NR17 WHICH WAS CREATED FOR ELIGIBLE CATALYTIC ECONOMIC DEVELOPMENT PROJECTS IN DISINVESTED COMMUNITIES AND FOR ECONOMIC DEVELOPMENT PROJECTS INVESTING IN OR REHABILITATION OF BLIGHTED, VACANT PROPERTIES. (DEFERRED FROM 06-02-2025)

The motion carried.

ADOPTED

OTHER BUSINESS – DISCUSSION ITEMS

Overview of Existing TIFs and PILOTs By Charita Allen

Ms. Allen had a presentation for the Board. We had an education session here at the IDB. Most of the legislation that is for small business programs requires that the Board provides an annual update of all programs to both the City Council and the IDB. This will be part of that update. Some of these will look familiar because the IDB approved some of these grants and others. This is a duplicate of the report that was done at the City Council on June 24th. This is what we are required to bring to you each year.

We have added two staffers in the last six weeks. For the first time in five years, Economic Development is fully staffed. We are playing on a little catch up on some of our previous programs, including some of our existing TIFs. We have workforce development, economic development, TIF and PILOTs, and moving forward we are fully staffed.

The Economic Development Programs are funded through City Council and IDB.

The Board saw this presentation in April during staff training. Some of these will be sunset soon because the money will be exhausted. Others we may ask for funding from City Council if City Council chooses or we may create new programs. From one extreme, the startups, how this leads, the support startups, and the other extreme as large capital projects. That is where those TIFs and PILOTs come into play and the small businesses in the middle there.

We saw this back in April; these are the recent studies and reports that inform us of the type of incentives that we have and either revise or create new ones. This is the Neighborhood Reinvestment Fund which was part of the loan fund where the IDB put the \$500,000 towards loans to small businesses right after we shut businesses down during COVID. That is where this \$331,000 has been repaid. Of the 46 businesses that receive loans, 43 are current on payments. We have had two business closures. One acquired and bought their land, the other went out of business, both businesses are still making loan payments.

These are the small business programs that are approved here at the IDB. This was a slide forwarded to the City Council because we had to report to City Council. In the last fiscal year, we only had four but the department was the only staff for five months out of the year. See attached presentation to these minutes for further details.

With regard to TIFs and PILOTs, there are two types of TIFs. They are developer backed and City or County backed TIFs. Developer backed TIFs is where the developer is assuming all of the risk. For City and County, the City and County are assuming all of the risk.

For tax increment, we look at the current tax base of a project or project area. We look at what kind of development they are adding and implementing and as that tax base increases that increment tax is what is used to define infrastructure for the project. Keeping in mind, these are infrastructure TIFs.

After further discussion, Ms. Allen went over the details of the TIFs and see attached presentation for the details.

After further discussion, Mr. Rodgers asked about vertical development and why is one generated payment and one is not? Ms. Allen said it is just a function of the type of development that has happened in the assessment, how it is assessed. Has the value of the property improved from development of the stadium versus for instance in the stadium district there are additional parcels included in that larger district that already have development and benefits. That is what is generating that additional increment. The way The Bend district is drawn, there has not been either selling off of parcels or construction on those parcels that can generate increment in the entire district. The difference is that the stadium district much larger district, much larger parcels if you are talking 100s of parcels and sort of the development that is happening in and around the stadium proper footprint.

As Mr. Rodgers recalls, The Bend project was announced before the stadium and is the administration concerned about the status of The Bend development? Ms. Allen said no. She thinks what is happening is that development will happen. It is taking longer to happen. Some of that is driven is that it is a smaller TIF district, and we will see the same for instance in East

Chattanooga Rising was a smaller TIF district as opposed to drawing a larger district where the development that happens around it can fuel additional increment into that. It is the pluses and minuses. A large district takes lots of time to manage and lots of parcels because we have the parcel map and we know every year we have to trigger certain parcels. That is a lot more intensive than a management site. For instance, do you want to do a smaller TIF district where you have more developers who are making all of the development happen versus a larger TIF district where you have hundreds of parcels with dozens and dozens making the increment happen.

Mr. Parker said the stadium tended to get the most negative pushback yet here it seems to be our biggest win so far. Ms. Allen said yes. It is a great point. There is a lot of excitement around the stadium which is why there is a lot of excitement happening on the parcels around the stadium.

Chairman Hayes asked Ms. Allen if she knew what the following steps are and how long that is open. Ms. Allen said they are having conversations to determine the timeframe. We would like to have something happen fairly quickly after August. Mid-August there will be additional updates.

Ms. Allen said we use the PILOT tools to recruit and help local businesses that are expanding that have exportable products or services. This is a tool that we use to build the economy because we are using this tool for companies that can take whatever service they provide or the products they make and sell them out. That is bringing new dollars into the economy. That is how we use this tool.

The PILOTs are Coca-Cola, Gestamp, M&M Industries, OPmobility (used to be Plastic Omnium), Steam Logistics, Unum, Volkswagen, Yanfeng, PUREGraphite (Big Blue), and Novonix (Big Green).

The PILOT summary report can be found attached to these minutes. This report comes to the City, County, and IDB every year. What happens is we get into February, review all of the data and results, and make it available in April after we have confirmed everything. This is an overview of a PILOT – the PILOT years, how long the PILOT is, the termination date, when they are going to start their job creation, which comes into play if you have a project that is constructing a facility. They may have a ten year PILOT, they may be getting an incentive from the State, and during those ten years they pick the window where their job creation will happen. Obviously, if you are constructing a facility, you might not have a job creation for the first two years because you are still under construction and you are not going to be hired until year three. Some may have their job creation at a five year period from four, five, and six or three, four, and five. That is where those termination years come into play.

The PILOT value, investment commitment, actual investment, and contractual commitment. If a company receives an incentive from the State, the State requires the company to be 90% compliant in order to keep their incentive. After further discussion, wages committed, actual wages, this is where we want to incentivize higher wage jobs, jobs with benefits, career paths into higher wages, actual taxes paid, and annual payroll. We are incentivizing companies that help grow our economy, they are bringing new dollars into the economy, and we will get

actual annual payroll. The payroll dollars are typically dollars that stay in our economy. That is where dollars start recirculating, which is where those dollars start to impact on the small businesses that we incentivize on the other end. That is where we take the PILOT fees that come in the economic development fee payments and the IDB funds all of those other small programs. Those are the businesses that help with the recirculation of dollars coming from that annual payroll.

Ms. Melody Shekari asked about the termination date, when they are meeting actual compliance. Ms. Allen said that is when they start their jobs and have to comply. The Steam Logistics numbers are off and that was a special project where that incentive was part of much like Unum was developing a parking garage and essentially had no job creation. On Steam Logistics, there was job creation, the job creation was moved out, the goal of that project was the redevelopment of the John Ross Building. Vacant building 20 years dilapidated in our downtown and in our tourist district. Again, the goal of that one was getting that reconstructed, putting it under a PILOT, starting the job phase. The benefit was having the structure come under a PILOT under the ownership of the IDB during the renovation period and moving forward looking over the capital investment.

Mr. Parker asked about Yanfeng. Ms. Allen said Yanfeng and Plastic Omnium are the two that at some point during their term have had clawback issues. What that looks like is when a company is not compliant, every agreement is different, basically the non-compliant agreements allow the Mayors to decide do we want to implement a penalty based on not having that capital investment or not having that job creation. Once the Mayor has determined to exercise that agreement, then we look at, and contact the County, Property Assessor, there are 14 people that have to be notified by certified mail that we are enacting this penalty and it is based on the percentage point they are not in compliance.

We monitor that every year and that is part of the process. We get the report in February, we look through the report, we confirm all of the jobs, we confirm and ask for receipts, and confirm the capital investment and determine if we need to implement a penalty and if so, what does that look like. We have conversations with the two Mayors and the 14 people involved.

Chairman Hayes asked if the policies allow for an extension, do the companies need or want, is that considered in the policies that were passed? Ms. Allen said that previous policies did have a provision that would allow for an extension keeping in mind they were all negotiated individually. Moving forward with our new PILOT policy, we removed that provision. There is not an ability to automatically come forward and extend or automatically add additional cap adds.

Ms. Shekari asked about clawbacks being contractual. It is contractual. The two Mayors sign the agreement and at the end of the day the Chamber typically the Chamber of Commerce and they are contracted by both the City and County to handle our business attraction, retention improvement programs and will bring it forward, they will vet it, and look at it and take it to the City/County staff. Once it passes City/County staff, it goes to City/County Mayors and at that point the negotiations happen. Typically, the companies will want to meet with the Mayors and have that back and forth and there are usually two meetings to get to that point and then it comes back to staff, our city attorney, and outside counsel and at that point we are restructuring the agreement. Which is nice because as approved in our recent policies, we now have a template

PILOT agreement which we basically say that if you would like a PILOT, here is our agreement, if you want to make any changes or modifications, we get to decide what those look like, and that is where the negotiations start. As a result when it comes to exercising the penalty fees, that is where the two Mayors come into play. After further discussion, the presentation was concluded.

Certificate of Self-Insurance for the IDB for Easement

Attorney Noblett said this is something that has been negotiated out at this point in time based upon the fact that the e2i2 project had a number of properties that we are trying to get easements from to be able to get access. One of the issues that came up was where the property is being owned by the IDB as opposed to being owned by the City of Chattanooga. The City and IDB can do a Certificate of Self-Insurance in the event that there is a Tort Liability Act claim and that the Board does not have any specific insurance policy. We determined it would be covered as a governmental entity under the self-insurance provisions. We have given them a Certificate of Self-Insurance and wanted to advise this body of that. We consider this to be a governmental entity under state law and are subject to the limits of the Tort Liability Act in Tennessee.



There being no further business, a motion was made by Ms. Jones, seconded by Mr. Parker, and the meeting adjourned at 11:50 AM.



GORDON PARKER, Secretary

APPROVED:



KERRY HAYES, Chair

Economic Development Report Required FY 24-25 Programs



June 24, 2025

Economic Development

About Us:

Charita Allen
Senior Advisor for Economic and Workforce
Development

Winston Brooks, TCED
Director of Economic Development &
Entrepreneurship

Andrew Hudson, Ph.D, CWDP
Director of Workforce Development Strategy

Kimberly D. Narramore
Economic Development Coordinator

Economic Development Programs

1. Start-Ups/ Home-based
2. Neighborhood Businesses
3. Growing Businesses
4. Workforce Development
5. Large Capital Projects

Economic Development Business Toolkit

Higher Risk
Sole Proprietor

Medium Risk
Owner & Small Staff

Lower Risk
Executive Staff & Support Staff

1. StartUp 2. Home-based Incubator, Shared Space	3. Neighborhood Businesses Brick and Mortar, Select Home-based, Retail, Restaurant, Commercial, Office, Industrial	4. Growing Businesses Brick & Mortar Commercial, Office, Industrial	5. Workforce Development Training & Upskilling	6. Large Capital Projects Brick & Mortar Commercial, Office, Industrial
Kiva Loan Program Crowdfunding Loan Maximum: \$15,000 Launch Microentrepreneur Food Incubator Workshops	Construction Mitigation Walnut Street Bridge Statutory award for minimum 90-day business interruption Maximum: \$1,000 HUD Section 108 Loan Projects with impact on low to moderate income (LMI) location, customers, and/or employees. \$25,000-\$250,000 Neighborhood Reinvestment Small Business Loans Discretionary program for existing businesses. Technical assistance required. Maximum \$15,000	Growing Small Business Grants Statutory reward for 5+ job creation Maximum: \$10,000 Innovation Grants Discretionary reward for 10+ job creation High Growth Jobs and Investment Program Discretionary award for medium-sized projects with at least 25 new jobs in high-growth sector industries. Renewing Chattanooga Urban grocer recruitment	Pathway Upskilling/Reskilling Grants Discretionary program to support training for select real-time high-demand sectors	Payment in Lieu of Taxes (PILOT) Discretionary incentive for job creation and capital investment Future policy changes, templates, monitoring practices, and updated guidelines Industrial Development Bonds Tax Increment Financing (TIF) Discretionary incentive for jobs & infrastructure Future policy changes, standards, and updated guidelines



One Chattanooga Plan: Roadmap for Economic Development Tools *Supported by two recent studies*

1. March 2024, Chattanooga Regional Planning Agency Study
Capital Funding for Mid-Sized Cities and Counties
<https://chcrpa.org/project/capital-funding-for-mid-sized-cities-counties/>

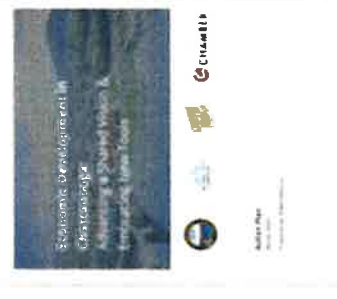
1. Chattanooga spends less per capita on capital projects than comparison municipalities.
2. Pay-as-you-go approach with a low debt ratio
3. Lacking in dedicated funding streams
4. Provided short-term, mid-term, and long-term options for revenue streams

2. Winter 2023, HR&A Report

Economic Development in Chattanooga: Advancing a Shared Vision & Embracing New Tools

City and civic economic development leaders aligned on the need to create four new high-priority economic development strategies – and to advance them through ongoing partnership.

1. **Unlocking currently vacant or underutilized downtown sites.**
2. **Creating transparency and clarity for developers seeking public benefits and positioning the City to negotiate when considering public benefits for developers.**
3. **Activating commercial corridors to support local entrepreneurs and build local wealth.**
4. **Incentivizing more companies to provide work-based learning and improve job access.**



Neighborhood Reinvestment Fund

- City provided and monitors \$1,063,566 in small business loans across all nine council districts post-Covid.
- Out of these 46 loans, 43 businesses are current on loan repayments.



Small Business & Entrepreneurship

Growing Small Business Grants



Big Sky Landscapes
18 Jobs
\$10,000
District 7



Office Furniture Works
8 Jobs
\$10,000 Grant
District 8



Beautiful Game dba CFC
6 Jobs
\$10,000 Grant
District 7



Ben & Jerry's
6 Jobs
\$9,818 Grant
District 7

Small Business & Entrepreneurship

Innovation Grants

Intersign, \$22,000
District 9,
22 Jobs



Job Training Grants

Build Within Tech Accelerator, \$50,000
Enrolled 8 residents, 8 completions,
40 certificates (6 per graduate),
5 offers, 4 employed. Post-training employers
include: City of Chattanooga DTS, Unum,
Transcard, and Data Annotation.



Department of Community Health, \$50,000
Enrolled 30 residents, 17 completions,
17 Cisco certificates,
6 job offers, 7 employed



Tax Increment Financing

TIF projects utilize future property tax revenue to fund infrastructure improvements in designated areas.

These projects aim to stimulate economic growth, attract businesses, and revitalize neighborhoods, ultimately benefiting the community at large.

Two types of local TIFs

1. **Developer-Backed**
2. **City/County-Backed**

What Is Tax Increment Financing (TIF)?

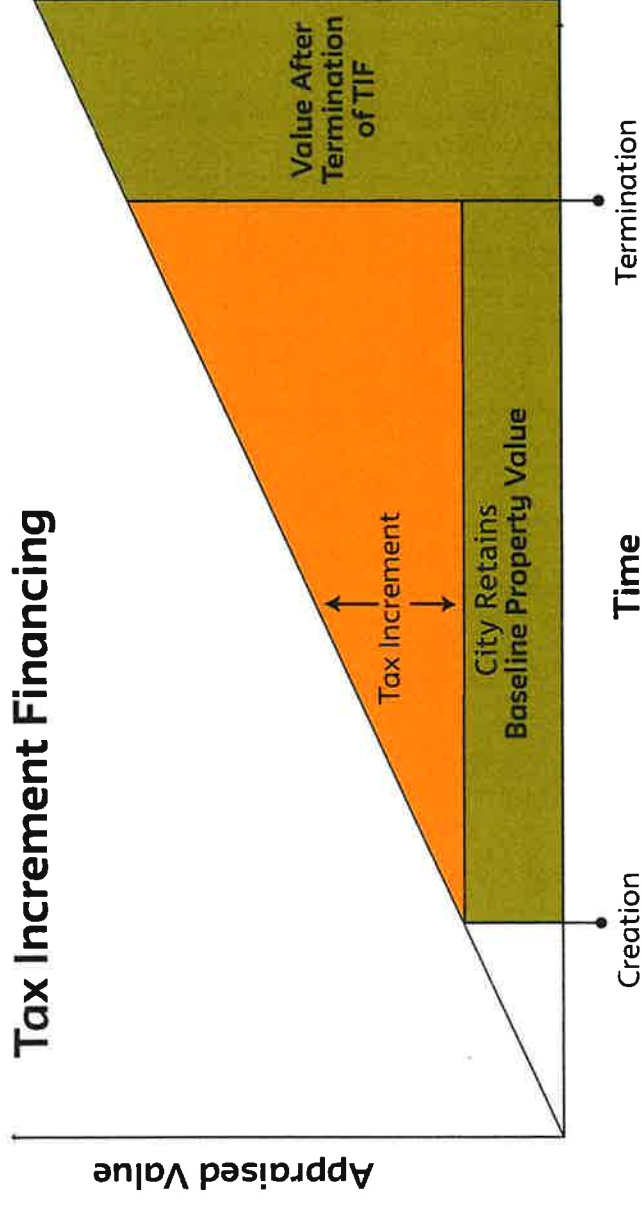
A public financing method used by local governments to promote economic development, allowing local governments to fund infrastructure improvements and redevelopment projects without raising taxes by leveraging the future increase in property tax revenues resulting from the project's success.

How TIF Works

1. Establish a TIF District
2. Freeze Property Values
3. Implement Infrastructure Improvements
4. Capture Incremental Taxes
5. Repay Development Costs

Benefits of TIF

- Stimulates Economic Development
- Improves Infrastructure
- Creates Jobs
- Generates employment during and after redevelopment



TIF Infrastructure Development: Developer-Backed

Black Creek

Mountain road infrastructure completed. Additional project phases that generate increment are still under development.

- City incremental taxes generated: \$4, 527, 354
- City increment sent to IDB: \$3,387,152

\$5,180,953 in city and county increment paid on Developer-Backed TIF.

\$9,000,000 Principle TIF

20-Year Time Horizon. Last tax year: 12/31/2031

District 1



Martin Luther King Blvd Extension

Both the project and infrastructure completed.

- City incremental taxes: \$2,690,719
- City increment sent to IDB: \$1,466,497

\$2,483,210* in increment paid on Developer-Backed TIF.

\$3,500,000 Principle TIF

15-Year Time Horizon

District 7



* City & County property tax increment, with school taxes withheld and additional increment per policies.

TIF Infrastructure Development: Developer-Backed

North River Commerce Center

Industrial park infrastructure, realignment of Soccer Road, and associated new signalling completed. Two of four industrial buildings completed.

- City incremental taxes generated: \$366,874
- City increment sent to IDB: \$219,207

\$363,688* in increment paid on Developer-backed TIF.

\$9,950,000 Principle TIF
District 2

20-Year Time Horizon for development



The Bend

Required Phase I infrastructure is currently under development, with **\$15,000,000** spent by developer.

No increment has been generated for payment on the Developer-Backed TIF.

\$115,000,000 Principle TIF, which includes \$15,000,000 in sales tax proceeds
District 7
20-Year Time Horizon



* Combined City & County property tax increment. School taxes withheld.

TIF Infrastructure Development: City-Backed

South Broad District/Stadium/Sports Authority

Public and stadium infrastructure are underway.

- City incremental taxes generated: \$442,989
- City increment sent to IDB: \$331,134

In 2024, **\$506,298*** in **incremental tax revenues** from the district has been reserved to pay debt service on stadium debt.

This \$115,000,000 project is expected to be funded significantly by tax increment revenues from the district.
30-year time horizon for development
District 7



East Chattanooga Rising

Project approved March 2020. Sewer relocation and Hardy ST Extension infrastructure completed.

- City incremental taxes generated: \$90,202
 - City increment sent to IDB: \$57,207
- \$113,741*** has been paid to service debt on infrastructure completed by Department of Public Works on this City/County-Backed TIF.
- This project is behind schedule.
 - Next steps include a pending update to the 2021 Market Analysis.
 - August RFP for remaining TIF parcels.

\$4,000,000 Principle TIF
15-year time horizon for development
District 8



* Combined City & County property tax increment, School taxes withheld.

Payment in Lieu of Taxes (PILOT)

PILOT agreements enable targeted industry businesses to pay a reduced tax rate in exchange for commitments to job creation and capital investment.

These agreements are crucial in attracting and retaining companies to foster local economic development.

PILOT incentives are based on City Council's recently approved 2025 PILOT policies.

Coca-Cola

District 6



Gestamp

District 6



M&M Industries*

District 9



*PILOT Ends 12/31/2025

OPmobility*
District 6



Steam Logistics
District 7

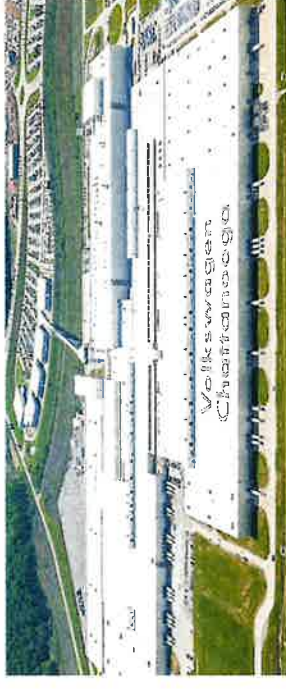


Unum*
District 7



*PILOT Ends 12/31/2025

Volkswagen
District 6



Yangeng
District 5



PUREGraphite
District 7



Novonix
District 6

City of Chattanooga - Tracked and Verified PILOT Projects for Job Creation

	PILOT Years	PILOT Duration in Years	Determination Date	PILOT Value	Investment Commitment	Contractual Investment Commitment	Actual Investment	Jobs Commitment Retain 270	Contractual Jobs Commitment Retain 270	Actual Jobs Retained 270	Wages Commitment	Actual Wages	Actual Taxes Paid 2024	Actual Annual Payroll
Coca-Cola Bottling Co. United	2016-2027	12	4/23/2017	\$5,959,460	\$62,000,000	\$62,000,000	\$64,422,972	43	43	64	\$45,000	\$63,055	\$500,042	\$4,035,520
Gestamp	2011-2024	14	12/31/2013	\$7,247,749	\$90,300,000	\$90,300,000	\$93,939,600	230	230	262	\$38,247	\$58,702	\$974,845	\$15,379,924
Gestamp	2017-2029	13	1/1/2023	\$5,633,188	\$228,000,000	\$182,400,000	\$238,543,466	660	528	571	\$47,318	\$58,702	\$1,401,160	\$33,518,842
M & M Industries	2019-2025	7	1/1/2023	\$956,952	\$42,700,000	\$34,160,000	\$79,672,724	110	88	100	\$37,274	\$43,198	\$204,671	\$4,319,800
Opmobility (formerly Plastic Omnium)	2016-2025	10	3/1/2018	\$2,995,386	\$70,000,000	\$50,000,000	\$77,800,000	300	250	267	\$44,699	\$46,780	\$351,035	\$12,490,260
Stream Logistics	2023-2031	9	10/1/2026	\$525,420	\$11,200,000	\$10,080,000	\$12,000,000	400	360	59	\$56,000	\$57,100	\$57,871	\$3,368,900
Unum	2011-2025	15	12/31/2013	\$4,723,992	\$21,000,000	\$21,000,000	\$19,826,988	n/a	n/a	n/a	n/a	n/a	\$166,418	n/a
Volkswagen	2010-2039	30		\$238,404,530	\$1,600,000,000	\$1,600,000,000	\$2,764,700,000	4,000	4,000	5,239		\$50,450	\$5,061,559	\$264,307,550
Yanfeng	2017-2030	14	9/1/2018	\$1,081,038	\$48,000,000	\$38,400,000	\$37,272,223	325	260	242	\$50,000	\$48,952	\$93,789	\$11,846,384
TOTAL / AVERAGE (wage)				\$267,527,715	\$2,173,200,000	\$2,088,340,000	\$3,388,177,973	6,068	5,759	6,804	\$47,448	\$54,287	\$8,811,391	\$349,267,180

Note 1: Volkswagen agreement has no reporting requirement. The 2014, 2018 and 2019 expansions did not include a PILOT extension. The wage rate is taken from an Impact study conducted by the Boyd Center for Business and Economic Research. VW wages not included in either average.

Note 2: Actual taxes paid is based on information currently available for property and school taxes paid. Other taxes may have been paid during this timeframe.

Note 3: Revisions to Gestamp project started in 2017. The original project period was 2017-2026 (determination date – 1/1/2020) with the following commitments: \$180,000,000 capital investment and 510 new jobs. In 2019 the company announced the addition of \$48,000,000 investment and 150 jobs to the project. The total investment and jobs were revised upward to \$228,000,000 and 660 respectively. The revised determination date became 1/1/2023.

Note 4: a PILOT agreement has been granted, but has not yet started, for Novonix.

Note 5: Kordsa was previously granted a PILOT that had not yet started. Kordsa notified both the City of Chattanooga and Hamilton County on January 22, 2025 that they have made the decision to halt the progress of their expansion project due to economic conditions and will not use the local PILOT at this time.

Updated: February 2025

Questions

