



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES**

**John P. Franklin Sr. City Council Building
Assembly Room
Chattanooga, Tennessee
for
Monday, August 4, 2025
11:00 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 and Marcus Cade-Johnson.

Also Present were: Attorney for the Board, Phillip A. Noblett; Steve Hiatt and Adam Myers (Chamber); Warren Branden and Joe Edwards (Master Machine); Janice Gooden (CALEB); Bonnie Mumpower Dodson (Public Works); Helen Burns Sharp (ATM); Weston Porter and Eleanor Liu (Finance); Gail Hart (Real Property); Andrew Hudson (City); and Charita Allen (Economic Development).

Chairman Kerry 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 JULY 14, 2025 – MINUTES APPROVAL

On motion of Ms. Jones, seconded by Mr. Parker, the minutes of the July 14, 2025, monthly meeting were unanimously approved as written.

PUBLIC COMMENTS

Ms. Helen Burns Sharp with (Accountability for Taxpayer Money “ATM”) is a public advocacy group that focuses on tax incentives and transparency. Ms. Sharp presented the Board with a copy of an e-mail for discussion during the meeting. The e-mail is attached to these minutes and is a point of reference.

Master Machine, Inc. plans to relocate and expand its Chattanooga workforce, projecting about 45 new jobs. That is good news and sounds like a great company.

The Chamber of Commerce is asking the IDB to provide a grant under the High Growth Jobs and Investment Program, which they recommended the IDB create last year.

Here are a few questions you may want to ask as you consider the resolution on today’s agenda:

1. Did the City Council establish the High Growth and Investment Program by resolution, as they did with the Growing Small Business Program?
2. If so, what are the criteria that must be met? The information provided in the agenda packet, it appears that the informal program criteria may be 25 new jobs over three years and an average annual wage of at least 80% of the current Hamilton County wage. That is a pretty low bar. The other criteria for this program seem to be that the project is not eligible for a PILOT, (where you and the City Council have established standards on the number of jobs, amount of investment, and wages).
3. Is there a but-for test in this program? In other words, is a tax incentive necessary for the project? Recent press releases on this particular request read like the expansion decision on this project has been made. In fact, your resolution even states that the Grantee will commence construction on or before July 15, 2025.

Here is why this issue matters and is timely.

Local property taxes are paid into the City and County’s General Funds, which is the primary funding source for police, parks, libraries, and a myriad of other city and county services.

Tax abatements (PILOTs) and tax diversions (TIFs) reduce revenue that would have gone into the General Funds. In 2024 alone, about \$27 million was not collected due to these incentive programs. Many of these incentives – like the VW PILOT and the Stadium and Bend TIFs – last 20 to 30 years.

The City Council currently is in the unenviable position of needing to approve an increase in property taxes. The public is questioning how much belt-tightening has been done by the Mayor’s Office in preparing their recommended budget.

What sort of message does it send when the IDB is asked to give what would have been taxpayer dollars (if collected) to a business that was going to expand here anyway? It sounds like more of a reward than an incentive.

The funding sources for the High Growth and Investment Program is Economic Development Fees paid by PILOT and TIF recipients. When this program was established over 10 years ago, it was set up to bypass the City Council. The Mayor's Office recommends how the IDB should spend this money. It is typically for economic development activities, but last month, you were asked to approve funding for the James A. Henry housing – related project on the Westside.

Conclusion

The Board has been placed in an unenviable position. The company has likely been told that the grant is a done deal. Ms. Sharp recognizes that the total dollar amount in regard to the scheme of things is not huge, but Ms. Sharp thinks we are in an era where public trust really could be increased if people felt like the policymakers were really looking at this and were trying to do some belt finding, and we are only spending property tax monies in areas where they are really needed.

Ms. Sharp's request is that if you discuss these issues and recommend future changes that would improve transparency.

PRESENTATION BY THE CHATTANOOGA CHAMBER **RE: MASTER MACHINE, INC. EXPANSION OPPORTUNITY**

Ms. Charita Allen (Senior Advisor of Economic and Workforce Development) spoke and started with the staff report that is provided for each of the items that we bring to this board. The staff is recommending approval on this item that is a performance-based grant in that the company has to create the jobs before the performance is paid out. That would happen over a number of years. The maximum is up to \$135,000. There is a state statute on the staff report that points to the provision that provides authorization for this. In addition, there is an alignment with Economic Development Plans for this particular item. Those Economic Development Plans are local starting with the City of Chattanooga One Chattanooga Plan as it relates to Build a Regional Economy on three different priorities: (1) attract higher-paying jobs with targeted economic recruiting; (2) grow household income for all Chattanoogans through workforce development and skills-training; and (3) refine Chattanooga's competitive advantages and traded clusters vs. rival cities.

Keeping in mind this is a recruitment project and we are competitive against another state, and these are jobs that we would like to see happening here in Chattanooga.

The last piece is the Chattanooga Climbs Higher Strategic Plan which is funded by both the City and the County. With priorities of (1) creating more high quality jobs; (2) develop skills for the new economy; (3) grow stronger businesses; and (4) increase regional prosperity for all.

Ms. Allen would also like to add that the State of Tennessee has a stronger focus moving forward on nuclear energy and nuclear assets. Because of this company's operations based around nuclear that is also why we like to add those jobs in the State of Tennessee versus having us go outside of the state.

In summary, we are recommending approval of this item with background information and we are looking at the fiscal impact of \$135,000 is paid out over five years and we have included Exhibit B, which is the schedule of payments keeping in mind this is an incentive that we are putting in place in partnership with Hamilton County government. Those payments would be split between the two. The payment will come from the IDB.

Mr. Adam Myers (Vice-President of Economic Development with the Chattanooga Area Chamber) thanked the Board for consideration of this project. Mr. Myers spoke about how it came to be and how we have arrived here today and go over more details of the grant program.

Master Machine has been operating on Chattanooga since 1993 and specializes in system design and manufacturing, build-to-print services, obsolete reverse engineering, equipment qualification, commercial-grade dedication, and complex fabrication, and primarily focused on industries including nuclear power generation, and supplying that industry. They also work a lot with defense contracts, naval nuclear, and the Department of Energy. They currently operate in a couple of facilities in and around 1410 Workman Road area where they employ 72 employees currently.

With the expansion, the company reached out to the Chattanooga Chamber through Business Retention Expansion Program in 2024 regarding this potential expansion. At the time, the company was also considering operations they have in North Carolina, South Carolina, but North Carolina was their primary competition for this project.

What Master Machine is proposing is the expansion of their Chattanooga operations by locating them through a brand new 79,000 sq. ft. facility at 200 Compress Street. That is brand new for them. This is an older building they would be putting in significant dollars to upgrade the facility for their needs. They will be investing into that facility \$7.7 million in real property improvements as well as \$2.5 million in personal property improvements. The new jobs created would be 45 by 12/31/2029 at an average wage of \$72,330 which is roughly about 111% of the average wage in Hamilton County right now which is just over \$65,000. The estimated new annual payroll at full ramp up: \$3,254,850. Once those 45 new jobs are created, that is the estimated new payroll for the operations.

High Growth Jobs & Investment Program in working with the City of Chattanooga staff, Mayor Kelly and his administration, as well as Hamilton County and Mayor Wamp and his administration, this is a performance-based incentive program designed for the creation of retention of new jobs. It addresses needs for new tools which are in Mayor Kelly's One Chattanooga Plan to be able to support higher expansions, relocations, and new operations that are competitive but maybe not necessarily meeting the PILOT thresholds. The PILOT thresholds those companies need to be creating at least 100 new jobs and investing at least \$20 million in manufacturing . We still have competitive-based projects here that are not going to meet those

thresholds and as we want to diversify the economic base in Chattanooga, some of these small businesses, small projects will be crucial in how they create new jobs and look at programs too.

This is a method to be able to compete for those high level investments. The project should be in targeted industries, creating at least 25 new jobs over three years and having average wages of at least 80% of the current Hamilton County wage which is updated every year. The incentive payout is based on new jobs and wages. This is a performance-based incentive. The company will not receive any dollars until the jobs are both created and retained.

With regard to the Payout Schedule, this project is proposing a \$3,000 incentive for Master Machine totaling \$135,000.00 which would be paid out between years 2026 and 2033 and half of that payment would come if approved by the Hamilton County Commission directly to the IDB to support the full amount.

Hamilton County would support 50% of the incentive amount and they will be voting on that this coming Wednesday. We presented it to Hamilton County this previous Wednesday and received very good comments from them and believe it to have full support from the County Commission. The other 50% would come from the City of Chattanooga's IDB being funded through those Economic Development payments on our PILOTs. This is the Payout Schedule where you can see the company is proposing to create at least nine new jobs by 12/31/2026, 27, 28, and 29, as well as 2025. For each year of job creation they spread it out by 25%. The company not only has to create the jobs when they say they are going to create them but they also have to retain those jobs in order to receive the full payout. The payout ends up working like a bell curve where the maximum amount the company could potentially receive in any given year is \$13,500. It is a way to help mitigate the risk associated with these projects by making it fully performance based.

On the compliance side, Master Machine would be required to spend annual compliance reports that show that new jobs were created by December 31st of each proposed ramp up year and the company must be at least 90% of those job creations to receive any payout for that year. They have to be in 90% of their compliance metrics in order to receive their payout that year. The incentive amounts are up. If the company does go above and beyond their job creation estimates, that payout would remain the same each year. It is not something where a company is being proposed to create nine jobs, they create 13 jobs and that could accelerate their payout or grant them more payout. That is not how this program would work. It is an up to amount and this is a fixed amount that they are eligible for.

In addition, the company will be required to submit four quarter average employment figures to ensure that the previous year's jobs are also retained. That is part of the retention aspect of the program. Once the City and the County have confirmed compliance, the IDB would then provide the incentive amount by March 1st and that is determined by City staff.

Mr. Warren Branden (President of Master Machine) spoke. They currently operate at 1401 Workman Road and 3801 Dodds. We are very excited to continue our growth in nuclear power and Department of Energy here in Chattanooga and appreciate your consideration to support that.

Chairman Hayes asked if the company is locally owned. The company started in 1993 and Mr. Branden bought the company in 2014, however, sold the company in 2023. It is owned by a company called NWS Technologies based out of Spartanburg, South Carolina. We have operations in Chattanooga, Spartanburg, and Wilmington, North Carolina. There was consideration for other campuses when we were looking at growth.

Chairman Hayes asked if the group that you are proposing here is tied to anything in particular or contract new in terms of this development? Mr. Branden said that their interview infrastructure is going to be lacking. Their growth has been primarily driven by the growth in nuclear power, Department of Energy. They are seeing that growth right now. They have grown over 1,600% since 2015. We are a pipeline of work and conversations in DOE are driving our future. From a skills standpoint, are you confident or have any trepidation about recruitment? They have always been able to find them. That is the big reason why they want to stay in Chattanooga. Their average wage for these growth positions, and is not executive positions, is around \$72,000 which is high percent. Machinists, welders, engineers, are the toughest in trade skills.

Mr. Ray Adkins asked if they give priority to military Veterans when hiring. They do not have a specific program for Veterans hiring but what they found, especially in nuclear because of the nuclear navy, they found that the skill set that they develop from the Veterans program being in the military aligns very well with their needs. They hired a Marine four weeks ago. What he found is that when he sees resumes coming across, he loves Veterans number one because of the technical skills they picked up, and number two the work ethic.

Mr. Gordon Parker had a question for Mr. Myers. The \$3,000 proposal, where did that number come from? That is based on the average wages. (inaudible) was just below the average wage so they were awarded \$2,500 per job because they fit below. The \$3,000 would be if they are between the 100% of the average wage as well as 150% of the average wage. Once you go up to 150%, that could increase but it is solely determined by the average wage.

Mr. Parker asked if this was an all or nothing with the IDB and the County? Mr. Myers said he would consider this as an all or nothing because the County's resolution is to grant the money to the City's IDB.

Ms. Althea Jones asked who was going to check the compliance. Mr. Myers will check the compliance but are also asking the company to submit their compliance reports that they have to submit to the State of Tennessee when they report on employment on a quarterly basis. We then submit those reports to the City and County to confirm compliance.

Chairman Hayes asked with regard to Ms. Sharp's question earlier, High Growth High Jobs Program has not been codified by the City Council? The bullet point is a guidance rather than codified incentive program. Ms. Allen said it is not. Historically, the items that have been codified by City Council and brought to the IDB have also come with funding. This did not. This was separate funding from the Economic Development fees keeping in mind the IDB was never meant to be a rubber stamp for the City Council. It is a separate entity with powers from the state to operate with business and industry. Most cities have their own IDBs to handle the industry portion of job creation projects. Again, if there are any programs that the City would like to move to the IDB, they do so through ordinance along with funding. That is not done in this particular case.

Attorney Noblett noticed under defaults and remedies there is no clawback. In that event the grant goes, but in the event the number of employees is not made to the amounts agreed, we can terminate agreement, correct? Mr. Myers said yes, you have the ability to terminate the agreement and more so again and the reason why there is not a clawback is because the company has to perform ahead of time before any money is distributed to them. But in the event that they do not perform, we can terminate the agreement at that time. Correct. Mr. Myers believes there is a certain amount of time there if they are not meeting compliance.

Mr. Jimmy Rodgers asked if construction had already started. No, construction has not already started, but they have closed on the building. They did bond the building, and we have significant improvements we have to make. Parts of the building were built in 1800. They have little work to do to get it up to the standards the customers are looking for.

Mr. Parker asked what is the square footage from what you are operating in multiples to a consolidated? They are consolidating all of their operations and are in four buildings right now. They are doubling. That will give us enough opportunity for good runway.

Mr. Rodgers said that for this particular program, he is not aware of any standards that we have to govern our decision. Do we have any for this particular program? Mr. Myers says we do but that would be a good question for Ms. Allen. We work with the City staff to create these types of rules. Ms. Allen said we do have standards and guidelines that are put into place when we brought the very first proposal to this board and are happy to provide copies. Those are tied to job creation, wages, industry, all of those. The Board has approved of that.

Ms. Shekari had one question for Ms. Allen. This would be a \$135,000 commitment over a number of years, is there a way of tracking these kinds of commitments? -- just this year and it is not necessary to come from one year -- Ms. Allen is working closely with the County to make sure that we are tracking these commitments. Essentially, once the funds are awarded, those are allocated for a particular project, so those funds cannot be spent.

RESOLUTION

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO EXECUTE A PROJECT GRANT AGREEMENT (HIGH GROWTH JOBS AND INVESTMENT PROGRAM) WITH ECONOMIC DEVELOPMENT PROJECT MASTER MACHINE, INC. FOR A COMPETITIVE PERFORMANCE-BASED GRANT PER JOB TO SUPPORT TALENT DEVELOPMENT IN NUCLEAR UTILITIES, DEPARTMENT OF DEFENSE, AND DEPARTMENT OF ENERGY INFRASTRUCTURE.

Mr. Parker noted that he believes this is one of the highest average wage requests that we have had and our name is Industrial Development, this is what we are looking for, so he commends Mr. Branden on the high paying and high skill jobs and wishes them the best and hope they come back for a PILOT one day.

The motion carried.

ADOPTED

OTHER BUSINESS – DISCUSSION ITEMS

Mr. Rodgers e-mailed about some questions earlier about the allocation appropriation at our last meeting. Mr. Rodgers knows and apologizes to his fellow IDB members but he knows the Mayor and his staff and Charita Allen want to make sure that what we do we have the proper authority and forgive him in his 11 or so years of experience, he is not aware of the Board distributing money from IDB funds to more of what he would consider more of a housing type project. Certainly, news of that new statute was new to him, and we have since got confirmation from our City Attorney, and he has gotten further confirmation from others, including Mr. Mamantov. Certainly, Mr. Rodgers feels much better about the vote and that under the recently effective May 2, 2025, statute that the Tennessee General Assembly passed that we do have that authority. One of those things is a learning thing certainly for him because he was not aware of it. Thank you to Mr. Noblett, Mr. Mamantov, Mr. Joe Kelly, and Ms. Allen for working with us to make sure we are comfortable with our decision, or at least Mr. Rodgers.

Attorney Noblett said hopefully it is not Moe, Larry, and Curly that you are getting these responses from, but he tries to go to the sources of people that would be able to tell. Mr. Kelly with CHA, Mr. Mamantov, and also into the statute where we were looking at it. The authority under 7-53-302 is pretty broad to begin with, and the project is what we should have been looking at under 7-53-101 which has a number of these areas included. Those provisions are clearly in support of what the IDB can do to sell, donate, or convey any of its properties. We felt comfortable about that.

This new statute 7-53-318(b)(3) also has authority to fund building multi-family housing that is also building infrastructure. That is a new provision that is applicable and that provision does not have an item here about going to get an infrastructure improvement from the Commissioner as well. That is another question but Attorney Noblett thinks the other authority under 7-53-101-15 gets you there because this is low to moderate housing.

Mr. Rodgers had one question is when we are getting this feedback from outside counsel like Mr. Kelly. Mr. Kelly is not in the City Attorney's Office. He has left and is working only for CHA. When we get outside counsel involved like Mr. Mamantov or Mr. Kelly, who pays those guys? Does it come out of our funds? Ms. Allen said that it does come out of the IDB funds when we are asking for additional opinions that are outside of our normal course of business. For instance, the staff report that we put together for items on which this board makes, we consult with our City Attorney when we are pulling those staff reports together. We have our outside counsel, Mark Mamantov, because he works with so many IDBs across the State of Tennessee. He also reviews that. We review it with the Chamber and finally, we review those staff reports with the accounting team before we bring them forward.

All of that is the normal course of business. If there is an issue that comes up that happens after the fact that we then have to engage them outside of the normal course as we did this weekend, there is an additional cost to that. If we have to ask Mark Mamantov to travel to come in to defend an item at the Board, there is an additional cost for that. We would bring those additional costs to the Board. Historically, we have taken those costs through Economic Development, but when they are solely IDB related to IDB projects, we will bring those costs to the Board.

Attorney Noblett said that ultimately as City Attorney, he has to approve of outside counsel costs, but Mr. Kelly has not charged us anything.

Mr. Rodgers asked those questions primarily as a reminder that we do have those resources available to us if we need them from time to time. Mr. Rodgers assumes that means whether it's legal or accounting, we can have something. Ms. Allen said we have a line item in our budget that is for expenses. Attorney Noblett said it is better to have several eyes look.

Chairman Hayes said this was a complex and unusual situation and appreciates the additional scrutiny.

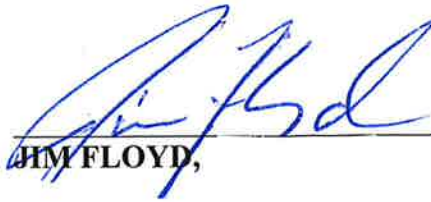
Ms. Allen would also like to thank the Board for not engaging in dialogue by e-mail as the e-mails came in this weekend. There were a lot of reply all, but there was never any discussion. Ms. Allen appreciated that, thank you.

FYI – IDB Debt Report filed with the State Comptroller's Office

Mr. Weston Porter said that this is a report that the State requires us to present to the Board. It has contact info and debt with the IDB. Attorney Noblett said the IDB has now reported with the State as required and the Comptroller's Office knows all of the Board member's names.

The next IDB meeting is scheduled for September 8th, 2025.

There being no further business, a motion was made by Ms. Jones, with no second, and the meeting adjourned at 11:30 AM.


JIM FLOYD,

APPROVED:


ALTHEA JONES,



Helen Burns Sharp <untiedlaces@gmail.com>

Chamber Request for IDB Grant for Existing Business (Master Machine, Inc.)

1 message

Helen Burns Sharp <untiedlaces@gmail.com>
To: Helen Burns Sharp <untiedlaces@gmail.com>

Mon, Aug 4, 2025 at 10:07 AM

HBS for ATM

ATM is a public interest advocacy group focused on tax incentives and government transparency. What I want to speak briefly about today involves both.

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If so, what are the criteria that must be met? From the information provided in your agenda packet, it appears the informal program criteria may be 25 new jobs over three years and an average annual wage of at least 80 percent of the current Hamilton County wage. That's a pretty low bar. The other criterion for this program seems to be that the project is not eligible for a PILOT, (where you and the City Council have established standards on the number of jobs, amount of investment, and wages).

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Helen Burns Sharp |tel. m. 423-994-2382 |
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