



**INDUSTRIAL DEVELOPMENT BOARD  
SPECIAL MONTHLY MEETING MINUTES**

**John P. Franklin Sr. City Council Building**

**Assembly Room**

**Chattanooga, Tennessee**

**for**

**Monday, August 26, 2024**

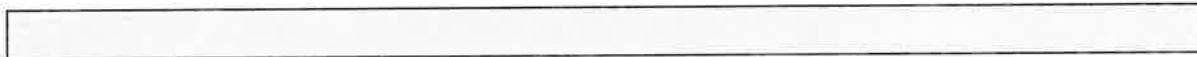
**11:01 AM**

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Jermaine Freeman (Chief of Staff); Charita Allen (ECD); Mark Mamantov (Bass Berry & Sims); Mark Heinzer (Wastewater); Steve Jay and Shane Cook (Brasfield & Gorrie); Justin Bolender and Shane Shepard (Jacobs); Luke Bowling (Big Sky Landscapes); Austin Cantrell (Bridge Public Affairs); Janice Gooden (CALEB); Audra Kelly (SETD); Gail Hart (Real Property); Helen Burns Sharp (ATM); Charles Wysong; Bill Payne and Clay Oliver (Public Works); Jonathan Kelly (Chattanooga Football Club); Eleanor Liu, Brian Smart, Paul Boylan, and Javaid Majid (Finance); Mike Pare (Times-Free Press); Sarah Mattson; and Rick Monzingo (Lookouts).



Vice-Chair Jones called the meeting to order, confirmed the meeting was duly advertised, and established that a quorum was present to conduct business with six members present.



**MONTHLY MEETING OF AUGUST 5, 2024 – MINUTES APPROVAL**

On motion of Mr. Adkins, seconded by Mr. Parker, the minutes of the August 5, 2024, monthly meeting were unanimously approved.



**PUBLIC COMMENTS**

No one from the public had comments.

## PRESENTATION – UPDATE ON CLASS A POWER PROJECT

Mr. Mark Heinzer (Administrator for the City's Wastewater Department) gave the presentation. We did this presentation about six or seven months ago. This project has reached the stage where we will be coming to the next meeting for a resolution to sign the contract with the design firm. The project is similarly structured to the e2i2 project where we will be doing the design build contract. The City will fund the project and run through the IDB.

We did an energy audit at the wastewater treatment plants last year, and we thought of a lot of ways that we can streamline what we are doing out there. This is also an energy project. It is not just a biosolids project. We are looking at a technology called thermo-hydrolysis process or THP that will supercharge our processing of biosolids and methane production. The investment at the time was looking to be \$130-\$150 million. We are looking at how we can do engineering along with that and trying to get that within our budget.

We have money through the WIFIA loan to cover the project. That loan will cover 49% of the project costs. We also have funds set aside for this project as well to cover the remainder. The deadline to complete this project for the WIFIA loan is 2028. We do have a timeline that we are working with.

Currently, we have 12-15 trucks of biosolids per day that come out of our diagnosis of biosolids, a byproduct of wastewater treatment. It is a whole lot of dead bacteria and other stuff that we use as fertilizer. We process it and convert it to a Class B fertilizer which has a permit from the agricultural department as a fertilizer. It is a certified fertilizer in the State of Tennessee. We test it and take it to farms around the community. It is a big cost. We also get methane off of that because that is what bacteria produces but methane gets flared away and not used for energy at this time.

What we are looking to do is to install this thermo-hydrolysis process which basically supercharges the digestion of the biosolids and will reduce our trucks in half and will also produce more methane as a result. That methane can then be converted to energy or we can put it into the gride as a renewable energy for the community use. We have a lot of options with that. We are looking at all of the different options as part of this project as well. The biggest thing here also is it will get us to a higher class of biosolids. It has a readily distributable product that can go in a lot of different places that we cannot go with the Class B. It will not only reduce the number of trucks but reduce (inaudible). This is a win, win all the way around as an investment in the future.

Beyond that we even have more opportunities once we get this underway and have more opportunities to do similar post processing for additional post processing to actually make a marketable product. You can look at accepting food waste from food manufacturers and restaurants and things like that which can also be used to create more of that methane. All and all this looks at the future as to how we can reduce our energy use and generate energy from the process and we got towards the next phase of the wastewater treatment. We are looking at a renewable energy product and will help pay for itself over time. It increases the capacity of our

plants with regard to the biosolids. It is a big construction project and will help local businesses that are participating in that project and also can help the City either if we want to use our natural gas vehicles for waste collection or things like that and we can also do something with other city departments and support that as well and support local agriculture for less cost.

This is structured very similar to the e2i2 project. The City will be the owner, and we will do all of the leg work for this project and project management. We do look to the City Council for resolutions on this as well as this board for resolutions to make sure this is all done according to plan and that the authority on this as design build contract would be with the Industrial Development Board and we would put the funds to this board for distribution. We talked about this a few months ago but wanted to refresh your memory because next month we would like to submit a resolution to sign the contract with the design build firm. The timeline is set to finish by December 2028. We are right now in the procuring of that design build team and moving to the stage of design pre-construction.

Mr. Adkins asked if the waste or any of the produced fertilizer have hazardous waste to it? Mr. Heinzer said not to their knowledge. We test it everyday for the parameters that the state requires and it always passes that and if it does not, we take it to the landfill. We never applied as an agriculture fertilizer anything to have any kind of hazardous waste. (inaudible) We are not concerned with any problems but we do not know until we actually get some statistical data.

Mr. Adkins asked how many people you think you will be hiring for this? Mr. Heinzer said probably six to ten. It depends on whether we outsource any of the energy production side of it. We would have to hire some different skills that we do not have today or we could outsource that. What makes the most financial sense. Would be six people to handle the equipment and maybe ten if we are going to do the energy management in-house. If we are not going to do it in-house, then we would not hire those other four additional folks.

Mr. Floyd said that is after construction. Yes, there is going to be a lot of jobs related to the construction that he cannot quantify but thinks one of the consulting teams had 20,000 hours of work that they were looking to put into this. It is a lot of work. Mr. Adkins asked about Veteran's preference for hiring. Mr. Heinzer said that would be a question for the procurement department or purchasing and is not sure what the requirements are and the loan has some stipulations. Mr. Heinzer does not know the answer to that specifically but would have to rely on the purchasing department to know a little better.

Mr. Parker said the deadline for completion is the end of December 2028, are there financial ramifications if you do not meet this with the funding? Mr. Heinzer said when they secured the loan back in November 2022, we questioned that as well. It seems they are pretty amenable to extensions, not that we want to rely on that. The teams they have selected have said and we have committed them to the timeframe and they all committed to the timeframe and do not think there would be any ramifications for that. If there was, they would find a way to make it work. We would probably reallocate capital dollars.

Attorney Noblett said that the reason you are coming to this board is the Industrial Development Board is a development authority under state law and that is the reason based upon T.C.A. 12-10-124 this body can be able to do a design build project. Mr. Heinzer said correct. Because of that, that is why this property during the construction process will also be leased to the IDB and they will have the project under their control during this time. The contracts will also be with the IDB. This entire project is within the confines of the wastewater treatment plant property so there will be a portion that would be assigned a lease to this board throughout the duration of construction. Going back to the construction aspect, the funding is December 31, 2028, and according to the timeline the construction gets completed in November of 2028. That is another reason for the time sensitivity of this matter.

Mr. Floyd said as far as the new technology. It is innovative. It will be used for 20 years in Europe. It is not necessarily that cutting edge there is only a handful of installations in the U.S. probably half a dozen. One in Washington, D.C., one in Virginia Beach, Franklin, TN, now has theirs, there are some out in the west, and some in the Midwest as well. It is more and more common now. Basically, this is a pressure cooker. High temp, high pressure, and the materials are put through that and broken down much easier for our existing digesters to consume and generate the methane. It is heat and pressure. There is nothing too fancy about it, but it is not something that has been used here until recently in the U.S. In Europe, the 20+ that have been in place over there are all still operating 20 years ago and they are all still operating which is a good sign they are useful technology and has been making its way across the U.S. in the last 10 years. The one in Franklin has been complete about a year. We are not the first in Tennessee.



**e2i2 Sanitary Sewer Overflow (SSO)**

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

**A RESOLUTION AUTHORIZING THE CHAIR OR VICE-CHAIR TO EXECUTE CHANGE ORDER NO. 2 TO THE PROGRESSIVE DESIGN BUILD CONTRACT FOR THE E2I2 SANITARY SEWER OVERFLOW (SSO) ABATEMENT PROGRAM – SOUTH LEE HWY. AND WEST CHICKAMAUGA EQUALIZATION STATIONS, CONTRACT NO. W-20-001-201, WITH BRASFIELD & GORRIE, LLC, TO EXECUTE PHASE 2 OF THE PROJECT AND APPROVING EXHIBIT F - FORM OF CONTRACT PRICE AMENDMENT, IN SUBSTANTIALLY THE FORM ATTACHED, IN THE AMOUNT OF ONE HUNDRED FORTY-SEVEN MILLION SEVEN HUNDRED NINETEEN THOUSAND TWO HUNDRED FORTY-FOUR DOLLARS (\$147,719,244.00), FOR A TOTAL AMOUNT OF ONE HUNDRED FIFTY-THREE MILLION EIGHTY-SEVEN THOUSAND EIGHT HUNDRED SIXTY-EIGHT DOLLARS (\$153,087,868.00).**

Mr. Heinzer said this is Phase 2 of the project. The \$147 million is the guaranteed maximum price with the 50% design phase. We have approved the finance from a performance perspective and are ready to sign the contract to get the project built. This is a project that is called out in our Consent Decree and is something we have to do to appease the federal government as well as the state with regard to our wastewater services to the community. We do have the funds to do this and would need approval to sign the contract.

The motion carried.

**ADOPTED**

**South Broad District Plan Area**

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

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA AUTHORIZING THE EXECUTION OF AN INTERLOCAL COOPERATIVE AGREEMENT (TRANSFER OF TAX INCREMENT REVENUES TO AND FROM SPORTS AUTHORITY) WITH THE SPORTS AUTHORITY OF THE COUNTY OF HAMILTON AND THE CITY OF CHATTANOOGA, TENNESSEE.**

Mr. Jermaine Freeman said there are two resolutions coming before the Board today related to the South Broad Project. Both of these resolutions are for process items that we need to make sure we do in the form of executing the amendment to the Economic Impact Plans that have already been adopted by City Council and County Commission. The first resolution is basically a resolution that memorializes in the form of an Interlocal Agreement the transfer of funds from this body to the Sports Authority of the City and Hamilton County to help debt service on the bonds. The second resolution that will come before this body is the approval of the subordinate Tax Increment Financing loans that are part of the financing structure and capital that was again approved by the City Council and the County Commission and their amendments to the Economic Impact Plans.

Mr. Mark Mamantov spoke that the first resolution relates to the Interlocal Agreement. As the Board hopefully recalls Mr. Mamantov gave a presentation at the last meeting about this but the first one relates to the allocation of the Tax Increment Revenues from the Sports Authority to pay debt service on the senior bonds of \$85 million. The County's Tax Increment Revenues flow through the County IDB, then to this body, and then onto the Sports Authority to pay the debt. Once those revenues are adequate to pay that debt, it will flow back down to this body and the excess to pay the Tax Increment Note which is the next item on the agenda. This agreement is one of the steps that we need to provide for the flow of funds for them to be in the right place to help pay for the debt for the stadium.

Attorney Noblett wanted to make sure he understood that this body is receiving Tax Increment Revenues on the TIF that is outstanding and those TIF revenues will then be given to the debt service on the Sports Authority and will be returned in the Tax Increment Revenues for the County and then to the extent that the Tax Increment Revenues exceed the amount after a certain period of time to pay the debt service, then it will come back to the City. Mr. Mamantov said yes, the County's Tax Increment Revenues are only being used to pay the \$80 million senior bonds. The City is being used for the \$5 million subordinate bond. The Sports Authority is issuing them the remaining amount of City increment would be available to pay this Tax Increment note. Based on the projections that we have from Younger who did estimate based on the property tax revenues in the South Broad District and based on various calculations that our financial advisors and underwriters made, it will probably be somewhere between three to six years before the revenues would start flowing back to this body to pay the Tax Increment note. That is assuming the development takes off and is already taking off in the South Broad District in particular the development around the stadium.

Attorney Noblett said that this board's obligation is the \$5 million. Mr. Mamantov said the \$5 million is the Sports Authority's second level bond. This board will have a \$10 million note to the site owner, Pipe Properties, which is going to pay for site prep. They are going to give us a pad ready site that we can build the stadium on for \$10 million. They have to bring it down for various environmental reasons and is quite expensive and take the risk that the area around the stadium will get paid back. The team is putting \$19 million into the stadium. The \$3 million is cash equity and never get paid back. The \$16 million will be the same thing. They are betting that this stadium will enlighten the entire district. If this does not work, they will basically lose \$26 million. If it does work, everybody is going to be very happy. There is a significant penalty if this area does not grow.

The motion carried.

**ADOPTED**

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

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF  
CHATTANOOGA AUTHORIZING THE EXECUTION OF  
TAX INCREMENT FINANCING DOCUMENTS RELATED  
TO THE SOUTH BROAD DISTRICT PLAN AREA.**

The motion carried.

**ADOPTED**

### Growing Small Business Incentive Grants

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

#### **A RESOLUTION AUTHORIZING AN AWARD OF A GROWING SMALL BUSINESS INCENTIVE GRANT TO BIG SKY LANDSCAPES, LLC, IN THE AMOUNT OF TEN THOUSAND DOLLARS (\$10,000.00). (SBI-30)**

Ms. Sarah Mattson (Director of Entrepreneurship) said they are presenting two businesses that they are recommending for the Growing Small Business Incentive which is an incentive and reward for businesses that are adding five or more jobs in the previous 18 months for a maximum of \$10,000.00.

The first presenter is Luke Bowling with Big Sky Landscapes, LLC. Mr. Bowling is from Chattanooga and in 2018 after he graduated from the University of Tennessee at Chattanooga, he was working two or three different jobs in mostly the fitness and health industry in Chattanooga as a personal trainer full-time, as a sports coach at one of the high schools here, and doing some various construction work to make ends meet. As he was doing jobs on the side, he started to realize that there was really a big demand for landscaping work. After further discussion, there was a real opportunity because the standard was so low and wanted to help redefine the standard for people who were enlisting a landscape company for other services.

In 2019, Mr. Bowling decided to quit his jobs part-time and full-time and put all his eggs into this basket. The two things as they were growing was commercial maintenance contracts and landscape installations. They do annual maintenance contracts for a lot of small businesses or commercial building spaces or HOA's that are in or around the Chattanooga area. They maintain all of their grass. The other half of what they do is installing landscapes. They do a lot of landscape installations for developers and large commercial construction companies as well as residentially. They install everything from outdoor lighting to irrigation systems, hardscapes, retaining walls, etc. anything that has anything to do with the outdoors. Mr. Bowling had a presentation of the areas.

In 2019, they started with two part-time people and a little over four years later they got right at 30 full-time people and are a diverse group of people who shares a couple of things in common which is they like to be outside and work hard. Everyone on the team has a strong work ethic and dedication to caring about the esthetics of our City. A lot of projects they do are new construction or development projects where the first thing that anybody is going into or interacting the development sees the landscape. There was another picture of an apartment complex where they installed the landscaping for irrigation. Over four years, they have grown over 1,000%.

There is a business magazine called Inc. and every year they do a list of the 5,000 fastest growing companies in the country. He applied and found out that not only did they make the list but made 416 for the country, the 8<sup>th</sup> fastest growing company in Tennessee, and #1 fastest growing company in Chattanooga. They have a team that really care about their work and love doing landscaping on the Chattanooga area. They have 30 full-time and one part-time employees.

The motion carried.

**ADOPTED**

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

**A RESOLUTION AUTHORIZING AN AWARD OF A GROWING SMALL BUSINESS INCENTIVE GRANT TO BEAUTIFUL GAME, INC. D/B/A CHATTANOOGA FOOTBALL CLUB, IN THE AMOUNT OF TEN THOUSAND DOLLARS (\$10,000.00). (SBI-31)**

Mr. Jonathan Kelly represents the Chattanooga Football Club Beautiful Game ownership piece of our organization. CFC is 16 years old now. The mission is to use soccer to build strong relationships for the greater good of the City of Chattanooga. In 2009, a core group of influential locals, athletes, and business owners started this club. Today we are playing on MLS pro which is men's professional soccer league here in the U.S. and Canada that is affiliated and connected to Major League Soccer. Chattanooga FC front office and soccer operations teams now provide over 44 part-time jobs across all management departments. The women's team competes in the WPSO which is a top amateur women's soccer league that plays in the summer. Our youth academy provides coaching and training for over 700 Chattanooga kids and over 40 full and part-time jobs for coaches and administration.

They joined the new league last November MLS pro, 12 MLS next pro teams from across major cities in the U.S. and Canada are now traveling to Chattanooga which includes Chicago, New York, Boston, Toronto, Miami, Orlando, Charlotte which is a majority of the ones playing in the eastern conference. They increased their full-time staff in June 2023, they had nine full-time staff, they now have 39 full-time staff, created new jobs, and attracted talent to support the growth of the team within the City, 26 new full-time jobs have been created in addition to the existing jobs. They hired two Veterans in the youth academy. One from the Army and one from the Marine Corps. They created a dedicated community relations department and executed 150 community events. In 2024, we are on track to meet that and probably go above that.

We moved offices to 436 Market Street above the Johnson Publishing Building and took over the entire floor. We were finalists for the Chamber of Commerce Chattanooga Small Business Awards this year. We have jointly been working with Business Network International (BNI) and organized three quarterly networking events and focus on supporting Chattanooga small businesses. They have announced acceptance in the MLS next which is the elite use soccer program which will drive elite use soccer development here in the City and will recognize continued recognition of Chattanooga as an elite soccer destination. They celebrated the groundbreaking on the new building at 1620 Riverfront Parkway to open in 2026 that will drive again more jobs, drive significant new business, and new opportunities to the downtown area.



This small business grant will support further growth, more job opportunities and creation. They are planning a launch of 191 River Street as a retail place on the Northshore centrally located and will be soccer-focused retail store and bring business to the Northshore. Youth academy support through coaching, education, and development. They are also considering working with the City on creating a foot-saw indoor program for across the board city engagement for more youth and families. They plan on increasing investment directly to support our community relations leading to even more community engagement. We will further develop our women's team and women's sports here in Chattanooga. All of this activity they hope and believe will create 20 additional new jobs full and part-time across these growing ventures. We are also looking at creating an e-sports initiative because FIFA is the largest or most popular sports video game in the world and considering creating any sports initiative with any sports teams for Chattanooga.

The motion carried.

**ADOPTED**

**OTHER BUSINESS – DISCUSSION ITEMS**

There were no other business or discussion items.

There being no further business, the meeting adjourned at 11:35 AM.

  
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**JAMES FLOYD, Assistant Secretary**

**APPROVED:**

  
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**KERRY HAYES, Chair**