

AGENDA

MONTHLY MEETING OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, TENNESSEE

Monday, October 3, 2022 @ 11:00 AM

1. Call meeting to order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Minutes Approval – August 1, 2022, Monthly Meeting.
4. Recognition of any person wishing to address the Board.
5. **Resolutions:**
 - (a) **SUMMARY:** Ratify Execution – VW Memorandum of Understanding dated July 1, 2019.

A RESOLUTION RATIFYING THE EXECUTION OF THE MEMORANDUM OF UNDERSTANDING BY AND AMONG VOLKSWAGEN GROUP OF AMERICA CHATTANOOGA OPERATIONS, LLC, THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, AND THE STATE OF TENNESSEE, DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT DATED JULY 1, 2019. (VW(CB)77)
 - (b) **SUMMARY:** Ratify Execution – Closing Documents – Access Road TIF.

A RESOLUTION RATIFYING THE EXECUTION OF ALL NECESSARY CLOSING DOCUMENTS RELATED TO THE ACCESS ROAD (NORTH RIVER COMMERCE CENTER) TAX INCREMENT FINANCING TRANSACTION.
6. **Other Business and Discussion Items:**
 - (a) PILOT policies and procedures;
 - (b) TIF policies and procedures;
 - (c) Bylaws;
 - (d) Agenda Process; and
 - (e) Website.
7. Adjournment.



INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES
John P. Franklin Sr. City Council Building
Chattanooga, Tennessee
for
August 1, 2022
11:00 AM

Present were Jimmy F. Rodgers, Jr. (Chair), Patrick Sharpley (Secretary), Ray Adkins, Kerry Hayes, and Jim Floyd. Absent were Althea Jones (Vice-Chair) and Gordon Parker (Assistant Secretary).

Also Present were: Attorney for the Board, Phillip A. Noblett; Brent Goldberg (Chief Finance Officer) and Eleanor Liu (City Finance); Jermaine Freeman (Economic Development); Jason Payne (City Engineering); Charles Wood and Justin Groener (Chattanooga Chamber); Councilman Darrin Ledford (District 4); Brooke Satterfield (Deputy Chief of Staff); Helen Burns Sharp (ATM); Gail Hart (Real Property); Mark Smith (Miller & Martin); Jason Freier (Lookouts); Jim Irwin (New City Properties); Meredith Strauss (HCDE Teacher); Chris Myers (Frontier Truck Wash); Daniel Stiles (UTC); Alex Patsell, Sam Click, Jeremy Alumbaugh, and David Smotherman (CFC); Geoff Meldahl and Joseph Patten (CALEB); Ann Weeks (South Broad Redevelopment Group); Taylor Beleuer; W.J. Stewart; William Freeman; John Bradford; Jennifer Bukovi; Stephen Gilchrist; Timothy Sanford; James McKamey, Sr.; Mr. West; Geoff Smith; Elaine Cantulou;; Todd Phillips; Bill Ramsey; Elizabeth Napolitan; Matt McGrande; Hamilton Brick Chattanooga; Austin Workman; Janice Gooden; Kelly Nelson; Chris Schechter; Michael Gilliland; Warren Gardner; Larry Wine; Tracy Maging; Ms. Hunter; Nick Goebeler; Nate Merocha; Nyjel Jackson;; Katie Belcher; Elizabeth McCright; Mark Pearson; Keith Grant; Gary Chazen; Daniel Core; Jan Tiano; Greg Simmons; Jennifer Bukou; Ms. Sebolt; Matt McCallie; Jennifer Crum; Mark Curtis, Jr.; Jane Zito; Chuck Darsey; Michael Matheson; Andrew Zito; Jessica Curtis; Timothy Gertz; Alex Tainsh; Sarah Vella-Wright; R.J. Williams; Molly, Dan, and Rose Kopf; Kansas Carpenter; Hannah Gregory; Sidney Harper; Chris Cusac; and Austin Workman.

Chairman Rodgers called the meeting to order, Attorney Noblett established that the meeting was duly advertised, and a quorum was present with five board members to conduct business.



SPECIAL MONTHLY MEETING OF JUNE 27, 2022 – MINUTES APPROVAL

On motion of Mr. Adkins, seconded by Mr. Sharpley, the minutes of the June 27, 2022, special monthly meeting were unanimously approved.

Chairman Rodgers would like the next meeting streamed so the public can access the meeting remotely. The attorney's office will try to make that happen with the IT department.

PUBLIC COMMENTS FROM CITIZENS
NOT RELATED TO THE LOOKOUTS ITEM

JOSEPH PATTEN (CALEB)

Mr. Patten is a member of CALEB's Economic Mobility Task Force. Mr. Patten's discussion item concerns PILOT policies and wanted to let the Board know and appreciate some of the opportunity to work with the City. It is making really great progress and are encouraged. There are a couple of elements that they continue to see such as conflict of interest provisions which are important to establishing where you can have an objective look at the real merits of projects. They continue to be encouraged by it and appreciate the Board making this form available for that purpose and clarification. If Mr. Patten has any questions, he can e-mail Chairman Rodgers. Chairman Rodgers does not know if later on we are actually going to adopt those today, but if we did, we could always amend those. Please share those with us. Mr. Patten stated he has a matrix proposal as well that can be sent to the Board and members of the City.

VOLKSWAGEN FINANCE REPORT

Ms. Eleanor Liu presented the Volkswagen Finance Report. Since the last report presented, we have had very few transactions. There was only one payment of \$3,748. On page 11, there is the third MOU with \$50 million. Overall spent, encumbered, and contingencies are at 89.4%. Chairman Rodgers asked Ms. Liu about a one-year COVID extension notice from the State.

Attorney Noblett stated there is a request by the State of Tennessee and VW for an additional one-year extension. We are getting copies of the MOU to make sure the changes are consistent and whether the initial resolution approves the Board making any changes to subsequent agreements and will present that to the Board for ratification by this body at next month's meeting.

Ms. Liu regularly attended scheduled meetings and gave reports, and as the activity at the VW site slowed down, she slowed down as far as appearing here with the Board. Ms. Liu keeps the Board regularly informed.

RESOLUTION

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

A RESOLUTION AUTHORIZING CHANGE ORDER NO. 1 TO S&ME TO ADD SCOPE TO THE DUE DILIGENCE STUDY RELATIVE TO PAD #2 AT ENTERPRISE SOUTH INDUSTRIAL PARK, IN THE AMOUNT OF EIGHTEEN THOUSAND NINE HUNDRED DOLLARS (\$18,900.00), FOR A NEW CONTRACT AMOUNT NOT TO EXCEED TWO HUNDRED EIGHTY-THREE THOUSAND ONE HUNDRED DOLLARS (\$283,100.00). (VW(CB)76)

Mr. Jason Payne stated that this geotechnical contract is to support the design work done on the VW lease area on the corner of Ferdinand Piechway. It is related to the TVA grants.

The resolution was unanimously adopted.

ADOPTED –August 1, 2022

Chairman Rodgers thanked Councilman Ledford for attending the meeting.

PUBLIC HEARING

RESOLUTION

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

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, WITH RESPECT TO AN ECONOMIC IMPACT PLAN FOR THE SOUTH BROAD DISTRICT PLAN AREA AND AUTHORIZING THE SUBMISSION OF SUCH PLAN TO THE CITY COUNCIL OF CHATTANOOGA, TENNESSEE.

Mr. Freeman stated that this project has been in the news quite a bit over the past several weeks. It is no secret what we are doing. We are trying to build a baseball stadium in order to serve as the first piece of a broader revitalization effort in the South Broad community. A picture of the Wheland U.S. Pipe site was displayed on the screen. It is an area that is blighted and in need of revitalization.

There have been many studies over the years on the South Broad area, but the most recent study and the most pertinent to this area was conducted by the Chattanooga Design Studio with support of both the City and County. It was a planning effort that involved over 200 participants and focused on the South Broad area, including the Southside Gardens and Hooterville communities that are part of South Chattanooga. The planning started in 2016. In 2017, the officials for the roll out of the study commenced, and in 2018, that study was finalized.

The focus on the study area was the area on the screen. This area basically spans in a geographic region of the City that is mostly to the south and east of I-24, north of Chattanooga Creek, and goes all the way over to the east of the Howard High School campus. This was the focus of the South Broad District study that was completed in 2018. As part of this plan, it focused on, how do you revitalize this type of area, how do you grow and rate economic development, as well as more housing and more density to the City.

RECOMMENDATIONS FROM THE SOUTH BROAD PLAN

Preservation and reuse of the historic foundry buildings that have fallen into disrepair. These buildings used to provide hundreds of jobs that supported middle income towns in the area but today no more. They are being able to adapt to reuse these buildings is one of the recommendations of the plan. Other recommendations included sort of encouraging different uses and creating a sustained containment district that could be focused sort of in the Wheland Foundry former U.S. Pipe property and encouraging commercial uses that could provide more activation and a more pedestrian-friendly environment. Another recommendation under the implementation was exploring the creation of a TIF district. There is also a reference to pursuing catalytic projects which has a focus on looking at and examining the U.S. Pipe Wheland Foundry Site as the epicenter of where a catalytic project can be.

WHAT A CATALYTIC PROJECT COULD BE

It mentions in the study the potential for relocating a modern-day baseball stadium to the site. The minor league baseball stadium could serve as a potential catalyst. It does not mean that it could be the only catalyst for this site, but it could be one and that was mentioned and called out directly in the South Broad District study.

The South Broad District Plan was adopted as an official land use plan by the Chattanooga City Council in 2018 which includes all of the recommendations. It was also recommended by the Regional Planning Agency prior to the adoption by the City Council.

Mr. Freeman stated that as we began this process, one of the things that we started to hear, and thank you to Councilwoman Raquetta Dotley who is the councilperson for District 7. She encouraged the push to engage in the Southside Gardens community which is represented by the South Chattanooga Neighborhood Association. That neighborhood association represents not only the residents of Southside Gardens in Hooterville but also the residents of Alton Park. When they met, one of the things they expressed was a desire for this project not only to be catalytic for Southside Gardens and the former Wheland Foundry U.S. Pipe site, but also to look at ways of opening this project up to provide more access to Alton Park. We lived in Chattanooga for many years, and Alton Park has been a part of our community that has seen a lot of dis-investment over

the years. What they heard from the residents was that this is great what you are doing north up the creek but are there ways for us to sort of open this up and to allow Alton Park to be a part of this new revitalization.

Some other concerns were that the community expressed an interest in moving blight out of urban communities and expressed the frustration that feels like they are living next to blight. They also talked about the needs of flooding issues in certain parts of the community and the need for environmental justice. Alton Park unfortunately has also been the site where there is a tremendous amount of environmental remediation that needs to take place, that is ongoing and as part of this project, it would involve environmental remediation efforts that would be done on the Wheland Foundry and U.S. Pipe Site.

The EPA was here a few weeks ago along with the Tennessee Department of Environment and Conservation and announced an award of \$4.9 million for environmental remediation to the City of Chattanooga. The EPA Deputy Administrator James McCabe came to present the award in person. He had an opportunity to use some of that funding for environmental remediation in this area.

ADDITIONAL COMMUNITY PERSPECTIVES FROM THE SOUTH CHATTANOOGA NEIGHBORHOOD ASSOCIATION

They wanted to see opportunities for minority contractors and diverse businesses to participate in some of the future work that would be done. They were interested in preservation of mixed income housing. Howard High School has a future ready institute which is focused on architecture and construction. They really wanted to see us engage high school students to be part of the future construction process so that the students could have an opportunity to participate in some of the future design of the stadium and other additional development. They had questions about what the traffic impacts would be along Broad and Chestnut Streets.

After working and talking with the community group, we decided to expand the TIF district to include properties that were south of the creek and to include the long narrow stretch of the skinny parcel. That parcel is what is called the Alton Park Connector which they imagine would be a future multimodal pathway that would connect to the Riverwalk. As a response to what we heard from the community, we could not draw a TIF district that would include Alton Park because it is too far away. We could include that parcel of the Alton Park Connector to provide a gateway to Alton Park so people could feel as if Alton Park was now connected to some of the other revitalization that is happening in the area. The Alton Park Connector is an old railroad line that runs parallel to 33rd Street and runs all the way to the Southside Community which is at the corner of 38th Street and Central Avenue in Alton Park. This is what the easement currently looks like today. We imagine that as part of this project we would be able to fully fund and build out the remaining portions of the Alton Park Connector to provide that access.

We imagine this project is very similar to all of the other projects that we have done in the past where we took the focus on investing in great public spaces for everyone. Whether you are talking about the area just outside of the Walnut Street bridge: in front of the Edwin Hotel, or the Aquarium, the Riverfront, or the renovation at Miller Park where the extension of West M.L. King Blvd. to the Riverfront to provide additional access to the Riverwalk, this is an opportunity for us

to provide Chattanooga's next great public space. This is no less than an opportunity for us to revitalize and imagine what could happen on a new portion of the Riverfront.

We believe the stadium could be a catalyst and that is the City's interestedness. We want to see and keep the Lookouts in the City which Mr. Freier can talk a little bit more in detail about it later. Our interest as a city and the interest of the County, is seeing this to be catalytic to create additional economic development. We do want to see an additional stadium down here but only because to the extent possible and is recommended by the South Broad District study, the baseball stadium is just a first piece of what we imagine will be a lot more future investment that will happen on that site. When that future investment comes, it brings new property tax revenue which brings new property tax dollars into our city and helps our city with growth.

Mr. Brent Goldberg will talk about financing pieces. We want to say a special thank you to the State Legislative Delegation for allowing us to be able to capture the local sales taxes that could be generated in a future stadium through legislation that they adopted. We will have a competitive lease and parking fee structure with the Lookouts, and we are creating the TIF district as part of the efforts of funding.

FINANCING

Mr. Goldberg went through the financing plan for the stadium. We will issue 30-year Sports Authority bonds. Part of the resolution that we have prepared and will go before City Council and County Commission are resolutions to create a joint Sports Authority. We currently do have a city Sports Authority. They are responsible for the current stadium. This is a joint process with the City and County. We will form a brand-new Sports Authority that will have appointments from both the City and County Mayors. That Sports Authority will be formed, and that Sports Authority will issue 30-year bonds. These are revenue bonds. You can see the debt service we paid from property tax increment and TIFs, sales taxes from the stadium which is critical to the financing plan, lease payments, parking revenues, and some local sports.

All of the TIFs and sales tax projections we have included here are from a third party, Younger and Associates. They typically provide information for economic development projects that you have seen in the past. We will have a Lease Agreement with the Lookouts for the stadium. This will be a publicly owned stadium that is owned by the Sports Authority. The lease would be with the Sports Authority with rent starting at \$1 million per year. Just for a little bit of context, the Tennessee Titans pay about \$360,000 a year for rent for Nissan Stadium. This would be almost three times more than that, and the Board may be aware that Nissan Stadium had received half a billion dollars in public subsidy from the state legislature.

This Lease Agreement would be one of the highest, if not the highest, in minor league baseball. For parking, we have an agreement for 100% parking revenues for debt service for the first two years, 70% for the next two years, and then 50% for each year thereafter. Assuming we only have \$350 million in development around the stadium, which we believe is extremely conservative, the City and County would each have to put about \$1.4 million into the project.

Chairman Rodgers asked about the \$1 million per year lease. Is there any kind of guarantee from the owners of the Lookouts if that franchise was to be canceled by major league baseball or be moved by the owner? Mr. Goldberg stated yes, the Lease Agreement will be for the full 30-year term. It is a legal contract that will require payment, regardless of if they have a franchise or not, and it will also require them to have a baseball team in Chattanooga. If something happened down the road and it was not MBL-affiliate, they would still have to fill the baseball team in that stadium and continue to pay rent for 30 years. Chairman Rodgers asked if they filed bankruptcy for whatever reason, the owner, is there any protection the City has or surety that the owners could put up and say if we are not around, somebody will pay it? Mr. Goldberg would defer to the attorney on how bankruptcy would work. Generally, this is one of the most well-regarded groups in minor league baseball. They had two other very successful minor league teams that are operating currently. It would have to be catastrophic for them to not be paying the payments. Jason Freier is here. Chairman Rodgers is not suggesting there is any kind of financial difficulties and anything other than good business. Chairman Rodgers is also knowledgeable enough about business going on at other companies much bigger than these who have filed bankruptcy over the years. It can happen. What Chairman Rodgers' concern was and what he is hearing, is there is no safety net there for the City on these million-dollar payments.

Mr. Goldberg defers to the attorney, but he does believe we would be a prioritized creditor from the Sports Authority if it would be in bankruptcy proceedings. It is a legal document, and if there are enough assets there to the bankruptcy court, then we would likely get prioritized. Mr. Goldberg stated these are revenue bonds issued by the Sports Authority. These are not General Obligation bonds. They are backed by identified revenues and rely solely on the ability to pay different types of bonds than what the County and the City generally issue for capital projects. They would be secured by lease payments, parking revenues, sales taxes, and TIF increments. Those are the revenues that will be securing the bonds.

There will be two portions of bonds. A taxable portion which would be debt service by the Lease Agreement with the Lookouts which would be just over a million dollars a year on average. It starts at \$1 million and increases throughout the term. Those are taxable bonds because they are paid for through private sources. The tax-exempt portion would be serviced by the TIF increments, sales taxes from the stadium, parking, and local support. The average annual debt service on the tax-exempt portions is approximately \$3.6 million per year, and \$2.8 million of that will be covered with TIF increments. Sales taxes would pay approximately \$600,000 and \$200,000. These are very conservative estimates. Sales taxes we believe will be higher than what we projected, but we are being as conservative as possible in both increment and sales tax projections.

The construction costs of the stadium are estimated at \$72 million. We will have capitalized interest on the bond issue. This allows us to not have any payments for the first two years in bonds which gives us time to get the stadium built before we start making any debt payments, and we have a bond issuance clause which brings us in just under \$80 million.

The next section is the sources of how we would repay this. Everything on here is expressed in today's dollars so it is discounted based on the bond rate that we expect to issue at. You can see the 58% of the debt service will be paid through incremental property taxes. That is based on the conservative estimate of \$350 million worth of development around the stadium. The stadium lease will pay for 22%. There has been stuff out there about no private involvement. This is a private public partnership, and the stadium will be paid for by private funds.

As an antidote, 60% of Finley Stadium was paid for by public funds. There was private and public money in Finley Stadium. That has come up in the past as well. The 22% is paid by private funds. Sales taxes make up 14% total between state and local. That is the significant portion of the financing plan. We are very grateful to the State for allowing us to do this like they allowed in Knoxville. Net parking revenues would cover 2% and the \$1.4 million each from the City and County, which is 2% each of the total debt service plan. Ninety-six percent of this project will be paid for by itself through increment sales taxes and revenues generated by the stadium. That is pretty important.

Chairman Rodgers asked, are the revenue numbers based on the \$350 million development occurring? Mr. Mike Pare from the paper has written some good articles about concerns of what if the revenue level does not reach that amount. Chairman Rodgers is also curious about what if the development level exceeds (he has seen reference up to a billion dollars). If the development gets much higher and the revenues come in higher than expected which would be a good problem, what happens with the excess revenues? Mr. Goldberg stated that we do believe \$350 million is very conservative. If we do not, and we have said this in all the other public meetings, the bonds are secured by the City and County. For whatever reason if there is any gap in the amount of the money available, the City and County would use non-property tax revenues to make those payments such as economic development funds or hotel-motel tax funds.

About \$170 million of the \$350 million is already planned. We feel really good about the \$350 million being pretty conservative. On the other end, if it meets with our expectations, which we think it will be certainly over \$500 million and maybe up to a billion, the Economic Impact Plan includes four primary projects that the increment will go to. (1) Debt service for the stadium; (2) Funds that will go into a Capital Reserve Fund starting in year five in order to build up funds to replace major items like roof or HVAC or something like that. It is a public stadium, and we want to have those funds set aside that all comes from increments above the amount that is needed to pay for the stadium; (3) Would be the repayment to the City and County for any funds we would have to use for debt service. Even if we do have to pay the \$1.4 million, we can get that from future increments; and (4) Funds for the Alton Park Connector. Those are the four prioritized projects within the Economic Impact Plan. Any increment generated above that would be held by the IDB to allocate in the future which could be reimbursements to developers for infrastructure, other projects that come up inside the TIF District.

Chairman Rodgers asked, to the extent that the revenues exceed what your estimate is, could an argument be made? Is that something the City Council should decide how those excess revenues get spent when they occur, not 5-10 years in advance as we sit here this year? Mr. Goldberg stated that under the state law and TIF regulations, all that increment has to be collected and allocated by the IDB. To the extent that it is not on a specifically identified project, we have the four projects identified in the stadium. The stadium alone is \$350 million. Beyond that, we

would then do capital reserves, repay the City and County, and the Alton Park Connector. Down the road if we get above the amount of those four things, that is when the IDB would have to allocate funds. This breaks down to \$1.4 million.

The first payment would be expected in Fiscal Year 2025. The reason is because that is the first year of debt service right at the completion of the stadium. We do not expect increments to be fully on-line near the first year. That is the largest expected payment from the City and County about \$840,000 each. The \$1.4 million is not something we put up front or do now. It is over time and does not even start for another two fiscal years. Beyond that year, the payments are much smaller. This is the estimated gap that we will have until the increment fully comes on-line based on \$360 million in development. The years 2026-2029 you can see ranges from \$40,000 to \$60,000 each year for the City and County. For the total amount expected to pay out between 2030 and 2040, the \$393,000 per year is about \$39,000 per year on average. That is where we get the \$1.4 million total for the City and County. These are going to be paid from non-property tax revenues, economic development funds, hotel/motel taxes, those sorts of funds.

Mr. Goldberg wanted to reiterate that none of these funds will come from existing taxes. Not a penny of existing taxes that anyone pays, whether through property taxes or sales taxes, would go to the stadium. Whatever you pay in property taxes or sales taxes currently, not a penny of that will ever go to the stadium. New property taxes generated within the TIF will go to the stadium. The plan in the TIF is to use the stadium as a catalyst for more development. That development in turn will create additional property taxes to be used. No other property taxes or sales taxes anywhere in the City or County will be used for the stadium. Even if we have short falls as mentioned earlier, we have sufficient funds through other non-property tax revenues to use. The Interlocal Agreement we are asking to be approved spells out that it comes from non-property tax revenues.

Chairman Rodgers asked a question about the proposed Interlocal Agreement between this IDB and the County IDB. We have a lot of other TIFs that have come before the Board. Why have we not ever had to deal with an Interlocal Agreement with the County before? Mr. Freeman stated this is a joint TIF that is being initiated by both the County and the City separately but in tandem. Because of that, the County IDB will collect and have to allocate its own tax increment, as well as the City IDB. That is what makes us unique is that the process actually started with the County as opposed to the City. They are now working together in tandem so that the Interlocal Agreement will come before the Board allows the County IDB to take the increment and give it to the City IDB for the City IDB to manage. There is more increment that comes from the City in any TIF. The County does a much smaller portion that it contributes because it retains much more of the increment because they also have to fund the schools. Chairman Rodgers asked Mr. Freeman to his recollection, have we, as the City IDB, ever had an Interlocal Agreement on a TIF before? Enterprise South is all interlocal. That is a little different. It is not a TIF. It is an Interlocal Agreement because a lot of the state funding flows down through the IDB. The IDB is a statutory creation of the state.

Mr. Goldberg stated over 30 years in this TIF, we are predicting \$40 million in new revenues would go to the school district. As Mr. Freeman mentioned, with every TIF we do in the County and the City, we protect the amount of taxes that go to the school district. This is the amount of taxes that will be generated through incremental property taxes that is allocated to

schools (\$40 million is the amount based on \$350 million in development). If we get to \$500 million in development, then it would be \$55 million in new revenues. This is not all at once. This is over time. This is as the increment generated over the 30 years. If we look at the \$40 million number, that is approximately \$1.3 million per year that the schools could use based on the discretion of the school board for things like capital maintenance, hiring new teachers, whatever it is they want to use this for. This is revenue that does not exist currently and would be new to the school district.

Mr. Goldberg stated that the City Council asked for a Cost Benefit Analysis. This is based on \$350 million in development (\$1.4 million each for the City and County). The list of benefits over 30 years: (1) new publicly owned, regional asset in the stadium; (2) new revenues for the City \$20 million (this is the amount from the TIF that is designated to the City's debt service). The County would get approximately \$17 million from the TIF per debt service; and (3) new revenues for schools. The new property tax base for the future, once it is completed, is based on \$350 million, and we will have \$115 million of new assessed value on that site that we currently do not have. That is the future tax base that will generate future property taxes for a long time. We want to keep the Lookouts in Chattanooga.

Economic Impact Benefit Cost Ratio is provided by the third-party owner associates - \$1.65 million is the benefit cost ratio that they have projected for this project. Anything above one is good. Anything below one is not so good - \$1.65 million is a really good ratio. We have had questions about what happens with AT&T Field and Finley Stadium. For AT&T Field, the property is no longer used for baseball. The Lookouts are responsible for demolishing the stadium. The property then reverts to RiverCity. They have a reversion right on the deed. They will either pay \$200 for the property to revert to RiverCity, and RiverCity will then determine the future use of that site in conjunction with partnerships with the City and the County. For Finley Stadium, we do not see any impact at all with Finley Stadium. As far as we know, UTC will continue to play football at Finley Stadium for the foreseeable future. We know that CFC soccer will continue to be at Finley Stadium and are not moving to the new stadium. They will carry on as they do now, except they do have a new executive director, and with his experience coming from Mercedes Benz Stadium in Atlanta, I think he will probably actually improve the events and operations at the stadium. We do not see any impact at all in Finley Stadium.

Chairman Rodgers asked Mr. Goldberg, what do you say to folks who might question and say over 30 years you have this cost benefit based on these conservative revenue estimates? When we are talking 30 years, what would you say to someone that says yeah, but if the TIF did not get implemented at Lookouts Stadium, if it did not get built, something else would go there that would generate revenue. It is not an either or. There would be a middle ground presumably of some kind. We all want to get that eye sore that is there out of the way, and we can clearly agree on that. What would you say to somebody that might have that kind of a question? Mr. Freeman or Mr. Wood would want to add to this?

Mr. Goldberg stated that we do not necessarily know that something would happen there if we do not do something. Nothing has happened, which is why we believe it is a primary candidate for a TIF. Also, if we do not move the stadium, we know that the current stadium is 100% not compliant with the MLB standards. They are not going to continue to allow minor league teams to play in the stadium. If what happens, if we lose the Lookouts, we know based on

the Economic Impact Study that was done for the new stadium, they expect \$300 million to be the economic impact. All money spent, the restaurants, hotels, whatever it is. Even if we say the current Lookouts only generate 1/10 of that, that is \$30 million for the economic impact that goes away currently in downtown. Then we would have another vacant site for us to start determining what we need to do. The Lookouts are not playing in that current stadium. It would be empty and not generating anything.

Mr. Wood stated they supported multiple projects in looking at that site that are economic development related, including a number of very large brewery projects that looked at the site. The biggest concerns from who looked at the site was how do we know that if we go here that something else will come along with us and how do we know when it will happen. Typically for larger redevelopment projects, the public sector goes first. That is because there is a willingness to make a commitment for a longer-term benefit to the community that is not necessarily all tied to economics, but it is tied to community development as well. Certainly, the site does not look any better than he has here.

WHAT IS THE SCALE OF THAT DEVELOPMENT?

Mr. Freeman followed up that the reason that we think this is an important project in terms of both catalytic features is at some point there will be development there. The question for us is what is the scale of that development? When we look at the South Broad District study and look at what the potential impact is of having a stadium where the public has shown an additional commitment of public investment to go along the Riverwalk, we believe that having the stadium there could help to propel the development much further than it would normally go to if there were no stadium. Obviously, the site has been vacant now for a TIF of 15 years. There is no guarantee that it will not be vacant 10-15 years from now if we do nothing. It is not about the stadium for us, it is about using a catalytic project to spur economic development to happen at a much faster rate and a much higher scale than it would normally do otherwise.

We are excited that the property owners have entered into an agreement with Core Development which is a multi-family housing developer out of Nashville. Core Development has committed and is planning an investment of over \$160 million on the site which gives us halfway to that \$350 million goal. The property owners are also engaging a world-renowned master developer, Jim Irwin, from New City Properties who is responsible for doing major developments in both the City of Atlanta and the City of Nashville where he has a billion dollars of developments in each of those cities he is currently working on.

This is the site as we see it today as shown on the first slide. As we start to think about how we go forward and how we imagine what a brighter future can look like as people come around Moccasin Bend and Lookout Valley and see the beauty and majesty of the mountain and the river, this is what it could look like as opposed to seeing this. This is why it is important because we believe that this can help us spur more opportunities for live, work, and play that would go along side this and really start to reshape what Chattanooga looks like in that area.

There were images of the site plan that Core has mapped out. The focus area is going to be around Middle Street which is where the Wheland Foundry trailhead of the Riverwalk is which is just south of the creek. This is what the housing could look like in that area from Core

Development. Jim Irwin who is the master developer that the property owners are engaging with and who is important for the City because we want to ensure that the master developer would be part of the project to oversee the continued planning. He is involved and helps to work on the market in Atlanta as well as the new site in Nashville.

This is a public private partnership where the Chattanooga Lookouts will obviously be a significant part of this puzzle. Chairman Rodgers asked Mr. Freeman from a development standpoint in the Economic Impact Plan, Chairman Rodgers has not heard anything said about jobs and income of jobs whether the old and permanent jobs are not being placed or the construction jobs that go into all these facilities being built. Is there any estimate along that line as far as jobs?

CONSTRUCTION JOBS AND BUSINESSES

Mr. Freeman said yes, he does not recall the specific construction jobs number, but it is in the Economic Impact Plan attached to the document. There would be significant construction impact because this is a new project. When you think of construction impact, you are not only talking about what the construction impact would be for the stadium itself, but if we are able to be successful in getting the new housing, getting entertainment, getting the retail and office space, those are all construction opportunities for the construction site. There is a tremendous amount of construction opportunities. The question about permanent jobs beyond that is an unknown at this point. Right now, part of this whole plan is putting a funding mechanism in place to get the stadium in place knowing that Jim Irwin and New City Properties will have the ability to come in and start to program block by block what the additional development is. Mr. Freeman does not know what additional companies will be on the site, what types of companies will be, or what types of jobs we will have. This is our TIF to put the funding mechanism in place to prepare the site to attract future companies. Ideally, they would like to land a tech company. That is something they talked about internally and do not know how successful they will be, but Mr. Freeman knows Mr. Wood is going to have a lot of sleepless nights to make sure we can fill up that space to make sure it is occupied by great employers.

Chairman Rodgers wants Mr. Freeman to stay mindful of not just the permanent jobs but the construction jobs and that this is a lot of development and opportunities where our citizens and the public who work in construction can get work there. Chairman Rodgers asks Mr. Freeman to do what he can to ensure within the bounds of the law that we can incentivize or whatever as the City that these developments employ local people building and benefiting from that not just by attending the Lookouts games down the road and the fun family atmosphere, breweries, and things that might develop around, but the construction aspect as well. Mr. Freeman stated he appreciates Chairman Rodgers saying that and thinks it is something that they have already begun discussions with the Lookouts as well as the potential master developer in terms of what the community benefits and agreements look like. That is something we have been very open about in terms of wanting to see as part of this project and process. They are supportive of that too and want to make sure that all local folks in the construction industry have a voice.

Mr. Adkins asked if there is any commitment from any retail businesses other than apartments and restaurants going in around the stadium? Mr. Freeman stated not yet because we will not know how much total retail space we will have. Mr. Freeman is confident that we will be able to get retail around the stadium because Chattanooga has tons of great restaurants and great

retail space. We could always use more and think that this will be a hot area for people to be a part of. As Mr. Freier talks about the projects he worked on in Columbia and Fort Wayne where we have seen tremendous amounts of office and retail developed, he can talk a little bit about that. Mr. Freeman does not anticipate any problem. The Core Development piece will include significant amounts of retail space. They clearly believe that there is going to be retail so that people who live in that area can have places to shop and eat.

Mr. Adkins stated that reference was made about heavy traffic on Broad Street. Are there any plans to widen the railroad underpass at South Broad and Cummings Hwy. to facilitate for all the heavy traffic? Mr. Freeman did not say there was heavy traffic, but he did say that the South Chattanooga Neighborhood Group was concerned about traffic. Mr. Freeman does not know of any plans to widen that particular intersection but can check with the Public Works team. Mr. Freeman stated that just because he does not know about – Mr. Adkins stated there has always been a problem at the underpass at South Broad, coming out at the base of the mountain. Mr. Freeman will check on that and get an answer.

Mr. Sharpley thanked Mr. Freeman for all the work that he has done. Mr. Sharpley has been juggling 40 years of kids that play at the Lookouts Stadium for baseball. It is a catalyst for Chattanooga. It is also a catalyst to the community. Local contractors and getting people coming into the schools trying to get the trade has been a challenge for them. We need to do a good job of getting the community involved for some of the work. Mr. Sharpley stated he knows Mr. Freeman will do a good job at it and talking to people and getting them engaged and involved and appreciates all the work. The best way to put people in their seats is to let them make some money on that project and to make the kids and grandkids enjoy it.

Mr. Freeman stated that goes without saying, just as the Wheland and U.S. Pipe site used to provide jobs and supported hundreds of middle-class families, it is incumbent upon us as a City and County to be able to make sure that we create opportunities to support more middle-class families.

Chairman Rodgers stated that Mr. Hayes has some questions. We also want to hear from Mr. Freier and what the Lookouts have to say and come back after lunch.

PUBLIC COMMENTS

MS. SEBOLT

Ms. Sebolt came here in 1993 from college in Oklahoma and was here when Engel Stadium was a part of that process and moved from Engel Stadium to AT&T Field. Ms. Sebolt was able to see the process and the process of it moving. Ms. Sebolt comes from Alton Park situation and has grown with the City and is a big supporter. Ms. Sebolt has been a business owner since 2011 and has grown with the City and as a business owner she knows what it takes.

You have to take a risk. You have to take money, and she has seen Engel Stadium double and triple its profits to AT&T and believes as it is a business owner and supporter of the Lookouts and baseball. Her son played baseball and loved it and still plays and coaches. It is going to be a big impact on the City. As a community, we all know as a business owner it takes risks. This is

risk. As she did her research, the Atlanta Braves has tripled their business. It was a big thing. They have been supporting her business since she has in business. She supported their business in revenue and believes from talking to other community and businesses that they want this, and we are here as a partnership.

Ms. Sebolt is not going to speak to anybody else. Ms. Sebolt will support them if there is any issue with getting that retail here. Ms. Sebolt was in a conference in Dallas, TX, and had run into an owner of Saks and was telling what was coming to Chattanooga. They said if something big like that is coming, they would love to be a part of that. This will get us stores that we do not have. We are now taking our community money and going to Atlanta and spending it. Yes, there are going to be growing pains. There was growing pains when AT&T Field came. She was in the stadium door that was there. UTC is way better than when she went to it. They have way more to offer than to her son. Ms. Sebolt is a big supporter.

We need the Board to support them and believe they can do this because if it does not happen, what if we do not do it, it is the biggest question we should ask ourselves. If we do not, somebody else is going to come in here, and we are not going to have the Lookouts anymore. She did some other research on entertainment. Entertainment is bringing \$8 million to Atlanta. What do we do with AT&T? Maybe make it an entertainment stadium. She has another business owner that he does a Chattanooga expo. He outgrew his expo in two years, and he now has no room for his expo. We can do more events to bring that profit in.

ANN WEEKS
SOUTH BROAD
REDEVELOPMENT GROUP

Ms. Weeks is President of the South Broad Redevelopment Group. Her group has been working on revitalizing the South Broad District for almost three decades. They have not only worked with the South Broad community but also the City and County. They extensively worked with the Regional Planning Agency to get where they are today to clean up the neighborhood. Today we are looking at an opportunity that will truly benefit all Chattanooga. This is about more than a ballpark. It is about leveraging a catalyst to reclaim the South Broad history and legacy. It is about good stewardship of land. Land we have been given. It is also about extending this good stewardship into the Alton Park community. It is about transforming our western gateway.

Imagine if you will, you are coming into Chattanooga on I-24, and what you see is around the bend are graffiti-covered, rusted buildings. It is a blight. This is not the first impression we want for our visitors. Now imagine what this western gateway will be after it is developed and transformed. Whether I-24 motorists are visiting Chattanooga or just driving through, they will tell others and others will come. We have worked long and hard as a group for this moment. To move the South Broad District forward, to live into the 2018 adopted community plan, which includes a ballpark, the South Broad Redevelopment Group feels that the time to act is now. This is the tipping point for a development that will benefit all Chattanooga. We ask for the Board's support.

CHUCK DARSEY
2407 ASHMORE AVENUE

Mr. Darsey is a transplant to Chattanooga. They have been here about a year and a half, purchased a home, found a church home, and went to the Lookouts and got an usher job. He is loving it. He has an opportunity every ball game to speak to businesses and individual fans about the Chattanooga Lookouts. They are very excited about this project, excited about a new baseball place, and new baseball stadium. On behalf of all his new-found friends over the last year and a half he has met at the Lookouts and also for the other ushers, he asks for the Board's support for the South Broad project.

MATT MCCALLIE
800 MARKET STREET

Mr. McCallie is speaking in favor of the project. He also represents Lampost Properties and FTC Development. Instead of going through the long list of positives and why he supports this project, he wanted to make sure that there have been several large out-of-town developers mentioned. Our local development group and many others are enthusiastic and stand ready to invest and develop this piece of property. Mr. McCallie believes that \$350 million has been performing for this and all the presumptions made on is very conservative and will actually see that blown away in a lot quicker timeline than what is being modeled. Thank you for support.

JOHN BRADFORD

Mr. Bradford has been born and raised in Chattanooga and has been a lifelong baseball fan as long as he could pick up a ball and bat. His grandmother told him stories about a young pitcher in Chattanooga. Years later, he heard about another ball player Hartland Killebrew who used to knock the balls out of Engel Stadium across 3rd Street and gas station across 3rd Street.

Mr. Bradford cannot imagine Chattanooga without baseball. He cannot imagine Chattanooga without the Lookouts. He loves the Lookouts, and he was an usher for them. He is retired twice from two different jobs. He ushered for them for a couple of years but found it was more fun to be a fan and come to all of the games and watching is great. Mr. Bradford has been to 36-37 major league baseball stadiums around the country and lost count as to how many miles these stadiums he has been to. He is going to the field of dreams game next week in Iowa. He borrowed a quote from the movie, "if you build it, they will come". He has seen what baseball does to communities. Baseball is life, baseball is America, baseball is something that he thinks Chattanooga cannot do without. Please let this go through and build that stadium. Let's keep baseball in Chattanooga.

RECESSED AT 12:10 PM UNTIL 1:15 PM

The agenda session began at 1:15 p.m. We still have the same quorum of five members. Mr. Hayes had some questions of Mr. Freeman. Mr. Hayes would like to hear from Mr. Freier after the presentation.

Mr. Freeman introduced Mr. Jason Freier the owner of the Chattanooga Lookouts. Mr. Freier stated that the Chattanooga Lookouts have been a part of the fabric of this community since 1985. Their group has owned and operated the AT&T Field since 2015. The best part of the Lookouts history is yet to come.

Mr. Freier wanted to explain a little bit about the kind of venue that they anticipate bringing to this site and why they think both that would be good for Chattanooga and why it is going to encourage all of this development that you heard about. In some ways this may come before the other things because it explains a fair amount of that.

A multi-use venue like this brings a few different things. First, it brings a high volume of foot traffic. There is a consistent flow of people. There are also valuable views when you think about it from one of these baseball fans, the most famous example is Wrigley Field in Chicago. There are apartment buildings across the street from those. Those apartment buildings are very sought after and way more valuable than the ones even a block away because they have an amazing view into the ballpark. The area immediately around the ballpark becomes very interesting and valuable and is unique. It encourages developers to come quickly because once those spots are taken, they do not exist ever again. The third thing is a sense of place. You develop a lot of different areas in town. If you have an anchor like this, it really helps to define what kind of area it is going to be. All of this helps to attract development which then as you heard from Mr. Freeman and Mr. Goldberg as to the tax base. The most important thing to understand is what they are selling here is not pie in the sky. This is something that they have done twice before successfully and have done in a dozen plus cities of similar size around the country.

FOOT TRAFFIC

They bought the team in Fort Wayne, Indiana, back in 2005 and opened a new venue there in 2009. From 2005-2009, the attendance at the venue in Fort Wayne was very similar to the Lookouts have now with about 230,000-250,000 attendees a year. That was all from baseball games with very little else going on at the venue because it was not designed for anything other than baseball games. From 2009 through the start of COVID, they did not get to play during COVID in 2020. They have an 11-year average of over 400,000 fans just for baseball. They also had on average 612 events a year drawing another 126,000 give or take in attendance. They were drawing over 525,000 people into the stadium for 11 straight years. This demonstrates a few things: It shows both the potential but also the durability of this. This is not something we build a new venue. People come for three or four years, and they stop. This has extended over a course of many years. The team now has rebounded from COVID and doing essentially the same as it was before in Fort Wayne. Fort Wayne is about 2/3 the size of Chattanooga. These sorts of numbers they think are not only obtainable in Chattanooga, but they think that is something they are going to surpass.

VENUE

The 612 on average events a year. Mr. Freier presented the slide with a few events. There was a major concert in Fort Wayne of the Zach Brown Band. This year is called the Fort for Fitness. This is a road race. Before they came into town, it was a local non-profit that ran a road race and got less than 2,000 runners on average a year. They have partnered with them. The event finishes at home plate in the ballpark. It went from a half marathon to a full marathon. They have a kids' marathon, a senior marathon, a wheelchair marathon, and get over 10,000 runners for this and over 20,000 attendees across two days each year. That is an example of how a venue like this can leverage your already existing community assets.

They host college soccer and the slide shows Notre Dame and Indiana played at the venue several times. This is called the Patriotic Pops. Every year Independence Day weekend, one of the days the team is out-of-town, they partner with the Philharmonic and present a free concert that ends with fireworks. This is a holiday light show that they do at the ballpark. In partnership with a local non-profit called Erin's House that assists children who have had a parent pass, Fort Wayne also does a downtown parade where they have lighting ceremonies at various points in town. It ends at Parkview Field where they light the area's largest Christmas tree and do a fireworks show. They also do a New Year's Eve ball drop. These are all free events for the community. This one is another large concert Florida Georgia Line. They do scout sleepovers, Cub Scouts, Boy Scouts, and work with some of the Girl Scout councils. They put a movie on the big video board as scouts' sleepover on the field. They do yoga at the ballpark.

The most important is that the venue is not what you would think of now with AT&T Field. Most minor or major league ballparks when there is no event going on, the doors are locked. The way that they utilize these venues is they build them so that they have a couple of different entrances. They are on par with the street level and can be used as public parks when not in use. They keep the gates open dawn until dusk whenever there is not a ticketed event ongoing. You will see people walking around the concourse before or after work. They have a splash pad which is a big hit in the summer with local kids. Similarly in Columbia, they have a breast cancer walk with the local hospital system. Darius Rucker playing in the venue in Columbia. High school football. This has been called a Night of Joy. They partnered with two of the largest churches in Columbia. One predominantly black church and predominantly white church and they went out to their communities and brought people in from other churches as well. There was a church service and an event with that. They host major college baseball. This is from USC Clemson game. That game sells out every time. They have about 3,000 people who wanted to come but could not get tickets. They opened up and started a fan fest outside. They have live music, food trucks, and this past year had the Harlem Globetrotters and come to do a demonstration as part of the fan fest. They have great interior spaces in the venues as well. Christmas Party in Columbia, another major concert. Mr. Freier skipped a video which is on the South Broad website.

The important thing is that this foot traffic is a large contributor and has an impact on the kind of development you can see. If the development comes sooner, you get higher quality and denser development as well. There was a view of Fort Wayne. It is mostly empty surface parking lots. Towards the bottom left you can see a low-lying building by the parking lot was a liquor store. You cannot see in the trees where there were houses most of them were condemned. Middle right hand side you see two very large buildings that actually extends right off of the screen. Those

were old GE factories. There was 3.6 million square feet of space that GE had on those campuses. Before they built the ballpark, those buildings had emptied out. Very much like you see on the southside with Wheland and U.S. Pipe moving on. Those buildings were completely empty. They are a big part of the redevelopment they have ultimately done.

The slide showed what the same area looks like afterward which in left field they have a mixed-use building along the concourse. The ground floor is retail, the second floor is office, and the third floor is apartment. In centerfield, you can see two different hotels that opened up. There was residential shown on the slide. There are two tower buildings with a platform in between. One is a residential tower and has more downtown residences in the entire southside that Fort Wayne had before they opened the ballpark.

More interesting on the right is the headquarters for Ash Brokerage. It is a significant wholesale insurance brokerage company. Ash Brokerage about four years after they opened the ballpark in Fort Wayne, and as they saw the vitalization of this occurring, decided to build a new headquarters in downtown Fort Wayne. They are not located in the City of Fort Wayne before. They brought over 300 high paying jobs to that new headquarters. They are one of three companies that have brought their headquarters to Fort Wayne since the ballpark opened.

In between that and the ballpark, there is what used to be an old department store that was closed for a long time, that was redeveloped by a company called Shindigs, which is one of the largest party supply companies in the country. Shindigs moved its headquarters there. They are about a block from the north entrance to the ballpark, and those GE buildings he mentioned, one of the anchor tenants is the headquarters for a company called Do It Best. Do It Best is the largest private company in the State of Indiana. It is a \$5 billion plus company. Their new headquarters now are about two blocks from the south entrance of the ballpark. Nobody can tell you exactly what is going to come with jobs, but in Fort Wayne and Columbia they have brought new companies with significant jobs right around the ballpark in relatively short order. The slide views were shown.

They opened the ballpark in Fort Wayne in April 2009. The success that they had there was not during the great economic cycle but in spite having some pretty bad timing in terms of when to try to launch a significant mixed-use development. The developments and redevelopments were shown on the slide in 2009. There has been more development since then. Over \$1.2 billion in development in Fort Wayne since the ballpark opened just in that area. The GE project by itself is a \$500 million project and only counting \$250 million in \$1.2 billion because only the first phase is done and just getting started now on the second phase. Fort Wayne is a small market and certainly with a less dynamic economy than Chattanooga which what makes them comfortable that the \$350 million that was mentioned is a conservative estimate.

A similar story in Columbia. That site is almost more analogous to Chattanooga. The property is 181 acres on the edge of Columbia's downtown. Originally, it was a POW camp during the Civil War. They then turned it into the state mental hospital. It was active for over 100 years. By 2000, it shut down. This was wound down, and the site was in disrepair. There was no activity for about two decades. They tried to get developers interested. The land was owned by the state, but it was the City of Columbia. When you have a large site like this, there are a lot of people who

say they are interested in coming, but who are you going to get to come first. If everyone sees the potential of the site, but nobody wants to be the first one on.

They partnered with the City of Columbia and the master developer, and in 2013-2014 went through the same process. By the end of 2014, they started construction. In April 2016, they opened the ballpark. When they opened on this ballpark, there was nothing else active. Images were shown on the slide. What they have completely finished or just in process, you are talking about over \$650 million which is only 1/3 of the site being built. They anticipate this being well over \$1.5 billion when it is done.

The building in Columbia has made a huge impact. Cap Gemini is a \$13 billion power space consulting firm. They have no employees whatsoever in Columbia, South Carolina, before, but with this project, they were able to attract their cyber defense center to Columbia, South Carolina, 500 high paying tech jobs attached to the ballpark. The articles from the time they announced the move they said they need the kind of place, offices, atmosphere, that is going to help attract the young talent, and without this project, there is no chance of it ever coming to Columbia, South Carolina.

Mr. Freier is reviewing the slides and the buildings in South Carolina. All of the buildings, whether it be office or residential, everyone of them has ground floor retail. The idea is you want to activate the streets. There is a large multi-family type project. This is 50,000 square feet of ground floor retail, 270 apartments, structured parking, and open occupancy by this time next year. They are renovating and reusing buildings on the site. The Williams Building will be an event center and part of the town square, there is a restaurant, tech company, and historic buildings being repurposed. There is the Babcock Building built in 1858 on the National Register of Historic Places. It will be 200+ apartments. Phases 1 and 2 are already open. Head of Marketing for team in Columbia lives there and has now a one block commute to work. When the picture was taken, there was not one single window in this entire building intact anymore. In 2013, a pack of wild dogs was living in the building and called animal control. The entirety of the building will be open by the end of this year.

Fort Wayne was on the cutting edge of this back in 2009. Birmingham has a successful ballpark with hundreds of millions of developments. They modeled that on Fort Wayne. The slides were reviewed. The Columbia ballpark was made ballpark of the decade by one of the industrial trade publications. There are projects in Indianapolis, North Carolina, and north Huntsville. In Madison, Alabama, that are modeled by Columbia. These projects are generally met with some skepticism and a lot of controversy. They never get done just based on a popularity vote. Usually, community leaders take the time to understand the step forward and say this is something we need to do. There was an audio played of the Mayor of Fort Wayne, Indiana, talking about their ballpark process, and there was a councilman who was their chief opponent in Fort Wayne was a Councilman Tom Smith. There was an audio played of the councilman five years after the ballpark opened, who was then in support of the ballpark. This was in 2014. At that point, the ballpark had brought in about \$200 million in development. They have added over a billion dollars of development since then. The chief skeptic thought it was a success then. Obviously, it is getting stronger now. Mr. Freier looks forward to working with everyone and convert the skeptics in the community as well.

Questions:

Chairman Rodgers spoke about the comparisons with Mr. Freier versus Randall Boyd and the owner of the Knoxville Smokies and issues they have had with cost overruns, materials, and labor. Chairman Rodgers asked Mr. Freier, how do you respond to the critics that are saying this proposal should be more like Knoxville? Mr. Freier stated in terms of financing, Mr. Mark Mamantov, Attorney who is part of the legal team who helped in Knoxville and helping the City here, will tell, and Mr. Boyd will tell they are really jealous of the site we have as compared to theirs. They have about 15 acres give or take (12 acres) on which to do all of this development to support the stadium. The Wheland Foundry site/U.S. Pipe sites alone have 120 developable acres. They do not have the kind of potential we have here for an enormous development. The size and nature of their site also is making it very hard on their budget. With a small site like that and having to squeeze multiple development pieces on there, having to go much more vertical, they are also having to coordinate a lot of those things. We have the opportunity to spread out and build out more normally.

In addition to the two projects mentioned, they assisted in three other projects. One of them he spent two and a half years basically playing Mr. Freeman and Mr. Goldberg's role where the consultant of the City of North Carolina helping to negotiate with the team that was coming there. In none of these situations was there ever an instance where they floated out the initial design of the ballpark, and the budget came back and said great, we are done. There is a long process of where you figure out the sweet spot between what you want and what you can afford. They anticipate a similar process here. That is what they have been going through in Knoxville. They delivered the Fort Wayne and Columbia projects on time and on budget. They have full faith that they are going to be able to figure that out. They cannot give a definitive of anything because it is a seven-figure project to get the full design before you get to the detailed pricing.

Mr. Sharpley asked, how do we justify raising the property tax for the people in that community not knowing what the jobs are? Mr. Freier stated that nobody's property tax gets raised. The only property tax that pays for the ballpark is the property tax from new development that comes. Mr. Goldberg made that point before. It is not that we do not know that certain things will come. We have Core committed to building about 170 million multi-family with ground floor retail, and we have a master developer who will be building an office building. No company is going to tell you now, when you open an office building in 2025-26, and I am coming there. That is not the way business operates. In Fort Wayne, they built the ballpark, started doing the development. The large GE project was only once they got started, they said yes, they will move their headquarters to this building. You are not going to get people to commit to moving a company here three years out with none of this designed.

Mr. Hayes wants to understand Mr. Irwin's scope of work and the potential investment, who plans that? Mr. Freier stated the master developer will be New City Properties, Mr. Irwin's company. New City Properties is doing over a billion dollars in development on the land development line, associated with Intuit, building apartments, hotels, and a second office building, etc. Their experience is with brownfields and reusing historic buildings. That does not mean they are going to self-perform everything that is going to happen on the site. They will get people who are good at particular things. Mr. Freier discussed what a master developer does. Mr. Irwin will figure out what the site looks like, what kinds of neighborhoods, infrastructure, and identify

specialty developers around the country. Core is an example. He has been developing in Nashville. They had an interest in doing multi-family here. The parcel Core is developing is a little more independent. Core can master plan that little area without it interfering with Mr. Irwin's plan for the rest of the site. The idea was for Core to start doing that, and Mr. Irwin will focus on the larger parcel on the site.

Mr. Hayes asked as it relates to the ballpark as an asset itself to be responsible a year from now theoretically, if we are under construction or the grounds broken, is Mr. Irwin responsible for setting minority contracting targets for the ballpark for anything? Mr. Freier stated that he would not be responsible. What we will do is have a development agreement between the Sports Authority, the team, and Jim Irwin's company where they would all participate in the design and development. All of that would go through a regular city bid process. They would sit down with the City and have always put in place goals for local participation, goals for DBE participation, they have created with the City – in Columbia and the project they did in Fayetteville, they ran an apprenticeship program. Their general contractor with the City will assure that people in the neighborhoods could participate. One of the public speakers someone mentioned, for them it is not just good politics, but it is good business to get this done locally as possible. What we have found is that it is amazing how the local contractors would go the extra mile on something they feel like they are going to bring their kids and their grandkids to. There is a sense of pride in that.

There are certain things you need to get from out-of-town - the videoboard. There is only one American company that builds these large videoboards with the systems you need for sports venues. All the people have been doing the brick work, the concrete work, the seal work on the building, the plumbers, all that sort of thing. The question the Chair asked about how do you get within budget? There have been times in both Fort Wayne and Columbia they said we are going to have to cut this. The contractors say no, we need that here. We are going to help you figure out how to get that done. This is a very local process.

Mr. Hayes asked, if there were to be a community benefit agreement, who would be the party to that? Would that have anything to do with the IDB? Mr. Freier stated that he does not think they would go through the IDB. It would probably be the Sports Authority that participated in that, maybe the City. He would presume that would be them and at least the master developer it could as well be some of the subdevelopers. But generally, the master developer tends to set the rules. Mr. Freeman added that the important part of the other side of the community benefits agreement is to make sure that the neighborhood is represented by the right organization. Representatives from CALEB who potentially would like to be involved in that. It is important that the people of the South Chattanooga Neighborhood Association because they represent Southside Gardens, that they would have the strongest voice in that process.

Mr. Hayes asked Mr. Goldberg, that the City and the County would (inaudible) bond payments in the event that there is a revenue shortfall? Mr. Goldberg said correct. Would that, and this maybe gets into him helping Mr. Hayes to understand the taxable bonds, is that future bonding capacity (inaudible)? Mr. Goldberg stated that is a good question. Mr. Goldberg does not think it would. One thing that helps them sell the revenue bonds for the Sports Authority is the (inaudible) because the City and the County both have Triple AAA bond ratings and makes the revenue bonds for the Sports Authority even more marketable.

Mr. Goldberg stated that everything we do in the City and the County are based on estimates in the information that they have at hand. Every budget that they prepare every year, every property tax projection or sales tax projection, all those things are based on their best estimates and input from people who have been doing this for many years. They really believe that \$350 million is extremely conservative. We not even have to put \$1.4 million. That is what they think we will have to put in the \$350 million. In the event that the development stops, for example, the one thing the City Council asked was, what if there is no development after Core? Core has \$170 million. That is half of it, and we would cover the difference. The City and County split the difference from non-property tax revenues.

If we are committing future property tax revenues for something, that would be seen as a negative from a bond rating. These are non-property tax revenues that would be used. If we have noted (inaudible) around the stadium, that is a point where the stadium is least of our worries in the City of Chattanooga and Hamilton County. If the development completely stops, which has never happened in history, then we have a major issue to address. That is why we use the conservative numbers. Mr. Freier and Mr. Mamantov would say these are extremely conservative numbers. We will see additional development around the stadium and throughout the TIF district. Another thing that is important about that is it is not just what we get from it, but it allows us to put money back into the TIF district in places where it is drastically needed like little neighborhoods that have flooding. We are going to be generating an increment that can be spent on those sorts of things because they are part of the TIF district. All the new development around the stadium is what generates that increment.

Mr. Hayes asked, should the degree that he believes the City still owes some money on the 21st Century Waterfront bonds, would any (inaudible) concepts that are considered as far as this, would those revenues go to retire those quicker theoretically or would those be converted in some way? Mr. Goldberg stated they could. There is still some debt because we have done some refinancing over the years with the 21st Century Waterfront debt. One thing that the City Council did previously was pass an ordinance to amend the use of hotel/motel tax. Up until this year, from the year it was created until this year, it could only be used for the 21st Century Waterfront. That is the original reason for having the hotel/motel tax. We are not allowed to use it for anything that promotes or generates tourism throughout the City, but we did include the language that the first thing that has to be paid for is the 21st Century Waterfront debt. To the extent that we have excess revenues coming into the hotel/motel tax fund, it will be our priority to pay off that debt as soon as we can. It depends on when we are able to refinance some of those bonds that has been refinanced before. Those funds could be used for anything tourism related. Mr. Hayes would like to go on record saying that he really appreciates the work the administration has done so far to entertain the notion (inaudible), it is tremendously an important opportunity for the City. Mr. Goldberg stated they agree.

Chairman Rodgers did appreciate what Mr. Freier showed in the presentation. Mr. Freier said the Fort Wayne ballpark was operational in 2006? It is 2009, 13 years ago. Columbia was operational in 2016. Chairman Rodgers stated we are looking at Fort Wayne has been operational for 13 years. Columbia has been operational for six years. Chairman Rodgers stated what he is curious about, given the speed in the future development, it has already been done in Fort Wayne and Columbia or on the way more so in Columbia, already done or on the way. What Chairman Rodgers is curious about is under most TIFs that we have done, typically it is 15 or 20 years. This

one is 30. Given the speed that we are seeing the development in Fort Wayne and Columbia, why do we need a 30-year TIF as opposed to 15 and 20?

Mr. Freier stated there are a few different reasons. A lot of times the difference between whether you have 15 or 30-year bond depends on a combination of what the differences are on those, what the City's other obligations are, things like that. In a situation like this, even if you are saying 15 years, we are going to have plenty of room, you will refinance the bonds and pay them down faster. But if you have a 15-year bond, the way this is structured, the first two years there are no payments on a capitalized interest because in the first couple of years, you are going to be building things if there is not any tax revenue coming in. These are 15-year bonds, and the capitalized interest would be roughly double. You would have to pay early on before you have any development. Almost all of these we have seen around the country, not just the two we did, but the other dozen, almost what they will do is a 30-year deal like this. Fort Wayne has refinanced its bonds. All of them, the vast majority at this point, you could always go out and refinance. The 30-year bonds you are not paying as much in these first few years. It does take a little bit even under the best. None of this is going to come and be operational in the two years before the ballpark. Some of them might be six months before, the year before. You are going to have that gap while you are building and spending money. You are not bringing in the tax revenues. That is generally why they are structured that way.

Chairman Rodgers asked, the Fort Wayne and Columbia both had TIFs as well? Mr. Freier stated Fort Wayne had a TIF, Columbia did not have a TIF. Fort Wayne was 30 years. Columbia did not have a TIF because to do a TIF you need the City and the County. Columbia was a City deal. The City and County do not work together quite as well as the City and County have here, so Columbia has determined that they needed this. They did it on their own. They used something that is called the H-tax, which is the hospitality tax. It is not a hotel/motel tax. It is a tax on prepared food and beverage that they use that as a primary source of a bond repayment. They would have preferred to use a TIF and probably at least three quarters of these projects that get done, if not more, utilize the TIFs, but it is not always politically feasible.

Mr. Goldberg stated that the TIF in Knoxville is a 30-year TIF. Two reasons for a 30-year TIF and 30-year bonds. We want those to match. We want the TIF to be 30 years to match the sales tax law that allows us to capture that as well. Matching all of those up is prudent. Mr. Freier said that to a standpoint of being conservative, we want 30-year bonds to have the smallest payments possible in the beginning. Even though we believe all of the developments are going to occur, it does not. The City and County have to cover any kind of gap. Having the smallest debt service payments as possible on the front end is ideal. These would all be refundable, and we will be able to refinance them after 10 years. Our full intention is if there is enough increment there is to refinance and shorten the length of time it takes to pay off the bonds similar to what you mentioned they did in Fort Wayne. Based on what we have seen throughout the country with these kinds of deals and specifically here in Tennessee with the Knoxville project being very similar, we want all of those things to match up. The bond term, the lease term, the TIF term, and the number of years we can capture sales taxes in the stadium.

Chairman Rodgers asked Mr. Freier, regarding the lease payments we heard about the Titans in Nashville, what lease payments do you have in Fort Wayne and Columbia, what is the set up there? Mr. Freier stated that in neither of those cities could match up a lease payment. In both of those cities what we did is we made an upfront contribution that was prepaid future rent. In Fort Wayne, we contributed about \$5.6 million, and in Columbia, we contributed \$7 million up front. In Fort Wayne, they did it that way because it was their first project and just from a risk mitigation standpoint from the City made sense. In Columbia, the City actually determined that it made more sense to take rent payments over time. Their cost capital is higher than the City.

The City floats bonds. There is something like a four or five percent difference between what they get as a borrower versus what they could get. When they got to Columbia, they said they would rather have you pay for a higher percentage of the project and take it over time now that you have a proven model. Politics intervened, there were some people who wanted to see up front instead and ultimately, that was the way they went. In Fort Wayne, they paid about 17% of the project costs in total. In Columbia, it was about 19%. Here we are paying 22%. We were able to cover a meaningful larger portion of the debt service. Almost a third more than Fort Wayne because they are making those payments over time. It is just leveraging the lower borrowing rate. The other thing you are trying to compare apples to apples.

In Fort Wayne, there were 40+ local property owners who had to acquire that property. They spent millions of dollars acquiring the land. They got to Columbia, they had a property owner who was willing to work with them and donated about \$4 million of property to the ballpark. Here the property owners are donating property that appraised about \$10 million. In addition to all they are doing, we have also agreed to take on all operating maintenance costs for the ballpark for the 30 years. Their estimate for what it will cost operating to maintain the ballpark annually is about \$1.5 million. That is about what they are paying in Fort Wayne and Columbia right now. They are making the \$1 million rent payment and commitment with the \$1.5 million commitment on the operating and maintenance, but on top of that, the City is also getting the Sports Authority technically, but the City and County are getting a \$10 million land donation from the current property owners.

Chairman Rodgers has one follow-up question. To the extent that they want to go out and pay the lease on an apartment or buy a car, the point there is to say if someone of that nature is wanting to go get credit, the lender is going to expect a co-signer. The issue Chairman Rodgers has is that someone ultimately is responsible if the party defaults. Chairman Rodgers' question is that under this proposal, the economic plan, we are asked to go 30 years out and assume that your business, if you do not sell it to someone else, whoever may be down the road, if you do not hold onto it, is going to follow through and make those million-dollar payments for 30 years down the road. What is the City's protection if that does not happen? Is it reasonable for the City to say the same thing about co-signing?

Mr. Freier stated that in the team they have a pretty substantial asset. They have already spent eight figures. They have an eight-figure asset behind this. It is not something we are just going to walk away from. You have, in addition to them, they have 39 seasons of this successfully. They have 18 local owners. The idea that one could easily walk away from or disappear, it is extraordinarily unlikely and realize also it is not just the City and the County that are looking at this. You have developers who are going to invest literally hundreds of millions of dollars. If they

thought there was any realistic chance that the stadium was going to go dark, they would not be investing this money. Their tract records, and not just theirs, if you go look at any of these projects show where any of these affiliated minor teams have gone bankrupt if you go back 40, 50 years, we are not a higher reward business. We are also not a high-risk business. We are a pretty stable community asset in each the communities are in. One of the reasons affiliated teams last as well as they do, they are required to buy Major League Baseball to adhere to a set of debt equity ratio. We are not allowed to do very much debt. Major League Baseball requires them to submit full financial documentation every year when they assess our financial help. Major League Baseball's reputation is on the line with all of these things as well. If there is ever a situation where anything is trending in the wrong direction, they are hopping right on that before anything can get off track.

PUBLIC COMMENTS

HELEN BURNS SHARP (ATM)

Ms. Sharp had a handout for the Board. Ms. Sharp had some questions about the proposed TIF hoping that many will be answered today, and the rest will be answered this week. This is ball in the ninth inning. The County Commission and Council will vote this week and next to create the TIF. Does this project have the potential to be a game changer for Chattanooga? Yes, absolutely. The stadium project could be a catalyst for revitalizing the blighted area. Mr. Chazen may remember in 2012 Ms. Sharp stood at this very podium and said the site he owned known as the foundry site would be an ideal classic TIF candidate. Other things this project has going for it -- a master developer, great resumes on board, the owners of the Lookouts have an impressive track record in stadiums in other cities.

This is advertised as a hearing on an Economic Impact Plan which is sort of the bible for a TIF. This is something that is sort of the guide in something that we are going to be living with in future years. What her organization believes is the public deserves answers to several fundamental and likely easy questions before an \$80 million TIF is created. Now is the time to create more public trust. The project is on a fast track. Normally, the IDB kicks off the formal review of the TIF project with a meeting to review the application. That is what was done on the Access Road TIF. Here the proposed stadium TIF is being presented to the Board for the first time today because the City exempted itself from its TIF procedures such as preparing an application and having the review committee.

- (1) What is the TIF project? Defining the project is important in the TIF world. Section 2 of the Economic Impact Plan defines the stadium and any related facilities such as parking areas as the project. The stadium is what most of us think the project is. But Section 4 says that if TIF revenues exceed the amount needed to pay debt service on the stadium bonds, the Sports Authority can set a reserve fund to pay the cost of debt service relating to public infrastructure improvements in the plan area, including the public greenway known as the Alton Park Connector. Some of us are under the impression that this TIF will sunset after retirement of stadium bonds so new tax dollars can go to the general funds for fire, police, streets, parking, etc. Identifying infrastructure as a generic project in the large-planned area, which is almost 500 acres now, opens a lot of a spending pit and the opportunity for public capitalism who makes the decisions for whose road gets paved, who gets sewer lines, etc. If our elected

officials want to spend TIF funds on infrastructure, could they be specific on what improvements later?

- (2) Where is the TIF project? Ms. Sharp had a conversation with Mr. Freier earlier and understands his point there, and you can respond to it later. Is there a site plan showing where on the foundry site the stadium will be built?
- (3) How many acres are in the project area? Ms. Sharp's understanding it is about ten. Ms. Sharp thinks that is correct, but they can confirm or revise that number.
- (4) Will the project address an environmental remediation? We do not know if this is part of the TIF project or if so, what the cost estimate for it is. We do know that the City had requested over \$20 million from the state earlier this year, including \$7.3 million for environmental cleanup. Is remediation an eligible cost in a regular TIF? Would it have to be done as part of a special Brownfield TIF?
- (5) Will the project address public infrastructure needs? What infrastructure is needed into the vicinity of the stadium for the project, is this cost included in the \$80 million bond? The 2018 South Broad District Plan recommended that the City perform a detailed infrastructure and public facility plan for the area. Has this been done?
- (6) Have other funding sources been considered to reduce the amount of the TIF bond? Have the City and County considered reducing the amount of TIF property taxes by using a portion of hotel/motel taxes from visitors as a funding source for bond repayment? Could/would the amount of the bond be reduced if the City and County approach our state legislative delegation again in January for \$20 million and are successful in getting an appropriation, using the Knoxville precedent? That is what the state appropriated towards the Smokies stadium.
- (7) What parcels comprise the Plan Area? Most everyone following this project thought that the TIF boundary/Plan Area was identical to the boundary for the South Broad District Study (Tennessee River, Howard School, I-24, and Chattanooga Creek). The map in the Economic Impact Plan shows a Plan Area that experienced a growth spurt last week. The boundary has implications for where TIF funds can be spent and whose property taxes are being diverted for 30 years. What criteria was used for deciding which parcels to add? If the impetus was so that the Alton Park greenway connector could be added as a project, that could be accomplished by using Broad Street as a stem to W. 33rd Street. Ms. Sharp does understand that some of the properties that were added include where Core is going to build the housing. Certainly, that should be added. There is a lot that has been added, the Taco Bell, Krystal, and places that already developed have already been added. What the concern they have is that somebody needs to be paying property taxes for general fund services. While right now we are kind of flush with money for rescue plan dollars, we need to be mindful that when you are in a TIF district as long as it is created that any new property taxes are not going towards those things. Yes, we need them to pay off the TIF bond, but Ms. Sharp thinks we need to be strategic in that area south of picking parcels that we think really will contribute than what we need for the implement such as the parcel where Core is going.

- (8) Who is responsible for cost overruns on the stadium? Will the Lookouts owner, Hardball Capital, be asked to commit to covering cost overruns, using the Knoxville precedent? Ms. Sharp thinks that Randy Boyd initially did but does not know now with the cost increases. Ms. Sharp does not know if they are planning to take care of all of them. It is a question hopefully we have or will negotiate with Mr. Freier on.
- (9) Will there be strong clawback language in all agreements to protect taxpayers if things do not go as planned?
- (10) Who will pay the annual stormwater fee required for any development, public or private? Will the Lookouts owner be asked to pay this fee? Please do not allow another Volkswagen scenario where the stormwater fee is subtracted from school taxes. Volkswagen got a huge PILOT, a 30-year PILOT. The only 30-year PILOT we have ever done, and then they said we do not want to pay the stormwater fee, but if you want them to pay it, you subtract it from what they are paying in property taxes because it is the policy in Chattanooga that everybody pays their school taxes. Each year something like \$8 million is subtracted from the school taxes for Volkswagen stormwater fees. On the front end you need to figure out who is paying that stormwater fee and it does not matter if you are the City or not, UTC pays stormwater fees, the City can correct if she is wrong, but everybody does. It is based on the amount of the impervious service and is a calculation on that. Let us address that on the front end.

Ms. Sharp thanked the Board for the opportunity to speak.

JANICE GOODEN (CALEB)
2125 ELENA DRIVE

Ms. Gooden is a member of CALEB and connected with this organization a few years ago. Ms. Gooden would like to make a brief statement. Ms. Gooden wants the Board to know there are real opportunities for additional public benefits if planned effectively. Some of these potential benefits have already been mentioned such as partnership with Howard School's Future Readiness Institute during initial development are the intentional integration of public transit opportunities. Others can include living wage standards for employment, ethical contracting, with a focus on diversity during site field out and affordable housing inclusion. Progress of the site also means progress for residents in surrounding communities like Hooterville and Alton Park. If local hiring and workforce development opportunities are solidified, these additional opportunities are not guaranteed, but they could be if the master developer is open to negotiating with community benefits agreement with interested stakeholders. If the potential for this project is going to reach deepest in our community to help address economic disparity, the community is going to need to partner to make that happen. It has been said that the stadium investment be a catalyst for growth. We hope it can also be a catalyst for more equitable development.

Chairman Rodgers asked Ms. Gooden and Ms. Sharp if they and CALEB were in support of the project. Both said yes. Ms. Sharp has considered herself a critic or skeptic but will ask the financial questions and ask questions about the taxpayer program. Ms. Sharp has been a Lookouts fan.

GEOFF MELDAHL
DISTRICT 7 IN ST. ELMO
109 ONYX HWY.
MEMBER OF IRONWORKERS #704
DELEGATE TO THEM FOR CALEB

Mr. Meldahl wanted to follow-up on some of the things that Ms. Gooden said. The Community Benefits Agreement is something that has been discussed with City staff. Mr. Freier also mentioned that they have similar agreements in the past. We have some in the state as nearby as Nashville where for their major league soccer stadium community coalition was successfully entered into to negotiate with the National Soccer Holdings in that situation, the equivalent of the Lookouts ownership. Their returns included affordable housing in the immediate area of the development to 20% of the construction housing. They negotiated for direct hire of local workers and hiring program for folks whose employment history may not have been one that could have easily gotten hired, negotiated wage floor standards, negotiated for a childcare facility to be included in the stadium facility, minority contracting.

Some folks mentioned that is secured by the agreement -- safety standards and training for construction, employment programs, as we mentioned, Howard School has a future rate to vet. Mr. Meldahl knows a class of local contractors and apprenticeship programs would be interested in partnering with putting people directly to work from the local community onto the stadium and the intended development. They also have an ongoing accountability program where the community coalition constituted to be a party to the Community Benefits Agreement was able to monitor how these benefits are being delivered throughout the process.

Mr. Meldahl is in support of what Mr. Freier said, the support of the City, from the Mayor's office on down, City Council people seem enthusiastic about a community benefits, but these things will not happen without finding agreements. Everybody has the best intentions. It is easy for things to fall through the cracks or wayside. Mr. Meldahl wanted to invite Mr. Freier or any of the stakeholders to go on record saying whether you would be amenable to a lease agreement that included a stipulation that the Lookouts and the ownership interests should negotiate a Community Benefits Agreement with a future community coalition that we have to constitute which the cornerstone would be South Broad Neighborhood Association of which would include interest of working people throughout the cities. Mr. Meldahl thanked the Board for their time, and if it is within order, Mr. Meldahl would like to invite Mr. Freier to respond.

Mr. Freier stated that we have done these before and are happy to work with the City and whoever they identify as the right set of parties, communities, adjoining neighborhoods to figure out exactly what goals, what other criteria we should put in any such agreement. Chairman Rodgers asked Mr. Freier is about the news coverage about the concerns that some have as far as the speed, the apparent speed, that some of the project is being pushed. What is Mr. Freier's response to that? Mr. Freier stated it is a matter of perspective. We had our first conversation about this with Mayors Coppinger and Berke in September of 2014. We have been working with Mr. Chazen and his property owner since 2015. For a while, they worked with someone who was trying to bring development onto the site and work with them for a year, a major national (inaudible) until things were more definite about a catalyst project or anything that they were not

able to bring any of the caliber that they would have liked to have seen to the site. Then, working with the Mayors and Chattanooga Design Studio and various other parties who were part of the whole South Broad study which as referenced in 2016-2018, when that was done in 2018 and 2019, they were trying to get all of the pieces lined up for this, then COVID hit. They had about a year and a half there. In their minds, this is something that has been going on for the better part of seven or eight years now. There has been an awful lot of process around this. Even before the South Broad study, there were at least two other studies he is aware of in terms of trying to figure out the best way to move things forward on this property. Comparative to even the other projects that they either participated in or seen, this has been a pretty long and considered process.

Chairman Rodgers asked, what about the concerns of some that say (inaudible) they got \$13.5 million from the state and with our approach at this point we have zero? Mr. Freier stated that he thinks probably the City folks are better to answer that because the City and County went to the state. One thing that was mentioned to them was, and he believes that some money was allocated to round up the project at East Ridge as well. One of the things that was said to them was, we want to see you guys actually get started on this. Mr. Freier does not think it is beyond question that we can still go back and still have those discussions, but he thinks we will be in a much better situation if we have a project underway, master developer, all this sort of thing. On the other hand, if we go to developers and say just sit tight for about six months while we wait to go back to the state, it really is not six months, but you know it would be next May, you risk losing developers. Private developers are not going to say, we are just going to sit around for eight or nine months to see if there is a project here or not. They are going to find the next thing. For them they spent a better part of seven years assembling what they think is a pretty great development team, and they do not see waiting around with the hope that the state might do something is a reason to put that at risk.

Chairman Rodgers asked Mr. Freeman to address that. To your knowledge, if this proceeded as planned, as proposed, is there still a possibility that the City could go to the state and still get some kind of state funding? Mr. Freeman stated yes, he cannot speak for the state, but that is certainly part of the process that could unfold. Of course, the next legislative session will be next January. There is a possibility that we could always go back. Under any circumstance, whether we went back or not or whether we were successful in our request or not, we would always have to establish a TIF district which is why we are here today as part of that process. A TIF district is always going to be part of the equation. Chairman Rodgers stated that certainly on the part of Mayor Kelly and ECD that you are mindful of the state option and will look into it certainly if it is available.

Mr. Freeman stated that they appreciate the state in allowing us in passing the legislation that they did to allow us to capture the state portion of the sales tax. They also appreciate the state's support in terms of providing funding for our new interstate exit that will provide more direct access to the site.

NICK GOEBELER
2809 MILITARY ROAD

Regarding the proposed stadium, Mr. Goebeler has two points: (1) as a resident of the South Broad District, it is a place that he drives through every single day where he goes for groceries, hardware store, and as a citizen he would love to see development of that space. Mr. Goebeler is also the owner of Chick-fil-a on Brainerd Road, and Mr. Goebeler and his colleagues are in partnership with the Chattanooga Lookouts. Mr. Goebeler would like to speak to the exceptional community partners. There are a few consistent, large gatherings in town that they partner with, sponsors of, and sponsored with the Chattanooga Lookouts for almost five years. When they do things in their business, we build on leadership. When it comes to this project and considerations, the reasons that Mr. Goebeler supports it is because of the leaders involved. From Mr. Freier, Chazen, the developers, etc. the master developer's experience in this property, those are the main reasons that Mr. Goebeler supports this project. Bringing more population density to the City is very important for his own business as well. Mr. Goebeler thinks this is an opportunity to not only to bring it to South Broad Street but redefine what is happening at AT&T Field and that could be developed as well. We always want to bring new people into the City of Chattanooga. Lots of people from Atlanta, Nashville, California is moving here, and they want to be able to provide dense housing spaces for places to do business. Mr. Goebeler appreciated the time to speak in favor of this project.

Chairman Rodgers stated that as someone who works downtown, if Mr. Goebeler would pass it along, we are in a Chick-fil-a desert here. Mr. Goebeler stated that population density is the answer to that.

ELIZABETH NAPOLITAN
17 SHOEL CREEK FALLS

Ms. Napolitan representing (inaudible). They are community members and business owners from the South Broad area. They own a building at the corner of 27th Street and Broad which goes back to Cowart. They have been there for over 30 years and are thrilled at this possibility. They have watched the revitalization of Chattanooga when it got started on the Riverfront with the Aquarium and are so excited to see it coming in our direction. They welcome the new development that is coming into town and fully support it.

JASON PATTEN (CALEB)

Not to be overly political but as a community member and one who has been looking at City policy and understanding some of the – COVID has brought some of this to light that a lot of the ways our systems have worked have not always, as a government. In the general market, there are inequities that are created by the way that we do things. Mr. Patten has been inspired by Mayor Kelly who has really taken it on to try to – in some of the ways he is funding things, now has an ARP come through to try to help alleviate some of these gaps that we have, that have been exposed, certainly during COVID for people in our community. In working together to move ourselves forward, it looks like the City is taking a really big play here and stepping up to the plate on behalf of a couple of business interests. Some of the development interests and some of the business interest which are really good for our community. Would they maybe consider stepping up and

reciprocating as well. Because of the City's involvement, we are going to be able to create a premium on how much value and appreciation that property will bring for many in that area. Would they not also consider maybe supporting Mayor Kelly in his vision to help increase the amount of affordable housing in our area given they might have additional resources potentially made together in the community to build a community that is not only attractive in its buildings but also for our community for citizens and for the neighbors in the area. Mr. Patten asked to look at that as well.

Mr. Adkins asked for a show of hands who are against and show hands who are for it. Chairman Rodgers asked all in favor raise their hand. All raised their hands. None opposed.

Mr. Hayes asked what the Board is voting on. Chairman Rodgers stated we are authorizing this Economic Impact Plan to be submitted on to the City Council. Contrary to the bolded language here on the agenda, we are not approving the plan, we are simply referring it on to the City Council for their action. Mr. Noblett stated that is correct.

Mr. Freeman stated the City Council is planning to vote on August 9th provided this Board takes action to move the resolution forward to City Council. Mr. Hayes asked, what are the steps that follow that? Mr. Freeman stated that would be the last step of the TIF process. After that, you still have much more that will have to happen with the Sports Authority that will be newly created with the master developer. The work will continue. It is just that the funding mechanism would be approved and in place to support the construction of the City if we get to that point. The County Commission is on a separate but similar track where they are considering a resolution to approve by the County IDB that is similar to the resolution that this Board is considering today. They will vote on the Economic Impact Plan this Wednesday. Their IDB has already.

Mr. Floyd asked, does the City and County own the property and the owners of the Sports Authority? Mr. Freeman stated that the Sports Authority would be a public entity similar to the IDB. This is the IDB as a public entity sort of a public utility. The Sports Authority would be a public entity of both the City and the County. It would be a joint Sports Authority. The stadium land would be donated by the current property owners. It is currently privately owned. They will donate that land to the Sports Authority so there will not be any acquisition costs for the City, County, or Sports Authority. Mr. Floyd asked, are all contracts and your work – is a lot of that going to be publicly bid? It would actually go through the normal purchasing process. It will be a publicly owned facility and go through the regular public bid process. Mr. Freeman stated that part of that still remains to be determined. It would be either the City or the County.

After further discussion, the resolution was unanimously adopted.

ADOPTED – August 1, 2022

RESOLUTION

On motion of Mr. Hayes, seconded by Mr. Sharpley,

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 WITH THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF HAMILTON, TENNESSEE, RELATING TO PAYMENT OF INCREMENTAL PROPERTY TAX REVENUES.

Mr. Freeman has already answered a question Chairman Rodgers posed earlier about the reasoning behind this resolution. Mr. Freeman does not want to add anything else. It would just allow the Board, because this is proceeded down two tracks, the County's increment would be allocated over to the City IDB, the County IDB would allocate the increment to the City IDB, and then the City IDB would administer the entire TIF district. Just as the Board does with the other TIFs.

The resolution was unanimously adopted.

ADOPTED – August 1, 2022

RESOLUTION

On motion of Mr. Sharpley, seconded by Mr. Hayes,

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA AUTHORIZING THE EXECUTION OF DOCUMENTS RELATING TO TAX INCREMENT FINANCING OF COSTS RELATING TO THE NORTH RIVER COMMERCE CENTER INDUSTRIAL PARK.

There was a quick minute break for anyone who wanted to leave.

Mr. Freeman stated this is the final step for the North River Commerce Center TIF. This is the TIF that was created to create the new industrial park along North Access Road in Hixson. That TIF has now been approved by the City Council and the County Commission. Today's step is the final step in that process of approval in the Development and Financing Agreement and the Loan Agreement. There have been some furious back and forth over the past week in terms of finalizing some language specifically related to protection for the greenway access. As you may or may not remember, the developer is committed to providing an easement that will be used to build out a future greenway. Potentially, a riverwalk on the north side of the river. Part of the furies back and forth over the past week was getting stronger language to protect the City and to

ensure that greenway language easement was with the City's liking and also including some DBE standards in the agreement as well for the developers to make the best efforts to go out and confine DBEs as part of this project. The developer also had something related to the Assignment but that is it. Today's vote is basically to ratify those final documents, and then at that point, the City Council and County Commission have already voted to approve.

Chairman Rodgers stated what troubles him here is the lateness of this getting to the Board. Chairman Rodgers can tell since Friday afternoon when this last e-mail rolled in, we had three on Friday. Chairman Rodgers understands that we see what you have been busy with. He does not intend to blame Mr. Freeman in any way, but Chairman Rodgers does point out that we have as an IDB three e-mails on Friday with different attachments. Chairman Rodgers does not know about the rest of the Board, but Chairman Rodgers has not gotten to review everything. Chairman Rodgers does not think that is timely, he does not think that is proper to be here on Monday p.m. now and expect the Board to vote reasonably and knowledgeably upon what we are being asked to vote upon. That is why, in fact, earlier this year, Chairman Rodgers instituted some verbal requests and instructions to get things to the Board at a certain time so that the Board would not have this very same thing happen.

Mr. Freeman has done a great job accommodating the Board, and we appreciate that, and in fact on the agenda is a written agenda process that would further specify those timeframes. Chairman Rodgers is fully appreciative of what Mr. Freeman is doing and for all his efforts and understands that Mr. Freeman has been swamped, but at the same time, Chairman Rodgers hopes that Mr. Freeman could understand his concern as a board member that Chairman Rodgers cannot be asked reasonably to look at this stuff from Friday p.m. in multiple pages and have been copied from an excellent lawyer in Knoxville that he knows of. But there is a lot of redlining, stuff. Chairman Rodgers cannot reasonably vote on this today. Mr. Sharpley stated he cannot vote. He has another job that he works, was on vacation with family, and this stuff rolled in, and he as well has not had time to even decipher what was sent. Mr. Sharpley would definitely need more time to look it over. Mr. Sharpley is not prepared to make a vote on it just yet. Mr. Adkins asked if you want to pass it to our next meeting?

Mr. Noblett will check on the timing issues. Mr. Freeman stated the developer is in the process of trying to close on the property. There are some challenges. Mr. Freeman believes because of the Labor Day holiday; our next meeting is not until September 12th. We would be looking at about 40-45 days delay. That would potentially prove pretty challenging for the developer in terms of their ability to close on the property because they have options to purchase the property. They are not current owners of the property. Mr. Freeman sincerely apologized. We did have an attorney who was also working on this down due to COVID. That also has been part of the process here. Mr. Freeman would ask that the Board, in terms of giving the Board more time to review, we certainly understand that. Mr. Freeman just asked that the Board be sensitive to the challenges the developers are facing in terms of a potential 40-45 delay.

Chairman Rodgers stated these meetings are scheduled well in advance. As a board, we are the board members, we can make all the actions here we want to, we certainly do not want to be a road blocks, but at the same time, we have to know what we are voting on. Mr. Adkins stated we can do a special called meeting. That is an option yes. Chairman Rodgers asked the Board what they wanted to do. Mr. Hayes stated that he would be willing to extend a little grace just

because of COVID and everything else. It probably slowed things down on the administration side. Not making any apologies but does think given the volume of everything, he was overwhelmed with the volume of e-mails. It is going to create a significant hardship with the developer. Mr. Hayes is willing to go ahead and move forward. Mr. Floyd was not able to be here the past couple of meetings and was trying to be caught up. He has read through everything and does not really have any issues. He reads a lot of contract language and going through he actually liked some of the changes they made over the DBE participation and things of that nature that outlines. Mr. Floyd is comfortable and hopes he is not missing something. Mr. Adkins prefers to do a special called meeting in two weeks to give people time to read and understand what their thoughts are.

Chairman Rodgers asked Mr. Freeman, being mindful of what else is on the agenda hereafter, there is essentially none of that we could not put off to a later meeting. They are all important in their own way, but they are not urgent. Chairman Rodgers asked Mr. Freeman if a specially called meeting be a problem. Mr. Freeman spoke with counsel. Chairman Rodgers is certainly with Mr. Hayes in the sense of being understanding.

After further discussion, Mr. Freeman stated that a portion of their money will go out today as part of their option to purchase the property. One of the things that Mr. Freeman thinks we would like to ask both on behalf of the Administration and the developer, the agreement that the Board has received a week ago is substantially the same agreement. The back and forth was around three or four selling points. The redlines were not redlines to the entire document. They were redlines really focused on the greenway, the DBE requirement, and the Assignment. If it is okay with the Board, Mr. Freeman would like to ask counsel, as well as the counsel for the developer, to give a summary of what those redlines are referring to. Chairman Rodgers stated that one concern he has as a lawyer, and knows of Mr. Mamantov and his good firm, Chairman Rodgers did not know who he was working for.

Mr. Freeman stated on the North River Access Road TIF, Mr. Mark Mamantov has been working on behalf of the City along with Erika Garrison from Bradley, Arant out of Nashville. They have been working with the City on the North River Access Road TIF. On the South Broad TIF, Mr. Mamantov is not working or Jason Freier. He is working for both the City and the County. Mr. Mark Smith from Miller & Martin is representing the developer as part of the North Access Road TIF. Chairman Rodgers stated we have two and two now, and one special called meeting.

Mr. Mamantov stated he does public finance work, he does tax increment financing, and actually wrote these statutes which is state law. This tax increment financing is being done which happened in 2004 for the Knoxville Chamber of Commerce. Mr. Mamantov stated this is a little different deal because they are trying to set it up to do public TIF financing eventually. Most of the redline changes were by them to try to protect the City. This is a different transaction from the M.L. King transaction where you had a public private road being built that was easier to focus here where you had a professional park complex being built while certainly some is stormwater, this is a little bit different. There is a DBE provision in.

They have already hired a general contractor and will make sure that is captured on subcontractors and suppliers. The greenway they went back and forth because it is hard. They are

trying to protect the City. They also cleaned up some items on the defaults because there is supposed to be realignment of one road so there will be better traffic flow and added language to make sure we protect the City to make sure that was done. We beefed up default provisions. The County keeps 2% at the Assessor's level and 5% Administrative level for their increment. They like to see it in the documents and that was not in the first draft. It is in substantially the form. They made sure that our annual fee was exactly as the policy said. It was generic before and we tied it to your policy for the incremental revenues. Most of it was changing it from North River to North River Commerce and it was not substantive.

The resolutions say these documents are submitted in substantially the form with the Chair's input. If the Board wants to take time to read the documents carefully, get in touch with the Chair, and tell them, and after further discussion, Mr. Mamantov stated that the Board certainly has the opportunity to still provide input and clean things up if there are concerns.

Mr. Noblett knew that this would probably be an issue based upon the resolutions coming before the body to try to make sure the Board has things at least a week or so in advance so the Board is not caught by surprise. Mr. Noblett had Mr. Mamantov do a short one-page summary to try to specify those items. This is what it reflects. It strengthens the language about where the greenway is going to be, adding language for Diversified Business Enterprises, and making sure that if there is any change in the control of the developer, what happens. All of that language has been included in what Mr. Mamantov has and also about the IDB's annual fee which is consistent with the policy. Mr. Noblett did not want the Board to get in a position where changes would be confusing. There is a one-page reference of the items. Mr. Noblett stated for the Board to vote as they wish in this regard, and we will clearly make sure in the future when we adopt your resolution as to how much in advance things have to go when that gets followed. Mr. Sharpley stated everything has been cleared up. Mr. Adkins asked what the Board was voting on. Mr. Noblett stated that this is regarding the Development and Financing Agreement.

The resolution was unanimously adopted.

ADOPTED – August 1, 2022

DISCUSSION

Mr. Mark Smith stated he is here on behalf of the developer and wanted to follow-up on a comment with Mr. Noblett the changes Mr. Mamantov has been discussed have been in the Development Agreement. The resolution covers the sweet of the financing documents. Wanted to make sure that was clear for the record and very much appreciates this Board working through this. This is an important project for his client and are very excited about the project and appreciates the time the Board has taken and the approach. Should there be issues by the Chairman or other members that was raised with Mr. Noblett, they will certainly work to address those questions.

Mr. Noblett stated that all of the documents related to tax increment financing costs. Those are referenced in the Development Agreement in part but are in the documents.

After further discussion, Chairman Rodgers asked everyone as part of the agenda process, that he wants to formalize and put in writing, and get it adopted by the Board so there is no confusion for others. It is not intended as any kind of a gotcha type thing but is simply to make sure to the extent we can that as board members we are informed when we are asked to vote.

Mr. Freeman added that he appreciates the Board's understanding. Mr. Mamantov and Erika Garrison are currently the only TIF attorneys we work with that are external. If the Board sees a new name, he does not know who it is, nor Mr. Noblett.

Chairman Rodgers suggested that the Other Business items be put on the agenda for the next meeting, that hopefully will not be as long, and take those items at that time. Everyone agreed. They are planning to meet to discuss the website tomorrow at 1:00 p.m. To the extent anyone sees the PILOT and TIF policies, the Bylaws, agenda process, if you have a question or proposal, or whatever, please let the Board know. This would be a perfect time to address and ideally what we want to do is get everything pinned down, get it on the website, and get everything brand new.

Mr. Freeman added that they received the matrix this a.m. of a recommended PILOT scoring matrix from CALEB. Mr. Freeman and Mr. Wood will start to look at that.

After further discussion, the meeting adjourned at 3:10 PM.

PATRICK SHARPLEY, *Secretary*

APPROVED:

JIMMY F. RODGERS, JR., *Chair*

RESOLUTION

A RESOLUTION RATIFYING THE EXECUTION OF THE MEMORANDUM OF UNDERSTANDING BY AND AMONG VOLKSWAGEN GROUP OF AMERICA CHATTANOOGA OPERATIONS, LLC, THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA, AND THE STATE OF TENNESSEE, DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT DATED JULY 1, 2019.

BE IT RESOLVED, that it is hereby ratifying the execution of the Memorandum of Understanding by and among Volkswagen Group of America Chattanooga Operations, LLC, the Industrial Development Board of the City of Chattanooga, and the State of Tennessee, Department of Economic and Community Development dated July 1, 2019.

ADOPTED: October 3, 2022

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

JIMMY F. RODGERS, JR., Chair

PATRICK SHARPLEY, Secretary

MEMORANDUM OF UNDERSTANDING

BY AND AMONG

VOLKSWAGEN GROUP OF AMERICA CHATTANOOGA OPERATIONS, LLC,

**THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CHATTANOOGA,**

AND

**THE STATE OF TENNESSEE, DEPARTMENT OF ECONOMIC
AND COMMUNITY DEVELOPMENT**

DATED AS OF: JULY 1, 2019

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this “Agreement”) is hereby made, entered into and is effective as of the 1st day of July, 2019, (the “Effective Date”), by and among Volkswagen Group of America Chattanooga Operations, LLC, a Tennessee limited liability company (the “Company”), the Industrial Development Board of the City of Chattanooga (the “Development Authority”), and the Department of Economic and Community Development, a department of the State of Tennessee (the “State”) (the State, the Development Authority, and the Company, collectively, the “Parties”).

RECITALS

WHEREAS, the Company’s sole automobile manufacturing and assembly facility (the “Facility”) in the U.S. is located at the Enterprise South Industrial Park in Chattanooga, Tennessee, which consists of approximately one thousand three hundred forty (1,340) acres (the “Project Site”);

WHEREAS, the Company is expanding its Facility at the Project Site in order to produce electric vehicles (the “Expansion”);

WHEREAS, the Expansion will require the Company to make a total capital investment of approximately \$800,000,000 in the State and will require the Company and its Affiliates to hire 1,000 additional employees;

WHEREAS, the State, subject to the conditions of Article II, intends to provide to the Development Authority an economic development incentive in the form of a reimbursement-based grant for certain costs associated with the Expansion summarized in Section 2.3 and more particularly described in the grant contract, which shall be substantially similar to Attachment A;

WHEREAS, the Development Authority, in accordance with its statutory purposes, will utilize the grant to assist the Company with the Expansion; and

WHEREAS, the Parties are desirous of setting forth the proposals and respective commitments of the State, the Development Authority, and the Company in a valid, binding, and enforceable agreement, as more fully described herein, which shall, on the Effective Date, become legally binding obligations of the Parties.

NOW, THEREFORE, upon and in consideration of the respective promises and covenants contained herein and for other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I

CAPITALIZED TERMS

Capitalized terms utilized herein shall have the meanings ascribed thereto in this Article I of the Agreement, unless the meanings of such terms have been otherwise specified in a different context. For purposes of this Agreement:

- 1.1 “Adjusted Incentive Award Amount” has the meaning assigned to such term in Section 5.1.
- 1.2 “Affiliate” means any business entity which, directly or indirectly through one or more intermediaries, controls, or is under common control with, or is controlled by, Volkswagen Group of America, Inc., including, but not limited to Volkswagen Credit, Inc. “Control” (including the related terms “controlled by” and “under common control with”) shall exist when any one of the three of the following criteria are met: (i) the possession, directly or indirectly, of the power or shared power to direct or cause the direction of the management and policies of a business entity (whether through the ownership of voting securities or other ownership interest, by contract or otherwise), (ii) the ownership, either directly or indirectly, of fifty percent (50%) or more of the voting stock or other equity interest of such business entity, and (iii) the possession, directly or indirectly, of the power or shared power to make decisions regarding the hiring, firing, compensating and promoting of the employees of such business entity.
- 1.3 “Agreement” has the meaning assigned to such term in the preamble hereto.
- 1.4 “Assumption Agreement” has the meaning assigned to such term in Section 6.2.
- 1.5 “Company” has the meaning assigned to such term in the preamble hereto.
- 1.6 “Development Authority” has the meaning assigned to such term in the preamble hereto.
- 1.7 “Effective Date” means July 1, 2019.
- 1.8 “End Date” means the date that is seven (7) years following the Start Date. All references to the End Date shall include any extensions granted herein.
- 1.9 “Expansion” has the meaning assigned to such term in the recitals hereto.
- 1.10 “Facility” has the meaning assigned to such term in the recitals hereto.
- 1.11 “Force Majeure” means any of the following events that directly impact the Company’s ability to meet the Jobs Commitment: flood, earthquake, storm, lightning, fire, or other Acts of God; sabotage or terrorism.
- 1.12 “Full-Time Contract Position” means a Full-Time Position that is held by an individual on a contract basis, whether directly with the Company, an Affiliate or through a third-party contracting service and who is offered medical benefits. The number of Full-Time Contract Positions that may be counted in the Jobs Commitment total is limited by Section 3.1.
- 1.13 “Full-Time Employee Position” means a Full-Time Position that is held by an individual directly employed by the Company or an Affiliate and who is offered medical benefits.
- 1.14 “Full-Time Position” means a job requiring a minimum of thirty-seven and one-half (37.5) hours of an individual’s time each week during normal operations at the Project Site and who is offered medical benefits.

- 1.15 “Incentive Award” has the meaning assigned to such term in Section 2.1.
- 1.16 “Incentive Award Amount” has the meaning assigned to such term in Section 2.1.
- 1.17 “Interim Date” means an annual anniversary of the Start Date. All references to an Interim Date shall include any extensions granted herein.
- 1.18 “Jobs Commitment” has the meaning assigned to such term in Section 3.1.
- 1.19 “Net Jobs” means the cumulative number of New Jobs filled on each Interim Date. Net Jobs shall not include positions transferred to the Facility from another Company location in the State of Tennessee but may include positions transferred to the Facility from a Company location outside of Tennessee. Additionally, Net Jobs shall not include positions created as a result of a merger, acquisition, or other business combination unless such positions are new positions in the State of Tennessee.
- 1.20 “Net Jobs (Average)” has the meaning assigned to such term in Section 3.2.
- 1.21 “New Jobs” means Full-Time Positions in excess of MOU III Baseline Jobs that are created and filled during the period beginning on the Start Date and ending on the End Date. The term “New Jobs” shall not include positions created as a result of a merger, acquisition, or other business combination unless such positions are new positions in the State of Tennessee. For the avoidance of doubt, in order to be counted for the purpose of calculating the Performance Percentage under Section 3.2, a New Job must be filled on the Interim Date. A New Job that is filled on any Interim Date need not be filled by the same employee as on a prior Interim Date.
- 1.22 “Notification Letter” has the meaning assigned to such term in Section 5.2.
- 1.23 “MOU II” means that certain Memorandum of Understanding by and among Volkswagen Group of America Chattanooga Operations, LLC, the Industrial Development Board of the City of Chattanooga, and the State of Tennessee, Department of Economic and Community Development, dated July 14, 2014.
- 1.24 “MOU III” means this Agreement.
- 1.25 “MOU III Baseline Jobs” means the number of jobs that must exist before counting New Jobs under this Agreement. Unless reduced pursuant to the second paragraph of Section 2.2, that number is 4,456.
- 1.26 “MOU III Baseline Report” has the meaning assigned to such term in Section 4.1.
- 1.27 “MOU III Performance Report” has the meaning assigned to such term in Section 4.2.
- 1.28 “MOU III Reset Report” has the meaning assigned to such term in Section 2.2.
- 1.29 “Parties” has the meaning assigned to such term in the preamble hereto.

- 1.30 “Performance Percentage” has the meaning assigned to such term in Section 3.2.
- 1.31 “Project Site” has the meaning assigned to such term in the recitals hereto.
- 1.32 “Protest Letter” has the meaning assigned to such term in Section 5.2.
- 1.33 “Repayment Amount” has the meaning assigned to such term in Section 5.1.
- 1.34 “Start Date” means July 14, 2019.
- 1.35 “State” has the meaning assigned to such term in the preamble hereto.
- 1.36 “Successor Company” has the meaning assigned to such term in Section 6.2.

ARTICLE II

STATE AND DEVELOPMENT AUTHORITY COMMITMENT

- 2.1 Incentive Award. Subject to (i) approval by the State Building Commission, and (ii) approval of the grant agreement by the appropriate authorities, the State shall provide a grant to the Development Authority to be used by the Development Authority to reimburse the Company for eligible costs incurred in implementing the Expansion, including site development and preparation, infrastructure, and Facility construction for the project described in Section 2.3 (the “Incentive Award”) in an amount up to Fifty Million and No/100 Dollars (\$50,000,000.00) (the “Incentive Award Amount”).
- 2.2 Fulfillment of Obligations Under MOU II. The State and the Company acknowledge that under the terms of MOU II, the Company reported a baseline number of 2,284 full time employee positions and 172 contract positions for a total of 2,456 existing positions. Further, MOU II provided the Company with incentives for 2,000 additional Net Jobs and the State and the Company now acknowledge that the Company may not count New Jobs under this Agreement until the Company’s employment reaches 4,456 as defined in MOU II and Section 1.25 of this Agreement.

However, if MOU II results in a repayment of incentives due to the failure to meet the jobs commitment of MOU II, then the number of jobs for which the Company repaid the State shall be subtracted from 4,456 to create a reduced number of MOU III Baseline Jobs for this Agreement. Such reduced number of MOU III Baseline Jobs shall become the baseline for determining compliance with this Agreement. Upon full payment of any repayment of incentives due to failure to meet the jobs commitment of MOU II, the Company shall, within 60 days of such payment to the State, submit a report to the State stating the reduced MOU III Baseline Jobs (the “MOU III Reset Report”), a copy of which is attached hereto as **Exhibit A**. For the avoidance of doubt, if the Company’s employment does not reach 4,456 under MOU II but also does not result in a repayment of incentives under MOU II, then the MOU III Baseline Jobs will not be reduced. None of the Incentive Award provided by the grant

agreement associated with this Agreement shall be paid to the Company until either a) the Company accurately reports on an Interim Report filled Full-Time Positions that meet or exceed 4,456 or b) the Company repays the amount owed under Article VI of MOU II and submits the MOU III Reset Report and such report is accepted by the State. If repayment under MOU II is made under protest according to the terms of MOU II, the Company shall not submit, and the State will not accept, the MOU III Reset Report until any dispute is fully resolved. Any delays in submission by the Company or acceptance by the State of the MOU III Reset Report will not toll the start and end dates of the grant contract, the Start Date and End Date of this Agreement, and the Interim Dates of this Agreement.

- 2.3 Project Description. The Development Authority and the Company shall use the Incentive Award to reimburse the Company for eligible costs incurred in implementing the Expansion. Requests for reimbursement must comply with the dates and terms of the grant contract, a copy of which will be sent to the Company immediately upon execution.

ARTICLE III

COMPANY COMMITMENT

- 3.1 Company Commitment. As consideration for the Incentive Award, the Company shall create One Thousand (1,000) Net Jobs (“Jobs Commitment”) under this Agreement. For purposes of determining compliance with the Jobs Commitment, Net Jobs may include up to, but not more than, Six Hundred Fifty (650) Full-Time Contract Positions.

The State may, in its sole discretion, extend the End Date (and, if applicable, the interim reporting periods required by Section 4.2) due to an event of Force Majeure for a period corresponding to the delay caused by such Force Majeure event. However, an extension of the End Date shall be for a term no longer than one year following the original End Date.

- 3.2 Compliance with the Jobs Commitment. Pursuant to Section 4.2, the State shall, on an annual basis, obtain from the Company the number of New Jobs and Net Jobs that are filled on each Interim Date during the period commencing on the Start Date and ending on the End Date (and, if the End Date is extended pursuant to Section 3.1, on a stub period basis for the period ending on the End Date). On the End Date of this Agreement, the number of Net Jobs that are filled on the fifth, sixth, and seventh Interim Dates shall be added together and divided by three to determine the average number of Net Jobs (“Net Jobs (Average)”). In accordance with the formula on Item 3 of **Exhibit B**, the Net Jobs (Average) shall be divided by the Jobs Commitment to determine the performance percentage (the “Performance Percentage”) as of the End Date. The Company shall be deemed in compliance with the Jobs Commitment if the Performance Percentage is equal to or greater than eighty percent (80%). The Company’s failure to comply with the Jobs Commitment as of the End Date shall result in the reimbursement of all or a portion of the Incentive Award Amount that has been paid to the Company by the Development Authority in accordance with Section 5.1.

ARTICLE IV

REPORTING REQUIREMENTS

- 4.1 Baseline Report. On or before the date that is 60 days from the date of last signature of this Agreement, the Company shall deliver to the State a report substantially similar to **Exhibit C** (the “MOU III Baseline Report”) that provides the number of Full-Time Positions filled on the Start Date of this MOU III, regardless of whether the actual number of Full-Time Positions filled on the Start Date of this MOU III is greater than or less than the MOU III Baseline Jobs. The MOU III Baseline Report shall provide separate totals for Full-Time Employee Positions and Full-Time Contract Positions. The MOU III Baseline Report shall be prepared using the guidance attached as **Exhibit D** (the “MOU III Baseline Report Guidance”) and include appropriate back-up data for the MOU III Baseline Jobs reported. Back-up data shall provide reasonable assurance that information provided to the State pursuant to this Agreement is true and correct in all material respects.
- 4.2 MOU III Performance Reports. On or before the 60th day (or such later date as shall have been approved by the State) following each Interim Date of this Agreement, the Company shall deliver to the State a report substantially similar to **Exhibit E** (a “MOU III Performance Report”) that provides the number of New Jobs and Net Jobs filled on the Interim Date applicable to such report. Each MOU III Performance Report shall provide separate totals for Full-Time Employee Positions and Full-Time Contract Positions. MOU III Performance Reports shall be signed by a duly authorized representative of the Company and will certify the number of New Jobs and Net Jobs as of the Interim Date applicable to such MOU III Performance Report. The MOU III Performance Reports shall include appropriate back-up data for the New Jobs and Net Jobs reported. Back-up data shall provide reasonable assurance that information provided to the State pursuant to this Agreement is true and correct in all material respects. If the Company submits the MOU III Reset Report, the Company shall, within 60 days of submission of the MOU III Reset Report, resubmit all MOU III Performance Reports submitted prior to the MOU III Reset Report updating the calculation of New Jobs and Net Jobs based upon the updated MOU III Baseline Jobs reported in the MOU III Reset Report.

ARTICLE V

DEFAULT

- 5.1 Events of Default and Repayment Amount. If (i) the Company fails to satisfy the Jobs Commitment as of the End Date pursuant to Article IV, (ii) the Company fails to provide the MOU III Baseline Report or any one or more of the MOU III Performance Reports required pursuant to Sections 4.1. or 4.2 of this Agreement, or the supporting documentation applicable to such MOU III Baseline Report or MOU III Performance Reports on or before the due date established in Sections 4.1 and 4.2 (or otherwise approved by the State pursuant to Sections

4.1 or 4.2); provided, however, that the Company shall have first been given notice of such failure to provide the MOU III Baseline Report or any such MOU III Performance Report or supporting documentation thereto, and a thirty (30) day opportunity to thereafter provide such MOU III Baseline Report, MOU III Performance Report, or supporting documentation, or (iii) the Company ceases to operate or fails to complete the Project described in Section 2.3 between the Start Date and the End Date, the Company shall repay directly to the State all (in the case of an event of default identified in Sections 5.1.(ii) or 5.1.(iii) above) or a portion of the Facility Development Award Amount that has been received by the Development Authority (in the case of an event of default identified in Section 5.1.(i) above) (in each case, the "Repayment Amount"). For purposes of events of default under Section 5.1.(i), the Repayment Amount shall be determined by (A) multiplying the Incentive Award Amount by the Performance Percentage (the "Adjusted Incentive Award Amount"), then (B) the Company shall be liable to repay to the State any portion of the Incentive Award Amount that has been received by the Company that exceeds the Adjusted Incentive Award Amount, as shown on **Exhibit F**.

- 5.2 Notification and Repayment. If the Company has failed to meet the Jobs Commitment or has otherwise defaulted as described in Sections 5.1.(ii) or 5.1.(iii) of this Agreement, the State shall deliver written notice (a "Notification Letter") to the Development Authority and the Company of such failure or default that will include a summary of the basis of the State's claim and shall include a demand that the Company pay the State the Repayment Amount (in which case such Notification Letter shall include the State's determination of the Repayment Amount).

No later than forty-five (45) days after the date of its receipt of a Notification Letter in which the State demands such repayment, the Company shall submit the Repayment Amount to the State. Any portion of the Repayment Amount that remains unpaid after the end of such forty-five (45) day period shall accrue interest from and after such period at the rate provided under T.C.A. § 47-14-105. Should the Company fail to remit the Repayment Amount to the State, the State shall have the right to seek any and all remedies available to it through its administrative processes or to seek remedies available at law or equity. Notwithstanding the foregoing, if the Company believes that the State has improperly demanded payment of the Repayment Amount (either in whole or in part), the Company shall have the right to remit the Repayment Amount demanded by the State pursuant to the State's Notification Letter under protest, in which case (i) the Company shall provide to the State a written explanation of the nature of the protest (the "Protest Letter"); (ii) the Repayment Amount paid by the Company shall not be subject to interest as described in this Section 5.2. if paid within the forty-five (45) day period described above; and (iii) the Company shall not be deemed to have waived any rights or defenses with respect to the Incentive Award or the Repayment Amount (including, without limitation, any rights or defenses the Company may have under this Agreement or the Grant Contract with respect to the Facility Development Award); provided, however, that the Company shall not be entitled to file a claim against the State with respect to funds repaid pursuant to this Section 5.2. after the first anniversary of the date on which the Company receives the Notification Letter pursuant to which the Company shall have repaid such funds.

Further, any such claim against the State shall be made to the Tennessee Claims Commission in accordance with Title 9, Chapter 8 of the Tennessee Code Annotated and shall be limited to disputes relating to matters described in the Protest Letter.

ARTICLE VI

MISCELLANEOUS

6.1 Records. The Company shall maintain documentation regarding the reporting requirements of Sections 4.1 and 4.2 for the latter of (i) three years following the End Date or (ii) one year after the resolution of any claim against the State filed pursuant to Section 5.2. The documentation shall be subject to audit by the State or its duly appointed representative at any reasonable time and upon reasonable notice. If any audit conducted pursuant to this Section 6.1. reveals that the Company has inaccurately calculated or reported the number of Net Jobs consistent with the intent of this Agreement, the State may adjust the number of Net Jobs as reported by the Company to a number of Net Jobs consistent with the intent of this Agreement and adjust the Performance Percentage and Repayment Amount accordingly.

6.2 Change of Control. Change of Control is defined as (i) a reorganization, merger, consolidation or other transaction that will result in the transfer of ownership of more than 50% of the Company's shares, unless such transfer of ownership is to an affiliated entity of the Company; or (ii) the liquidation or dissolution of the Company or sale of substantially all of the Company's assets unless such asset sale is to an affiliated entity of the Company.

If a Change of Control occurs during the period between the Start Date and the End Date, (A) the Company must notify the State of such Change of Control promptly following the approval of the Change of Control pursuant to corporate, partnership, limited liability company, or other similar proceedings applicable to the Change of Control event and (B) either the new owner or other successor entity resulting from the Change of Control (the "Successor Company") following the completion of the applicable transaction must assume the obligations contained in this Agreement by executing an assumption agreement in a form acceptable in all reasonable respects to the State (the "Assumption Agreement"). However, if the Company continues as a legal entity after a Change of Control, the Company and the Successor Company shall be jointly and severally liable for the obligations contained in this Agreement. In lieu of executing an Assumption Agreement, the Company or the Successor Company may elect to pay the State the Facility Development Award Amount that has been received by the Development Authority pursuant to the Grant Contract.

6.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee. The Company agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Agreement. The Company acknowledges and agrees that any rights or claims against the State

of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under T.C.A. §§ 9-8-101 to -407.

- 6.4 Exhibits. The Exhibits and Attachments hereto attached will be construed to be a part of this Agreement by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each Exhibit and Attachment were set forth in full and at length every time it is referred to or otherwise mentioned. In the event of a discrepancy or ambiguity regarding the grant of funds from the State to the Development Authority or to the Company under the grant contracts, the terms of the grant contracts shall govern.
- 6.5 Severability. If any one or more of the provisions contained herein will for any reason be held by any court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision hereof, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- 6.6 Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the State. The failure of the State to require the performance of any term or obligation of this Agreement, or the waiver by the State of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.
- 6.7 Authorized Signatures. Each of the individuals executing this Agreement represents that they are authorized to execute this Agreement on behalf of their respective entities.
- 6.8 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts. Each counterpart when so executed shall be deemed to be an original, all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Parties have hereunto set their signatures the day and year first written above.

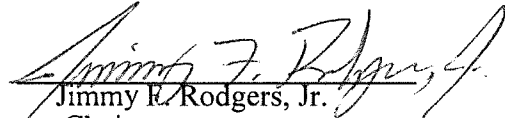
State of Tennessee,
Department of Economic
and Community Development

By: _____

Title: Robert O. Rolfe, Commissioner

Date: _____


The Industrial Development Board
of the City of Chattanooga, Tennessee

By:  _____
Jimmy R. Rodgers, Jr.

Title: Chair

Date: 8/15/22


Volkswagen Group of America
Chattanooga Operations, LLC

By:  Brent Hison

Title: CFO

Date: 5-6-21

Volkswagen Group of America
Chattanooga Operations, LLC

By:  Thomas du Plessis

Title: CEO

Date: 5/13/21

EXHIBIT A

MOU III Reset Report

Development Authority: _____

Company: _____

Grant Number: _____

Date: _____

On or before the 60th day following the date of repayment due to the failure to meet the jobs commitment of MOU II , or such other date as shall have been approved by the State, the Company shall deliver to the State this MOU III Reset Report.

Please attach supporting documentation for each Full-Time Position existing within the company and each affiliate as of the date of this MOU III Baseline Report.

1. Number of Jobs for which Company Repaid State under MOU II: _____
2. 4,456 - _____ [number from 1. above] = _____ **Reduced MOU III Baseline Jobs**

I hereby certify that the calculation above complies with Article II of this Agreement and that all information contained in this MOU III Reset Report is true and accurate. I understand that the information provided in this MOU III Reset Report will be used to determine the number of Net Jobs.

Volkswagen Group of America Chattanooga Operations, LLC

By: _____

Title: _____

Date: _____

EXHIBIT B

Performance Percentage Calculation

For purposes of determining compliance with the Jobs Commitment, the Performance Percentage shall be calculated in accordance with Section 3.2. and as illustrated below.

3. **Jobs Commitment pursuant to Section 3.1.**

Jobs Commitment _____

4. **Net Jobs Created**

	<u>Fifth Interim MOU III Performance Report</u>	<u>Sixth Interim MOU III Performance Report</u>	<u>Seventh Interim MOU III Performance Report</u>
--	--	--	--

Net Jobs	_____	_____	_____
----------	-------	-------	-------

Total Net Jobs (5th Interim + 6th Interim + 7th Interim Date) = Net Jobs (Average)
3

5. **Performance Percentage**

Net Jobs (Average) = _____ % (Performance Percentage)
Jobs Commitment

EXHIBIT C

MOU III Baseline Report

Development Authority: _____

Company: _____

Grant Number: _____

Date: _____

On or before the 60th day following the date of last signature of this Agreement, or such other date as shall have been approved by the State, the Company shall deliver to the State this MOU III Baseline Report.

Please attach supporting documentation for each Full-Time Position existing within the company and each affiliate as of the date of this MOU III Baseline Report.

Start Date: July 1, 2019	Full-Time Employee Positions	Full-Time Contract Positions
[Company]		
[Affiliate (if applicable)]		

I hereby certify that each Full-Time Position listed above complies with the definition provided in Article I of this Agreement and that all information contained in this MOU III Baseline Report is true and accurate. I understand that the information provided in this MOU III Baseline Report will be used to determine the number of Net Jobs.

Volkswagen Group of America Chattanooga Operations, LLC

By: _____

Title: _____

Date: _____

EXHIBIT D

MOU III Baseline Report Guidance

1. What are some examples of Full-Time Contract Positions that can be included in the Net Job calculation if they otherwise meet the weekly minimum hourly (37.5 hours) requirement and are offered medical benefits during the applicable reporting period and are employed at the Project Site and remained employed on the Interim Date?

Answer: The positions below (items a. through l.) are examples of Full-Time Contract Positions that can be counted in the Net Job calculation up to the numerical cap of 650 set for Full-Time Contract Positions in Section 3.1 of MOU III.

- a. Production workers employed by third parties (currently AeroTek).
 - b. Logistics workers employed by third parties (currently Schnellecke and TVS).
 - c. Janitorial staff employed by third parties (currently Premier Cleaning).
 - d. Paint Shop equipment cleaning workers employed by third parties (currently MPW Cleaning).
 - e. Cafeteria staff employed by third parties (currently American Food & Vending).
 - f. Onsite IT staff employed by third parties (currently Hoenigsberg & Duevel and TRC Staffing Services).
 - g. Onsite Fire personnel employed by third parties (currently Kurtz Industrial Fire Services).
 - h. Onsite Security personnel employed by third parties (currently US Security Associates).
 - i. Truck Control Center personnel employed by third parties or as contractors by the Company.
 - j. Onsite finished goods yard management workers employed by third parties (currently WalleniusWilhelmsen).
 - k. Onsite recycling and waste management personnel employed by third parties or as contractors by the Company.
 - l. Onsite healthcare providers employed by third parties (currently Progressive).
2. Do employees of the companies located in the Company owned Supplier Park located on the Project Site count as Full-Time Contract Positions?

Answer – No. These positions (see examples below) do not fall within the definition of Full-Time Contract Positions. The Parties hereby agree that these positions are too far removed from vehicle assembly or supporting vehicle assembly to fall within the definition of Full-Time Contract Positions under MOU III.

Current employers in the Company owned Supplier Park located on Project Site

- ThyssenKrupp employees located in Supplier Park Building #1
- Chattanooga Seating employees located in Supplier Park Building #1
- Faurecia employees located in Supplier Park Building #2
- Draexlmaier employees located in Supplier Park Building #2
- Arcomex employees located in Supplier Park Building #2

- Grupo Antolin employees located in Supplier Park Building #2
- KASAI employees located in Supplier Park Building #2

EXHIBIT E

MOU III Performance Report

Development Authority: _____
Company: _____
Grant Number: _____
Date: _____

Check the applicable reporting period:

1st Interim 2nd Interim 3rd Interim 4th Interim 5th Interim 6th Interim 7th Interim

Unless the State agrees to an extension, this report must be submitted to the State no later than 60 days following each Interim Date for the period commencing on the Start Date under the Agreement and ending on the End Date. New Jobs and Net Jobs shall be calculated according to Section 3.2. of the Agreement.

Please attach supporting documentation for each New Job and Net Job created by the company and each affiliate.

<i>[insert date]:</i>	New Jobs: Full-Time Employee Positions (Reporting Period)	Net Jobs: Full-Time Employee Positions (Cumulative)
[Company]		
[Affiliate (if applicable)]		

<i>[insert date]:</i>	New Jobs: Full-Time Contract Positions (Reporting Period)	Net Jobs: Full-Time Contract Positions (Cumulative)
[Company]		
[Affiliate (if applicable)]		

I hereby certify that each New Job and Net Job listed above complies with the definitions provided in Article I of the Agreement and that all information contained in this MOU III Performance Report is true and accurate.

Volkswagen Group of America Chattanooga Operations, LLC

By: _____
Title: _____
Date: _____

EXHIBIT F

Repayment Amount Calculation

(Required only if Performance Percentage is less than 80%)

STEP 1

Incentive Award Amount * Performance Percentage = Adjusted Incentive Award Amount

STEP 2

Incentive Award Amount - Adjusted Incentive Award Amount = Repayment Amount

Example A – No Repayment Necessary

The Company met 100% of its jobs commitment under MOU II. During the term of the grant contract associated with this MOU III, the Company requested and received reimbursements for \$42,000,000 of eligible expenses. At the End Date, the calculation in Section 3.2 resulted in a Performance Percentage of 83%. Since the Company met its obligation of a Performance Percentage over 80%, no repayment is necessary.

Example B – No Repayment Necessary – No additional funds may be claimed

The Company met 100% of its jobs commitment under MOU II. During the term of the grant contract associated with this MOU III, the Company requested and received reimbursements for \$39,000,000 of eligible expenses. At the End Date, the calculation in Section 3.2 resulted in a Performance Percentage of 83%. Since the Company met its obligation of a Performance Percentage over 80%, no repayment is necessary. Additionally, although the Performance Percentage was 83% and the Company received expenses for 80% of the original Incentive Award Amount, the related grant contract has expired, and the State is not liable for additional reimbursements.

Example C – Repayment Necessary

The Company met 100% of its jobs commitment under MOU II. During the term of the grant contract associated with this MOU III, the Company requested and received reimbursements for \$41,500,000 of eligible expenses. At the End Date, the calculation in Section 3.2 resulted in a Performance Percentage of 78%. Since the Company did not meet its obligation of a Performance Percentage of at least 80%, the Company must repay the amount according to the calculation in Section 5.1 (assuming no other defaults have occurred).

Incentive Award Amount * Performance Percentage = Adjusted Incentive Award Amount

\$50,000,000	(Incentive Award Amount)
X .78	(Performance Percentage)
\$39,000,000	(Adjusted Incentive Award Amount)

Incentive Award Amount - Adjusted Incentive Award Amount = Repayment Amount

\$41,500,000	(Incentive Award Amount Received)
\$39,000,000	(Adjusted Incentive Award Amount)
\$ 2,500,000	(Repayment Amount)

ATTACHMENT A

Grant Contract

RESOLUTION

A RESOLUTION RATIFYING THE EXECUTION OF ALL NECESSARY CLOSING DOCUMENTS RELATED TO THE ACCESS ROAD (NORTH RIVER COMMERCE CENTER) TAX INCREMENT FINANCING TRANSACTION.

BE IT RESOLVED, that the Industrial Development Board of the City of Chattanooga is hereby ratifying the execution of all necessary closing documents related to the Access Road (North River Commerce Center) Tax Increment Financing transaction as follows:

- (1) Loan Agreement;
- (2) Development and Financing Agreement;
- (3) Assignment of Tax Revenues;
- (4) Federal Tax Certificate and Agreement;
- (5) Form 8038-G;
- (6) Acknowledgement;
- (7) Closing Certificate; and
- (8) Opinion Letter.

ADOPTED: October 3, 2022

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

JIMMY F. RODGERS, JR., Chair

PATRICK SHARPLEY, Secretary

City of Chattanooga and Hamilton County
Payment In Lieu of Tax Agreement
Policies and Procedures

Introduction

It is the policy of the City of Chattanooga (“City”) and Hamilton County (“County”) to enhance the development of the local economy and to promote job creation and job retention via business investments within the area. To advance economic development, the City and County partner with the Chattanooga Area Chamber of Commerce to recruit, expand, and retain business entities. The City and County Mayors, with the assistance of the Chamber of Commerce, periodically identify broad economic goals for the City and County. The Mayors, or their designees, annually communicate the key objectives necessary to achieve those goals to their respective Legislative Bodies.

To promote attainment of high priority businesses, investments and stimulate job creation, the City and County have established a business incentive program for abatement of ad valorem taxes known as **Payments-In-Lieu-of-Tax Agreements (PILOTs)**. The Chamber uses PILOTs as a recruiting tool, to enhance employment opportunities, investments, community improvement, and provide the financial impact needed by the City and County and their citizens. The PILOT program is administered for the City and County by their Industrial Development Boards. PILOT agreements must be approved by the Mayors, the Legislative Bodies, and the IDB.

PART I

Objective

This document is a guide for application and consideration of certain economic and business development opportunities which may merit consideration for property tax abatement. In accordance with the objectives of all parties involved, each proposed project must be in the

public interest and clearly demonstrate economic benefit to the City. This is established by, but not limited to, those criteria found in Part IV of this document.

Property Taxes for Education

Successful public education systems are essential to the prosperity of any community. The demand for a qualified workforce requires high quality educational systems to provide potential employees with the foundation for workforce readiness. Therefore, that portion of property taxes dedicated to funding the Hamilton County Department of Education shall not be abated under a PILOT agreement.

PART II

Definitions

- A. **“Applicant”** means the qualified business enterprise applying for the incentive or their representative, consultant, or counsel acting on behalf of the Qualified Business Enterprise. May also be referred to as the “Lessee.”
- B. **“Application”** means the application for property tax incentives submitted in the form designated by the Chamber and as amended from time to time.
- C. **“Chattanooga Area Chamber of Commerce”** is the organization designated by the City and County as their primary point of contact on economic development matters pertaining to the recruitment, expansion, and retention of business within their jurisdiction. May also be referred to as the Chamber.
- D. **“Economic Impact Matrix”** incorporates the factors set forth in Part IV.
- E. **“Expansion”** means the addition of buildings, structures, machinery, or equipment for the purpose of expanding a project. An Expansion shall mean valuated independently from the original Project.
- F. **“Industrial Development Board”** means the nonprofit quasi-governmental corporations established by the City and the County pursuant to the Tennessee Industrial Development Corporation Act, TCA §7-53-101 et seq. The Industrial Development Boards’ statutory purpose includes financing, owning, and/or leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise

promoting new industry, commerce and trade. May also be referred to as the “board” or “IDB.”

- G. **“Lease Agreement”** means the formal contract between the Lessee and the Industrial Development Board containing the terms and conditions of the agreement and property tax incentives. May also be referred to as PILOT agreement.
- H. **“Mayors”** mean the Mayor of the City and Mayor of Hamilton County, Tennessee. As chief executive officers of their respective governments, the Mayors are a primary point of contact for negotiations on behalf of the City and County.
- I. **“Payment-in-Lieu-of-Taxes”** means payments established in lieu of ad valorem taxes on the property involved in the Project. Generally, for real property, such amounts are to be based on the taxes being generated at the time the board takes title to the property considering only the value of the unimproved property. Generally, for tangible personal property, such amounts are to be based on the taxes being generated at the time the Board takes title to the property. Subsequent re-evaluation shall occur at intervals consistent with re-appraisals as required by State law. Payment-in Lieu of Taxes may also be referred to as “PILOTS”.
- J. **“Legislative Bodies”** mean the Chattanooga City Council and the Hamilton County Commission.
- K. **“Project”** means buildings, structures, machinery, equipment, land, new employees and applicable wages defined in the application. This may include the addition of buildings, structures, machinery, or equipment that is committed by the applicant to be started within three (3) years of the lease date of the Project defined in application. Any phase or expansion planned beyond three (3) years of the initial Project will require a new application to be filed at the time that the expansion is planned.
- L. **“Qualified Business Enterprise”** means any person, corporation or other business entity engaged in the active conduct of a trade or business. For the purposes of applying for this incentive, a qualified business enterprise is classified under an appropriate North American Industry Classification System code primarily in the manufacturing, non-retail commercial, and distribution sectors. Headquarters relocation, expansion, or retention

projects are also included. Other projects may be considered if determined that the economic benefits are to an extent that warrants extraordinary consideration.

PART III

Eligible Projects

Projects in the following business sectors represent the Qualified Business Enterprises that this program targets for consideration, so long as the proposal meets the other criteria:

- A. Manufacturing Projects constructed to manufacture, assemble, process, fabricate and distribute agricultural, mining or manufactured products
- B. Headquarters Projects representing the relocation, expansion or retention of international, national, or primary regional headquarters of established companies
- C. Distribution Facilities constructed to receive and forward final goods to various locations.
- D. Non-Retail Commercial Office Buildings and Service Facilities constructed for a specific tenant who will occupy the facility for at least the term of the property tax incentive, plus 50% of the longevity of the original Lease Agreement for the purposes described therein.

Projects in other sectors such as retail, housing, speculative developments, etc. may be considered if it is determined that the overall economic benefits are to an extent that warrants extraordinary consideration.

PART IV

PILOT Evaluation Criteria

Projects are evaluated according to an Economic Impact Matrix, which incorporates the factors listed below over a three year period from the date of the Lease Agreement. A number of points for each of these categories are determined. The terms and conditions of the property tax incentive are based on the final score attributed to the Project.

- A. **Capital Investment:** The Qualified Business Enterprise shall describe the minimum capital investment it will make in real and personal property such as machinery, land, equipment, structures, buildings, etc.

- B. Number of New Jobs Created: The Qualified Business Enterprise shall include the number of net new jobs directly created. Part-time jobs may not be factored for the purposes of calculating terms of the Lease Agreement.
- C. Average Annual Wages: The Qualified Business Enterprise shall describe the average annual wages to be paid to employees in the newly created jobs. The salaries/benefits of administrative personnel such as Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, Vice Presidents and Board Members shall not be part of the computation. The baseline shall be 100% of the average annual wage of Hamilton County (as reported by the United States Department of Labor/Bureau of Labor Statistics). Points are added or subtracted based on a percentage above or below the baseline.

Bonus Factors:

- A. Construction or renovation which results in building design and equipment that significantly reduces energy consumption. Documentation of Leed Certification or an equivalent standard of attainment shall be required.
- B. Exceptionally High Average Wages: The average annual wage of all jobs created as a result of the Project that exceeds 200% of the average annual industrial wage of Hamilton County.
- C. Location: The Project locates in a Renewal Community Zone defined by HUD or a remediated Brownfield site identified by the Environmental Protection Agency or the Tennessee Department of Environment & Conservation.

Special circumstances or conditions may be considered in granting or refusing a specific property tax incentive term. During the Project negotiation process, the Applicant may be required to provide additional commitments demonstrating a significant impact upon the economic and physical plans and policies of the City and County.

PART V

Application Process

The Applicant will arrange a pre-application conference with the Chattanooga Area Chamber of Commerce, on behalf of the Mayors, to determine what level of incentives, if any, may be

provided. The Applicant shall be informed that tax incentives should not be considered final until approved by the Mayors and the Legislative Bodies. The decision, to grant or not grant a PILOT, does not rest with the Chamber.

- A. The Applicant shall submit the application and supporting documentation to the Chamber's staff. Applicants are advised to retain legal counsel. The following information must be part of the application:
1. Application form;
 2. Project description;
 3. Main points of contact of the applicant;
 4. Projected capital investment estimates in real and personal property;
 5. Employment - current and/or projected;
 6. Wages – current and/or projected;
 7. Financial statements - preferably audited statements or at least statements reviewed by a properly licensed CPA, and annual reports. These shall be reviewed by the City and/or County Finance Departments and written documentation of assessment findings shall accompany the Chamber's report to the Mayors;
 8. Banking references;
 9. Environmental or other related information necessary for evaluation by Air Pollution Control Board, if seeking bonus on abatement; and
 10. Other documentation necessary to support the request.
- B. The Chamber will perform all necessary due diligence and prepare a report to the Mayors stipulating the proposed terms of the property tax incentive based on the Economic Impact Matrix. The report shall also include an estimated economic impact analysis to the City and County.
- C. The Mayors shall offer conditional approval or rejection of the proposed terms of the property tax incentive, subject to further negotiation.
- D. If approved by the Mayors, the Chamber will send the Applicant a conditional letter of commitment outlining the proposed terms of the incentive and reminding the applicant that final approval is subject to approval by the Legislative Bodies.

- E. If the property tax incentive offer is acceptable to the applicant, a draft Lease Agreement and other required documents shall be prepared by the attorney for the Applicant and shall be subject to the approval of the City, the County, and the IDB. Upon completion, the Legislative Bodies shall be notified of the Applicant's status by the Chamber.
- F. Working through the Chamber, the Applicant shall request a hearing of the Legislative Bodies to seek approval of the Lease Agreement. This comes in the form of resolutions authorizing the Mayors to sign the Lease Agreement on behalf of their respective governments. The Legislative Bodies must be provided with the Economic Impact Matrix, the Lease Agreement, and any other documents pertinent to the application.
- G. The Legislative Bodies will each meet to discuss the merits of the proposed Lease Agreement, lease and resolution. The Legislative Bodies will determine, each by majority vote, if the proposal is in the best interests of the City and County and meets the goals and objectives for economic development.
- H. Upon approval of the Legislative Bodies, the Lease Agreement will be presented to the IDB for approval and execution. Signatories to the Lease Agreement are the Mayors, Chairman of the IDB, the Applicant's representative, the Hamilton County Trustee, and the Hamilton County Assessor of Property.

PART VI

Project Expansions

If the Project expands during the term of the Lease Agreement, such expansion shall be considered as a separate Project for the purpose of seeking a property tax incentive. Project Expansions shall be subject to the same review and criteria as contained in the original Lease Agreement. As a condition of PILOT approval, applicants must agree to send signed copies of the Lease Agreement, annual update of the Economic Impact Matrix and annual attesting to the compliance or non-compliance status of those items identified in the original agreement and other periodic reports as required by the Lease Agreement and Tennessee state law to the State Board of Equalization, the IDB and the Chamber of Commerce.

PART VII

Reporting; Notification Requirements; Audit

- A. Economic Impact Matrix Report and Annual Report. Lessee shall send an annual update of the Economic Impact Matrix and Annual Report to the City Finance Officer, the Hamilton County Finance Administrator, the IDB, and the Chamber at the end of the Lessee's corporate tax year.
- B. State Board of Equalization Report. On or before October 1 of each year, the Lessee shall file with the State Board of Equalization a report listing leased properties and details of the Lease Agreement containing the items and in the format set forth in T.C.A. § 7-53-305. A copy of the report shall be filed with the County Assessor of property on or before October 15 each year. Additionally, Lessee shall provide a copy of this report to the IDB and the Chamber, together with a copy of the transmittal letter to the State of Tennessee.
- C. Required Notification. The Applicant shall make timely notification to the IDB, Mayors, and the Chamber of any mergers, acquisitions, bankruptcies, company relocation, change in corporate structure or organization, or changes in local senior management which may or may not directly impact the project.
- D. Audit. The City and County shall have the right to audit data pertinent to determining compliance with the Lease Agreement. **[Audit provision needs to be fleshed out here. Audit report back mechanism to Mayors, Legislative Bodies & IDB needs to be described.]**

PART VIII

Chamber's Project File

The Chamber shall maintain a current checklist and file copies of all documents received as required by the State of Tennessee and the City and County as outlined in the Lease Agreement and this Part VIII, including, but not limited to, Lease Agreement, Economic Impact Matrix, Annual Report, and original Economic Impact Matrix and annual update to Economic Impact Matrix.

PART IX

Compliance and Remedies

Applicants have three (3) years to reach compliance levels for investment, employment, wages, and other factors committed by the Applicant in the Lease Agreement and to maintain those levels throughout the term of the Lease Agreement. Each Applicant will provide an Annual Report inclusive of supporting documents to certify the Applicant's actual performance as more fully set forth in Part VII.A. Failure to provide the appropriate initial or annual follow-up documentation to the State of Tennessee, the City or the County shall be a violation of the Lease Agreement.

The Chamber will review the Annual Reports to determine the status of original goals versus actual performance reports and report these findings annually to the IDB. Any changes that prevent PILOT goal achievement may necessitate more frequent reporting. IDB will review the findings annually to determine the status of committed benefits by the applicant.

If audit findings or pertinent information reveals that the Applicant has not met the projections of the factors serving as the basis for the final calculation of the property tax incentive, the IDB, City or County shall have the right to audit data pertinent to determine compliance with the Lease Agreement. [Audit provision needs to be fleshed out here. Audit report back mechanism to Mayors, Legislative Bodies, & IDB needs to be described.]

The IDB, City or County may exercise one or more of a number of remedies contained in the Lease Agreement, including:

- A. termination of the Lease Agreement;
- B. adjustment of the property tax incentive based upon the Lessee's performance in meeting their investment, jobs, and wage commitments;
- C. compel payment of amounts approximating the taxes that would have been due if the incentive had been determined in accordance with the Lessee's actual performance; or
- D. take other legal action.

Every situation shall be considered on a case-by-case basis. One factor to consider is if the Applicant has made a good faith effort to comply with its employment, wage, and capital investment commitments, but extraordinary circumstances prevent it from achieving those goals.

Another factor that may be considered is that the applicant may have met or exceeded one or more of its commitments without meeting others.

The City and County Finance Officers, with the assistance of the Chamber of Commerce, shall assess compliance with the terms of all active Lease Agreements and make an annual status report to the Mayors and the Legislative Bodies. This Annual Report shall include compliance levels for investment, employment, wages, and other factors agreed to by the applicant, as stated in the Lease Agreement. The Mayors and the Legislative Bodies shall work in a collaborative effort to ensure PILOT criteria compliance and the ad valorem tax abatement program functions to preserve and enhance the best economic interests of City and County residents.



Tax Increment Financing Policies and Procedures

INFORMATIONAL SUMMARY

Cities across the state and country have a variety of tools available to them to attract new jobs, businesses, and investments. Tax increment financing (or TIF) is just one of those economic development tools. Through the use of a TIF, municipalities can allocate all or a portion of the new, additional taxes generated by a development within the City over a limited period of time to pay for public infrastructure, other improvements related to that development, and other projects allowed under Tennessee law. **Additionally, tax increment financing in the form of bonds presents no risk to the municipality or the IDB.**

The TIF Program is (1) an economic vehicle used by municipalities to encourage development and/or achieve its economic development or other valid policy goals and (2) a way to capture and monetize the incremental increase in property taxes after development occurs.

Authorization

The Industrial Development Board of the City of Chattanooga, Tennessee (“Board” or “IDB”) serves as the governing body of the TIF Program. Tennessee law allows industrial development corporations like the Board to initiate and administer tax increment financing for certain qualified projects approved by Chattanooga City Council. The Board’s responsibilities under the amendment include: (1) preparation and submission of an economic impact plan for the project that complies with the statutory criteria; (2) holding a public hearing relating to the economic impact plan after proper, published notice; and (3) administering the incremental tax payments under the TIF.

Process

Developers who wish to be considered for a TIF Program incentive must successfully complete the following multi-step application process:

1. Application. Developers must file a completed Application, along with an Application Fee to the Board. The Application Fee will be used towards resources for the initial review of the Application.
2. Submission to Governmental Authorities. After receiving the Application, the Board shall work with the City of Chattanooga to review the Application. If the Board determines that it has received a properly completed Application, the Board will submit its acceptance of the Application with a proposed Resolution of Intent to the City

Council, the City of Chattanooga ECD, and other governmental departments specified by either the Mayor or City Council.

3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council authorizing the Board to proceed with the preparation and submission of an economic impact plan, the Applicant shall submit a proposed economic impact plan describing the project ("Project") to the Board no later than ninety (90) days after approval of the Resolution of Intent.

4. Plan Review Committee. The IDB Plan Review Committee will review the economic impact plan, the application process to date, and the Resolution of Intent. The Committee will advise the Board whether the economic impact plan is qualified to be considered for submission to City Council for approval.

5. Notice and Hearing of IDB. After the Plan Review Committee and the Board determine the economic impact plan to be qualified, the Board will hold a public hearing related to the proposed plan. The Board will then submit the economic impact plan to City Council and/or Hamilton County Commission for consideration and approval.

6. Approval of Municipality. If the City Council approves the economic impact plan, the Applicant and the Board will enter into a Development and Financing Agreement with the project developer.

Accountability

The Board intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of the City of Chattanooga. Accordingly, the Applicant will be obligated to develop the Project substantially in accordance with the economic impact plan. Material departures from the Project described in the economic impact plan will require the consent of the Board and may result in reductions or even elimination of the TIF.

CITY OF CHATTANOOGA

TAX INCREMENT FINANCING

Policies, Procedures and Application



The Industrial Development Board of the City of Chattanooga

**THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA
(TENNESSEE) TAX INCREMENT FINANCING PROGRAM
POLICIES AND PROCEDURES**

Introduction

The Industrial Development Board of the City of Chattanooga, Tennessee (“Board” or IDB”) adopted this Tax Increment Financing (“TIF”) Program and the following Policies and Procedures on _____. It sets forth the terms of the Program, the policies and procedures associated with TIF proposals and approvals; is intended to implement and facilitate the consideration of requests for tax increment financing by applicable legislative bodies of City of Chattanooga and Hamilton County, Tennessee; and provides for the implementation and administration of the TIF. The TIF Program is a discretionary program, and the adoption of this Program and the related Policies and Procedures do not create or vest any rights in any person or entity.

Section 1. General Policy

Tax increment financing is an economic development tool used by municipalities to allocate all or a portion of the new, additional taxes generated by a development over a limited period of time to pay for public infrastructure, other improvements related to that development, and those projects allowed under TCA 7-53-101, et seq. Tax increment is the difference in tax revenues generated by the property in the development area after a project has been completed compared with the tax revenues generated by a property before the development plan was adopted. The difference in these tax revenues pays towards the costs of improvements to the public infrastructure serving the development area.

The benefits of TIF transactions include the following:

- (i) TIF transactions can be effective as “off balance sheet” financing of components of public infrastructure such as utilities and road and traffic improvements. TIF bonds and notes are not included in the municipality’s general debt obligations. The structure of these transactions allows the municipality to utilize the new incremental revenue streams to accelerate funding of municipal improvements. This enables a municipality to complete public infrastructure that it otherwise could not afford at the time.
- (ii) TIFs provide financing for projects that are not otherwise economically feasible. For instance, TIF transactions may contribute to the redevelopment of blighted and under-utilized property selected by the municipality.
- (iii) Because of the accelerated development of public infrastructure improvements, the ad valorem property tax base from associated and adjacent properties often increases, which produces even greater benefits for the municipality.
- (iv) TIF projects are financed from increases in tax revenues that the development itself generates and not from tax subsidies from other areas of the municipality. In short, TIF projects effectively allow a development to pay for itself.
- (v) TIF projects may attract significant new jobs, businesses, and investment to the community, or may retain jobs and businesses, that otherwise would be missed or lost without the investment made possible through tax increment financing.

The TIF Program is primarily for economic development projects that provide improvements in blighted and under-utilized areas in the City of Chattanooga and in other properties designated by City Council and the Hamilton County Commission. Members of Hamilton County Commission and City Council, as qualified elected representatives, are the ones not only vested with the final authority to approve TIF transactions and districts, but also are in the best position to determine the relative priorities of the proposed infrastructure improvements and the related community benefits from a public policy standpoint. The Board, with staff from ECD, the Office of the City Attorney, and the Mayor's Office, will administer and implement the TIF Program and its policies and procedures.

Section 2. Statutory Background

Enabling Legislation and Statutory Authority of the Board. The IDB is a nonprofit public corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act ("Act"), Tenn. Code Ann. §§7-53-101 et seq. The Board's statutory purpose includes financing, owning, and leasing certain real and personal properties, which will have the effect of maintaining and increasing employment and otherwise promoting new industry, commerce and trade in Tennessee and Chattanooga, in particular.

On May 14, 2004, the Tennessee General Assembly amended the Act to vest industrial development corporations like the Board with the authority to initiate and administer tax increment financing for certain qualified projects approved by Chattanooga City Council and Hamilton County Commission. The Board's responsibilities under the amendment include the following:

- (i) Preparation and submission of an economic impact plan for the project that complies with the statutory criteria;
- (ii) Holding a public hearing relating to the economic impact plan after proper, published notice; and
- (iii) Administering the incremental tax payments under the TIF.

The purpose of these Policies and Procedures is to identify the procedures for applying for tax increment financing, specify the information that will be required of an Applicant, confirm that the City Council and the Hamilton County Commission will actually decide whether to grant the tax increment financing (as the Act provides) affecting their respective property taxes, and prescribe the roles the Board will play in the process.

The amendment, which is codified as Tenn. Code Ann. §7-53-312, provides that City Council must approve TIFs affecting property taxes due to the City of Chattanooga and the County Commission must approve TIFs affecting property taxes owed to Hamilton County. Neither has the authority to authorize a TIF transaction affecting the property taxes of the other. TIFs may be granted for projects generating both real and personal property taxes.

The Board has always viewed its core mission as the promotion of economic development and growth in the City of Chattanooga, and in particular commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City of Chattanooga. A project fitting within this core mission will encounter greater flexibility and receptivity by both the Board and the Governmental Authorities, as opposed to projects that do not involve these factors.

Section 3. Process

3.1. Application. The process for requesting tax increment financing will commence with an Applicant filing a completed Application in the form attached to this Program as Exhibit A and incorporated herein by reference together with all exhibits, supplements, schedules, and financial information required in the Application. The Applicant shall tender an application fee to the Board in an amount set forth in Section 6 of this Program. No action will be taken with respect to the Application until the Board (or its Administrative Agent) determines that it has received all information which may be relevant or necessary in determining the qualifications of the Applicant and the Project. **Acceptance of the Application does not imply, evidence or confirm the IDB's support for, or recommendation of, the Project and the TIF request.**

3.2. Submission to Governmental Authorities. Upon receipt of the Application, the Board shall work with the City of Chattanooga Finance and Administration and Economic and Community Departments to review the Application. The review shall include, but not be limited to, the following considerations: the purpose of the request; history and background of the applicant developer; project description; proposed use of funds on the project shown in a pro-forma; and two years of financial statements for the applicant developer. Once the Board determines that it has received a properly completed Application and any other information that it considers relevant or necessary for City Council to determine the qualifications of the Applicant and the Project, the Board will submit its acceptance of the Application and the information with a proposed Resolution of Intent to the City Council, City Council, the City of Chattanooga ECD, and other governmental departments specified by either the Mayor or the City Council.

If the TIF request will affect City property taxes, the Board will take comparable actions and timely provide the same information to the City Mayor, City Council and other governmental departments specified by either the Mayor or City Council.

After a full review by these Governmental Authorities, the City Council may take one of three actions: (i) reject the Application and return it to the Board, (ii) return it to the Board for more information, or (iii) approve a Resolution of Intent described below. To authorize further action and direct the Board to prepare and submit an economic impact plan, the City Council will adopt a Resolution of Intent stating that (i) the proposed Project will provide necessary improvements to public infrastructure that the City wants to occur within the proposed time for the Project, but does not currently plan to effect in the short term under its existing capital improvement plans, and (ii) the City Council will consider an economic impact plan prepared and submitted by the Board, with aid from ECD, with respect to the Project in accordance with the Policies and Procedures set forth herein.

If the TIF request will affect County property taxes, County Commission may engage in the same deliberations and may take similar action with respect to the Application.

3.3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council that makes the above findings and directs the Board to proceed with the preparation and submission of an economic impact plan, the Applicant will submit a proposed economic impact plan to the Board, generally in the form designed by the Board and containing the information required by Section 7-53-312(b) of the Act and the following information and documents:

- (i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the incremental tax revenues will be generated;
- (ii) a map or drawing clearly identifying the boundaries of the Project Area, including the proposed public improvements, and the boundaries of the Plan Area;

- (iii) confirmation of the current zoning of the Project Area and the Plan Area subject to the economic impact plan;
- (iv) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the economic impact plan;
- (v) a description of any proposed borrowing related to the tax increment financing;
- (vi) the number of jobs which the Applicant estimates will be created by the Project and the wages, salaries and other compensation that will be paid to those holding the jobs;
- (vii) the estimated development and construction costs of the Project; and
- (viii) the projected total cost of the TIF, including interest paid during the term of the TIF.

The Applicant is to submit the proposed economic impact plan to the Board no later than ninety (90) days after approval of the Resolution of Intent referred to in Section 3.2 by the City Council. If the Applicant does not submit the proposed plan within that period, the Board has the authority to take no further action with respect to the Application and the Project. If the Board chooses to take no further action, the Board will consider any requests of the Applicant as a new request requiring a new Application, the re-commencement of the procedures described above, and the payment of another application fee.

The Board's designated staff and counsel will review the proposed plan and will advise the Applicant if any additional information or changes are necessary for the plan. If necessary, the Applicant shall then revise the plan and submit the revised plan to the IDB Application Review Committee.

3.4. Application Review Committee. There shall be an Application Review Committee consisting of not less than five (5) members, Two (2) members shall be appointed by the Mayor; two (2) members shall be appointed by City Council; and one (1) member shall be a representative of the Chamber of Commerce. The Application Review Committee will review the economic impact plan, the application process to date, and the Resolution of Intent. The Committee will also review a proposed Development and Financing Agreement and will evaluate the terms in light of the Board's Policies and determine whether to recommend the Agreement and any variations from such Policies to the Board. The Committee will advise the Board whether the economic impact plan complies with the Act and this Program, and is, therefore, qualified to be considered for submission to City Council and/or County Commission for approval. The Committee will also determine whether to recommend the Development and Financing Agreement to the Board for its approval. The Committee will then establish a proposed date for the Board to hold a public hearing and determine whether to submit the economic impact plan to the City Council and/or County Commission for approval. The Application Review Committee shall be subject to the Tennessee Open Meetings Act.

3.5. Notice and Hearing of IDB. After the Application Review Committee and the Board's designated staff and counsel determine the economic impact plan to be complete, the Board will hold a public hearing related to the proposed plan at a regular or special meeting. Notice of the public hearing shall be published in a newspaper of general circulation in Hamilton County at least two weeks prior to the date of the public hearing, as required by Section 7-53-312(g) of the Act. The Board will submit the economic impact plan to Chattanooga City Council and/or Hamilton County Commission for consideration and approval. The submission shall include a summary of any comments from the public hearing on the proposed plan and other information deemed pertinent by the Board.

3.6. Approval of Municipality/Transaction Documents. If the Chattanooga City Council approves the economic impact plan, the Applicant and the Board will enter into a Development and Financing Agreement with the project developer, which will incorporate the specific terms of the tax increment financing approved by the municipality.

The Applicant shall be responsible for preparation of any documents related to third party financing authorized as part of the economic impact plan. All third party financing shall be non-recourse as to the Board, and all financing documents shall be subject to the review and approval of the Board's counsel.

The Applicant will close the TIF transaction within a reasonable period of time after the Board sends the Development and Financing Agreement and the related closing documents to the Applicant. If the closing does not occur within a 90-day period, the Board has the authority to consider the Application withdrawn and the TIF transaction and all approvals by the Board and other Governmental Authorities will lapse and be of no further force or effect.

A diagram summarizing the above procedures is attached hereto as Exhibit B.

Section 4. Board Policies for TIF Projects

The Board has adopted the following policies with respect to TIF Projects and will not prepare and submit economic impact plans failing to comply with the following criteria, unless specifically directed to do so by the Commission or City Council:

4.1. Maximum Term. The typical maximum period for any TIF will be 15 years. **Under certain circumstances, however, the TIF may be extended for 20 years, or the statutory limit in T.C.A § 9-23-104, whichever is greater.**

4.2. Incremental Tax Revenues. The -Board generally will allocate a maximum of 75% of the incremental tax revenues for TIF transactions having a term of 10 years or less and 60% of such incremental revenues for TIF transactions having terms in excess of 10 years.

4.3. Plan Area. The Plan Area, from which the TIF Revenues will be generated, will consist of no more than (i) the parcels included in the Project Area, and (ii) those parcels, determined by the Board, to be directly affected and substantially benefited by the Project , whose owners have received the notice referred to in Section 4.5 The Board may rely upon the opinions of the City of Chattanooga ECD, Public Works, or other engineering consultants in determining whether a parcel would be directly affected and substantially benefited by the Public Infrastructure.

4.4. TIF Eligible Costs. **Incremental tax revenues may be used for all uses outlined in T.C.A. § 7-53-312; however, these revenues should primarily be used to finance only the following Project costs:**

4.5. :

- (i) Capital or land costs, including costs incurred for construction and reconstruction of Public Infrastructure, clearing, grading and excavating, site work, and other hard construction expenses;
- (ii) costs of obtaining permits for the Project from Governmental Authorities;
- (iii) capitalized interest;

premiums for payment and performance bonds issued in favor of Governmental Authorities or the Board professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;

(iv) acquisition costs for equipment; and

(v) fees and expenses of the Board and other fees and expenses related to

the TIF. Public Infrastructure will include the following facilities and

improvements:

(A) Streets, roads, highways, curbs, gutters, water lines, sanitary sewer lines, storm drainage facilities, ramps, roads, bridges, traffic signals, paving, driveways, sidewalks, walking and running trails, mass transit and other public transportation facilities, culverts, manholes, retaining walls, tunnels, approaches, underpasses, artificial lighting, off-street parking improvements, parking garages and other structures, fencing, landscaping, public parks, site work and grading for such public infrastructure, walkways, signage, flood control improvements, and improvements for the supply, storage and distribution of water; and

(B) Electricity and telecommunications services, utility, and other similar site development infrastructure costs, qualified public improvements that may include on-site, off-site, utility relocation and under-grounding, according to the municipality's plans.

Under limited circumstances, the Board will include the costs of acquiring public rights of way as TIF Eligible Costs, but this determination will be made on a case by case basis after due consideration of the circumstances.

4.6. Notice to Property Owners. (i) The Board through its designated administrative staff will notify the owners of parcels included in the proposed Plan Area that the Board will consider the Application for tax increment financing on a certain date and at a prescribed time and place. The Applicant will provide a list of all parcels contained in the Plan Area, the names of the record owners and the address of each owner. The Board's notice will invite public comment and will give the property owners at least 14 days' notice of the Board meeting. In addition, the form of notice will advise property owners how they may comment on the Project such as by email or by letter, as well as attending the meeting. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

(ii) In addition, the Board will record an instrument in the Register of Deeds Office providing public notice of the tax increment financing and the properties contained in the Plan Area.

4.7. Minimum TIF Project. The Board will consider TIF Projects for submission to City Council or County Commission, but such Projects shall generally include (i) at least \$5,000,000 in capital improvements to the Project Area, without taking into account the costs of the Public Infrastructure to be financed by the TIF, and (ii) at least \$1,000,000 of Public Infrastructure that will be financed by tax increment revenues from the Plan Area.

4.8. Residential Projects. In the absence of unusual or extenuating circumstances acceptable to the Board, Projects that are substantially residential will not qualify for tax increment financing under the Board's TIF Program. Such proposals should be submitted to the appropriate authority or entity.

4.9. Guaranties of Completion. The Board may require guaranties of completion of the Project from principals of the Applicant, payment and performance bonds from sureties acceptable to the Board, or letters of credit from financial institutions acceptable to the Board that assure the timely completion of the Project.

4.10. Transfer of TIF. No rights to a TIF may be sold, assigned, or leased unless otherwise specified in the Development and Financing Agreement, provided however that the Board will consent to the collateral assignment of TIF Revenues to secure financing for the TIF Eligible Costs.

These Policies are in addition to the normal rules and procedures of the Board. From time to time and without notice, the Policies may be amended, waived in whole or part, or deleted by the Board, and new policies may also be adopted by the Board. The Board may consider other special circumstances or conditions in determining whether to submit an Application for consideration by the legislative body of the municipality and whether to prepare and submit an economic impact plan for approval.

Section 5. Post-Closing Evaluation

The Board intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of the City of Chattanooga. Accordingly, it has established a follow-up system of accountability to insure that the benefits represented by the Applicant to the Board actually come to fruition. The Applicant will be obligated to develop the Project substantially in accordance with the economic impact plan. Material departures from the development described in the economic impact plan will require the consent of the Board and may result in reductions or even elimination of the TIF, depending on the effect of the proposed changes. These commitments will be provided in the Development and Financing Agreement with the Applicant.

In addition, the Board requires the Applicant to annually certify compliance with the Development and Financing Agreement in a writing signed by the Applicant's chief executive officer or other executive acceptable to the Board. The Board will annually (or at such other times as it deems appropriate) evaluate each Project receiving a TIF to ensure compliance with the Development and Financing Agreement.

Section 6. Fees

6.1. Application Fee. The Applicant will submit the Application with an Application Fee of \$1,500.00 for resources used for the the initial review of the Application. Additionally, costs and expenses related to the economic impact study and financial review are passed through to the Applicant. The sum total of costs and expenses of the Application Review through closing shall not exceed \$10,000.00.Annual Administrative Fee. The Applicant will pay to the Board an annual administrative fee equal to [**25 basis points (0.25%)**] of the maximum tax increment benefit, which will be deducted from the amount disbursed to the Applicant, lender or bond trustee.

In addition, the Board will charge reasonable fees for any amendments to the TIF and the Development and Financing Agreement that will be based upon the facts and circumstances requiring the amendment, the actions required by the Board to effect the amendment, and the involvement of any Governmental Authorities. The Board may require that these fees be paid in advance of Board action and at the time the Applicant requests the amendment.

The above quoted fees are for reimbursement of the expenses of the Board, and other economic development programs as approved by the administration of the City of Chattanooga.

In addition to the fees described above, the Applicant is responsible for payment of the Board's counsel fees and other expenses incurred by the Board with respect to the Application, the economic impact plan, the Development and Financing Agreement and all other aspects of the TIF Program, as applied to the Applicant.

Section 7. Environmental Report and Title Insurance

The Board may require the Applicant to provide at its expense a Phase I Environmental Site Assessment Report for the Project and/or Plan Areas that (i) shall be prepared by a recognized Person in the health, safety and environmental field that is acceptable to the Board; (ii) shall bear a date acceptable to the Board; and (iii) shall disclose no unacceptable conditions to the Board. All environmental reports requested by the Board must grant to the Board the right to rely on such reports.

The Board may also require that the Applicant obtain at its expense, and deliver to the Board, a title insurance commitment for the Project and/or Plan Areas described in the economic impact plan.

Section 8. Conflicts of Interest

Each Board member shall be responsible for disclosing any material interest which he or she may have in or with an Applicant or financing source. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or financing source shall submit to the Board Counsel a representation of that interest, and Board Counsel shall advise both the Board and Board member whether the member needs to recuse himself or herself from consideration of the Application. Such recommendation of Board Counsel shall be conclusive. If recusal is recommended, the Board will then consider the Application without participation from the member or members who recuse themselves.

To avoid conflicts of interests, no TIF will be approved if Board Counsel has a professional legal relationship with the Applicant or source of the financing other than incidental representations in connection with proposed financings of other projects, but the Board may waive this condition in appropriate circumstances. In the event of a conflict involving Board Counsel, the Board will retain special counsel to represent it in connection with the particular Project being considered.

Section 9. Definitions

For purposes of this Program, the following terms shall have the following meanings:

“Administrative Agent” means the Person providing administrative services to the Board from time to time. The Board's current administrative agent is ECD of the City of Chattanooga, and the City Attorney.

Application means the Application for TIF submitted hereunder in the form designated by the Board and as amended from time to time. The initial form of the Application is attached hereto as Exhibit A.

“Development and Financing Agreement” means the Development and Financing Agreement between the Board and the Applicant (and any guarantor thereof) or similar agreement or contract providing for the terms and implementation of the TIF.

“Governmental Authority” means the City of Chattanooga, Tennessee, Hamilton County, Tennessee, the State of Tennessee, any political subdivision of any of them, and any agency,

department, commission, board, bureau or instrumentality of any of them.

“Person” means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, individual and Governmental Authority.

“Plan Area” means the real property included in the Project Area and any additional parcels meeting the criteria provided in Section 4.3, from which the TIF Revenues will be generated in order to finance the Public Infrastructure constituting a part of the Project.

“Project” means a project under Section 7-53-101(11) of the Act.

“Project Area” means the real property designated in the Application constituting the Project, including property for the Public Infrastructure.

“Public Infrastructure” has the meaning assigned to it in Section 4.3.

“TIF Revenues” means the property tax revenues generated from the Plan Area after consideration of the Base Tax Amount and the allocation of tax revenues to municipal debt service.

EXHIBIT A TO TIF PROGRAM

TIF APPLICATION FORM

TAX INCREMENT FINANCING APPLICATION

Please return the completed application and supporting documentation to:

The Industrial Development Board for the City of Chattanooga
100 East 11th Street, Suite 200
Chattanooga, Tennessee 37402
(423) 643-8250

TIF Application Lead-In Statement and Justification

The Industrial Development Board of the City of Chattanooga views its core mission as the promotion of economic development and growth in the City of Chattanooga, and in particular commercial and industrial projects that involve a significant capital investment and the generation of new jobs with wages in excess of the annual average wage in the City. The TIF Program is designed for economic development projects that provide improvements to public infrastructure in blighted and under-utilized areas of the City of Chattanooga and in other properties designated by Hamilton County Commission and City Council.

Please address the following factors as they related to your Project:

Economic Development

Will the proposed Project involve significant capital investment and the generation of new jobs with wages in excess of the City of Chattanooga annual average wage?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

Blight Removal

Will the proposed Project remove blight?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

Pursuit of Community Plan or Policy

Will the proposed Project further the pursuit of an existing community plan or policy?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

Environmental Remediation

Will the proposed Project address environmental remediation?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

Public Infrastructure Need

Will the proposed Project address current public infrastructure needs?

Yes _____ No _____

If yes:

Are the proposed public infrastructure improvements identified in the County's or City's current Capital Improvements Plan?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

Are the proposed public infrastructure improvements identified in any County or City plans?

Yes _____ No _____ (If yes, please specify in detail, using additional sheets if necessary)

If the proposed public infrastructure improvements are not in the County or City Capital Improvements Plan or any other existing City or County plan, please describe in detail the public's need for the public infrastructure and the basis for the priority or urgency for the public infrastructure, as requested by the Application.

____ **Other** (please specify)

I. Applicant Information

1. Name of Applicant: _____

2. Business Name and Address: _____

State of Organization: _____

3. Contact Person: _____

Phone Number: _____

Fax Number: _____

E-Mail Address: _____

4. Website: _____

5. Type of Business Entity:	Sole Proprietorship	Limited Partnership
	For-Profit Corporation	General Partnership
	Limited Liability Company	Nonprofit Corporation

6. Provide the street addresses of the project site:

7. Provide a legal description of the project site and a description of the leased premises, if applicable.

8. Currently, does the Applicant own or lease the property? (Check one)

Own Lease Neither

9. At project completion, who will occupy (operate business on) the site? _____

10. Evidence of Site Control:

A. If the Applicant owns the project site, attach a copy of the Applicant's deed. Also indicate:

Mortgage Holder(s):

Total annual mortgage payment (principal & interest) \$ _____

Total outstanding balance of existing mortgage(s): \$ _____

Name, address, and phone numbers of other persons or entities having an ownership interest in the property to be developed, if applicable:

B. If the Applicant has a contract or option to purchase the project site, attach a copy of the agreement or option contract. Also indicate:

Date contract was signed: _____/_____/_____

Closing/expiration date: _____/_____/_____

C. If the Applicant currently leases or will lease the project site, attach a copy of the lease or lease option contract. Also indicate:

Legal name of Owner as noted on the deed(s): _____

Name of person who signed lease for Tenant(lessee): _____

Landlord/Owner's name, address and phone no.: _____

II. Project Description

11. Indicate the total amount of TIF assistance requested (in current dollars), to be paid from TIF Revenues: \$ _____

Also provide a breakdown of the capital costs and the financing costs to be paid by TIF Revenues.

12. Number of years TIF assistance is requested: _____
(existing policy is that TIF transaction will have a maximum term of 15 years).

13. Has any other government assistance (funds, tax incentives, or other economic benefits) been provided to the Applicant or the property? (Check one): Yes No

If yes, describe the type, source, and amount of assistance provided:

14. Provide a list of all properties comprising the plan area by (CLT), along with the most recent tax bill for each parcel. Copies of tax bills can be obtained from the City of Chattanooga, Office of the Treasurer, 101 East 11th Street, Suite 100, Chattanooga, Tennessee 37402, phone (423) 643-7262; and Hamilton County Assessor’s Office, 6135 Heritage Park Drive, Chattanooga, Tennessee 37416, phone (423) 209-7300.

CLT # (Parcel Identification Number)	Assessed Value	Taxes
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

15. Project Narrative: Write a brief description of the project. Be as specific as possible about timing, scope of work, type of construction and financing. Attach additional sheets if necessary. Provide interior and exterior photographs.

16. Land Area of Project Area (in square feet or acres): _____
 Zoning Classification of Project Area (by parcel): _____
 Land Area of Plan Area (in square feet or acres): _____
 Zoning Classification of Plan Area (by parcel): _____

17. Use of Funds (Entire Project):

	<u>Amount</u>	<u>Percent</u>
Land Acquisition	\$ _____	_____ %
Site Development	\$ _____	_____ %
Public Improvements	\$ _____	_____ %
Building Costs (Hard)	\$ _____	_____ %
Soft Costs	\$ _____	_____ %
TOTAL:	\$ _____	100%

Sources of Funds:

	<u>Amount</u>	<u>Percent</u>
Owner's Equity	\$ _____	_____ %
Construction Loan	\$ _____	_____ %
Mezzanine	\$ _____	_____ %
Seller Financing	\$ _____	_____ %
Tax Increment	\$ _____	_____ %
Other	\$ _____	_____ %
TOTAL:	\$ _____	100%

Total Estimated Project Cost: \$ _____

18. When will construction start (Month/Year)? _____ / _____
 19. When will construction be completed (Month/Year)? _____ / _____

20. Please list what public improvement(s) are eligible for tax increment financing and estimated cost:

<u>Category A</u>	<u>Quantity</u>	<u>Estimated Cost</u>
Site Work / Grading:	_____	\$ _____
Storm Sewers:	_____	\$ _____
Pipes:	_____	\$ _____
Structures:	_____	\$ _____
Stormwater Facilities:	_____	\$ _____
Flood Control:	_____	\$ _____
Retaining Walls/Tunnels:	_____	\$ _____
Sanitary Sewer Lines:	_____	\$ _____
Pipes:	_____	\$ _____
Structures:	_____	\$ _____
Water Lines:	_____	\$ _____
Paving / Driveways:	_____	\$ _____
Street, Curbs, Gutters:	_____	\$ _____
Ramps/Roads/Bridges:	_____	\$ _____
Off-Street Parking Structures:	_____	\$ _____
Sidewalks:	_____	\$ _____
Landscaping / Fencing:	_____	\$ _____
Artificial Lighting:	_____	\$ _____
Greenways/Walking Trails:	_____	\$ _____
Mass /Public Transit Facilities:	_____	\$ _____
Traffic Signals:	_____	\$ _____
Signage:	_____	\$ _____
TOTAL CATEGORY A		\$ _____

<u>Category B</u>	<u>Quantity</u>	<u>Estimated Cost</u>
Electrical Services:	_____	\$ _____
Utility Infrastructure:	_____	\$ _____
Utility Under-grounding:	_____	\$ _____
Telecom Services:	_____	\$ _____
Utility Relocation:	_____	\$ _____
Other Items:	_____	\$ _____
TOTAL CATEGORY B		\$ _____

Other public improvements (provide a description and breakdown of costs in sufficient detail for an engineering review of cost estimates): _____

21. Development Team

Please list the business name, contact person, address, work and fax phone numbers, and email address for the following members of the Development Team:

Contractor: _____

Architect/Engineers: _____

Accountant: _____

Project Manager: _____

Construction Manager: _____

Development Consultant: _____

III. Supplemental Information

Note to Applicant – All Exhibits from the checklist must be complete before IDB staff will submit your request for tax increment financing for initial consideration by the Hamilton County Commission and/or Chattanooga City Council.

22. Submit the following as Exhibits to the Application that will include the information set forth in the following checklist:

Exhibit A – Tax Increment Application Affidavit

Exhibit B – History of the Development Entity

Exhibit C – Site Plan and Rendering (identify public improvements eligible for TIF)

Exhibit D – List and Breakdown of Sources and Uses of Funds to undertake project

Checklist

Exhibit A – Tax Increment Application Affidavit (*submitted for preliminary qualification*):

Applicant will pay IDB Application Fee of \$_____.

Applicant will list and specify all Eligible TIF Costs in detail
Applicant will acknowledge the maximum tax incentive available for the Project (See Sections 4.1 through 4.3 for guidance)

Applicant and/or the lead financing entity will sign an affidavit that the project would not be financially feasible, if it were not for the Tax Increment Financing.

Exhibit B – Declaration of Development Team and Disclosure of Principals and Entity, including:

History of the Development Entity
Resumes of all principals and key individuals
Organizational structure of the development entity

Exhibit C – Description and Narrative of the Development Project, including:

Copies of Project Contracts and/or Memoranda of Understanding
Detailed Performance/Construction Schedule
Site Plan and Rendering w/qualifying public improvements identified
Copies of Deeds, Leases, and Option Contracts
FIRMette from FEMA issued Flood Insurance Rate Maps (FIRMs) www.msc.fema.gov
Photographs of Property
Tax Bills
Survey
Maps of the Plan Area and the Project Area

Exhibit D – Project Funding and Financial Information, including:

List and breakdown of Sources and Uses of Funds to undertake Project
Detailed projections of TIF Revenues by parcel for the term of the requested TIF and narrative describing the basis and assumptions for the projections
Pro-forma financial statement for five (5) years (if multiple entities are involved, the pro forma statements should be prepared on an entity basis and on a consolidated basis)
Current financial statements (2 yrs.); P & L (2 yrs.); and Balance Sheet (2 yrs.)
(if newly formed, a copy of a balance sheet as of the most recent month-end)
Current banking relationships
Evidence of bonding capacity or letter of credit

VII. Signature

I, the undersigned, affirm that the project descriptions, numerical and financial estimates, and all other information I have provided in this Application are true and complete to the best of my knowledge. I have read and understood the requirements described in this Application, including the Tax Incentive Financing Program of The Industrial Development Board of the City of Chattanooga. Furthermore, I certify that I am authorized to initiate the TIF application process on behalf of the Applicant and the Project described.

The undersigned, furthermore, agrees to provide such additional information and documentation, from time to time, as the Board may consider necessary or convenient to determine the advisability of providing tax increment financing to the Applicant.

The undersigned agrees to pay or reimburse the Board for all costs, fees and expenses, including attorneys' fees, incurred by the Board in considering, evaluating, and enforcing the provisions of the Application and

the Policies and Procedures of the Tax Increment Financing Program. In certain instances the Board may require that principals of the Applicant guarantee the payment of the above costs and supply the Board with financial statements of such principals.

Signed: _____ Date: _____, 20_____

Title: _____

Legal Disclaimer

COMPLETION OF THIS APPLICATION DOES NOT ENTITLE THE APPLICANT TO FINANCIAL ASSISTANCE. ANY SUCH ASSISTANCE MUST BE APPROVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE OR THE HAMILTON COUNTY COMMISSION

AFFIDAVIT
TO
TIF APPLICATION

I, _____, being first duly sworn, depose and state under penalty of perjury as follows:

1. I am a corporate officer, managing member, general partner or sole proprietor of _____ (“Applicant”), a company duly organized in the State of _____ as a (Corporation/LLC/Sole Proprietorship/General Partnership/Limited Partnership). Applicant submits this Application requesting tax increment financing for the project located at (“Site”). The Applicant represents that this Application and all information furnished in support of the Application for the purpose of obtaining financial assistance under The Industrial Development Board of the City of Chattanooga Tax Increment Financing Program (“TIF Program”) are true and complete to the best of Applicant’s knowledge and belief.

2. Applicant hereby acknowledges and declares that it will comply with the following submittal requirements for tax increment financing assistance from The Industrial Development Board of the City of Chattanooga (the “IDB”):

- (i) Applicant will list and specify all costs of qualified improvements to Public Infrastructure for tax increment financing;
- (ii) Applicant will acknowledge the maximum tax increment reimbursement available for the Project;
- (iii) Applicant will pay a tax increment financing application fee of \$_____ to the IDB at the time of application;
- (iv) Applicant will be required to pay the IDB an administration fee equal to _____, which will be deducted annually out of the TIF Revenues.

5. Applicant acknowledges and declares that no other reasonable means of financing the public improvements proposed to be financed with tax increment financing are available, because of one or more of the following reason(s) as checked by Applicant:

- _____ (i) The Project, including the public improvements, if financed by Applicant through cash on hand or through debt financing from a private lender, would not result in a reasonable rate of return to the Applicant; or
- _____ (ii) Applicant would not undertake the full set of improvements contemplated in the Application through resources reasonably available to the Applicant.

6. Applicant hereby agrees that Applicant shall at all times indemnify and hold harmless the IDB, its employees, officers, directors, counsel, and consultants against all losses, costs, damages, expenses (including reasonable attorney fees), and liabilities of any nature directly or indirectly resulting

from, arising out of or relating to the acceptance, consideration, approval, or disapproval of this Application for tax increment financing assistance.

DATED this _____ day of _____, 20_____

Signature

Title

Signed and sworn to before me this _____ day of _____, 20_____

Notary Public

My commission Expires: _____

BY-LAWS

OF

INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CHATTANOOGA

A corporation organized and existing under the laws of the State of Tennessee.

Article I - Offices

The principal office of the corporation in the State of Tennessee shall be located at City Hall, 101 East 11th Street, Chattanooga, Hamilton County, Tennessee 37402, c/o the Mayor's Office. The corporation may have such other offices in the City of Chattanooga, Tennessee, as the Board of Directors may designate or as the business of the corporation may require from time to time.

Article II - Board Meetings

Section 1. Annual Meeting. The Board shall hold annual meetings at 1000 Lindsay Street, Chattanooga, Hamilton County, Tennessee, on the second Tuesday of June at the hour of eleven o'clock a.m. if not a legal holiday, but if a legal holiday, then on the business day next following.

Section 2. Special Meetings. Special meetings of the Board may be held at any time, and the place and hour shall be fixed in the notice. Such meetings may be called by the Chairman or at the written request of any three (3) members of the Board. The meetings may be held for any purpose or purposes, unless otherwise prescribed by statute. Calls for or notices of special meetings shall specify the object of such meeting, and only objects so specified shall be considered.

Section 3. Regular Meetings. Regular meetings of the Board may be set by resolution of the Board, and shall be held at a place of meeting as set forth in Section 4 below.

Section 4. Place of Meeting. The Board may designate any place within Chattanooga, Tennessee, as a place of meeting for any annual meeting or for any special meeting called by the Board. If no designation is made, the place of meeting shall be the registered office of the corporation, designated in Article I herein.

Section 5. Notice of Meeting. Written or printed notice stating the place, date, and hour of the meeting, and in case of a special meeting the purpose or purposes for which the meeting is called, shall be given not less than five (5) days nor more than thirty (30) days before the meeting, either personally or by mail, by or at the direction of the Chairman or the Secretary, or the persons calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Board member at his address, with postage thereon prepaid.

Section 6. Voting. Only members of the Board shall be entitled to vote at the regular and special meetings of the Board. At all meetings, each Board member shall be entitled to one (1) vote.

Section 7. Quorum. A majority of the members of the Board shall be necessary for quorum. When a quorum is present, a majority of those present in person shall decide any question before the meeting.

Section 8. Meetings Public. All meetings of the Board shall be open to the public as provided by Tennessee Code Annotated Section 7-53-101, *et seq.*

Article III - Responsibilities of the Board

Section 1. General Powers. The business and affairs of the corporation shall be managed by the members of the Board.

Section 2. Number, Tenure, and Qualifications. The number of Board members of the corporation shall be seven (7). These shall serve for staggered terms of six (6) years each as elected by the Chattanooga City Council, except that the first Board appointed shall have members with terms of two (2) years, four (4) years, and six (6) years as provided by Tennessee Code Annotated, Section 7-53-101, *et seq.*

Section 3. Vacancies. Any vacancy occurring in the Board may be filled only by the City Council. Nominees for any vacancy on the Board shall be made in the same manner as provided by Tennessee Code Annotated, Section 7-53-301. A Board member elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 4. Compensation. As provided by Tennessee Code Annotated, Section 7-53-101, *et seq.*, all members of the Board shall serve without compensation.

Article IV - Officers

Section 1. Officers Number. The officers of the corporation shall be at least four (4): one Chairman, one Vice-Chairman, one Secretary, and one Assistant Secretary; provided, that the Board of Directors may from time to time elect additional Assistant Secretaries as may be needed for the accomplishment of the business of the Board.

Section 2. Election and Term of Office. The officers of the corporation to be elected by the Board shall be elected annually by the Board. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death or until he shall resign or he shall have been removed in the manner hereafter provided.

Section 3. Removal. Any officer elected by the Board may be removed by the Board whenever in its judgment the best interests of the corporation would be served thereby.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise may be filled by the City Council for the unexpired portion of that term.

Section 5. Chairman. The Chairman shall be the principal executive officer of the corporation and, subject to the control of the Board, shall in general supervise and control all of the business affairs of the corporation. He shall, when present, preside at all meetings of the Board. He may sign, with the Vice Chairman or Secretary of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and the execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties as may be prescribed by the Board from time to time.

Section 6. Vice Chairman. In the absence of the Chairman, or in the event of his death or inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and so acting, shall have all the powers of and be subject to all the restrictions on the Chairman. The Vice Chairman shall also perform such other duties as from time to time may be assigned by the Chairman or by the Board.

Section 7. Secretary. The Secretary shall keep the minutes of the meetings of the Board in one or more books provided for that purpose; shall see that all notices are duly given in accordance with the provisions of these By-Laws as required by law;

shall be custodian of the corporate records of the corporation; shall keep a register of the address of each Board member which shall be furnished to the Secretary by such Board member; shall in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Chairman or by the Board.

Section 8. Assistant Secretary. In the absence of the Secretary, or in the event of his death or inability or refusal to act, the Assistant Secretary shall perform the duties of the Secretary, and so acting, shall have all the powers of and be subject to all the restrictions on the Secretary. The Assistant Secretary shall also perform such other duties as from time to time may be assigned by the Secretary or by the Board.

Article V - Contracts, Bonds, Loans, Mortgages, Leases, Checks, and Deposits

Section 1. Contracts. The Board may authorize any officer or officers, agent or agents, to enter into any contract, including but not limited to mortgages and leases, or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loan shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in the name of the corporation unless authority is specifically given by a resolution of the Board. Such authority may be general or confined to specific instances.

Section 3. Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the Board.

Section 4. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board may select.

Article VII - Fiscal Year

The fiscal year of the corporation shall begin on the first day of July and end on the thirtieth day of June in each year.

Article VIII - Dividends--Excess Earnings

The Board may not pay dividends. Excess earnings, if any, shall be disposed of as provided by Tennessee Code Annotated, Section 7-53-101, *et seq.*

Article IX - Waiver of Notice

Whenever any notice is required to be given to any member of the Board of the corporation under the provisions of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Article X - State Enabling Statutes Controlling

The provisions of Chapter 28 of the Tennessee Code, relating to Industrial Development Corporations, Tennessee Code Annotated, Section 7-53-101, *et seq.*, and the provisions of the Charter of Incorporation shall in all cases be controlling, and in any matter not specifically covered herein, or should any provision herein be in conflict, then the provisions of said statutes and the Charter shall control.

Article XI - Amendments

These By-Laws may be altered, amended, or repealed and any new By-Laws may be adopted by the Board at any regular or special meeting of the Board; provided the proposed alteration, amendment or repealer shall first be proposed at any regular and special meeting of the Board and then consideration thereof shall be scheduled for the next regular or special meeting of the Board and the substance thereof shall be contained in all published and mailed notices of the meeting.

IDB AGENDA PROCESS

- All items desired to be included on the agenda for the next IDB meeting, along with a resolution request and/or all supporting documents, must be submitted via email to Maria Manalla @ mmanalla@chattanooga.gov and Attorney for the Board Phillip Noblett @ pnoblett@chattanooga.gov by noon at least ten (10) days before the regular monthly or specially called meeting (*i.e.*, for the regular Monday meetings, this means by noon on the Friday, ten (10) days prior).
- The final cut-off for agenda changes, not additional items, is seven (7) days before the regular monthly or specially called meeting at 10:00 a.m. (*i.e.*, for the regular Monday meetings, this means by 10:00 a.m. on the Monday, seven (7) days prior).
- The agenda will be finalized, circulated to the Board and team departments, and posted for the public, by 3:00 p.m. seven (7) days before the monthly or specially called meeting.
- When the seven (7) day circulation date falls on a Monday Holiday, the submittal deadline is noon on Thursday before the Friday distribution. In that situation, the final cut-off for agenda changes, not additional items, is noon on Friday.
- These deadlines are necessary to allow the public and IDB members time to meaningfully review and digest the materials. Exceptions may be made by the Chair in exceptional circumstances only.

APPROVED, SIGNED, AND EFFECTIVE on August 1, 2022.

INDUSTRIAL DEVELOPMENT BOARD
FOR THE CITY OF CHATTANOOGA,
TENNESSEE

By _____
Jimmy F. Rodgers, Jr.
Chair

By: _____
Phillip A. Noblett
Attorney for the Board