



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES**

John P. Franklin Sr. City Council Building

Assembly Room

Chattanooga, Tennessee

for

Monday, December 1, 2025

11:00 AM

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Elizabeth Goss (Public Works); Gail Hart (Real Property); Eleanor Liu and Weston Porter (Finance); and Charita Allen and Winston Brooks (Economic Development).

Chairwoman Althea Jones confirmed that a quorum was present to conduct business, and the meeting was properly advertised.

MONTHLY MEETING OF NOVEMBER 3, 2025 – MINUTES APPROVAL

On motion of Mr. Rodgers, seconded by Mr. Floyd, the minutes of the November 3, 2025, monthly meeting were approved as submitted.

PUBLIC COMMENTS

There was no one from the public with comments.

RESOLUTIONS

HomeServe PILOT

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

A RESOLUTION RATIFYING THE CHAIR'S EXECUTION ON EXHIBIT B – WORK LETTER AGREEMENT TO A PERMANENT SANITARY SEWER EASEMENT AND TEMPORARY CONSTRUCTION EASEMENT RELATED TO THE HOMESERVE USA CORP. PILOT PROJECT WITH T. GENE EDWARDS AND JUDY A. EDWARDS.

Attorney Phil Noblett said that this Work Letter Agreement was signed by the Chair at the request of the City Attorney's Office last week and wanted to make sure it was on for ratification today. The purpose of this Work Letter Agreement was to cut off a liquidated damage claim of \$56,000 per day that we were trying to avoid in connection with an easement that was not allowed on this project. We rushed through a Temporary Construction Easement on this project, got the cut off done, and avoided \$56,000 in liquidated damages per day.

The HomeServe folks had this project that was ongoing in connection with this matter, and this was holding up that PILOT and that is the reason it came before the Board.

The motion carried.

ADOPTED

e2i2 Project

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

A RESOLUTION AUTHORIZING THE CHAIR TO ENTER INTO A CONTRACT FOR SALE AND PURCHASE WITH THE LOCAL BOARD OF TRUSTEES OF THE LEE HIGHWAY CHURCH OF GOD, IN SUBSTANTIALLY THE FORM ATTACHED, FOR THE PURCHASE OF THE REAL PROPERTY AT 7218 HAMILTON ACRES CIRCLE, IDENTIFIED AS TAX MAP NO. 139P-C-007.04, IN THE AMOUNT OF FIVE HUNDRED EIGHTY THOUSAND DOLLARS (\$580,000.00), AND TO EXECUTE ALL DOCUMENTS NECESSARY TO CONSUMMATE THE TRANSACTION, WITH CLOSING FEES NOT TO EXCEED TEN THOUSAND DOLLARS (\$10,000.00), FOR A TOTAL TRANSACTIONAL AMOUNT NOT TO EXCEED FIVE HUNDRED NINETY THOUSAND DOLLARS (\$590,000.00).

Attorney Noblett said that this project is a Contract for Sale and Purchase that will access the property that is in a PILOT currently. This is owned by the Lee Hwy. Church of God and is basically an easement area that would allow us to be able to get into this area that is needed for the sewer purposes in that area.

Ms. Elizabeth Goss said that the purpose of this project is that we have been before the Board before providing access to the Lee Hwy. property that the IDB already holds for the e2i2 project. The existing entrance uses a culvert that is shared with the neighbor and is not rated to withstand some of these larger vehicles that we need to get in there. Due to the upcoming FEMA changes, we cannot add a new bridge without flooding downstream. Purchasing this property allows us to have access to that project in perpetuity with the remaining parcel that will not be used for access potentially to be sold later. It is a triangular shape, and they were not interested in just an access easement. They wanted to sell the parcel.

There is also another large tank. It is a ten-million-gallon wet weather sewage holding tank. Whenever it rains and is in a combined system it will be for treatment later and held there and will go out later. Mr. Floyd wanted to confirm this is a permanent easement and not a temporary easement. This is the purchase of that property.

Mr. Rodgers said that one of the landowners right now the City is sharing is the temporary easement, is he involved with this purchase? Ms. Goss said the current City deeded access to the property is on the 7148 Lee Hwy. property. We do not utilize that entrance because we cannot get the construction equipment over it. We have a temporary entrance right now, but we cannot make that permanent. This would be the permanent solution to get to that property.

Eventually, this will become the property owned by the City after the completion of the project. It is in the process right now for construction. It would be the City.

Ms. Kain asked if the due diligence has been done to make sure this new property is going to be adequate for the vehicles that you need to get access there. Ms. Goss said yes, they have done survey, environmental studies, and we believe it is sufficient.

The motion carried.

ADOPTED

DISCUSSION

Reporting of the TIF Final Audit Report.

Mr. Winston Brooks spoke and gave an overview. Chris McCullough with the County Auditor produced a report a few months ago and it was an audit of the Tax Increment Financing Agreement initiated by the City of Chattanooga and Hamilton County since 2013 conducted by Hamilton County Internal Audit. It was dated October 9, 2025, and it looked at TIFs from 2013. It concludes that the program is generally achieving its primary goals of encouraging economic development and maintaining adequate internal controls. It also identified some weaknesses that require some attention.

The findings reveal a lack of formal policies with Hamilton County's Industrial Development Board and consistent project oversight typically in monitoring compliance with the agreements in place. Some of the recommendations were to formalize policies and procedures, enforce the compliance, improve financial oversight, and clarify objectives. The TIF software that the Board has approved will help us manage the financial reporting and compliance aspects.

Ms. Charita Allen said that the auditor reviewed all the existing TIFs in place. He covered when they were put in place, the amount of the TIF, the amount of capital investment, and there is some recommendations that Mr. Brooks went over. We are currently providing an annual report to the IDB and the City Council. That has been typically more in a Power Point format where we basically say here is the development, the existing capital investment, the increment that is coming in, and moving forward we will touch on a few other items.

The auditor asked moving forward whether we will touch on a few other items. Auditor asked moving forward if we include in all our reports the purpose of the TIF, whether it meets its initial goal, why it was put in place and adding all those other items into it from there. He reviewed the process. The recommendations on policy were mainly for Hamilton County and the IDB for Hamilton County because they currently do not have TIF policies. The City of Chattanooga does as do the current IDB here. They will have some policies coming forward. These are our policies at some point there will be a recommendation to come forward to both the IDB and City Council to modify our policies. For transparency purposes, this is a multi-step process, and we are looking to eliminate some steps moving forward, but again we will make recommendations to the Board before making those changes.

It talks a little about the objectives of the report, auditor's opinions and findings. Of the six, we have five that are currently producing increment and recommendations, oversight, and moving forward. When we put together a report for this Board and typically we do it at the end of every fiscal year, the next report will be around June of 2026 and will bring forward and incorporate some of the things he asked for in this report.

This was sent to all the members. We are happy to answer any questions you have about policies and procedures and we will start implementation in January of the new economic development software that this Board approved. We look forward to bringing reports to the Board about that new software that we start in 2026. There is no action that needs to be taken today by the Board on this item.

Mr. Rodgers said on page eight of the second and third bullet points, is the proposal addressing those in the spring? Ms. Allen said they are currently working to address those now. We are currently aligned to all those things. Because it is a combined City and County report, there are places, because the County does not have policies and are not aligned. We do have policies and are aligned. Regarding the conflict that he mentioned with the Tennessee Code, is that not applicable to us? Ms. Allen said that is not applicable to us. We are fully compliant with all state laws as it relates to TIFs. Are we satisfactory from Ms. Allen's standpoint? We are. That is enforcing compliance with certifications from developers. We ask for developer qualifications when they are making an application and that is determined whether they can follow through on the TIF. With TIF projects, they are supposed to be shovel ready which means they get the incentive they should be ready to go forward. They should have the capacity and the qualifications to follow through on the project. Ms. Allen will need to find out the certification of developers' means. We do have developers that are applying for TIFs.

Mr. Rodgers said that on page seven, there are a couple of recommendations towards the bottom that basically seem to suggest we are deficient since we do not have a delegated individual that is ensuring compliance. That seems to be at the heart of what he is claiming. Ms. Allen will get back with the Board. It says to delegate an individual within the IDB Chattanooga to review each contract and review financial reports to ensure compliance with agreements.

We do work closely with our finance department. Historically, we worked with Pinnacle Bank when they were the financing arm of a project. We met with them on a regular basis to make sure all the documents are being held, all the invoices, and the draw downs are being reviewed, all those kinds of things. Historically, we have done that piece of the project within City staff and then working with finance.

Mr. Rodgers asked with other industrial development boards within the State of Tennessee, he thinks Nashville and Memphis, the IDBs both or IDB's equivalent have employees of the IDB, is that correct? Ms. Allen said that is correct. Is that something Ms. Allen can envision in her experience with Chattanooga IDB that we need to consider? Ms. Allen said she thinks the IDB should consider having a staffer to oversee projects. If not a staffer, then at the very least a project manager is assigned for either TIFs as a whole or project managers for each of the TIF projects. Currently, that role is being filled by either City Engineer or his team as it relates to the baseball stadium, and it is currently being filled with economic development as it relates to the Tubman project. It is currently being filled if there is anything housing related to our housing team monitoring housing projects falling within TIF districts. It is kind of scattered right now with everybody kind of overseeing it, recognizing the common thread is always our finance team.

Ms. Allen does not know if the Knoxville IDB has employees. Ms. Allen said Nashville and Memphis do have full-time staff. Mr. Goldberg said the City Engineer managed the Enterprise South project. Mr. Goldberg said the TCA comments are about the County and not necessarily us. It is kind of a confusing report. It is from the County and why would the County IDB -- Mr. Rodgers said that he thinks this is something we should consider going forward as having one person employed by the IDB that looks at all of these and takes the lead there. It is something to consider.

Attorney Noblett said you just need to have enough funding. Ms. Allen said currently under each of the TIFs, there is an administrative fee. That fee could fund a position that would oversee TIFs if the IDB wanted to look into that. This is to be determined. Ms. Allen would need to ask the City Attorney how that would work.

Attorney Noblett said that they are separate corporations involved here to be an employee of the corporation. But considering the number of PILOTs where the IDB is holding title to property under the PILOTs. The TIFs with the IDB is holding the funds for the TIF accounts that are set up with the IDB, and it is something worth considering moving forward. We could increase the admin fee to cover it. Attorney Noblett said yes, you could. The staff is going to make some recommendations in first quarter. Ms. Jones said that would be great. Mr. Rodgers said yes please.

Mr. Brooks wanted to provide a little bit of context around the statement about enforcement of annual compliance. That has a lot to do with going back and looking at the Development Agreement to make sure those agreements are being lived up to and if there are any penalties that need to be addressed because of something not being done, that would be a good time to enforce that.

We will add a discussion item for early 2026 information that will be forthcoming on recommendations. Ms. Allen asked to give the staff until February to come back with something that would give them time to look into how the other municipalities across the state are handling their staffing, what that staffer is doing, responsibilities, reporting, etc.

Attorney Noblett wanted to make sure on the page, does that mean that this Board does not owe as much money to the IDB Investor LLC now as you thought we did? Based upon TIF. It looks like a reduced amount at least the beginning balance was reduced and the amount that is outstanding as of 4/30/2024 on page nine. Ms. Allen said yes, the Economic Development team, City Finance team, and the County Auditor met to discuss what appeared to be a discrepancy that was related to that Black Creek TIF and that was resolved.

We do not owe them quite as much because they have already been paid. On page nine it says \$8,619,000 instead of \$9,089,000. Ms. Allen cannot answer that only because this comes from the County Auditor's report.

Mr. Weston Porter said that the calculation issue is slightly different from the County and the City. He thinks it was an issue on the County's calculation. That is another one of those where it is related to the County and not the City, but he will follow up and make sure but remembering meeting with the auditor that was specific to something within the County's calculation.

Attorney Noblett said \$8.6 million is less than \$9,089,000 is what he was wondering about. Does that mean we owe less money? Mr. Porter said we owe them less than we originally did because we paid some of it over the last 13 years. Yes, that will be important whenever this goes on and hopefully the TIF amount increases with more development than they have on top. That should pay off a quicker amount. Mr. Porter said they are working through it. Big houses cost more.

Ms. Jones said back on the employee – if she was to research Knoxville and Nashville, Memphis' IDB is called Edge. Ms. Kain asked how many TIFs do they tend to go through each year. Ms. Allen does not know off the top of her head. We do know there are 35 active TIFs that are in Knoxville. There is a larger number, but similar number in Nashville. Memphis also has seven different types of TIFs. Ours is only in infrastructure TIFs, Memphis has a grocery store TIF, different types of TIFs they have based upon what communities need, they are very specialized. They have the staff to do that. Ms. Allen is happy to provide that when she comes back, she will give an overview of the different IDBs across the state and types of tools they have, and the associated staffing based on those tools. Ms. Jones will do some research herself.

Quarterly Project Update No. 2 by Wastewater Dept. and Jacobs Engineering Group, Inc.
W-20-027-101 MBEC Class A POWER (Progressive Design Build)

Attorney Noblett said that the concern at Moccasin Bend is being able to make things into pellets with a high intensity heat and that the purpose of the PILOT understood for that area on here for us having some sort of ownership interest in that property while that goes forward. That is a new construction project that is ongoing. As far as the timing, Attorney Noblett is not sure how quickly they need that going there. We just have a document that is attached on here that shows it is part of the Consent Decree Program and usually if there are issues that must be done within a certain time, they would let us know. It looks like Phase 1 of the project is August 3, 2026, and substantial completion by July 3, 2029. We can go off one month.

There being no further business, the meeting adjourned at 11:30 AM.



JIM FLOYD, Secretary

APPROVED:



ALTHEA R. JONES, Chair