



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES**

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

Chattanooga, Tennessee

for

Monday, December 2, 2024

11:34 AM

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Steve Hiatt and Adam Myers (Chattanooga Chamber); Shawn Kilmartin (Avail); Andrew Hudson (Chattanooga 2.0); Audra Kelly and Kevin Treadway (SETD); Bill Payne (City Engineer); Gail Hart (Real Property); Javaid Majid and Josh McCutcheon (Finance); Janice Gooden (CALEB); Helen Burns Sharp (ATM); Charita Allen (Economic Development); Sarah Mattson; and Kathy Pepoy (OCA).



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



MONTHLY MEETING OF NOVEMBER 4, 2024 – MINUTES APPROVAL

On motion of Mr. Adkins, seconded by Ms. Kain, the minutes of the November 4, 2024, monthly meeting were unanimously approved as written.



PUBLIC COMMENTS

There was no one from the public wishing to address the Board.



RESOLUTIONS

e2i2

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO ENTER INTO AN AGREEMENT FOR GRANT ADMINISTRATION SERVICES WITH THE SOUTHEAST TENNESSEE DEVELOPMENT DISTRICT, IN SUBSTANTIALLY THE FORM ATTACHED, FOR TECHNICAL ASSISTANCE ON DAVIS BACON LABOR COMPLIANCE, FOR THE E2I2 PROJECT, AT A COST NOT TO EXCEED SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00).

Mr. Bill Payne said that the Southeast Tennessee Development District supports the City in the technical administration of these federal and state grants. It is specifically related to e2i2. Mr. Payne said that this is an administrative oversight that SETDD is specifically geared to for assistance to the City which is a very specialized thing. The \$75,000 is not going to the contractor. This is specifically to SETDD for the oversight purposes. It is easier for the City to have someone to do this all the time who are fully trained. It is utilizing the best resources.

The motion carried.

ADOPTED

Workforce Development

On motion of Mr. Rodgers, seconded by Ms. Shekari,

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO DONATE FIFTY THOUSAND DOLLARS (\$50,000.00) FROM FUNDS, APPROPRIATED FROM THE CITY OF CHATTANOOGA FOR THE PURPOSE OF ADVANCING WORKFORCE DEVELOPMENT IN THE TECHNOLOGY SECTOR, TO THE CHATTANOOGA CHAMBER FOUNDATION FOR A WORKFORCE DEVELOPMENT TECH ACCELERATOR PROGRAM. (TABLED FROM 11-04-2024)

Chairman Hayes recused himself due to a contractual conflict issue with the Chattanooga Chamber Foundation.

Ms. Charita Allen said that we are implementing a new staff report form as a result of feedback from the last meeting. That form is included in the packets moving forward. Every resolution item that is for economic development are workforce development related but not necessarily small businesses will have this cover sheet and basically will have recommended action, it will reference the resolution, it will reference the State of Tennessee statute that authorizes the IDB to implement this resolution, it will talk about alignment with economic development plans, it will have a summary of need section, background history, and fiscal impact. On this particular one, the resolution is authorizing, through the State of Tennessee statute Section 7-53-302, which allows a Board to use funds that are within mixed accounts for Workforce Development. This particular item is funded through an appropriation that came through the City. This aligns with economic development plans, the One Chattanooga Plan with two priorities. (See attached report for detailed information).

Mr. Andrew Hudson spoke at the last meeting. This is a seven week Tech Accelerator that has been built based off data analyst jobs. The seven week program is 5:30 p.m. to 8:00 p.m. They will walk away with six certifications as well as an interview for a job for an entry level data analyst job to be eligible for apprenticeship hired as a registered apprentice in data analysis as well. All of the money goes directly to the students and instructors. All the curriculum and training have been developed and ready to be used. The strategy, job outlook, skills-driven training, operations, success story, outcomes, budget, and in-kind contributions were discussed. (See attached handout for detailed information).

Mr. Adkins asked about military preference and a positive response was given. After further discussion, stipends, contributions, recruiting, funding, and conditions were discussed. The training will begin January 13th through February 20th, and once the training is complete, the hired rate of employment would be the first week of March.

Mr. Rodgers made a motion to approve this resolution with the understanding that we as the IDB are giving funding through the City of Chattanooga for technology workforce program. Mr. Rodgers has some concerns and hesitancy about doing so because he is questioning whether this is appropriate for taxpayer dollars and would be going to an apprenticeship program that targets a specific company. That does not seem like the thing to do as opposed to the industry wide and without any limitation on the individual's mobility to go take the training and go elsewhere. However, we can see how it goes.

The motion carried.

ADOPTED

Workforce Development

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO EXECUTE A PROJECT GRANT AGREEMENT (HIGH GROWTH JOBS AND INVESTMENT PROGRAM) WITH ECONOMIC DEVELOPMENT PROJECT AIS ENCLOSURE SYSTEMS – CHATTANOOGA, LLC FOR A COMPETITIVE PERFORMANCE-BASED GRANT PER JOB TO SUPPORT ELECTRICAL INFRASTRUCTURE GROWTH AND TALENT POOL DEVELOPMENT. (TABLED FROM 11-04-2024)

Ms. Allen said that staff is recommending the IDB approve an AIS Enclosure Systems resolution for competitive performance-based per job grant to support electrical infrastructure growth and talent pool development. (See attached staff report and handout for detailed information). This program was created much like the renewing Chattanooga programs and the Innovation Fund under the IDB. It was not created by the City of Chattanooga ordinance. The funds were not moved over to the IDB. There is not a City resolution that created this program and was borne out of the need for us to look at growing small business grants and PILOTs.

Mr. Adam Myers spoke about the expansion opportunity. The expansion overview and high growth jobs and investment program, payout schedule, compliance, and grant information were discussed. (See attached handout for detailed information).

Mr. Rodgers spoke about PILOT thresholds. Mr. Myers said that we do not have a policy but standards in place that they work with the City and County to re-evaluate the potential PILOT projects. Typically, you would not see a PILOT where you would not see at least 100 new jobs and at least a \$20 million investment to be able to qualify for potential PILOT opportunities.

The Chamber has talked to Mayor Kelly and his administration and worked hand-in-hand with them for the project but has not heard from the City Council. What standards are the Board to measure whether it is worthy or not? Typically, the projects would need to be in target industry sectors not only based on the Chattanooga Climbs Strategic Plan that we did in partnership with Hamilton County and the City of Chattanooga and also governmental elected officials or they would need to be within the state's targeted industry standards which is determined by the State of Tennessee. We would want to see at least 25 new jobs over a three year period and typically the average wage is what would qualify the project. The project should have at least 80% of the current Hamilton County average wage but would actually give them less of an award amount. In the future you are based on average wage, and what we are trying to go for is helping companies that will help us increase our average wage and create economic mobility.

The PILOT standards will be shared with the Board soon. The IDB has given similar grants in the past like the growing small business awards, future innovation, and technology awards. The only other grant would be the renewing Chattanooga grant. They do promote Veterans.

Mr. Parker made a motion to approve this resolution, seconded by Ms. Shekari, with the addition that a matching grant be with the County as well so the IDB does not take on the full financials. The Chair will be signing an agreement.

Mr. Rodgers voted no because we have gone two years without PILOT policies and waiting on PILOT policies and has hesitation voting to start a new program essentially for something less than 100 jobs when we do not have policies for a more than 100 jobs. Mr. Rodgers voted no with no reflection on AIS. Chairman Hayes said duly noted.

Roll call vote:

Hayes – Yes
Jones – Yes
Parker – Yes
Floyd - No
Rodgers - No
Shekari – Yes
Adkins – Yes
Kain - No

The motion carried.

ADOPTED 5 YES/3 NO

Small Business Incentive Grant

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

A RESOLUTION AUTHORIZING AN AWARD OF A SMALL BUSINESS INCENTIVE GRANT TO THE ATHENS CHATTANOOGA GROUP, LLC D/B/A BEN & JERRY'S, IN THE AMOUNT OF SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$7,500.00). (SBI-32)

Ms. Sarah Mattson said that we have two applicants for the Growing Small Business Incentive. It is an incentive to award businesses who have created five or more jobs in Chattanooga. It comes with a matching equipment incentive if they need that job requirement.

The Athens Chattanooga Group applied to the Chattanooga location in 2020. Prior to the owner's highest year there was \$700,000. We are now making a little over \$2 million. We are up 20% in sales this year with over 66,000 guests coming through the door. We are committed to supporting the local economy and workforce in Chattanooga.

They have spent the last few years investing in their location. They have enhanced the curb appeal and added some new awnings outside to make the location more welcoming. They have updated all of the exterior furniture and signage. The interior enhancement they have added new display cases throughout the store, upgrades to the front line to make it more official, and appealing. They have done more interior design and updates. These upgrades do reflect their commitment to building a better experience for the community.

They currently have 20 people on staff and more than doubled the employees since they purchased the location from the last owner. They also promote from within. A U.S. Army Veteran has now worked his way up to part owner. We are really big at bringing our people up from within, promoting them, and giving them an opportunity to buy within the company.

They partner with the zoo, aquarium, and Volkswagen for Habitat for Humanity and do local dates throughout the year where 20% of the profits go to Habitat for Humanity. Their plans are to continue their efforts to maintaining the location, supporting the staff and their growth, and they offer several incentive programs for staff.

The motion carried.

ADOPTED

Small Business Incentive Grant

On motion of Mr. Rodgers, seconded by Ms. Shekari,

**A RESOLUTION AUTHORIZING AN AWARD OF A
SMALL BUSINESS INCENTIVE GRANT TO OFFICE
FURNITURE WORKS, LLC, IN THE AMOUNT OF NINE
THOUSAND EIGHT HUNDRED EIGHTEEN DOLLARS
(\$9,818.00). (SBI-33)**

Office Furniture Works is a unique dealership in terms of selling office furniture because they started in 2008 during a recession in a gas station. We now occupy an 82,000 sq. ft. warehouse that we own currently in Chattanooga. We moved to the Business Development Center which was a great asset to them in hopes of growing business and space that was affordable. The Tennessee Small Business Development Center was also a great help in the learning curve about having to get the business up and running.

Eventually, they moved into their new building and during COVID went through a rebranding because they started out just selling used furniture, and then gradually started selling new furniture. The association with the warehouse name through it was just used furniture still. We changed our branding and hired a warehouse PR firm and developed a new logo and became Office Furniture Works.

They do not have a showroom. They have 5,000 sq. ft. of innovation map. They are not brand-oriented but are looking for furniture that best supports your work flow or process.

They are very engaged in the community. He is an Eagle Scout and on the Executive Board for the Cherokee BSA in Chattanooga. They were awarded by the Chattanooga Chamber in 2014 for one of 20 small businesses of the year and in 2019 they won for small business 20 to 50. He is the past President of the Beaumont Building Operations Managers Association in Chattanooga and also on the CMGMA Executive Board as a liaison to the associates.

Their company, because they sold used furniture, were very focused on sustainability. They divert 18-20 tractor trailer loads of furniture away from the landfill, repurpose it, and get it back in the workspace. That plus, not using more raw materials and energy to change it into something else and using it in the existence of what we have and reverting it, and is going to make a major impact.

They also help with air quality and have new technology to offer clients. They are also launching a program of furniture rental and lease to own. They specialize in refurbishing. They can fix chairs and re-upholster and have proven to be a very good business. They also do move to relocation. After further discussion, they are looking to apply these funds to invest in workforce. There is no trade schools geared toward furniture installers, and it is difficult to find the resources and people to do that. They want to invest in training materials like videos.

They have started their own installation group. He has four individuals who graduated from Howard High School. There is a warehouse manager that oversees them with a lot of experience. We did partner with the Career Center on Glass Street. We assemble cubicles. We donated six cubicles for training. They are trying to keep the cost of furniture down and looking for all of the resources to do that. They are looking at technological investments because it is difficult to find people. We have found ways to automate certain tasks and processes for efficiency. They have eight administrative employees currently and five in the warehouse.

Mr. Rodgers made a motion to amend the caption of the resolution with one change which is a technicality from the Tennessee Secretary of State follow-up that the name should be Office Furniture Warehouse, LLC which is the active company with Office Furniture Works, LLC as an assumed name which went out of business in 2020 and 2021, they have an assumed name. We need to give it to the right company.

The motion carried.

ADOPTED

OTHER BUSINESS

Ms. Allen said that the Economic Development Office would like to use the January meeting for an educational session. If the Board members have any questions, programs, or issues they would like them to cover in the January meeting, please e-mail Ms. Allen at callen@chattanooga.gov and make that part of the planning session. The goal is to go over existing ID accounts, how those were funded, how they were founded, the parameters around each of those individual accounts, and the different programs that we have. We will also look at PILOT policies recognizing the City Council would like to see those policies before they come to the IDB for review and are working to get on the development schedule with the City Council to present those to the Council first. We will have a draft to cover in the educational session. The January meeting is on the 6th at 11:00 a.m. and will be part of that meeting.

Ms. Allen thanked the Board and Ms. Sharp for questions and suggestions. Mr. Rodgers thanked Mr. Hayes for chairing the group today and with his experience on the Board, he does not know if we ever had any more than one vote in opposition to anything, we have had a healthy discussion, and it is not all bad to have a five to three split.



There being no further business, a motion was made by Mr. Parker, seconded by Mr. Rodgers, and the meeting adjourned at 12:15 PM



GORDON PARKER, *Secretary*

APPROVED:



KERRY HAYES, *Chair*

TO: Industrial Development Board of Chattanooga Appointed Members

FROM: Charita Allen
Senior Advisor of Economic and Workforce Development

SUBJECT: Approval of Resolution for Tech Workforce

RECOMMENDED ACTION:

Staff recommends that the IDB approve a resolution to launch a proven national Tech Accelerator upskilling program in Chattanooga.

RESOLUTION:

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO DONATE FIFTY THOUSAND DOLLARS (\$50,000.00) FROM FUNDS, APPROPRIATED FROM THE CITY OF CHATTANOOGA FOR THE PURPOSE OF ADVANCING WORKFORCE DEVELOPMENT IN THE TECHNOLOGY SECTOR, TO THE CHATTANOOGA CHAMBER FOUNDATION FOR A WORKFORCE DEVELOPMENT TECH ACCELERATOR PROGRAM.

STATE OF TENNESSEE AUTHORIZING STATUTE:

Chapter 53 - INDUSTRIAL DEVELOPMENT CORPORATIONS (§§ 7-53-101 — 7-53-317)

Part 3 - OPERATION AND POWERS (§§ 7-53-NEW — 7-53-317)

TN Code § 7-53-302 (2023)

Section 7-53-302(a)(8)

(a) The corporation has the following powers, together with all powers incidental to such powers or necessary for the performance of those powers, to:

(8) Sell, exchange, donate and convey any or all of its properties, including, without limitation, all or any part of the rents, revenues and receipts of the corporation from its projects, whenever its board of directors shall find any such action to be in furtherance of the purposes for which the corporation was organized;

ALIGNMENT WITH ECONOMIC DEVELOPMENT PLANS:

This resolution aligns with the **ONE CHATTANOOGA PLAN** goal of “Build a Regional Economy” on two priorities. 1.) Grow household income for all Chattanoogaans through workforce development and skills-training; and 2.) Refine Chattanooga’s competitive advantages and traded clusters vs. rival cities.

This resolution aligns with the Chattanooga Area Chamber of Commerce’s **CHATTANOOGA CLIMBS** Strategic Plan, funded by the City of Chattanooga and Hamilton County, on three

priorities 1.) Develop Skills for the New Economy; 2.) Grow Stronger Businesses, and 3.) Increase Regional Prosperity for All.

SUMMARY OF NEED:

Approval of this item will enable the Chattanooga Area Chamber of Commerce, in partnership with Chattanooga 2.0, Apprenticeship Works, and BuildWithin to launch a proven IT upskilling program to strengthen the local talent pool.

BACKGROUND AND HISTORY:

In 2015, The Enterprise Center recognized a funding gap in the Technology Workforce for non-credit entry-level and upskilling programs with requests for coding programs. The requests resulted in the City of Chattanooga appropriating \$100,000 in 2015 and in 2018 another \$350,000 to the Industrial Development Board of Chattanooga (IDB) for Workforce Development to advance the **Technology Sector and Technology Skills** in the Chattanooga region. The IDB has provided donations to The Enterprise Center for Covalence Coding Academy (\$64,000) and The Urban League (\$40,000) for a computer coding program. *See HHM IDB Financial Audit for June 2023/2022. Presented to the IDB Board on March 25, 2024.*

FISCAL IMPACT:

The current fund balance for Tech Workforce NR13 Z00304 is \$335,000.

If approved, this item would have a \$50,000 impact.



Chattanooga Tech Accelerator

Data Analyst Track

The Accelerator Strategy

- **Cross-Sector Employability** — Accelerator graduates are not siloed into just one sector, they are employable across multiple industries.
 - *Ex: There is an emerging demand for Data Analysts across a diverse array of sectors: healthcare, advanced manufacturing, education, insurance, and IT. Graduates have a wider range of options for post-accelerator employment.*
- **Credential-Driven** — Credentials and micro credentials create tangible value for both employee and employer.
- **Track Record of Success** — The Accelerator Model has been used successfully in partnership with municipal partners—most notably with the Washington, D.C. with the municipal Department of Employment Services.
- **Employer-Informed** — We work directly with employers to ensure training is relevant, timely, and marketable. The Accelerator Model begins with a job and works backward to strengthen the pipeline to full-time employment.

Job Outlook: Data Analyst

1. Annual Demand in Chattanooga MSA:

- ~ 55 Openings Annually

2. Annual Wages in Chattanooga MSA: \$40k to \$110k

- *The \$40-50k jobs TA grads are ready to apply for; the \$75 to \$110k jobs TA grads are ready to apprentice for.*

Skills-Driven Training

- A. Employers pick the skills and microcredentials they want prior to hiring as employee or apprentice.
- B. Ability to forefront skills instead of curriculum.
- C. Ability to leverage WIOA workforce funding.
- D. 20% asynchronous content.
- E. Led in person to build teamwork and professional skills

Data Analysis Certificates: (We will narrow down to 4-5 based on employer's input)

1. Microsoft Certified: Data Analyst Associate
Provider: Microsoft
2. Certified Analytics Professional (CAP)
Provider: INFORMS
3. Google Data Analytics Professional Certificate
Provider: Coursera (offered by Google)
4. IBM Data Science Professional Certificate
Provider: Coursera (offered by IBM)
5. AWS Certified Data Analytics - Specialty
Provider: Amazon Web Services (AWS)
6. SQL Certification
Provider: (LinkedIn Learning, or Codecademy)

Operations of this Accelerator

- A. 7 weeks, Monday–Friday 5:30pm to 8pm; co-hosted by ChaTech (tentatively at INCubator).
- B. 4-5 credentials
- C. Job-ready grads
- D. Talent pool for Registered Apprenticeship
- E. Advanced Laptops provided by Tech Goes Home (Enterprise Center).
- F. Instructor/Tutor contract hired.
- G. Curriculum provided by Apprenticeship Works and BuildWithin
- H. Certificates provided by Apprenticeship Works and BuildWithin

Story of Successful Tech Accelerator Grad: Chyna Keene

This is Chyna Keene, a DC resident and a graduate of DC DOES & BuildWithin's Tech Accelerator program.

Chyna began her career transition to the technology sector in **November 2022** from a career in the service industry (after attending a semester of college). The Accelerator provided training in technology tools, CompTIA certifications, and modern software such as Jira and Intercom.

In **December 2022** Chyna graduated from the Tech Accelerator program and was hired to be a full-time apprentice.

In **February 2023**, Chyna secured full-time employment at an industry-aligned employer. She has since been promoted and works directly with customers and clients all over the world.



Accelerator Outcomes

Direct:

- A. Hired directly into an entry-level Data Job
- B. Hired directly into a Registered Apprenticeship for advanced Data Analyst.

Latent:

- A. Upskill and advance incumbent workers to mitigate the risk of adopting registered apprenticeships for companies.
- B. Build pattern for “on-ramps” of accelerated trainings for advanced-skills learn-and-earn models.
- C. Portable training format that can be integrated into recruitment of future companies and Economic Development.

Accelerator Budget

Chattanooga Tech Accelerator			
Budget			
<u>Expense</u>	<u>Quantity</u>	<u>Rate</u>	<u>Total</u>
Trainee Stipends	weekly	\$500 average	\$28,000
Instructors	3 Instructors	\$1000 weekly	\$21,000
Incidentals			\$1,000
	Total to Launch Accelerator:		\$50,000

In-Kind Contributions

In-Kind Contributions	Amount	Contributor
Devices	\$16,000	Tech Goes Home
Meeting Space	\$8,750	ChaTech
Software Licenses	\$7,000	BuildWithin
Certificates	\$8,768	BuildWithin
In-Kind Estimate	\$40,518	

TO: Industrial Development Board of Chattanooga Appointed Members

FROM: Charita Allen, Senior Advisor of Economic and Workforce Development

SUBJECT: Approval of Resolution for. AIS Enclosure Systems

RECOMMENDED ACTION:

Staff recommends that the IDB approve a resolution for AIS Enclosure Systems Resolution for a competitive performance-based per job grant to support electrical infrastructure growth and talent pool development.

RESOLUTION:

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD CHAIR OR VICE-CHAIR TO EXECUTE A PROJECT GRANT AGREEMENT (HIGH GROWTH JOBS AND INVESTMENT PROGRAM) WITH ECONOMIC DEVELOPMENT PROJECT AIS ENCLOSURE SYSTEMS – CHATTANOOGA, LLC FOR A COMPETITIVE PERFORMANCE-BASED GRANT PER JOB TO SUPPORT ELECTRICAL INFRASTRUCTURE GROWTH AND TALENT POOL DEVELOPMENT.

STATE OF TENNESSEE AUTHORIZING STATUTE:

Chapter 53 - INDUSTRIAL DEVELOPMENT CORPORATIONS (§§ 7-53-101 — 7-53-317)

Part 3 - OPERATION AND POWERS (§§ 7-53-NEW — 7-53-317)

TN Code § 7-53-302 (2023)

Section 7-53-302(a)(8)

(a) The corporation has the following powers, together with all powers incidental to such powers or necessary for the performance of those powers, to:

(8) Sell, exchange, donate and convey any or all of its properties, including, without limitation, all or any part of the rents, revenues and receipts of the corporation from its projects, whenever its board of directors shall find any such action to be in furtherance of the purposes for which the corporation was organized;

ALIGNMENT WITH ECONOMIC DEVELOPMENT PLANS:

This resolution aligns with the **ONE CHATTANOOGA PLAN** goal of “Build a Regional Economy” on three priorities.1) Attract higher-paying jobs with targeted economic recruiting 2.) Grow household income for all Chattanoogaans through workforce development and skills-training 3.) Refine Chattanooga’s competitive advantages and traded clusters vs. rival cities

This resolution aligns with the Chattanooga Area Chamber of Commerce's **CHATTANOOGA CLIMBS Higher** Strategic Plan, funded by the City of Chattanooga and Hamilton County, on four priorities 1.) Create More High Quality Jobs; 2.) Develop Skills for the New Economy; 3.) Grow Stronger Businesses, and 4.) Increase Regional Prosperity for All.

SUMMARY OF NEED:

Approval of this resolution will enable the City of Chattanooga and Hamilton County to compete for AIS Enclosure System's expansion in partnership with the State of Tennessee retention and expansion incentive.

BACKGROUND AND HISTORY:

Due to limited and declining industrial space, the Chattanooga region is shifting from large-scale industrial recruitments to less capital intensive projects with higher-wages, higher-skills, and/ or the building of a talent pool. Because this new economic development strategy focuses less on land, there is a need for new incentives not tied to property taxes, which the City and County have historically utilized through Payments In Lieu of Taxes (PILOTs) incentives.

The IDB currently focuses on local grants for Innovation, Renewing Chattanooga, and Growing Small Businesses. The funding source for these programs was created in 2015 utilizing PILOT Economic Development Fees paid into the IDB. Once these fees are paid into the IDB, the Board has the authority to create programs for industry and industry workforce programs in support of economic development projects. The new High Growth Jobs and Investment Program is funded from Economic Development Fees at the IDB.

FISCAL IMPACT:

The annual IDB Accounting Report was presented during the July 1, 2024 IDB Meeting. **The current Economic Development Fee fund balance for account NR14 Z00306 IDB-PILOTS is \$2,617,733.64.**

If approved, this resolution would have an impact of a maximum of \$102,500 to the IDB paid out in a five-year job creation schedule.

ROI: The ROI for this program is measured by the new jobs created, proposed average annual wages and capital investment that will be added to the community. **AIS Enclosure Systems would add 82 new jobs at an average annual wage of \$58,639 and make a capital investment of \$8,300,000** in real and personal property within the City of Chattanooga and Hamilton County.



AIS ENCLOSURE SYSTEMS EXPANSION OPPORTUNITY



AIS ENCLOSURE SYSTEMS

- Operating in Chattanooga since 1968, originally Lectrus Corporation. Lectrus Corporation was acquired by Avail Infrastructure Solutions in 2018.
- AIS Enclosure Systems manufactures modular e-houses that house electrical infrastructure, relay and control panels, modular data systems and power distribution centers that are used on construction sites and manufacturing facilities.
- The company currently operates a facility at 1919 W. Polymer Dr., Chattanooga, TN 37421 where they have 104 employees.



EXPANSION OVERVIEW

- AIS Enclosure Systems reached out to the Chattanooga Chamber in September 2023 regarding the potential expansion. The Chamber has partnered with TNECD, TVA, City of Chattanooga, and Hamilton County to support the expansion.
- AIS Enclosure Systems is proposing an expansion of their Chattanooga operations.
 - New Jobs Created: 82 by 12/31/2026
 - Average Wages: \$58,639 annually
 - Estimated New Annual Payroll at full ramp up: \$4,808,398
 - Capital Investment
 - \$4.5 million in real property
 - \$3.8 million in personal property
 - **\$8.3 million total**
 - Chattanooga is competing with GA for the project.



HIGH GROWTH JOBS & INVESTMENT PROGRAM

- Performance based incentive program designed for the creation and retention of net new jobs
- Addressing a need for a tool to support high growth expansions, relocations and new operations that are competitive but do not meet PILOT thresholds.
- Project should be in target industries, create at least 25 new jobs over three years, and have average wages at least 80% of the current Hamilton County average wage to encourage economic mobility
- Incentive payout is based on new jobs and wages
- The incentive is performance based and would be paid out as the jobs are created and retained
- Proposing \$2,500/job for AIS Enclosure Systems. Total of \$205,000 between 2025 - 2030
- Hamilton County approved a 50% match of the grant on Nov. 20, 2024. This match would be paid into the IDB to support the project.



PAYOUT SCHEDULE

Grant Payment Schedule*									
	New Employee Annual Goal & Initial Year to Measure Goal		2025	2026	2027	2028	2029	2030	Total
Phase I Net New Employees	15		\$9,375	\$9,375	\$9,375	\$9,375			
Date	12/31/2024								
Phase II Net New Employees	34			\$21,250	\$21,250	\$21,250	\$21,250		
Date	12/31/2025								
Phase III Net New Employees	33				\$20,625	\$20,625	\$20,625	\$20,625	
Date	12/31/2026								
Total Net Employees Phase I - III	82	Total Payout	\$9,375	\$30,625	\$51,250	\$51,250	\$41,875	\$20,625	\$205,000

*The payment dates shall be March 1st following each measurement year.



COMPLIANCE

- AIS Enclosure Systems will submit an annual compliance report to show that the new jobs were created by December 31st of each proposed ramp up year.
- The company must meet 90% of their proposed job creation to receive any payout for that year.
- Incentive amounts are up-to amounts. If the company goes above and beyond their job creation estimates, the payout remains the same each year and does not accelerate.
- Additionally, the company will submit four quarter average employment figures to ensure that the previous year's jobs are retained.
- Once the City and County have confirmed compliance, the IDB will provide the incentive amount by March 1st of that year's compliance.



High Growth Jobs & Investment Grant:

Description: A performance-based grant program to support the expansion, retention and attraction of target industry businesses creating new jobs that pay livable wages in Hamilton County. Companies must be based in Target Industries for either Hamilton County based on the Chattanooga Climbs Higher Strategic Plan or the State of Tennessee. These projects must also be competitive in that but-for this grant the company would not choose to locate or expand in Hamilton County. The awards would be split evenly between Hamilton County and the City of Chattanooga IDB for projects that plan to locate within the City of Chattanooga limits.

Qualifications: Companies must create at least 25 new jobs over a three-year period. Jobs must pay at least 80% of the current annual average wage of Hamilton County¹. This is a discretionary grant program and not by right. All businesses must submit a grant application to the Chamber of Commerce and then be reviewed by the Mayor of Chattanooga’s office and Mayor of Hamilton County’s office.

Restrictions: This program is not to be utilized in addition with PILOTs.

Award Amounts: Companies will be evaluated based on the total number of jobs being created, the average wages of the new jobs, the capital investment of the project, and timeframe for new job creation. The award amounts per job are determined by the average wages and broken down as listed below.

Average Wage Qualification	Award Amount Per Job
80% of Hamilton County Average Wage	\$2,000
90% of Hamilton County Average Wage	\$2,500
100% of Hamilton County Average Wage	\$3,000
150% of Hamilton County Average Wage	\$4,000
200% of Hamilton County Average Wage	\$5,000

Payout Schedule: For each year of job creation, the grant payout will be spread out over the next four years at up to 25% each year. This is to ensure that the new jobs are both created and retained. The grants are up to amounts. Should the company exceed their job creation in a performance year, the payout will not be accelerated, or additional payout will not be added to the grant.

Compliance: Companies will submit annual compliance certifying new jobs created by December 31st of their performance years. Companies will also submit quarterly employment figures to ensure that the new jobs are retained in following years, and they do not fall below their initial baseline employment as determined in their agreement. Companies must meet at least 90% of their new job creation to receive an award for that performance year. Companies must also meet or exceed their average wage requirements as determined by their agreement. Once compliance reports have been submitted to the Chamber of Commerce, the Chamber shall create an annual summary of all companies' compliance and submit to staff at the City of Chattanooga and Hamilton County. Staff can conduct additional compliance as necessary. Once staff has confirmed compliance a request for payment of Hamilton County's portion of the incentive will be sent to Hamilton County's Economic Development staff. If company is in compliance, then the IDB will payout the incentive award amount for that year by March 1st.

Process: Upon submission of an incentive application to the Chattanooga Area Chamber of Commerce, the Chamber of Commerce will share the application and incentive request to the Mayor of Chattanooga's office and Mayor of Hamilton County's staff. Once the City and County administrations have both agreed to the project and award amount a formal offer letter will be drafted and submitted to the Company. Once the company has accepted the offer, a draft agreement will be sent over for their review. After the agreement has been finalized, the City and County will provide a schedule for approval targeting the next available County Commission and IDB meetings. Unless timing of the project dictates otherwise, the project would be heard by County Commission first and then IDB following Commission approval. The grant agreement must be approved by and be with an Industrial Development Board per Tennessee State Statutes.

Notes:

¹ Average wage is determined by the latest annual average wage for Hamilton County as published by the US Bureau of Labor Statistics – Quarterly Census of Employment and Wages (<https://www.bls.gov/cew/>); Hamilton County's current average annual wage for private industry is \$62,919 for 2022