

AGENDA

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

Monday, December 5, 2022 @ 11:00 AM

1. Call meeting to order.
2. Confirmation of Meeting Advertisement and Quorum Present.
3. Minutes Approval – November 7, 2022, Monthly Meeting.
4. Recognition of any person wishing to address the Board.
5. Presentation of IDB Finance Report by Eleanor Liu.
6. **Resolutions:**

- (a) **SUMMARY:** Ratify establishment of bank accounts with Pinnacle Bank for the Access Road TIF.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA RATIFYING AND AUTHORIZING THE ESTABLISHMENT OF BANK ACCOUNTS PURSUANT TO THE LOAN AGREEMENT WITH TAX INCREMENT FINANCING FOR THE NORTH RIVER COMMERCE CENTER INDUSTRIAL PARK AND REDEVELOPMENT OF NORTH ACCESS ROAD.

- (b) **SUMMARY:** Delegate signatories on IDB's Truist bank account, transfer balance to City's Truist bank account managed by the City Treasurer, and close IDB's Truist bank account.

A RESOLUTION AUTHORIZING THE CHAIR AND/OR SECRETARY TO BE DELEGATED AS SIGNATORIES ON THE IDB'S TRUIST BANK ACCOUNT IN THE ESTIMATED AMOUNT OF SIX THOUSAND SIX HUNDRED SEVENTY-SIX AND 47/100 DOLLARS (\$6,676.47), TRANSFER THE BALANCE TO THE CITY'S TRUIST BANK ACCOUNT MANAGED BY THE CITY TREASURER, AND CLOSING IDB'S TRUIST BANK ACCOUNT.

- (c) **SUMMARY:** Authorizing the Chair or Vice-Chair to execute an Acknowledgement Letter relating to the HomeServe PILOT Agreement and the Contemplated Transactions managed by Brookfield Asset Management, Inc. of the shared capital of HomeServe.

A RESOLUTION AUTHORIZING THE CHAIR OR VICE-CHAIR TO EXECUTE AN ACKNOWLEDGEMENT LETTER RELATING TO THE HOMESERVE PILOT AGREEMENT AND THE CONTEMPLATED TRANSACTIONS MANAGED BY BROOKFIELD ASSET MANAGEMENT, INC. OF THE SHARED CAPITAL OF HOMESERVE.

7. **Other Business and Discussion Items:**
 - (a) Website;
 - (b) **Public Hearing** - TIF policies and procedures; and
 - (c) Bylaws.

8. Adjournment.



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES
John P. Franklin Sr. City Council Building
Chattanooga, Tennessee
for
November 7, 2022
11:00 AM**

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

Also Present were: Attorney for the Board, Phillip A. Noblett; Mark Heinzer; Jermaine Freeman (Economic Development); Paul Boylan; Russell Moorehead; Xavier Pedoux and Justin Bolender (Jacobs Engineering); Jason Payne (City Engineering); Gail Hart (Real Property); Travis Hamby; Mike Pare (Times Free Press); Matt Phillips and Jon Berry (Rise); Clay Oliver; Brooke Satterfield (Mayor's Office); and Brent Goldberg (City Finance Officer).

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



MONTHLY MEETING OF OCTOBER 3, 2022 – MINUTES APPROVAL

On motion of Mr. Adkins, seconded by Ms. Jones, the minutes of the October 3, 2022, monthly meeting were unanimously approved.



PUBLIC COMMENTS FROM CITIZENS

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



CHAIRMAN'S REPORT

Chairman Rodgers wanted the Board to know that he had followed up after the last meeting and had some communication with a couple of the Council persons, including the Chairman, about the fact that we are sitting at seven members and not nine. Chairman Rodgers is certainly concerned about that and addressing it how the best City Council can. At this point, Chairman Rodgers wanted to let the Board know he followed up and let them know we were concerned about it.

With regard to the separation between the IDB and the City of Chattanooga so the Board members are aware, we are appointed by the City Council, but we also are under state law a separate distinct public corporation. Chairman Rodgers asked Attorney Noblett if he could elaborate about that in connection with what role does the City have formally with the IDB.

Attorney Noblett stated that the IDB is an entity that is allowed under Tennessee law as a separate corporation. This separate corporation is provided as a non-profit entity to be able to handle issues like we talk about PILOTs and Tax Increment Financing here as an entity which may hold title in connection to the property in order to allow that to occur. It is an entity that is separate from the City of Chattanooga. The Board does have support from the City of Chattanooga by the City Attorney's Office. This entity was created under prior times when Mr. Nelson was a city employee but none of the other folks in our office were city employees back in the old days when it was created. It was created as a separate board to be able to handle matters that were outstanding within the definitions of projects under state law which you have to meet certain definitions to work.

We have gotten into issues about the types of commercial or manufacturing industrial developments that occur in the City, one of in most recent times, was the Volkswagen project which is because the Industrial Development Board has title to that property while all of the financing has occurred there in connection with it. This is an entity where you have appointments by the Mayor subject to the governing body where the Council has to approve any member that is appointed to this Board. You started off as a seven-member board under the statute which authorizes a separate entity which has to have at least seven board members because we have nine council members and want to make sure there is authorization among all nine council districts into the efforts going into the City. That is the reason most recently the Charter was amended with the Secretary of State to have up to nine members. One of the things Attorney Noblett noticed is that when we have a little chance, we might want to talk about our Bylaws which still reflects seven members for this corporation. We need to make sure that is all compliant with the Secretary of State and on file with them.

The IDB is a separate corporation and have received the benefits of the financial services from the City until this point in time as well. All of the Board's financing are kept in a separate account for the Industrial Development Board. If you have any increased costs associated with developments that occur, that should be in the fund that is available for the IDB usage which needs to be considered going forward. They will be coming to you for a specific cost associated with developments which is one of the reasons you have resolution requests today that are involving specific projects and where that funding will come from. That is the reason they come back in front of the IDB each time.

Chairman Rodgers stated that the IDB, as is, does not compensate the Office of the City Attorney, Maria Manalla, Finance, Jermaine Freeman at all. There is a lot of information and money that the Board deals with and was trying to simplify things what exactly do we have as a practical matter because if we want to hire some kind of financial expert or hire own staff of some kind, what kind of funding do we have available to do that, discretionary type money to do things related to the IDB's statutory purpose. We have always operated as is.

Mr. Brent Goldberg has been trying to provide us with information we are after, and there is a lot out there. Ms. Jones and Mr. Floyd stated that it would be nice to clarify. Mr. Goldberg provided a copy of the audit report which is the most comprehensive view of assets and expenses. What can we do to get a simpler summary that seven, non-financial people can understand? On page 8 of the audit report, it lists cash equivalents as of June 30, 2021, with a little over \$2 million. Where is that? Is it restricted? What bank accounts do we have? Just simple stuff.

Mr. Brent Goldberg stated the IDB has assets that total \$442 million. The \$439 million of that is property leased to Volkswagen which is the bulk of that. Liabilities are pretty insignificant, and there is the cash revenue and expenses. On June 30, 2021, there is about \$2 million in cash, and there is a little over \$2 million in cash today. Eleanor Liu prepares summaries we use internally but to the point, Mr. Goldberg does not think they are very good for public consumption. Mr. Goldberg can work with Ms. Liu to work on a summary. Currently, the IDB does not have a bank account at all anywhere. The IDB utilizes City bank accounts and is tracked through interfund cash. Everything is tracked in a different fund within the City of Chattanooga's fund structure. Each project has its own fund. For example, Volkswagen has its own fund, the Economic Development Programs we have, like Growing Small Business, all have their own funds so we can track everything and have an audit trail.

Henderson, Hutcherson & McCullough do audit the IDB separately which is a limited scope audit which is very specific to Volkswagen and the economic development programs. That may become more scope over time especially as the IDB has more deals and more activity. This IDB is much less active than the IDB in Knoxville for example. They have been active longer and done more TIFs. We are really now just starting to use all the tools the IDB has available to do economic development and you see that with Rise Partners, the stadium TIF. We have other TIFs on the rise.

One of the resolutions today is to create bank accounts for the Access Road TIF. That is the first step in us actually having a more specific separation for the IDB versus the City. The way we have been doing it is fine, and our auditors have fully agreed with it, and there is nothing wrong with it, as we grow in transactions for the IDB, it makes sense to separate in cash. The resolution would separate IDB bank accounts at Pinnacle Bank that we would utilize – Mr. Goldberg and other designated signatures on the City accounts would be designed to sign along with officers of the Board. That will start giving us some more distinct separation. Do we go back and try to separate things that have happened in the past, probably not, going forward would be better. We can create some more summarized reporting for financial activity that makes sense for public consumption.

Chairman Rodgers stated that one of the reasons this can come into light is that Mr. Hayes and Mr. Floyd have been working on the website issue trying to get a website set up and are having some difficulties getting that done and one thought is by his referencing the Knoxville IDB, they have a separate website from the City. That is certainly something they are looking at from the

standpoint from Knoxville versus Chattanooga, how do they do it versus we do it. They do have a separate site. One issue was if we wanted to go hire some IT people and pay for a website, do we have the funds to do it? What funds do we have to do that or anything else that legally we can do. That is where this inquiry is coming from.

Mr. Goldberg stated there are some administrative funds and will need to get with Eleanor Liu and dig into how much of that is committed or restricted. That will be a good time for them to work on summarizing. Chairman asked for Ms. Liu to attend the next IDB meeting in December and give update on progress.

Chairman Rodgers stated that one thing the Board is aware of is we did have a member of the public, Ms. Helen Burns Sharp, looking out for things, that she always does, and she sent the Board an e-mail about a missing form related to the Access Road TIF. Mr. Noblett stated she addressed it like an Agatha Christie novel on the front end about the mystery of the missing form on the M.L. King Extension TIF. The concern is that she was gathering records from the Office of the City Attorney regarding the three active TIFs which are Black Creek, M.L. King Extension, and Tubman, and it was a request for a form CT-0253 on each TIF project. Apparently, she said she has not been able to find that particular document from our office.

Mr. Noblett will inquire and believes it is a simple situation that we do not have that particular form in our office yet and will have to gather that document. Apparently, the Black Creek and Tubman both have that form CT-0253. The M.L. King extension was an entity outside the City of Chattanooga and the City Attorney's Office that was filing those forms. We will have to gather that. Chairman Rodgers stated that is the requirement under state law that is imposed on the IDB which is why he wanted to make sure and bring that up and make sure there is follow-up.



RESOLUTION

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

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

Chairman Rodgers stated that the Board approved a resolution related to the Access Road TIF, and he went back and reviewed the minutes. Mr. Freeman said that was the final step and here we are today asking to be ratified. Mr. Freeman stated in terms of the application process, the resolution that the IDB approved back in August does provide the capstone of what is the process that involves the City Council and goes back and forth to the City Council and the IDB. What comes after that is what happens with all TIFs which is you have closing documents that are technical in nature. You have the Development and Financing Agreement, the Loan Agreement, the TIF Note, the Assignment of the TIF Revenues, and those are very technical documents and are sort of the follow-up of what goes on behind the scenes once the TIF has been approved by all of the regulatory bodies. The closing documents provide the actual structure in terms of how the

payments get processed, but the actual approval of a TIF is the process that the IDB completed in August. This is no longer part of the approval process. This is really the documents that are specific to how the tax increment is paid, how the developer is able to access it, and it provides technical oversight for how it gets structured. Chairman Rodgers stated that this somehow provides the nitty gritty of the details. Mr. Freeman confirmed yes, this is all the nitty gritty to be frank. You have the ability to dive into each financial transaction document which is exactly what all these documents are.

Mr. Freeman stated in terms of the documents that the Board has before, the Loan Agreement, the Development and Financing Agreement, the Assignment of Tax Revenues, the thorough Tax Certificate Agreement, the Acknowledgement, and the Closing Certificate. These are all of the documents that are the transactional details that outline how the TIF is actually administered and paid over time. Every TIF that has come before the Board, with the exception of the East Chattanooga Rising TIF, every TIF that has come before the IDB in the past, also has these documents. Chairman Rodgers asked as far as a follow-up ratification? Mr. Freeman stated yes, at some point they have to come before the IDB to either be ratified or approved. Once the application process is finished and the TIF has actually been approved by the City Council and the IDB.

Chairman Rodgers asked with this kind of nitty gritty detail, and presumes should be something as simple as interest rates, is that something that ought to be covered for the IDB back in August where they are being asked to approve it? Should not that occur together? Mr. Noblett stated it does authorize the Chair to sign all necessary documents, and we are trying to be belt and suspenders here because you have a bank that is involved in issuing certain loan documents. They are wanting to make sure they have the approval from the Board to enter into those. The initial resolution authorized the Chair to sign all necessary documents. That is the reason we are bringing it to the Board to ratify the fact that the Chair is authorized to sign at the time. Mr. Noblett stated we are not trying to hide anything. We are just trying to bring it to you.

The motion carried.

ADOPTED 11/7/2022

RESOLUTION

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

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA AUTHORIZING THE ESTABLISHMENT OF BANK ACCOUNTS RELATING TO THE NORTH RIVER COMMERCE CENTER INDUSTRIAL PARK.

Mr. Freeman stated that this allows for two bank accounts to be set up. One for the Project Fund and the other for the Tax Increment Fund which provides greater transparency and oversight in terms of ensuring that TIF increment is actually spent on the public infrastructure that was outlined as part of the application of the Economic Impact Plan that was submitted by the

applicant. This purpose is called for in the Loan Agreement which is essentially what we are doing.

Chairman Rodgers asked if this was new for the IDB as far as setting up separate accounts. Mr. Freeman said yes, it is. This is the first time that this IDB has done this. Mr. Goldberg stated as he mentioned earlier, we have used city bank accounts historically with separate identifying funds that identifies all IDB funds and those have been audited each year which is perfectly fine. Setting up separate bank accounts for each project, and you would have two for every deal going forward. One for the TIF increment and one for the project costs. That is the best practice.

We have talked to Mark Mamantov, and he recommended that we do it this way and it is what he sees the most especially Knoxville is a good example because they have had a long history of using TIFs, and he is pretty familiar with that process. This is what we will be asking the IDB to do going forward as we have new projects so that we can establish separate accounts. We would still use the same signature authority that we use on city accounts, but officers of the Board could also be listed as signatories essentially designating the authority to the City Finance Officer to sign things as we would do in a normal course of business, and we are all bonded to do such things. This is the first time that the IDB would have separate bank accounts.

Chairman Rodgers asked as far as the process and something we might continue doing going forward with regard to the separate accounts, who makes the decision as far as the financial institution chosen that is going to hold the accounts? Mr. Goldberg does not think there is any set rules on how it is chosen. Our preference would be to utilize Pinnacle because we have used them for some of the other – they are a party to a lot of the loan agreements that the IDB currently has in place with a very good relationship with them. They are accustomed to doing this type of work, but also a separate thing from what the City uses, we use Truist and First Horizon. Additional separation is even better to set up. Pinnacle is who Mr. Goldberg would consider the next largest more local bank that we have that does this type of work.

Attorney Noblett stated that our first venture into the field of tax increment financing was actually the Black Creek Project. Pinnacle Bank has actually been the holder of funds for that project since it occurred. We have been typically operating with them and will make a payment once a year to them of the tax increment financing amounts. This will be setting up those accounts separately on the front end. Mr. Goldberg thinks it is the same for the M.L. King TIF that Pinnacle is a party for the loan.

Mr. Adkins asked if we had all five bank accounts, including the stadium? Mr. Goldberg stated that the stadium is different because those accounts are for the Sports Authority based on the Interlocal Agreement. The Sports Authority will be the holder of the bonds versus the IDB in that matter. That will not have any IDB accounts. The previous three before Access Road – Mr. Goldberg is not sure if it is worth it to move those bank accounts since they are so far into the terms, but we might. That is something that we need to evaluate and weigh the merits of whether we should move it or continue as is until those terms run out. We either do prospectively or retrospectively. We are going to have that discussion with our audit firm to determine if they have a preference and which ones make the most sense.

Mr. Floyd asked why we are changing the process now? Is it simply organization and to keep things clean? Is that why we are setting up the accounts, just a matter of practice to keep funds, things of that nature separated? Mr. Goldberg believes also with the Access Road TIF, it is a good opportunity for us to do things different in terms of best practices but especially as we have more TIFs coming down the pike. The other thing is, it is a unique situation where the applicant is also the lender in this case. What will happen practically is once their expenses have been incurred and signed off by the engineers as well as our City Engineer, we will get a wire from the applicant and the lender and then pay that money out so it has to flow through the IDB, but this is a little bit unique in the instance where the applicant and lender are the same because they have equity in the project and do not have to go get a loan to pay for the money upfront and get reimbursed by the tax increment. What this will allow us to do is have a separate bank account in the IDB's name that the lender can put money into, and we can then wire the money out to the vendor. These are for the public's portion of the project. This is for roads and infrastructure that we are funding the portion of the tax increment.

Attorney Noblett stated thus far all that is in the account is \$1,500? Mr. Goldberg asked for Access Road? Yes, the application fee. Those accounts will start accumulating increment. One will accumulate increment, and the other will be used for the project. Money coming and going out to the vendors who complete the public infrastructure.

The motion carried.

ADOPTED 11/7/2022

RESOLUTION

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

A RESOLUTION AUTHORIZING THE RELEASE OF A REQUEST FOR PROPOSAL (RFP) FOR THE DESIGN-BUILD OF THE E2I2 SSO ABATEMENT PROGRAM PHASE 1 – SOUTH LEE HWY. AND WEST CHICKAMAUGA EQUALIZATION STATIONS, CONTRACT NO. W-20-001-201, PER THE E2I2 MEMORANDUM OF UNDERSTANDING WITH THE CITY OF CHATTANOOGA, IN SUBSTANTIALLY THE FORM ATTACHED.

Mark Heinzer (Interim Director for the City's Wastewater Division) spoke on behalf of this item. Mr. Heinzer gave an update on the e2i2 design build project and gave a presentation regarding capital funding, costs, timeline, and next steps.

E2i2 is an acronym which stands for Environmental and Economic Infrastructure Improvement. This is a joint project where back in April we had identified a partner for this project because regionally this will impact the projects. They are partners with WWTA. We signed an MOU in April with the IDB being the overall owner of the project and the City providing the funding along with WWTA providing funding to this project.

The overall goals are to reduce sanitary sewer overflows that happen in wet weather events. These projects help reduce that considerably and also allows us to provide the capacity. The MOU basically has the IDB as the owner, and the City of Chattanooga will transfer the funds required for project to the IDB. We are looking for a design build contract for procurement because of the nature of the project which is another reason the IDB was identified as another partner. The IDB is the owner during the project through construction. The property will be owned by the City of Toledo but will be leased to the IDB during the construction phase. After construction, the project properties are reverted back to the City and the City will own and operate the systems in partnership with WWTa for ongoing operation and maintenance. The City has their part of the maintenance and Hamilton County WWTa compensates the City for that operation. The long-term goal is for the City to own and operate the system, and they are within the City limits of Chattanooga. That is how that relationship is going to work.

The e2i2 program is basically building some temporary storage tanks during wet weather events. One utilization station has three tanks where each tank is ten million gallons. It provides a total of 30 million gallons of storage during the rain event. This is very similar to what we would be looking at in the West Chickamauga location near the I-24/I-75 interchange. Images were presented. The other location for this phase of the project is on South Lee Hwy. and will only need one tank similar to the view in presentation.

The total cost for those four tanks in the two locations is approximately \$100 million give or take. The split between what the City will pay and WWTa will pay is about 70/30 based on the volume of water that is coming through those based on the collection system. The City is responsible for the initial funding to do the engineering, design, procurements, and project execution with the IDB. The WWTa would just be responsible for payment of that in monthly increments over time. That is all laid out in a separate financial agreement with the WWTa.

A good portion of this money is coming from a WIFIA loan which will be closing on November 22, 2022. The total amount of \$71 million will be financed through WIFIA and \$29 million from our fund balance.

The timeline will be assigned in the MOU and now we are at the point for request for proposal ready to go out for bid. We are here today to get that approval to release that RFP. We do anticipate we will have it out there a little while and will be a time before we settle on a team because we are doing our due diligence for the RFP. We will want to advertise on November 20th with a March 20th deadline.

There is a design build phase and will start right away, and in March 2024, we expect to be around 60% design. At that point, the team selected will be providing a maximum price for the project. That guaranteed maximum price is what they will be allocated. We do not anticipate change orders. This is not how this design build project works. Whatever price they give us is the price we are going to get. At that point, the contractor and design team are working together closely. There are some opportunities to change the way things are going if they are not going the way we anticipate. The guaranteed maximum price is at 60% design portion, and if we do proceed further, we have about a three-to-three-and-a-half-year construction phase starting in at March 2024 date. That is the timeline and hopefully September 2026 we have these structures complete and got the capacity of the system that allows us to continue to grow and do what we are doing.

We have provided a copy of the RFP, and the next steps here are to get the approval from the Board to release that and get it out for bid.

Attorney Noblett stated in connection with this project, there will not be any release of the RFPs until the Lease Agreement is signed between the IDB and the other two parties. That is what we have to have completed here. They will have to come back before this body.

Chairman Rodgers asked to Mr. Heinzer's knowledge are their local companies, contractors, qualified to bid on this type of project? Mr. Heinzer stated portions of it possibly but the overall, these are large facilities, there are not very many local teams that have the resources. Some of the specific work on-site as subs there would be. Mr. Heinzer does not know the details to that portion.

Attorney Noblett stated there will be a whole lot of iron work, concrete work, in connection to all of these jobs, and dirt work.

The motion carried.

After further discussion, Attorney Noblett asked if this would help us regarding our Consent Decree with the federal government? Mr. Heinzer stated yes, this is a big part of our Consent Decree with regard to reducing the sanitary sewer overflows we have in neighborhoods and going into the streets. This is a big part. Meeting those requirements for reducing the overflows. Attorney Noblett asked if this is to keep us from paying fines to the federal government. Mr. Heinzer stated yes.

ADOPTED 11/7/2022

RESOLUTION

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA TO REIMBURSE THE CITY OF CHATTANOOGA USING TIF LOAN FUNDS FOR EXPENDITURES RELATED TO THE EAST CHATTANOOGA RISING TIF DISTRICT FOR EXPENDITURES OF THIRTY THOUSAND FIVE HUNDRED ONE AND 90/100 DOLLARS (\$30,501.90) FOR ASA ENGINEERING FOR DESIGN AND RPR SERVICES RELATED TO THE HARDY STREET EXTENSION; AND ONE HUNDRED THIRTY-SIX THOUSAND EIGHT HUNDRED THIRTY-SIX AND 21/100 DOLLARS (\$136,836.21) TO THOMAS BROTHERS CONSTRUCTION COMPANY FOR SERVICES RELATED TO THE CONSTRUCTION OF THE HARDY ST. EXTENSION; AND TWO HUNDRED NINETY-NINE AND 66/100 DOLLARS (\$299.66) TO THE CITY OF

CHATTANOOGA FOR THE PURCHASE OF A LAND-DISTURBING PERMIT AS REQUIRED BY THE PERMITTING OFFICE FOR THE TOTAL AMOUNT OF ONE HUNDRED SIXTY-SEVEN THOUSAND SIX HUNDRED THIRTY-SEVEN AND 77/100 DOLLARS (\$167,637.77).

Mr. Clay Oliver is the Project Manager for the Hardy Street Extension. This breaks down that we have a consultant that is providing two services which is design and RPR. We have invoices for them totaling about \$30,501.90. We have Thomas Brothers Construction Company totaling \$136,836.21, and then reimbursing the City for a permit which is \$299.66.

The motion carried. After further discussion, Mr. Oliver gave a project update. Construction is pretty well done. We have to put grass down and plant some trees, and then we are out of there. The road is built. It does not go anywhere now. We put hydro-barriers along Roanoke. Attorney Noblett asked if there was any update on when Nippon would be actually connecting up the road? Mr. Oliver stated the last time they talked to them they did not even have a site plan. We have a road to nowhere and that is why it is blocked off.

ADOPTED 11/7/2022

DISCUSSION ITEMS

Website – Mr. Hayes gave an update on the website. The website looks fine to him. We live underneath the City’s existing economic development website. Ms. Kim Narramore has put in a lot of effort in getting something to consider. Mr. Floyd and Mr. Hayes have run into some unexpected scheduling issues. The City’s website is being restructured. Tough time to schedule.

Mr. Freeman stated that maybe there was an opportunity for someone on his staff to help out because IT is tied up in a bigger overhaul of the entire City website. What Ms. Narramore has created a mock-up of a page that could serve as a temporary page until we figure a permanent solution. It is certainly an opportunity for them to go ahead and give a more robust presence than what you have on the Board and Commissions drop down. They were trying to get a work around for the time being. Mr. Hayes stated that if this Board would want to issue an RFP and try to find a professional web designer, we just need to know how much money to work with. In the short run we could make some improvements with Mr. Freeman’s staff and his help and make some big-time improvements with the existing set-up and then hold off on deciding for later as to whether we go outside the .gov situation. Mr. Rodgers will keep this item on the agenda for follow-up.

PILOT Policies and Procedures – the City and the IDB have not had any PILOT policies existing to this point. There is a proposal as far as the PILOT policies and procedures. Chairman Rodgers wants to know where this is coming from.

Mr. Freeman stated the draft proposal that the Board has is proposal with the City, the Chamber of Commerce, and an outside community advocacy organization called CALEB has been working on trying to improve our PILOT policy. There currently does not exist a PILOT policy with the City of Chattanooga or the IDB. CALEB reached out because they were concerned with the lack of transparency not having a PILOT policy that exists at all. That is roughly a first draft.

Mr. Freeman and Charles Wood with the Chamber of Commerce have had a chance to sit down with CALEB and go through some of their other recommendations and some of their other ideas for how we could create a PILOT policy. One of the ideas he shared is potentially allowing the scoring for companies and their PILOT process for workforce development initiatives that they take on. That is just one example. We intend to meet in December to have a follow-up discussion. The conversations are moving in a good direction and think we have found some common ground. This is an opportunity for the IDB to work with City Council to potentially draft the policies which would be the first ever in Chattanooga. Progress is being made. We could put this item on the agenda for in January and come back with a second draft for more concrete.

The IDB has the ability to oversee jobs in economic development PILOTs where these projects create significant number of jobs. On the housing side, our Health, Education, and Housing Facility Board has adopted policies for housing PILOTs which are payments in lieu of tax for affordable housing. The City Council has not developed policies on the housing side, but have not developed policies on the economic development side. This will be an opportunity for us to do that.

We will skip this topic on the December meeting and put it on the January agenda.

TIF Policies and Procedures – the City have had TIF policies and procedures since 2015. CALEB is not involved in this. The policy updates are policies that the Administration asked for the City Council given what we have learned from the TIF process so far because when the original TIF policies were adopted by the City Council back in 2015, at that point in time the City engaged in a single TIF transaction which was Black Creek. Since then, we have had a chance to learn some things because since the 2015 policy was adopted by the City Council, the City and IDB have approved the four TIFs. That includes the TIF for the M.L. King Extension, the TIF for the Hardy Street extension in East Chattanooga, the TIF around South Broad for the stadium, and the North Access Road TIF.

What we recommended and what the City Council adopted was federal alignment of local policies with the state's IDB statute specifically around both the term of the TIF as well as the definition of public infrastructure. Public infrastructure going forward will have the same exact definition as considered the IDB statute at the state level. There has always been some confusion around what a maximum timeline for a TIF. Under the City's policy it said 15 years, and sometimes it is 20. The state allows TIFs to go out 20 years and for special exceptions to go longer than that. We brought the local policy in alignment with the state's IDB statute to make the process more predictable for applicants.

In addition, the revisions that were just adopted by City Council will also allow the Application Review Committee to coordinate with the IDB Chair to schedule public hearings. As you all know, a public hearing is required as part of the TIF process. Previously, the Application Review Committee would go ahead and set a date arbitrarily. Now they do so in coordination with the Chair. We increase the application fee so the application fee that Rise Partners paid for the North Access Road TIF was \$1,500. We raised it to \$8,000 to reflect the time and staff effort that goes into this as also increased the annual administrative service charge from 25 basis points to 250 basis points so there is additional revenue that will come in to manage and oversee TIFs.

Our City Council also wanted to make sure that there was language in the TIF policy that stated explicitly the stormwater fees will always be paid. Under state law, the stormwater fees cannot be abated. The City Council wanted to make sure that is contained in the TIF language. We also added language pertaining to the requirement of but-for affidavit. Applicants have always been required to sign an affidavit as part of the application which basically says that but-for the TIF would probably not move forward. Now that language is captured in the policy so that people know on the front end that this is also an expectation.

Additionally, added language that will allow the City or the IDB to hire consultants to analyze the subsidy requests. For example, if an applicant applied, or wanted to engage the City and the IDB for a TIF that was 18 years, and 18 years at \$15 million, the City and the IDB have the ability to hire a consultant that could actually advise as to whether that is an appropriate timeframe or whether or not the timeframe should be less and the amount of the subsidy to be less.

Language requiring applicants to disclose felony criminal convictions, any civil proceedings that they were engaged in, or past bankruptcies. That is also captured in the TIF policy. Overall, we feel like we have made a policy that is more predictable and responsive to both the needs of applicants and to the public for transparency. We are happy with the direction that things are moving. However, there are more changes in store. This is an opportunity for collaboration with the IDB will come in.

One of the things that we sought to change and where the City Council asked for more time to review was in the current TIF policy that was adopted in 2015, the policy does not allow for TIFs to be used for projects that are considered substantially in housing. That was created as sort of a reflex to some of the projects in the past around the development of single-family homes. State law allows TIFs to be used for residential projects that are multi-family for persons of low to moderate income, senior citizens, and the disabled community. As we as the City try to get our arms around affordable housing issues, having the ability to do TIFs for affordable housing is something that will be important in something that we think is going to be necessary as something that the IDB will be involved in.

The City Council asked for more time to review that provision even though it is allowed by the state just in case they want to put more specific parameters that state statute and as part of that process, they have also asked that as they begin to look at that, they also engage the IDB and work with the IDB in terms of looking at that change and any other policy recommendations that the IDB might have. The Council also wanted to make sure that they had a chance to hear from our new Chief Housing Officer. The City has hired a new Chief Housing Officer who will guide and structure the City's attack and strategy around affordable housing who is Nicole Heyman. She started today and this will give her an opportunity to weigh in and answer the City Council specifically on this provision of changing the TIF policy.

Chairman Rodgers wanted clarification back to our previous discussions about the separation between the City and the IDB, last week the City approved these very TIF policies we are looking at. T.C.A. 9-23-107 says that any taxing agency (the City) and any tax increment agency (IDB), Mr. Noblett stated we would be a tax increment agency with the authority to allocate those funds for a project. The statute says any taxing agency and tax increment agency may agree upon, approve, and amend policies and procedures ..., Mr. Rodgers' reason for pointing this out

is to his fellow IDB members is that is an agreement, that is his reading of this statute, that does not mean we have to accept in total what the City Council does. We are free to come up with our own suggestions, our own ideas and it does say agree, if we made changes we have to go back and see what the City Council does. There are two partners here in this process. That is kind of his point. Chairman Rodgers has concerns about some existing things and would like to discuss with Mr. Freeman, what he would like to do is put this on with the IDB's consent, to put this on the agenda for the next month's meeting and have a public hearing and give us time to digest it a little bit more because we have not had it that long, they passed it a week ago. Give the Board time to digest it a little more and give the public more notice if they want to show up and make comments, let them do that.

A couple of concerns for Mr. Freeman to keep in mind and the others is in the introduction, the second paragraph, and the Chairman thinks this came up in relation to the Lookouts Stadium discussion, there are two sentences, and one applies to TIFs initiated by a private developer and the second applies to if the City initiates it. The City initiates it as contemplated the City shall follow such procedures that the City deems appropriate under the circumstances. Chairman Rodgers' question he wants at the next meeting, from the IDB's standpoint why should it matter whether it is a private developer or the City? Shouldn't the IDB require the same policies and procedures? That is for later. That came up in connection with the Lookouts Stadium. Shouldn't we as IDB, say we don't care if it is coming to us, we follow the same procedure because we are a separate corporation and we have obligations under state law. This is for consideration and not an answer.

Another item to consider is the application fee and the administrative fee, he sees that our colleagues in Nashville, Memphis, and Knoxville are different. Knoxville has \$10,000, the City is proposing here \$8,000. There are some differences as far as the percent on the administrative fee. There is different wording for Memphis, there is different wording for Knoxville, and now as this is proposed, it has different language as far as how that fee is measured. Not the fee percent being different but how it is measured. Chairman Rodgers is concerned about that, why is there this variation and how is that measured or appears to be measured? Keep that in mind. Chairman Rodgers knows that being as diligent as Mr. Freeman is, he would be receptive and if the Board members in general want to come to Mr. Freeman now and then have questions. This will be at a public hearing at the next meeting in December.

Bylaws – Chairman Rodgers would like the Board's approval and keep this on the agenda. He is leery about us biting off too much at one time. We are doing a lot and making progress and need to be careful. Chairman Rodgers will keep this on the agenda and focus on some of the other things for now, but want to keep it on the agenda so we remember that is a to do we need to get to.

Mr. Hayes asked a question about new board members. Attorney Noblett stated it is simply a matter of appointment. They have already discussed that matter and have it out to their groups for additional members so we can have up to nine. Attorney Noblett told them specifically it is a problem related to getting a quorum whenever you have a nine-member board with seven members, you need a total of five people to vote. That is an issue, and they understand that. We can also remind the City Council.

After further discussion, the meeting adjourned at 12:05 PM.

PATRICK SHARPLEY, *Secretary*

APPROVED:

JIMMY F. RODGERS, JR., *Chair*

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

(Limited to Volkswagen Group of America, Inc.'s Project Site,
Volkswagen Group of America Chattanooga Operations, LLC's
Expansion Site, Tax Increment Financing, Due Diligence Studies, and Economic Development
Incentive Programs for the City of Chattanooga)

FINANCIAL REPORT

JUNE 30, 2021 AND 2020



CERTIFIED PUBLIC ACCOUNTANTS

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

(Limited to Volkswagen Group of America, Inc.'s Project Site, Volkswagen Group of America Chattanooga Operations, LLC's Expansion Site; and Tax Increment Financing and Economic Development Incentive Programs for the City of Chattanooga)

STATEMENTS OF NET POSITION

JUNE 30, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,083,550	\$ 1,167,786
Receivables:		
City of Chattanooga	97,329	-
Hamilton County	242,157	76,049
TVA	<u>194,658</u>	<u>-</u>
Total current assets	<u>2,617,694</u>	<u>1,243,835</u>
NONCURRENT ASSETS		
Leased assets, land	10,000,000	10,000,000
Leased assets, depreciable	429,036,981	428,884,473
Account Receivable - Southeast Tennessee Development District	26,402	-
Notes receivable - Southeast Tennessee Development District, net of allowance for bad debt	<u>402,558</u>	<u>500,000</u>
Total noncurrent assets	<u>439,465,941</u>	<u>439,384,473</u>
TOTAL ASSETS	<u>\$ 442,083,635</u>	<u>\$ 440,628,308</u>

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

(Limited to Volkswagen Group of America, Inc.'s Project Site, Volkswagen Group of America Chattanooga Operations, LLC's Expansion Site; and Tax Increment Financing and Economic Development Incentive Programs for the City of Chattanooga)

COMBINING PROGRAMS SCHEDULE OF NET POSITION

JUNE 30, 2021

ASSETS					
	Project and Expansion Site	Tax Increment Financing	Due Diligence Studies	Economic Development Incentive	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ -	\$ 314,788	\$ -	\$ 1,768,762	\$ 2,083,550
Receivable:					
City of Chattanooga	-	-	97,329	-	97,329
Hamilton County	144,828	-	97,329	-	242,157
TVA	-	-	194,658	-	194,658
	<u>144,828</u>	<u>314,788</u>	<u>389,316</u>	<u>1,768,762</u>	<u>2,617,694</u>
Total current assets					
	<u>144,828</u>	<u>314,788</u>	<u>389,316</u>	<u>1,768,762</u>	<u>2,617,694</u>
NONCURRENT ASSETS					
Leased assets, land	10,000,000	-	-	-	10,000,000
Leased assets, depreciable	429,036,981	-	-	-	429,036,981
Cash - Southeast Tennessee Development District	-	-	-	26,402	26,402
Note Receivable - Southeast Tennessee Development District	-	-	-	473,598	473,598
Allowance for bad debt	-	-	-	(71,040)	(71,040)
	<u>439,036,981</u>	<u>-</u>	<u>-</u>	<u>428,960</u>	<u>439,465,941</u>
Total noncurrent assets					
	<u>439,036,981</u>	<u>-</u>	<u>-</u>	<u>428,960</u>	<u>439,465,941</u>
TOTAL ASSETS	<u>\$ 439,181,809</u>	<u>\$ 314,788</u>	<u>\$ 389,316</u>	<u>\$ 2,197,722</u>	<u>\$ 442,083,635</u>

The accompanying notes are an integral part of the financial statements.

IDB - TAX INCREMENT FINANCING (TIF) SUMMARY

PJTD EBS & CLOUD (Since inception)

As of 11/22/2022

Acct	Description	NR09	NR09	NR23	NR24		TOTAL
		Black Creek	MLK	E. Chatt Rising	N. River Com. Ctr.		
		Z00302	Z00311	Z00316	Tax Payments	Developer	
					Z00319	Z00320	
101101	Interfund Cash		2,877.67	54,569.64	1,500.00		58,947.31
212103	AP Interest - TIF Loan		-	(189,029.98)	-		(189,029.98)
513143	TIF Application Fee	-	1,500.00	-	1,500.00		3,000.00
523109	* Ham Co TIF Payment	921,434.73	459,417.40	11,792.64			1,392,644.77
524106	* City TIF Payment	2,092,236.15	1,091,392.60	27,552.87			3,211,181.62
536122	** TIF Admin Fee (City)	-	1,377.64	54,569.64			55,947.28
782211	Interest expense	-	-	207,666.67			207,666.67
782601	TIF Agency	2,405,035.33	1,306,815.18	14,768.04			3,726,618.55
782602	TIF Administrative 5% Fee to Chattanooga	104,611.81	54,569.64	1,377.64			160,559.09
782604	TIF Debt Service Allocation to Chattanooga	301,856.08	(38,276.39)	(1,086.51)			262,493.18
782605	TIF Refuse Pickup to Chattanooga	137,667.18	209,282.41	5,144.19			352,093.78
782603	TIF Administrative 5% Fee to Hamilton Co	46,071.73	9,230.83	269.61			55,572.17
782606	TIF Trustee 2% Fee to Hamilton Co	18,428.70	9,188.35	235.85			27,852.90
Operating income (loss)		-	2,877.62	(134,460.34)	1,500.00	-	(130,082.67)

Hamilton County Payments	856,934.30	440,998.22	11,287.18	-	1,309,219.70
City Payment	1,548,101.08	865,816.94	22,117.55	-	2,436,035.57
Total Payments to developer	<u>2,405,035.38</u>	<u>1,306,815.16</u>	<u>33,404.73</u>	<u>-</u>	<u>3,745,255.27</u>

* Effective FY23 only record the net payments received from County and City (no more grossing up)

** Effecting FY23 IDB receives City's 5% admin fees (excluding Black Creek TIF)

IDB - ECONOMIC DEVELOPMENT INCENTIVE PROGRAM (EDIP) SUMMARY

PJTD

As of 11/22/2022

Acct	Description	NR11 GROWING SMALL BUS. Z00303	NR13 TECH WORKFORCE Z00304	NR14 IDB-PILOTS Z00306	NR14 IDB-ADMIN *	NR14 IDB LOANS Z00315	NR15 MITIGATION Z00307	NR16 BUSINESS DEV. Z00308	NR17 RENEWING CHATT Z00312	NR18 INNOVATION Z00313	TOTAL
101101	Interfund Cash	169,574.02	335,000.00	-----	1,364,898.91	-----	11,000.00	25,000.00	20,000.00	170,000.00	2,095,472.93
124212'	NR COVID-19 Loans	-	-	-	-	387,681.57	-	-	-	-	387,681.57
124901	Allowance for Notes Receivable	-	-	-	-	(58,108.00)	-	-	-	-	(58,108.00)
172102	Restricted Cash with Agent	-	-	-	-	112,335.10	-	-	-	-	112,335.10
513140	IDB EDLP - VW	-	-	1,000,000.00	-	-	-	-	-	-	1,000,000.00
513140	IDB EDLP - Southern Champion Tray	-	-	157,375.58	-	-	-	-	-	-	157,375.58
513140	IDB EDLP - Gastamp	-	-	832,434.98	-	-	-	-	-	-	832,434.98
513140	IDB EDLP - YanFeng	-	-	50,068.18	-	-	-	-	-	-	50,068.18
513140	IDB EDLP - Plastic Omnium Auto	-	-	240,908.70	-	-	-	-	-	-	240,908.70
513140	IDB EDLP - Homeserve	-	-	9,002.15	-	-	-	-	-	-	9,002.15
513140	IDB EDLP - M & M Industries	-	-	59,901.06	-	-	-	-	-	-	59,901.06
513140	IDB EDLP - Van De Wiele	-	-	27,065.25	-	-	-	-	-	-	27,065.25
513140	IDB EDLP - Coca-Cola	-	-	95,128.01	-	-	-	-	-	-	95,128.01
524107	City of Chattanooga Appropriation	200,000.00	450,000.00	-	-	-	44,000.00	-	-	-	694,000.00
576101	Miscellaneous Revenue	-	-	5.00	10.00	-	-	-	-	-	15.00
801604	Transfer from fund NR14	200,000.00	-	-	-	-	-	50,000.00	50,000.00	200,000.00	500,000.00
538101	Bridge Loan - managed by SETDD Bad Debt	-	-	-	-	(58,091.33)	-	-	-	-	(58,091.33)
704602	Training Costs	-	25,000.00	-	-	-	-	-	-	-	25,000.00
784101	Appropriations	-	50,000.00	-	-	-	-	25,000.00	-	-	75,000.00
782201	Awards	-	-	56,000.00	-	-	-	-	-	-	56,000.00
782202	Donations	-	40,000.00	-	-	-	-	-	-	-	40,000.00
782207	Grant Award	230,425.98	-	51,000.00	-	-	33,000.00	-	30,000.00	30,000.00	374,425.98
811604	Transfer to Other Funds	-	-	500,000.00	-	-	-	-	-	-	500,000.00
	Operating income (loss)	169,574.02	335,000.00	1,864,888.91	10.00	(58,091.33)	11,000.00	25,000.00	20,000.00	170,000.00	2,537,381.60
		-	-	-	-	-	-	-	-	-	-

* Per IDB resolution passed on 9/14/2020, IDB and Hamilton County entered into a Due Dillgence Studies Project with TVA. This InvestPrep Program stipulates IDB and County each contribute a match of \$174,500. IDB must set aside \$174,500 from NR14 cash balance for this match amount.

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD
ECD - VOLKSWAGEN INCENTIVE PROJECT
VW FUNDING PROGRESS SUMMARY
As of Nov 21, 2022

FIRST MOU	Final Grant Budget Amount	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Nov 21, 2022	% Spent, Encumbered & Contingencies	Grant Status
6.1 Site Preparation - State	92,919,998	92,919,998	-	100.00%	Ended 6/30/2015
6.2 Infrastructure - State	72,795,525	72,795,525	-	100.00%	Ended 6/30/2015
7.4 Training Facility - State	39,995,942	39,995,942	-	100.00%	Ended 6/30/2015
9.10 Marketing & Public Relations - State	1,965,905	1,965,905	-	100.00%	Ended 4/30/2017
TOTAL STATE FUNDING	207,677,370	207,677,370	-	100.00%	

6.2 Infrastructure - Local (Hamilton County & City of Chattanooga)	40,000,000	39,946,743	-	99.87%	Ongoing
9.5 Welcome Center - Local (VW decided not not build it)	-	-	-	N/A	
TOTAL LOCAL FUNDING	40,000,000	39,946,743	-	99.87%	

TOTAL FUNDING	247,677,370	247,624,113	-	99.98%	
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SECOND MOU	Final Grant Budget Amount	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Nov 21, 2022	% Spent, Encumbered & Contingencies	Grant Status
3.1 Facility Development - State	168,877,867	168,877,867	-	100.00%	Ended 3/6/2020
TOTAL STATE FUNDING	168,877,867	168,877,867	-	100.00%	

VW SUV - Local (Hamilton County & City of Chattanooga)	52,500,000	52,048,430	21,029	99.18%	Ongoing
TOTAL LOCAL FUNDING	52,500,000	52,048,430	21,029	99.18%	

TOTAL FUNDING	221,377,867	220,926,297	21,029	99.81%	
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THIRD MOU & LETTER OF INTENT (LOI)	Final Grant Budget Amount	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Nov 21, 2022	% Spent, Encumbered & Contingencies	Grant Status
Electric Vehicle Expansion - State	50,000,000	-	-	0.0%	Ongoing
TOTAL STATE FUNDING	50,000,000	-	-	0.0%	

Electric Vehicle Expansion (Hamilton County & City of Chattanooga)	5,000,000	-	-	0.00%	Ongoing
TOTAL LOCAL FUNDING	5,000,000	-	-	0.00%	

TOTAL FUNDING	55,000,000	-	-	0.00%	
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FIRST MOU, SECOND MOU, THIRD MOU & LOI	Final Grant Budget Amount	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Nov 21, 2022	% Spent, Encumbered & Contingencies	Grant Status
TOTAL FUNDING	524,055,237	468,550,410	21,029	89.41%	

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD
ECD - VOLKSWAGEN INCENTIVE PROJECT
VW FUNDING PROGRESS SUMMARY
As of Nov 21, 2022

FIRST MOU	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Contract Amount	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
6.1 Site Preparation - State *	79,614,864	16,405,000	96,019,864	(3,099,867)	92,919,998	92,919,998	-	92,919,998	-	-	100.00%	-	-	100.00%
6.2 Infrastructure - State *	70,000,000	2,795,525	72,795,525	-	72,795,525	72,795,525	-	72,795,525	-	-	100.00%	-	-	100.00%
7.4 Training Facility - State *	40,000,000	-	40,000,000	(4,058)	39,995,942	39,995,942	-	39,995,942	-	-	100.00%	-	-	100.00%
9.10 Marketing & Public Relations - State *	1,966,200	(275)	1,965,925	(20)	1,965,905	1,965,905	-	1,965,905	-	-	100.00%	-	-	100.00%
TOTAL STATE FUNDING	191,581,064	19,200,250	210,781,314	(3,103,945)	207,677,370	207,677,370	-	207,677,370	-	-	100.00%	-	-	100.00%
6.2 Infrastructure - Local **	40,000,000	-	40,000,000	N/A	40,000,000	39,946,743	-	39,946,743	-	53,256	99.87%	-	53,256	99.87%
9.5 Welcome Center - Local	6,000,000	(6,000,000)	-	-	-	-	-	-	-	-	N/A	-	-	N/A
TOTAL LOCAL FUNDING	46,000,000	(6,000,000)	40,000,000	-	40,000,000	39,946,743	-	39,946,743	-	53,257	99.87%	-	53,256	99.87%
TOTAL IDB FUNDING FOR FIRST MOU	237,581,064	13,200,250	250,781,314	(3,103,945)	247,677,370	247,624,113	-	247,624,113	-	53,257	99.98%	-	53,256	99.98%

* State grant 6.1, 6.2, and 7.4 ended on 6/30/2015; State grant 9.10 ended on 4/30/2017. Total of these four State grants per grant contract is \$210,781,314. \$3,103,945 was not used.

** Total local infrastructure does not include 6.3 Public roads and 6.4 Railway Lines as they are not managed by the IDB.

SECOND MOU	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Total Amended Budget	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
3.1 Facility Development - State	165,778,000	3,099,867	168,877,867	N/A	168,877,867	168,877,867	-	168,877,867	-	-	100.00%	-	-	100.00%
TOTAL STATE FUNDING	165,778,000	3,099,867	168,877,867	N/A	168,877,867	168,877,867	-	168,877,867	-	-	100.00%	-	-	100.00%
VW SUV - Local	52,500,000	-	52,500,000	N/A	52,500,000	52,048,430	-	52,048,430	21,029	430,541	99.18%	-	430,541	99.18%
TOTAL LOCAL FUNDING	52,500,000	-	52,500,000	N/A	52,500,000	52,048,430	-	52,048,430	21,029	430,541	99.18%	-	430,541	99.18%
TOTAL IDB FUNDING FOR SECOND MOU	218,278,000	3,099,867	221,377,867	N/A	221,377,867	220,926,297	-	220,926,297	21,029	430,541	99.81%	-	430,541	99.81%

* State grant 3.1 ended on 3/6/2020

THIRD MOU	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Total Amended Budget	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
Electric Vehicle Expansion	50,000,000	-	50,000,000	N/A	50,000,000	-	-	-	-	50,000,000	0.0%	-	50,000,000	0.0%
TOTAL STATE FUNDING	50,000,000	-	50,000,000	N/A	50,000,000	-	-	-	-	50,000,000	0.0%	-	50,000,000	0.0%
Electric Vehicle Expansion	5,000,000	-	5,000,000	N/A	5,000,000	-	-	-	-	-	0.00%	-	5,000,000	0.00%
TOTAL LOCAL FUNDING	5,000,000	-	5,000,000	N/A	5,000,000	-	-	-	-	-	0.00%	-	5,000,000	0.00%
TOTAL IDB FUNDING FOR THIRD MOU	55,000,000	-	55,000,000	N/A	55,000,000	-	-	-	-	50,000,000	0.00%	-	55,000,000	0.00%

FIRST & SECOND & THIRD MOU & LOI	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Total Amended Budget	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
TOTAL IDB FUNDING FOR FIRST & SECOND & THIRD MOU	510,859,064	16,300,117	527,159,181	(3,103,945)	524,055,237	468,550,410	-	468,550,410	21,029	50,483,798	89.41%	-	55,483,797	89.41%

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD
 ECD - VOLKSWAGEN INCENTIVE PROJECT
 STATE FUNDING PROGRESS REPORT - FIRST MOU
 As of Nov 21, 2022

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Contract Amount	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Jul 21, 2022	Change in Encumbrances	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
6.1 SITE PREPARATION ----- GRANT ENDED 6/30/2015 -----																
Clearing, Grubbing & Mass Grading	1,664,957	-	1,664,957	-	1,664,957	1,664,957	-	1,664,957	-	-	-	-	100%	-	-	100%
Grubbing & Erosion Control	2,704,391	-	2,704,391	(110,911)	2,593,480	2,593,480	-	2,593,480	-	-	-	-	100%	-	-	100%
Fine Grading (Site Pad)	50,428,531	8,949,529	59,378,060	(312,448)	59,065,612	59,065,612	-	59,065,612	-	-	-	-	100%	-	-	100%
Stone Pad	7,483,865	-	7,483,865	-	7,483,865	7,483,865	-	7,483,865	-	-	-	-	100%	-	-	100%
Stream Relocation	5,436,511	-	5,436,511	83,275	5,519,786	5,519,786	-	5,519,786	-	-	-	-	100%	-	-	100%
Detention Pond	997,907	3,604,471	4,602,378	(1,424,905)	3,177,473	3,177,473	-	3,177,473	-	-	-	-	100%	-	-	100%
North Area	-	2,358,855	2,358,855	(1,613,304)	745,551	745,551	-	745,551	-	-	-	-	100%	-	-	100%
Construction Access Roads	718,565	-	718,565	-	718,565	718,565	-	718,565	-	-	-	-	100%	-	-	100%
Rammed Aggregate Piers	1,874,615	-	1,874,615	-	1,874,615	1,874,615	-	1,874,615	-	-	-	-	100%	-	-	100%
Design, RPR, Survey, Testing, Project Support	8,305,522	1,492,145	9,797,667	278,426	10,076,093	10,076,093	-	10,076,093	-	-	-	-	100%	-	-	100%
TOTAL 6.1 SITE PREPARATION *	79,614,864	16,405,000	96,019,864	(3,099,867)	92,919,998	92,919,998	-	92,919,998	-	-	-	-	100%	-	-	100%
6.2 INFRASTRUCTURE ----- GRANT ENDED 6/30/2015 -----																
VW Test Track	1,915,000	-	1,915,000	(9,482)	1,905,518	1,905,518	-	1,905,518	-	-	-	-	100%	-	-	100%
VW Electric Transformer Station	10,945,000	-	10,945,000	(9,690)	10,935,310	10,935,310	-	10,935,310	-	-	-	-	100%	-	-	100%
VW Mixing Yard	10,025,000	-	10,025,000	1,819,244	11,844,244	11,844,244	-	11,844,244	-	-	-	-	100%	-	-	100%
VW Parking Lots for Employees	12,700,000	2,091,000	14,791,000	(1,613,586)	13,177,414	13,177,414	-	13,177,414	-	-	-	-	100%	-	-	100%
VW Tank Farm (Fluids Storage) & Utilities	30,445,000	-	30,445,000	(17,473)	30,427,527	30,427,527	-	30,427,527	-	-	-	-	100%	-	-	100%
VW Planning, Engineering, Etc	3,970,000	245,855	4,215,855	(38,079)	4,177,776	4,177,776	-	4,177,776	-	-	-	-	100%	-	-	100%
North Area Grading	-	368,145	368,145	(130,935)	237,210	237,210	-	237,210	-	-	-	-	100%	-	-	100%
North Area Non-reimbursable	-	90,525	90,525	-	90,525	90,525	-	90,525	-	-	-	-	100%	-	-	100%
TOTAL 6.2 INFRASTRUCTURE	70,000,000	2,795,525	72,795,525	-	72,795,525	72,795,525	-	72,795,525	-	-	-	-	100%	-	-	100%
Subtotal State (6.1 & 6.2)	149,614,864	19,200,525	168,815,389	(3,099,867)	165,715,523	165,715,522	-	165,715,522	-	-	-	-	100%	-	-	100%

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD
 ECD - VOLKSWAGEN INCENTIVE PROJECT
 STATE FUNDING PROGRESS REPORT - FIRST MOU
 As of Nov 21, 2022

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Contract Amount	Adj. For Grant Amount Not Expended at Grant Expiration Date	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Jul 21, 2022	Change in Encumbrances	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
7.4 TRAINING FACILITY ----- GRANT ENDED 6/30/2015 -----																
Training Center	22,900,000	148,110	23,048,110	-	23,048,110	23,048,110	-	23,048,110	-	-	-	-	100%	-	-	100%
Equipment for Training Center	13,500,000	(327,889)	13,172,111	(4,058)	13,168,053	13,168,053	-	13,168,053	-	-	-	-	100%	-	-	100%
Related Planning Cost	3,600,000	179,779	3,779,779	-	3,779,779	3,779,779	-	3,779,779	-	-	-	-	100%	-	-	100%
Total 7.4 ST. TRAINING FACILITY	40,000,000	-	40,000,000	(4,058)	39,995,942	39,995,942	-	39,995,942	-	-	-	-	100%	-	-	100%
9.10 MARKETING & PUBLIC RELATIONS ----- GRANT ENDED 4/30/2017 -----																
9.10 Visitor's Center **	200,000	(275)	199,725	-	199,725	199,725	-	199,725	-	-	-	-	100%	-	-	100%
9.10 Capital Purchase (Roof Sign)	239,580	(30,460)	209,120	-	209,120	209,120	-	209,120	-	-	-	-	100%	-	-	100%
9.10 Capital Purchase & Professional Fees (Admin & Planning)	26,620	(15,204)	11,416	(20)	11,397	11,397	-	11,397	-	-	-	-	100%	-	-	100%
9.10 Professional Fees, Grant & Award (Education partnership)	1,500,000	(500,000)	1,000,000	-	1,000,000	1,000,000	-	1,000,000	-	-	-	-	100%	-	-	100%
9.10 Salaries, Benefits & Taxes (Plant Tours)	-	27,117	27,117	-	27,117	27,117	-	27,117	-	-	-	-	100%	-	-	100%
9.10 Professional Fees, Grants & Award (Marketing Expenses)	-	518,547	518,547	-	518,547	518,547	-	518,547	-	-	-	-	100%	-	-	100%
Total 9.10 MARKETING & PUBLIC RELATIONS	1,966,200	(275)	1,965,925	(20)	1,965,905	1,965,905	-	1,965,905	-	-	-	-	100%	-	-	100%
TOTAL ALL STATE FUNDS	191,581,064	19,200,250	210,781,314	(3,103,945)	207,677,370	207,677,370	-	207,677,370	-	-	-	-	100%	-	-	100%

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD
 ECD - VOLKSWAGEN INCENTIVE PROJECT
 LOCAL FUNDING PROGRESS REPORT - FIRST MOU
 As of Nov 21, 2022

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Jul 21, 2022	Change in Encumbrances	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
VW Streets, Lanes, etc., including Helipad	8,345,835	-	8,345,835	8,345,835	-	8,345,835	-	-	-	-	100.00%	-	-	100.00%
VW Railroads, Loading Dept	10,080,801	-	10,080,801	10,080,801	-	10,080,801	-	-	-	-	100.00%	-	-	100.00%
VW Fire Dept Building, garage and equipment	3,070,609	-	3,070,609	3,070,609	-	3,070,609	-	-	-	-	100.00%	-	-	100.00%
VW Construction Lanes	1,640,533	-	1,640,533	1,640,533	-	1,640,533	-	-	-	-	100.00%	-	-	100.00%
VW Guard House and Fence	1,310,219	-	1,310,219	1,310,219	-	1,310,219	-	-	-	-	100.00%	-	-	100.00%
Drive Around Property	553,714	-	553,714	553,714	-	553,714	-	-	-	-	100.00%	-	-	100.00%
Scrap Yard	118,933	-	118,933	118,933	-	118,933	-	-	-	-	100.00%	-	-	100.00%
VW Water, Waste & Stormwater	6,093,236	-	6,093,236	6,093,236	-	6,093,236	-	-	-	-	100.00%	-	-	100.00%
VW Gas, Telecom, Power (Additional Utility Infra)	1,120,472	-	1,120,472	1,120,472	-	1,120,472	-	-	-	-	100.00%	-	-	100.00%
VW Planning, Engineering, Etc	7,665,648	-	7,665,648	7,612,392	-	7,612,392	-	-	-	53,256	99.31%	-	53,256	99.31%
TOTAL 6.2 INFRASTRUCTURE - LOCAL FUNDING	40,000,000	-	40,000,000	39,946,743	-	39,946,743	-	-	-	53,256	99.87%	-	53,256	99.87%
Welcome Center	6,000,000	(6,000,000)	-	-	-	-	-	-	-	-	N/A	-	-	N/A
TOTAL 9.5 OTHER LOCAL FUNDING	6,000,000	(6,000,000)	-	-	-	-	-	-	-	-	N/A	-	-	N/A
TOTAL LOCAL FUNDINGS (Managed by IDB) *	46,000,000	(6,000,000)	40,000,000	39,946,743	-	39,946,743	-	-	-	53,257	99.87%	-	53,256	99.87%

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

* Total local infrastructure does not include 6.3 Public roads and 6.4 Railway Lines as they are not managed by the IDB.

Changes Since Prior Report - FIRST MOU										
As of Nov 21, 2022										
		Expenditures		Encumbrances		Change				
		This Report	Last Report	This Report	Last Report	Expenditures	Encumbrances	Actual	Encumbrance	Comments
Z10101	Clearing, Grubbing & Mass Grading	1,664,957	1,664,957	-	-	-	-			
Z10102	Grubbing & Erosion Control	2,593,480	2,593,480	-	-	-	-			
Z10103	Fine Grading (Site Pad)	59,065,612	59,065,612	-	-	-	-			
Z10104	Stone Pad	7,483,865	7,483,865	-	-	-	-			
Z10105	Stream Relocation	5,519,786	5,519,786	-	-	-	-			
Z10106	Detention Pond	3,177,473	3,177,473	-	-	-	-			
Z10107	North Area	745,551	745,551	-	-	-	-			
Z10109	Construction Access Roads	718,565	718,565	-	-	-	-			
Z10110	Rammed Aggregate Piers	1,874,615	1,874,615	-	-	-	-			
Z10111	Design, RPR, Survey, Testing & Project Support	10,076,093	10,076,093	-	-	-	-			
TOTAL 6.1 SITE PREPARATION		92,919,998	92,919,998	-	-	-	-	-	-	Grant ended 6/30/2015
Z10301	VW Test Track	1,905,518	1,905,518	-	-	-	-			
Z10306	VW Electric Transformer Station	10,935,310	10,935,310	-	-	-	-			
Z10307	VW Mixing Yard	11,844,244	11,844,244	-	-	-	-			
Z10308	VW Parking Lots for Employees	13,177,414	13,177,414	-	-	-	-			
Z10312	VW Tank Farm (Fluids Storage) & Utilities	30,427,527	30,427,527	-	-	-	-			
Z10315	VW Planning, Engineering, Etc	4,177,776	4,177,776	-	-	-	-			
Z10316	North Area Grading	237,210	237,210	-	-	-	-			
Z10317	North Area Non-reimbursable	90,525	90,525	-	-	-	-			
TOTAL 6.2 INFRASTRUCTURE		72,795,525	72,795,525	-	-	-	-	-	-	Grant ended 6/30/2015
Z10601	Training Center	23,048,110	23,048,110	-	-	-	-			
Z10602	Equipment for Training Ctr	13,168,053	13,168,053	-	-	-	-			
Z10603	Related Planning Cost	3,779,779	3,779,779	-	-	-	-			
TOTAL 7.4 ST. TRAINING FACILITY		39,995,942	39,995,942	-	-	-	-	-	-	Grant ended 6/30/2015
Z00701	Visitor's Center	199,725	199,725	-	-	-	-			
Z00702										
Z00703	Capital Purchase (Roof Sign)	209,120	209,120	-	-	-	-			
Z00704	Capital Purchase & Professional Fees (Admin & Planning)	11,397	11,397	-	-	-	-			
Z00705	Professional Fees, Grant & Award (Education partnership)	1,000,000	1,000,000	-	-	-	-			
Z00706	Salaries, Benefits & Taxes (Plant Tours)	27,117	27,117	-	-	-	-			
Z00707	Professional Fees, Grants & Award (Marketing Expenses)	518,547	518,547	-	-	-	-			
TOTAL 9.10 MARKETING & PUBLIC RELATIONS		1,965,905	1,965,905	-	-	-	-	-	-	Grant ended 4/30/2017

Changes Since Prior Report - FIRST MOU										
As of Nov 21, 2022										
		Expenditures		Encumbrances		Change				
		This Report	Last Report	This Report	Last Report	Expenditures	Encumbrances	Actual	Encumbrance	Comments
Z10401	VW Streets, Lanes, etc., including Helipad	8,345,835	8,345,835	-	-	-	-			
Z10402	VW Railroads, Loading Dept	10,080,801	10,080,801	-	-	-	-			
Z10403	VW Fire Dept Building, garage and equipment	3,070,609	3,070,609	-	-	-	-			
Z10404	VW Construction Lanes	1,640,533	1,640,533	-	-	-	-			
Z10405	VW Guard House and Fence	1,310,219	1,310,219	-	-	-	-			
Z10409	VW Drive Around Property	553,714	553,714	-	-	-	-			
Z10411	VW Scrap Yard	118,933	118,933	-	-	-	-			
Z10412	VW Water, Waste & Stormwater	6,093,236	6,093,236	-	-	-	-			
Z10413	VW Gas, Telecom, Power (Additional Utility Infra)	1,120,472	1,120,472	-	-	-	-			
Z10415	VW Planning, Engineering, Etc	7,612,392	7,612,392	-	-	-	-			
TOTAL 6.2 INFRASTRUCT LOCAL FUNDING		39,946,743	39,946,743	-	-	-	-	-	-	
Z00801	Welcome Center	-	-	-	-	-	-			
TOTAL 9.5 WELCOME CTR LOCAL FUNDING		-	-	-	-	-	-	-	-	
TOTAL		247,624,113	247,624,113	-	-	-	-	-	-	

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD
 ECD - VOLKSWAGEN INCENTIVE PROJECT
 STATE FUNDING PROGRESS REPORT - SECOND MOU
 As of Nov 21, 2022

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Jul 21, 2022	Change in Encumbrances	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
Infrastructure I	22,271,000	6,649,804	28,920,804	24,714,941	-	24,714,941	-	-	-	4,205,863	85.46%	-	4,205,863	85.46%
Manufacturing Equipment	140,635,000	(677,937)	139,957,063	144,162,926	-	144,162,926	-	-	-	(4,205,863)	103.01%	-	(4,205,863)	103.01%
TOTAL 3.1 FACILITY DEVELOPMENT	165,778,000	3,099,867	168,877,867	168,877,867	-	168,877,867	-	-	-	-	100.00%	-	-	100.00%
TOTAL STATE FUNDS	165,778,000	3,099,867	168,877,867	168,877,867	-	168,877,867	-	-	-	-	100.00%	-	-	100.00%

----- GRANT ENDED 3/6/2020 -----

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD
 ECD - VOLKSWAGEN INCENTIVE PROJECT
 LOCAL FUNDING PROGRESS REPORT - SECOND MOU
 As of Nov 21, 2022

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Jul 21, 2022	Change in Encumbrances	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
Major Underground Additions	723,725	(267,894)	455,831	455,831	-	455,831	-	-	-	-	100.00%	-	-	100.00%
Paint Shop Capacity Increase	1,344,385	241,357	1,585,742	1,585,742	-	1,585,742	-	-	-	-	100.00%	-	-	100.00%
Production and Logistics Building Addition	22,802,333	207,197	23,009,530	23,009,530	-	23,009,530	-	-	-	-	100.00%	-	-	100.00%
Assembly Finish Building Extension & Infra.	8,590,958	295,658	8,886,616	8,886,616	-	8,886,616	-	-	-	-	100.00%	-	-	100.00%
Technical Center Pilot Program Extension	4,968,082	(253,229)	4,714,853	4,714,853	-	4,714,853	-	-	-	-	100.00%	-	-	100.00%
Body Shop Robots Fixtures Integration	2,460,223	2,979,843	5,440,066	5,420,707	-	5,420,707	-	-	-	19,359	99.64%	-	19,359	99.64%
VW SUV B Planning Costs	7,425,329	578,553	8,003,882	7,863,634	-	7,863,634	21,029	-	21,029	119,219.00	98.51%	-	119,219.00	98.51%
VW SUV B Contingency	1,085,098	(1,085,098)	-	-	-	-	-	-	-	-	0.00%	-	-	0.00%
VW SUV B Site Preparation	3,099,867	(2,696,387)	403,480	111,517	-	111,517	-	-	-	291,963	27.64%	-	291,963	27.64%
TOTAL 6.1 VW SUV - LOCAL FUNDING	52,500,000	-	52,500,000	52,048,430	-	52,048,430	21,029	-	21,029	430,541	99.18%	-	430,541	99.18%
TOTAL LOCAL FUNDINGS (Managed by IDB)	52,500,000	-	52,500,000	52,048,430	-	52,048,430	21,029	-	21,029	430,541	99.18%	-	430,541	99.18%

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

Changes Since Prior Report - SECOND MOU										
As of Nov 21, 2022										
		Expenditures		Encumbrances		Change				
		This Report	Last Report	This Report	Last Report	Expenditures	Encumbrances	Actual	Encumbrance	Comments
Z01001	Infrastructure I	24,714,941.48	24,714,941.48	-	-	-	-			
Z01003	Manufacturing Equipment	144,162,925.72	144,162,925.72	-	-	-	-			
TOTAL 3.1 FACILITY DEVELOPMENT - STATE		168,877,867	168,877,867	-	-	-	-	-	-	Grant ended 3/6/2020
Z00902	Major Underground Additions	455,831.00	455,831.00	-	-	-	-			
Z00904	Paint Shop Capacity Increase	1,585,741.95	1,585,741.95	-	-	-	-			
Z00905	Production and Logistics Building Addition	23,009,530.27	23,009,530.27	-	-	-	-			
Z00906	Assembly Finish Building Extension & Infra.	8,886,616.12	8,886,616.12	-	-	-	-			
Z00907	Technical Center Pilot Program Extension	4,714,852.72	4,714,852.72	-	-	-	-			
Z00913	Body Shop Robots Fixtures Integration	5,420,706.50	5,420,706.50	-	-	-	-			
Z00918	VW SUV B Planning Costs	7,863,634.37	7,863,634.00	21,028.96	21,028.96	0.37	-		-	
Z00919	VW SUV B Contingency	-	-	-	-	-	-			
Z00920	VW SUV B Site Preparation	111,517.33	111,517.33	-	-	-	-	-	-	
TOTAL 1.1 VW SUV - LOCAL FUNDING		52,048,430	52,048,430	21,029	21,029	0	-	-	-	
Contingency										
		This Report	Last Report	Change	Comments					
Z00919	VW SUV B Contingency	-	-	-						
TOTAL		220,926,297	220,926,297	21,029	21,029	0	-	-	-	

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD
 ECD - VOLKSWAGEN INCENTIVE PROJECT
 STATE FUNDING PROGRESS REPORT - THIRD MOU
 As of Nov 21, 2022

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Jul 21, 2022	Change in Encumbrances	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
State 3rd MOU Electric Vehicle Expansion	50,000,000	-	50,000,000	-	-	-	-	-	-	50,000,000	0.00%	-	50,000,000	0.00%
TOTAL STATE FUNDING	50,000,000	-	50,000,000	-	-	-	-	-	-	50,000,000	0.00%	-	50,000,000	0.00%

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

CITY OF CHATTANOOGA INDUSTRIAL DEVELOPMENT BOARD
 ECD - VOLKSWAGEN INCENTIVE PROJECT
 LOCAL FUNDING PROGRESS REPORT - THIRD MOU
 As of Nov 21, 2022

Description	Original Grant / Contract Budget	Grant / Contract Budget Adjustment	Final Grant Budget Amount	PJTD Expenditures As of Jul 21, 2022	Current Expenditures	PJTD Expenditures As of Nov 21, 2022	Encumbrances as of Jul 21, 2022	Change in Encumbrances	Encumbrances as of Nov 21, 2022	Available Budget (Over Expenditures & Encumbrances)	% Spent and Encumbered	Contingencies	Est. Available Balance net of Contingencies	% Spent, Encumbered & Contingencies
Local 3rd MOU Electric Vehicle Expansion	5,000,000	-	5,000,000	-	-	-	-	-	-	5,000,000	0.0%	-	5,000,000	0.0%
TOTAL LOCAL FUNDING	5,000,000	-	5,000,000	-	-	-	-	-	-	5,000,000	0.00%	-	5,000,000	0.00%

These reports are intended to represent the budgets available to the IDB and do not reflect the entire incentive package.

Changes Since Prior Report - THIRD MOU										
As of Nov 21, 2022										
		Expenditures		Encumbrances		Change				
		This Report	Last Report	This Report	Last Report	Expenditures	Encumbrances	Actual	Encumbrance	Comments
Z11302	State 3rd MOU Electric Vehicle	-	-	-	-	-	-			
TOTAL STATE FUNDING		-	-	-	-	-	-	-	-	
Z11301'	Local 3rd MOU Electric Vehicle Expansion	-	-	-	-	-	-			
TOTAL LOCAL FUNDING		-	-	-	-	-	-	-	-	

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA RATIFYING AND AUTHORIZING THE ESTABLISHMENT OF BANK ACCOUNTS PURSUANT TO THE LOAN AGREEMENT FOR TAX INCREMENT FINANCING FOR THE NORTH RIVER COMMERCE CENTER INDUSTRIAL PARK AND REDEVELOPMENT OF NORTH ACCESS ROAD.

WHEREAS, the Industrial Development Board of the City of Chattanooga (the “Board”) is an industrial development corporation created by the City of Chattanooga, Tennessee (the “City”) and is duly incorporated pursuant to Sections 7-53-101, *et seq.*, Tennessee Code Annotated; and

WHEREAS, the Board has previously entered into that certain Development Agreement between the Board and Access Road, LLC (the “Developer”), related to the development of the North River Commerce Center Industrial Park (collectively, the “Industrial Park”) located in the City; and

WHEREAS, the Board and the Developer, in its capacity as lender, have also entered into that certain Loan Agreement, dated as of September 23, 2022 (the “Loan Agreement”), pursuant to which the Board, among other things, agreed to establish the “North River Commerce Center Project Fund” and the “North River Commerce Center Tax Increment Fund,” each of which shall be a separate bank account established for the purposes set forth in Article VII of the Loan Agreement; and

WHEREAS, the Board desires to authorize the establishment of new bank accounts at Pinnacle Bank to the extent necessary for the Board to complete its obligations pursuant to the Loan Agreement; and

WHEREAS, such establishment of bank accounts will further the public purposes of the Board by promoting development of the Industrial Park.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Industrial Development Board of the City of Chattanooga, Tennessee, as follows:

1. The Chairman or Vice Chairman of the Board, acting through the Board’s designated representatives identified below, is hereby authorized and directed to establish the following bank accounts at Pinnacle Bank: an account to be designated the “North River Commerce Center Project Fund” and an account to be designated the “North River Commerce Center Tax Increment Fund.”

2. In establishing such bank accounts, all officers of the Board are authorized and directed to complete any forms, including form resolutions, required by Pinnacle Bank for the opening and maintenance of such bank accounts.

3. The Board hereby delegates to the City Treasurer or any person(s) employed by the City and designated by the City Treasurer the authority to administer all accounts authorized

herein, including making deposits and withdrawals from such accounts and acting as signatories on such accounts, and is hereby authorized to execute such documentation required by Pinnacle Bank to evidence the authority of such persons to administer such accounts.

4. The Board hereby delegates to the City Engineer of the City the authority to approve pursuant to Section 6.3 of the Loan Agreement, each Borrowing Certificate, as defined in the Loan Agreement, on behalf of the Board as its authorized representative, provided if such City Engineer is not available to approve any such Borrowing Certificate, any such Borrowing Certificate may be approved by the Chair or Vice Chair of the Board.

5. All other acts of the officers of the Board which are in conformity with the purposes and intent of this resolution and in furtherance of establishing and administering bank accounts at Pinnacle Bank are hereby approved, ratified and confirmed.

Approved this 5th day of December, 2022

Jimmy F. Rodgers, Jr., Chairman

ATTEST:

Patrick Sharpley, Secretary

33912957.4

RESOLUTION

A RESOLUTION AUTHORIZING THE CHAIR AND/OR SECRETARY TO BE DELEGATED AS SIGNATORIES ON THE IDB'S TRUIST BANK ACCOUNT IN THE ESTIMATED AMOUNT OF SIX THOUSAND SIX HUNDRED SEVENTY-SIX AND 47/100 DOLLARS (\$6,676.47), TRANSFER THE BALANCE TO THE CITY'S TRUIST BANK ACCOUNT MANAGED BY THE CITY TREASURER, AND CLOSING IDB'S TRUIST BANK ACCOUNT.

BE IT RESOLVED, that the Industrial Development Board of the City of Chattanooga is hereby authorizing the Chair and/or Secretary to be delegated as signatories on the IDB's Truist Bank Account in the estimated amount of \$6,676.47, transfer the balance to the City's Truist Bank account managed by the City Treasurer, and closing IDB's Truist Bank Account.

ADOPTED: December 5, 2022

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

JIMMY F. RODGERS, JR., Chair

PATRICK SHARPLEY, Secretary

RESOLUTION

A RESOLUTION AUTHORIZING THE CHAIR OR VICE-CHAIR TO EXECUTE AN ACKNOWLEDGEMENT LETTER RELATING TO THE HOMESERVE PILOT AGREEMENT AND THE CONTEMPLATED TRANSACTIONS MANAGED BY BROOKFIELD ASSET MANAGEMENT, INC. OF THE SHARED CAPITAL OF HOMESERVE.

BE IT RESOLVED, that the Industrial Development Board of the City of Chattanooga is hereby authorizing the Chair or Vice-Chair to execute an Acknowledgement Letter relating to the HomeServe PILOT Agreement and the Contemplated Transactions managed by Brookfield Asset Management, Inc. of the shared capital of HomeServe.

ADOPTED: December 5, 2022

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF CHATTANOOGA

Attest:

JIMMY F. RODGERS, JR., Chair

PATRICK SHARPLEY, Secretary



November 17, 2022

VIA FEDEX

Mayor Timothy A. Kelly
City of Chattanooga
101 E. 11th Street
Chattanooga, TN 37402

Mr. Jimmy F. Rodgers, Jr.
Chairman, Industrial Development Board of the City of Chattanooga
Suite 200, 100 E. 11th Street
Chattanooga, TN 37402

RE: Agreement for Payments in Lieu of Ad Valorem Taxes by and between the Industrial Development Board of the City of Chattanooga (the "Board"); HomeServe USA Corp.; T. Gene Edwards and Judy A. Edwards; City of Chattanooga ("City"); and Hamilton County (the "County") and is joined in, for purposes of evidencing their acceptance of the agency relationship established therein, by William F. Hullander and his successors, acting in the capacity of Hamilton County Trustee, and by Marty Haynes and his successors, acting in the capacity of Hamilton County Assessor of Property, dated December 21, 2017 (the "Agreement"); Request for Consent to Change of Control

Dear Mayor Kelly and Chairman Rodgers:

Pursuant to Section 17(b) of the Agreement, I am writing to inform you that Hestia Bidco Limited ("Bidco"), an indirect subsidiary of funds advised or managed by affiliates of Brookfield Asset Management, Inc. ("Brookfield"), has agreed to acquire the entire issued and to be issued share capital of HomeServe plc ("Acquisition") current ultimate parent company of HomeServe USA Corp. Brookfield is a global asset manager with over \$750 billion of assets under management, and has over 120 years of experience owning and operating assets with a focus on infrastructure, property, renewable power, and other real assets.

The parties are in the process of finalizing the Acquisition which, subject to necessary regulatory approvals and other closing conditions, is currently expected to close within the next 30-60 days. Upon completion of the Acquisition, as well as an anticipated post-closing internal reorganization, ("Contemplated Transactions"), HomeServe USA Corp will ultimately be owned by private funds advised or managed by Brookfield's Infrastructure group, one of the largest infrastructure portfolios in the world with total assets under management of over \$130 billion. Additional information on the Contemplated Transactions can be found at <https://www.homeserveplc.com/investors/offer-for-homeserve-plc/>.

HomeServe USA Corp. greatly appreciates and values our ongoing business relationship. We do not anticipate any material changes in the day-to-day management and operations of HomeServe USA Corp. or any impact on our ability to perform under the Agreement as a



result of the Contemplated Transactions. Importantly, we believe that HomeServe USA Corp. will benefit from Brookfield's experience as one of the largest owners and operators of critical infrastructure and service provider networks, as well as the experience gained through owning multiple related high-quality HVAC, membership, and technology businesses across the world.

If you consent to the Contemplated Transactions, please acknowledge below for the Board and the City, and return to me within twenty (20) days.

Feel free to contact me directly with any questions at (724) 749-1010 or grant.smith@homeserveusa.com.

Best regards,

A handwritten signature in blue ink, appearing to read "Grant Smith", with a long, sweeping underline.

Grant Smith
Director of Sourcing

**THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA
ACKNOWLEDGED & ACCEPTED:**

Name: Jimmy F. Rodgers, Jr.
Title: Chair
Date: December 5, 2022

**CITY OF CHATTANOOGA, TENNESSEE
ACKNOWLEDGED & ACCEPTED:**

Name:
Title:
Date:

cc: Mr. Philip A. Noblett, Interim City Attorney & Counsel to the Board (*via FEDEX*)
Mr. Wade A. Hinton (notice recipient listed in Section 13 of the Agreement) (*via FEDEX*)

POLICIES AND PROCEDURES RELATING TO
TAX INCREMENT INCENTIVES

APPROVED BY

THE CITY OF CHATTANOOGA, TENNESSEE

AND

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF CHATTANOOGA

Effective _____, 2022

POLICIES AND PROCEDURES RELATING TO TAX INCREMENT INCENTIVES

Introduction

The Industrial Development Board of the City of Chattanooga, Tennessee (the “Board” or “IDB”) and the City of Chattanooga, Tennessee (the “City”) have adopted these Policies and Procedures (these “Policies”) relating to the use of tax increment incentives pursuant to Section 7-53-312 of the Tennessee Code Annotated (a “Tax Increment Incentive”) and are adopted pursuant to Section 9-23-107 of the Tennessee Code Annotated. These Policies set forth the procedures of the Board and the City associated with Tax Increment Incentives and are intended to facilitate the consideration of requests for Tax Increment Incentives by the applicable legislative bodies of the City and Hamilton County, Tennessee (the “County”). These Policies also provide for the administration of the Tax Increment Incentives. The adoption of these Policies does not create or vest any rights in any person or entity, and both the City and the Board retain the right to approve any Tax Increment Incentive in the sole discretion of the City and the Board.

These policies and procedures only apply to any Tax Increment Incentives with respect to a specific project being initiated by a private developer and supported by incremental property tax revenues. If the City initiates a project supported by tax increment revenues on its own behalf or on behalf of or through the Chattanooga Housing Authority to finance public improvements in a redevelopment area, the City shall follow such procedures as the City deems appropriate under the circumstances.

Tax Increment Incentives generally take one of two forms – (i) reimbursements from Tax Increment Revenues to a private party of eligible costs incurred by that party relating to a Project as Tax Increment Revenues are received by the Board or (ii) non-recourse financing by the Board of eligible costs relating to a Project, which financing is payable from Tax Increment Revenues. The latter type of incentive is often called tax increment financing or a “TIF.” These Policies apply to both types of Tax Increment Incentives.

Capitalized terms used in these Policies and not otherwise defined shall have the meanings given to such terms in Section 10 of these Policies.

Section 1. General Policy

A Tax Increment Incentive is an economic development tool used by municipalities to allocate a portion of the new, additional taxes generated by a particular geographic area over a limited period of time to pay for eligible costs to the extent authorized by applicable law. For purposes of these Policies, the taxes that can be allocated are limited to property taxes. The tax increment is the difference in the property tax revenues generated by the property in the Plan Area after a project has been completed compared with the tax revenues generated by such property before the applicable plan was adopted (less certain deductions as required or permitted by applicable law). This increment can be used, as described above, to reimburse eligible costs or to pay debt service on tax increment financing incurred to finance such eligible costs.

The benefits of Tax Increment Incentive transactions include the following:

- (i) A TIF can be effective as “off balance sheet” financing of components of public infrastructure such as utilities and road and traffic improvements. A TIF is generally not included as a liability on the City’s balance sheet (although it may be noted). The structure of these transactions allows the City to utilize new incremental revenue streams to accelerate funding of public improvements. A TIF therefore can enable the City to complete public infrastructure that it otherwise could not afford at the time.
- (ii) Tax Increment Incentives provide support for projects that are not otherwise economically feasible. For instance, a Tax Increment Incentive transaction may assist in the redevelopment of blighted and under-utilized property in the City.
- (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 City and County.
- (iv) Tax Increment Incentives are paid from increases in tax revenues from a Plan Area and not from tax subsidies from other areas of the City. Therefore, that portion of the cost of projects supported by Tax Increment Incentives generally are paid by the development itself.
- (v) Projects supported by a Tax Increment Incentive 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 a Tax Increment Incentive.

Tax Increment Incentives will generally be used for economic development projects that provide improvements in blighted and under-utilized areas in the City and in other properties approved by the City and, if applicable, the County. Members of the City Council of the City and the County Commission of the County (collectively, the “Governmental Authorities”), as the community’s elected representatives, are not only vested with the final authority to approve plans authorizing Tax Increment Incentives, 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 the support of the City’s staff, will administer and implement these Policies consistent with the policy directives of the City and, to the extent applicable, the County.

The Board has always viewed its core mission as the promotion of economic development and growth in the City, 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. A project fitting within this core mission will encounter greater flexibility and receptivity by the Board, as well as the City and the County, as opposed to projects that do not involve these factors.

Section 2. Statutory Background

The IDB is a nonprofit public corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act (the “IDB 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 the City, in particular.

On May 14, 2004, the Tennessee General Assembly amended the IDB Act to vest industrial development corporations like the Board with the authority to initiate and administer Tax Increment Incentives in areas that are approved by the Governmental Authorities. The Board’s responsibilities under the amendment include the following:

- (i) Preparation and submission of an Economic Impact Plan for an area that includes an eligible Project, which plan must comply with certain statutory criteria;
- (ii) Holding a public hearing relating to the Economic Impact Plan after proper, published notice; and
- (iii) Administering the incremental tax payments allocated to the Board under the Economic Impact Plan.

The purpose of these Policies is to specify the procedures for applying for a Tax Increment Incentive, specify the information that will be required of an Applicant, confirm that the Governmental Authorities retain the legal authority to approve any plan that would affect their respective property taxes, and prescribe the role the Board will play in the process. These Policies presume that each Economic Impact Plan will be submitted for approval by both Governmental Authorities, but the IDB, with the approval by the City Council, may approve an Economic Impact Plan that only applies to the City’s taxes, in which case all references to the County in these Policies will not be applicable as to such Economic Impact Plan.

The amendment, which is codified as Tenn. Code Ann. §7-53-312, provides that City Council is entitled to approve any Economic Impact Plan affecting property taxes due to the City and the County Commission must approve any Economic Impact Plan affecting property taxes owed to the County. Neither has the authority to approve an Economic Impact Plan affecting the property taxes of the other. A Tax Increment Incentive may be approved that allocates to the Board incremental property tax revenues from both real and personal property taxes in the specified area. However, because of the complexity of administering the calculation of the increment relating to personal property taxes, a Tax Increment Incentive that includes personal property taxes will only be approved if the allocation of incremental personal property taxes is essential, in the judgment of the Board and the Governmental Authorities, to the development of the Plan Area.

In 2012, the Tennessee General Assembly enacted the Uniformity in Tax Increment Financing Act of 2012 (the “TIF Uniformity Act”) to provide a more comprehensive statutory framework for utilizing Tax

Increment Incentives. The TIF Uniformity Act was codified as Chapter 23 of Title 9 of the Tennessee Code Annotated. Pursuant to Section 9-23-107 of the TIF Uniformity Act, the City and the Board were specifically authorized to adopt policies and procedures relating to Tax Increment Incentives, and these Policies are adopted pursuant to such statutory authorization.

The Tennessee General Assembly has also enacted Section 7-53-316 of the IDB Act, which authorizes the use of certain incremental sales tax revenues to supplement Tax Increment Revenues in connection with the development of certain brownfield sites. These Policies shall apply to the consideration of an Economic Impact Plan to be adopted pursuant to Section 7-53-316 of the IDB Act, as well as Section 7-53-312 of the IDB Act, and any Applicant requesting consideration of an Economic Impact Plan under Section 7-53-316 of the IDB Act shall request such consideration in the Applicant's Application.

Section 3. Process

3.1. Application. The process for requesting a Tax Increment Incentive will commence with an Applicant filing a completed Application in the form attached to these Policies 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 these Policies. 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 identified in the Application or the Tax Increment Incentive request.**

3.2. Submission to Governmental Authorities. Upon receipt of the Application, the Board shall work with City staff to review the Application. The review shall include, but not be limited to, the following considerations: the purpose of the request; experience of the Applicant; description of the Project to be located in the area that would be the subject of the Economic Impact Plan (the "Plan Area"); proposed sources of funds to pay the Project; and evidence of the financial capability of the Applicant to undertake the Project. 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 evaluate the Application and the Project, the Board will submit its acceptance of the Application with a proposed Resolution of Intent to the City Council.

Upon receipt of the Application from the Board, the City Council may take one of three actions: (i) reject the Application and return it to the Board, (ii) return the Application to the Board to request more information from the Applicant as specified by City Council, or (iii) approve the Resolution of Intent to consider an Economic Impact Plan relating to the Application. If adopted, the Resolution of Intent will instruct the Board to prepare and submit to City Council an Economic Impact Plan as requested by the Application.

If the Tax Increment Incentive request will affect County property taxes, the Board will also submit the Application and a proposed Resolution of Intent to the County Mayor and County Commission. County Commission may then take one of three actions described above in the same manner as City Council. If

County Commission disapproves the Application or does not consider the Application in a timely manner, the City Council may reconsider the Application and adopt another Resolution of Intent instructing the Board to prepare and submit an Economic Impact Plan that only affects City taxes.

3.3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council and, if applicable, County Commission, the Board may prepare, with input from the Applicant, a proposed Economic Impact Plan for the Board's consideration. The Board may also instruct the Applicant to prepare the proposed Economic Impact Plan for the Board's consideration. The proposed Economic Impact Plan shall contain the information required by Section 7-53-312(b) of the IDB Act and, to the extent not already required by the IDB Act, shall also include the following information:

- (i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the Tax Increment Revenues will be generated, and the Base Taxes for each such tax parcel;
- (ii) a map clearly identifying the boundaries of the Plan Area;
- (iii) a clear description of the Project or Projects that will be located in the Plan Area and that will be developed by the Applicant;
- (iv) confirmation of the current zoning of the parcels in the Plan Area subject to the Economic Impact Plan;
- (v) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the Economic Impact Plan as to each tax parcel, and if the allocation period as to each tax parcel shall not commence in the same tax year, the maximum period of time during which such allocation periods can commence;
- (vi) a description of any proposed borrowing related to the Tax Increment Incentive;
- (vii) the number of jobs which the Applicant estimates will be created by the Project identified in the Plan Area and a summary of the projected compensation that will be paid to those holding the jobs;
- (viii) the estimated development and construction costs of the Project; and
- (ix) the projected total cost of the Tax Increment Incentive, including interest paid during the term of the Tax Increment Incentive.

If the Applicant is requested to prepare a proposed Economic Impact Plan, the Applicant shall submit the proposed Economic Impact Plan to the Board no later than ninety (90) days after such request is made of the Applicant. If the Applicant does not submit the proposed Economic Impact 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 further 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. If the Board elects to cause the preparation of the Economic Impact Plan, the Board will cause such preparation to occur promptly after approval of the applicable Resolution of Intent. In either case, the Applicant shall fully cooperate in connection with preparation of the proposed Economic Impact Plan and shall provide such economic impact information, including a report relating thereto from an independent consultant if requested by the Board.

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 City 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 each Application, each proposed Economic Impact Plan, the application process to date, and the Resolution(s) of Intent. The Committee will advise the Board whether the Application and the proposed Economic Impact Plan comply with the IDB Act and these Policies, and is, therefore, qualified to be considered for submission to City Council and/or County Commission for approval. The Committee, in consultation with the Board's chairman, 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, if applicable, County Commission for approval. The meetings of the Application Review Committee shall be subject to the Tennessee Open Meetings Act.

3.5. Public Hearing by the 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 relating to the proposed Economic Impact Plan at a regular or special meeting of the Board. 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 IDB Act. If approved by the Board, the Board will submit the Economic Impact Plan to Chattanooga City Council and, if applicable, County Commission for consideration and approval. The submission shall include a summary of any comments from the public hearing on the proposed Economic Impact Plan and other information deemed pertinent by the Board.

3.6. Approval of Economic Impact Plan. The City Council and, if applicable, County Commission shall then consider whether to approve the proposed Economic Impact Plan. Such approval, if provided, shall be undertaken by resolution of the applicable governing body in accordance with the IDB Act and TIF Uniformity Act. After such approval, City Council and, if applicable, County Commission shall provide a certified copy of the resolution providing such approval to the Board.

3.7. Closing of Tax Increment Incentive. If an Economic Impact Plan requested by an Applicant is approved by City Council and, if applicable, County Commission, the Applicant and the Board will commence negotiation of the appropriate documents implementing the Tax Increment Incentive authorized by the Economic Impact Plan. Such documentation shall include, without limitation, a Development Agreement with the Applicant that will incorporate the specific terms of the Tax Increment Incentive and will require the Applicant to undertake the Project identified in the Economic Impact Plan consistent with the Applicant's Application. If the Tax Increment Incentive includes tax increment financing, the documents required to implement such tax increment financing shall also be negotiated between the parties.

Such documents, once negotiated, will be presented to the Board in substantially final form for consideration for approval.

The Board may instruct its counsel to prepare the documentation required to implement any Tax Increment Incentive or may instruct the Applicant to prepare such documents for the Board's review. In any event, all contractual commitments of the Board under such documents, including any tax increment financing, shall be non-recourse as to the Board other than with respect to allocated Tax Increment Revenues. All such documents shall be subject to the review and approval of the Board's counsel.

The Applicant will close the Tax Increment Incentive transaction within a reasonable period of time after the City Council and, if applicable, County Commission, approve the applicable Economic Impact Plan. If the closing of the Tax Increment Incentive does not occur within a 120-day period after such approval, the Board may consider the Application withdrawn and, unless such time period is extended by the Board, all approvals by the Board shall be deemed to have lapsed and be of no further force or effect.

Section 4. Board Policies for Tax Increment Incentives

The following policies shall apply with respect to Tax Increment Incentives within each Plan Area:

4.1. Maximum Allocation Period. Unless City Council and, if applicable, County Commission, approve otherwise in an Economic Impact Plan, the maximum allocation period for any Tax Increment Revenues as to any parcel in a Plan Area shall be 20 years, but the Board may provide for a shorter allocation period in any Economic Impact Plan if the Board determines that such shorter allocation period will result in a Tax Increment Incentive sufficient to make the Project financially feasible. A longer allocation period will only be permitted in extraordinary circumstances and only with the required statutory approvals under the TIF Uniformity Act.

4.2. Limit on Allocation of Gross Incremental Tax Revenues. Unless City Council approves otherwise in an Economic Impact Plan, the maximum amount of Gross Tax Increment Revenues of the City allocable to support a Tax Increment Incentive shall be 75% of the Gross Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is 10 years or less and 60% of the Gross Tax Increment Revenues of the City if the allocation period for the Tax Increment Incentive is more than 10 years. The maximum amount of Gross Tax Increment Revenues of the County allocable to support a Tax Increment Incentive shall be as is approved by the County Commission if the Economic Impact Plan is submitted to the County for approval.

4.3. Plan Area. The Plan Area, from which the Tax Increment Revenues will be generated, will consist of no more than (i) the parcels on which the applicable Project will be located, 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 City staff and such independent consultants as the Board deems advisable in determining whether a parcel would be directly affected and substantially benefited by the Project in the Plan Area.

4.4. Eligible Costs. Unless City Council and, if applicable, County Commission approve otherwise

in an Economic Impact Plan, a Tax Increment Incentive may only be used to pay or reimburse the cost of Public Infrastructure in a Plan Area that relates to a Project or Projects in such Plan Area. The cost of Public Infrastructure may include the following costs:

- (i) The cost of the land on which the Public Infrastructure will be located;
- (ii) Costs relating to the design and construction of the Public Infrastructure, including clearing, grading and excavating, site work, and other hard construction expenses;
- (iii) costs of obtaining permits for the Project from Governmental Authorities;
- (iv) capitalized interest relating to financing of the Public Infrastructure;
- (v) premiums for payment and performance bonds issued in favor of Governmental Authorities or professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;
- (vi) acquisition costs for equipment included in the Public Infrastructure; and
- (vii) fees and expenses of the Board and other fees and expenses related to the Tax Increment Incentive.

For purposes of these Policies, “Public Infrastructure” shall have the meaning given to that term in Section 9-23-102 of the TIF Uniformity Act.

If an Applicant desires the Board to pay any cost not described above, the Applicant should make such a request in its Application and shall demonstrate the extraordinary circumstances requiring the payment of such additional costs. If City Council and, if applicable, County Commission approve such additional costs as part of a Resolution of Intent, the Board may include such additional costs as being permitted in the applicable Economic Impact Plan.

4.5. Notice to Property Owners. The Board through its designated administrative staff will notify any owners of parcels included in the proposed Plan Area (other than the Applicant) that the Board will consider the Application for Tax Increment Incentive 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 be mailed to such property owners at least 14 days prior to the public hearing of the Board relating to the Economic Impact Plan described in Section 3.5 above. In addition, the form of notice will advise property owners how they may comment on the Economic Impact Plan such as by email or by letter, as well as by attending the hearing. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

4.6. Maximum Percentage of Project Cost and Minimum Project Size. The amount of a Tax Increment Incentive for a specific Project (either through the reimbursement of costs or based upon the principal amount of any tax increment financing) shall not exceed fifteen percent (15%) of the Total

Projected Project Cost of any Applicant. The Applicant must also reasonably anticipate a Total Projected Project Cost of at least \$5,000,000 with respect to a proposed Project in order to apply for a Tax Increment Incentive.

4.7. Eligible Projects. As is described above, each Economic Impact Plan must include an eligible Project. The list of eligible Projects is included in Section 7-53-101(15) of the IDB Act. Such list of eligible Projects includes many types of commercial, industrial, and warehousing facilities as may be determined by the Board. However, in the absence of unusual or extenuating circumstances acceptable to the Board and the City, Projects that are substantially residential or are multifamily housing facilities under Section 7-53-101(15)(x) of the IDB Act will not qualify as an eligible Project for purposes of an Economic Impact Plan. A request for an incentive for a residential project, including a multifamily housing facility, should be submitted to the appropriate governmental authority or entity to the extent incentives may be available for such projects.

4.8. Guaranties of Completion. The Board may require guaranties of completion of all or any portion of the Public Infrastructure 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 Public Infrastructure.

4.9. Transfer of Tax Increment Incentive. No rights to a Tax Increment Incentive may be sold, assigned, or leased, including by transfer of ownership interests in the Applicant, unless approved by the Board or otherwise specified in the Development Agreement, provided however that the Board will consent to the collateral assignment of Tax Increment Revenues to secure tax increment financing.

4.10. Additional Requirements; Amendments. These Policies are in addition to the normal rules and procedures of the Board. From time to time and without notice, these Policies may be amended or waived, in whole or part, by the Board and the City, and new policies may also be adopted by the Board and the City. The Board may consider any special circumstances or conditions in determining whether to submit an Application for consideration by the City Council and, if applicable, County Commission, and whether to prepare and submit an Economic Impact Plan for approval.

4.11. Applicant Affidavit. The Applicant must submit a signed affidavit certifying that the Project cannot proceed without the availability of a Tax Increment Incentive and must provide supporting documentation justifying the need for and the amount of the Tax Increment Incentive, in accordance with the Application form. The form of such affidavit is attached to these Policies as Exhibit B. In addition to requiring such affidavit, the Board, as a condition to the approval of any Economic Impact Plan, may retain an independent consulting firm, at the expense of the Applicant, to evaluate the Applicant's financial projections for the Applicant's Project to assist in evaluating whether the amount and allocation period of Tax Increment Incentive requested by the Applicant is required for Applicant to receive a commercially reasonable return on investment with respect to the Applicant's Project.

4.12. Tax Increment Payment Dates. The Tax Increment Revenues to be allocated to the Board for any Tax Increment Incentive shall be paid by the City and, if applicable, the County no later than sixty (60) days from the last day of each February, which is the last day that such tax revenues are not overdue.

Delinquent taxes to be allocated to the Board shall be paid by the County and the City no later than sixty (60) days after each date such delinquent taxes are collected, together with interest thereon to the extent required by the Tax Increment Act.

4.13. State Approval Process. If any Tax Increment Incentive will be used to pay any cost that does not relate to Public Infrastructure or if any allocation period with respect to any parcel is to extend beyond 20 years, and only to the extent permitted by these Policies, the State Commissioner of Community and Economic Development and the State Comptroller of the Treasury shall be required to make a determination, as provided in the TIF Uniformity Act, that it is in the best interests of the State to permit such use of the Tax Increment Incentive or such extended allocation period.

4.14. Stormwater Fees. All applications for Tax Increment Incentives shall require verification that all stormwater fees for any properties owned by the Applicant shall have been paid in full. No Tax Increment Incentive payments shall be made by the Board or the City to an Applicant or its permitted assigns unless all stormwater fees have been paid in full and continue to be paid in full during the term of any Tax Incremental Incentive by the Applicant and its permitted assigns. Additionally, no stormwater fees within a Plan Area shall be waived at any time during the term of the Tax Increment Incentive pursuant to Tennessee law.

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 through the use of Tax Increment Incentives. Accordingly, the Applicant will be obligated to develop the Project substantially in accordance with the Economic Impact Plan and the Applicant's Application, and the Development Agreement will document that obligation. Material departures from the development specified in the Development Agreement will require the consent of the Board and may result in reductions or even elimination of the Tax Increment Incentive, depending on the effect of the proposed changes.

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, provided that for any Application submitted on or after January 1, 2023, the Application Fee shall be increased to \$8,000.00.

6.2. Annual Administrative Fee. For all Economic Impact Plans approved prior to January 1, 2023, the Applicant will pay to the Board an annual administrative fee equal to 25 basis points (0.25%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area. For all Economic Impact Plans approved on or after January 1, 2023, the Applicant will pay to the Board an

annual administrative fee equal to 250 basis points (2.50%) of the Tax Increment Revenues allocated to the Board each year with respect to the applicable Plan Area. The annual administrative fees provided for in this paragraph shall be payable from the Tax Increment Revenues allocable to the Board and not from Gross Tax Increment Revenues retained by the City.

In addition, the Board will charge reasonable fees for any amendments to the Tax Increment Incentive, including any amendment to the Development 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 fees described above are intended to offset the expenses of the Board and the City staff for evaluating and administering Tax Increment Incentives. 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 Agreement and all other aspects of the Tax Increment Incentive, as applied to the Applicant, including, without limitation, the cost of any economic impact study and/or financial review deemed advisable by the Board.

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 any financing source for the applicable Project. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or financing source for the applicable Project shall submit to general counsel for the Board a representation of that interest, and such 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 the Board's 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.

If any counsel has a professional legal relationship with the Applicant or source of the financing for the Project other than incidental representations in connection with financings of other projects, the Board will retain special counsel to represent the Board in connection with the particular Application and Project being considered.

Section 9. Disclosures

The Application will require the Applicant to disclose, in addition to all other information required by the Application, the following:

- (i) If the Applicant or any principal in the Applicant are currently engaged in any civil or criminal proceeding;
- (ii) If the Applicant or any principal in the Applicant have ever been charged or convicted of any felony or currently is under indictment; or
- (iii) If the Applicant or any principal in the Applicant has ever filed for bankruptcy.

Section 10. Definitions

For purposes of these Policies, 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 Office of Economic Development of the City.

“Application” means the Application for Tax Increment Incentive submitted hereunder in the form designated by the Board and as amended from time to time. The current form of the Application is attached hereto as Exhibit A.

“Base Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

“Dedicated Taxes” has the meaning given to such term in Section 9-23-102 of the TIF Uniformity Act.

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

“Economic Impact Plan” means an economic impact plan within the meaning of Section 7-53-312 of the IDB Act.

“Governmental Authority” means the City of Chattanooga, Tennessee, and Hamilton County, Tennessee.

“Gross Tax Increment Revenues” means the property tax revenues generated from the Plan Area less the Base Taxes, without reduction for Dedicated Taxes and any amount the County, the City, or the Board withhold as administrative expenses or as may be reserved pursuant to applicable law.

“IDB Act” means Chapter 53 of Title 7 of the Tennessee Code Annotated, as amended.

“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 parcels of real property identified as the plan area in the applicable Economic Impact Plan.

“Project” means a project under Section 7-53-101(11) of the IDB Act and includes the infrastructure, utilities, road and traffic improvements, traffic signage and signals, buildings, structures, machinery, equipment, and land defined in the Application as part of the Project.

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

“Reserved Taxes” means the Base Taxes and the Dedicated Taxes.

“Tax Increment Revenues” means the property tax revenues generated from the Plan Area after the Reserved Taxes less any amount that the County, the City or the Board withhold as administrative expenses or as may be reserved pursuant to applicable law.

“TIF Uniformity Act” means the Uniformity in Tax Increment Financing Act of 2012, as amended.

“Total Projected Project Cost” means all costs that are expected to be incurred in connection with the development of a Project and that would be capitalized in accordance with generally acceptable accounting principles other than interest, property taxes and insurance during the construction of the Project as set forth in the Applicant’s Application.

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.