

RESOLUTION NO. 32725

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
CHATTANOOGA, TENNESSEE, APPROVING THE  
ECONOMIC IMPACT PLAN FOR THE NORTHGATE MALL  
INFRASTRUCTURE PROJECT

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WHEREAS, the City of Chattanooga, Tennessee (the “City”) is interested in preserving and promoting the economic welfare and vitality of this community; and

WHEREAS, the City Council (the “Council”) passed a Resolution of Intent on October 14, 2025, authorizing the Industrial Development Board of the City of Chattanooga (the “Board”) to proceed with the preparation and submission of an Economic Impact Plan for The Northgate Mall Infrastructure Project (the “Plan”); and

WHEREAS, the Board has caused the preparation of the Plan regarding the development of an area generally located to the north of Highway 153 and to the east of Hixson Pike and south of Northgate Park Lane, within the corporate limits of the City (the “Plan Area”); and

WHEREAS, the Board has submitted the Plan in the form attached hereto as Exhibit A; and

WHEREAS, the project entails the (i) replacement and/or substantial refurbishment of an existing, inadequate private water and sewer system that serves the Northgate Mall area to meet current public standards and code requirements and the transfer of such system to the appropriate public utilities and (ii) construction of stormwater improvements in the same area (collectively, the “Project”); and

WHEREAS, the Project would facilitate the redevelopment of approximately 71.43 acres controlled by the developer, as well as adjacent properties, into a vibrant mixed-use development in the City; and

WHEREAS, upon adoption of the Plan, a portion of the incremental property tax revenues (the “TIF Revenues”) from the Plan Area under the Plan will be allocated to the Board to (i) pay for public infrastructure, within the meaning of the applicable laws, and certain costs relating to the preparation and approval of the Plan, and/or (ii) debt service on the obligations expected to be issued by the Board to finance such costs within the Plan, together with such reserves and other costs of financing as specified in the Plan; and

WHEREAS, the aggregate amount of TIF Revenues allocated to the Board pursuant to the Plan to pay costs or debt service relating to the Project shall be limited as provided in the Plan, and the aggregate amount of TIF Revenues allocated to the Board pursuant to the Plan that are applied to pay interest costs related to debt obligations shall be limited as provided in the Plan; and

WHEREAS, in accordance with the Plan, the Board may issue debt obligations to a lender or lenders to finance the costs described above and would pledge the TIF Revenues to such lender or lenders to apply to the debt service; and

WHEREAS, any such debt obligations shall not represent or constitute a debt or pledge of the faith and credit or the taxing power of the City.

WHEREAS, the Board held a public hearing with respect to the Plan on November 3, 2025, as required by Tenn. Code Ann. § 7-53-312(g), and at its meeting on November 3, 2025, approved the submission of the Plan to the Council; and

WHEREAS, the City Council has been provided with a summary of the comments made at the public hearing; and

WHEREAS, the Council has reviewed the Plan and has determined that the Plan will promote economic growth and stability within the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA:

SECTION 1. The Council hereby approves the Plan, attached hereto as Exhibit A and incorporated herein by reference, finding that the Plan is in the interests of the citizens of the City, and hereby authorizes the Mayor and other officers of the City to take all appropriate actions to carry out the terms of the Plan.

SECTION 2. The Council hereby ratifies all actions of the City taken in carrying out the terms of the Plan.

SECTION 3. This Resolution shall take effect from and after its adoption, the welfare of the City requiring it.

ADOPTED: December 2, 2025

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

**ECONOMIC IMPACT PLAN  
FOR  
THE NORTHGATE MALL INFRASTRUCTURE PROJECT**

**1. Authority for Economic Impact Plan.** Industrial development corporations (“IDBs”) are authorized under T.C.A. § 7-53-312 to prepare and submit to cities and counties an economic impact plan with respect to an area that includes a project within the meaning of T.C.A. § 7-53-101 and such other properties that the IDB determines will be directly improved or benefited due to the undertaking of a project. T.C.A. § 7-53-312 authorizes cities and counties to allocate new incremental property tax revenues, which arise from the area subject to the economic impact plan, to an IDB to promote economic development, to pay the cost of projects and other eligible costs and/or to pay debt service on bonds or other obligations issued by the IDB to pay the cost of projects and other eligible costs.

**2. The Project.** Hixson Mall, LLC and BI Developments, LLC, are the primary owners of property that is commonly known as Northgate Mall in the Hixson area of the City of Chattanooga (the “City”). Hixson Mall, LLC and BI Developments, LLC, together with any permitted affiliates or assignees, are collectively referred to herein as the “Developer.” The Developer intends to (i) replace and/or substantially refurbish an existing, inadequate private water and sewer system that serves the Northgate Mall area to meet current public standards and code requirements and transfer such system to the appropriate public utilities and (ii) construct stormwater improvements in the same area (collectively, the “Project”). This Project would facilitate the redevelopment of approximately 71.43 acres controlled by the Developer, as well as adjacent properties, into a vibrant mixed-use development (the “Development”) in the City. A schematic plan for the Project showing the location of this public infrastructure is attached hereto as Exhibit A. The Project, as public infrastructure, is an eligible project within the meaning of T.C.A. § 7-53-101. The estimated cost of the Project is approximately \$9 million, of which a portion would be paid with the tax increment incentive authorized herein.

In order to make the undertaking of the Project and the Development financially feasible, the Developer has requested the City to approve this Economic Impact Plan (the “Plan”) that has been submitted by The Industrial Development Board of the City of Chattanooga (the “Board”), pursuant to Title 7, Chapter 53 of Tennessee Code Annotated, to provide the tax increment incentive to pay a portion of the costs of the Project, other eligible costs and/or to pay debt service relating to tax increment financing incurred to finance such eligible costs.

**3. Boundaries of Plan Area.** The Development, including the Project, will be located in an area generally located to the north of Highway 153 and to the east of Hixson Pike and south of Northgate Park Lane (the “Plan Area”). The Plan Area is within the corporate limits of the City. The Plan Area is shown on Exhibit B attached hereto, and a list of the existing tax parcels that are in the Plan Area are attached hereto as Exhibit C. Upon adoption of this Plan, the Plan Area is hereby declared to be subject to this Plan, and the Project that will be located within the Plan Area

is hereby identified as the required project for purposes of T.C.A. § 7-53-312. The Plan Area only includes the Project and other parcels that will directly benefit from the Project.

**4. Financial Assistance.** The Board will provide financial assistance to the Project by applying a portion of the tax increment incentive in the manner described in this Plan to pay debt service with respect to tax increment financing issued by the Board to finance and/or pay and/or reimburse the Developer for the payment of all or a portion of certain costs that will be incurred in connection with public infrastructure serving the Plan Area, which is the Project described above. These costs will relate to the design, construction and installation of public infrastructure to be made in, adjacent to, or serving the Plan Area that the Board deems necessary to serve the Development. The Board, subject to the terms of one or more development agreements to be negotiated with the Developer, will pay and/or reimburse the Developer for all or a portion of the cost of the Project. Pursuant to such development agreements, the Board may also agree to reimburse the Developer for costs incurred in connection with the preparation and approval of this Plan that the Developer is required to pay pursuant to the Board's policies. The proceeds of such tax increment financing may also be used to pay interest during construction to the extent permitted by law, the establishment of reasonable reserves to pay debt service and all other costs relating to the issuance of such tax increment financing.

Because it is expected that the tax increment incentive allocated pursuant to this Plan would only be used to pay public infrastructure costs as defined in T.C.A. § 9-23-102 or to pay debt service on tax increment financing incurred to finance such costs, it is not expected that a determination from the applicable officials of the State of Tennessee (the "State") will be required pursuant T.C.A. § 9-23-108 as to the use of such tax increment incentive to pay any costs on private property that are not public infrastructure costs.

The water and wastewater systems that will be replaced or reconstructed serve 13 additional parcels of property that will be in the Plan Area. If the existing infrastructure is not redeveloped, the risk exists that the infrastructure would fail, which would mean the many businesses that are located on these parcels could not operate. The Developer estimates that over 400 jobs exist on these existing parcels, and the retention of the jobs on the adjacent parcels provides a significant economic benefit to the City and preserves the viability of a number of local and national retailers.

**5. Expected Impact on the City.** Northgate Mall has served as the retail anchor for the Hixson area of Chattanooga for over half a century. Due to changing retail shopping patterns and the presence of a larger, enclosed mall nearby, Northgate Mall is not economically viable as an enclosed mall, and the Northgate Mall site will need to be redeveloped in near future. Because the existing water, wastewater and stormwater system that services the Northgate Mall site is inadequate to serve a significant mixed-use redevelopment of the mall, which would include residential rental housing, hospitality and offices along with retail uses, the only viable alternative for Northgate Mall without the redevelopment of the public infrastructure would be less intensive uses that would not be as beneficial or attractive to the Hixson community and the City as a whole. By assisting the Developer in redeveloping the water, wastewater and stormwater infrastructure on the Northgate Mall site, the City would be assisting the Developer in establishing the infrastructure baseline that is needed to achieve the redevelopment of the site for multiple uses.

Because the Developer cannot undertake a complete redevelopment of Northgate Mall until the public infrastructure issues are addressed as described above, the Developer cannot provide, or commit to, a comprehensive redevelopment plan for the site at this time. Such a mixed-used development would be implemented in several phases as development occurs. The Developer estimates the complete redevelopment of the Northgate Mall site will take up to 10 years. However, the Developer has developed a conceptual plan showing the first phase of redevelopment, which would include residential rental housing as a first step toward a mixed-use development. That conceptual plan, showing the proposed first phase of new development, is attached hereto as Exhibit D.

Since the Developer first approached the City about potential assistance with the Project through a tax increment incentive, the Developer has worked diligently on the redevelopment of the Northgate Mall site. The potential redevelopment of Northgate Mall has already attracted new retailers to the area. BJ's Wholesale Club will be opening a new store on what was part of the mall footprint soon, and other retailers have located nearby. However, without the redevelopment of the public infrastructure that serves Northgate Mall, there will be insufficient utility capacity to serve similar commercial development, much less permitting the development of apartments, hotels and offices. Without new or updated public infrastructure, future development would be limited to uses that do not have significant utility needs, such as storage facilities.

The redevelopment of Northgate Mall as a mixed-use development will certainly increase tax receipts for the City, through the growth in local option sales tax revenues and property taxes. It is not possible to provide precise estimates of the increases in tax receipts because the precise nature of the development cannot be finalized until the public infrastructure issues are addressed. The redevelopment of Northgate Mall will also certainly result in significant job creation from new businesses, but as with tax revenues, it is not possible to provide precise estimates of job creation until the redevelopment can proceed. By making Northgate Mall a viable commercial site, the redevelopment of Northgate Mall will also result in the preservation of a significant number of jobs. These jobs will primarily be in the retail, office and commercial sectors, and the compensation for these jobs should be comparable to other similar jobs in the area.

## **6. Distribution of Taxes and Tax Increment Incentives.**

(a) Distribution of Property Taxes. In accordance with and subject to T.C.A. § 7-53-312(c) and T.C.A. § 9-23-101 *et seq.* (collectively, the "Tax Increment Act"), real property taxes (but not including personal property taxes, which shall not be subject to allocation to the Board) imposed on the real property located within the Plan Area will be allocated and distributed as provided in this section. The property taxes assessed by the City on each tax parcel of real property within the Plan Area will be divided and distributed as follows (subject to the commencement of allocation as to each parcel as is permitted below):

(i) The portion of the real property taxes that were payable with respect to each tax parcel for the year prior to the date of approval of this Plan (the "Base Tax Amount") shall be allocated to and, as collected, paid to the City as all other taxes levied by the jurisdictions on all other properties; provided, however, that in any year in which the taxes on the property within the applicable portion of the Plan Area are less than the Base Tax Amount, there shall be allocated and paid to the City only the taxes actually

imposed. The Base Tax Amounts for each tax parcel within the Plan Area are shown on Exhibit D attached hereto.

(ii) The portion of the City real property taxes payable with respect to each tax parcel that constitutes Dedicated Taxes (as defined below) and is not included in Base Tax Amount shall be retained by the City for its respective debt service fund. “Dedicated Taxes” are defined in T.C.A. § 9-23-102 of the Tax Increment Act, as “that portion of property taxes, if any, designated by a taxing agency to pay debt service on the taxing agency's debt.” “Taxing agency” is defined in the Tax Increment Act as “any county, city, town, metropolitan government or other public entity that levies property taxes on property within a plan area and that has approved the plan,” which would include the City. Pursuant to T.C.A. § 9-23-102 The amount of Dedicated Taxes shall be fixed at twenty-five percent (25%) of the City property taxes in excess of the Base Tax Amount for the term of the Plan irrespective of future changes in the percentage of property taxes utilized by the City to pay debt service on the City's debt.

(iii) The excess of City real property taxes as to each parcel over the Base Tax Amount less the Dedicated Taxes (such remainder being the "Incremental Revenues") shall be, as collected, paid into a separate fund or funds of the Board, created to hold such payments until such amounts are applied as provided in a development agreement with the Developer (A) to pay or reimburse eligible costs relating to the Project and/or (B) to pay debt service on the obligations expected to be issued by the Board to finance such costs.

(b) General Allocation Provisions.

The Board is authorized to make all calculations relative to the allocation of Incremental Revenues on the basis of each parcel within the Plan Area instead of on an aggregate basis. As permitted by the Tax Increment Act, the Board is also authorized to separately group one or more parcels within the Plan Area for purposes of calculating and allocating Incremental Revenues, and in such case, the allocation of Incremental Revenues shall be calculated and made based upon each such parcel or group of parcels and not the entire Plan Area.

The allocations of Incremental Revenues are further subject to the retention or payment of any applicable administrative expenses and fees of the Board or the City that are permitted by applicable law or applicable policies.

The Base Tax Amount will be separately established for each parcel, as each such parcel may be subdivided, and the Board will make calculations and allocations of Incremental Revenues for each parcel separately (or with respect to groups of parcels as provided above). The parcels within the Plan Area may be further divided, in which case such parcels, as divided, will be treated separately, and the Base Tax Amount with respect to each tax parcel that is subdivided shall be allocated to each subdivided parcel on a pro-rated basis using either the acreage of each subdivided parcel as a percentage of the total acreage of the original tax parcel or using the relative then current real property tax amounts, as the Board may determine.

The Board is also authorized to designate, by notice to the City, that the allocation of Incremental Revenues for each parcel or group of parcels within the Plan Area may begin in

different years from the allocations of Incremental Revenues for other parcels or groups of parcels within the Plan Area. This approach allows the Board to match Incremental Revenues from the development of each of the parcels with debt service payments. The allocation of Incremental Revenues for each parcel within the Plan Area will be subject to the maximum allocation period as provided below and pursuant to one or more development agreements to be entered into between the Board and the Developer.

Allocations of Incremental Revenues shall be made (i) as to revenues derived from non-delinquent taxes, within sixty (60) days of the date such taxes are due without penalty for each tax year and (ii) as to revenues derived from delinquent taxes, within sixty (60) days from when such taxes are collected by the City.

**7. Limitation on Allocations.** The aggregate amount of Incremental Revenues allocated to the Board pursuant to this Plan shall not in any event exceed \$8,700,000 (which includes the projected Project cost and various closing costs) plus interest on any debt incurred by the Board payable from Incremental Revenues. The amount of interest that can be paid from tax increment allocations is not capped and is projected to be approximately \$6.2 million, but until debt is issued, that amount cannot be precisely known.

**8. Time Period of Allocations.** Incremental Revenues will be allocated to the Board as provided in this Plan for a period as to each parcel or groups of parcels in the Plan Area for a maximum period of twenty (20) tax years, with the commencement of each allocation period as to each parcel being determined as is provided in the development agreement between the Board and the Developer. Until an allocation of Incremental Revenues commences as to a parcel as described above, no Incremental Revenues shall be allocated to the Board as to such parcel. The allocation of Incremental Revenues shall continue until all obligations are satisfied and Board expenditures have been paid subject to the maximum allocation period and the limitations above. The allocation period for Incremental Revenues as to each parcel within the Plan Area shall commence not later than (i) the first full calendar year after completion of new improvements or substantially renovated improvements on such parcel or (ii) the 2033 calendar year, all as to be provided in more detail in the development agreement.

**9. Debt Issuance and/or Reimbursement of Eligible Costs.** The Board may borrow funds through the issuance and sale of notes, bonds or other obligations of the Board in one or more issuances, to pay for or reimburse eligible costs (as described above) relating to the Project. The Board may pledge all or a portion of the Incremental Revenues allocated to the Board pursuant to this Plan to the payment of any such notes, bonds or other obligations, including, without limitation, principal and interest thereon. In no event will the obligations issued by the Board be considered a debt or obligation of the City in any manner whatsoever, and the source of the funds to satisfy the Board's payment obligations thereunder shall be limited, as to the Board, solely to the Incremental Revenues and shall otherwise be non-recourse to the Board. Any debt obligation of the Board may be refinanced by the Board at any time as permitted by the Tax Increment Act, and upon such refinancing, available Incremental Revenues shall be applied to the payment of such refinancing debt to the extent such Incremental Revenues were to be used to pay the debt that is being refinanced. Incremental Revenues may also be applied directly to pay or reimburse eligible costs relating to the Project. The application of Incremental Revenues shall be governed by one

or more development agreements to be entered into by the Board and the Developer and/or affiliates of the Developer providing for the terms under which the Board would incur debt payable from the Incremental Revenues or otherwise agree to pay or reimburse eligible costs relating to the Project.

**10. Finding of Economic Benefit.** The Board and the City, by the adoption of this Plan, find that the Project, as a whole, is within an area that could provide substantially improved sources of tax revenues and economic activity to the City, and find that the use of the Incremental Revenues, as described herein, is in furtherance of the promotion of economic development in the City, and that the use of the Incremental Revenues, as provided herein, will develop trade and commerce in and adjacent to the City, will contribute to the general welfare, and will alleviate conditions of unemployment. In addition, it is determined that the construction and equipping of the Project will be necessary and advantageous to the Board in furthering the purposes of the Tax Increment Act and that the use of the Incremental Revenues to pay the costs authorized herein and/or to pay debt service on the obligations expected to be issued by the Board to finance all or a portion of such costs is necessary or desirable under T.C.A. §§ 9-23-102(16).

## **11. Approval Process.**

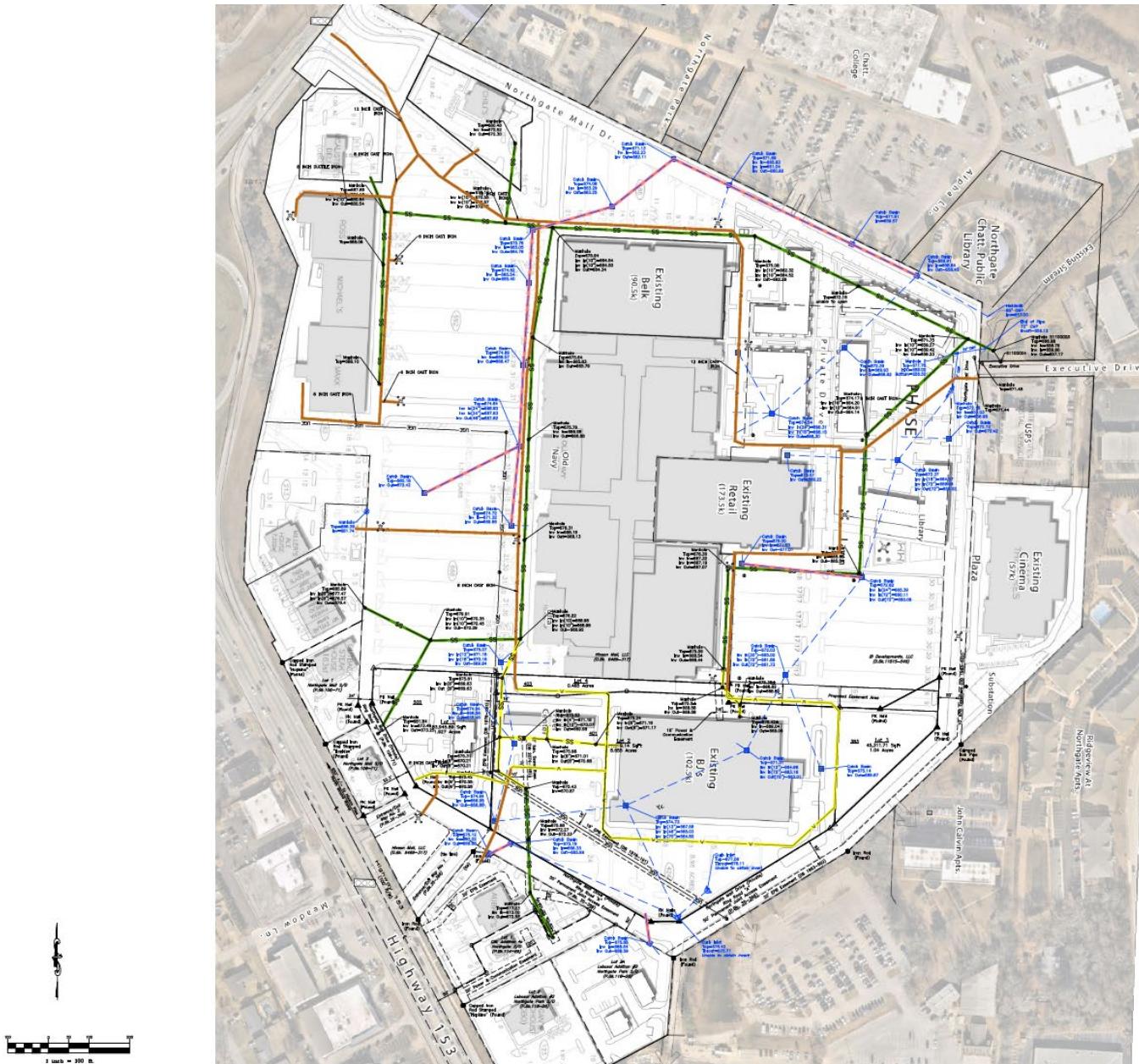
Pursuant to T.C.A. §§ 7-53-312, the process for the approval of this Plan is as follows:

(a) The Board shall hold a public hearing on this Plan after publishing notice of such hearing in a newspaper of general circulation in the City at least two weeks prior to the date of the public hearing. The notice must include the time, place and purpose of the hearing as well as notice of how a map of the subject area may be viewed by the public. Following such public hearing, the Board shall consider submitting the Economic Impact Plan to the City for its approval.

(b) The governing body of the City must approve this Plan for this Plan to be effective as to the City. This Plan may be approved by resolution of the governing body of the City, whether the local charter provisions of the City provide otherwise. If the governing body of the City fails to approve this Plan, this Plan will not become effective. If the City makes any changes to this Plan in connection with their approval hereof, such changes must be approved by the Board.

(c) Once the governing body of the City has approved this Plan, the Plan and related documents shall be filed with the taxing official of the City and the Comptroller of the State. Annual statements of incremental tax revenues allocated to the Board shall be filed with the State Board of Equalization. The Board will also comply with all other procedural requirements of the Tax Increment Act and other applicable laws.

**Exhibit A**  
**Project Schematic Plan**  
**See map on following page**



**Exhibit B**

**Map of Plan Area**

**See map on following page**



### Exhibit C

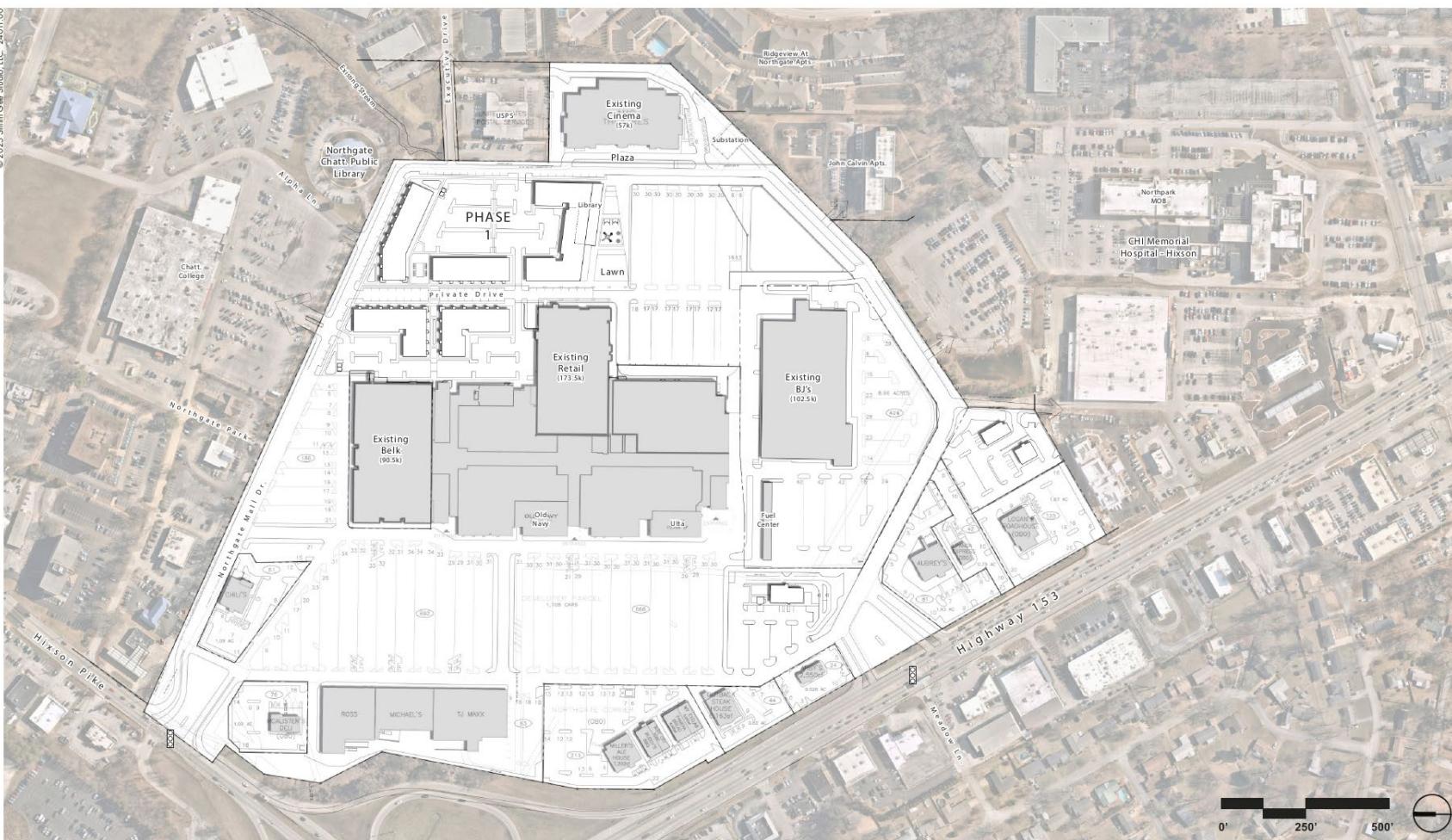
#### **Parcel Identification Numbers of Parcels in Plan Area, Base Taxes for Each Parcel and Zoning Designations**

<b>Parcel ID</b>	<b>Assessment</b>	<b>City Base Tax Amount</b>	<b>Zoning</b>
110H-E-004	6,000,000	\$135,000.00	C-C
110H-E-004.20	1,712,400	\$38,529.00	C-C
110H-E-004.12	579,320	\$13,034.70	C-C
110H-E-004.13	310,480	\$6,985.80	C-C
110H-E-004.51	532,160	\$11,973.60	C-C
100H-E-004.52	988,400	\$22,239.00	C-C
110H-E-002	1,099,000	\$24,727.50	C-C
110H-E-002.01	167,880	\$3,777.30	C-C
110H-E-002.02	42,240	\$950.40	C-C
110H-E-002.03	90,600	\$2,038.50	C-C
110H-E-006	800,000	\$18,000.00	C-C
110H-E-004.50	653,600	\$14,706.00	C-C
110H-E-005	1,333,000	\$29,992.50	C-C
110H-E-003	2,170,880	\$48,844.80	C-C
110H-E-003.01	1,517,600	\$34,146.00	C-C
110H-E-001	532,160	\$11,973.60	C-C
110H-E-004.10	785,760	\$17,679.60	C-C
110H-E-004.21	133,400	\$3,002.40	C-C
110H-E-004.54 **	First bill to be issued on 10/1/25		C-C
110H-E-004.11	3,753,400	\$84,451.50	C-C
110H-E-004.02	exempt		I-L
<b>110H-E-004.54 **</b>	Included in 110H-E-004.21 for the 2024 base tax year		

**Exhibit D**

**Conceptual Site Plan**

**See map on following page**



SMITH GEE STUDIO  
ARCHITECTURE URBAN DESIGN INTERIORS

# **NORTHGATE MALL**

AUGUST 6, 2025



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