

RESOLUTION NO. 32726

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, APPROVING AN INTERGOVERNMENTAL FINANCIAL ASSISTANCE AGREEMENT BETWEEN THE CITY AND THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA

---

WHEREAS, on the date hereof, the City Council (the "Governing Body") of the City of Chattanooga, Tennessee (the "City"), approved an economic impact plan for the Northgate Mall Infrastructure Project (the "Plan"), which is 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 Plan provides for 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, the IDB and the City have determined that the Project, will be in the public interest of the citizens of the City and will promote economic growth and stability within the City; and

WHEREAS, the City is authorized to grant, contribute or pledge to or for the benefit of the IDB revenues derived from any source except revenues derived from ad valorem property taxes for that portion of the Project that consists of publicly-owned or dedicated infrastructure and improvements, pursuant to Tennessee Code Annotated Section 7-53-315; and

WHEREAS, the City is also authorized, pursuant to Tenn. Code Ann. § 6-54-118(a)(1), to contribute funds to the IDB for the purpose of economic and/or industrial development; and

WHEREAS, the Governing Body desires to grant, contribute and pledge a portion of the City's local sales tax revenues to the IDB in order to support the IDB in financing a portion of the public infrastructure improvements related to the Development; and

WHEREAS, the Governing Body and the IDB desire to enter into an Intergovernmental Financial Assistance Agreement (the "Intergovernmental Agreement"), attached hereto as Exhibit A, to address the City and the IDB's agreements with regard to the City's grant, contribution and pledge of a portion of its local sales tax revenues to the IDB; and

WHEREAS, the form of the Intergovernmental Agreement has been presented to the Governing Body; and

WHEREAS, the Governing Body desires to authorize the Mayor to execute and deliver the Intergovernmental Agreement on behalf of the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Chattanooga, Tennessee as follows:

RESOLVED, the Governing Body hereby authorizes the Mayor to execute, on behalf of the City, the Intergovernmental Agreement with the IDB in substantially the same form as the Intergovernmental Agreement presented to the Governing Body, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by the officer executing it, his execution to constitute conclusive evidence of his approval of any such omissions, insertions and changes; and further

RESOLVED, that the Mayor is hereby authorized and directed to execute, deliver and file such other documents and to take all such further action as he may consider necessary or desirable in connection with the consummation of the Intergovernmental Agreement and transactions described therein, and the City Clerk of the City is authorized to attest the signature of the Mayor when so requested

ADOPTED this the 2<sup>nd</sup> day of December, 2025.

---

Mayor

ATTEST:

---

City Clerk

EXHIBIT A

INTERGOVERNMENTAL FINANCIAL ASSISTANCE AGREEMENT

[attached]

48806248.2

## **INTERGOVERNMENTAL FINANCIAL ASSISTANCE AGREEMENT**

This INTERGOVERNMENTAL FINANCIAL ASSISTANCE AGREEMENT (this "Agreement") is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2025, by and between the INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CHATTANOOGA (the "IDB"), a public nonprofit corporation and an instrumentality of the City of Chattanooga, Tennessee (the "City"), and the CITY OF CHATTANOOGA, TENNESSEE (the "City").

### **WITNESSETH:**

WHEREAS, on December 2, 2025, the City Council of the City approved an Economic Impact Plan for The Northgate Mall Infrastructure Project (the "Plan"), which is 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 Plan provides for a property tax increment incentive to assist with 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 the Plan Area, including Northgate Mall, into a vibrant mixed-use development in the City; and

WHEREAS, the IDB and the City have determined that the Project will be in the public interest of the citizens of the City and will promote economic growth and stability within the City; and

WHEREAS, the tax increment incentive authorized by the Plan is not sufficient to induce the primary owner of the property on which Northgate Mall is located to undertake the Project; and

WHEREAS, the City is also authorized, pursuant to Tennessee Code Annotated Section 7-53-315, to grant, contribute or pledge to or for the benefit of the IDB revenues derived from any source except revenues derived from ad valorem property taxes for that portion of the Project that consists or will consist of publicly-owned infrastructure and improvements; and

WHEREAS, the City is also authorized, pursuant to Tenn. Code Ann. § 6-54-118(a)(1), to contribute funds to the IDB for the purpose of economic and/or industrial development; and

WHEREAS, the City now desires to grant, contribute and pledge a portion of its local sales tax revenues to the IDB in order to support the IDB in providing an additional incentive to undertake the Project; and

WHEREAS, it is deemed necessary and desirable by the City and the IDB to enter into this Agreement addressing the grant, contribution and pledge from the City to the IDB and certain other agreements and rights of the parties related thereto.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, the parties agree as follows:

1. Pledge and Contribution of a Portion of the Local Sales Tax Revenues. Subject to the terms and conditions contained herein, the City agrees to grant, pledge and contribute to the IDB during the Term (as defined herein) an amount equal to the amount that the local sales tax revenues that the City receives from the parcels outlined in red on Exhibit A attached (the “Sales Tax Area”) hereto exceeds \$560,000, which is the amount of local sales tax revenues that the City received from the Sales Tax Area in the 2024 calendar year (the “Sales Tax Contributions”). In furtherance of the foregoing, the City shall contribute to the IDB the amount that the local sales tax revenues received by the City from the Sales Tax Area for each month (commencing as provided in Section 3 below) exceed the local sales tax revenues received by the City for the same month in 2024 within thirty (30) days of when the City receives local sales tax revenues for such month. A chart showing the monthly local sales tax revenues from the Sales Tax Area for 2024 is attached hereto as Exhibit B. Within one hundred and twenty (120) days of the end of each Contribution Year, the City shall determine whether the amount paid to the IDB with respect to such Calculation Year exceeded or was less than the increase in the local sales tax revenues of the City for 2024. If the City has contributed to the IDB, for any reason, more than the such increase to the IDB for such Contribution Year, the City shall withhold such excess from the next ensuing payment(s) to be made to the IDB hereunder, and if the City has contributed, for any reason, less than increase to the IDB (subject to the limitation on payments herein), the City shall pay such difference to the IDB. In no event shall the City be required to contribute more than \$540,000] to the IDB in local sales tax revenues with respect to any Contribution Year, and once the City has contributed to the IDB \$540,000 with respect to any Contribution Year, the City shall not be required to contribute any further amounts to the IDB with respect to such Contribution Year. For purposes of this Agreement, the first Contribution Year shall commence with the first month with respect to which the City is required to make a contribution to the IDB as provided in Section 3 hereof and shall continue until the next anniversary of such date, and such year and each subsequent year shall be a “Contribution Year” for purposes of this Agreement. Upon request of the IDB, the City shall provide such information regarding the calculations of local sales tax revenues as are necessary or appropriate for the administration of this Agreement, provided, however, that the IDB acknowledges that the City is not permitted to publicly disseminate the sales tax payments made by any taxpayer or otherwise identify such a taxpayer in a manner as to disclose filing information, including sales revenues and sales tax payments, regarding any taxpayer. The City’s pledge of Sales Tax Contributions hereunder is subordinate to the City’s existing pledge of such local sales tax revenues pursuant to an Interlocal Cooperative Agreement (Multi-Use Stadium Project) dated as of August 30, 2022, between the City, Hamilton County, Tennessee (the “County”) and The Sports Authority of the County of Hamilton and the City of Chattanooga, Tennessee (the “Sports Authority”) and an Interlocal Cooperative Agreement (Multi-Use Stadium Project – Subordinate Bonds) dated as of October 29, 2024, between the City, the County and the Sports Authority (collectively, the “Stadium Agreements”), provided, however, that the City will use its best efforts to apply pledged revenues pursuant to such Stadium Agreements in such manner that sufficient local sales tax revenues will be available to make the contributions required hereunder by applying other legally available revenues for the purposes required by such Stadium Agreements before applying the local sales tax revenues pledged hereunder; and provided, further, that any other or subsequent pledge of local sales tax revenues from the Sales Tax Area shall be subordinate in all respects to the obligations of the City under this Agreement.

2. Application of the Sales Tax Contributions. The IDB agrees that the Sales Tax Contributions received by the IDB from the City under Section 1 shall only be used by the IDB to pay (in the manner described in the following sentence) for that portion of the Project that consists or will consist of publicly-owned infrastructure and improvements pursuant to Tenn. Code Ann. § 7-53-315. The City acknowledges that (i) the IDB may reimburse the Developer (within the meaning of the Plan) for such eligible costs pursuant to the terms of a Development Agreement to be entered into between the IDB and the Developer (the “Development Agreement”) and/or issue one or more debt obligations to finance all or a portion of the cost of the Project (the “IDB Financing”) and (ii) the Sales Tax Contributions may be applied to pay eligible costs and/or the principal of and interest on the IDB Financing in order to pay the

cost of such publicly-owned infrastructure and improvements. The IDB agrees that in no event shall the total amount of the eligible Project costs and/or principal amount of the IDB Financing exceed, in the aggregate, \$8,700,000 (which includes a portion of the projected Project cost and various closing costs) plus interest on the IDB Financing less any amount of property tax increment revenues allocated to pay costs of the Project or debt service with respect to the IDB Financing pursuant to the Plan and the Development Agreement (the “Maximum Sales Tax Allocation”). The City acknowledges and agrees that the IDB may pledge all amounts received hereunder to the payment of the IDB Financing and agrees to execute such documents and certificates as the lender for the IDB Financing may reasonably request to evidence the City’s obligations hereunder.

3. Term. Subject to the conditions herein, the duties and responsibilities of the parties hereunder shall commence as of the date hereof, provided, however, that the City’s obligation to make payments pursuant to Section 1 shall not commence until the first month after both of the following have occurred: (a) the execution of the Development Agreement by all parties thereto and (b) commencement of construction of the Project has occurred. The City’s obligation to make payments pursuant to Section 1 shall continue for a period of 240 months (the “Term”), provided, however, that if the Maximum Sales Tax Allocation is paid prior to the completion of such Term, the City’s obligations hereunder shall immediately terminate. Notwithstanding the foregoing, the IDB shall not apply any portion of the Sales Tax Contributions to reimburse costs of the Project or to pay debt service with respect to the IDB Financing until all portions of the Project (or discrete phases of the Project, as provided in the Development Agreement) that will be paid and/or financed with Sales Tax Contributions have been completed and transferred and dedicated to a public entity, and until such time, all Sales Tax Contributions contributed by the City to the IDB shall be held in escrow pursuant to the terms of the Development Agreement until such Sales Tax Contributions may be applied for the purposes provided herein. If the IDB has any amounts derived from the Sales Tax Contributions on deposit after the Maximum Sales Tax Allocation has been paid or if the IDB does not apply, for any reason, any portion of the Sales Tax Contributions for the purposes described above, the IDB shall return such amounts to the City.

4. Intergovernmental Cooperation Provisions. This Agreement shall also be a joint powers agreement entered into pursuant to the Interlocal Cooperation Act, being Chapter 9 of Title 12 of the Tennessee Code Annotated. For purposes of Section 12-9-104 of the Tenn. Code Ann., as amended, the City and the IDB agree that (i) no separate legal entity shall be established to conduct the cooperative undertaking being undertaken pursuant to this Agreement; (ii) no real or personal property is expected to be acquired in connection with the cooperative undertaking being undertaken pursuant to this Agreement; and (iii) the IDB shall be the administrator to oversee the performance of the provisions of this Agreement.

5. Default. In the event any of the parties hereto shall fail to perform any of its obligations hereunder or shall become unable to perform by reason of bankruptcy, insolvency, receivership or other similar event, then the non-defaulting party, so long as said party is not itself in default hereunder, may seek specific performance, mandamus or other extraordinary relief to compel the defaulting party to perform hereunder.

6. Establishment of Funds. The City and the IDB agree to establish such funds and accounts that may be required by any agreements under which the IDB agrees to finance the Project or as otherwise may be required by law in order to segregate and apply the Sales Tax Contributions.

7. No Payment from Ad Valorem Revenues. Anything in this Agreement to the contrary notwithstanding, no recourse shall be had for the payment of the obligation of the City hereunder against the ad valorem tax funds of the City, nor is the full faith and credit or taxing power of the City pledged to the payment of the Sales Tax Contributions. The obligations of the City hereunder shall be paid solely from the local sales tax revenues.

8. Cooperation of the Parties. The parties agree to cooperate with each other to facilitate the transactions described herein.

9. Third-Party Beneficiary. The City and the IDB acknowledge and agree that Hixson Mall, LLC is an intended and expressed third-party beneficiary of this Agreement and that Hixson Mall, LLC may rely upon and enforce all of the representations, warranties, and covenants set forth in this Agreement.

10. Notices. Any notice, request, demand, instruction or other communication (a "Notice") to be given to any party with respect to this Agreement may be given either by the party or its counsel and shall be deemed to have been properly sent and given when (a) delivered by hand, (b) sent by certified mail, return receipt requested, or (c) sent by reputable courier service. If delivered by hand or courier service, a Notice shall be deemed to have been sent, given and received on the date when actually received by the addressee (or on the date when the addressee refuses to accept delivery of same). If sent by certified mail, a Notice shall be deemed to have been sent and given when properly deposited with the United States Postal Service with the proper address and postage paid therewith, and shall be deemed to have been received on the fifth (5th) business day following the date of such deposit, whether or not actually received by addressee. The addresses to which Notices shall be sent are:

If to the City: Chattanooga City Attorney  
100 East 11<sup>th</sup> Street  
Suite 200  
Chattanooga, TN 37402

If to the IDB: Industrial Development Board of the City of Chattanooga  
100 East 11<sup>th</sup> Street  
Suite 200  
Chattanooga, TN 37402  
Attention: Chair

Any notice given by either party hereunder shall also be given to Hixson Mall, LLC at the following address:

Hixson Mall LLC,  
2030 Hamilton Place Blvd.  
Chattanooga TN 37421  
Attention: Senior Vice President - Redevelopment

11. Assignment. The parties shall not assign any right or obligation hereunder without first receiving the written consent of the other non-assigning party; provided, however, that the IDB may consent to one or more collateral assignments or other assignments as may be provided in the Development Agreement, the terms of the IDB Financing or any related documents.

12. Severability. If a court of competent jurisdiction determines that any term of this Agreement is invalid or unenforceable to any extent under applicable law, the remainder of this Agreement (and the application of this Agreement to other circumstances) shall not be affected thereby, and each remaining term shall be valid and enforceable to the fullest extent permitted by law.

13. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee. The Chancery Court and/or the Circuit Court of Hamilton County, Tennessee shall have exclusive and concurrent jurisdiction of any disputes which arise hereunder.

14. Entire Agreement. This Agreement contains the entire understanding among the parties with respect to the matters contained herein and supersedes any prior understanding and agreements between them respecting the within subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between or among the parties hereto relating to the subject matter of this Agreement which are not fully expressed herein.

15. Amendments and Modifications. No termination (other than expiration in accordance with the terms of this Agreement), amendment, modification, or alteration to this Agreement shall be valid or enforceable nor shall any waiver of any provision be effective unless such termination, amendment, modification, alteration, or waiver is approved, in writing, by the governing bodies of the City and the IDB and by Hixson Mall, LLC.

16. Headings. The paragraph headings are inserted only as a matter of convenience and for references and in no way define, limit or describe the scope or intent of this Agreement or in any way affect this Agreement.

17. Authorized Representatives. Any action required of or permitted to be taken pursuant to this Agreement by any of the parties hereto may be performed by an authorized representative of the respective party without further action by the governing body of such party, except as may be otherwise required by the Certificate of Incorporation of the IDB or the Charter of the City.

18. Limitation of Liability. All covenants, stipulations, promises, agreements and obligations of the parties contained in this Agreement shall be deemed to be the respective limited covenants, stipulations, promises, agreements and obligations of the parties, as applicable, and not of any officer, director, employee or agent of such parties nor of any incorporator, director, employee or agent of any successor corporation to any such party, in its individual capacity. No recourse shall be had against any such individual, either directly or otherwise under or upon any obligation, covenant, stipulation, promise or agreement contained herein or in any other document executed in connection herewith.

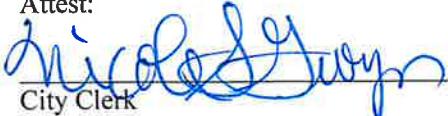
*[Signature page follows.]*

IN WITNESS WHEREOF, the parties hereto have caused this Intergovernmental Financial Assistance Agreement to be duly executed and delivered by their respective officials thereunto duly authorized as of the date first written above.

CITY OF CHATTANOOGA, TENNESSEE

By:   
Mayor

Attest:

  
Nicole Guy  
City Clerk

INDUSTRIAL DEVELOPMENT BOARD OF  
THE CITY OF CHATTANOOGA

By: \_\_\_\_\_  
Chair

Attest:

\_\_\_\_\_  
Secretary

EXHIBIT A

SALES TAX GROWTH AREA

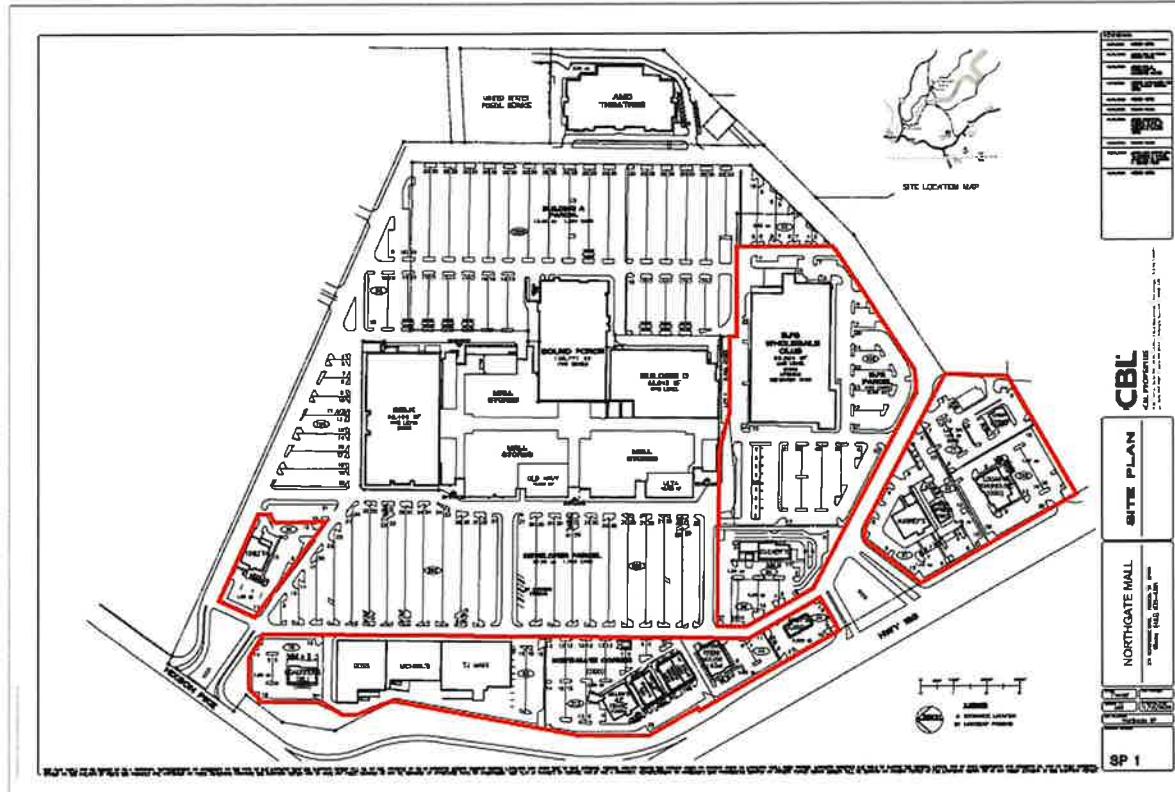


EXHIBIT B

MONTHLY SALES TAX COLLECTIONS FROM SALES TAX AREA FOR 2024

January	February	March	April	May	June	July	August	September	October	November	December	Total
(40,427.57)	(43,063.57)	(47,464.21)	(42,078.71)	(44,112.34)	(47,906.09)	(41,870.40)	(41,544.19)	(49,998.21)	(48,267.36)	(49,955.49)	(65,872.66)	(562,560.77)

48806260.4