

POLICIES AND PROCEDURES RELATING TO
TAX INCREMENT INCENTIVES

RESOLUTION NO. 28335

APPROVED BY

A RESOLUTION ADOPTING TAX INCREMENT FINANCING
POLICIES AND PROCEDURES, A COPY OF WHICH IS
SUBSTANTIALLY ATTACHED HERETO AND MADE A PART
HEREOF BY REFERENCE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
CHATTANOOGA, TENNESSEE

~~TENNESSEE, that it is hereby adopting Tax Increment Financing policies and procedures, a
copy of which is substantially attached hereto and made a part hereof by reference. The TIF
procedures will become effective sixty (60) days following its passage.~~

~~ADOPTED: July 21, 2015~~

~~/vm
m~~

28335

AND

4816-8152-1188.1

~~CITY OF
CHATTANOOGA~~

~~TAX INCREMENT
FINANCING~~

~~Policies, Procedures and
Application~~

~~The Industrial Development Board of the City of Chattanooga~~
**THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF CHATTANOOGA ~~(TENNESSEE) TAX~~
INCREMENT FINANCING PROGRAM**

POLICIES AND PROCEDURES FOR TAX INCREMENT INCENTIVES

Introduction

The Industrial Development Board of the City of Chattanooga, Tennessee (the “Board” or “IDB”) ~~adopted this Tax Increment Financing (“TIF”) Program and the following~~ and the City of Chattanooga, Tennessee (the “City”) have adopted these Policies and Procedures ~~on~~ _____. ~~It sets forth the terms of the Program, the policies and procedures associated with TIF proposals and approvals; is~~ (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 ~~implement and~~ facilitate the consideration of requests for ~~tax~~ Increment financing by Incentives by the applicable legislative bodies of ~~the City of Chattanooga and Hamilton County, Tennessee; and (the “County”).~~ These Policies also provides for the ~~implementation and~~ administration of the ~~TIF. The TIF Program is a discretionary program, and the Tax Increment Incentives. The~~ adoption of ~~this Program and the related~~ these Policies and ~~Procedures~~ do 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 financing 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 ~~TIF arrangement~~ 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 – a reimbursement of a private party of costs using incremental property tax revenues or a non-recourse financing of the Board payable from incremental property tax revenues, which is often call tax increment financing or a “TIF.” These Policies apply to both Tax Increment Incentives used to reimburse costs as well as TIFs.

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 iIncrement ~~financing~~ Incentive is an economic development tool used by municipalities to allocate ~~all or~~ a portion of the new, additional taxes generated by a ~~development~~ particular geographic area over a limited period of time to pay for ~~public infrastructure, other improvements related to that development, and those projects allowed under TCA 7-53-101, et seq.~~ 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 Ttax increment is the difference in the property tax revenues generated by the property in the ~~development~~ plan area after a project has been completed compared with the tax revenues generated by ~~asuch~~ property before the ~~development~~ applicable plan was adopted. ~~The difference in these tax revenues pays towards the costs of improvements to the public infrastructure serving the development area. (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 ~~TIF~~ Tax Increment Incentive transactions include the following:

(i) ~~A TIF transactions~~ can be effective as “off balance sheet” financing of components of public infrastructure such as utilities and road and traffic improvements. ~~A TIF bonds and notes are~~ generally not included in the municipality’s general debt obligations as a liability on the City’s balance sheet (although it may be noted). The structure of these transactions allows the ~~municipality~~ City to utilize ~~the~~ new incremental revenue streams to accelerate funding of ~~municipal~~ public improvements. ~~This~~ A TIF therefore can enable ~~a municipality~~ the City to complete public infrastructure that it otherwise could not afford at the time.

(ii) ~~TIFs~~ Tax Increment Incentives provide ~~financings~~ support for projects that are not otherwise economically feasible. For instance, ~~TIF~~ a Tax Increment Incentive transactions may ~~contribute to~~ assist in the redevelopment of blighted and under-utilized property ~~selected by~~ in the ~~municipality~~ 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 ~~municipality~~ City and County.

(iv) ~~TIF projects are financed~~ Tax Increment Incentives are paid from increases in tax revenues that the ~~development itself~~ plan area that includes a project generates and not from tax subsidies from other areas of the ~~municipality~~. ~~In short, TIF~~ City. Therefore, that portion of the cost of projects ~~effectively allow~~ supported by Tax Increment Incentives generally are paid by the development ~~to pay for~~ itself.

(v) ~~TIF~~ p 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 i ncrement financings Incentive.

~~The TIF Program is primarily~~ Tax Increment Incentives will generally be used for economic development projects that provide improvements in blighted and under-utilized areas in the ~~City of Chattanooga~~ and in other properties designated by City Council and the Hamilton County Commission ~~(the “Governmental Authorities”)~~. Members of ~~Hamilton County Commission and City Council, as qualified~~ the Governmental Authorities, as the community’s elected representatives, are ~~the ones~~ not only vested with the final authority to approve ~~TIF transactions and districts~~ 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 ~~staff from ECD, the Offices~~ support of the ~~City’s Attorney, and the Mayor’s Office~~ staff, will administer and implement ~~the TIF Program and its~~ these p olicies and procedures.

Section 2. Statutory Background

~~Enabling Legislation and Statutory Authority of the Board.~~ The IDB is a nonprofit public corporation that was established in 1966 pursuant to the Tennessee Industrial Development Corporation Act (“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 ~~Chattanooga~~the City, in particular.

On May 14, 2004, the Tennessee General Assembly amended the Act to vest industrial development corporations like the Board with the authority to initiate and administer ~~†Tax i~~Increment financing for certain qualified projects~~Incentives in areas that are~~ approved by ~~Chattanooga City Council and Hamilton County Commission~~the Governmental Authorities. The Board’s responsibilities under the amendment include the following:

- (i) Preparation and submission of an ~~e~~Economic ~~i~~impact ~~p~~Plan for ~~the~~an area that includes an eligible project ~~that, which plan must~~ comply with ~~the~~certain statutory criteria;
- (ii) Holding a public hearing relating to the ~~e~~Economic ~~i~~impact ~~p~~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 ~~and Procedures~~ is to ~~identify~~specify the procedures for applying for ~~a †Tax i~~Increment financing~~Incentive~~, specify the information that will be required of an Applicant, confirm that the ~~City Council and the Hamilton County Commission and will actually decide whether to grant the tax increment financing (as the Act provides)~~Governmental Authorities retain the legal authority to approve any plan that would affecting their respective property taxes, and prescribe the roles the Board will play in the process. These Policies presume that each Economic Impact Plan will be submitted to 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.

The amendment, which is codified as Tenn. Code Ann. §7-53-312, provides that City Council ~~must~~is entitled to approve ~~††~~any Economic Impact Plan affecting property taxes due to the City ~~of Chattanooga~~ and the County Commission must approve ~~††~~any Economic Impact Plan affecting property taxes owed to ~~Hamilton~~the County. Neither has the authority to ~~authorize a †† transaction~~approve an Economic Impact Plan affecting the property taxes of the other. ~~††s may be granted for projects generating~~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 are essential, in the judgment of the Board and the Governmental Authorities, to the development of the plan area.

The Board has always viewed its core mission as the promotion of economic development and growth in the City ~~of Chattanooga~~, 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 ~~of Chattanooga~~. A project fitting within this core mission will encounter greater flexibility and receptivity by ~~both~~ the Board ~~and~~ as well as the

Governmental Authorities, as opposed to projects that do not involve these factors.

Section 3. Process

3.1. Application. The process for requesting a ~~tax~~ Increment ~~financing~~ Incentive will commence with an Applicant filing a completed Application in the form attached to ~~this Program~~ 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 ~~this Program~~ 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 ~~and the~~ TI 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 ~~the City of Chattanooga Finance and Administration and Economic and Community Departments~~ staff to review the Application. The review shall include, but not be limited to, the following considerations: the purpose of the request; ~~history and background~~ experience of the ~~a~~ Applicant-developer; ~~project~~; description of the Project to be located in the area that would be the subject of the Economic Impact Plan (the "Plan Area"); proposed ~~uses~~ sources of funds ~~onto pay~~ the ~~p~~ Project-shown in a pro-forma; and two years of financial statements for the ~~a~~ Applicant-developer. 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 determine the qualifications of the Applicant and the Project, the Board will submit its acceptance of the Application ~~and the information~~ with a proposed Resolution of Intent to the City Council, ~~City Council, the City of Chattanooga ECD, and other~~ and such governmental departments specified by either the Mayor or the City Council.

If the ~~TI~~ Tax Increment Incentive request will affect ~~City~~ County property taxes, the Board will take comparable actions and timely provide the same information to the ~~City~~ County Mayor, ~~City Council~~ County Commission and other governmental departments specified by either the County Mayor ~~or City Council~~.

After a full review by these Governmental Authorities, the City Council may take one of three actions: (i) reject the Application and return it to the Board, (ii) return it to the Board for more information, or (iii) approve a Resolution of Intent described below. To authorize further action and direct the Board to prepare and submit an eEconomic iImpact pPlan, the City Council will adopt a Resolution of Intent stating that ~~(i) the proposed Project will provide necessary improvements to public infrastructure that the City wants to occur within the proposed time for the Project, but does not currently plan to effect in the short term under its existing capital improvement plans, and (ii) the City Council will consider an eEconomic iImpact pPlan prepared and submitted by the Board, with aid from ECD City staff, with respect to the Project in accordance with the these Policies ~~and Procedures set forth herein.~~~~

If the ~~HT~~Tax Increment Incentive request will affect County property taxes, County Commission may engage in the same deliberations and may take similar action with respect to the Application.

3.3. Economic Impact Plan. If the Board receives a Resolution of Intent from the City Council that makes the above findings and directs the Board to proceed with the preparation and submission of an eEconomic iImpact pPlan, the Board will request City staff to prepare (or request the Applicant will to submit) a proposed eEconomic iImpact pPlan to the Board, generally in the form designed by the Board and containing the information required by Section 7-53-312(b) of the Act and the following information and documents:

- (i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the incremental tax revenues will be generated;
- (ii) a map or drawing clearly identifying the ~~boundaries of the~~ Project to be undertaken by the Applicant in the Plan Area, including the proposed public improvements, and the boundaries of the Plan Area;
- (iii) confirmation of the current zoning of the Project Area and the Plan Area subject to the eEconomic iImpact pPlan;
- (iv) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the eEconomic iImpact pPlan;
- (v) a description of any proposed borrowing related to the ~~€~~Tax iIncrement financing Incentive;
- (vi) the number of jobs which the Applicant estimates will be created by the Project and the wages, salaries and other compensation that will be paid to those holding the jobs;
- (vii) the estimated development and construction costs of the Project; and

(viii) the projected total cost of the ~~HF~~Tax Increment Incentive, including interest paid during the term of the

Tax Increment Incentive~~HF~~.

The Applicant is to submit the proposed eEconomic iImpact pPlan to the Board no later than ninety (90) days after approval of the Resolution of Intent referred to in Section 3.2 by the City Council. If the Applicant does not submit the proposed 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 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.

The Board's designated staff and counsel will review the proposed plan and will advise the Applicant if any additional information or changes are necessary for the plan. If necessary, the Applicant shall then revise the plan and submit the revised plan to the IDB Application Review Committee.

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 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 the eEconomic iImpact pPlan, the application process to date, and the Resolution of Intent. The Committee will also review a proposed Development ~~and Financing~~ Agreement and will evaluate the terms in light of the Board's Policies and determine whether to recommend the Agreement and any variations from such Policies to the Board. The Committee will advise the Board whether the eEconomic iImpact pPlan complies with the Act and ~~this Program~~these Policies, and is, therefore, qualified to be considered for submission to City Council and/or County Commission for approval. The Committee will also determine whether to recommend the Development ~~and Financing~~ Agreement to the Board for its approval. The Committee will then establish a proposed date for the Board to hold a public hearing and determine whether to submit the eEconomic iImpact pPlan to the City Council and/or County Commission for approval. The Application Review Committee shall be subject to the Tennessee Open Meetings Act.

3.5. Notice and Hearing of IDB. After the Application Review Committee and the Board's designated staff and counsel determine the eEconomic iImpact pPlan to be complete, the Board will hold a public hearing related to the proposed plan at a regular or special meeting. 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 Act. The Board will submit the eEconomic iImpact pPlan to Chattanooga City

Council and/or Hamilton County Commission for consideration and approval. The

submission shall include a summary of any comments from the public hearing on the proposed plan and other information deemed pertinent by the Board.

3.6. Approval of Municipality/Transaction Documents. If the Chattanooga City Council approves the ~~eEconomic iImpact pPlan~~, the Applicant and the Board will enter into a Development ~~and Financing~~ Agreement with the project developer, which will incorporate the specific terms of the ~~tTax iIncrement financing~~Incentive approved by the municipality.

The Applicant shall be responsible for preparation of any documents related to third party financing authorized as part of the ~~eEconomic iImpact pPlan~~. All third party financing shall be non-recourse as to the Board, and all financing documents shall be subject to the review and approval of the Board's counsel.

The Applicant will close the ~~TIF~~Tax Increment Incentive transaction within a reasonable period of time after the Board sends the Development ~~and Financing~~ Agreement and the related closing documents to the Applicant. If the closing does not occur within a 90-day period, the Board has the authority to consider the Application withdrawn and the ~~TIF~~Tax Increment Incentive transaction and all approvals by the Board and other Governmental Authorities will lapse and be of no further force or effect.

A diagram summarizing the above procedures is attached hereto as Exhibit B.

Section 4. Board Policies for ~~TIF~~Tax Increment Incentive Projects

The Board has adopted the following policies with respect to ~~TIF~~Tax Increment Incentive Projects and will not prepare and submit ~~eEconomic iImpact pPlans~~ failing to comply with the following criteria, unless specifically directed to do so by the Commission or City Council:

4.1. Maximum Term. The ~~typical~~ maximum allocation period for any ~~TIF will be 15-20 years~~ ~~Under certain circumstances, however, the TIF may be extended for 20 years, or the statutory limit in T.C.A. § 9-23-104, whichever is greater.~~ 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 as the Board deems prudent. 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. Incremental Tax Revenues. The -Board generally will allocate a maximum of 75% of the incremental tax revenues for ~~TIF~~Tax Increment Incentive transactions having a term of 10 years or less and 60% of such incremental revenues for ~~TIF~~Tax Increment Incentive transactions having terms in excess of 10 years.

4.3. Plan Area. The Plan Area, from which the ~~TIF~~Tax Increment Revenues will be generated, will consist of no more than (i) the parcels included in the Project Area, 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 the City of Chattanooga ECD, Public Works, or other engineering consultants in determining whether a parcel would be directly affected and substantially benefited by the Public Infrastructure.

4.4. ~~TIF~~-Eligible Costs. Incremental tax revenues may be used for all uses outlined in T.C.A. § 7-53-312; however, these revenues should primarily be used to finance only the following Project costs:

- (i) Capital or land costs, including costs incurred for construction and reconstruction of Public Infrastructure, clearing, grading and excavating, site work, and other hard construction expenses;
- (ii) costs of obtaining permits for the Project from Governmental Authorities;
- (iii) capitalized interest;
- (iv) premiums for payment and performance bonds issued in favor of Governmental Authorities or the Board professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;
- (v) acquisition costs for equipment; and
- (vi) fees and expenses of the Board and other fees and expenses related to the ~~TIF~~[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, as amended from time to time.](#)

~~Public Infrastructure will include the following facilities and improvements:~~

~~(A) Streets, roads, highways, curbs, gutters, water lines, sanitary sewer lines, storm drainage facilities, ramps, roads, bridges, traffic signals, paving, driveways, sidewalks, walking and running trails, mass transit and other public transportation facilities, culverts, manholes, retaining walls, tunnels, approaches, underpasses, artificial lighting, off-street parking improvements, parking garages and other structures, fencing, landscaping, public parks, site work and grading for such public infrastructure, walkways, signage, flood control improvements, and improvements for the supply, storage and distribution of water; and~~

~~(B) Electricity and telecommunications services, utility, and other similar site~~

~~development infrastructure costs, qualified public improvements that may include on-site, off-site, utility relocation and under-grounding, according to the municipality's plans.~~

Under limited circumstances, the Board will include the costs of acquiring public rights of way as ~~TIF~~Tax Increment Incentive Eligible Costs, but this determination will be made on a case by case basis after due consideration of the circumstances.

4.5. Notice to Property Owners. (i) The Board through its designated administrative staff will notify the owners of parcels included in the proposed Plan Area that the Board will consider the Application for ~~TIF~~Tax Increment financing 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 ~~give the~~mailed to such property owners at least 14 days' notice ~~of the Board prior to the applicable public hearing and~~ meeting. In addition, the form of notice will advise property owners how they may comment on the Project such as by email or by letter, as well as attending the meeting. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

~~(ii) In addition, the Board will record an instrument in the Register of Deeds Office providing public notice of the tax increment financing and the properties contained in the Plan Area.~~

4.6. Minimum ~~TIF~~ Project Cost. The Board will consider ~~TIF~~Tax Increment Incentive Projects for submission to City Council or County Commission, but such Projects shall generally include (i) at least \$5,000,000 in capital improvements to the Project Area, without taking into account the costs of the Public Infrastructure to be financed by the ~~TIF~~Tax Increment Incentive, and (ii) at least \$1,000,000 of Public Infrastructure that will be financed by tax increment revenues from the Plan Area.

4.7. Residential Projects. In ~~the absence of unusual or extenuating circumstances acceptable to the Board, Projects that are substantially residential will not qualify for tax increment financing under the Board's TIF Program. Such proposals should be submitted to the appropriate authority or entity. In accordance with TCA (insert appropriate legal reference), TIFs can be used for the development of housing for low to moderate income populations, and housing for senior citizens and disabled~~accordance with the Act, and for purposes of clarification, a Project within a Plan Area may include residential rental housing for persons of low and/or moderate income, as determined by the Board, and for elderly or handicapped persons.

4.8. Guaranties of Completion. The Board may require guaranties of completion of the Project 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 Project.

4.9. Transfer of ~~TIF~~Tax Increment Incentive. No rights to a ~~TIF~~Tax Increment Incentive may be sold, assigned, or leased unless otherwise specified in the Development ~~and Financing~~ Agreement, provided however that the Board will consent to the collateral assignment of ~~TIF~~Tax Increment Revenues to secure financing for ~~the~~a TIF ~~Eligible Costs~~.

4.10. Additional Requirements. These Policies are in addition to the normal rules and procedures of the Board. From time to time and without notice, the Policies may be amended, waived in whole or part, or deleted by the Board, and new policies may also be adopted by the Board. The Board may consider other special circumstances or conditions in determining whether to submit an Application for consideration by the legislative body of the municipality and whether to prepare and submit an ~~e~~Economic ~~i~~Impact ~~p~~Plan for approval.

4.9-11. Applicant Affidavit. The Applicant must submit a signed affidavit certifying that the Project cannot proceed without the availability of ~~TIF~~Tax Increment Incentive and must provide supporting documentation justifying the need for and the amount of the ~~TIF~~Tax Increment Incentive, in accordance with the Application form.

4.9-12. State Approval Process. ~~If any Tax i~~ncrements Incentive will be used to pay any cost that does not related to Public Infrastructure, the use of the Tax Increment Incentive must be approved in the Economic Impact Plan and must be pre-approved before ~~increment~~any such cost is paid, by the State Commissioner of Community and Economic Development, and the ~~s~~State Comptroller of the Treasury, ~~and the state Building Commissioner. These approvals are sought after local approvals have been recorded~~ as provided in the TIF Uniformity Act.

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 ~~of Chattanooga. Accordingly, it has established a follow-up system of accountability to insure that the benefits represented by the Applicant to the Board actually come to fruition. The~~through the use of Tax Increment Incentives. Accordingly, the Applicant will be obligated to develop the Project substantially in accordance with the ~~e~~Economic ~~i~~Impact ~~p~~Plan and the Applicant's Application. These commitments will be provided in the Development Agreement with the Applicant. Material departures from the development ~~described in the economic impact plans~~specified in the Development Agreement will require the consent of the Board and may result in reductions or even elimination of the ~~TIF~~Tax Increment Incentive, depending on the effect of the proposed changes. ~~These commitments will be provided in the Development and Financing Agreement with the Applicant.~~

~~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 ~~a minimum~~an Application Fee of \$1,500.00 ~~for resources used for the initial review of the, provided that for any~~ Application. ~~Effective~~ submitted on or after January 1, 2023, the ~~minimum~~ Application Fee shall be increased to \$8,000.00. ~~Additionally, costs and expenses that would be incurred by the Board, Governmental Authorities, or Plan Review Committee related to the economic impact study and/or financial review are passed through to the Applicant.~~

6.2. Annual Administrative Fee. ~~The~~For all Applications 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 ~~maximum tax increment benefit, which will be deducted from the amount disbursed to the Applicant, lender or bond trustee. Effective~~incremental property tax revenues allocated to the Board each year with respect to the applicable Plan Area. For all Applications approved on or after January 1, 2023, the Applicant will pay to the Board an annual administrative fee ~~will be~~ equal to ~~{250 basis points (2.50%)}~~ for all TIF applications received January 1, 2023 or after of the incremental property tax revenues allocated to the Board each year with respect to the applicable Plan Area.

In addition, the Board will charge reasonable fees for any amendments to the ~~TIF~~Tax Increment Incentive and the Development ~~and Financing~~ 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 ~~above-quoted~~ fees ~~are for reimbursement of~~described above are intended to offset the expenses of the Board, ~~and other economic development programs as approved by the administration of the City of Chattanooga 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 ~~e~~Economic impact ~~p~~Plan, the Development ~~and Financing~~ Agreement and all other aspects of the ~~TIF-Program~~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 [eEconomic iImpact pPlan](#).

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 financing source. Any Board member having any material interest in a Project or a financial or family relationship with an Applicant or financing source shall submit to the Board Counsel a representation of that interest, and Board 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 Board 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.

To avoid conflicts of interests, no ~~HF~~ [Tax Increment Incentive](#) will be approved if Board Counsel has a professional legal relationship with the Applicant or source of the financing other than incidental representations in connection with proposed financings of other projects, but the Board may waive this condition in appropriate circumstances. In the event of a conflict involving Board Counsel, the Board will retain special counsel to represent it in connection with the particular Project being considered.

Section 9. Disclosures

[The Application will require the Applicant to disclose the following:](#)

~~The following disclosures, along with detailed information as applicable, must be made:~~

- If the ~~a~~Applicant, ~~guarantor,~~ or any ~~other~~ principals ~~involved within~~ the ~~project~~Applicant are currently engaged in any civil or criminal proceeding;
- If the ~~a~~Applicant, ~~guarantor,~~ or any ~~other~~ principals ~~involved within~~ the ~~project~~Applicant have ever been charged or convicted of any felony or currently is under indictment; ~~or~~
- If the ~~a~~Applicant ~~or any principal in the Applicant~~ has ever filed for bankruptcy.

Section 910.

Definitions

For purposes of ~~this Program~~ [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 ~~ECD~~ [Office of Economic Development](#)

of the City ~~of Chattanooga, and the City Attorney.~~

Application” means the Application for ~~TIF~~Tax Increment Incentive submitted hereunder in the form designated by the Board and as amended from time to time. The ~~initial~~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 ~~and Financing~~ Agreement” means the Development ~~and Financing~~ Agreement between the Board and the Applicant (and any guarantor thereof) or similar agreement or contract providing for the terms and implementation of the ~~TIF~~Tax Increment Incentive.

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

“Governmental Authority” means the City of Chattanooga, Tennessee, and Hamilton County, Tennessee, ~~the State of Tennessee, any political subdivision of any of them, and any agency, department, commission, board, bureau or instrumentality of any of them.~~

“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 real property included in the ~~Project Area and any additional parcels meeting the criteria provided in Section 4.3, from which the TIF Revenues will be generated in order to finance the Public Infrastructure constituting a part of the Project.~~Plan Area as identified in the applicable Economic Impact Plan.

“Project” means a project under Section 7-53-101(11) of the 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.

~~“Project Area” means the real property designated in the Application constituting the Project, including property for the Public Infrastructure.~~

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

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

TIF Tax Increment Revenues means the property tax revenues generated from the Plan Area after ~~consideration of the Base Tax Amount and the allocation of tax revenues to municipal debt~~the Reserved Taxes.

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

~~POST TIF APPROVAL. Upon completion of any project subject to a TIF, the project shall be reviewed to determine if the project was completed as set forth in the application with respect to such plans and specifications approved by the IDB. If the project as completed would have received a TIF of fewer years than granted to the proposed project, the term of the TIF may be reduced appropriately prior to any financing.~~

Summary report:	
Litera® Change-Pro for Word 10.10.0.103 Document comparison done on 10/7/2022 3:30:10 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: Front Portion of TIF Policies Original Version.docx	
Modified filename: Front Portion of TIF Policies.docx	
Changes:	
Add	284
Delete	324
Move From	2
Move To	2
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	612