

**HAMILTON COUNTY COMMISSION  
AGENDA PREPARATION SESSION  
JUNE 24, 2015**

**STATE OF TENNESSEE**            )            Agenda Preparation Session  
**COUNTY OF HAMILTON**        )            June 24, 2015

**BE IT REMEMBERED**, that on this 24<sup>th</sup> day of June, 2015, an Agenda Preparation Session of the Hamilton County Board of Commissioners was begun and held at the Courthouse, in the City of Chattanooga, in the County Commission Room, when the following proceedings were held, to wit:--

0:13

Present and presiding was the Honorable Jim Fields, Chairman. County Clerk Bill Knowles called the roll of the County Commission and the following, constituting a quorum, answered to their names: Commissioner Bankston, Commissioner Beck, Commissioner Boyd, Commissioner Fairbanks, Commissioner Graham, Commissioner Haynes, Commissioner Mackey, Commissioner Smedley, and Chairman Fields. Total present - 9. Total absent – 0.

Also in attendance were County Mayor Jim Coppinger, members of his administrative staff, County Attorney Rheubin Taylor, and County Auditor Bill McGriff.

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0:31

**COMMITTEE ASSIGNMENTS**

Chairman Fields indicated the upcoming agenda items would be considered as follows:

- The Trustee Excess Fee and Monthly reports for May 2015 would be submitted for the record.
- The Juvenile Court Clerk's reports for March and April 2015 would be submitted for the record.
- Resolution No. 715-1 was the usual County Clerk item regarding notaries, etc. This required no committee assignment.
- Resolution Nos. 715-5, 715-7 through 715-14 were assigned to the Finance Committee, chaired by Commissioner Graham.
- Resolution No. 715-6 was not used.
- Resolution Nos. 715-2 through 715-4 and 715-15 were heard by a Committee of the Whole.

Commissioner Graham, Chairman of the Finance Committee announced that the Finance Committee would be meeting in the Commission Room immediately after the Agenda Session.

Chairman Fields stated that Resolution Nos. 715-2 through 715-4 and 715-15 would now be heard by the Committee of the Whole.

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1:04

**COMMITTEE OF THE WHOLE – RESOLUTION NO. 715-2**

Commissioner Boyd spoke regarding this item, which appoints Peter Avisto to the Hamilton County Water and Wastewater Treatment Authority (WWTA) Board of Commissioners for a term ending June 2, 2020. Commissioner Boyd expressed WWTA accountability concerns and asked for a clearer understanding of who the WWTA was accountable to. He stated that he had received numerous emails from his constituents regarding the matter of concern.

2:49

Mayor Copping reported that WWTA board members are appointed by the County Mayor and confirmed by the County Commission. Five members are appointed, one in each of the following fields: engineering, general, law, finance, and industry/commerce. He noted that Cleveland Grimes, WWTA Executive Director and his staff are held accountable by the WWTA Board of Commissioners. The WWTA Board is not required to report back to the County Board of Commissioners. In closing, he spoke about WWTA's Board of Commissioners transparency and the strenuous regulations WWTA must abide by.

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**COMMITTEE OF THE WHOLE – RESOLUTION NO. 715-3**

7:30

Attorney Taylor spoke regarding this item, which appoints Ken Foster with a term ending July 3, 2016, George Maffett with a term ending January 19, 2019, Gordon Anderson with a term ending April 18, 2016, and Andrew Mullins with a term ending January 4, 2016 to the Hamilton County Health & Safety Board. He noted that three of the appointments were in response to James Owens, Constance Williams, and John K. “Bucky” McCulley submitting their respective resignations. The fourth appointment was in response to Andrew C. Mullins moving from district eight to district nine, but he desires to continue to serve on said board.

There were no questions from Commissioners.

8:19

**COMMITTEE OF THE WHOLE – RESOLUTION NO. 715-4**

Attorney Taylor spoke regarding this item, which reappoints Ryan K. King with a term ending October 6, 2019, Matthew Hullander with a term ending June 21, 2020, Ethan E. Collier with a term ending August 4, 2020, and Wayne Henry with a term ending October 6, 2019 to the Hamilton Bountly Board of Zoning Appeals.

There were no questions from Commissioners.

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8:52 **COMMITTEE OF THE WHOLE – RESOLUTION NO. 715-15**

Attorney Taylor spoke regarding this item, which makes certain findings relating to the 1400 Chestnut, LLC Project, to delegate certain authority to the Health, Educational, and Housing Facility Board of the City of Chattanooga, Tennessee, and to authorize the County Mayor to enter into and execute an agreement for payments in lieu of ad valorem taxes (PILOT). He noted that Kim White, River City Company President and CEO and representatives from Kore, LLC were present in today's audience

9:23

Mrs. White approached the podium and gave a presentation on the 1400 Chestnut Street PILOT project. The project is within the PILOT boundary and consists of a new, ground-up development on the currently undeveloped parcel. The developer is Kore, LLC and the project will be a \$23,630,000 investment. 1400 Chestnut Street has been vacant since the 1980's and is known as a Brownfield, which is a difficult piece of property to develop. The project will be one and two bedroom residential rental units and include on-site parking. There will be 125 one bedroom units and 85 two bedroom units. Twenty percent (42 1 bedroom/1 bathroom units) of the units will lease at affordable rates.

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The current assessment on the parcel is \$162,560, and after improvements the property will be assessed at \$9,452,000. Currently the school system receives \$2,000 of the \$8,000 yearly property taxes collected. Once the project is developed the school system portion will immediately increase to \$129,000. The city approved \$214,493 tax abatement for 10 years with a 4 year step up. The county is being asked to approve \$129,364 tax abatement for 10 years with a 4 year step up.

James H. Nevins, President and manager of Kore, LLC and Joseph A. Holt of Kore, LLC approached the podium to address Commissioner Boyd's questions. Topics covered included loan-to-value (LTV) before PILOT and after PILOT, commercial financing, foundation options, lack of housing PILOT jobs created, and pro forma financial statements. During discussions Commissioner Boyd referenced pro forma statements for similar projects, a copy of these were submitted to the clerk's office. In closing, he asked for a copy of the project's pro forma financial statements. Mr. Nevins agreed to furnish the requested reports.

In response to Commissioner Haynes comments, Mrs. White clarified that the first floor of the structure will have active retail space.

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Mr. Nevins reported the 1400 Chestnut Street project will be the only active project for Kore, LLC in Hamilton County. It was noted that Kore, LLC has active projects in other states.

21:50

Commissioner Smedley also asked for a copy of the project's pro forma statements.

23:03

Commissioner Graham pointed out that the vocal baby in the audience was his beautiful granddaughter. He thanked the developer for taking an interest in Hamilton County and asked him a few questions. Mr. Holt confirmed that the project was not possible without the PILOT agreement because the development rates don't match the current tax rates. Commissioner Graham reiterated the poor condition of the Brownfield property and the increased school tax revenue once the development is complete.

Commissioner Beck voiced his support for the project and thanked the developer for their interest in Hamilton County.

35:56

Mayor Coppinger clarified upon questioning that if the PILOT agreement passes the county will not be responsible for any of the projects expenses. The county is only agreeing to tax abatement for 10 years.

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Mrs. White spoke in detail about the PILOT agreement's flipping clause. She also spoke about how the public will benefit from the PILOT project.

**LATE ITEM: RESOLUTION NO. 715-16 AND RESOLUTION NO. 715-17**

Attorney Taylor spoke regarding the late items and noted the resolutions were being prepared and will be submitted to the clerk's office in proper form once they are available. Both resolutions pertain to PILOT agreements for GeStamp #1 and GeStamp #2 located at 3063 Hickory Valley Road. Charles Wood, Vice President of Economic Development for Chattanooga Area Chamber, Joe Conner, Attorney with Baker Donelson, Louann Smith, Attorney with Baker Donelson, and Corey Jahn, Plant Director for GeStamp were present for today's presentation.

38:21

Mr. Wood, Attorney Conner, and Mr. Jahn gave a presentation about the expansion project. Topics covered included the complexity of the project, GeStamp's global presence, the company's customer business mix, their 2011 PILOT and performance, the company's local impact, GeStamp's employee demographics, various ways the organization partners with education, and future potential projects. GeStamp will invest \$180 million to create 510 new jobs in Chattanooga. Since the county and city own the parcel there is zero property tax revenue. Over the ten year PILOT period, GeStamp is being asked to pay \$12.8 million in property taxes, \$5 million of that goes



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directly to the school system. The county tax abatement is \$3 million over the ten year PILOT period.

GeStamp's expansion is in response to Volkswagen expanding to add a new SUV to their production line. The project will include an expansion of GeStamp's existing Chattanooga facility and the construction of a new stamping facility in Enterprise South to accommodate stamping of Class A parts, including external metals skin for VW's new SUV. It was also noted that the expansion project is also bringing in new technology called hot stamping. It was explained that hot stamping is a process that allows the metal to become lighter but harder, which helps reduce greenhouse gas emissions and improve safety.

A copy of GeStamp's presentation was submitted to County Clerk's office.

1:04:42            Commissioner Beck thanked GeStamp for providing their demographics report and their involvement in the schools. In closing he supported the project and added that this PILOT agreement was a no brainer deal.

1:08:21            Commissioner Boyd spoke in favor of the GeStamp PILOT and thanked everyone who was involved in making the expansion project possible.

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1:13:15            Commissioner Haynes spoke in favor of the PILOT and pointed out that GeStamp had the option to invest in other nearby counties, but settled on Hamilton County.

1:16:18            Mayor Coppinger noted that Volkswagen has agreed to give up 59 acres under its control in a land swap with Chattanooga and Hamilton County governments to provide space adjacent to the factory for the new GeStamp facility. The city and county will provide Volkswagen with land of similar value.

                    Chairman Fields asked Attorney Taylor to publicly post the resolutions and PILOT agreements as soon as they are prepared.

                    Chairman Fields thanked everyone for their presentation and stated they were not required to attend next week's meeting.

1:20:23            **ANNOUNCEMENTS**

                    Chairman Fields asked for announcements from members of the Commission.

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Commissioner Mackey spoke about housing supply and the demand the county is going to experience with the recent economic development. He also inquired about Hamilton County's land availability for additional economic development.

Mayor Coppinger responded to Commissioner Mackey's comments and noted that Hamilton County is growing at a significant rate and efforts are being made to purchase and clear additional land for future economic developments.

1:25:15 Mayor Coppinger spoke about the recent announcement of the expansion project at the Erlanger East campus. He elaborated on the project and noted that the expansion project will convert Erlanger East into a full service hospital. In closing he excused himself from the meeting to attend an 11:30 appointment.

1:27:11 Commissioner Beck asked Commissioner Graham to explain why he decided to be called "Papa" by his grandchildren. Commissioner Graham explained that Papa was chosen in honor of his deceased grandfather-in-law, who he highly admired.

Commissioner Fairbanks jokingly stated that Commissioner Graham's grandchild was verbal because she was related to him. The entire commission unanimously laughed at his comments.

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1:28:59

Commissioner Boyd made several comments about his disappointment regarding the Mayor's decision to veto Resolution No. 615-35. He read portions of various news articles that criticized the commission's decision to amend the 2015-16 budget to include \$900,000 in discretionary funds. He brought attention to \$4.2 million in the budget that the mayor can use at his discretion. He recalled various projects funded by former Commissioner Coppinger's discretionary funds. He noted the separation of powers between the mayor and commission. He questioned big raises for officials at the Hamilton County Water and Wastewater Treatment Authority (WWTA). In closing, he challenged the Mayor and the commission to have better communications involving their respective offices. He stated that there is a level of respect that is missing and he personally pledged to improve his communications.

At this time the Mayor's Chief of Staff Mike Compton asked for permission to speak. Chairman Fields asked Chief Compton to hold his comments until after commission members had completed their announcements, and that he would be recognized during the segment on the agenda reserved for delegations appearing before the commission.

1:37:16

In response to the lengthy agenda session, Commissioner Graham, Chairman of the Finance Committee, asked that a small break be taken between the agenda session and finance committee meeting.

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Commissioner Mackey reported that Shelby and Davidson County are adding discretionary funds to their commission budget. Shelby County is adding \$150,000.

1:38:30

**DELEGATIONS**

Chairman Fields asked for delegations on matters other than zoning.

Chief Compton was recognized and stated that about fifteen of Commissioner Boyd's comments were incorrect. He pointed out that the Mayor had to excuse himself before the meeting was adjourned and wasn't able to hear Commissioner Boyd's comments. He challenged Commissioner Boyd to repeat his comments when the Mayor was present and able to respond.

1:39:16

Bill Reesor residing at 1404 Woodway Drive Ooltewah, TN expressed concern about the media scrutinizing the use of discretionary funds. He stated he supported discretionary spending and spoke in detail about the various projects that were funded with discretionary funds.

1:42:51

Commissioner Smedley responded to Mr. Reesor's statement and thanked him for his comments. She reiterated that discretionary funds are not used to buy votes;

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they are used to fulfill dire needs, not wants. She referenced lists that she recently received from district 7 schools. The lists detail the school's dire needs that aren't being funded through the department of education. A copy of the above mentioned lists were provided to the County Clerk's office.

1:45:47            Commissioner Fairbanks reported that after speaking to several of his constituents, it was obvious that the general public doesn't understand the purpose of discretionary funds. After it was understood that discretionary funds are spent for dire needs and public benefit, his constituents gave their approval. He reported that the Senior Citizen Community Center in Bakewell desperately needs their building painted. In closing, he challenged the media to take the time to interview the individuals who have benefited from discretionary spending.

1:49:13            Commissioner Bankston spoke about the Sandy Hook Elementary School shooting that occurred in 2012. He noted schools in his district are in rural areas and Snow Hill Elementary expressed great concern after the shooting took place. Discretionary funds afforded him the ability to put key card locks on every door and the secretary can look at a person's id before they enter the building.

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1:50:02

Mark West, residing at 2315 Heavenly View Drive expressed concerns about the lack of transparency and accountability. He stated that a better system for discretionary spending should be developed to improve the process.

1:53:33

Helen Burns Sharp residing at 129 Walnut Street addressed the commission about the proposed 1400 Chestnut Street PILOT. She asked the commission to examine whether there is truly significant public benefit. She spoke about the negative impact of tax abatement and uncollected property taxes. She reported that the developer’s past projects in other states were successful without a PILOT. In closing she quoted journalist David Cay Johnston, “If a project is sound, the market will make it, if not, why should the public be asked to subsidize?”

Being no further business, Chairman Fields declared the meeting adjourned until Wednesday, July 1<sup>st</sup> at 9:30 AM.

Respectfully submitted:



\_\_\_\_\_  
William F. (Bill) Knowles, County Clerk

Approved:

07-15-15  
Date

W.F.K  
Clerk's Initials