

## ECONOMIC DEVELOPMENT COMMITTEE

September 21, 2010

3:30 P.M.

Councilwoman Scott, Chairman, called the meeting of the Economic Development Committee to order with Councilmen Rico, Berz, Robinson, Benson, Ladd, Gilbert, Murphy, and McGary present. City Attorney Michael McMahan and Shirley Crownover, Assistant Clerk to the Council, were also present.

Others present included Dan Johnson, Gary Hilbert, Lee Norris, Paul Page, Danny Thornton, Richard Beeland, Dennis Malone, Chief Flint, Steve Leach, Karen Rennich, Bill Payne, Daisy Madison, and Mayor Littlefield. Dickie Hutsell joined the meeting later.

**On motion of Councilman Murphy, seconded by Councilman Gilbert, the minutes of the previous meeting were approved as published.**

Chairman Scott noted that we had two PILOTS to be discussed today and that Steve Hyatt of the Chamber was with us.

Mr. Hyatt proceeded with the first PILOT, IBI & ATC. He introduced Mr. Tom Weissenbuehler, CEO of IBI, who is from Iowa and Jack Samples of IBI and ATC. Alfred Smith and Mark Smith, Attorneys, were also present. Mr. Hyatt began by saying that IBI was based in Caldwell, Iowa; that they made large metal boxes that house electrical components and generators. He stated that he would talk about the PILOT Agreement; that they were leasing 50,000 sq. ft. and were investing \$5 million in machinery; that 60 new jobs would be created in three years; that this was a 7-Year PILOT, and they would be paying the school taxes for all seven years. The average wage is \$46,000+. Mr. Hyatt stated that this PILOT meets all the requirements of the Chamber matrix. He turned the meeting over to Mr. Samples.

Mr. Samples presented the Council with a handout concerning IBI. He stated that they were a premier manufacturing firm and that they took pride in this; that these were excellent jobs, and they were hiring local people and using local vendors; that they would be shipping their first unit Monday; that they were in the process of training their core group. He invited the Council to tour the facility in order to see the quality and advanced design; that it was highly desirable and had a bright future. He stated that they were busy right now and that they treated their employees, vendors and customers with the highest respect.

Chairman Scott asked him to explain how IBI and ATC were related. Mr. Samples responded that ATC is just one section of the facility and that they would enhance their operations; that they had some patents coming on line; that IBI is separate—that they were just operating under the same roof. Mr. Leach added that ATC is IBI's landlord.

Councilman Rico asked how they arrived at coming to Chattanooga? Mr. Samples responded that Chattanooga had a workforce that was capable of being trained; that they took into consideration the design and logistics; that Chattanooga was ideally located to deliver products; that they were competent people who could gain respect and leadership; that their decision was made on the potential of employees and the citizens here; that Chattanooga was proud of our vendors, and it was all just a good network that had come together. He stated that this all speaks well for Chattanooga and Hamilton County; that they had approached the City, the County and the State; that they also appreciated the Chamber's efforts.

Councilman Gilbert confirmed that they would be hiring good local people.

Mr. Hyatt spoke of the support of the State, noting that this is a collaborative effort between the State, City and County all working together; that Georgia and the Carolinas had courted this company.

Councilman Benson pointed out that they had hired Jack Samples. Mr. Samples stated that he was helping out a couple of hours a day.

Councilwoman Robinson proclaimed a hearty welcome; that in this economy, Steve Hyatt and Alfred Smith had brought us great business, and she felt like we were prospering. She thanked them all for coming.

Mr. Samples stated that each new manufacturing job brings in more jobs.

Councilman McGary asked about the attrition rate and how often their employees changed jobs? Mr. Samples responded that they hoped "never"; that they were training people in the techniques; that they had lost a few. Councilman McGary asked on the average, how long employees kept their job? Mr. Samples stated probably 25 years. Mr. Weissenbuehler stated that they were a 30-year old company and had only had a turnover of six people; that the average is ten years, and they had some people who had been there as long as 29 years.

The next PILOT discussed was Wrigley. This is located on Jersey Pike, and they are expanding. Mr. Hyatt stated that we were in competition with South Georgia for this company; that they were just expanding and not adding to the footprint. He introduced Bruce Verburg with Wrigley. Mr. Hyatt explained that this was a \$23 million dollar investment, creating 54 new jobs with an average wage of \$69,500. He stated that all of the players made this a reality for Chattanooga; that this was a 13-Year PILOT, and they would be paying the school tax; that this meets with all of the Chamber's criteria of their PILOT matrix. He noted that this was a higher than average wage, which was good for the community; that they would be making lifesavers; that all of the Altoids are made here, and they also make jelly candies.

Mr. Verburg stated that they were happy to be here; that they came 4-5 years ago and had a great relationship with the Chamber and the City and the County.

Councilman McGary asked that Mr. Hyatt elaborate on the part that EPB and the State had in this game. Mr. Hyatt responded that EPB provided a lot of infrastructure; that the State had committed \$120,000 minimum and that they could qualify for more incentives and federal dollars. He talked about the State's Incentive Package and went over all the credits from the State, mentioning \$48,000 for a Training Program.

Chairman Scott asked if anyone had any objections to moving these two PILOTS forward next week. (There was some confusion as to whether she meant move forward this week or just move forward as the Agenda states for next week).

Attorney Smith asked if the PILOTS were on for tonight or next week? He indicated that they all could stay tonight, and it would be more convenient for them not to have to come back next week.

Councilwoman Scott noted that the items on the agenda had been advertised to the Public for next week and asked if there would be any legal problem to moving them to this week?

Attorney McMahan noted that we would not expect any of the public speaking to this; that if we do decide to do it next week, that the people present would not have to come back.

Councilman Benson stated that he was in favor of moving this forward tonight; that it would help those who were present today; that the public usually did not get involved.

Attorney McMahan indicated that he could amend the agenda to bring these two PILOTS forward for tonight.

The meeting adjourned at 3:55 P.M.