

RESOLUTION NO. 24938

A RESOLUTION AUTHORIZING THE MAYOR TO ACCEPT A PROPOSAL AND TO NEGOTIATE A REAL ESTATE PURCHASE AGREEMENT FOR THE SALE AND REDEVELOPMENT OF THE FORMER ABB COMBUSTION, INC. ADMINISTRATION BUILDING AND LAND LOCATED AT 1301 RIVERFRONT PARKWAY, SUBJECT TO MANDATORY REFERRAL AND CERTAIN CONDITIONS AS OUTLINED IN THE PROPOSAL SUMMARY ATTACHED HERETO AND MADE A PART HEREOF BY REFERENCE.

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WHEREAS, On October 26, 1999, the City Council of the City of Chattanooga, Tennessee adopted Resolution No. 22297 approving a Request for Proposals (RFP) for the sale and redevelopment of the former ABB Combustion, Inc. Administration Building and land located at 1301 Riverfront Parkway consisting of approximately four (4) acres and identified by State Tax Map No. 145G-A-002.02 and currently owned by the City of Chattanooga (City) and Hamilton County (County) for a minimum price of \$1.2 million; and,

WHEREAS, The deadline for submitting proposals expired on February 29, 2000, with no proposals received; and,

WHEREAS, The City and County have continued to market the property informally since that date without receiving any proposals for redevelopment, offers to lease, or purchase of said property; and,

WHEREAS, On October 5, 2005, the County obtained an independent professional real estate appraisal for the property in the amount of \$420,000; and,

WHEREAS, On August 11, 2006, a letter and formal proposal were received from Charles Whitener, CEO and President of the Westrex Corporation (formerly Western Electric) for the purchase and redevelopment of the building and land for the appraised value of \$420,000; and,

WHEREAS, On September 14, 2006, the real estate appraisal was updated to consider recent comparable property sales in the area and reflected no change in the appraised value of said property; and,

WHEREAS, A committee of City and County staff reviewed the merits of the proposal based on the comparative evaluation criteria used in the RFP issued in 1999, a summary of said proposal is attached hereto and incorporated herein as though fully and completely copied verbatim herein; and,

WHEREAS, The Committee recommends the acceptance of said proposal subject to certain conditions outlined in the attached summary.

NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That the acceptance of the proposal from Charles Whitener of Westrex Corporation for the purchase and redevelopment of the former ABB Combustion Inc. Administration Building and land located at 1301 Riverfront Parkway for the appraised value of \$420,000, identified as State Tax Map No. 145G-A-002.02 consisting of approximately four (4) acres owned jointly by Hamilton County and the City of Chattanooga be approved, subject to the conditions outlined in the attached proposal summary and the City's Mandatory Referral process.

BE IT FURTHER RESOLVED, that the Mayor is hereby authorized to negotiate and enter into and execute a real estate purchase agreement and to sign all necessary documents to convey said property.

ADOPTED: November 7, 2006

/add

## RECOMMENDATION

### Sale and Redevelopment of the former ABB Combustion Inc. Administration Building

1301 Riverfront Parkway  
Hamilton County and City of Chattanooga, Owners  
October 5, 2006

**Westrex Corporation (formerly Western Electric)**  
**Principal: Charles Whitener, President and CEO**

*Proposed Use:* To develop the building and property for use as the location for a private Technology Incubator combined with research and development laboratories for Westrex Corporation. Westrex would require approximately 20 percent of the space (21,800 sq.ft.) and the balance (87,200 sq. ft.) will be allocated as incubator space for either startup or emerging technology firms.

Westrex manufactures electronic components and systems both for the consumer electronics industry and for the US Department of Defense Supply Center Columbus, and for the US Naval Warfare Center. The consumer products are marketed primarily to the consumer and professional high end audio industry. Eighty percent of these products consist primarily of electron tubes, amplifiers and test equipment.

Westrex Corporation will provide a total of 30 new jobs; 20 to 25 line workers, shipping/receiving personnel, electrical and mechanical engineers, accounting personnel and a plant manager. Salaries will range from \$29,000 to \$70,000 annually. The company pays 100 percent of healthcare and dental coverage for all employees that have accrued at least one year with the company.

According to the Chattanooga Area Chamber of Commerce, the NAICS (North American Industry Classification System) code results for Westrex Corporation are as follows: direct labor income would be \$1,124,607 and the indirect labor income of \$391,587, combined total \$1,516,194.

*Experience:* Charles Whitener has been successful in the development of multi-tenant commercial property in downtown Atlanta for over 20 years. He was the majority shareholder in another company that became the first tenant in Atlanta's first technology incubator, Georgia Tech Advanced Technology Center. Mr. Whitener has been involved in laboratory/plant construction in Kansas City and Belgium.

*Private Investment:* \$1.4 million initially (property purchase, architectural enhancements, sprinkler system and parking lot improvements), loan approval letter from Cornerstone Community Bank, dated August 29, 2006. \$750,000 in new equipment, \$10 million in equipment relocated from Huntsville to Chattanooga, total investment \$12.4 million

*Estimated Annual Tax Revenue:* \$30,000 to \$40,000 (Westrex Corporation), future incubator tenants will provide additional tax revenues

*Purchase Price:* \$420,000 (appraisal updated September 14, 2006)

*Timeframe:* Can proceed immediately upon approval—9 month construction schedule

**RATIONALE:** The sale of property to Charles Whitener at the appraised value will facilitate the relocation of Westrex Corporation from Huntsville to Chattanooga with the creation of 30 new jobs, annual salaries ranging from \$29,000 to \$70,000. Additional companies and high tech jobs would be created with the development of a private Technology Incubator. Chattanooga is strategically located within the Technology Corridor, ranging between Huntsville and Oak Ridge.

#### **CONDITIONS OF SALE**

- Negotiation of an acceptable real estate purchase agreement, including a timetable for redevelopment of the property
- Purchaser agrees to accept property in “as is” condition, being financially responsible for any asbestos removal and/or any other existing environmental conditions requiring remediation as a result of building and parking lot renovation