In Attendance

Council Chairman Jerry Mitchell called the meeting to order at 3:01 p.m. in the Assembly Room. A quorum was present, including Vice-Chairman Ken Smith and Council members Carol Berz, Russell Gilbert, Chip Henderson, Darrin Ledford and Erskine Oglesby, Jr. City Attorney Wade Hinton and Administrative Support Specialist Kristen Booker were also present. Council members Anthony Byrd and Demetrus Coonrod arrived after the call to order.

Others in Attendance

Public Works: Justin Holland, Administrator and Mike Patrick, Director of Waste Resources; Chamber of Commerce: Charles Wood, Vice President of Economic and Community Development; Jacobs Engineering Group: Michael Marino, Operations Manager

Approval of Minutes

On motion of Councilman Henderson and seconded by Councilman Ledford, the minutes of the last meeting (May 2, 2017) were approved as published.

Ordinances (Final Reading) - Agenda Items 5A, 5B & 5C

These items had been discussed at previous open meetings. Upon no questions or comments, the issues were closed.

Resolution - Agenda Item 7A

This item had been discussed at previous open meetings. Upon no questions or comments, the issue was closed.

Resolution - Agenda Item 7B

Mr. Hinton briefed the Council on the new changes to the HomeServe USA PILOT. Chairman Mitchell asked Mr. Hinton to read the rules for the public hearing on this item. After which, Chairman Mitchell opened the floor to anyone in the Assembly wishing to address the Council on this item. He then recognized the following speakers:

- **Franklin McCallie (Accountability for Taxpayer Money)** – He thanked the Council for waiving their rules to allow people to speak on this item. He introduced Ms. Burns-Sharp to present what ATM has prepared for the Council.

- **Helen Burns-Sharp (ATM)** – Mr. McCallie distributed copies of a letter from ATM regarding Policies and Procedures for Chattanooga/Hamilton County Jobs PILOT Program. [Full document is attached.] Ms. Burns-Sharp asked the Council to hold off on passing any further jobs PILOTS until they have adopted policies and procedures. She summarized why ATM thinks policies and procedures are so important and made a few recommendations about the HomeServe PILOT.
A discussion ensued with Mr. Wood about the following:

- Plans for the company after PILOT expires
- Starting pay
- Competitive market & PILOT agreements
- Required reporting

**Resolutions - Agenda Items 7C, 7D, 7E, 7F & 7G**

These items had been discussed at previous open meetings. Upon no questions or comments, the issues were closed.

**Departmental Report - Public Works**

Mr. Holland introduced Mr. Marino and Mr. Patrick, who gave a PowerPoint presentation on consent decree updates. The following topics were covered:

- Consent decree overview
- Consent decree program goals
- Compliance Plan
- Pump Stations & Storage
- CSOTF Improvements
- Regional Customers
- Consent decree status
- Capacity Assurance Program Overview
- What’s next
- Consent Decree Phase 2 Summary

After the presentation, a discussion ensued on the following:

- Water overflows during heavy rain
- Capacity assurance program
- Areas of possible vulnerability
- Ground tests and heavy rainfall
- Problem areas and combined sewers

**Adjournment**

There being no further business, Chairman Mitchell adjourned the meeting at 4:15 p.m.
Policies and Procedures
Chattanooga/Hamilton County Jobs' PILOT Program

1. **Application.** Develop a comprehensive PILOT application form. Ask applicants to address in writing how their request conforms to these adopted policies and procedures. Charge application fee to hire an independent professional to analyze the costs and benefits to the city and county to determine **Public Benefit.**

2. **“But For.”** Do research to determine if the requested tax break is likely a determining factor for them to locate or expand here. “But for the PILOT, we would not do it.”

3. **No “Retro.”** Do not approve a PILOT for companies with projects underway or completed. (No “but/for.”)

4. **Job Quantity.** Count only permanent, full-time jobs. Consider excluding managerial jobs in average wage computations. Determine baseline employment on expansions and stipulate that the existing jobs must be retained. Stipulate that the obligation to maintain the jobs will last at least five years beyond the length of the PILOT agreement.

5. **Job Quality.** Require PILOT beneficiaries to pay livable wages and provide health insurance and other benefits. Address if cost-of-living increases get factored in over the life of the agreement.

6. **Real Property.** Focus on real property (land & buildings) rather than personal property. Abatements on personal property (equipment) have less capacity for long-term public benefit since equipment is movable.

7. **Job Sectors.** Continue past focus of prioritizing production/manufacturing jobs rather than jobs in office, retail, and hospitality.

8. **Citizen Input.** Provide for increased public involvement. Hold a public hearing or have a designated opportunity for public comment. Always allow at least two weeks between the time a proposal is presented to the City Council or County Commission and the time they vote on it.
9. **Agreements.** Ask an independent third-party attorney with expertise in municipal law to rewrite PILOT and lease agreements to better protect the public interest and to improve clarity. Strengthen clawback language to address what happens if companies do not meet their commitments.

10. **Transparency.** Monitor required annual reports on actual outcomes (jobs, wages, investment). Post reports on local government websites. Require PILOT agreements to be recorded in Register’s Office. Require disclosure of the amount of tax break per year and for their entire term. Document other local public subsidies to the company, including land, site preparation and grants.

11. **Schools.** Continue to require all companies to pay school taxes in full.

12. **Development Fee.** Compare current practice of requiring PILOT recipients to make a development payment versus the Knoxville concept of requiring a fee at closing of 5% of projected tax savings, with a maximum for mega projects.

13. **Community Benefit Agreements.** Explore the use of CBAs to ensure that major development projects benefit local residents and neighborhoods.

14. **Anti-Poaching.** Explore establishing a code of conduct for “jobs” PILOTs to address relocation and bidding wars between neighboring jurisdictions. Address the use of subsidies to lure companies from one another’s jurisdiction.

As recommended by Accountability for Taxpayer Money-Chattanooga
May, 2017