

**MINUTES OF THE
INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF OAK RIDGE**

July 6, 2015

A regular meeting of the Industrial Development Board of the City of Oak Ridge, Tennessee, convened at 4:00 p.m. on July 6, 2015 in the Training Room of the Municipal Building. David Wilson; Chairman, called the meeting to order.

ROLL CALL

The following members were present: Chris Johnson, Dave Mason, Hal Osucha, Harold Trapp, Phillip Yager, and David Wilson

The following members were absent: Richard Chinn, Louise Dunlap, and Buzz Patrick

Also present were: Doug Colclasure, Oak Ridge Citizen; Ken Krushenski, Oak Ridge City Attorney; Parker Hardy, Chamber of Commerce; Ray Evans, City of Oak Ridge; Steve Jones, City of Oak Ridge; Kathryn Baldwin, City of Oak Ridge; Mark Watson, City of Oak Ridge; Charlie Hensley, City of Oak Ridge; Leigha Edwards, UT-Battelle; Ron Asher, Ridge Realty; Bob Fowler, Knoxville News Sentinel; and Samantha Royster, Executive Administrative Assistant to the IDB.

APPROVAL OF THE AGENDA

Mr. Mason made a motion to approve the agenda as presented. Mr. Osucha seconded the motion. The motion carried unanimously.

APPROVAL OF THE MINUTES

Mr. Mason made a motion to approve the minutes of the meeting held June 1, 2015. Mr. Trapp seconded the motion. The motion carried unanimously.

TREASURER'S REPORT

Mr. Johnson reported that he worked with Ms. Royster on the June month-end/fiscal year-end to make sure we presented accurate financial statements to the board with no further adjustments.

Highlights of the Profit & Loss- Income Statement are as follows:

- Management Services expense is over budget for June due to overlap of services for outgoing and incoming Executive Administrative Assistant and over budget annually due to approved increase in contract amount for administrative support services.
- IDB Support expense had a credit balance for June due to a FYE 2015 adjustment regarding a FYE 2014 accounts payable accrual.
- Contingency and Repairs expenses during June were for repairs to irrigation (\$500) and contract for electrical repairs at Horizon Center (\$3,880) both previously approved by the board.
- Mowing and Landscape expense and Utilities expense categories were slightly over budget for the year; however, all other categories were under budget enough to offset the cumulative overages in all other expense categories.
- The reduction in net assets for June totals approximately \$10,200 and YTD reduction in net assets is approximately \$79,500.
- There is a positive variance in net income of \$240,000 to budget amount due to two income assumptions that did not occur 1) no land sales and 2) no TVA grant money or related expense.

Highlights of the Balance Sheet are as follows:

- All cash accounts have been balanced and verified against the bank statements.
- This is the first year we have prepared our own financial statements using the QuickBooks program, and certain reports needed revisions to align with and tie into the audited financial reports. The changes to the Balance Sheet are primarily in terms of presentation and terminology and are limited to the Liabilities & Equity portion of the report.
- An adjustment was made between Equity and Liabilities due to a FYE 2014 accrual totaling \$2,541.46. There is also a FYE 2015 Accounts Payable accrual for two expense items that have not yet been invoiced- 1. June mowing expense (\$2,381.26) and 2. Electrical repairs contract at Horizon Center (\$3,880).
- Equity other than Net Income was previously reported under one category totaling \$7,130,900.56 labeled Opening Equity Balance. Three new categories were established and the funds split between them- 1. Investment in Capital Assets (Land totaling \$6,208,930), 2. Restricted Net Assets (Pledged funds for Main Street Oak Ridge Project totaling \$500,000) and 3. Unrestricted Net Assets (\$419,429.10)
- Net Income in Equity section ties into the P & L Income Statement.

Other items to note:

- Engagement letter and Professional Services Agreement for FY 2015 annual audit have been signed. Audit will commence on or about July 15, 2015, and the report will be delivered no later than November 15, 2015.
- The board approved budget for FY 2016 is being broken down into monthly figures, will be entered in to QuickBooks this month, and distributed for review prior to the August board meeting.
- The IDB safe deposit box has been transferred from ORNL to TNBank.
- Confirmed with Ms. Royster that financial data is being backed up regularly.

Mr. Trapp made a motion to approve the financial report as given. Mr. Yager seconded the motion. The motion carried unanimously.

PROSPECT ACTIVITY REPORT

Mr. Hardy reminded the board of the delineation of duties between himself (to recruit retail), Mr. Evans (to work the retail projects) and Mr. Jones (Industrial Development Projects) and reiterated how closely they all work together.

Mr. Hardy summarized the prospect activity worked by the Chamber for the first 6 months of 2015 as follows:

- 69 total prospects specifically interested in Oak Ridge have been contacted. 17 prospects have now backed out, but 52 prospects are still interested in the community. This figure does not include businesses who have already committed/signed leases with Crosland in regard to the Main Street Project.
 1. 44 Retail/Commercial prospects (includes restaurant, retail, commercial, & personal services)
 2. 3 Hospitality prospects
 3. 3 Residential prospects (development/construction)
 4. 2 Existing industrial expansion prospects (Chamber has a team of approximately a dozen volunteers engaged in an existing industry visitation program)

Mr. Jones reported new prospect activity to be slow over the past month. He is actively working 3 prospects, but there has been no new activity. He hopes to have news within the next week regarding the abatement for CVMR. We may need to call a special meeting in regard to their PILOT application. The President of CVMR has purchased and closed on his residence in Oak Ridge. CVMR relocation has been slow due to issues surrounding transfer of equipment from Canada to the United States.

Mr. Evans has no new information on retail projects in addition to what Mr. Hardy has reported. He did report that since he has been involved in this process, retail activity in Oak Ridge has never been greater.

ATTORNEY REPORT

Mr. Krushenski reported that Mr. Asher provided him with the closing documents and contact information for the sale of the last lot in Bethel Valley Industrial Park. Ken will take care of the items for closing which is scheduled for July 14, 2015.

EXECUTIVE ADMIN. REPORT

Ms. Royster included a written report with the July 2015 board packet detailing the support services she provided to and on behalf of the IDB for June 2015. The board had no follow-up questions regarding the report.

COMMITTEE REPORTS

a. Finance Committee – No report.

b. Land Use Committee –

Mr. Osucha reminded the Board that when they extended the mowing contract with Diversified Landscape Services through July 31, 2015, there were two additional options for extension remaining. Mr. Osucha said that while we complete the process for the rebid of a new Grounds Maintenance and Landscape Services contract, we need to extend the existing service contract through September 2015.

Mr. Osucha made a motion to exercise Option V (continue contract through August) and Option VI (continue contract through September) to extend the mowing contract with Diversified Landscape Services. Mr. Mason seconded the motion. The motion carried unanimously.

1. Grounds Maintenance and Landscape Services Bid Package-

Mr. Osucha informed the board that the bid notice and package will be ready to post on the City website tomorrow, July 7th. A mandatory pre-bid meeting is scheduled for July 20th, and bid opening is on August 10th. The Land Use Committee will review the bids and make an award recommendation at the September board meeting for the 15 month contract beginning in October 2015 with 4 Options to extend the contract at end of term.

Mr. Osucha made a motion to allow the immediate posting of RFQ IDB 15-01, Grounds Maintenance and Landscape Services for Horizon Center Business Park. Mr. Yager seconded the motion. The motion carried unanimously.

2. Update on clearing Lots 5 & 6-

Mr. Osucha reminded the board that a contract with McGrew Engineering was executed last month to perform boundary markings and should be completed by August 1st. This work was necessary prior to clearing of Lots 5 & 6 of remaining trees. Prior to clearing the lots, a timber inventory study will need to be conducted. This item was included in the FY 2016 Budget.

Mr. Osucha made a motion to approve executing a Professional Services Contract with American Forest Management to perform a timber inventory study in preparation to clear lots 5 & 6 not to exceed a total contract amount of \$3,500. Mr. Mason seconded the motion. The motion carried unanimously.

- c. Special Projects Committee – No report.
- d. Spec Building Committee – No report.
- e. Policies and Procedures Committee – No Report.

OLD BUSINESS

Pledge Agreements in Support of Main Street Oak Ridge-

Mr. Evans provided a brief update to the board on the Main Street Oak Ridge Project.

Documents are now being exchanged between Crosland and City. Construction plans, initial subdivision plats, initial engineering and architectural plans are being reviewed by City staff.

Mr. Evans reminded the board of the City's estimated need for \$2,000,000 to fund public infrastructure improvements to support the Main Street Project. Since the City was unsuccessful in obtaining grant money for this item last Fall, the IDB pledged \$500,000 with the City pledging \$1,000,000 in support of the public infrastructure improvement costs. At the same time, six local companies came forward stating how important they felt the success of the Main Street Project would be to their company, employees, and the community and asked how they could help. The six companies are UT-Battelle, ORAU, Methodist Medical Center, CNS, UCOR, and RSI, and they have pledged a total of \$490,000 (may increase to \$500,000 total) to support the public infrastructure improvements.

Total dollar amount of all pledged funds will flow through the IDB due to its status under state law, and there are six Pledge Agreements that have been prepared between each company and the IDB and are before the board today for acceptance. Another agreement between the Developer (Crosland) and the IDB will be prepared detailing the administration of the pledged funds and will be brought before the board at a future date.

Mr. Osucha made a motion to approve allowing the IDB Chairman to sign the Pledge Agreements between the IDB and UT-Battelle, ORAU, Methodist Medical Center, CNS, UCOR, and RSI acknowledging the acceptance of funds to pay the costs of public infrastructure improvements related to the Main Street Oak Ridge Project. Mr. Trapp seconded the motion. The motion carried unanimously.

NEW BUSINESS

The agenda item regarding the AT&T Fiber Ready Park- Promotional Agreement for Horizon Center will be deferred until the August 2015 board meeting at the request of Mr. Krushenski, who would like to obtain additional information from AT&T and AT&T legal counsel and revise the agreement.

ADJOURN

Mr. Trapp made a motion to adjourn the meeting. Mr. Yager second the motion. The motion carried unanimously.

The meeting adjourned at 4:54 p.m.

APPROVED BY THE INDUSTRIAL DEVELOPMENT BOARD

August 3, 2015



Chris Johnson

Secretary/Treasurer