

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

Summary of Public Hearing on an Amendment to the Economic Impact Plan
for the Redevelopment of the Oak Ridge Mall Economic Development Area

Conducted on Monday, October 19, 2015 at 4:00 p.m. EDT

Chris Johnson, Acting Chairman, opened the public hearing:

Mark Mamantov, attorney with the law office of Bass, Berry & Sims and legal advisor to the City of Oak Ridge, was asked to provide an overview of the Amendment. Mr. Mamantov stated that he would not provide much detail on the background of the plan other than to affirm the Amendment relates to the economic impact plan originally recommended by the IDB and approved by the City of Oak Ridge in November 2013. He stated that IDB is now being asked to recommend the proposed Amendment on to the Anderson County Commission and City Council.

Mr. Mamantov went on to briefly explain the different items in the Amendment. The first item is to reflect the current scope of the property with slightly more retail space, slightly less office space, a more significant multi-family residential complex and hotel are anticipated. The most significant change is the name of the Developer to TN Oak Ridge Rutgers LLC, a Tennessee limited liability company that new Developer RealtyLink has established for the Mains Street Oak Ridge project. He also stated that his office has had the pleasure of recently working with RealtyLink on a similar project in Sevierville, TN.

Mr. Mamantov stated that the second item of the Amendment allows for the loan proceeds to be paid directly to contractors or vendors to avoid any tax liability to the Developer. The third item is to update the numbers and values of items to reflect the current scope of the project. The fourth item is to reflect the State of Tennessee approval of the 30 year term of the TIF for the City of Oak Ridge taxes.

Mr. Mamantov explained the fifth and final item of the Amendment in greater detail. He reminded everyone this is a phase project. The first phase being the retail portion. At the request of RealtyLink and the TIF lender, the beginning year for the allocation of tax increment revenues will change from calendar year 2016 to the tax year ending December 31, 2017. In addition, the Amendment provides the flexibility for tax increment revenues to be calculated and recalculated as each phase of the project comes on line. This is a feature that he has found helpful on large TIFs. He mentioned how hard David Bradshaw and his team have worked on this TIF, and this feature makes the TIF easier for the banks to underwrite. These features were added in 2012 when Mr. Mamantov worked with the State Comptroller on revisions to TIF laws.

Mr. Mamantov ended his overview of the Amendment and stated that based on the outcome of the subsequent IDB special meeting, the Amendment would be presented to the Anderson County Commission at a meeting later today and to the Oak Ridge City Counsel at a special meeting tomorrow evening. He then opened the floor to questions.

Hal Osucha stated that he understood that 2017 was a change to the beginning tax year, but he then asked if plans were still to have businesses open by the end of 2016. Michael Redmon of RealtyLink stated that a good portion of the retail will be open in 2016.

Phillip Yager stated that he understood there was a change to the location/angle of the hotel and asked if it is a minor change. Mr. Redmon affirmed the change to be insignificant. Ray Evans, a consultant for the City of Oak Ridge, indicated that there had been a few plan changes such as this throughout the planning phase of the project.

Jerry Creasey, Commissioner with the Anderson County Commission, asked for clarification whether the Amendment item allowing the tax increment revenue to be calculated in phases means that the TIF maturity would extend beyond 20 years for the County and 30 years for the City. Mr. Mamantov emphasized that State law does not allow the allocation of any parcel to go beyond those terms without Comptroller approval. He then indicated that the banks fully expect to be paid off within the 20 and 30 year period as retail comes online; however, theoretically the maturity of the TIF could go beyond 20 and 30 years in order for the banks to make the numbers work and easier to underwrite in the event they were not paid off during the initial period. There will never be an allocation relative to each phase that will exceed the 20 or 30 year time frame. Mr. Mamantov also stated that until those phases kick in, the Developer cannot utilize to their advantage any increase in property value. Mr. Evans added that in all scenarios that have been used to calculate the repayment of the TIF, each has indicated the repayment term to fall within 20 years.

Mr. Johnson asked Mr. Mamantov to clarify that the option to calculate the tax increment revenue in different allocations in conjunction with the separate phases of the development is at our discretion. Mr. Mamantov confirmed the Amendment only allows for that flexibility and gives the banks a level of comfort. Mr. Evans added that it is unlikely we would ever have to utilize that option.

Dave Mason stated that it is his understanding that the City is going to take responsibility for some of the underground utilities work on Rutgers Avenue and asked if that is correct. Mr. Evans stated that the City has been looking at means to upgraded utilities in that area of town. At this time, there are some primary lines that run through the heart of the project. The Developer and the City would both like for the lines to loop around the perimeter of the project and are working together on a solution. The means to fund the work is under discussion and specified that this item is unrelated to the TIF.

Louise Dunlap made the motion to adjourn the public hearing. Mr. Osucha seconded the motion. The motion passed unanimously.

The meeting adjourned at 4:15 p.m.

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

October 19, 2015

A special called meeting of the Industrial Development Board of the City of Oak Ridge, Tennessee, convened at 4:15 p.m. on October 19, 2015 in the Training Room of the Municipal Building. Chris Johnson, Acting Chairman, called the meeting to order.

ROLL CALL

The following members were present: Chris Johnson, Dave Mason, Hal Osucha, Phillip Yager, and Louise Dunlap

The following members were absent: Richard Chinn, Harold Trapp, Buzz Patrick, and David Wilson

Also present were: Ken Krushenski, Oak Ridge City Attorney; Parker Hardy, Chamber of Commerce; Ray Evans, City of Oak Ridge; Kathryn Baldwin, City of Oak Ridge; Jay Moneyhun, Bass, Berry, & Sims; Mark Mamantov, Bass, Berry & Sims; Bob Fowler, Knoxville News Sentinel; Russel Langley, The Oak Ridger; Jerry Owens, WBIR; Michael Redmon, RealtyLink; Jerry Creasy, Anderson County Commission; and Samantha Royster, Executive 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.

MAIN STREET OAK RIDGE TIF

There was a brief discussion of the board resulting from the information Mr. Evans and Mr. Mamantov provided during the Public Hearing held prior to this meeting regarding changes to the Economic Impact Plan for purposes related to the tax increment financing (TIF) for the Main Street Oak Ridge project.

Mr. Mason made a motion to approve the resolution authorizing the Board of Directors of the Industrial Development Board of the City of Oak Ridge, Tennessee to approve an amendment to an Economic Impact Plan for the Oak Ridge Mall Economic Development Area and Authorizing the submission of such amendment to the City of Oak Ridge, Tennessee and Anderson County, Tennessee. Mr. Osucha seconded the motion. The motion carried unanimously. (See attached Resolution)

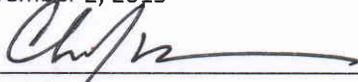
ADJOURN

Mr. Osucha made a motion to adjourn the meeting. Ms. Dunlap second the motion. The motion carried unanimously.

The meeting adjourned at 4:30 p.m.

APPROVED BY THE INDUSTRIAL DEVELOPMENT BOARD

November 2, 2015



Chris Johnson
Secretary/Treasurer

Attachment

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF OAK RIDGE, TENNESSEE APPROVING AN AMENDMENT TO AN ECONOMIC IMPACT PLAN FOR THE OAK RIDGE MALL ECONOMIC DEVELOPMENT AREA AND AUTHORIZING THE SUBMISSION OF SUCH AMENDMENT TO THE CITY OF OAK RIDGE, TENNESSEE AND ANDERSON COUNTY, TENNESSEE

WHEREAS, The Industrial Development Board of the City of Oak Ridge, Tennessee (the "Board") has previously approved an economic impact plan (the "Economic Impact Plan") regarding the development of an area known as the Oak Ridge Mall Economic Development Area (the "Plan Area");

WHEREAS, the development of the Plan Area has not been completed, and most of the Plan Area has now been or is expected to be acquired by TN Oak Ridge Rutgers, LLC or an affiliate thereof (the "New Developer");

WHEREAS, the New Developer intends to cause the development of the Plan Area with a retail-driven, multi-use development that is substantially similar to what was approved in the Economic Impact Plan (the "Project");

WHEREAS, the New Developer has requested the Board to amend the Economic Impact Plan to permit the effective use of the tax increment revenues allocable to the Board under the Economic Impact Plan to assist with the development of the Project for the benefit of the City of Oak Ridge, Tennessee and Anderson County, Tennessee by permitting the issuance of indebtedness secured by such tax increment revenues ("Tax Increment Financing");

WHEREAS, the form of the proposed amendment has been presented to the Board (the "Amendment"), which Amendment would authorize the Tax Increment Financing and make other amendments to the Plan to reflect the current expected scope of the Project;

WHEREAS, the proceeds of any Tax Increment Financing would be used to pay the Project costs described in the previously approved Economic Impact Plan;

WHEREAS, any Tax Increment Financing shall not represent or constitute a debt or pledge of the faith and credit or the taxing power of the Board, the City of Oak Ridge, or Anderson County, Tennessee; and

WHEREAS, the Board, prior to the consideration of this resolution, held a public hearing related to the Amendment.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of The Industrial Development Board of the City of Oak Ridge, Tennessee as follows:

RESOLVED, that the Amendment, in the form attached hereto as Exhibit A, is hereby approved by the Board; and further

RESOLVED, that the Board shall refer and submit the Amendment to the City Council of the City of Oak Ridge, Tennessee for consideration; and further

RESOLVED, that the Board shall refer and submit the Amendment to the County Commission of Anderson County, Tennessee for consideration; and further

RESOLVED, that any and all other actions heretofore taken on behalf of Board to prepare, refer and submit the Amendment to the City Council of the City of Oak Ridge, Tennessee and the County Commission of Anderson County, Tennessee are hereby approved, ratified and confirmed in all respects; and further

RESOLVED, that the officers of the Board are hereby authorized to take all appropriate action to carry out the terms of the Economic Impact Plan as it may be amended by the Amendment.

EXHIBIT A

Amendment

THE INDUSTRIAL DEVELOPMENT BOARD OF

THE CITY OF OAK RIDGE, TENNESSEE

AMENDMENT TO ECONOMIC IMPACT PLAN FOR THE REDEVELOPMENT OF THE OAK RIDGE MALL ECONOMIC DEVELOPMENT AREA

I. Background

The Industrial Development Board of the City of Oak Ridge, Tennessee (the "Board") has previously submitted to Anderson County, Tennessee (the "County") and the City of Oak Ridge, Tennessee (the "City") an economic impact plan (the "Plan") relating to the Oak Ridge Mall Economic Development Area (the "Plan Area") pursuant to Tenn. Code Ann. § 7-53-312. The Plan was approved by the City Council of the City on November 11, 2013 and by the County Commission of the County on November 18, 2013. The developer identified in the Plan has not completed the project described in the Plan, and most of the property in the Plan Area has now been or is expected to be acquired by TN Oak Ridge Rutgers, LLC or an affiliate thereof (the "New Developer"). The New Developer intends to cause the development of the Plan Area with a retail-driven, multi-use development that is substantially similar to what was approved in the Plan. This Amendment to the Plan authorizes certain amendments to the Plan in order to permit the effective use of the tax increment revenues allocable to the Board under the Plan to assist with the development of the Project for the benefit of the County and the City. The size of the Plan Area and the maximum number of years that tax increment revenues are allocable to the Board under the Plan are not changed by this Amendment.

II. Amendments

The Plan is hereby amended as follows:

1. The first two sentences of Section 2 of the Plan are hereby deleted and replaced with the following:

The project consists of a retail-driven, multi-use project which is expected to contain approximately 460,000 square feet of retail space in multiple buildings, approximately 40,000 square feet of office space, a 150-200 unit multi-family residential complex and a hotel (the "Project") on the property shown on Exhibit A (the "Property"). The initial primary retail development will be undertaken by TN Oak Ridge Rutgers LLC, a Tennessee limited liability company, or an affiliate acceptable to the Board (the "Company"). Other components of the Project may be developed by other entities.

2. The second sentence of Section 4 of the Plan is hereby deleted and replaced with the following: "The loan proceeds evidenced by the Note will be paid (i) to the Company to

reimburse the Company for paying all or a portion of the Permitted Costs or (ii) directly to the contractors or vendors providing the products or services associated with the Permitted Costs.”

3. The first two paragraphs of Section 5 of the Plan are hereby deleted and replaced with the following:

5. Expected Benefits to City and County. The City and the County expect to benefit in many ways from the development of the Project. It is expected that in excess of \$85,000,000 will be spent for the acquisition, constructing and equipping of the Project. It is forecasted that the completed Project improvements, along with anticipated growth and improvements of other properties with the Plan Area, will eventually have a tax appraisal of approximately \$165,800,000. Based upon current rates and anticipated adjustments over time, the tax base attributable to the Project and improvements to the other properties within the Plan Area is expected to generate an average of \$1,225,055 per year in City property taxes and \$1,263,945 in County property taxes per annum (the total of such taxes being \$2,489,000, which is referred to as the "New Tax Amount"). The Plan Area generated only \$557,844 in City property taxes and only \$548,507 in County property taxes for 2012, which is the year prior to the year this Plan was originally approved (the total of such 2012 taxes being \$1,106,351, which is referred to as the "Base Tax Amount"). The "Increment" is the incremental increase in property taxes from the development and leasing of the Project along with anticipated growth and improvements of other properties with the Plan Area over the Base Tax Amount. Based on the foregoing assumptions, the Increment, once the Plan Area is fully developed, will average \$1,383,000 per annum less the amount allocated to the City and County for the payment of debt service on the City's and the County's debt as required by the TIF Uniformity Act. Once the Note is repaid, all of this revenue will be retained by the City and County.

Sales tax, building permit and a variety of other local taxes and/or fees will be positively affected by the injection of 950 to 1000 estimated full and part-time jobs (plus the jobs to be created during the construction period) and estimated retail sales of over \$79,000,000 per year once the Plan Area is fully developed, resulting in approximately \$2,200,000 in local sales tax revenue to the City and County annually. Building permit fees will result from the construction of the new facilities within the Plan Area.

4. The third paragraph of Section 6 of the Plan is hereby deleted and replaced with the following:

Taxes on the real and personal property within the Plan Area will be divided and distributed as provided in this Section of the Economic Impact Plan for a period, as to each parcel in the Plan Area, not in excess of twenty (20) tax years as to any parcel with respect to the County taxes and not in excess of thirty (30) tax years as to any parcel with respect to the City taxes; provided, however, that such allocations shall, in any event, cease when there are not eligible costs, including debt service, to be paid from the tax increment revenues.

5. The last paragraph of Section 6 of the Plan is hereby deleted and replaced with the following:

The Board is authorized to make all calculations of tax increment revenues on the basis of each parcel within the Plan Area instead of on an aggregate basis as permitted by the Act and the TIF Uniformity Act. If the Board opts to have such calculations made based upon each parcel, the Board shall give notice to the City and the County that such methodology will be used prior to the first allocation date of any tax increment revenues.

The Board is also authorized to designate, by notice to the City and the County, that the allocation of tax increment revenues from any parcel or group of parcels in the Plan Area shall begin in any tax year in order to match tax increment revenues with the application of tax increment revenues for the purposes provided herein, subject to the time limitation on allocations provided above; provided, however, that the allocation of tax increment revenues with respect to the parcels on which the initial primary retail development described above is located (which parcels shall be designated by the Board) shall commence in a tax year on or before the tax year ending December 31, 2017.

III. Approval Process

This Amendment shall be subject to approval by the Board, the County and the City in the same manner as the original Plan.

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