

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

June 6, 2016

A regular meeting of the Industrial Development Board of the City of Oak Ridge, Tennessee, convened at 4:00 p.m. on June 6, 2016 in the Training Room of the Municipal Building. David Wilson; Chairman, declared there to be a quorum and called the meeting to order.

ROLL CALL

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

The following members were absent: Buzz Patrick

Also present were: Parker Hardy, Chamber of Commerce; Ray Evans, City of Oak Ridge; Steve Jones, City of Oak Ridge; Ken Krushenski, City of Oak Ridge; Mark Watson, City of Oak Ridge; Nikki Adkisson, Oak Ridge Utility District; John Houtari, Oak Ridge Today; Doug Colclasure, Oak Ridge Citizen; and Samantha Royster, Executive Assistant to the IDB.

APPROVAL OF THE AGENDA

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

APPROVAL OF THE MINUTES

Mr. Johnson made a motion to approve the minutes of the regular meeting held May 2, 2016 as presented. Mr. Trapp seconded the motion. The motion carried unanimously.

TREASURER'S REPORT

Mr. Yager presented the financial report for May 2016, and the highlights of the financial statements are as follows:

Balance sheet

- The only change to the balance sheet from previous month is the total cash amount that had a net decrease of approximately \$5,390 that will tie into the net income on the P & L

Profit & Loss

- Interest income received for May totaled \$288
- Quarterly website maintenance expense of \$285
- Utility payments for Horizon Center were \$376
- Office Supplies expenses totaled \$222
- Management Services totaled \$2,500
- Mowing & Landscaping totaled \$2,295

Mr. Yager reported that all expense items totaling \$5,678 were standard. He also reported that the IDB bank balance as of 5/31/2016, less the restricted funds of \$500,000 that is committed to the City of Oak Ridge for the Main Street project, was approximately \$225,000.

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

PROSPECT ACTIVITY REPORT

Mr. Hardy reported that 5 representatives including himself attended the annual International Council of Shopping Centers (ICSC) RECON convention last month in Las Vegas.

He reported that they had 23 face to face meetings with retail/commercial and other prospects as follows:

1 shopping center developer interested in older property, 1 shopping center developer originally interest in acquiring Main Street, 1 retailer interested in outparcels at Westcott Center, 1 legacy shopping center developer, 1 retailer interested in Main Street, 2 new restaurant prospects, 3 restaurant prospects that had been contacted previously, 2 auto repair/parts retailers, 1 single family residential developer, 2 new apartment developers, 1 apartment developer interested in rehabbing older properties, 1 data center prospect, 1 tenant representative, 1 apparel retailer, 1 large grocery developer previously contacted but no longer interested, 2 conversations with RealtyLink.

Mr. Hardy also reported three expansion projects- Protomet, another manufacturer possibly in need of larger site, and another company who announced the addition of 60 jobs and has leased additional space. Meetings were held to offer advice on incentives.

Mr. Hardy recapped the report by comparing current year activity to last year. The Chamber was in contact with 68 total prospects in 2015 and has already been in contact with 61 prospects through the first 6 month of 2016.

Mr. Jones reported 8 active industrial prospects- 3 prospects very active and 4 are narrowing down site selection. He reported that 2 prospects are looking at Area 6 in Horizon Center and he priced Area 5 to 1 prospect about 1 month ago. He also reported that 3 prospects are anchor prospects that would attract co-locators. Mr. Jones stated that industrial prospect activity is driven by activities related to Oak Ridge National Laboratory.

Mr. Evans reported that Mark Mamantov gave the authority late last week to finalize the TIF documents for the Main Street Oak Ridge project. He reminded the Board that it voted to give the IDB Chairman authority to sign new TIF documents if they were not significantly different to the original documents. Mr. Evans stated that no significant changes were expected, so the IDB will have no need to have a special call meeting.

ATTORNEY REPORT

Mr. Krushenski reiterated what Mr. Evans reported in that he has been working with Mr. Mamantov on the final TIF document for the Main Street Oak Ridge Project.

EXECUTIVE ADMIN. REPORT

Ms. Royster included a written report with the June 2016 board packet detailing the management support services she provided to and on behalf of the IDB for May 2016. The board had no follow-up questions regarding the report, and the report was accepted as presented.

COMMITTEE REPORTS

a. Finance Committee

1. IDB Budget FY2017-

Mr. Yager reported that the Finance Committee has gone through the proposed budget for FY2017 and is recommending it for formal Board approval. The FY2017 Budget is presented with some of the same key assumptions as FY2016. The first key assumption is that we will sell one tract of land at a cost of \$258,000 with a \$98,000 expense going back to CROET resulting in net income of \$160,000. The next key assumptions are that amounts for Management Support and Services, Mowing and Landscaping, and Site Upkeep will remain at the same level in FY2017 as FY2016. CAM income will increase for FY2017 based on actual maintenance/improvements expenses at Horizon Center during FY2016; however, interest income will decrease based on lower rates and account balances, particularly upon the expected withdrawal of \$500,000 in restricted funds committed to the City for the Main Street Oak Ridge project. Expense amounts budgeted for IDB Support, Audit Services, Office Supplies, Marketing Expenses, and Engineering Support Services are being decreased from levels budgeted for FY2016 based on actual/anticipated expenses; however, Utilities and Contingency & Repairs expenses for Horizon Center are budgeted higher for FY2017 due to actual utilities expense for FY2016 and bridge repairs estimates of approximately \$14,000.

Overall FY2017 Budget reflects a projected cash balance at fiscal year-end of \$271,800. Cash flow will need to be monitored if no land is sold, as the cash balance would be less the \$160,000 net sale.

Mr. Mason made a motion to approve the IDB Budget for FY2017. Ms. Dunlap seconded the motion. The motion carried unanimously. (See attached Exhibit A)

2. Mr. Yager reported that the Finance Committee reviewed the IDB Investment Policy that was prepared in cooperation with the Policies and Procedures Committee at its meeting on May 11, 2016, and they are recommending it for adoption by the Board.

Mr. Trapp made a motion to approve the IDB Investment Policy (see attached Exhibit B). Ms. Dunlap seconded the motion. The motion carried unanimously.

b. Land Use Committee

1. Mr. Osucha reported that we are finally ready to move forward in clearing Horizon Center Area 5 and provided a summary to the board regarding the expense/revenue of the project. He reported that the Land Use Committee met on May 17th with the U.S. Fish and Wildlife Service (USFWS), American Forest Management (AFM), and Copperhead Environmental Consulting to determine the path forward. It was determined that approximately 4.89 acres total in Area 5 contain potential roost trees for endangered bat species. In order to complete the clearing of Area 5, the IDB will need to make a voluntary contribution of \$3,650 per acre (approximately \$17,850 total) to Tennessee's Imperiled Bat Conservation Fund (IBCF).

Mr. Osucha reminded the Board that it contracted with AFM last August to conduct a timber survey on Areas 5 and 6 that showed an appraisal of the Area 5 timber to be \$55,101 at that time. He also reminded the Board that it discussed contracting with AFM to act as its agent during the land clearing process by preparing a sale prospectus, soliciting bids, and monitoring the timber cutting at a cost of 10% of the timber sale contract amount.

There was a brief discussion by the board to clarify the expense/revenue of Area 5 land clearing project. In summary, the timber sale has the potential to generate approximately \$55,000 in revenue for the IDB; however, the IDB has already spent approximately \$29,000 in boundary, timber, and environmental surveys and must pay close to \$17,850 to the IBCF. After paying AFM's 10% fee to assist with the sale, the land clearing project will basically have a net effect of zero. In addition, there would be an additional cost to clear Area 5 of tree stumps and debris that could be several tens of thousands of dollars which will not be considered by the board at this time.

There was also discussion on whether it would be feasible or cost effective to begin certification process for Area 5 in order to qualify for grants to possibly assist with land clearing expenses. However, many of the surveys are time sensitive. Any delays in completing the land clearing project may result in starting entire process over. There was further discussion on IDB cash restraints and how this project will affect the budget. It was also noted that if there are no land sales within the next two years at Horizon Center, the IDB may not have funds to maintain the park after it releases the \$500,000 to the City to satisfy its commitment for the Main Street Oak Ridge project. Further discussions will be needed to determine how the IDB operates and meets its obligations in the future.

Mr. Osucha made a motion that the IDB enter into an agreement with the USFWS to achieve Endangered Species Act compliance by contributing approximately \$17,850 to the IBCF so that all trees in Horizon Center Area 5 may be cut. Mr. Chinn seconded the motion. The motion carried unanimously.

Mr. Osucha made a motion to enter into a contract with AFM to begin the bid process for harvesting timber at Horizon Center Area 5. Mr. Chinn seconded the motion. Mr. Wilson made a point of information asking whether the motion has a dollar amount that will be paid to AFM. Mr. Osucha clarified stating that his motion is only to start the bid process. AFM fee is tied to the timber sale. Any costs for services by AFM will be negotiated at a future date, likely in conjunction with IDB acceptance of timber harvest bid, and another motion will be

brought before the board at that time. Mr. Wilson made a motion to call the question and move on to a formal vote of the pending motion. The motion to call the question carried unanimously. The pending motion carried unanimously.

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

OLD BUSINESS

- a. Mr. Parker discussed the status of the DOE Land Transfer Request for 20 acres of land on Bethel Valley Road adjacent to Protomet. He reported that the boundary survey has been accepted by the GSA, and GSA has requested interest letters be submitted to them by June 13, 2016. Mr. Parker stated that he and Ms. Royster met with DOE earlier today to clarify the specific requirements of the interest letter. The interest letter does not obligate the party to purchase the property as the GSA is still working on the appraisal and asking price. Ms. Royster has drafted the interest letter, and it has been reviewed and approved by IDB counsel, Mr. Krushenski.

Mr. Mason made a motion authorizing the IDB Chairman to sign the letter of interest (See attached Exhibit C) to the GSA for approximately 20 acres of land owned by DOE on Bethel Valley Road adjacent to the Protomet Facility. Mr. Trapp second the motion. The motion carried unanimously.

NEW BUSINESS

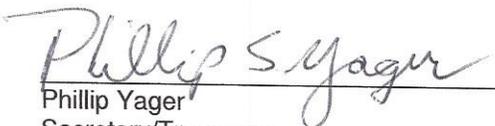
None

ADJOURN

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

The meeting adjourned at 5:15 P.M.

APPROVED BY THE INDUSTRIAL DEVELOPMENT BOARD
July 5, 2016



Phillip Yager
Secretary/Treasurer

IDB PROPOSED BUDGET- FY2017

June 6, 2016

	FY 2016 BUDGET	FY 2017 BUDGET (PROPOSED)	
INCOME			
101 CONTRACTING	\$ -	\$ -	
102 HORIZON CENTER-CAM FEES	\$ 7,000	\$ 15,700	Decrease based on actual expenses - 7 Placement letters
103 PILOT APPLICATION FEE	\$ -	\$ -	
104 PILOT CLOSING FEE	\$ -	\$ -	
106 LAND SALES-HORSE ON CENTER	\$ 250,000	\$ 250,000	Balance 1 year - Net sum @ 250,000 for 2016 10/29/16
108 LAND SALES-COTHER	\$ -	\$ -	
107 TPA ASSISTANCE/RESPONSE GRANT	\$ 4,000	\$ 1,000	Decrease due to lower account balance & rate
109 NET BREST INCOME	\$ 260,000	\$ 271,200	
EXPENSE			
201 MANAGEMENT SUPPORTS OFFICE	\$ 12,000	\$ 12,000	Balance amount at 2016 terms
202 PRINTING & SERVICES	\$ 30,000	\$ 30,000	Balance amount carried over from 2016
203 EOB SUPPORT	\$ 2,000	\$ 2,000	Decrease based on actual expenses (contractors)
204 AUDIT SERVICES	\$ 5,000	\$ 5,000	Balance amount at 2016 terms
205 LEGAL	\$ -	\$ -	
206 OFFICE EQUIPMENT & SUPPLIES	\$ 2,000	\$ 1,000	Balance amount at 2016 actual expenses
207 AIR TRAVEL EXPENSES	\$ 9,000	\$ 1,000	Decrease based on 2016 actual expenses
208 SUPPORT SERVICES-ENGINEERING	\$ 15,700	\$ 7,000	Other services on account 5 & 6 (bank)
209 CERTIFIED SITE INSPECTION	\$ 7,000	\$ 7,000	Rebudgeting from approx \$5,000 at 2016 actual
210 HORSE CENTER-CAM	\$ -	\$ -	
211 MOWING & LANDSCAPE	\$ 20,000	\$ 20,000	Balance amount at 2016 term of actual
212 UTILITIES	\$ 3,000	\$ 7,000	Expenses based on 2016 actual expenses
213 CONTRACTING & REPAIRS	\$ -	\$ 30,000	Expenses for budget (budgeting needs \$14,000) & other contingencies \$16,000
214 IMPROVEMENTS IN HORSE ON CENTER	\$ -	\$ 10,000	Balance amount at 2016 terms
215 HORSE COUNTY FEE	\$ -	\$ -	
216 LAND SALES-HORSE ON CENTER	\$ 50,000	\$ 50,000	2016 Net Income to share with 2017
217 RESTRICTED NET ASSETS	\$ 900,000	\$ 900,000	Net Income @ \$ 5000 to CHS/ET-10/29/16 as per above
218 CAPITAL PROJECTS	\$ -	\$ -	
219 INFRASTRUCTURE POWER SUPPLY	\$ -	\$ -	
220 INFRASTRUCTURE POWER DISTRIBUTION	\$ -	\$ -	
221 SPEC BUILDING	\$ -	\$ -	
TOTAL EXPENSE	\$ 730,000	\$ 716,100	
NET INCOME	\$ (400,000)	\$ (443,200)	

Projected cash balance - 6/30/2016	\$ 716,000
Total income FY 2017 BUDGET	\$ 271,200
Total expense FY 2017 BUDGET	\$ (716,400)
Project Cash Balance 6/30/17	\$ 271,000

Note: Reported for each month as per the memo \$100,000

'Exhibit B'

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

INVESTMENT AND DEPOSIT POLICY

I. SCOPE

This investment and deposit policy ("Investment Policy") shall be operated in conformance of federal, state and other legal requirements, including the T.C.A. §6-56-106 titled Authorized Investments, which governs the investment of public funds by cities and towns. This investment policy applies to all moneys and other financial resources available for investment and deposit on behalf of The Industrial Development Board of the City of Oak Ridge (IDB).

II. GOVERNING PRINCIPLES

A. OBJECTIVES

The primary objectives of the IDB's Investment Policy are, in priority order, to comply with all applicable federal, state and other legal requirements (legal); to adequately safeguard principal (safety); to provide sufficient liquidity to meet all operating requirements (liquidity); and to obtain a reasonable rate of return (yield).

B. DIVERSIFICATION

It is the policy of the IDB to diversify its investments and deposits by investment instrument, by maturity, and where practicable by financial institution.

C. DELEGATION OF AUTHORITY

Management responsibility for the investment program is hereby delegated to the Finance Committee, which shall act in accordance with established written procedures and internal controls for the operation of the investment and cash management activities, consistent with this Investment Policy. The Finance Committee shall be responsible for the periodic review and amendment of the Investment Policy. The Investment Policy and any amendments to the Investment Policy must be approved by IDB resolution.

D. INTERNAL CONTROLS

1. It is the policy of the IDB for all moneys collected by any member or employee of the IDB to transfer those funds to the Chairman, Secretary/Treasurer or IDB designee responsible for administrative services within three (3) days of receipt, or within the time period specified in law, whichever is shorter.
2. The Finance Committee is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed and recorded properly in accordance with IDB authorization, and are managed in compliance with applicable laws and regulations.

3. Details of the internal controls system shall be documented in the cash management section of the IDB standard operating procedures manual and shall be reviewed and updated at least annually.
4. Compliance with the Investment Policy shall be assured through the annual independent audit.

E. AUTHORIZED FINANCIAL INSTITUTIONS

The IDB may designate as depositories of its money those financial institutions located and authorized to do business in the State of Tennessee in accordance with all applicable laws.

III. INVESTMENTS

A. PERMITTED INVESTMENTS

In accordance with the T.C.A. §6-56-106 titled Authorized Investments, the IDB may invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

1. Bonds, notes or treasury bills of the United States;
2. Nonconvertible debt securities of the following federal government sponsored enterprises that are chartered by the United States congress; provided, that such securities are rated in the highest category by at least two (2) nationally recognized rating services:
 - a. The federal home loan bank;
 - b. The federal national mortgage association;
 - c. The federal farm credit bank; and
 - d. The federal home loan mortgage corporation; Secured certificates of deposit at state and federal chartered banks and savings and loan associations;
3. Any other obligations not listed in subdivisions (A)(1) and (2) that are guaranteed as to principal and interest by the United States or any of its agencies;
4. Secured certificates of deposit at state and federal chartered banks and savings and loan associations;
5. Repurchase agreements of federal agency securities under procedures established by the state funding board if approved by the office of the comptroller.
6. The local government investment pool as created under T.C.A. §9-4-701-706

The investments listed in subdivisions (A)(1)-(4) may have a maturity of not greater than four (4) years from the date of investment; however, such investments may have a maturity of greater than four (4) years from the date of investment if such maturity is approved by the comptroller of the treasury or the comptroller's designee.

B. PURCHASE OF INVESTMENTS

Investments shall be awarded to the institution whose percentage yield produces the greatest interest income to the IDB and complies with safekeeping requirements and investment limitations.

IV. DEPOSITS

A. DESIGNATION OF DEPOSITORY

The IDB shall, by resolution, designate one or more financial institutions for the deposit of IDB funds. To ensure the best service possible, the IDB will competitively seek quotes for a general fund depository through a request for proposals at least every five (5) years.

B. SAFEKEEPING AND COLLATERALIZATION OF DEPOSITS

In accordance with State law (TCA 9-4-105), full collateralization will be required on all demand deposit accounts, including checking accounts, money market accounts, negotiable certificates of deposit, and non-negotiable certificates of deposit, except in the following instances: 1) when the institution issuing the account belongs to the State of Tennessee Collateral Pool as created under T.C.A. §9-4-501, et seq., or 2) in the case where CDRS (Certificate of Deposit Account Registry Services) are used in lieu of collateralization.

V. MONITORING AND REPORTING

A. MONTHLY MONITORING

Each investment and deposit account statement will be reviewed and reconcile on a monthly basis. The IDB Secretary/Treasurer will review each account reconciliation for accuracy and will investigate any unusual items noted.

B. REPORTING

1. The IDB Secretary/Treasurer shall present a report at each regular meeting of the IDB which shall include the balance and location of all investment and deposit balances of the IDB.
2. On an annual basis, the IDB will obtain an independent audit of its financial statements, which shall include an audit of its investments and deposits and the IDB's compliance with this Investment Policy.

'Exhibit C'



**Industrial Development Board
of the City of Oak Ridge**
1400 Oak Ridge Turnpike
Oak Ridge, TN 37830

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oridb01@gmail.com
www.oridb.net

Board of Directors

- David E. Wilson
Chairman
- Buzz Patrick
Vice Chairman
- Phillip Yager
Secretary-Treasurer
- Richard G. Chinn
- Louise B. Dunlap
- Chris Johnson
- David L. Mason
- H.D. Osucha
- Harold Trapp
- Samantha W. Royster
Executive Assistant

June 6, 2016

Angela Risch, Director
U.S. General Services Administration
Real Property Utilization & Disposal Division (4PZ)
Office of Real Property Asset Management
Public Building Service (PBS)
77 Forsyth Street, SW, Suite 130
Atlanta, GA 30303

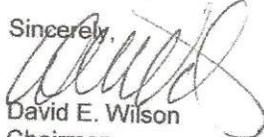
Dear Ms. Risch:

This letter is in response to the Notice of Surplus Determination dated May 13, 2016 for Self Sufficiency Parcel #13.

The Industrial Development Board of the City of Oak Ridge (IDB) is organized as a public corporation by the City of Oak Ridge under T.C.A. §7-53-101 et seq., Consolidated Governments and Local Governmental Functions and Entities, Industrial Development Corporations, General Provisions. The IDB is hereby interested in pursuing a negotiated purchase of the property in accordance with 40 U.S.C. §545(b)(8), Negotiated Sales to Public Bodies for Public Purposes Generally.

Thank you for your consideration. Please let me know what is required for the IDB to proceed with this request and if further information is needed.

Sincerely,


David E. Wilson
Chairman

DEW/swr

Cc: Lori Dennis, GSA
Joseph Crenshaw, GSA
Cindy Finn, DOE
Kenneth Krushenski, City of Oak Ridge
Parker Hardy, Chamber of Commerce