

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

March 7, 2016

A regular meeting of the Industrial Development Board of the City of Oak Ridge, Tennessee, convened at 4:00 p.m. on March 7, 2016 in the Training Room of the Municipal Building. David Wilson; Chairman, called the meeting to order.

ROLL CALL

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

The following members were absent: None

Also present were: Ken Krushenski, Oak Ridge City Attorney; Kate Groover, Comfort Inn; Tom Beehan, Oak Ridge Citizen; Sherith Colverson, City of Oak Ridge; John Huotari, Oak Ridge Today; Ray Evans, City of Oak Ridge; R.T. Carvin, Omega Technical Services; Chander Bhateja, Prime Developments, LLC; David Bradshaw, Capital Mark; Doug Colclasure, Oak Ridge Citizen; and Samantha Royster, Executive Assistant to the IDB.

APPROVAL OF THE AGENDA

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

APPROVAL OF THE MINUTES

Mr. Trapp made a motion to approve the minutes of the regular meeting held February 1, 2016 as amended. Mr. Patrick seconded the motion. The motion carried unanimously.

TREASURER'S REPORT

Mr. Yager presented the financial report for February 2016. He stated that activity was normal and 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 \$4,398.00 that will tie into the net income on the P & L

Profit & Loss

- Interest income received for February totaled \$281.00
- The outstanding CAM fee of \$504.00 was received from 93 Palladium Way. There is one CAM fee that remains outstanding. HJN owes \$1,892.18, and we should receive the payment to us in March.
- Utility payments remain stable
- Expenses in February were all standard- Management Services totaling \$2,500.00, Office Equipment & Supplies of \$163.00, Utilities expense totaling \$216.00, and Mowing & Landscaping totaling \$2,295.00

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

PROSPECT ACTIVITY REPORT

Mr. Jones reported that activity is increasing. Recent prospects have been seeking land with 100 – 150 acres or property with existing buildings of various sizes. He also reported that a couple of the many prospects he has been working with for some time are picking up steam, and he hopes to have good news in regard to them in 60-90 days.

Mr. Evans reported that Mr. Hardy is out of town and attending an ICSC regional conference in Charlotte. He reported that retail interest remains strong but somewhat contingent on the completion of the mall project. He stated that the mall redevelopment continues to progress below the radar. RealtyLink is working diligently to finish all the remaining requirements for closing.

ATTORNEY REPORT

Mr. Krushenski reported that he has prepared a resolution that will be presented at the end of the meeting under new business regarding the BZA Application for Omega Technical Services, LLC.

EXECUTIVE ADMIN. REPORT

Ms. Royster included a written report with the March 2016 board packet detailing the management support services she provided to and on behalf of the IDB for February 2016. The board had no follow-up questions regarding the report.

COMMITTEE REPORTS

a. Finance Committee

Mr. Yager reported that he will schedule a finance committee meeting for April to start the FY2017 budget process.

b. Land Use Committee

1. Copperhead Environmental Consulting / Phase I Bat Assessment- Summary

Mr. Osucha reported that Copperhead performed the site visit in early February and provided the IDB with two reports for Horizon Center Areas 5 & 6. Mr. Osucha provided the board with a summary of Copperhead's findings which basically stated that Copperhead did not anticipate any impact to rare, threatened or endangered plants, species, or critical habitat in regard to the IDB's planned timber harvest. The report on area 6 had no findings and the report on area 5 found five dead trees in close proximity to each other that could be potential resting trees for the Indiana Bat during migration. The IDB may have to leave those 5 trees standing, but we are awaiting the final report from the US Fish & Wildlife Service in order to determine how to proceed with the land clearing.

2. Clearing of Areas 5 & 6- Timber Contract

Mr. Osucha reminded the board that American Forest Management (AFM) completed the timber survey last year in preparation to clear the trees in Horizon Center Areas 5 & 6. He introduced Greg Bailey with AFM and asked him to discuss the services his company will provide if the IDB proceeds with the timber harvest in Areas 5 & 6. Mr. Bailey stated that AFM will first mark the areas that will be cut, so everyone will know the boundaries. AFM will then make any necessary adjustments to the timber inventory they performed last year. They will then assist the IDB with the RFP for the timber harvest. AFM will oversee all harvesting activities.

Mr. Bailey reminded the board that the award of the RFP will go to the highest bidder and that the harvest could take place over an extended period of possibly up to 12 months. Mr. Osucha stated that he will present a service contract with AFM to the board for a vote after we have received the report from the US Fish & Wildlife Service.

3. Horizon Center Area 6 Recertification Process

Mr. Osucha reminded the board that the Horizon Center Development Area 6 was certified June 6, 2013 under the Select Tennessee Site Certification Program. Under the program, the site must be recertified every 3 years. He stated that the IDB has received notice from the Tennessee Department of Economic and Community Development (TNECD) that it is time to begin the recertification process. Mr. Osucha asked Ms. Royster to provide the board an overview of the process.

Ms. Royster stated that she has already begun working on the recertification by obtaining all of the certification files from the Chamber that had been compiled by the Oak Ridge Economic Partnership (OREP). OREP sponsored the original certification. The IDB will be the new sponsor under the recertification and must immediately submit a letter of intent to apply for recertification. Ms. Royster indicated that she has been in contact with the State and their affiliate Austin Consulting and has gained access to the web-based application that is used during the recertification process. She indicated that the IDB is required to update the original certification application. In addition, we are required to update several letters/exhibits from several sources including the City of Oak Ridge, ORUD, AT&T, and the State of TN. We are also required to provide updated photos of the site. She will be sending out letters requesting updated material to several departments at the City and State, ORUD, and AT&T next week. Ms. Royster stated that she will make sure we have all recertification documents to the State by their requested deadline of April 30th.

Mr. Osucha made a motion authorizing the Chairman to sign the letter of intent to apply for recertification of Horizon Center Development Area 6 under the Select Tennessee Site Certification Program. Ms. Dunlap seconded the motion. The motion carried unanimously.

c. Special Projects Committee

Mr. Mason reminded the Board that it asked the Special Projects Committee to review the section of the Horizon Center Declaration of Covenants, Conditions, and Restrictions regarding utility lines and make a recommendation whether it should be amended to allow for overhead utility lines. Mr. Mason stated that he met with the City of Oak Ridge Electrical Director, Jack Suggs, who provided the committee with several suggestions regarding electric utilities at Horizon Center and possible changes to the Covenants. Mr. Suggs' complete list of recommendations will be kept on file for future reference; however, the meeting of the Special Projects Committee resulted in a resolution to add only one line to Article V, Section 5.12 of the Covenants to allow for overhead utility lines.

During a brief discussion by the board, it was noted that the Covenants allow for amendments by the IDB as an owner of over 50% of the total acreage of the property. Mr. Krushenski, IDB Counsel, recommended that the Board mail letters to all land owners at Horizon Center notifying them of any new amendments approved by the IDB.

Mr. Mason made a motion to approve the recommendations resultant of the Special Projects Committee meeting of March 2, 2016. Ms. Dunlap seconded the motion. The motion carried unanimously.

A copy of amendment number four to Horizon Center Declaration of Covenants, Conditions, and Restrictions is attached herewith as Exhibit A and shall be recorded at the Roane County Register of Deeds office.

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

Mr. Yager reported that the committee continues to meet and there should be one or more policies to bring before the board for approval next month.

OLD BUSINESS

- f. Mr. Wilson reported that DOE has responded to the letter that the IDB sent them in January requesting that they undertake a 10 CFR Part 770 land transfer of 40 acres on Bethel Valley Road to the IDB for economic development purposes. Mr. Wilson stated that DOE has moved this issue to the General Services Administration (GSA) and he, Mr. Hardy, and Mr. Jones had spoken with them by conference call. The GSA stated that they are only able to offer 20 acres of land on Bethel Valley Road, it will be sold at fair market value, and it must go through their regular procurement process that could take up to 12 months. Protomet has been made aware of this process and has indicated that 20 acres is the minimum acreage suitable for their expansion plans. Further information will be communicated as it becomes available.

NEW BUSINESS

- a. Mr. Wilson reported that he, Mr. Hardy, Ms. Royster and Mark Watson met with Chander Bhateja and J.P. Singh for a PILOT pre-application meeting on February 16, 2016. Mr. Bhateja has submitted a PILOT application to the IDB and the City on Series C of NP Road Partners LLC's hotel project. They wish to build an upper-midscale hotel, TownePlace Suites by Marriott, at 301 East Tulsa Road. Mr. Wilson stated that the IDB will not be voting on the PILOT today as the City has not yet reviewed the PILOT application and given its recommendation to the IDB. However, Mr. Wilson asked Mr. Bhateja to provide the Board an overview of his project.

Mr. Bhateja stated that he was approached by a group of City leaders approximately 3 years ago who asked him to work with the mall developer on building a hotel with meeting space as part of the Main Street Oak Ridge project. He signed a contract with the previous mall developer, Crosland, and a franchise agreement with Marriott in August 2013. He could not reach an agreement with the new mall developer, RealtyLink; therefore, he would like to build the 73 room hotel on a secondary location on Tulsa Road. Mr. Bhateja indicated that he has lived in Oak Ridge over 20 years and has developed 9 hotels to date. He estimates that the hotel will generate \$250,000.00- \$300,000.00 in annual revenue on sales and occupancy taxes and approximately \$100,000.00 on city/county property tax. To offset the additional site development costs associated with building the hotel at the Tulsa Road location, he is requesting a 15 year/50% PILOT.

Mr. Wilson stated that the Board will revisit the PILOT application as soon as we receive the City's recommendation.

- b. Mr. Wilson asked Mr. Krushenski to address the Board. Mr. Krushenski stated that Omega Technical Services is going before the Board of Zoning Appeals (BZA) this month to request a zoning variance. Omega receives a tax abatement in accordance with the PILOT program. Due to the requirements under the PILOT, the IDB is the actual owner of the property and Omega is the Lessee of the property in Heritage Center Park. Mr. Krushenski stated that he has prepared a resolution authorizing the Industrial Development Board to join in the request filed by Omega with the City of Oak Ridge Board of Zoning Appeals to approve storage space in a fenced-in area outside of their building at 100 Europia Avenue.

During a brief discussion by the Board, it was noted that Omega had received an earlier variance from the BZA to waive the IND-2 zoning district fence requirements around the building, because they were not going to use outdoor storage and were conducting business inside a secured facility. However, Omega now wishes to store empty containers used in radiological processing outside of the facility and must request the new variance.

Mr. Trapp made a motion to approve the resolution prepared by Mr. Krushenski and attached in these minutes as Exhibit B. Ms. Dunlap seconded the motion. Mr. Mason abstained. All other members voted yes. The motion carried.

ADJOURN

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

The meeting adjourned at 4:58 P.M.

APPROVED BY THE INDUSTRIAL DEVELOPMENT BOARD
April 4, 2016

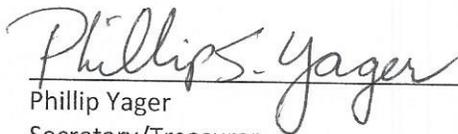

Phillip Yager
Secretary/Treasurer

Exhibit A

AMENDMENT NUMBER FOUR (4) TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE HORIZON CENTER

WHEREAS, THIS AMENDMENT NUMBER FOUR TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF HORIZON CENTER (Amendment No 4) is made and entered into as of the 7th day of March 2016 by the Industrial Development Board, of the City of Oak Ridge, Tennessee, a not -for- profit Corporation.

WHEREAS, AT ITS MEETING ON MARCH 7, 2016 THE INDUSTRIAL DEVELOPMENT BOARD (IDB) APPROVED A RESOLUTION AMENDING THE DECLARATION OF COVENANTS AND RESTRICTIONS AT ARTICLE V, SECTION 5.12, TO MAKE AN EXCEPTION FOR OVERHEAD TRANSMISSION LINES.

NOW, THEREFORE, ARTICLE V, SECTION 5.12 is hereby amended and shall read as follows:

Article V, Section 5.12

Utilities; Mechanical Equipment; Roof Projections. All ground-mounted mechanical equipment, utility meters, and storage tanks shall be screened from other building sites, common areas, or public streets. If concealment within the Building is not possible, then such utility elements shall utilize Visual Buffering. Antennas shall be screened to the extent practicable and consistent with appropriate electromagnetic considerations.

Penthouses and rooftop mechanical equipment screen walls shall be of a design and materials similar to and compatible with those of the Building that they serve.

Underground utility lines throughout the Property shall be used. Exceptions for overhead sub-transmission lines within the Property shall have prior approval of the Association. No electrical transformer or other such apparatus shall be located on any power pole or hung on the outside of any Building, but same may be placed on or below the soil surface, and where so placed, shall utilize Visual Buffering.

Prior Deed References for Amendment Four - Miscellaneous Book N-22, page 162 (Roane Co., TN), See also Book 1377, page 467 and 1487, page 815.

Exhibit B

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

A RESOLUTION AUTHORIZING THE INDUSTRIAL DEVELOPMENT BOARD TO JOIN IN THE REQUEST FILED BY OMEGA WITH THE CITY OF OAK RIDGE BOARD OF ZONING APPEALS TO APPROVE STORAGE SPACE IN A FENCED-IN AREA OUTSIDE OF THEIR BUILDING AT 100 EUROPIA AVENUE.

WHEREAS, the Industrial Development Board (IDB) is the owner of property located at 100 Europa Avenue designated as a portion on ED-5 East in Heritage Center Park (ETTP) pursuant to a Payment in Lieu of Taxes (PILOT) Lease Agreement with 100 Heritage LLC and Omega Technical Services; and

WHEREAS, Omega Technical Services has requested permission from the City of Oak Ridge Board of Zoning Appeals (BZA) to allow storage of empty containers in a fenced area outside the building that Omega occupies; and

WHEREAS, the BZA requires the owner of the property to join in the application for this variance.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF OAK RIDGE, TENNESSEE:

That the IDB approves the request of Omega Technical Services to join in their application to the City of Oak Ridge Board of Zoning Appeals to allow a variance permitting Omega to store empty containers inside a fenced-in area outside the main building located at 100 Europa Avenue.

We hereby certify that attached hereto is a resolution of The Industrial Development Board of the City of Oak Ridge, Tennessee, duly and lawfully adopted by its Board of Directors on March 7, 2016, at a meeting at which a quorum was acting throughout, and we furthermore certify that such resolution has not been amended or modified in any respect.

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE CITY OF OAK RIDGE, TENNESSEE

David E. Wilson, Chairman

Phillip Yager, Secretary