

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

**September 6, 2016**

A regular meeting of the Industrial Development Board of the City of Oak Ridge, Tennessee, convened at 4:00 p.m. on September 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: Buzz Patrick, Dave Mason, Richard Chinn, Chris Johnson, Harold Trapp, Phillip Yager, Hal Osucha, and David Wilson

The following members were absent: Louise Dunlap

Also present were: Parker Hardy, Chamber of Commerce; Mark Watson, City of Oak Ridge; Ray Evans, City of Oak Ridge; Steve Jones, City of Oak Ridge; Dennis Frazee, Key Holdings; Doug Colclasure, Oak Ridge Citizen; and Samantha Royster, Executive Assistant to the IDB.

**APPROVAL OF THE AGENDA**

Mr. Wilson asked to amend the Agenda to add another items under New Business as follows:

- b. GSA Purchase
- c. Horizon Center Covenants- CAM fees

Mr. Patrick made a motion to approve the agenda as amended. 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 August 1, 2016 as presented. Mr. Trapp seconded the motion. The motion carried unanimously.

Mr. Mason made a motion to approve the minutes of the special called meeting held August 29, 2016 as presented. Mr. Trapp seconded the motion. The motion carried unanimously.

**TREASURER'S REPORT**

Mr. Yager presented the financial report for August 2016 which will be placed on file.

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

**PROSPECT ACTIVITY REPORT**

Mr. Hardy stated that he has been working with one restaurant that will be coming to Oak Ridge. This will be new construction, but he is not at liberty to reveal the name of the company at this time. Mr. Hardy also reported that he continues to work with the three existing companies that will be expanding in Oak Ridge. One of the companies is looking to build a new facility and is looking at Horizon Center as a possible location.

Mr. Jones reported that he has been speaking with two new prospects; however, one prospect he has been working with for some time will probably be going elsewhere. He reported that, for the first time, there are multiple prospects interested in every parcel of available property in both Heritage and Horizon Center, and he has quoted prices on all of them.

Mr. Jones discussed the recent announcement out of Horizon Center regarding the purchase of the Theragenics building by LeMond Composites, LLC. He stated that he is still working with LeMond, TVA and the State on incentives for the company that is utilizing the low cost carbon fiber technology

developed at ORNL. Mr. Jones indicated that other companies are looking at this technology and will hopefully be interested in moving to Oak Ridge, as well.

Mr. Watson reported that the City is currently looking at ways to address the electricity needs at Horizon Center and discussing ways to increase the power source.

Mr. Watson reported that the Main Street project is on schedule. They are currently working on the electrical power throughout the site. He indicated that the portion of the site on which the hotel will be located will be more challenging.

### **ATTORNEY REPORT**

Mr. Krushenski asked to discuss the sale of Lot 1, Block 19BC in Horizon Center that is agenda item (b) under Old Business. He reported that the closing on the sale of the 10.33 acre lot took place on September 1<sup>st</sup>, proceeds in the amount of \$258,250.00 less closing costs have been issued to IDB, and that the IDB should issue a check to CROET in the amount of \$98,135.00 for its portion of the proceeds.

### **EXECUTIVE ASSISTANT REPORT**

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

### **COMMITTEE REPORTS**

a. Finance Committee – No Report

b. Land Use Committee

1. Mr. Osucha reported that AFM sent out the bid packet for the sale of timber in Area 5. We also posted the information on the IDB website. The bid process began on August 8<sup>th</sup> with a bid opening scheduled for August 31<sup>st</sup>. No bids were received. We received feedback that the pulp market is down at this time and there were issues with the contract term. The solicitation for bids will be sent out and posted again with a change to the contract term and a request for incentives to complete the land clearing as soon as possible. The new bid opening will be September 15<sup>th</sup>.
2. Mr. Osucha made a motion to revise the resolution made at the August meeting regarding the bush hogging at Horizon Center to include the 10.33 acres of land recently sold to the Chinns. The new motion is to enter into a services agreement with Millsaps Lawn Care, LLC to bush hog 117 acres in Horizon Center at a cost of \$5,000.00. Mr. Mason seconded the motion. Richard Chinn abstained from the vote. The motion carried.

c. Special Projects Committee

Mr. Mason reported that the committee met to review the items discussed at the last board meeting regarding a contract for additional marketing at Horizon Center. He stated that in light of the positive things happening in terms of prospect activity, the committee decided to table any further discussions involving a contract with a local realtor for at least six months. The committee is not recommending any action at this time.

d. Spec Building Committee – No Report

e. Policies and Procedures Committee

Mr. Yager asked Ms. Royster to discuss certain policies that are being prepared for review and approval by the board. Ms. Royster stated that she received an email from the State of Tennessee Comptroller's office at the end of July that was sent to all audited agencies clarifying a new state statute requiring an Internal Control and Compliance Policy and Procedures manual to be in place and approved as of June 30<sup>th</sup>, 2016. The policy must be written follow very specific guidelines outlined in the statute. Ms. Royster stated that she is working on this policy and will have it ready by the next board meeting.

## **OLD BUSINESS**

- a. Mr. Wilson asked Mr. Evans to speak on the mall project and the TIF Loan. Mr. Evans reported that the TIF loan has closed and everything is moving forward as planned with the Main Street project. Much of the work at this time involves utility work. He stated that plans at this time are to have the first 6 stores open in the Spring of 2017.
- b. Mr. Krushenski reported on the closing of the sale of Lot 1, Block 19BC in Horizon Center in the Attorney report.

## **NEW BUSINESS**

- a. Mr. Wilson reported that the IDB received a letter from Key Holdings, LLC, the company that purchased the last lot in Bethel Valley. Per the requirements of the Bethel Valley Declaration of Restrictions, Key Holdings, LLC is required to notify the IDB if they have made no improvements to the property within 12 months, and the IDB has the option to buy the property back at the amount for which it was sold. The property was sold for \$30,000 less commission, and the proceeds went to the city instead of the IDB.  
There was discussion among the board as to whether to buy the property back with some members in favor and some members not in favor of purchasing the property back from Key Holdings. It was mentioned that if the IDB would have to ask City Council to give back the proceeds that the City received from the original sale unless the IDB wanted to use its cash reserves. It was unclear whether the IDB would receive proceeds from any subsequent sale of the property or if the proceeds would again go to the City.  
Mr. Chinn made a motion for the IDB to buy back the property from Key Holdings, LLC pursuant to the option in the Bethel Valley Declaration of Restrictions that allow the IDB to buy back the property if no improvements have been made within 12 months of purchase. Mr. Trapp seconded the motion.  
There was further discussion by the board in regard to the motion. The representative from Key Holdings was asked to speak as to why they did not build on the property. Mr. Frazee stated that due to new storm water regulations regarding the construction of a retention pond, their plans to build on the site became cost prohibitive compared to purchasing an existing building in Knoxville. Mr. Chinn and Mr. Trapp voted yes to the motion. Mr. Wilson, Mr. Johnson, Mr. Yager, Mr. Patrick, Mr. Osucha, and Mr. Mason voted not to the motion. The motion did not carry.
- b. Mr. Wilson reminded the Board that it has been in negotiations with the GSA to purchase 19.47 acres of land owned by DOE adjacent to the Protomet facility on Bethel Valley Road known as Self-Sufficiency Parcel 13. The GSA has offered the property to the IDB at a purchase price of \$99,500.00, and the IDB will offer the parcel to the end user at the same price plus \$3,500.00 for the cost of the survey. Mr. Mason made a motion to allow the Chairman to enter into an agreement with the GSA to purchase Self-Sufficiency Parcel 13 at a price of \$99,500.00 and make a non-refundable earnest money payment of \$9,950.00 to the GSA, only after the IDB has negotiated a contract with the end user to purchase the property for \$103,000.00 and make payment of earnest money to the IDB in the amount of \$10,300.00. Mr. Chinn seconded the motion. The motion carried.
- c. Mr. Wilson stated that we have had some problems recently regarding the billing and collection of CAM fees when property is sold in Horizon Center and suggested the Special Projects Committee look at the Covenants and make recommendations to clarify the process. Mr. Wilson asked Ms. Royster to email information concerning the issues to all board members. Mr. Patrick made a motion to send this issue to the Special Projects Committee for review. Mr. Mason seconded the motion. The motion carried.

**ADJOURN**

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

The meeting adjourned at 5:05 P.M.

APPROVED BY THE INDUSTRIAL DEVELOPMENT BOARD  
October 3, 2016

  
Phillip Yager  
Secretary/Treasurer