

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

June 1, 2015

A regular meeting of the Industrial Development Board of the City of Oak Ridge, Tennessee, convened at 4:00 p.m. on June 1, 2015 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, Chris Johnson, Dave Mason, Hal Osucha, Buzz Patrick, Harold Trapp, Phillip Yager, and David Wilson

The following members were absent: None

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; Ron Asher, Ridge Realty; Bryan Mills, ACHW; Bob Fowler, Knoxville News Sentinel; Jennifer Johnson, Executive Administrative Assistant to the IDB (outgoing); and Samantha Royster, Executive Administrative Assistant to the IDB (incoming).

APPROVAL OF THE AGENDA

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

APPROVAL OF THE MINUTES

Mr. Trapp made a motion to approve the minutes of the meeting held May 4, 2015. Mr. Osucha seconded the motion. The motion carried unanimously.

TREASURER'S REPORT

Mr. Johnson reported that highlights for the month are the financial statements provided to the board containing up-to-date information through May 2015. There was little activity to report other than interest income paid on all interest bearing accounts and regular payments made for management services and maintenance upkeep at Horizon Center. Balance statement reflects a net loss of approximately \$4,200 based on this activity.

Keeping in line with the direction of the board to keep cash liquid for upcoming obligations, a maturing CD with a balance of approximately \$150,000 was closed and transferred by Mr. Wilson into the TNBank general fund.

All account reconciliations for the month will be reviewed and initialed for standard oversight of the financial activity and reporting.

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

PROSPECT ACTIVITY REPORT

Parker Hardy reported that the most recent prospect activity was garnered at the ICSC RECON convention last month in Las Vegas. RECON is a significant source for business leads for Oak Ridge from all over the country, because all the decision makers are present at one time. This was the strongest convention to date, and the overall attendance level was approximately 35,000.

The five delegates from Oak Ridge were Mr. Hardy; Ellen Smith, Oak Ridge City Council/Mayor Pro Tem; Stephen Whitson, former Oak Ridge Chamber Chairperson and President of H-S Whitson Construction Co.; Melinda Hillman, Oak Ridge Chamber Chairperson and VP of RSCC; and Leigha Edwards, UT-Battelle. Over 2 ½ days, the team met with 16 prospective retailers who were not interested in going into Main Street but would prefer other sites within Oak Ridge. The team specifically steered away from contacting prospects for Main Street, because those retailers were being contacted by the developer.

Mr. Hardy was encouraged that only 2 of the prospects were not interested in coming to Oak Ridge at this time, only because they are just now entering the national market. One prospect noted that they recently found someone to purchase their franchise for this area and were slated to visit Oak Ridge in search of property sites last week. They are now in the process of following up with them.

Mr. Hardy noted that increased interest by retailers to enter the Oak Ridge market was primarily due to two reasons 1) the high visibility of the Main Street Project and 2) the shopping center industry as a whole is recovering, and there is money to invest.

Steve Jones was absent. Mr. Hardy reported on his behalf. Mr. Jones is continuing to work with CVMR toward the finalization of their package, so he will have something to bring to the board next month. There was a brief surge of activity in May with three RFPs submitted. One of those has already resulted in a site visit.

There has also been some activity of potential co-locators related to CVMR. This activity has also led to Mr. Jones contacting potential spec building developers due to the limited industrial space currently available.

Ray Evans reiterated what Mr. Hardy stated regarding the current retail interest in Oak Ridge, and that interest should increase further as Main Street Project gets closer to fruition. New retail leasing is also going extremely well at the project site next to Aldi's.

Mr. Evans stating that progress is moving forward with Main Street Project. We should see the beginnings of demolition within 3-4 weeks regarding the assessment of environmental issues related to age of the original buildings.

Mr. Osucha asked Mr. Evans to comment on the progress at the Alexander Inn property. Mr. Evans stated that he had spoken with the owner today who hopes to be open within 30 days.

ATTORNEY REPORT

Mr. Krushenski reported that he had nothing further to add to what had been reported by Mr. Hardy and Mr. Evans, but that he would be ready to originate and review documents necessary to facilitate the future projects.

EXECUTIVE ADMIN. REPORT

Ms. Johnson reported her basic monthly activities to the Board. Prepared the Board's monthly meeting packets and finance reports. Coordinated with COR attorney to prepare the Professional Services Agreement for Diversified Electric (per Board action). Prepared agenda for Finance Committee meeting and attended. Delivered approved minutes and attendance log to City Clerk's office, updated City and IDB webpages with approved minutes, prepared monthly checks for invoices received. Emailed 2014 PILOT performance summary to COR Finance Department at the request of the Director, Janice McGinnis. Centrus (formerly USEC) is out of compliance and City is working to resolve. Made arrangements with ORNFCU and IDB Chairman to close out MM account for deposit into the general fund. Took photos of Horizon Center and gathered additional information for IDB website. Prepared letter to local financial institutions requesting presentation of cash management plan at the Finance Committee meeting. Prepared June IDB meeting agenda and draft of May minutes.

COMMITTEE REPORTS

- a. Finance Committee – Mr. Johnson reported the Finance Committee met on May 27, 2015 in regard to three issues.

1. Cash Management Proposal-

Mr. Johnson reported that in response to board request, Ms. Johnson sent letters to six local financial institutions requesting presentations/proposals on a new cash management plan. The letter outlined the deposit needs of the IDB and stressed the importance of deposit safety, liquidity, and interest yield. Ms. Johnson made follow-up calls and emails to insure all institutions had opportunity to present; however, TNBank was the only one to respond. The IDB has a long-standing relationship with TNBank at which its general fund checking account is maintained earning an interest rate of .20%. TNBank proposed changing our current account to a Platinum account which will yield interest at a rate of .40%. We will maintain check writing capability, there will be no monthly fees, funds will remain liquid, and we will be given a safe deposit box at no cost. In addition, the entire account balance will be fully insured with first \$250,000 insured through the FDIC and any additional funds on deposit will be insured through the State of Tennessee Collateral Pool. The Finance Committee was satisfied and has accepted TNBank's proposal. We have closed the money market account at ORNL FCU and moved those funds into the general fund. The safe deposit box with ORNL FCU will also be closed and moved to TNBank. All other IDB accounts will remain unaffected at this time.

No board action is required as discussion of this issue was for informational purposes only.

2. IDB Budget 2015-2016-

Mr. Johnson reported that the Finance Committee has gone through the proposed budget for FY 2016 and is recommending it for formal Board approval. The FY 2016 Budget is presented with the same key assumptions as FY 2015. The first key assumption is that we will have CAM fees coming in at the same level. Another 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 budget for FY 2015 also assumed the sale of one tract. Budget expense figures for Management Support and Service, IDB Support, Site Upkeep, Mowing and Landscaping, Utilities and Contingency will remain at the same level in FY 2016 as FY 2015; however, additional budget expense has been added for landscape improvements and irrigation at Horizon Center, and Marketing expense figures show an increase due to ongoing support and improvement for the website and the purchase of new signage. Audit Services expense will increase over the FY 2015 Budget and will be discussed under a separate issue. In addition, the budget figure for Engineering Support Services has increased due to proposed contract for survey work at Horizon Center. The FY 2016 Budget also reflects the \$500,000 in Committed Funds for the Main Street Project. Overall FY 2016 Budget reflects a projected cash balance at fiscal year-end of \$383,500. 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. Johnson made a motion to approve the IDB Budget for FY 2016. Harold Trapp seconded the motion. The motion carried unanimously.

3. FY 2015 Audit Services

Mr. Johnson discussed the engagement of Dale Isabell to perform the FY 2015 audit. Mr. Johnson noted that Mr. Isabell's fees have not increased in several years and are very reasonable. Mr. Isabell has proposed an audit fee of \$3,500 which is an increase of \$600 over last year's cost.

Mr. Johnson made a motion to approve the engagement letter with Dale Isabell for FY 2015 Audit Services. Mr. Osucha seconded the motion. The motion carried unanimously.

b. Land Use Committee –

1. Exercise Option IV with Diversified Landscape Services –

Mr. Osucha reminded the Board that when they extended the mowing contract with Diversified Landscape Service through June 30, 2015, three additional options for extension were included. We need to exercise Option IV which will extend contract through July 31st. The new bid package for mowing services should be out by July 1st, but one or both of remaining options to extend Diversified's contract may be necessary.

Mr. Mason made a motion to exercise Option IV to extend the mowing contract with Diversified Landscape Service. Mr. Chinn seconded the motion. The motion carried unanimously.

2. Irrigation Installation-Novus Drive

Mr. Osucha noted that a recommendation was made at the February meeting that an irrigation system be installed on two islands at the Western entrance on Novus Drive. We have a quote of \$7,850 from Rainscapes Irrigation to install the system. We also requested a quote for landscaping design at the same location after irrigation has been performed which will be discussed further at the next board meeting.

Mr. Osucha made a motion to install the irrigation system on Novus Drive. Mr. Mason seconded the motion. The motion carried unanimously.

3. Survey Work-Land Clearing Project

Mr. Chinn stated that he and Mr. Osucha have been in talks with McGrew Engineering and Surveying to do the survey work on Lot 1-16 BD and Lot 1-16 BB. After negotiations, McGrew has agreed to do reduce their original bid to do the work from \$23,625 to \$15,770.

Mr. Chinn made a motion to approve the proposal from McGrew Engineering and Surveying to do the survey work on Lot 1-16 BD and Lot 1-16 BB at a cost of \$15,770. Mr. Mason seconded the motion. The motion carried unanimously.

- c. Special Projects Committee – Ms. Johnson reported that she has taken new pictures of Horizon Center and will be training her replacement on updating the IDB website.
- d. Spec Building Committee – No report.
- e. Policies and Procedures Committee – No Report.

OLD BUSINESS

None

NEW BUSINESS

a. Executive Administrative Assistant

Mr. Wilson introduced new independent contractor, Samantha W. Royster, to the Board as the new Executive Administrative Assistant for the IDB.

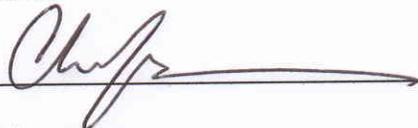
ADJOURN

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

The meeting adjourned at 4:44 p.m.

APPROVED BY THE INDUSTRIAL DEVELOPMENT BOARD

July 6, 2015



Chris Johnson

Secretary/Treasurer