

INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF OAK RIDGE
MINUTES

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OFFICE OF THE CITY CLERK

DATE: November 7, 2011

TIME: 4:00 pm

PLACE: Municipal Building Conference Room

PRESENT: Board Members: William Biloski, Richard Chinn, Louise Dunlap, Chris Johnson, David Mason, Hal Osucha, Buzz Patrick, Harold Trapp, David Wilson
Executive Director: Kim Denton

ABSENT: None

ALSO PRESENT: Elisabeth Brown, Oak Ridge Economic Partnership; Kathy Barber, Oak Ridge Economic Partnership; Parker Hardy, Chamber of Commerce; Nikki Bradley, ORUD; Steve Jenkins, COR; Dale Isabell, CPA; Eugene Lackey, Lackey & Associates; Jack Suggs, Oak Ridge Electric; Lowell Strunk, BWSC; Walter Wise, Central Park Development; Terry Wheeler, Central Park Development; Kathryn Baldwin, COR; Doug Colclasure, Oak Ridge Greenways; Mark Watson, COR; Mark Mamantov, Bass Berry & Sims

Mr. Biloski called the meeting to order at 4:00 p.m.

Approval of Agenda

Mr. Wilson made a motion to approve the Agenda as submitted. Ms. Dunlap seconded the motion. Motion carried with all in favor.

Approval of Minutes

Mr. Trapp made a motion to approve the minutes of the regular meeting held October 3, 2011. Mr. Wilson seconded the motion. Motion carried with all in favor.

Treasurer's Report

Mr. Trapp reported that the IDB has a current balance of \$262,759.16 in its checking account. Mr. Trapp stated the Board has started to see an influx of bills from the sewer line work as well as the land clearing project. Mr. Wilson made a motion to accept the Treasurer's Report as submitted. Ms. Dunlap seconded the motion. The question was raised whether the funds which are already committed to certain projects are being reflected in the budget as liabilities vs. undesignated funds. Discussion ensued regarding how liabilities should be reflected in the budget as well as the reimbursement process from the State for the sewer process. Motion carried with all in favor.

Prospect Activity (Executive Director) Report

1. Prospect Update

Ms. Denton reported that prospect activity has not picked up. She stated there are currently 17 prospects; 9 of which are active. Ms. Denton mentioned the very successful open house ATC Nuclear recently hosted to celebrate their new facility. Ms. Denton noted some of the projects

that are currently actively being worked are Appalachian Underwriters, Answer Financial and Babcock Services. She noted she has been made aware that several other projects are on hold due to the state of the economy, lack of financing, lack of federal grants, loan guarantees, etc. Ms. Denton is concerned that there does not seem to be a lot of new prospect activity in the pipeline. The question was raised regarding recent announcements of new jobs in the region and whether Oak Ridge was considered for those jobs. Ms. Denton noted that most of the recent announcements have been expansions of jobs in a company's current location. Ms. Denton noted that when a local company expands, it's a positive indicator of the local business climate. Ms. Denton did note that Oak Ridge typically does not compete with neighboring communities on projects that come through the State ECD or TVA.

2. FastTrack Grant Update

Ms. Denton informed the board she recently submitted 2 Pay Requests to the State of Tennessee totaling approximately \$35,000 for reimbursement. These payments have not yet been received but should be expected in the coming weeks. Ms. Denton further informed the board a 3rd Pay Request has just been received and has not yet been processed.

3. Sewer Line Update

Mr. Strunk presented his report regarding the sewer line update by stating that 2 man holes had recently been put in and approximately 50ft of pipe has been laid. He noted there has not been a lot of productivity at the site in the last 2 weeks due to a delay in getting the man ~~holes~~ ^{holes.} He did note the electric and public works departments have been very responsive in locating and marking existing utilities at the site. Mr. Strunk further stated that some sprinkler lines that were not marked were inadvertently cut but have been repaired. In spite of the slight delay, Mr. Strunk does not feel the completion date is in jeopardy.

4. Land Clearing Update

Mr. Biloski presented recent photos taken of the land clearing at Horizon Center. Mr. Strunk reported that nearly 4 acres near the road has now been seeded and mulched. He also stated that approximately 36 acres not visible from the road has been cleared. Mr. Strunk estimates the project is 25%-30% complete at this time.

5. IDB/OREP Board Work Session Follow-Up

Ms. Denton discussed follow-up from the joint IDB/OREP Board work session. Ms. Denton stated that she had met with Mr. Krushenski, Susan Fallon with the City, and Elisabeth Brown to identify the gaps in staff support and work flow. Ms. Denton is preparing a document to outline the responsibilities and duties that need to be addressed since the City's staff reallocation. She will first meet with the chairs of both the IDB and OREP and then follow-up with both boards.

Attorney's Report

1. IDB TIF Policy Submission to City Council Approval

Mr. Krushenski reported that the City Manager has elected not to make any changes to the TIF Policy. Mr. Krushenski stated that the IDB can simply renew the existing policy by just changing the dates. The TIF Policy approval will be placed on the December agenda. Mr. Biloski also briefly touched on the PowerPoint presentation by Mr. Mamantov regarding TIF recently presented to City Council. This PowerPoint presentation was included in the IDB packets.

2. ATC Nuclear/Omega Consultants PILOT Lease Documents

Mr. Krushenski reported the PILOT lease documents are works in progress. Mr. Mamantov and Mr. Krushenski have been in touch with Omega Consultants' attorneys and are working on the proper documents. Ms. Denton reported she has been in touch with ATC Nuclear and assured the board ATC is aware of the January deadline. Ms. Denton informed Mr. Krushenski he should be hearing from ATC's attorneys in the near future.

Committee Reports

Finance

1. State Audit Letter Response

Mr. Biloski reported the State Comptroller requested a letter verifying the 2010 Audit. The letter has been submitted to the state and all requirements have been met.

2. FY2011 Audit Review

Mr. Trapp introduced Mr. Dale Isabell, CPA, who conducted the audit. Mr. Isabell presented the FY 2011 Audit to the board for review. He stated this year's audit was an excellent report with 4 audit findings from the previous year having been corrected. He noted some assets were combined to create more liquidity. Mr. Isabell reviewed details of the audit including an approximate \$49,000 prior period adjustment due to a money market account that was not previously recorded. Mr. Patrick made a motion to accept the FY 2010-2011 Audit as presented. Ms. Dunlap seconded the motion. The motion carried with all in favor.

3. FY2012 Letter of Engagement

Mr. Trapp presented the FY2012 Letter of Engagement from Mr. Isabell, CPA. The letter states Mr. Isabell's services will be rendered for \$2,900, which is a reduced fee from last year. Mr. Patrick made a motion to go ahead and accept the FY2012 Letter of Engagement. Ms. Dunlap seconded the motion. The motion carried with all in favor.

Land Use

1. Horizon Center Electrical Infrastructure Update

Mr. Biloski spoke with the Department of Energy recently regarding the environmental study 30 day easement request. TDEC recommended an additional 15 days for public comment. DOE feels they can work through any minor issues. The city's electric department will need to meet with DOE soon to discuss the easement language.

2. Horizon Center CAM Fees Update

Mr. Osucha reported 4 of the 5 Horizon Center tenants have paid their CAM fees. Multiple attempts have been made to communicate with the owner whose fees are outstanding and those attempts have not been successful. Mr. Krushenski confirmed a letter demanding payment had been sent to the property owner's attorney with no response. Mr. Krushenski feels the only recourse at this point is legal action. Mr. Wilson made a motion for Mr. Krushenski to take necessary legal action to induce HJN Properties to pay their CAM fees. Mr. Trapp seconded the motion. Motion carried with all in favor.

3. Horizon Center Entrance Work

Mr. Osucha reported the landscaping near the signage for Horizon Center is in the way of the road widening project of Hwy 95. He met with Jerry Holbrook to discuss entrance landscaping which will need to be reworked once the roadwork is complete. This project is estimated to cost approximately \$3,000-\$5,000. Plans will be made to work this issue when the time is appropriate.

Special Projects Committee

1. Horizon Center Proposal Letter Request

Mr. Mason reported on the Horizon Center Proposal Letter Request. Mr. Mason stated he has not seen a response from the OREP Chair but Ms. Denton has received an email from the Partnership's attorney giving his legal opinion as to the validity of Ms. Denton being able to market Horizon Center with intent of compensation for properties sold. Mr. Normand, the Partnership's attorney, stated in the email that compensation from the sale of real estate by a person who is not a licensed realtor is illegal.

2. Horizon Center NAI Proposal

Mr. Mason stated the board is going to ask NAI to reconsider its proposal for the listing agreement for Horizon Center. NAI will be asked to consider lowering their commission for any property sold without their involvement. Discussion regarding what appropriate signage would be needed to market Horizon Center. Mr. Mason made a motion to commission Ms. Denton to acquire signage for Horizon Center and to have NAI signage removed. The motion was seconded by Mr. Chinn. Motion carried with all in favor.

Spec Building Committee

Mr. Wilson informed the board the Spec Building Committee did not meet. Therefore, there is no report.

Old Business

1. City/Appalachian Underwriters Electrical Request

Mr. Biloski reported to the board he had recently met with the Mayor, the City Manager, the Chair of the Chamber board as well as the Chair of the Partnership board regarding this issue. Mr. Biloski stated additional information has been requested from Appalachian Underwriters. A discussion ensued regarding the dynamics of this project. A specially called meeting will be scheduled sometime within the next two weeks to further address this matter.

New Business

1. Retail Development Update

Mr. Watson addressed the board regarding a retail project that will be coming before the board in December. The project has reached the stage to be presented to the IDB for a potential TIF. The project will require certain infrastructure including storm water improvements as well as a new traffic light being installed. Some rezoning would also be required. The City Manager is working with the City Finance Director to develop an economic impact plan for this proposed

project. Mr. Jenkins informed the board a public meeting will need to be held as part of the December 5th regularly scheduled IDB meeting. The notification of public hearing will need to be published two weeks prior to the meeting. If this project is approved by the IDB, it will then be presented to the City Council as well as the County Commission for approval. The developers are hoping to be open by September, 2012. Mr. Patrick made a motion to schedule a public meeting to address this project for Monday, December 5, 2011. Ms. Dunlap seconded the motion. Lengthy discussion ensued regarding the project. Ms. Dunlap made a motion to call the question. Mr. Mason seconded the motion. Motion carried with all in favor. Regarding the original motion to schedule a public meeting to address this project for Monday, December 5, 2011, motion carried with all in favor.

Adjournment

Mr. Mason made a motion to adjourn the meeting. Mr. Patrick seconded the motion. Motion carried and the meeting adjourned at 5:09 pm.



Harold Trapp
Secretary/Treasurer