

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

**SUMMARY OF PUBLIC HEARING ON THE ECONOMIC IMPACT PLAN
FOR
THE REDEVELOPMENT OF THE OAK RIDGE MALL
ECONOMIC DEVELOPMENT AREA**

Conducted on Thursday October 24, 2013 at 5:00 p.m. EDT.

Chairman Wilson opened the public hearing:

Tim Sittema, a partner in Crosland Southeast, the North Carolina company stated that Crosland' affiliate, C4 Investments LLC, has entered into a contract to purchase the mall property. Crosland is proposing a retail-driven, mixed-use project that would include approximately 400,000 square feet of retail space and roughly 60,000 to 100,000 square feet of office space, a hotel of about 100 to 120 rooms, and up to 50 multi-family residential units. Sittema explained that Crosland is focused on 20 or 30 larger potential retail tenants, but that no leases had yet been signed. Sittema stated that the project could not be undertaken without the public participation contemplated by the Economic Impact Plan. Sittema said Crosland Southeast is currently doing three similar projects that involve "dead malls," and all three require tax increment financing. Sittema stated that if all goes well, the sale of the mall could close in the middle of 2014, and demolition could then start immediately and last three to four months. Construction of the new buildings would take approximately 1.5 years.

Ray Evans, a consultant for the City, explained that the boundaries of the area subject to the Economic Impact Plan were drawn to include not only the property under contract to C4 Investments LLC, but also other nearby properties that would be benefitted by the redevelopment of the mall. Evans stated that any incremental growth in the property taxes for the properties within the boundaries of the area subject to the Economic Impact Plan would be available to pay off the tax increment financing. Evans explained that only the incremental taxes resulting from the redevelopment within the boundaries of the area subject to the Economic Impact Plan would be utilized to pay off the tax increment financing and that the maximum amount of the tax increment financing, excluding interest, would be \$13 million. Evans stated that the tax increment financing would not create any risk for the City, County, or IDB, as the lender's only recourse would be to the incremental tax revenues from the project.

Evans explained that at one time the mall was appraised at approximately \$60 million but now the mall is appraised at roughly \$5.9 million. Evans stated that conservative estimate of the appraised value of the mall property, once the redevelopment was completed, including 27 buildings and parcels would be approximately \$50 million. Evans noted that the amount of the appraised value of the proposed project was estimated only after the Anderson County Property Assessor John Alley reviewed the proposed redevelopment plan and prepared mock appraisals for each of the buildings in the project. Evans stated that the Assessor was very conservative in making that appraisal.

Evans said the proposed mall project could create between 950 and 1,000 jobs. Evans stated that the current property taxes on the mall property are now roughly \$111,000 per year, split roughly 50 percent between the City and County. The City and County would continue to collect that, as well as 14.7 percent of the new property tax revenues to pay debt service. Evans said that the City could receive about \$1 million of the \$2.16 million in new sales tax revenues at the redeveloped site, Anderson County schools would receive roughly \$700,000 in new sales tax revenues each year, and Oak Ridge Schools could collect close to \$375,000 in new sales tax revenues each year.

James L. Murphy, an attorney with the Nashville office of Bradley, Arant, Boult, and Cummings LLP, who represents Crosland, explained that the Economic Impact Plan would have to be approved by the Oak Ridge City Council and the Anderson County Commission. Murphy also noted that certain uses of the tax increment financing included within the Economic Impact Plan would have to be approved by the state Comptroller and the Commissioner of the Tennessee Department of Economic and Community Development. Murphy also explained that the loan documents for the tax increment financing would have to be approved by the IDB at a later date. Mr. Murphy stated that the term of the tax increment financing would be 20 years unless the state Comptroller and the Commissioner of the Tennessee Department of Economic and Community Development. Murphy also noted that any term longer than 20 years would have to be approved by the City and County. Murphy explained that the lender for the tax increment financing lender would require that the developer guarantee that loan since the lender would have no other recourse other than the incremental tax revenues from the project.

Peter Scheffler, a City resident, asked how the estimate of new jobs determined the number of new jobs as opposed to lost jobs.

Steve Kenworthy, a City resident, asked whether anyone had seen the Economic Impact Plan. Kenworthy stated that there should be public review of the document. City Manager Mark Watson stated that the Economic Impact Plan was posted on the City's website.

David Bradshaw, a City resident, expressed his appreciation for the amount of communications about the project that had been provided by Crosland. Bradshaw stated that he was very excited about the project

City Councilmember Trina Baughn stated that she was very excited about the project but that the City Council needed more information since she had not seen the Economic Impact Plan. Baughn stated that she was concerned about the transparency of the process.