

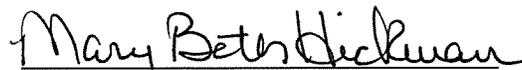
CITY CLERK MEMORANDUM
19-17

DATE: August 15, 2019
TO: Honorable Mayor and Members of City Council
FROM: Mary Beth Hickman, City Clerk
SUBJECT: SPECIAL MEETING OF CITY COUNCIL

At the request of City Manager Mark Watson, and in accordance with Article II, Section 2, of the Charter of the City of Oak Ridge, Tennessee, a special meeting of City Council is hereby called for **Tuesday, August 20, 2019 at 6:00 p.m.** in the Municipal Building Courtroom, 200 S. Tulane Avenue. The meeting will be limited to consideration of the following:

- A RESOLUTION APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH DR. MATT JINKS, MARYVILLE, TENNESSEE, TO PROVIDE VETERINARY SERVICES AT THE OAK RIDGE ANIMAL SHELTER.
- A RESOLUTION AUTHORIZING ACCEPTANCE OF A GRANT FROM THE TENNESSEE DEPARTMENT OF TRANSPORTATION (TDOT) FOR THE CITY'S PUBLIC TRANSPORTATION PROGRAM IN AN AMOUNT NOT TO EXCEED \$170,500.00 AND TO AMEND THE COMPANION CONTRACT WITH THE EAST TENNESSEE HUMAN RESOURCE AGENCY, INC., (ETHRA) TO INCREASE THE COMPENSATION.
- A RESOLUTION AUTHORIZING MODIFICATIONS TO THE PROPERTY TRANSFER AGREEMENT BETWEEN THE CITY AND TN OAK RIDGE ILLINOIS, LLC, WHICH AGREEMENT WAS AUTHORIZED BY RESOLUTION 12-93-2016, TO EXTEND THE FIRST TAX REVENUE CONDITION BY ONE YEAR AND TO REQUIRE A LETTER OF CREDIT FOR THE COMMUNITY ORIENTED AMENITIES.
- REVIEW AND UPDATE ON THE WIFIA PROGRAM AND ANY NECESSARY ACTIONS – MARK S. WATSON, CITY MANAGER AND JANICE MCGINNIS, FINANCE DIRECTOR
- BRIEFING ON UPCOMING ACTIONS TO BE TAKEN BY CITY COUNCIL ON CHANGES TO UTILITY DEPOSITS, TVA RATE CHANGES AND LOCAL RATE ADJUSTMENTS AND ANY NECESSARY STAFF DIRECTION – JACK SUGGS, ELECTRIC DEPARTMENT DIRECTOR

In accordance with the City Charter, matters transacted at this special meeting shall be limited to the subjects recited in the notice of the meeting.


Mary Beth Hickman

cc: Mark S. Watson, City Manager
Kenneth R. Krushenski, City Attorney
Department Directors
The Oak Ridger
Oak Ridge Today
The Knoxville News Sentinel
BBB Communications

ADMINISTRATIVE MEMORANDUM
19-05

DATE: August 15, 2019
TO: Mary Beth Hickman, City Clerk
FROM: Mark S. Watson, City Manager
SUBJECT: SPECIAL CITY COUNCIL MEETING

In accordance with Article II, Section 2 of the Charter of the City of Oak Ridge, you are hereby requested to call a special meeting of the Oak Ridge City Council for Tuesday, August 20, 2019 at 6:00 p.m. in the Municipal Building Courtroom, 200 S. Tulane Avenue. This meeting will be limited to consideration of the following:

- A RESOLUTION APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH DR. MATT JINKS, MARYVILLE, TENNESSEE, TO PROVIDE VETERINARY SERVICES AT THE OAK RIDGE ANIMAL SHELTER.
- A RESOLUTION AUTHORIZING ACCEPTANCE OF A GRANT FROM THE TENNESSEE DEPARTMENT OF TRANSPORTATION (TDOT) FOR THE CITY'S PUBLIC TRANSPORTATION PROGRAM IN AN AMOUNT NOT TO EXCEED \$170,500.00 AND TO AMEND THE COMPANION CONTRACT WITH THE EAST TENNESSEE HUMAN RESOURCE AGENCY, INC., (ETHRA) TO INCREASE THE COMPENSATION.
- A RESOLUTION AUTHORIZING MODIFICATIONS TO THE PROPERTY TRANSFER AGREEMENT BETWEEN THE CITY AND TN OAK RIDGE ILLINOIS, LLC, WHICH AGREEMENT WAS AUTHORIZED BY RESOLUTION 12-93-2016, TO EXTEND THE FIRST TAX REVENUE CONDITION BY ONE YEAR AND TO REQUIRE A LETTER OF CREDIT FOR THE COMMUNITY ORIENTED AMENITIES.
- REVIEW AND UPDATE ON THE WIFIA PROGRAM AND ANY NECESSARY ACTIONS – MARK S. WATSON, CITY MANAGER AND JANICE MCGINNIS, FINANCE DIRECTOR
- BRIEFING ON UPCOMING ACTIONS TO BE TAKEN BY CITY COUNCIL ON CHANGES TO UTILITY DEPOSITS, TVA RATE CHANGES AND LOCAL RATE ADJUSTMENTS AND ANY NECESSARY STAFF DIRECTION – JACK SUGGS, ELECTRIC DEPARTMENT DIRECTOR


Mark S. Watson

**OAK RIDGE CITY COUNCIL
SPECIAL MEETING**

Municipal Building Courtroom

Tuesday, August 20, 2019

6:00 p.m.

AGENDA

I. ROLL CALL

II. ITEMS FOR CONSIDERATION

- A RESOLUTION APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH DR. MATT JINKS, MARYVILLE, TENNESSEE, TO PROVIDE VETERINARY SERVICES AT THE OAK RIDGE ANIMAL SHELTER.
- A RESOLUTION AUTHORIZING ACCEPTANCE OF A GRANT FROM THE TENNESSEE DEPARTMENT OF TRANSPORTATION (TDOT) FOR THE CITY'S PUBLIC TRANSPORTATION PROGRAM IN AN AMOUNT NOT TO EXCEED \$170,500.00 AND TO AMEND THE COMPANION CONTRACT WITH THE EAST TENNESSEE HUMAN RESOURCE AGENCY, INC., (ETHRA) TO INCREASE THE COMPENSATION.
- A RESOLUTION AUTHORIZING MODIFICATIONS TO THE PROPERTY TRANSFER AGREEMENT BETWEEN THE CITY AND TN OAK RIDGE ILLINOIS, LLC, WHICH AGREEMENT WAS AUTHORIZED BY RESOLUTION 12-93-2016, TO EXTEND THE FIRST TAX REVENUE CONDITION BY ONE YEAR AND TO REQUIRE A LETTER OF CREDIT FOR THE COMMUNITY ORIENTED AMENITIES.
- REVIEW AND UPDATE ON THE WIFIA PROGRAM AND ANY NECESSARY ACTIONS – MARK S. WATSON, CITY MANAGER AND JANICE MCGINNIS, FINANCE DIRECTOR
- BRIEFING ON UPCOMING ACTIONS TO BE TAKEN BY CITY COUNCIL ON CHANGES TO UTILITY DEPOSITS, TVA RATE CHANGES AND LOCAL RATE ADJUSTMENTS AND ANY NECESSARY STAFF DIRECTION – JACK SUGGS, ELECTRIC DEPARTMENT DIRECTOR

III. ADJOURNMENT

POLICE DEPARTMENT MEMORANDUM
19-07

DATE: August 15, 2019
TO: Mark S. Watson, City Manager
FROM: Charles R. Smith, Chief of Police
SUBJECT: PROPOSAL FOR VETERINARY SERVICES FOR THE OAK RIDGE ANIMAL SHELTER

Introduction

An item for the agenda, a resolution approving an agreement with Dr. Matt Jinks, DVM, to provide professional veterinary services for the City of Oak Ridge Animal Shelter, in an amount not to exceed \$75,000 per year. This item was deferred from the June 10, 2019 City Council meeting to a later meeting date due to fiscal concerns.

Funding

Funds are assigned to the Professional and Contractual Services line of the Animal Control budget. In addition to a base salary of \$2,500 per month (\$30,000 per year), Dr. Jinks shall be compensated \$50 for examination and treatment of each animal adopted from the Animal Shelter – including spay/neuter procedures for all non-sterilized animals – to be funded by adoption fees. In calendar years 2013-2018, Dr. Jinks performed an average of 546 procedures per year, with a high of 810 in 2015. Compensation for spay/neuter procedures shall not exceed \$45,000 per year. Total compensation for one (1) fiscal year under this agreement shall not exceed \$75,000 without advance written approval from the city.

Consideration

Dr. Jinks has been under contract with the City since 2009 and has served as full-time veterinarian since 2013. In FY19, Dr. Jinks received a base salary of \$5,000 per month (\$60,000 per year), plus \$45 for each spay/neuter procedure performed. \$30,000 was paid from the Animal Control budget. An additional \$30,000 was paid from funds donated to the Oak Ridge Animal Shelter. There are insufficient donated funds remaining to match the \$30,000 paid from the Animal Control budget.

Recommendation

Approval of the attached resolution is recommended.



Charles R. Smith, Chief of Police

Attachments: Resolution

City Manager's Comments:

I have reviewed the above issue and recommend Council action as outlined in this document.


Mark S. Watson Date 8/16/19

RESOLUTION

A RESOLUTION APPROVING A PROFESSIONAL SERVICES AGREEMENT WITH DR. MATT JINKS, MARYVILLE, TENNESSEE, TO PROVIDE VETERINARY SERVICES AT THE OAK RIDGE ANIMAL SHELTER.

WHEREAS, the City owns and operates the Oak Ridge Animal Shelter and is proud of the Shelter's status as a no-kill facility; and

WHEREAS, the Animal Shelter is in need of veterinary services to provide spay and neuter services and rabies vaccinations for adopted animals and to provide various other services such as animal examinations and inventory maintenance for medical supplies and drugs; and

WHEREAS, Dr. Matt Jinks has provided veterinary services for the Animal Shelter for numerous years and was the sole respondent to the City's Request for Proposals to provide veterinary services at the expiration of the current agreement term (June 30, 2019); and

WHEREAS, an agreement for veterinary services with Dr. Jinks was deferred from the June 10, 2019 City Council meeting to a later meeting date due to fiscal concerns; and

WHEREAS, the City and Dr. Jinks have negotiated a veterinary services agreement in line with budgeted funds; and

WHEREAS, the City Manager recommends approval of a professional services agreement with Dr. Jinks to provide such services.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

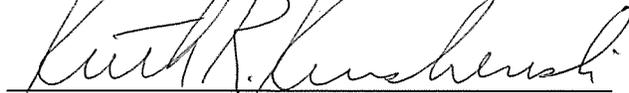
That the recommendation of the City Manager is approved and the City is hereby authorized to enter into a professional services agreement with Dr. Matt Jinks, Maryville, Tennessee, to provide veterinary and other related services at the Oak Ridge Animal Shelter for a base compensation of \$2,500.00 per month and supplemental compensation of \$50.00 per adopted animal examined and treated; said agreement for the remainder of Fiscal Year 2020 with up to five (5) additional one-year renewal options upon mutual consent and in the not to exceed amount of \$75,000.00 per fiscal year.

BE IT FURTHER RESOLVED that the City Manager may authorize renewals of this agreement if budgeted funds allow.

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to enter into the appropriate legal instruments to accomplish the same.

This the 20th day of August 2019.

APPROVED AS TO FORM AND LEGALITY:



Kenneth R. Krushenski, City Attorney

Warren L. Gooch, Mayor

Mary Beth Hickman, City Clerk

FINANCE DEPARTMENT MEMORANDUM

19-14

DATE: August 15, 2019
TO: Mark S. Watson, City Manager
FROM: Janice E. McGinnis, Finance Director
SUBJECT: TENNESSEE DEPARTMENT OF TRANSPORTATION (TDOT) OPERATING ASSISTANCE GRANT AND ETHRA CONTRACT AMENDMENT

Introduction

An item for City Council's consideration is a resolution authorizing the City of Oak Ridge to accept a TDOT public transit operating assistance grant and includes an amendment to the City's contract with the East Tennessee Human Resources Agency (ETHRA) for operation of the City's public transit system. The City has received this grant since 1993.

Funding

The State has awarded \$170,500 in operational funding to the City of Oak Ridge for public transit for the grant period July 1, 2019 through June 30, 2020. This is a grant reimbursement program based on usage by ETHRA's public transit demand driven services. The State grant reimbursement amount continues to be 80% of allowable expenditures for this grant period. The City's anticipated grant match of \$42,625 will be funded from restricted use state-shared special petroleum products tax proceeds. The City currently receives approximately \$58,000 annually in state-shared special petroleum products tax proceeds.

Background

Demand Responsive Transit System: The City's Demand Responsive System was created in 1993 to provide transportation service to all persons within the corporate limits of Oak Ridge. By Resolution 8-76-2013, City Council authorized the City to enter into a contract with the East Tennessee Human Resources Agency (ETHRA) for management of the City's transit system. ETHRA is responsible for the daily operations and management of the system. Riders can utilize disabled-accessible minibuses provided by ETHRA to travel to their medical appointments, places of employment, shopping centers and social venues. The average number of annual trips for the last 5 fiscal years is 6,427. In fiscal 2019, there were 6,759 trips with 40% of the passenger trips for individuals in wheelchairs.

ETHRA provides the fully ADA-compliant and wheelchair lift equipped buses for this program. A minimum of two vehicles are required to be in service at all times during service hours. The vehicles currently operate six days a week, Monday through Saturday, from 8:00 a.m. until 4:30 p.m. Under the contract, ETHRA is responsible for maintenance of the vehicles in accordance with manufacturers and state maintenance standards and also provides fuel for operation of the vehicles.

Passengers are picked up and delivered anywhere within the City limits for only \$2.00 per one-way trip, or \$4.00 round trip. Rides are scheduled one day in advance by calling 865-482-2785. Routine trips can be scheduled for a standing appointment.

The contract with ETHRA was for an initial one-year term beginning on November 1, 2013 and provides for up to nine (9) additional one-year terms at the City's option and subject to grant funding. The maximum annual compensation under the contract is \$175,373. The attached resolution increases the ETHRA contract cap to \$213,125, which allows the City to utilize the full grant award amount of \$170,500 for this program. The fiscal 2020 budget contains \$213,125 in budgeted expenditures for the public transit program.

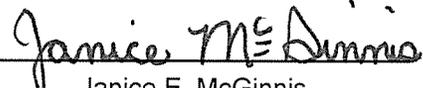
When the contract was entered into with ETRHA in 2013, the City's grant match was 50% of the grant allowable expenditures. At the time, the grant was also used for the taxi coupon program. In subsequent years, the State increased their grant contribution to 80% reducing the City's grant match to 20% of grant allowable expenditures. The City's taxi coupon program funding under this grant stopped at the end of fiscal 2018.

In April 2019, ETHRA met with City staff regarding an increase in funding for the services being provided under the contract. ETHRA had been funding a portion of the costs for this program with other grant proceeds directly received by ETHRA. This funding is no longer available to ETHRA due to a reallocation in how federal funds are regionally distributed. The increase in the contract cap with ETHRA from \$175,373 to \$213,125 allows the City to fully use the grant award proceeds and provides ETHRA an additional available funding level of \$37,752 of which \$30,201.60 would come from the grant proceeds and \$7,550.40 from the City.

Recommendation

Staff recommends approval of the grant acceptance in order to continue the ETHRA demand responsive transit system program funding.

Attachment


Janice E. McGinnis

City Manager's Comments:

I have reviewed the above issue and recommend Council action as outlined in this document.


Mark S. Watson


Date

RESOLUTION

A RESOLUTION AUTHORIZING ACCEPTANCE OF A GRANT FROM THE TENNESSEE DEPARTMENT OF TRANSPORTATION (TDOT) FOR THE CITY'S PUBLIC TRANSPORTATION PROGRAM IN AN AMOUNT NOT TO EXCEED \$170,500.00 AND TO AMEND THE COMPANION CONTRACT WITH THE EAST TENNESSEE HUMAN RESOURCE AGENCY, INC., (ETHRA) TO INCREASE THE COMPENSATION.

WHEREAS, the City has implemented a demand-responsive transit system; and

WHEREAS, the Tennessee Department of Transportation (TDOT) has grant monies available under its Operating Assistance Grant program and has allocated funding in the amount of \$170,500.00 to reimburse the City for eighty percent (80%) of the operating expenses for the City's transit system; and

WHEREAS, by Resolution 8-76-2013, City Council authorized the City to enter into a contract with the East Tennessee Human Resources Agency (ETHRA) for management of the City's transit system, which contract is renewable for up to nine (9) additional one-year terms contingent upon the City's receipt of grant funding from TDOT for partial funding of the City's operating expenses for the transit program; and

WHEREAS, upon renewal, ETHRA's contract will be in the sixth renewal term without having had a compensation increase even though ETHRA's cost of the program exceeds the compensation; and

WHEREAS, the City desires to amend ETHRA's contract to increase the compensation to \$213,125.00, which amount includes the reimbursement amount to the City from TDOT as well as the City's required twenty percent (20%) portion of the program costs; and

WHEREAS, the City Manager recommends acceptance of the TDOT grant and amendment of the ETHRA contract which will allow continued operation of the City's transit system.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

That the recommendation of the City Manager is approved and the City is hereby authorized to accept an Operating Assistance Grant from the Tennessee Department of Transportation to reimburse the City for up to eighty percent (80%) of the net operating expenses of the City's Public Transportation Program in an amount not to exceed \$170,500.00.

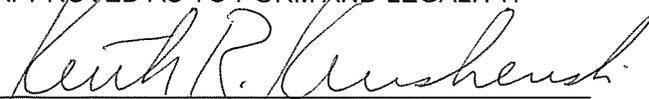
BE IT FURTHER RESOLVED that, upon approval of grant funding, the contract with ETHRA will be renewed for the sixth renewal option term (July 1, 2019 through June 30, 2020); and

BE IT FURTHER RESOLVED that ETHRA's contract is hereby amended to increase the compensation from \$175,373.00 to \$213,125.00.

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute the appropriate legal instruments to accomplish the same.

This the 20th day of August 2019.

APPROVED AS TO FORM AND LEGALITY:



Kenneth R. Krushenski, City Attorney

Warren L. Gooch, Mayor

Mary Beth Hickman, City Clerk

CITY COUNCIL MEMORANDUM
19-26

DATE: August 16, 2019
TO: Honorable Mayor and City Council
FROM: Mark S. Watson, City Manager
RE: RESOLUTION ON TN OAK RIDGE ILLINOIS LLC LAND TRANSFER AGREEMENT

Introduction

An item for the City Council's consideration is a resolution authorizing two modifications to the property transfer agreement of the former AMSE site to TN Oak Ridge Illinois, LLC, for purposes of developments as previously considered on Parcel B (Apartment Project site).

Funding

The City has previously acquired said property the United States government in return for a 15 year "free rent" agreement with the Department of Energy for the American Museum of Science and Energy. At the request of the developer, transfer of this property per agreement with the City of Oak Ridge is to be processed.

Background

The attached proposed resolution summarizes the current real estate situation with the eventual transfer of the requested property from the City of Oak Ridge and two conditions that need to be satisfied to effectuate the transfer.

A proposed 217-unit apartment project is to be considered on the site. In advance of this project, a proposed PILOT subject to the conditions outlined in Resolution #2-13-2019 were previously approved by the City Council and is attached. As a pro rata portion of the anticipated public amenities on the site, an anticipated amount of \$314,160 in improvements is being identified within the project area.

On the remainder of the "grocery" parcel, public amenity improvements are anticipated in the amount of \$59,840 which is directly attributed to TN Oak Ridge Illinois, LLC. Letters of credit or defined amenity commitments will be made for transfer.

Property tax payments are outlined as the other condition, specifying certain generation of property taxes for the sites. Since the further development of the stores associated with the original 65 acre site faced a delay in review processes, the City Manager has recommended that one additional year be provided for the tax exemptions on the site extending to Tax Year 2022.

Communication from TN Oak Ridge Illinois LLC has confirmed the acceptance of the one-year property tax extension and the use of a letter of credit option for the grocery parcel.

Recommendation

The City Manager recommends approval of the resolution, subjecting the changes to the project. Additionally, the requirement of these conditions is also subject to the TIF lenders approval as required by

the Master TIF agreement. Section 5.2(d)(iii) in the TIF loan agreement requires lender consent for any PILOT adjustments within the TIF district.

A handwritten signature in black ink that reads "Mark S. Watson". The signature is written in a cursive style with a large, sweeping "M" and "W".

Mark S. Watson, City Manager

Attachments: Resolution 2-13-2019
Proposed Resolution

RESOLUTION

A RESOLUTION APPROVING THE RECOMMENDATION OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF OAK RIDGE (IDB) FOR MAINSTREET CAPITAL PARTNERS, LLC, APARTMENT PROJECT AND DELEGATING TO THE IDB AUTHORITY TO ENTER INTO A PAYMENT IN LIEU OF TAX (PILOT) ABATEMENT FOR THE PROJECT.

WHEREAS, in an effort to generate economic growth within the City of Oak Ridge, Tennessee (the "City"), the City developed economic incentives for use by The Industrial Development Board of the City of Oak Ridge (the "IDB") as a guideline for tax abatements for qualifying entities; and

WHEREAS, by Resolution 11-120-2017, City Council approved the 2017 PILOT (Payment in Lieu of Tax) Reauthorization documents for use by the IDB as a guideline for tax abatements and payments in lieu of taxes for qualifying entities in Oak Ridge for the period of January 1, 2018 through December 31, 2020; and

WHEREAS, Mainstreet Capital Partners, LLC, filed an application with the IDB for a PILOT, which PILOT exceeds the authority of the IDB under the 2017 PILOT Reauthorization documents to give final approval and requires City Council approval; and

WHEREAS, City Council has authority to give approval and delegate to the IDB authority to enter into the recommended PILOT under the terms and conditions set forth below upon finding that such PILOT is deemed to be in furtherance of the public purposes of the IDB; and

WHEREAS, on February 4, 2019, the IDB approved a resolution to recommend approval of a PILOT with Mainstreet Capital Partners, LLC, as set forth below, which PILOT the City Manager recommends be approved by City Council.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

That the City Council hereby finds that the negotiation and acceptance by the IDB of payments in lieu of ad valorem taxes consistent with this resolution are deemed to be in furtherance of the public purposes of the IDB as defined in Tennessee Code Annotated Section 7-53-305, and City Council hereby consents and delegates to the IDB the right to negotiate and accept such payments from Mainstreet Capital Partners, LLC in accordance with the terms of this resolution.

BE IT FURTHER RESOLVED the recommendations of the City Manager and the Industrial Development Board for the City of Oak Ridge (IDB) are approved and a Payment in Lieu of Taxes (PILOT) abatement incentive for Mainstreet Capital Partners, LLC, for a twenty (20) year term plus a reasonable construction period is hereby approved with an annual payment of \$20,320.00 during the construction period, an annual payment of \$100,000.00 for each of the fifteen (15) years thereafter, a payment of \$175,000.00 for the sixteenth (16th) year, a payment of \$250,000.00 for the seventeenth (17th) year, a payment of \$325,000.00 for the eighteenth (18th) year, a payment of \$400,000.00 for the nineteenth (19th) year, and a payment of \$475,000.00 for the twentieth (20th) year subject to the following conditions as set forth by the IDB:

Condition #1: Because any changes to the planned development within the TIF District affects the cash flows available to repay the TIF loan, the Main Street Oak Ridge Development TIF lenders agree to a PILOT program for Mainstreet Capital Partners, LLC subject to the agreement of all parties to the following two conditions or other agreed upon terms and conditions:

- a. The TIF loan funds originally allocated for development of apartments will not be advanced by the Lenders to the Developer but could be advanced

directly into the Collateral Reserve Account until the final reconciliation requirements (the "true-up") are determined on or before February 28, 2021 as necessitated by the original TIF loan agreements.

- b. Upon transfer of the parcel(s) subject to the PILOT contemplated herein, the seller will place sufficient funds into the Collateral Reserve Account to ensure the TIF Loan is repaid no later than TIF Year 20 (as required in the Supplemental Loan Agreement). This amount shall be no less than \$750,000 based upon the current estimates of the reconciliation amount that will be required within 30 days of February 28, 2021.

Condition #2: That the Oak Ridge City Council approve amendments to Section 5 of the Agreement for Transfer of Real Property, dated December 29, 2016, between the City of Oak Ridge and TN Oak Ridge Illinois, LLC, to allow for the conveyance of more than thirty-three percent (33%) of the former American Museum of Science and Energy (AMSE) property to Mainstreet Capital Partners, LLC.

Condition #3: That a portion of the former AMSE property (approximately 10+/- acres) is conveyed from TN Oak Ridge Illinois, LLC, (or their successor in interest) to Mainstreet Capital Partners, LLC.

Condition #4: That a portion of the former AMSE property (approximately 10+/- acres) be rezoned to UB-2 with a PUD overlay.

Condition #5: The ability of Mainstreet Capital Partners, LLC to obtain FHA insured mortgage loan financing or guarantee under HUD's Multi-Family Housing Program Section 221(d)(4).

BE IT FURTHER RESOLVED that City Council hereby delegates authority to the IDB to enter into the PILOT abatement for this project as outlined in this resolution.

BE IT FURTHER RESOLVED that the terms of the above-referenced PILOT are reserved for this specific project and approval of the PILOT does not create an expectation for a similar PILOT for any future similar project(s).

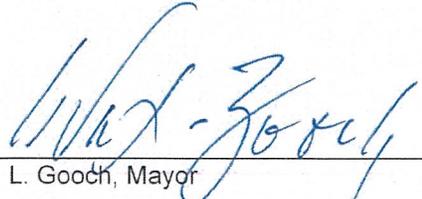
BE IT FURTHER RESOLVED that the February 4, 2019 resolution of the IDB is attached hereto as an exhibit.

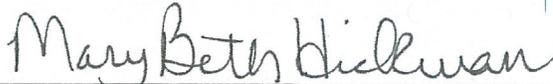
BE IT FURTHER RESOLVED that the Mayor and/or City Manager are hereby authorized to enter into the appropriate legal instruments to accomplish the same.

This the 11th day of February 2019.

APPROVED AS TO FORM AND LEGALITY:


Kenneth R. Krushenski, City Attorney


Warren L. Gooch, Mayor


Mary Beth Hickman, City Clerk

**RESOLUTION REGARDING THE PILOT APPLICATION
FOR MAINSTREET CAPITAL PARTNERS, LLC**

WHEREAS, Mainstreet Capital Partners, LLC, filed an application with the Industrial Development Board (IDB) of the City of Oak Ridge which was presented and approved by Resolution of the IDB Special Projects Committee on January 31, 2019.

WHEREAS, the PILOT exceeds the authority of the IDB to give final approval to the PILOT, and must have City Council approval.

WHEREAS, the IDB only has authority to make a Limited recommendation to City Council to take action on this PILOT Resolution for only this one specific applicant.

THEREFORE, the following Resolution is recommended to be presented to City Council.

Resolution of the Board of Directors of The Industrial Development Board of the City of Oak Ridge, Tennessee recommending Oak Ridge City Council approve a PILOT abatement incentive for Mainstreet Capital Partners, LLC for a twenty (20) year term plus a reasonable construction period with an annual payment of \$20,320 during the construction period, an annual payment of \$100,000 for each of the fifteen (15) years thereafter, a payment of \$175,000 for the sixteenth (16th) year, a payment of \$250,000 for the seventeenth (17th) year, a payment of 325,000 for the eighteenth (18th) year, a payment of \$400,000 for the nineteenth (19th) year and a payment of \$475,000 for the twentieth (20th) year subject to the following conditions:

1. Because any changes to the planned development within the TIF District affects the cash flows available to repay the TIF loan, the Main Street Oak Ridge Development TIF lenders agree to a PILOT program for Mainstreet Capital Partners, LLC subject to the agreement of all parties to the following two conditions or other agreed upon terms and conditions:
 - a. The TIF loan funds originally allocated for development of apartments will not be advanced by the Lenders to the Developer but could be advanced directly into the Collateral Reserve Account until the final reconciliation requirements (the "true-up") are determined on or before February 28, 2021 as necessitated by the original TIF loan agreements.
 - b. Upon transfer of the parcel(s) subject to the PILOT contemplated herein, the seller will place sufficient funds into the Collateral Reserve Account to ensure the TIF Loan is repaid no later than TIF Year 20 (as required in the Supplemental Loan Agreement). This amount shall be no less than \$750,000 based upon the current estimates of the reconciliation amount that will be required within 30 days of February 28, 2021.
2. That the Oak Ridge City Council approve amendments to Section 5 of the Agreement for Transfer of Real Property, dated December 29, 2016, between the City of Oak Ridge and TN Oak Ridge Illinois, LLC, to allow for the conveyance of more than thirty-three percent (33%) of the former AMSE property to Mainstreet Capital Partners, LLC

3. That a portion of the former AMSE property (approximately 10+/- acres) is conveyed from TN Oak Ridge Illinois, LLC, (or their successor in interest) to Mainstreet Capital Partners, LLC
4. That a portion of the former AMSE property (approximately 10+/- acres) be rezoned to UB-2 with a PUD overlay
5. The ability of Mainstreet Capital Partners, LLC to obtain FHA insured mortgage loan financing or guarantee under HUD's Multi-Family Housing Program Section 221(d)(4)

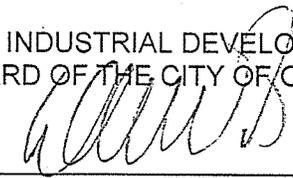
Approved and adopted this 4th day of February, 2019.

APPROVED:

THE INDUSTRIAL DEVELOPMENT
BOARD OF THE CITY OF OAK RIDGE

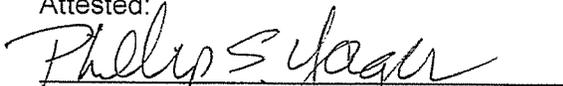


Kenneth R. Krushenski, of Counsel to
The Industrial Development Board

By: 

David E. Wilson, Chairman

Attested:


Phillip S. Yager, Secretary to the Board

RESOLUTION

A RESOLUTION AUTHORIZING MODIFICATIONS TO THE PROPERTY TRANSFER AGREEMENT BETWEEN THE CITY AND TN OAK RIDGE ILLINOIS, LLC, WHICH AGREEMENT WAS AUTHORIZED BY RESOLUTION 12-93-2016, TO EXTEND THE FIRST TAX REVENUE CONDITION BY ONE YEAR AND TO REQUIRE A LETTER OF CREDIT FOR THE COMMUNITY ORIENTED AMENITIES.

WHEREAS, by Resolution 12-93-2016, City Council authorized an Agreement for the Transfer of Real Property (the "Agreement") between the City and TN Oak Ridge Illinois LLC setting forth the understandings between the parties for the transfer of land previously known as Parcels 482 and 483 and now known as Parcels 002.00 and 003.00, Anderson County Control Map 099N, Group B, (the "Property"), upon which the former American Museum of Science and Energy was located; and

WHEREAS, by Resolution 7-79-2019, City Council authorized modifications to the Agreement to allow the intended development of the Phase II portion of the Property to move forward; and

WHEREAS, TN Oak Ridge Illinois LLC has requested a modification to the First Tax Revenue Condition, which condition requires the generation of at least \$140,000.00 per year in new property taxes by Tax Year 2021; and

WHEREAS, the requested modification is to extend the First Tax Revenue Condition to Tax Year 2022 and assign this obligation to the Grocery Parcel, which parcel is a majority of the Phase I parcel of the Property which fronts on South Illinois Avenue; and

WHEREAS, the City Manager and TN Oak Ridge Illinois LLC have negotiated the requested modification, which modification the City Manager recommends be approved; and

WHEREAS, the City Manager and TN Oak Ridge Illinois LLC have also negotiated a requirement for a letter of credit to be put into place for the community oriented amenities.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF OAK RIDGE, TENNESSEE:

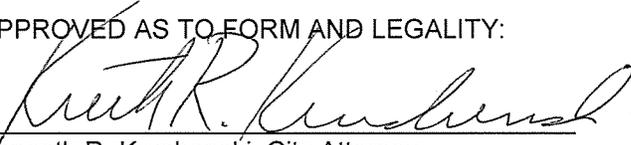
That the recommendation of the City Manager is approved and City Council hereby agrees to the following modification to the Agreement for the Transfer of Real Property (the "Agreement") as originally authorized by Resolution 12-93-2016 and as amended by Resolution 7-79-2019:

- Amend the Agreement to extend the First Tax Revenue Condition to Tax Year 2022 and allow the assignment of this obligation to the Grocery Parcel. [Note – Language in the Agreement currently requires generation of at least \$140,000.00 per year in new property taxes by Tax Year 2021. This modification will extend this requirement by one year and will assign it to a particular parcel, thereby requiring some additional language changes in the Agreement regarding the "parent parcel" concept.]
- Amend the Agreement to require an irrevocable letter of credit for the community oriented amenities (Apartment Parcel – 1.68 acres – letter of credit in the amount of \$314,160.00) (Grocery Parcel – 0.32 acres – letter of credit in the amount of \$59,840.00) to serve as a guarantee for the construction of required amenities. The City Manager is authorized to waive the letter of credit requirement on a per parcel basis in the event the City Manager is provided written documentation sufficient to alleviate his concerns regarding the construction of amenities.

BE IT FURTHER RESOLVED that the Mayor and/or City Manager are hereby authorized to execute the appropriate legal instruments to accomplish the same.

This the 20th day of August 2019.

APPROVED AS TO FORM AND LEGALITY:



Kenneth R. Krushenski, City Attorney

Warren L. Gooch, Mayor

Mary Beth Hickman, City Clerk

ELECTRIC DEPARTMENT MEMORANDUM

19-41

DATE: August 15, 2019
TO: Mark S. Watson, City Manager
FROM: Jack L. Suggs, Electric Director
SUBJECT: WORK SESSION BRIEFING

Several items related to the Electric Fund will be appearing on the agenda for the City Council in September. All but one of the items have been discussed either with the Finance Committee or with the Council as a whole during a work session. One item is new.

The purpose of the requested briefing is to describe the upcoming items and to inform the Council of a more detailed briefing that will take place at the Budget and Finance Committee on August 21.

The items include:

Change in Utility Deposits

The contemplated action will change utility deposits to more accurately reflect the risk of default that each fund experiences. Residential customers will pay no more under the proposal than under the existing system and, in fact, some apartment dwellers may receive a refund in the form of a credit on their bill.

The electric deposit policy for commercial customers will not change. A new deposit system for commercial users of water and wastewater will be implemented where deposits are based on water meter size.

Adoption of Grid Access Charge

TVA has implemented a new rate schedule which becomes mandatory October 1, 2019. The new system imposes a charge on the Oak Ridge wholesale bill termed the "Grid Access Charge" (GAC). The GAC is intended to be a first step in moving wholesale cost from volumetric toward a system that has a fixed cost component, thus reducing risk to the TVA system due to flat or decreasing energy sales. The cost of the GAC is intended to be directly offset by a decrease in wholesale energy prices, but because of a number of factors, Oak Ridge does see a small increase in risk of revenue erosion. As such, TVA has approved as part of the change, a 0.17% rate increase to cover that risk. The increase is included in the GAC implementation.

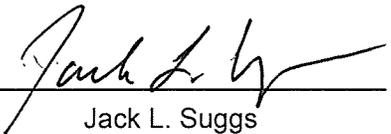
Local Rate Adjustment

As described previously, the Electric Fund is in need of a small rate increase. The rate increase proposed and approved for implementation October 1 is 1% overall, applied through the customer charge or residential and small commercial (GSA-1) customers. This implementation methodology is intended to increase revenue stability through weather swings and reduce exposure of the fund to risk. The new customer charges will be in line with area utilities and may represent the end point in adjusting those charges.

TVA Long Term Partnership Proposal

On August 6, TVA announced the outline of a new proposal termed the Long Term Partnership Proposal (LTPP). In very broad terms, in exchange for an extension of Oak Ridge's contract with TVA from a 10 year rolling contract to a 20 year rolling contract, TVA will reduce our rates and offer certain other incentives. Although staff has yet to see the formal contract proposal (and in fact the TVA board has yet to act on it), due to the impending rate actions, staff felt it pertinent to advise Council of the upcoming offer.

All of these items will be discussed with the Budget and Finance Committee on August 21. Staff will be prepared to offer tentative recommendations and distribute a draft term sheet for the LTPP.



Jack L. Suggs