NUMBER

# RESOLUTION OF THE INDUSTRIAL DEVELOPMENT BOARD FOR THE CITY OF OAK RIDGE

a RESOLUTION APPROVing THE USE OF THE CITY OF OAK RIDGE’S INCREMENTAL TAX REVENUES FOR A PERIOD UP TO THIRTY (30) YEARS PURSUANT TO THE ECONOMIC IMPACT PLAN FOR THE REDEVELOPMENT OF THE OAK RIDGE MALL ECONOMIC DEVELOPMENT AREA

WHEREAS, the Industrial Development Board for the City of Oak Ridge, Tennessee, (the “Board”) prepared the Economic Impact Plan for the Redevelopment of the Oak Ridge Mall Economic Development Area (the “Economic Impact Plan”) regarding the development of the Oak Ridge Mall area (the “Plan Area”); and

WHEREAS, the redevelopment of the Plan Area would include the demolition of the existing mall and the construction of a retail-driven, multi-use project which is anticipated to contain, as the development is completed over time, approximately 400,000 square feet of retail space in multiple buildings, approximately 60,000 to 100,000 square feet of office space and a hotel (the “Project”) plus the construction of up to 50 multi-family residential units; and

WHEREAS, the Economic Impact Plan would permit certain tax increment financing (“Tax Increment Financing”) to be provided through the issuance of the Board’s bonds, notes and other obligations in the total amount not to exceed $13,000,000, exclusive of interest paid on any tax increment financing issued or refinanced by the Board, pursuant to Chapter 53, Title 7 of the Tennessee Code Annotated; and

WHEREAS, the incremental property tax revenues (the “TIF Revenues”) that result from the development of the Plan Area under the Economic Impact Plan will be allocated to the Board to be used to pay debt service of the Tax Increment Financing; and

WHEREAS, the proceeds of the Tax Increment Financing would be used to pay a portion of the cost for any one or more of the following: (i) the cost of constructing the Public Infrastructure for the Project (the “Public Infrastructure Costs”), (ii) the costs for demolition of existing buildings and other improvements (the “Demolition Costs”), (iii) the costs of site preparation for the Project (the “Site Preparation Costs”), (iv) the cost of construction of the buildings for the retail space, offices and the hotel for the Project (the “Building Costs”), (v) the costs for the relocation of all utilities and installation of new utilities (the “Utilities Cost”), (vi) the transaction costs, engineering costs, closing costs and legal costs incurred by the Board and the developer in connection with the adoption and implementation of the Economic Impact Plan and the financing contemplated thereunder (the Transaction Cost”), and (vii) such other cost as permitted by Tennessee Code Annotated § 7-53-312 (the “Other Costs”); and

WHEREAS, the Economic Impact Plan provided that the TIF Revenues would be distributed pursuant to the Board commencing for the taxes assessed for the 2016 calendar year and continuing for a period equal to the lesser of (a) the point in time when the Tax Increment Financing has been repaid, with interest, or (b) twenty (20) years, provided however, that the TIF Revenues could be distributed to the Board for a period in excess of twenty (20) years if the Commissioner of the Department of Economic and Community Development and the Comptroller of the Treasury make a written determination pursuant to Tennessee Code Annotated § 9-23-104 that it is in the best interest of the State of Tennessee that the TIF Revenues should be distributed to the Board for a period in excess of twenty (20) years and the governing bodies of the City of Oak Ridge (the “City”) and Anderson County also approve any allocation period in excess of twenty (20) years; and

WHEREAS, after giving the notice of a public hearing to be held on October 24, 2013, and after conducting the public hearing as required by Tennessee Code Annotated § 7-53-312, the Board voted to recommended the adoption of the Economic Impact Plan at a meeting on October 24, 2013; and

WHEREAS, by Resolution 11-105-2013, City Council approved the Economic Impact Plan for the Redevelopment of the Oak Ridge Mall Economic Development Area on November 11, 2013; and

WHEREAS, the Anderson County Commission approved the Economic Impact Plan on November 18, 2013; and

WHEREAS, by email dated January 23, 2014, the General Counsel for the Department of Economic and Community Development advised that the use of the proceeds of the Tax Increment Financing to finance the Demolition Costs, the Site Preparation Costs, the Building Costs, the Utilities Costs and the Other Costs was deemed approved by operation of law; and

WHEREAS, by letter dated January 5, 2014, the Comptroller of the Treasury has approved the use of the proceeds of the Tax Increment Financing to finance the Demolition Costs, the Site Preparation Costs, the Building Costs, the Utilities Costs and the Other Costs but provided that the approval did not include an allocation of the TIF Revenues to the Board for a period in excess of twenty (20) years; and

WHEREAS, in accordance with the Economic Impact Plan, the Board will finance the TIF Eligible Costs with a lender or lenders and would pledge the TIF Revenues to such lender or lenders to apply to the debt service on the Tax Increment Financing; and

WHEREAS, the lenders have advised the Board that the lenders will not be able to finance the TIF Eligible Costs unless the City’s TIF Revenues could be used to pay the debt service on the Tax Increment Financing for a period of up to thirty (30) years; and

WHEREAS, the Board has approved the use of the City’s TIF Revenues by the Board to pay the debt service on the Tax Increment Financing commencing with the taxes assessed for the 2016 calendar year and continuing for a period equal to the lesser of (a) the point in time when the Tax Increment Financing has been repaid, with interest, or (b) thirty (30) years; and

WHEREAS, the Board is willing to approve the Board’s use of the City’s TIF Revenues to pay the debt service on the Tax Increment Financing for a period of up to thirty (30) years, provided that the County’s TIF Revenues shall not be used to pay the debt service on the Tax Increment Financing for a period in excess of twenty (20) years.

NOW, THEREFORE, be it resolved by the Industrial Development Board of the City of Oak Ridge, Tennessee:

The use of the City’s TIF Revenues by the Oak Ridge Industrial Development Board of the City of Oak Ridge, Tennessee, (the “Board”) to pay the debt service on the Tax Increment Financing for a period of up to thirty (30) years is hereby approved, provided that Anderson County’s TIF Revenues shall not be used to pay the debt service on the Tax Increment Financing for a period in excess of twenty (20) years.

The Board’s use of the City’s TIF Revenues to pay the debt service on the Tax Increment Financing for a period of up to thirty (30) years is conditioned upon the approval of the governing bodies of the City of Oak Ridge and Anderson County and the written determination by the Commissioner of the Department of Economic and Community Development and the Comptroller of the Treasury pursuant to Tennessee Code Annotated § 9-23-104 that it is in the best interest of the State of Tennessee that the TIF Revenues should be distributed to the Board for a period in excess of twenty (20) years.

Approved and adopted this the 29th day of September 2014.

APPROVED AS TO FORM AND LEGALITY:

Kenneth R. Krushenski, City Attorney David Wilson, Chairman

Chris Johnson, Secretary/Treasurer