

City of Crossville

392 N. Main
Crossville, TN 38555



Minutes

Friday, September 14, 2018

12:00 PM

Conference Room 317

Call for Special Meeting

Mayor James Mayberry
Mayor Pro-Tem J. H. Graham, III
Council Member Pamala Harris
Council Member Scot Shanks
Council Member Danny Wyatt
City Manager Greg Wood
City Clerk Valerie Hale

Call to Order

The City Council for the City of Crossville met in special session on Friday, September 14, 2018 at 12:00 p.m. in Crossville City Hall.

Mayor James Mayberry was present and presiding. He called the meeting to order at 12:04 p.m.

Roll Call

Present 5 - Council Member Pamala Harris, Council Member Danny Wyatt, Mayor Pro-tem J. H. Graham, Council Member Scot Shanks, and Mayor James Mayberry

Others present: Will Ridley, Greg Wood, Chief Chris Kendrick, Captain Brian Eckelson, Fred Houston, Virgil Thompson, Doug Parkey, Rolf Weeks, Jesse Kerley, Heather Mullinix, Scott Humphrey, Jim Young, and Malena Fisher

1. Discussion and action on Cumberland Crossings Retail Development

Councilmember Wyatt opened the meeting by saying that he had talked to as many people as he could, and the people want to see this retail development happen. "It's unprecedented for Crossville, but not around the state. It started 10 or 12 years ago in Bristol and Johnson City. I talked to Ray Evans with the State the other day, and he said if you're going to get any retail, you're going to have to buy it or somebody's going to," he said, referring to the developer's proposed City investment in the project. He discussed the proforma, the possibility of loss from other area stores with this new development, and property tax projections before making a motion. City Manager Greg Wood asked if he wanted some sort of cap on the spending in the negotiations, and Councilmember Wyatt said he had "a lot of confidence in the City Attorney" in terms of negotiations.

Mayor Pro-Tem Graham handed out his own projections for estimated annual return on the development. He discussed the property tax rates and the impact those would have on the proforma and return. He also discussed differences in the sales tax projections, as well as the effect of employees and their additional spending. He also discussed the traditionally given tax incentive given to new industry. He said he would require the City Attorney bring back a "lock, as much as possible," with the following conditions: that the sales tax generated by these businesses, the number of employees per business, and annual property tax each year all be confirmed so that these figures could be audited annually for a period of ten years. He said there would have to be a clawback attached to the deal as well.

City Attorney Will Ridley said a number of avenues needed to be considered for this deal. One is if the county would be participating in it, and another is that in order for this deal to be legal, the City would have to own the property. He also said that the City could not simply give away cash and that its participation would have to be in the form of contributions, such as water, sewer, and roads with help from TDOT. He said that

there wasn't a lot of interest in PILOTs or TIFs because of the payback period, but if that changed, then property taxes could not be considered because they would be off the table with a PILOT.

Councilmember Harris said she believed this was our opportunity to bring some new retail into Crossville and that she supported the negotiations. She said she has heard from people for too long since she's been on Council and that "we can't not do this because people want it." Mr. Wood added that the retail recruiter said if we don't do this, nobody's going to want to come back to Crossville. Other retailers may come back, but this combination of retailers will never come back.

Mayor Pro-Tem Graham noted that none of the numbers projected reflect the outparcels being offered. He then asked Mr. Wood about financing options for the project. Mr. Wood said he has spoken with two options, Rural Development and the bond pool. Possible rates were discussed, as well as fixed versus adjustable rates. Mayor Mayberry asked about a TIF, and the city attorney said the developer was not interested in TIFs because of the long payback period. He said it could be looked at again, but that financing was really phase two of the negotiations. The Mayor said he needed to see how it would be able to pay for itself, which is on the sales tax and property tax numbers. Mr. Ridley reiterated that the developer was seriously interested in this project, and that anything he comes up with in the form of an outline or plan would be brought back to Council for approval.

A motion was made by Councilmember Danny Wyatt, seconded by Mayor James Mayberry, to authorize City Attorney Will Ridley to negotiate with the developer's attorney to see what he can come back with in 30 days so this Council or future Council can make an informed decision. Motion carried by the following vote:

Aye: 5 - Council Member Pamala Harris, Council Member Danny Wyatt, Mayor Pro-tem J. H. Graham, Council Member Scot Shanks and Mayor James Mayberry

Adjournment

A motion was made by Mayor Pro-tem J. H. Graham, seconded by Mayor James Mayberry, that this meeting be adjourned. The motion carried by the following vote:

Aye: 5 - Council Member Pamala Harris, Council Member Danny Wyatt, Mayor Pro-tem J. H. Graham, Council Member Scot Shanks and Mayor James Mayberry

Mayor Mayberry adjourned the meeting at 12:24 p.m.