

**MINUTES OF A REGULAR MEETING OF  
THE SPORTS AUTHORITY OF THE COUNTY OF  
KNOX AND THE CITY OF KNOXVILLE, TENNESSEE  
November 10, 2021 – 9:02 AM**

The meeting of the Board of Directors of The Sports Authority of the County of Knox and the City of Knoxville, Tennessee (the "Authority") was held at 9:02 AM on Tuesday, November 10, 2021, in the Regal Commons at the Knoxville Museum of Art located at 1050 World's Fair Park Dr., Knoxville, TN 37916.

Alvin Nance, Chair of the Sports Authority Board of Directors, called the meeting to order. The following Directors were present at the meeting, constituting a quorum, Richard Bass, Jeff Hagood, Tim Hill, Alvin Nance, Nikitia Thompson, and Rosalyn Tillman. Joan Cronan was absent. Also present at the meeting were Stephanie Welch, Chief Economic and Community Development Officer and Deputy to the Mayor of the City of Knoxville, Chris Caldwell, Chief Financial Officer and Deputy to the Knox County Mayor, Doug Kirchhofer, Chief Executive Officer of Boyd Sports, LLC, Mark Mamantov, attorney at Bass, Berry & Sims, PLC, R. Culver Schmid, Attorney at Baker, Donelson, Bearman, Caldwell, & Berkowitz, PC, Olamide Oso, Attorney at Baker, Donelson, Bearman, Caldwell, & Berkowitz, PC, and Kim Bumpas, President of Visit Knoxville. Members of the media and other visitors were also in attendance.

Opening Prayer

Mr. Hagood opened the meeting with a prayer.

Approval of the October 26, 2021, Meeting Minutes

As the first order of business, Mr. Nance presented the minutes from the Tuesday, October 26, 2021, meeting for the Authority's review. Mrs. Tillman moved that the Authority approve the minutes. Mr. Bass seconded the motion. The Authority approved the October 26, 2021, Meeting Minutes by a unanimous voice vote.

Internship Committee Update

Mrs. Tillman reported that the Internship Committee met on Thursday, November 4, 2021, at the Visit Knoxville Visitor Center. She explained that during the meeting, the committee reviewed a program outline and that the committee is on target to launch the program on February 1, 2022. Mrs. Tillman then asked Ms. Welch to present the contract language to the board.

Ms. Welch stated that the internship committee's active engagement has been an important influence on the negotiations of both the development agreement and the lease agreement. Although neither will be voted upon today, a summary, as well as drafts of those documents, have been provided to the Authority members. She explained that the Community Commitment sections of those documents include DBE (disenfranchised business enterprise) program and reporting, context related to the community and the site location, and internships. The following language will be invoked in both the development and lease agreement. As read from the lease agreement:

**Internships.** Tenant agrees to provide at least two placement opportunities each academic year (during the term of this Agreement) for interns recruited and nominated by the Sports Authority. The process for intern recruitment, nomination, and placement will be addressed through a separate Internship Program Agreement between Tenant and Authority. Authority-nominated interns accepted by Tenant will participate in meaningful opportunities to engage in projects and activities that provide exposure to professional career pathways, such as sports management, event planning, and marketing. The Internship Program Agreement will address placement-specific variables such as internship terms, job descriptions, supervision, intern reports, and compensation.

## Review of the Interlocal Agreement

Ms. Welch explained that the Authority members were previously provided via email with a summary of the Interlocal Agreement, along with drafts of the development agreement, lease agreement, and a chart that outlines the other agreements that will need to be in place. Those documents are about 90% completed and are not being voted on today. It is important to show the key components of those agreements to fully appreciate what the Interlocal Agreement is.

Ms. Welch explained the Interlocal Agreement (attached as **Exhibit A**) assures all parties that this project is something that each party is committed to doing and outlines some other terms that will also be reiterated in the development and lease agreements. The Interlocal Agreement, provides the Authority:

- Is the issuer of bonds to support the construction of the stadium
- Is the recipient of bond payment sources to pay the debt service on the bonds
- Is the owner of the stadium and stadium property
- Will lease to the tenant

The Interlocal Agreement also provides for use of the Bond proceeds to pay or fund:

- construction costs of the stadium
- interest expense during construction
- capital reserves
- issuance costs

The County Commission will vote on the Interlocal Agreement on Monday, November 15<sup>th</sup>. The City Council will vote on it on Tuesday, November 16<sup>th</sup>.

Ms. Welch stated that everyone present and members of the public need to know that although the Sports Authority will have the ability to issue bonds, if there are no payment sources to pay the debt service on those bonds it is not going to be possible for the Sports Authority to do the bond issuance. Other agreements will assure bond payment sources will be in place before the bonds are issued.

Payment sources:

- Sales tax revenue from the sales of the stadium
- Lease payments – from the lease agreement between the Sports Authority and Boyd Sports, LLC
- Payment in Lieu of Taxes (PILOT) and Tax Increment Financing (TIF) revenues - from the commitment for private development adjacent to the stadium

Ms. Welch also explained that the City and County are committing to any remainder in the debt service obligations would be divided between them from sources other than property tax revenue.

The Interlocal Agreement also establishes a commitment for a capital improvement reserve fund and states that there are funding sources for that as well which are outlined in some of the other agreements. These agreements will ensure that the Sports Authority has resources in place and assure the tenant that the building will be well maintained, even though the tenant will be responsible for routine maintenance. The capital reserve fund will be seeded from unused construction contingency of potentially up to \$1 million. Excess bond payment sources over and above what is needed to pay for the debt service can also go into seeding the capital reserve. The remainder would be the responsibility of the City and the County.

Mrs. Thompson asked if the site has as yet been donated. Ms. Welch answered that the land will not be donated until after the agreement to move forward with the project has been approved.

Mrs. Tillman stated that, as she understands it, approving the Interlocal Agreement allows all parties to begin working on the remaining items that need to occur and that the development and lease agreements will contain greater detail.

Mr. Mamantov explained that the Interlocal Agreement runs in the favor of the Authority. It asks the City and County to make up shortfalls in debt service and fund the capital reserve to

maintain the stadium once it is built. The key deal points of the project are being presented to all parties so that they can decide whether they would like to move forward.

Mr. Mamantov stated that the Authority will not be a party to several of the other documents that need approval, a chart of which Ms. Welch has provided. For example, the private development agreement, although it will provide the Authority with another funding source, will likely be with the Knoxville Community Development Corporation (KCDC) because it is a type of redevelopment entity.

Mr. Hill moved that the Authority approve the Interlocal Agreement. Mr. Hagood seconded the motion.

Mr. Bass commented that with 30 years of experience with municipal transactions as a reference, the flow of this process is as expected and is falling into place as the Authority should expect.

Mrs. Tillman referenced paragraph five and asked if RR Land, LLC is a party to this agreement. Mr. Mamantov answered neither RR Land, LLC nor the team is a party to the Interlocal Agreement but that RR Land, LLC will be a party to the development agreement in which they will officially agree to donate the land and build the facility at a not-to-exceed amount in the process laid out in the agreement.

Mr. Hagood asked who RR Land, LLC is and who is a part of RR Land, LLC. Mr. Kirchofer replied that RR Land, LLC is owned by Randy Boyd and is the entity that holds the title to the property.

Mrs. Thompson inquired who will approve the document that defines how the land is donated? She also asked when the property is donated, will it be given in its entirety, will the city and county own it, and can it have any recourse later on. Mr. Mamantov responded that there will be a special warranty to the Authority and that there will be a normal, commercially reasonable deed of any type of property, from RR Land, LLC and to the Sports Authority. Mamantov and Schmid will work together to ensure that it meets state law requirements. The unique part of the deed will be a reversion clause that states that the property must be used for sports and if it is not, then ownership will revert to RR Land, LLC. The property is not tied to the team, but it is tied to sports. The deed will be presented to the Authority for approval as part of a package in January, assuming the process moves forward.

Mr. Nance confirmed the motion incorporated the proposed resolution circulated to the members of the Board (attached hereto as **Exhibit B**). With no further questions, the Authority approved the Interlocal Agreement by unanimous voice vote.

#### Discussion of Development and Lease Agreements

Mr. Nance presented the Authority with the opportunity to ask any initial questions they might have regarding the development and/or lease agreements. Mr. Nance also informed the Authority that a workshop could be scheduled to allow the Authority to review the documents.

Mr. Hagood asked if the amount for which the Authority members are indemnified for liability is \$10 million or \$2 million with a \$10 million umbrella. Mr. Mamantov replied that the initial amount is a \$1 million base with a \$10 million umbrella policy and that over the 30-year term the amount will reflect inflation and have adjustments that reflect the current market.

Mr. Schmid explained that Ms. Welch, Mr. Caldwell, and Mr. Mamantov are the people involved in the heavy negotiations on this project. Although he is not directly involved in that, his role, in addition to reviewing and providing a possible backstop, is to raise specific questions on terms and determine the liability of the Authority as a whole and as individuals. The primary purpose of his review was to check those issues and ensure reference to the statutory benefits that this type of Authority, as well as the members of the Authority, have so that each is as protected as this type of authority is allowed under the state law.

Mrs. Tillman inquired as to what the responsibility of the Authority will be going forward. Mr. Schmid explained that the Authority would accept the deed, issue the necessary bonds, and accept payments for the issued bonds. Under the development agreement, the obligation and

liability on the construction fall upon the developer, RR Land, LLC. Lawler Wood, LLC, as the owner's representative for the Authority, will work with the construction contractors and subcontractors of the developer to oversee the construction and ensure that everything is done appropriately. The Authority ensures that the developer builds the stadium and that it is built according to the plan. Once built, the Authority will collect the rent, pay down the bonds, ensure the facility is managed according to the lease terms, and ensure that the activities held at the facility are permissible. The Authority's role as a landlord is limited and would not need to be actively engaged unless there is a property casualty such as a fire.

Mr. Mamantov added that once the facility is built the Authority will also be responsible for capital improvements and the capital improvement fund, which will be seeded with a minimum of \$10 million. It will be necessary to review and update the capital improvement plan annually for the next 30 years in partnership with the team. Another responsibility of the Authority will be to ensure cultural programming that reaches the full swath of the community. The Authority will be responsible for ensuring disenfranchised business enterprise (DBE) engagement and drafting the quarterly reports associated with it. Management of the Sports Authority Internship Program will also be a responsibility of the Authority throughout the life of the agreement.

Mr. Bass added that should there be a default or major property casualty, the trustee is going to step in. Once the trustee is selected, they will be representing the investors. They will step in and handle the necessary reconstruction, collection of the default payments, etc. While it is the obligation of the Authority, that will all be assigned to the bank. Mr. Mamantov additionally stated that due to the low likelihood of major risks, this bond issue is likely to be rated an AA when it goes to the markets. As it is designed, if the City and/or County choose not to support the Interlocal Agreement, there will be no other viable financing alternative for the project.

Mr. Schmid explained that a summary of obligations of the landlord and the lessee will be provided to the Authority once the lease is completed so that the Authority is aware of the things it should do, has to do, and may want to do. Once they are fully completed, the specific obligations that the Authority will have going forward can be outlined.

Mrs. Thompson expressed that she would like to see the goal of 15% listed on page 30 of the development agreement changed to a commitment of 20%. According to the census, the population of Knox County is 16.98% black, 6% is two or more races, the veteran community is around 10,304, which is about 5%, and women are 42%. A goal of 15% does not provide a true reflection of what the community looks like. She explained that as the negotiations continue on the development agreement, she would like to see that 15% be a hard 20% so that it can be the people's park and it can reflect the area. Mrs. Thompson also expressed the desire to see good faith efforts changed to hard commitments from the developers.

Mr. Schmid explained that there are legal constitutional issues as they pertain to hard numbers and that he would research those issues to determine legally acceptable terms. Mrs. Thompson asked Mr. Schmid to research what could be done if the verbiage was kept gender/race-neutral. Mr. Mamantov expressed the desire to accomplish the goals to which Mrs. Thompson referred. Those goals affect the subcontracts of RR Land, LLC and the team and have been an ongoing discussion. Mr. Kirchhofer agreed.

Mrs. Thompson explained that she would also like the DBE reporting, which is referred to on page 33 of the development agreement, to occur at the end of each month rather than quarterly and that those reports be presented to the full Board of the Sports Authority monthly. She explained that the DBE reports should be disaggregated by each minority group. Mr. Mamantov said that she was correct.

Mr. Nance inquired as to whether the remaining 10% of the agreements that have not been completed are funding-related or commitment-related. Mr. Mamantov asked Mr. Kirchhofer if he agreed that 90% is an accurate assessment. Mr. Kirchhofer agreed and said that there are just a few things that need to be resolved. Mr. Mamantov went on to explain that Minor League Baseball was completely restructured by Major League Baseball and that Knox County was fortunate to fall into an AA market. Due to the restructuring, there are new requirements for franchises. Part of

what they do is ask to have certain rights of notice in the lease. They want to have a seat at the table for discussions. Part of that 10% is trying to figure out what Major League Baseball needs. He explained that other items are things like what kinds of material changes in the design need to come back to the Authority for approval. It needs to be broad enough to protect the Authority, but not to tie the hands of the tenant when the need for onsite adjustments arises.

Mrs. Tillman asked if the Authority currently has the documents. Mr. Mamantov replied that the Authority has been supplied with drafts of both the development agreement and the lease. Mrs. Bumpas has emailed those documents. Mr. Mamantov explained that the Authority was not given the private development agreement. The private development portion of the project is roughly \$120 million, which is up from \$100 million and is still being refined. Mr. Schmid added that those documents do not directly involve the Authority as a party. They will affect the Authority indirectly. Mr. Mamantov stated that there will be complicated documents to which the Authority will be a party to capture the incremental tax for the private development portion of the project.

Mr. Hagood asked if the increase from \$100 million to \$120 million of the private development was due to an increase in building cost or more robust buildings. Mr. Mamantov answered that he believed that it is a combination of both issues. Mr. Schmid added that the increased cost is a good thing because it means that it represents more tax benefits that will go towards paying the bonds. Ms. Welch explained that a land-use process is happening simultaneously with the agreement approval process. The final plan for the site will be presented to the planning commission later today which will provide a range of building heights. She explained that it provides the community with some assurance around how the site is going to look and how it's going to function, but it also provides the private side the ability to attract investment.

Mr. Hagood commented that the Authority will have a significant amount of responsibility requiring a substantial time commitment for quite some time. Mr. Mamantov agreed that it will be a meaningful job for the long term. Mrs. Tillman stated that the community looks to the Sports Authority Board to make sound knowledgeable decisions on its behalf.

Mr. Mamantov expressed that the procurement aspect is very important. Subcontractors are a significant expense, and the bidding process will be transparent. Lawler Wood, LLC, as the owner's representative for the Authority, will ensure that the process is coherent while not interfering. Every effort is being made to get the best possible price and the Authority should receive reports on that beginning in the Spring.

Mr. Schmid reiterated that the Authority's role as a landlord will be non-traditional in that it will include several aspects that are not typical to other landlords and that those obligations will be outlined and provided to the board after the agreements are finalized. Mr. Hagood added that the Authority will be involved in its capacity as a landlord if/when problems arise such as the tragedy that occurred in Houston last week.

Ms. Welch stated that the Authority can feel proud about the fact that some of the things that will become responsibilities of the Sports Authority are because of the perspective that the members brought to the table. A real intentional effort has been put into ensuring that this is going to be an opportunity that benefits the community. She also asked if the Authority believed that a workshop should be scheduled before the meeting scheduled for January 25<sup>th</sup>. A workshop would allow the Authority to compare notes and discuss the remaining agreements upon which they will vote. Once a date is set, Ms. Welch will ensure that the Authority has the information it needs to have a productive workshop. Mrs. Bumpas asked if the members would like for her to send a doodle poll. Ms. Welch suggested that they make sure that they set parameters that will make good use of the Authority members' time.

Mr. Hill asked if the goal is to have buildings A, B, and C come online at the same time as the stadium and if the TIF or PILOT process has been initiated. Mr. Mamantov replied that the goal is to have those buildings come online simultaneously with the stadium and that the process has not been initiated yet. He added that he would anticipate taking the delegation resolution for the PILOT to County Commission and City Council in their January meeting cycle. The amendment to the Magnolia Avenue redevelopment plan would then be initiated to authorize a TIF for the project

in the December meeting cycle for KCDC to be able to present the approval of both at the same time in January.

### Public Forum

**June Rostan, Vice President of the Knoxville-Oak Ridge Area Central Labor Council:** Mrs. Rostan stated that she desires for the stadium to be built and be a wonderful stadium for the city of Knoxville and the surrounding area. She expressed concern that the promises made to East Knoxville may not be fulfilled. According to a study done by the United Way of Greater Knoxville, the rate of poverty in the 37915 area code including the working poor is 87%. In district 1 of the County Commission, the poverty rate is 85%. She explained that she is worried that the promises made to the poor people in East Knoxville, who need these jobs and a career pathway to a skilled job, will not be fulfilled.

Mrs. Rostan stated that the Knoxville Building and Construction trades have offered US Department of Labor certified apprenticeship training programs which they have been doing for 40 years. She explained that these programs are not easy to get, nor are they put in place quickly. They offer people more than skills. Their apprentices immediately receive pay, health coverage, and teaching pension payments made as soon as they start. The journeyman and the apprentices gain skills for the rest of their life. If they get laid off by a union construction company, the local union helps them find a job.

Mrs. Rostan added that this project provides a chance to right some wrongs and an opportunity to offer a path to the middle class for a lot of people in East Knoxville. It also will help make unions better. She offered the members of the Authority and the Knoxville Area Urban League an invitation to come to see the apprenticeship training programs that the building trades offer. Mrs. Rostan stated that she would leave contact information for anyone who would like to set up a visit. She thanked the Authority members for volunteering their time and stated that as an unpaid volunteer herself she understands the importance of volunteering for the community.

Mrs. Rostan stated this project is an important opportunity for partnership. It is not about jobs for union members. She said that the building tradespeople have all the work they can do with the uranium processing facility in Oak Ridge and at TVA. She thanked God for TVA and the Federal installations in Oak Ridge because they've helped improve the economy in East Tennessee and they have a commitment to using skilled and trained labor and providing a decent and good wage and living for people.

**Councilwoman Seema Singh, Knoxville City Council 3<sup>rd</sup> District:** Councilwoman Singh thanked the Authority for the hard work they have already done, as well as the work they have just committed to doing. She expressed a desire to inform the Authority from her point of view. She expressed that decisions cannot be made based on personal likes, dislikes, or good faith intentions. She expressed that she would hope a 15% DBE would be reached just by accident and that an intention would not have to be made for that low of a number.

Councilwoman Singh expressed a desire to look at the situation from the bottom up and take care of the working people in Knoxville. Because the people that are in decision-making positions are known to each other, people from the outside might see this as an inside deal and everyone needs to be aware of the optics and address it when possible.

The Councilwoman expressed disappointment in the low DBE percentage commitment and stated that should not be a number that requires deliberate intention but should be how business is done in an area with the percentages that Knox County has. She expressed that she is glad that the Knoxville Area Urban League is involved but that more people/organizations should also be involved in the effort to ensure DBE participation. She addressed statements that she has heard regarding the timing of labor union involvement and stated that there is no opportunistic nature to it. Councilwoman Singh expressed the need for some sort of arrangement to take care of the working poor and thanked the unions for stepping up to address that issue.

**Reverend Sam Brown, President of the Knoxville Branch of the Tennessee Chapter of the National Association for the Advancement of Colored People (NAACP):** Rev. Brown encouraged the members of the Authority to ask themselves the following questions:

- What side of history I would like to be on?
- How can I, with my position with my present sphere of influence, ensure that this is something that is most beneficial for all persons who are in the community and society?

Rev. Brown stated that he is aware of the verbal promises of benefit and the commitment to use the expertise of the Knoxville Area Urban League to recruit contractors and workers. He expressed the belief that a written signed publicly available agreement naming specific commitments is essential. In addition to these specific commitments, the NAACP would like solid publicly written assurances from Boyd Sports, LLC, the Knoxville Area Urban League, GEM Development, and Denark Construction on matters such as subcontracting with black businesses, access by East Knoxville residents to safe, well-paid jobs with a future, and enhanced opportunity for home and business ownership. He explained that concrete commitments on these matters should be extended to both the ballpark itself and the adjoining area where private development connected to this proposal is planning to take advantage of public expenditure. He explained that the developer should be legally committed through the Sports Authority to abide by workforce and community economic development standards.

Rev. Brown stated that the Knoxville Branch of the NAACP cannot be silent in the wake of what will amount to over \$200 million in public and private development proposed to be located in the African American community, a community that the NAACP believes is infected with so many disparities because of the role that government played displacing and creating those disparities. He stated that the Authority has an opportunity to rectify some of those disparities. The historical significance of the area upon which the project is proposed to the Knoxville African American community is immeasurable. It is the same area from which African American residents, businesses, and churches were expelled by urban renewal without due financial compensations. The ramifications, social, and personal trauma of that expulsion continues to be felt today. Rev. Brown asked the members of the Authority to place themselves on the right side of history.

### Adjournment

The next meeting of the Sports Authority will be held on January 25, 2022. Mrs. Bumpas will send the members of the Authority a Doodle Poll to schedule a workshop to discuss the development and lease agreements. Mr. Nance adjourned the meeting at 10:20 AM.

**EXHIBIT A**  
**INTERLOCAL PROJECT AGREEMENT**  
**(MULTI-USE STADIUM PROJECT)**

This Interlocal Project Agreement (Multi-Use Stadium Project) (this “Agreement”) is made and entered into as of the \_\_ day of \_\_\_\_\_, 20\_1, by and between Knox County, Tennessee (the “County”), the City of Knoxville, Tennessee (the “City”), and The Sports Authority of the County of Knox and the City of Knoxville, Tennessee (the “Authority”).

**WITNESSETH:**

WHEREAS, the Commission of the County (“County Commission”) and the Council of the City (“City Council”) have determined that the construction of a multi-use sports and entertainment stadium (the “Stadium”) and related facilities in downtown Knoxville on certain parcels of land located on and around 400 E. Jackson Avenue, including all or portions of Parcel No. 095HB002, 095HB003, 095HB004, 095HB005, 095HC010, 095HC011, and 095HC012 (collectively, the “Site”), will be in the public interest of the citizens of the City and County and will encourage and foster economic development and prosperity for the City and the County; and

WHEREAS, pursuant to Chapter 67, Title 7, Tennessee Code Annotated (the “Act”), the County Commission and the City Council have created the Authority for the purpose of exercising all powers granted to a sports authority by the Act, including, without limitation, the financing, constructing and operating of the Stadium; and

WHEREAS, the Site for construction of the Stadium has been or will be donated to the Authority by RR Land LLC (the “Developer”); and

WHEREAS, the Authority and the Developer have entered or will enter into a Stadium Development Agreement (the “Development Agreement”) with RR Land LLC (the “Developer”) providing for the construction and development of the Stadium and setting forth the rights and responsibilities of the Authority and the Developer with respect thereto; and

WHEREAS, the Authority and Boyd Sports AA, LLC (the “Team”) have entered or will enter into a Lease Agreement (the “Stadium Lease”) providing for the Authority’s lease of the Stadium, once completed, to the Team, and further providing for the payment of rent by the Team to the Authority (“Stadium Lease Payments”) and for the use, occupancy, operation, maintenance and repair of the Stadium and certain other matters collateral thereto; and

WHEREAS, pursuant to the Act, the County Commission and the City Council are authorized to aid or otherwise provide assistance to the Authority, for such term or terms and upon such conditions as may be determined by resolution of the County Commission and City Council, by granting, contributing or pledging certain revenues of the City and the County to or for the benefit of the Authority; and



WHEREAS, the County Commission and the City Council each desire to facilitate the Authority's financing of the acquisition and construction of the Stadium; and

WHEREAS, the Authority intends to issue of up to \$65,000,000 in principal amount of its Public Facility Revenue Bonds (the "Sports Authority Bonds"), which may be issued in one or more series and which may be tax-exempt or taxable obligations, for the purposes described herein (collectively, the "Permitted Uses"); and

WHEREAS, the Sports Authority Bonds will be payable from the following revenue sources (collectively, the "Pledged Revenues"): (1) the allocation of sales tax revenues to the Authority derived from sales at the Stadium, which allocation is pursuant to Tennessee Code Annotated Sections 67-6-103(d)(1)(A)(iii) (the "Stadium Sales Tax Revenues"); (2) the Stadium Lease Payments; and (3) certain incremental property tax revenues and/or payments in lieu of taxes payable to the Authority by Knoxville's Community Development Corporation and/or The Industrial Development Board of the City of Knoxville, relating to private development that will occur adjacent to the Site and as may be approved by the City Council and County Commission (the "Tax Increment Revenues");

WHEREAS, the Sports Authority Bonds will be issued pursuant to the authority of Chapter 21, Title 9 of the Tennessee Code Annotated (the "LGPOA") and the terms of an Indenture of Trust (the "Indenture") to be entered into between the Authority and a trustee designated therein (the "Trustee"); and

WHEREAS, the Indenture will provide for the establishment of certain funds, including (i) a fund or funds required to be held to pay debt service on the Sports Authority Bonds or to serve as a reserve therefor (collectively, the "Debt Service Fund"), and (ii) a fund required to be held as a reserve to pay for future capital expenditures with respect to the Stadium (a "Capital Improvements Reserve Fund"), with certain minimum amounts to be contributed thereto on a periodic basis (the "Capital Repair and Replacement Requirement"); and

WHEREAS, under the Act, the City and the County are authorized to aid or otherwise provide assistance to the Authority, which assistance may include, among other things, granting contributions and/or pledging revenues of the City and the County to or for the benefit of the Authority derived from any source other than revenues derived from ad valorem property taxes; and

WHEREAS, the County and the City wish to enhance the marketability of the Sports Authority Bonds and thereby reduce the interest costs thereon; and

WHEREAS, to the extent the Pledged Revenues produce a shortfall in the amounts required to pay debt service on the Sports Authority Bonds in any year and a Debt Service Fund is drawn upon to cover the shortfall, the City and the County have agreed to replenish such Debt Service Fund from legally available non-ad valorem revenue sources on a proportional basis; and

WHEREAS, the City and the County have further agreed to fund, subject to the limitations contained herein, a Capital Improvements Reserve Fund on a proportional basis in the amounts, and upon the terms and conditions, set forth in this Agreement and Exhibit A hereto; and

WHEREAS, it is deemed necessary and desirable by the County Commission, the City Council, and the Board of Directors of the Authority that the parties enter into an agreement addressing the issuance of the Sports Authority Bonds, the payment of debt service related thereto, the funds required to fund a reasonable Capital Improvements Reserve Fund and certain other agreements and rights of the parties related thereto;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, the parties agree as follows:

1. Agreements, Covenants and Duties of the City and the County.

(a) Pledge of Revenues other than Property Tax Revenues. The City and the County, respectively and not jointly, each hereby pledge, pursuant to Section 7-67-116 of the Act, to the Authority for the benefit of the holders of the Sports Authority Bonds all revenues of the City and the County, respectively, other than revenues derived from ad valorem property taxes and any other revenues of the City or County that may not legally used for such purposes, to secure the respective obligations of the City and the County to make payments pursuant to this Section 1 of this Agreement. The revenues pledged pursuant to this subsection are referred to herein as the “City/County Pledged Revenues.”

(b) Stadium Sales Tax Revenues. The City and the County hereby acknowledge and agree that under current Tennessee law, the Stadium Sales Tax Revenues are required to be transferred directly to the Authority for the benefit of the holders of the Sports Authority Bonds.

(c) Contribution to Debt Service Fund.

(i) *Agreement to Contribute.* Subject to Section 1(c)(ii) hereof, the City and the County hereby agree that in the event that the Pledged Revenues shall prove to be insufficient to pay principal and/or interest on the Sports Authority Bonds on any payment date relating to the Sports Authority Bonds or if any Debt Service Fund that serves as a reserve for such payment is drawn upon to make any such payments of principal and interest, the City and the County, pursuant to the provisions of Section 7-67-116 of the Tennessee Code Annotated, each hereby covenant to contribute at such times as are provided in the Indenture from legally City/County Pledged Revenues, sufficient moneys to make such payments and/or replenish such reserve (“Debt Service Obligation”). For purposes of this Agreement, the term “Fiscal Year” shall refer to the City and the County’s fiscal year beginning July 1 and ending June 30.

(ii) *Apportionment of Replenishment Obligation.* The Debt Service Obligation shall be apportioned on the following basis: 50% to the County and 50% City, and shall not be joint but shall be several.

(d) Funding of Capital Improvements Reserve Fund.

(i) *Agreement to Fund.* Subject to Section 1(d)(ii) and (iii) hereof, and beginning with the second full Fiscal Year after the date on which the Stadium has been placed in service, the City and the County hereby agree to timely appropriate from City/County Pledged Revenues, not later than August 31 after the conclusion of each Fiscal Year, sufficient moneys to fund the Capital Improvements Reserve Fund in the amounts set forth on Exhibit A hereto (the “Capital Improvements Reserve Fund Obligation”). All interest earned on the Capital Improvements Reserve Fund shall become a part of the Capital Improvements Reserve Fund.

(ii) *Limitations on Funding Obligation.* Notwithstanding the provisions of Section 1(d)(i) hereof, the following limitations shall apply with respect to the Capital Repair and Replacement Obligation of the City and the County.

(A) To the extent any proceeds of the Sports Authority Bonds remain after the completion of the Stadium and are deposited to the Capital Improvements Reserve Fund pursuant to the Development Agreement, the amount so deposited shall be applied as a credit toward the Capital Improvements Reserve Fund Obligations of the City and the County, which credit shall carry forward year after year until the cumulative amount of the Capital Improvements Reserve Fund Obligations surpasses the total amount of such credit.

(B) For any Fiscal Year as to which the City and the County have a Capital Improvements Reserve Fund Obligation pursuant to Section 1(d)(i) hereof, the aggregate amount of such Capital Improvements Reserve Fund Obligation shall be reduced by the amount that the Pledged Revenues received by the Authority during that Fiscal Year exceeded the amount required for debt service on the Sports Authority Bonds during that Fiscal Year and are transferred to the Capital Improvements Reserve Fund pursuant to the Indenture.

(C) In no event shall the City or the County be required to fund any amount to the Capital Improvements Reserve Fund that, for any Fiscal Year, will cause the aggregate amount of funding contributed to the Capital Improvements Reserve Fund from all sources to exceed the Capital Improvements Reserve Fund Requirement for that Fiscal Year.

(iii) *Apportionment of Funding Obligation.* The annual Capital Improvements Reserve Fund Obligation, as limited by Section 1(d)(ii) hereof, shall be apportioned on the following basis: 50% to the County and 50% to the City, and shall not be joint but shall be several.

(e) Approval of the 2022 Bonds. Pursuant to the requirements of Section 7-67-109(15) of the Tennessee Code Annotated, the City and the County hereby approve the issuance of the Sports Authority Bonds, subject to the requirements that the Sports Authority Bonds shall be issued in an amount not to exceed the stated principal amount of \$65,000,000, at a true interest cost not to exceed 5.0% per annum, for a term not to exceed the period from the date of issue through the conclusion of the thirtieth (30<sup>th</sup>) full Fiscal Year following the date on which the Stadium is placed in service. At the discretion of the Authority, the Bonds may be insured with municipal bond insurance or otherwise secured with credit enhancement. Subject to the limitations above, the City and the County hereby approve the issuance of the Sports Authority Bonds on such

terms as are determined by the Sports Authority, including with such original issue premium or discount as is determined appropriate by the Sports Authority, and using such method of sale as is determined to be most prudent by the Sports Authority in consultation with its financial advisers. The proceeds (including any interest income thereon) of the Sports Authority Bonds are authorized to be applied (i) to pay costs of the Stadium, (ii) to fund any Debt Service Fund to be used for a debt service reserve, (iii) to the Capital Improvements Reserve Fund as is described above, (iv) to pay interest on the Sports Authority Bonds to the extent permitted by the Act and (v) to pay costs of issuance and related costs in connection with the issuance of the Sports Authority Bonds.

2. Agreements, Covenants, and Duties of the Authority.

(a) The Authority will cause the Sports Authority Bonds to be issued and sold pursuant to the LGPOA and the Indenture in a manner consistent with this Agreement. The Authority will cause the proceeds of the Sports Authority Bonds to be deposited as required by the Indenture and used solely for the Permitted Uses.

(b) The Authority will cause the completion of the construction of the Stadium with the proceeds of the Sports Authority Bonds, the funds granted by the State of Tennessee to the Authority to pay costs relating to the Stadium, and such other funding sources, including any funds contributed by the Team or the Developer, as may be received by the Authority.

(c) The Authority agrees that it will adopt an annual budget for the Stadium indicating all operating expenses, revenues and capital improvements. The Authority agrees to (i) promptly provide the Directors of Finance for the City and County all budget information and proposals, as and when prepared by the Authority, and any other statements, reports and information relating to the Stadium as such Directors of Finance may request from time to time; (ii) consult with the Directors of Finance for the City and County in connection with the adoption of its annual budget for the Stadium and (iii) present the budget so adopted to the City and the County at times and in the manner prescribed by the Directors of Finance of the City and County and in compliance with any requirements of the budget process of the City and the County. The Authority shall additionally submit to the City Council and County Commission the annual audit and report of its business affairs and transactions in compliance with the requirements of the Act.

3. Term.

(a) The duties and responsibilities of the parties hereunder shall commence as of the date hereof and shall continue until the Sports Authority Bonds and any refunding bonds issued under the Indenture are paid in full.

(b) Notwithstanding anything to the contrary herein, termination of this Agreement shall not be permitted if such termination would impair in any way the ability or capacity of any of the parties hereto to fully and timely fulfill its obligations under any contract or agreement with any third party, including the holder or owner of any bonds or other indebtedness described herein.

4. Default. In the event any of the parties hereto shall fail to perform any of its obligations hereunder or shall become unable to perform by reason of bankruptcy, insolvency,

receivership or other similar event, then the non-defaulting party, so long as said party is not itself in default hereunder, may seek specific performance, mandamus or other extraordinary relief to compel the defaulting party to perform hereunder.

5. Establishment of Funds. The Authority, the City, and the County agree to establish such funds and accounts that may be required by the Indenture with respect to the matters set forth herein and such further funds and accounts as shall be determined necessary and advisable by the Directors of Finance of the City and County and the Chairman of the Authority to account for and manage the revenues and receipts described herein and provide for the payment of the costs of operating, maintaining and repairing the Stadium and paying the principal of and interest on the Sports Authority Bonds.

6. No Payment From Ad Valorem Revenues. Anything in this Agreement to the contrary notwithstanding, no recourse shall be had for the payment of the obligation of the City and the County hereunder against the ad valorem tax funds of the City and the County, nor is the full faith and credit or taxing power of the County or the City pledged to the payment of the Sports Authority Bonds. The obligations of the City and the County hereunder shall be paid solely from legally available non-ad valorem revenues.

7. Consent to Collateral Assignment. The County, City and the Authority hereby consent to the assignment of this Agreement to the Trustee for the benefit of the holders of the Sports Authority Bonds.

8. Refunding of the Sports Authority Bonds. All references to the Sports Authority Bonds in this Agreement shall be deemed to include bonds which refund such Sports Authority Bonds.

9. Severability. If a court of competent jurisdiction or an arbitrator determines that any term of this Agreement is invalid or unenforceable to any extent under applicable law, the remainder of this Agreement (and the application of this Agreement to other circumstances) shall not be affected thereby, and each remaining term shall be valid and enforceable to the fullest extent permitted by law.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

11. Entire Agreement. This Agreement contains the entire understanding among the parties with respect to the matters contained herein, and supersedes any prior understanding and agreements between them respecting the within subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between or among the parties hereto relating to the subject matter of this Agreement which are not fully expressed herein. Notwithstanding the foregoing, to the extent this Agreement or any of the terms hereof shall conflict with the terms of any of the other documents or agreements referenced herein, the terms of said documents or agreements shall control.

12. Headings. The paragraph headings are inserted only as a matter of convenience and for references and in no way define, limit or describe the scope or intent of this Agreement or in any way affect this Agreement.

13. Authorized Representatives. Any action required of or permitted to be taken pursuant to this Agreement by any of the parties hereto may be performed by an authorized representative of the respective party without further action by the governing body of such party.

*[Signature page follows]*

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officials thereunto duly authorized as of the date first written above.

KNOX COUNTY, TENNESSEE

By: \_\_\_\_\_  
Glenn Jacobs, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Law Director

Contract No.:

\_\_\_\_\_

Date:

\_\_\_\_\_

CITY OF KNOXVILLE, TENNESSEE

By: \_\_\_\_\_  
Indya Kincannon, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Law Director

THE SPORTS AUTHORITY OF THE  
COUNTY OF KNOX AND THE CITY OF  
KNOXVILLE, TENNESSEE

By: \_\_\_\_\_  
Chairman

Attest: \_\_\_\_\_  
Secretary



**EXHIBIT A of  
INTERLOCAL PROJECT AGREEMENT**

**Schedule of Capital Improvements Reserve Fund Obligations**

Full Fiscal Year After Stadium Placed in Service	Aggregate Amount of Capital Improvements Reserve Fund Obligation	City Portion (50%)	County Portion (50%)
1 <sup>st</sup>	\$0	\$0	\$0
2 <sup>nd</sup>	\$50,000	\$25,000	\$25,000
3 <sup>rd</sup>	\$50,000	\$25,000	\$25,000
4 <sup>th</sup>	\$100,000	\$50,000	\$50,000
5 <sup>th</sup>	\$100,000	\$50,000	\$50,000
6 <sup>th</sup>	\$150,000	\$75,000	\$75,000
7 <sup>th</sup>	\$150,000	\$75,000	\$75,000
8 <sup>th</sup>	\$200,000	\$100,000	\$100,000
9 <sup>th</sup>	\$200,000	\$100,000	\$100,000
10 <sup>th</sup>	\$200,000	\$100,000	\$100,000
11 <sup>th</sup>	\$300,000	\$150,000	\$150,000
12 <sup>th</sup>	\$300,000	\$150,000	\$150,000
13 <sup>th</sup>	\$300,000	\$150,000	\$150,000
14 <sup>th</sup>	\$300,000	\$150,000	\$150,000
15 <sup>th</sup>	\$300,000	\$150,000	\$150,000
16 <sup>th</sup>	\$400,000	\$200,000	\$200,000
17 <sup>th</sup>	\$400,000	\$200,000	\$200,000
18 <sup>th</sup>	\$400,000	\$200,000	\$200,000
19 <sup>th</sup>	\$400,000	\$200,000	\$200,000
20 <sup>th</sup>	\$400,000	\$200,000	\$200,000
21 <sup>st</sup>	\$500,000	\$250,000	\$250,000
22 <sup>nd</sup>	\$500,000	\$250,000	\$250,000
23 <sup>rd</sup>	\$500,000	\$250,000	\$250,000
24 <sup>th</sup>	\$500,000	\$250,000	\$250,000
25 <sup>th</sup>	\$500,000	\$250,000	\$250,000
26 <sup>th</sup>	\$600,000	\$300,000	\$300,000
27 <sup>th</sup>	\$600,000	\$300,000	\$300,000
28 <sup>th</sup>	\$600,000	\$300,000	\$300,000
29 <sup>th</sup>	\$600,000	\$300,000	\$300,000
30 <sup>th</sup>	\$600,000	\$300,000	\$300,000

**EXHIBIT B**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SPORTS AUTHORITY OF THE COUNTY OF KNOX AND THE CITY OF KNOXVILLE, TENNESSEE AUTHORIZING THE EXECUTION OF AN INTERLOCAL PROJECT AGREEMENT (MULTI-USE STADIUM PROJECT) WITH THE CITY OF KNOXVILLE, TENNESSEE AND THE COUNTY OF KNOX, TENNESSEE**

WHEREAS, The Sports Authority of the County of Knox and the City of Knoxville, Tennessee (the "Authority") is a sports authority created jointly by the City of Knoxville, Tennessee (the "City") and the County of Knox, Tennessee (the "County") pursuant to the provisions of the Sports Authority Act of 1993, as amended, being Chapter 67 of Title 7 of the Tennessee Code Annotated (the "Act"); and

WHEREAS, the City, the County and the Authority have determined that construction of a multi-use sports and entertainment stadium (the "Stadium") and related facilities within the City and the County will be in the public interest of the citizens of the City and the County, will provide a public venue for sports and other community events and will encourage and foster economic development and prosperity for the City and the County; and

WHEREAS, pursuant to the Act, the County and the City are authorized to aid or otherwise provide assistance to the Authority; and

WHEREAS, the Authority intends to finance the development of the Stadium in part through the issuance of its Public Facility Revenue Bonds (the "Bonds"), which Bonds will be payable from certain revenues to be received by the Authority in connection with the operation of the Stadium and from other sources; and

WHEREAS, pursuant to the requirements of Section 7-67-109(15), the Authority's issuance of the Bonds is subject to the approval of the City and the County; and

WHEREAS, the City and the County have proposed to make certain agreements to enhance the marketability of the Bonds and to reduce the interest costs thereon, and to otherwise provide assistance to the Authority as authorized under the Act, including an agreement (i) to provide certain funding to the Authority in the event of a shortfall in revenues needed to pay debt service on the Bonds; (ii) to pledge certain revenues of the City and the County to secure such funding; and (iii) to provide funding for a capital repair and replacement fund with respect to the Stadium; and

WHEREAS, pursuant to Sections 12-9-101, et seq., Tennessee Code Annotated, the Board of Directors of the Authority (the "Board") desires to enter into an Interlocal Project Agreement (the "Agreement") with the City and the County setting forth the foregoing matters and certain additional matters relating to the Stadium and the Bonds and the cooperation of the Authority, the City, and the County with respect thereto.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of The Sports Authority of the County of Knox and the City of Knoxville, Tennessee as follows:

Section 1. The Board hereby authorizes the Chairman of the Board to execute, on behalf of the Authority, an Interlocal Project Agreement (Multi-Use Stadium Project) in substantially the same form as the Interlocal Project Agreement (Multi-Use Stadium Project) attached hereto as Exhibit A, which is hereby approved, with such completions, omissions, insertions and changes as may be approved by the officer

executing it, his or her execution to constitute conclusive evidence of his or her approval of any such omissions, insertions and changes.

Section 2. The members of the Board are hereby authorized and directed to execute, deliver and file such other documents and to take all such further action as they may consider necessary or desirable in connection with the consummation of the Agreement and the transactions described herein.

Section 3. All other resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed and this Resolution shall be in immediate effect from and after its adoption.

Adopted and approved this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary/Treasurer

STATE OF TENNESSEE )

COUNTY OF KNOX )

I hereby certify that I am the duly qualified and acting Secretary of The Sports Authority of the County of Knox and the City of Knoxville, Tennessee, and as such official, I further certify that attached hereto is a copy of the excerpts from the minutes of the meeting of the Authority held on \_\_\_\_\_, 2021; that I have compared said copy with the original minute records insofar as said original records related to the authorization and execution of the Interlocal Agreement described in the foregoing resolution.

WITNESS my official signature and the seal of my office on this \_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Secretary

(SEAL)

EXHIBIT A  
INTERLOCAL PROJECT AGREEMENT

(see attached)