

**MINUTES OF A REGULAR MEETING OF
THE SPORTS AUTHORITY OF THE COUNTY OF
KNOX AND THE CITY OF KNOXVILLE, TENNESSEE
March 28, 2023 – 9:00 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" or "Board") began at 9:08 AM on Tuesday, March 28, 2023, in the Community Room of the Knoxville Public Works Service Center located at 3131 Morris Avenue, Knoxville, TN 37909.

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, Joan Cronan, Tim Hill, Alvin Nance, Nikitia Thompson, and Rosalyn Tillman. Richard Bass and Jeff Hagood attended by phone. None were absent. Also, present at the meeting were Mohamed Abbas, Denark Construction Senior Project Manager, Barry Brooke, Executive Vice President of Lawler Wood, LLC, Kim Bumpas, President of Visit Knoxville, Harold Cannon, the City of Knoxville Chief Economic Development Officer, Terrence Carter, Knoxville Area Urban League Vice President of Economic and Business Development, Edward Henley III, Founder of Pillars Development, Doug Kirchhofer, Chief Executive Officer of Boyd Sports, LLC, Mark Mamantov, Attorney at Bass, Berry & Sims, PLC, Dannis Mitchell, Director of Community Engagement For Barton Malow, Stone Mosley, Denark Assistant Project Manager, Phyllis Nichols, Retired Knoxville Area Urban League President and Chief Executive Officer, R. Culver Schmid, Attorney at Baker, Donelson, Bearman, Caldwell, & Berkowitz, PC., and Randall Turman, President of Elite Diversified Construction Inc. Members of the media and other visitors were also in attendance.

Disadvantaged Business Enterprise (DBE) Study Update and Discussion

The members of the DBE Team are Mohamed Abbas, Terrence Carter, Edward Henley, Dannis Mitchell, Stone Mosely, Phyllis Nichols, and Randall Turman. Each member introduced him/herself and gave a brief overview of their experience, qualifications, and history.

Henley also explained that he has more than a decade of experience in goal-setting diversity business initiatives for civic and municipal projects. Each project goal was either met or exceeded. He stated that he has never missed a goal and does not plan to start.

Although she has recently retired from the Knoxville Area Urban League (KAUL), Nichols assured the Authority and the broader community of her ongoing commitment to the DBE Team. She explained that one of KAUL's critical roles is to make sure that the East Knoxville community was engaged with the stadium project. The Urban League has a three-prong approach to the engagement of the project: using the DBE foundation in construction, workforce, and business development. KAUL has provided the Authority with a detailed report of the DBE-related activities. KAUL's goals as it pertains to the stadium project include ensuring that residents, particularly in East Knoxville, appreciate this once-in-a-lifetime economic development opportunity and its impact and that they have the opportunity to participate through capacity building.

Carter, also with KAUL, stated that he has been heavily involved with training and capacity-building opportunities within the smaller businesses in the community that would not normally receive the opportunity to bid on a project of this scale. Several training sessions and activities have been planned. On April 6, the Tier 2/Tier 3 event will be held to try to recruit more MBEs (minority business enterprises) as part of the DBE initiative and invite everyone with the capability of doing work that has not yet been awarded.

As an MBE owner, Turman stated that he is thankful for the opportunity to be able to learn from larger businesses while assisting other small business owners to do the same.

Mitchell stated that as someone who has worked on high-volume sports stadium projects for twenty years, she understands the level of specialty that is involved and uses that knowledge to assist the DBE Team specifically in the area of breaking down bid packages.

Abbas presented to the Board at the previous meeting.

Mosley stated that he is learning the DBE process as it pertains to facilitation and management.

Chairman Nance explained that although the Authority understands that the DBE participation goals are aspirational rather than mandated, the expectation remains that the development team will exercise good faith in attempting to achieve the goals. The Development Agreement provides for measures that could be undertaken to promote DBE participation. He asked

that the DBE Team describe the efforts that have been made with respect to those measures. Henley replied that the DBE report contains exhaustive details regarding the team's activities but that he would like to highlight the time that has been taken to create forms, and facilitate direct group as well as one-on-one engagement. The team has offered formal and informal engagement opportunities. He applauded Denark, Barton Marlow, and Elite Diversified Construction Inc. (EDCI) for taking the time to participate in these events and engage in this effort, particularly during the bidding process. They created five opportunities for interested subcontractors to come in, sit down, review plans, review the bids, refine their approach, ask unabridged questions, and submit for bid on the project. He referred the Board to page nine of the report which shows the high level of engagement. During that phase, the team engaged over 400 subcontractors, 130 of whom were DBE which matches or exceeds efforts in his previous experiences. 154 DBEs were prequalified. Engagement decreased sharply when the time came to bid and the team is seeking to understand the cause. Henley went on to explain that the team now has a dedicated focus on the subcontractors that have responded and is trying to determine the best way to increase the numbers. He pointed out the April 6th event and stated that there will be a tiered matching event in May. The team is now able to invite specific prime contractors. The scope is already defined which allows the ability to have people interact directly with their intended counterparts. The team is now able to offer more well-defined information to remove ambiguity or uncertainty to those who have been seeking it which should encourage more people to engage more thoroughly.

Director Tillman asked if the DBE team understands why the decline occurred and if engaging the prequalified parties is a current part of the process. Nichols stated that the response would be two-fold. She explained that the initial excitement around the project created a higher-than-anticipated response but one reason for the decrease in engagement was that project delays caused those who were looking for work to shift their focus elsewhere. They simply were not able to wait for the work to become available. Nichols assured the Board that the people who completed the twenty-hour training offered by KAUL got jobs on other projects. Mitchell went on to explain that the other reason for the dropoff is that although many companies initially displayed an interest in participating, nationally there are not many DBEs that have the bonding or financial capacity that would allow them the ability to bid on tier one contracts of the scale that this project requires. Abbas added that the DBE team ensure that no subcontractors were rejected from prequalification by connecting them to whatever help was necessary. Turmann added that for some DBE subcontractors that he personally engaged the issue was that despite his encouragement, they did not have the staffing or finances that would enable them to endure the delays of this project.

Director Thompson asked if a report was available to the Board that broke down the DBE data into subsets of companies owned by minorities, women, veterans, etc. Abbas stated that a report could be prepared to show that information.

Director Thompson also asked if the DBE Team had contacted any DBEs that have been awarded contracts by the City and County, Oak Ridge National Laboratory, or Knoxville Utilities Board and if the team reached out to Chattanooga, Nashville, The Diversity Alliance Group, Blount County, Knoxville Chamber, Black Chamber, and the Black Directory. Mitchell responded that the team worked with the City to obtain a list of DBE companies and that those were added to the database. The team worked with the City, County, and state as well as the National Minority Supplier Development Council and has reached out to all of the DBE organizations on those lists. Abbas added that the team also acquired DBE lists from the Urban League, Go DBE, as well as many of the others mentioned by Director Thompson. The lists were combined and the duplicates and non-construction-related businesses were filtered out. The remaining local DBEs were contacted directly and the DBEs outside of the local area received regular notification of the project. Henley added that he previously worked on many Nashville projects with diversity business programs and engaged all of those contacts as well as the Metro Nashville Business Assistance Office and reached out to the DBEs on their lists.

Director Thompson asked if a barrier to attracting non-local subcontractors to Knoxville existed that did not exist for other destinations. Henley stated that the main issue was that the project did not stay on schedule which caused a credibility issue. Other cities have projects happening as well. When a business is considering a timeline, it will gravitate toward the projects that have work available as anticipated. The issue is exacerbated when the project is as specialized as this one because there are a limited number of DBEs available at any given time that are also capable of bidding or completing the necessary work. Turman also pointed out that Nashville has a DBE participation goal and that the benefits and income are more attractive to small DBE contractors.

Director Thompson stated that the fact that local DBEs that are willing and capable of participating in this project are having to choose to go to other areas to work, rather than participating here is not a positive statement for our community. She asked what can be done to change that. Nichols responded that the Urban League's list of DBEs is comprehensive and the DBE

team has either personally spoken to or met with all local DBEs that would qualify to work on this project. The team has engaged, encouraged participation, and offered assistance to remove any possible barriers, but some DBEs have chosen not to participate.

Director Thompson stated that her concern for this as well as projects in general is what can be done to ensure that local contractors do not have to choose projects in other cities above choosing to bid on work locally. Turman stated that consistency is an issue. Subcontractors who will have to increase their capacity for this project have expressed concerns about what happens after the stadium project is completed. Abbas stated that the goals of this project could be used as an example for future projects. Although there remains a lot of work to be done, the progress thus far has been impactful for the subcontractors that have participated in the experiences the DBE Team has offered. They have gained knowledge and connections that have given them the ability to be successful. All of the efforts could be used as examples and repeated. Mitchell also replied that the hope is that this project will activate more development in the area that will draw more companies. This may be an opportunity to ensure that local companies are supported by replicating the activities borne from this project such as encouraging partnerships with larger companies and training to build capacity. Henley added that this conversation sends a message to the DBE community that there is concern and a desire to better the situation. This project could be the blueprint to encourage DBE goals on a broader scale and has laid the foundation for that to happen. Turman commented that mandated DBE goals are more attractive to DBEs because mandated goals increase their chances of bidding success. Mitchell added that subcontractors are also more apt to bid if they know and trust the construction manager to do the right thing regardless of a mandate.

Director Hill asked the team if DBE percentage participation should have been mandated on this project and if that would have helped the project achieve more. Turman stated that percentage participation mandates are attractive to DBEs. Denark and Barton Mallow are contractors that have demonstrated dedication and commitment to DBE participation regardless of mandates, but it is likely that more DBEs would have bid had a mandate been present. The necessity of rebidding the project was also a huge barrier to small business DBE participation as well. Chairman Nance pointed out that a mandate was not an available option. Director Hill added that a mandate may have halted the project. Director Thompson stated that a mandate may have eliminated the need for local DBEs to seek work outside of the area. Henley explained that the consistency of the message that this area is an environment that supports DBE participation in this project and will continue to do so in the future, as well as consistent timeline continuity will attract more DBE subcontractors.

Chairman Nance asked for an explanation of how future tiers will benefit more DBE participation. Mitchell stated that after the prime contractors are awarded, the team can begin to look at their scopes and how tiered subcontractors and suppliers can be plugged in to bid on the smaller scopes that the prime contractors will bear the risk on. DBEs tend to be smaller companies. The DBE team will facilitate the matchmaking of the larger prime subcontractors to the smaller subcontractors. The prime subcontractors will be in attendance at the April 6th event to talk about the scopes that they have available for smaller second and third-tier subcontractors to bid on. Abbas also pointed out that many second and third-tier vendors and suppliers that can be connected with the prime subcontractors to fill specific scopes. The potential for additional prime commitments as well which will increase participation.

Director Tillman asked if second and third-tier contracts will be as attractive to DBEs. Abbas stated that it will be important to continue to advertise the opportunities. The DBE team is committed to doing its best to connect, inform, and facilitate the process as much as possible to encourage participation. Nichols added that opportunities for DBE participation will continue to exist after the construction phase is complete.

Director Thompson asked if the prime subcontractors are self-performing and if the subcontractors they plan to use were listed on the bids that they submitted. Abbas explained that several of the prime subcontracts were separated into smaller pieces to make them more obtainable for DBEs. It is very important to establish connections between the prime subcontractors and possible DBE subcontractors now because although the primes have solicited vendor prices to be included in their bids, they are not able to contract with a vendor until they have been awarded the prime subcontract. The April 6th event was scheduled with this in mind.

Director Thompson asked if the team is looking at the prime subcontractor bids to see which DBE subcontractor could fulfill their needs and contacting those DBEs to tell them which prime with which to connect. Abbas replied in the affirmative. He explained that the Policies and Procedures Manual outlines the process. The team is also communicating the process during engagement activities. Director Thompson asked if the available opportunities have been communicated to the DBEs by phone or email. Abbas replied that the team has made and will continue to make every effort to contact the DBEs by phone.

Director Thompson asked if EDCI was included in the 5.5% of the MBE included in the DBE report. Kirchhofer replied in the affirmative. It is also included in the 15.5% of the overall DBE in the current report. Going forward, the 5% represented

by EDCI will be applied to \$9 million which is the direct construction management portion of the budget which would equal \$470,000, and calculate the percentage based on that. He stated that going forward the numbers will be shown in tiers to make them more understandable on the monthly reports.

Chairman Nance thanked the DBE team and feels encouraged that the numbers will improve.

Kirchhofer stated that Boyd Sports has begun the process of contacting Knoxville businesses to engage them as it pertains to the subcontracting opportunities that will be available after the construction of the stadium has been completed. Boyd Sports will begin to provide reports on those efforts quarterly.

Development Agreement Update

Mamantov state that the Board has been provided with a redline version of the Development Agreement. Nearly all the changes are related to the acquisition of additional funding. The Board is aware of all the included changes. He asked the Board to take time to review it over the next few days.

Chairman Nance asked that the Board contact Schmid with any questions and he would in turn communicate them to Mamantov.

Bond Finance Update

Mamantov stated that term rates have dropped 20 points since the Federal Reserve raised interest rates last quarter. He hopes to go to market before May 5th.

Director Hill asked what the bond rate is now. Mamantov replied that it is at or just below the average interest rate of under 5%.

Brooke state that time is of the essence. Cronan asked if it would be helpful for the Authority to meet sooner than April 25. Brooke explained that the conditional permit expires on April 5th. Mamantov reminded the Board that unless a serious issue is found that the Board needs to meet to discuss, Chairman Nance can sign the Development Agreement on or by Monday to get the final permit. Mr. Hill asked that a deadline be established for the Board to send comments to Schmid. The Board agreed to have all comments or questions sent to Schmid by noon on Friday, March 31st.

Chairman Nance asked if Brooke would attend the DBE meetings. Brooke agreed.

Public Forum

Statement from Representative Sam Mckenzie delivered by Knoxville City Councilwoman Gwen McKenzie:

Due to the crisis in Nashville, he was unable to attend the meeting. The stadium project is a generational opportunity to improve the lives of African Americans that have not had ample opportunities in this part of the state. He was assured that the efforts to engage minorities would be intentional. For the report to show what is effectively 0.5% minority participation is deflating. To list a partner as a participant is disingenuous at best and patronizing at worst. It is disheartening to see this has been allowed to happen on the largest publicly supported project since the 1982 World's Fair and under the watch of a diverse Sports Authority. He pleads for the reconsideration of the Board's inactions and asks that they do the right thing as it relates to the stadium project. A goal was set and they have failed miserably. He asks the Board not to be on the wrong side of history and asks if they and questions to please reach out to him: Sam Mackenzie, Tennessee State Representative 15th district.

Knoxville City Councilwoman Gwen McKenzie:

Feels enlightened by the meeting and that seeing the DBE Team was beneficial. She stated that words matter. DBEs seem to be discouraged when they see that DBE participation is not mandatory. African American communities distrust that they will be considered. What she heard during the meeting will go a long way in helping people break down some of those barriers. As the project moves forward with second and third-tier opportunities, the team must be intentional in order to demonstrate to the community that the project can be trusted. The community perceives that the efforts to include DBEs have not been intentional. The DBE Team will be invited to the East Knoxville Community Open House on April 11th, 5:00 – 7:00 PM at the Jacobs Building so that people can hear the facts about the barriers that exist and the process itself.

Greg Mills:

Asks that the Board mandate that the stadium use and accept cash for the purchase of event tickets. He explained that the latest FDIC survey shows that 1 out of 7 people in the Knoxville Metro area are either underbanked or unbanked. By not requiring that

the stadium use and accept cash, 1 out of 7 households would be excluded from being able to spend money there which would not make good business sense. Since it is a public project, it should not be open to everyone. His concern stems from having heard that some SEC Stadiums will not return to accepting cash once the Covid Emergency expires in May.

Pastor Sam Brown, Knoxville NAACP

The NAACP received a public cry when this project was proposed. The NAACP recognized the project as an opportunity for disenfranchised people to participate and help them to gain generational wealth. The NAACP was comforted by the presence of other entities that could act as accountability partners to this project. He understands that several challenges and barriers exist for the stakeholders. Perhaps some legwork could have been done on the front end to allow a mandate to have been issued. Accountability, integrity, and responsibility should be the priorities. The NAACP is a great keeper of history and would like to share for posterity and for the history of the city when the Authority had the opportunity to do something to put some wealth into the hands of people who did not have it, it took the opportunity and did your due diligence to make sure that it came to pass.

New Business

The next meeting will be held on Tuesday, April 25, 2023, at 9:00 AM in the Community Room of the Knoxville Public Works Service Center

Adjournment

Mr. Chairman Nance adjourned the meeting at 10:39 AM.