

MINUTES OF A REGULAR MEETING OF  
THE SPORTS AUTHORITY OF THE COUNTY OF  
KNOX AND THE CITY OF KNOXVILLE, TENNESSEE

March 7, 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 9:03 AM on Tuesday, March 7, 2023, in the Community Room of the Knoxville Operations 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, Richard Bass, Jeff Hagood, Tim Hill, Alvin Nance, Nikitia Thompson, and Rosalyn Tillman. 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, Chris Caldwell, Chief Financial Officer, and Deputy to the Knox County Mayor, Harold Cannon, the City of Knoxville Chief Economic Development Officer, Doug Kirchhofer, Chief Executive Officer of Boyd Sports, LLC, Mark Mamantov, Attorney at Bass, Berry & Sims, PLC, Kevin Manly, Cornerstone, Stone Mosley, Denark Assistant Project Manager, and R. Culver Schmid, Attorney at Baker, Donelson, Bearman, Caldwell, & Berkowitz, PC. Edward Henley III, Founder of Pillars Development, Dannis Mitchell, Director of Community Engagement For Barton Malow, and Randall Turman, President of Elite Diversified Construction Inc., attended the meeting by phone. Members of the media and other visitors were also in attendance.

Approval of Meeting Minutes

Mr. Nance presented the minutes from the Tuesday, October 25, 2022, meeting for the Authority's review. Mrs. Thompson moved that the Authority approve the minutes. Mr. Bass seconded the motion. The Authority approved the October 25, 2022, meeting minutes by a unanimous voice vote.

Internship Program Committee Update

Mrs. Tillman reported that this season has been very successful. The committee held an information and recruitment session at the University of Tennessee. The committee is grateful to WJBE 99.7 FM / 1040 AM for their efforts to advertise these internship opportunities. Newsletters and email blasts were also sent to student-centered organizations.

She explained that a total of thirty-two students applied to the program this season, twenty-five of which were screened via interviews with the committee. Twenty-two applicants will be presented to the employers. Those organizations will then interview the applicants and internship position offers will be communicated to the chosen applicants by the end of the month.

All of the candidates are excellent students who demonstrate great promise. Mrs. Tillman expressed the hope that employers would consider offering internship positions to more than one of the candidates presented to them because all of them are worthy of the opportunity. Mr. Bass added that deciding which students to recommend was very tough because all of them were outstanding. Mrs. Tillman went on to say that many of the students expressed a desire or were considering staying in the Knoxville area. One goal of the internship program is to create a pipeline of outstanding young talent for Knoxville and Knox County; thus, the program serves as an investment in the future of the area.

Mrs. Thompson thanked Mrs. Tillman and the rest of the internship committee for their efforts with this important task and applauded the positive results.

Mr. Nance inquired as to whether the program has enough participating employers. Mrs. Tillman explained that the program is grateful to the eight employers that each currently provides one internship opportunity to the program, but the program needs more employers and opportunities. Twenty-two candidates qualified to interview with the employers during this season and the program anticipates continued growth going forward.

Ms. Cronan asked if more employers will be added as the program grows. Mrs. Tillman expressed the hope that more employers will express interest and participate in the future and expressed that the internships are beneficial to both the students and the employers. Mr. Nance encouraged anyone in attendance with knowledge of a company that would be interested in participating in the internship program, to refer them to Mrs. Tillman or Mrs. Bumpas.

### Turf Discussion Update

Mrs. Bumpas reported that several meetings have been held which included Mr. McKenna of One Knoxville Sporting Club (One Knox) and Mr. Kirchofer of Boyd Sports regarding the stadium's ability to transition from baseball to soccer and from soccer to baseball. The discussions are ongoing and updates will be available soon.

### Stadium Funding Plan Update

Mr. Brooke provided the Board with the funding breakdown, project cost, funding sources, and guaranteed maximum price (GMP). He explained that bids were received in late December 2022 and early January 2023 and that each has been reviewed. Over a three to four-week period, the team met with all of the subcontractors which is important for a project of this scale.

Mr. Brooke stated that he has vetted the GMP of \$101 million and explained the included line items guaranteed under that cost. All of the steel for the project has been detailed and included in the 700 pages of information and drawings, which saves costs and time on the project. He explained that soft costs include steel and concrete testing, soil testing performed by geotechnical engineers, foundation work, and environmental concerns which are all typical for a project of this size.

Mr. Hagood asked if a lot of bids were received from subcontractors. Mr. Brooke stated that he met with Denark and reviewed all subcontractor bids that they received. He stated that they had good coverage on the bids and that he is confident that they have chosen the best value, products, and people for the project.

Mr. Hagood asked for a breakdown of the \$8.5 million in architecture, design, and engineering which is 7.47%. Mr. Brooke stated that due to the specialized nature of this development, the architecture, design, and engineering cost is higher than the usual 5% of a standard office building or retail space.

Mrs. Cronan asked if the engineering of such a specialized structure was a large portion of the architecture, design, and engineering cost. Mr. Brooke responded that with a project like this one, it is important to have a single firm handling the architecture, design, and engineering. Two local firms and one firm out of Kansas City were combined to work on this project. It would be very difficult to break down the cost of each area but that he could get that information. Mrs. Cronan mentioned that the number seemed to be high compared to a percentage. Mr. Brooke stated that the percentage is higher due to the special nature of the project. Mr. Brooke expressed that he is comfortable with the number.

Mr. Nance asked what size of a contingency has been built into the \$101 million. Mr. Brooke replied that a \$2.4 million contingency within the \$101 million GMP which is appropriate for the scale of this project.

Mrs. Thompson asked if there is a guaranteed timeframe. Mr. Brooke replied that they have 60 days to start the project.

Mr. Bass followed up on Mrs. Thompson's question by asking if there is a guaranteed completion date. Mr. Brooke responded that the completion date is April 2025.

Mr. Hagood asked for an explanation of the project management number. Mr. Brooke replied that is the Partners Development fee as the representative for Boyd Sports to oversee the project.

Mr. Nance inquired about the environmental testing costs were in addition to the testing that has already been completed. Mr. Brooke explained that environmental testing would be ongoing and extensive and represent significant costs.

Mr. Mamantov explained the funding sources portion of the report to the Board. He explained that the Analytical Agreement that the City, County, and Sports Authority entered into caps the maximum amount of bonds that can be issued at \$65 million not to exceed an average interest rate of 6%. The \$13.5 million received from the state will be added to the \$65 million. The resulting \$78.5 million will be deposited into a bank account, essentially with a bond trust to be invested over the two years during construction, and is expected to yield roughly \$2.5 million. Mr. Mamantove also explained that in August of last year, a subordinate TIF with RR Land, Boyd Sports, and Mr. Boyd loaning \$20 million contingent on the property tax growth in the area immediately around the stadium. With the approval from the Board, the bonds would be in the bond market within approximately 45 days.

Mr. Bass asked if the \$30 million contribution from the developer would also be deposited with the trustee to coincide with the sale and closing of the bonds. Mr. Mamantov replied in the affirmative or collateral such as a letter of credit would ensure that it would be available. He added that all in all, Mr. Boyd is providing approximately \$50 million to the project. The details of how and when the money will be deposited have not been negotiated yet.

Mr. Nance asked if the estimated earnings were conservative. Mr. Mamantov replied in the affirmative.

Mr. Hill asked roughly how much the City and County contribution would change over the 10-year period. Mr. Mamantov answered that based on current interest rates, it would be approximately \$9 million each which declines every year based on expected sales tax growth. The initial year based on current projections will be about \$800,000 each. Mr. Hill stated

that the project remains a great investment for a \$114 million asset. Mr. Mamantov reminded the Board that the bonds will be refinaneable in 10 years which could save about \$5 million. The City and the County will pay less than 10% of revenue for an asset worth \$114 million.

Mrs. Thompson asked if both mayors understood where the numbers are right now. Mr. Mamantov stated that the mayors have been kept informed and understand the financial ramifications of the proposal.

Mr. Hill asked for an explanation of the \$4.6 million City and County cap. Mr. Mamantov explained that is the annual amount that the mayors have stated that they are willing to use to make up the difference between expected and received revenues. Mr. Caldwell added that the lease payment, sales tax, and TIF are factored out of the \$4.6 million which leaves approximately \$1.8 million. Mr. Mamantov added that the sales tax projections do not reflect the two years of inflation. The projection of the incremental property tax revenues has also been increased due to the increased construction costs of the two adjacent buildings.

Mr. Nance asked if Building G has been factored into the estimates. Mr. Mamantov stated that Building G has not been factored in but if it is constructed, it will reduce the gap to which Mr. Hill referred.

### Disadvantaged Business Enterprise (DBE) Participation Update

Mr. Abbas introduced the DBE Team members in attendance. The team meets bi-weekly to review the mission, develop ways to increase DBE participation and reduce barriers of entry for contractors and contracting firms. The team also plans and executes those events. The team started by compiling a list of construction subcontractors in the DBE pool from the City, County, State, and various other organizations. The team directly solicited the subcontractors in the pool, providing them with prequalification applications and invitations to prequalify. The team either attended or provided informational materials and advertisements to several DBE-specific events in the region as well as sent out public service announcements and press releases via the web and radio. WJBE graciously allowed the DBE Team to participate in Community Conversations and ads were placed in Knox News. he reported that the team has held more than 50 events in the past two years focused on capacity building for DBE subcontractors as well as networking and connection events. Capacity-building classes were also offered.

Mr. Abbas also stated that during the bidding period, several additional events were held to explain the packages and scope to DBE subcontractors. Direct invitations were sent to all DBE subcontractors involved in the bidding process to take advantage of one-on-one time to review the drawings and bid packages with the DBE Team, ask questions, and get clarification. The office hours were available at the DBE Team office, Knoxville Area Urban League offices, as well as via Zoom.

Mr. Abbas explained that the team would continue to meet biweekly, develop strategies, plan, and execute objectives over the next two years to encourage and assist DBE participation in the project. The Knoxville Area Urban League has not only hosted the team, but has also been an intimately involved, extremely helpful partner in the efforts to recruit, train, advertise, and assist with these efforts.

Mr. Abbas explained that the DBE participation in the project is currently more than 15% of the construction costs in the GMP. Just over 15% of the construction costs include DBE participation from cost at the construction management level, that subcontract level, the second tier, and the third tier supplier subcontractor level as a whole. Many more opportunities still exist. Events such as vendor supplier meet and greets, capacity building classes, and diversity business expo events. The team is dedicated to further implementing additional good faith efforts that keep moving this effort forward and get more out of it.

Mr. Kirchhofer added that included in that 15%, as well as the 5.5% portion that relates to minority business enterprise (MBE) participation is 5% that's attributable to Elite Diversity Construction Inc (EDCI). How EDCI's involvement should be accounted for as it pertains to DBE participation will be resolved in the coming weeks to ensure proper accountability. EDCI has been a part of the project from the beginning and is a valued, active, and productive member of the construction management team. When EDCI is removed from the numbers, DBE accounts for 10% of the construction cost and less than 1% of MBE participation. Those contracts account for less than \$1 million which highlights the importance of identifying additional opportunities.

Mr. Abbas stated that more work is necessary and it will be a continuing process. Mr. Kirchhofer added that nearly all the information presented by Mr. Abbas specifically refers to the contracting phase of the construction process. The efforts that the DBE team has been working on and in particular, the Knoxville Area Urban League involves not only recruitment for participants but also involves capacity building in companies that preparing to compete for opportunities that will exist after the stadium is open once the private development buildings and other development that is anticipated in that area open in the future. The third component of the engagement of the Urban League is workforce development. Mr. Kirchhofer stated that the idea of

preparing the workforce for labor opportunities is very immediate, in terms of the construction of the stadium and the construction of the product development buildings, and has a lasting impact, because of the skills and training that those people will realize, and the additional jobs that will come once the stadium and private development are open.

Mrs. Thompson asked if the 5% of DBE participation accounted for by EDCI has been accounted for from the beginning of the project. Mr. Abbas replied in the affirmative and explained that EDCI's participation is a part of the association which also includes Denark Construction and Barton Marlow. EDCI is a 5% partner on the stadium project.

Mrs. Thompson also asked if there are any numbers associated with veteran-owned businesses. Mr. Abbas stated that several bid but he would need to research the number to see if any are currently participating.

Mrs. Thompson then asked if women-owned business enterprises made up the remaining percentage. Mr. Abbas replied in the affirmative.

Mrs. Thompson asked if the DBE team considered the numbers a success in terms of good faith effort and engagement. Mr. Abbas responded that the goal of the DBE team has been to identify and engage any subcontractor that was interested in the project and to eliminate any barriers to entry that might exist. The team assisted several subcontractors to help them find ways to participate. Several portions of the work have been separated to make the project more palatable for smaller and more specific subcontractors.

Mrs. Thompson stated that the Board would benefit from a more detailed explanation and understanding of the process. Mr. Nance agreed and suggested that the DBE team present their efforts and processes to the Board during an upcoming meeting.

Mr. Abbas stated that the award process which began 75 days ago is coming to an end. Once the subcontractors are awarded, data for the quarterly report can be collected. The quarterly report will break down each company, the dollar amounts awarded to them, tracking associated with payments received, additional effort, other events, and so forth.

Mrs. Cronan stated that it is important for the Board to review the efforts that have already been made as well as remember that more contracts will be awarded in association with the stadium project in the future that can help to meet the standard. Mr. Abbas added that planning has begun on several upcoming events, some of which will duplicate events that were successful in the past.

Mr. Nance asked if the good faith effort goal is 17%. Mr. Abbas replied that 17% is the agreed-upon goal of the good faith effort; however, the goal of the DBE team is to increase participation as much as possible. The team does not view 17% as the limit or a stopping point.

### Stadium Cost Resolution

Mr. Mamantov explained that the resolution before the Board today would authorize the finalization of the Project Development Agreement documents to include the GMP information for the Board to vote on.

Mr. Cannon stated that the administrations of both the City and the County support the resolution and the preparation of the documents to move the project forward so that whatever action the Board deems necessary can be taken on those documents at the next meeting.

Mr. Nance asked if the approval of the resolution would allow the development team to pull permits. Mr. Mamantov replied it is his understanding that a signed Development Agreement would cause the project to be considered a public project and would significantly reduce the cost of permits. Mr. Cannon confirmed that an executed development would be necessary to allow for a waiver of the permit fees but that he would investigate options that would allow the issuance of permits to begin.

Mr. Cronan stated that she would like to move the Resolution Acknowledging The Stadium Cost and Authorizing The Authority's Representatives to Finalize Documents for Stadium Financing for Board Approval forward and is more excited about this project than ever before. Mr. Hill seconded the motion.

Mr. Schmid asked if finalizing the Development Agreement equated to inserting the budget numbers that were presented today. Mr. Mamantov replied that due to the significant amount of time that has passed since the last review of the document, some other nonsubstantive changes would need to be made such as updates, dates, and the like but that the only substantive change would be the inclusion of the budget numbers. A redline version would be made available to the Board within a few days.

Mr. Schmid asked if the bond documents would be ready for the Board to consider in April or May. Mr. Mamantov replied in the affirmative adding that a resolution to authorize up to \$65 million principal amount within particular parameters to be borrowed for the Board to approve.

Mrs. Thompson asked if everything would be in place, including funds and the redlined agreement before the Board is required to take action on the Development Agreement. Mr. Mamantov explained that the estimated \$12.95 million will need to be committed either in cash or as a letter of credit when the bonds are closed. The subordinate TIF would need something similar. JP Morgan, as the underwriter on behalf of investors, will want to see the overall financing package in place before they go to market.

Mr. Nance asked when a redlined Development Agreement would be available to the Board. Mr. Mamantov stated that the agreement will be available later this week.

Mr. Schmid advised the Board that Mr. Nance has the legal authority to sign the Development Agreement and that any comments received about the redlined document would only be advisory unless the Board chose to amend his authority. The Board chose not to change Mr. Nance's signature authority.

The Board approved the Resolution Acknowledging The Stadium Cost and Authorizing The Authority's Representatives to Finalize Documents for Stadium Financing for Board Approval with a unanimous voice vote.

#### Public Forum

Knoxville City Councilwoman Gwen McKenzie offered her appreciation to the members of the Board for their time and commitment to this effort. She stated that the stadium project will be transformational for the City, County, as well as East Knoxville. The residents of East Knoxville have a substantially high poverty level. The DBE conversation is extremely important to ensure fairness and the provision of opportunities for people in that community. This project could provide the chance for some families to change their generational trajectory from poverty to wealth building. She stated that the Knoxville Area Urban League has done an amazing job locally, with the outreach, programming, and informational sessions. The preliminary results of the DBE Team's effort have been presented during this meeting. She stated that a lot more brainstorming can be done as it relates to how contractors and subcontractors are attracted to this opportunity. Because there is a lack of local contractors that fit into the DBE category, the opportunity could be offered statewide or regionally. Those contractors would hire local laborers. Workforce training opportunities are being offered to help prepare local laborers for upcoming opportunities. She also stated that she looks forward to speaking with Mr. Abbas to ask more questions and attending the upcoming Board meeting.

#### New Business

Mrs. Bumpas will reach out to the members of the Board to schedule a DBE Team presentation and report review.

#### Adjournment

Mr. Nance adjourned the meeting at 10:27 AM.