

**MINUTES OF A REGULAR MEETING OF
THE SPORTS AUTHORITY OF THE COUNTY OF
KNOX AND THE CITY OF KNOXVILLE, TENNESSEE
April 25, 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") was called to order by the Chairman of the Board, Alvin Nance, at 9:02 AM on Tuesday, April 25, 2023, in the Community Room of the Knoxville Public Works Service Center located at 3131 Morris Avenue, Knoxville, TN 37909.

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 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, 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.

Approval of Meeting Minutes

Chairman Nance presented the minutes from the March 7, 2023, and March 28, 2023, meetings for the Authority's review. Director Hill moved that the Authority approve the minutes. Director Tillman seconded the motion. The Authority approved the October 25, 2022, meeting minutes by a unanimous voice vote.

Diverse Business Enterprise (DBE) Update

Henley reported the activities of the DBE Team since the last meeting. He stated that a well-attended matching event was held on April 13th. All DBE attendees were matched and placed in contact with prime contractors. The team has continued to engage contractors that have not bid on the project to ensure that they are aware of the available opportunities and to encourage them to participate.

Henley then presented a template for the Diverse Business and Workforce Report which is required by the Development Agreement for the Board's review. He gave a detailed description of each section of the report as well as the information that would be provided in each. The report will begin to be populated next month as contracts are awarded.

Director Thompson requested that the first page of the report include the percentage of DBE contracts awarded. Henley agreed and explained that the report could be modified to the Board's liking.

Chairman Nance asked if information about individual contracts would be available to the board. Henley replied that it would and added that the reporting would be in arrears with the period noted to ensure that the data is reported accurately. He then asked the Board to review the second page of the handout which displayed a screenshot of the DBE Team's shared internal management system showing the detail level of the data that will be collected and available to the Board update request.

Director Thompson asked when they should expect to see the first report. Henley replied that the first report should be available next month.

Director Thompson asked how many prime contractors attended the matchmaking event and if any of the DBE contractors were able to subcontract with them to fill any needs. Henley stated that eight prime contractors and six subcontractors attended the matchmaking event and that every subcontractor was placed in contact with a prime contractor. He feels confident that at least three or four will result in a contract. He will not be able to share that information until the contracts are executed. Outside of that event, the same process and information were provided to the DBE contractors that were not able to attend.

Henley also stated that upcoming activities include a city-run event on Thursday, April 27th. The ongoing workforce development programs now have eight contractors enrolled to continue to build the capacities of smaller businesses. He also stated that the DBE Team will continue to communicate bids that have not yet come out to DBEs and encourage participation.

Director Thompson stated that this part of the contract is crucial to the project and that it is important that it be successful. Henley ensured the Board that the DBE Team will continue to look for opportunities for diverse businesses as the project evolves.

Construction Update

Brooke reported that construction is underway. Pictures and a video of site activities will be shared with the Board during the May meeting.

Bond Finance Update

Mamantov provided the Board with two charts illustrating the stadium's funding and revenue sources as well as a notebook of the stadium's primary financing documents. He explained that he would like to go to market in Mid-May and that he and Schmid would work together to represent the Board. He also announced that Marcie Lewis, Senior Managing Consultant for PFM Financial Advisors, LLC out of Huntsville was present and available to speak with the Board.

Mamantov explained the Stadium Construction Funding and Revenue Sources to Pay Debt Service charts to the Board in detail to ensure an understanding of both processes and all involved parties: Knox County, City of Knoxville, Knoxville Community Development Corporation, the Developer, and the State of Tennessee. He mentioned that the construction fund should earn about \$3 million.

Director Hill asked over what period of time the construction fund would earn interest. Mamantov stated that the fund would earn about \$3 million over approximately two years between the closing of the bond sale in May 2023 and the opening of the stadium in April 2025.

Mamantov explained that in order to capture the incremental tax revenues from the residences in the Beaufort Delaney Building, on the day of closing a portion (10-15%) of the bond proceeds will be used as a TIF loan to the Knoxville Community Development Corporation (KCDC), which will then immediately grant that money to the construction fund along with the money from the subordinate TIF either as cash or as a note.

Mamantov stated that 5.5% of the sales tax on every sale within the stadium will go into the debt service fund and the City and County will contribute 2.25%. This includes all activities held at the stadium.

Chairman Nance asked if the school system would receive a portion of the sales tax from the stadium. Mamantov replied that for 30 years, all sales tax revenue from the stadium will be used to pay the debt service.

Mamantov also stated that the Industrial Development Board of Knoxville (IDB) will take title of the property to the east of the stadium, lease it to the developer, and accept payment in lieu of taxes (PILOT). City Council and County Commission have approved the IDB to pay the Authority 50% of those payments to pay the debt service. The debt service will be paid in December and June.

Director Bass asked if payments from the City and County will begin before construction has been completed. Mamantov explained that the City and County are required to make up for shortfalls, but none are anticipated. Funds should be sufficient to carry until June 2025 and with the opening of the stadium in April 2025, revenues from the sales tax will start to come in.

Mamantov then presented the contents of the notebook to the Authority and briefly explained the purpose of each document. The notebook contained the following:

1. Indenture
2. Preliminary Official Statement
3. Bond Purchase Agreement
4. Intergovernmental Agreement with IDB (re PILOT payments)
5. Loan Agreement with KCDC regarding TIF Note (Beaufort Delaney Building Residential Condos)
6. Intergovernmental Redevelopment Agreement with KCDC regarding contribution of proceeds of TIF Loans

He then asked the Board to authorize the posting of the Preliminary Official Statement, which would obligate the sale of the bonds but would help quicken the process.

Schmid encouraged the Board to read the Preliminary Official Statement as a great summary of the offering to potential bondholders. Mamantov agree and added that he will send the Board redlined versions of all the documents as well before the final meeting.

Mr. Hill moved that the Board authorize Chairman Nance to certify and permit the posting of the Preliminary Official Statement and to set a special meeting for the Board to review, discuss, and vote on the bond documents on Tuesday, May 9, 2023, at 9:00 AM in the KCDC Boardroom. Mr. Bass seconded the motion. The motion carried by a unanimous voice vote of the Board.

New Business

The next meeting will be held on Tuesday, May 9, 2023, at 9:00 AM in the Board Room of the Knoxville Community Development Corporation

Adjournment

Mr. Chairman Nance adjourned the meeting at 9:51 AM.