

MINUTES OF A REGULAR MEETING OF
THE SPORTS AUTHORITY OF THE COUNTY OF
KNOX AND THE CITY OF KNOXVILLE, TENNESSEE
June 27, 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 9:04 AM on Tuesday, June 27, 2023, in the Board Room of the Knoxville Community Development Corporation located at 901 North Broadway, Knoxville, TN 37917.

The following Directors were present at the meeting, constituting a quorum, Richard Bass, Joan Cronan, Jeff Hagood, Tim Hill, Alvin Nance, Nikitia Thompson, and Rosalyn Tillman. None were absent. Also, present at the meeting were W. Barry Brooke, Executive Vice President of LawlerWood, LLC., Kim Bumpas, President of Visit Knoxville, Chris Caldwell, Chief Financial Officer and Deputy to the Knox County Mayor, Edward Henley III, Founder of Pillars Development, Doug Kirchofer, Chief Executive Officer of Boyd Sports, LLC, Mark Mamantov, Attorney at Bass, Berry & Sims, PLC, and R. Culver Schmid, Attorney at Baker, Donelson, Bearman, Caldwell, & Berkowitz, PC. Members of the media and other visitors were also in attendance.

Construction Groundbreaking Ceremony

Chairman Nance explained that the Groundbreaking ceremony for the multi-use stadium was held on June 13th at 9:00 AM. Director Cronan, Vice Chair Thompson, and Director Tillman were unable to attend the ceremony. Chairman Nance presented the directors with a ceremonial baseball that had been distributed to the other directors at the ceremony. He also announced that a time would be scheduled for a group photograph of the Board to be taken.

Approval of Meeting Minutes

Chairman Nance presented the minutes from the May 23, 2023 Sports Authority Board meeting for the Authority's review. Vice Chair Thompson moved that the Authority approve the minutes. Director Bass seconded the motion. The Authority approved the May 23, 2023 meeting minutes by a unanimous voice vote.

Internship Program Update

Director Tillman explained that the Internship Program attracted twenty-five candidates during this round which is a substantial increase in comparison to the first round. The increased interest in the program suggests that it is a benefit to both students and employers. She stated that the Internship Program Committee is requesting the Board's assistance with the recruitment of more employers and encouraging more organizations associated with the stadium project to participate in the program.

Director Tillman explained that along with the recruitment of more organizations, the next steps for the committee will be to review the application and program timing. They will also develop more ways to engage students as well as employers such as a card or small gift to thank/congratulate participants.

Chairman Nance asked for clarification about the timeline of the program. Mrs. Bumpas replied that an official press release will be announced in the fall as opposed to late summer and applications will begin to be accepted in late November or early December until February 10th. Advertisements for the internship program may be distributed at some UT job fairs in September with a QR code that will direct people to the website. The changes in the timeline will align with when students tended to interact with the application during past rounds. She explained that in her conversations with employers, she has heard that they are impressed with the quality of interns that they receive from the program.

Director Tillman asked the Board whether employers must be directly involved with the stadium project or if it would be possible to recruit other employers. Chairman Nance stated that the original intent was that the employers that were directly involved with the project would be engaged. Employer recruitment should therefore remain as close to the project as possible but could also expand.

Director Bass asked if students participating in the program must be engaged with projects related to the stadium. Mrs. Bumpas replied that the companies that currently participate have standing internship programs into which the students provided by the Sports Authority Internship Program are absorbed. Although the companies themselves are involved with the stadium project, the duties assigned to the interns may not necessarily be directly related.

Vice Chair Thompson stated that the scope of the project engages a variety of career fields and that perhaps organizations that engage in the fields associated with the stadium could be considered as well. Director Tillman stated that the goal of the program is to help students gain experience in various fields as well as to retain talent in the Knoxville area.

Vice Chair Thompson asked if exit surveys had been conducted to determine participant satisfaction. Mrs. Bumpas replied that a formal survey was not conducted; however, as the program administrator, she conducted follow-up conversations with all student and employer participants.

Director Hagood asked if OneKnox had been approached about participating as an employer. Mrs. Bumpas explained that she would reach out to them. Director Hagood stated that participation by the companies most intimately involved with the project would be ideal.

Designation of Authority Representatives for Development Purposes

Mr. Mamantov stated that in order to comply with the terms of the development agreement, he recommends that the Authority appoint Lawler Wood, particularly Barry Brooke to function as the day-to-day representative for the coordination of construction matters, that in his absence the Chair would assume that role. In the Chair's absence, the Vice-Chair will assume the responsibility for approvals. The representative does not have the authority to waive or modify the agreement.

Director Hill moved that the Authority accept Mr. Mamantov's recommendation and designate Barry Brooke as the Authority's Representative for Development Purposes. Director Bass seconded the motion. The motion passed by unanimous voice vote.

Approval of Tax Policies and Procedures

Mr. Mamantov recommended that the Authority formally adopt tax compliance policies and procedures to monitor the expenditure of proceeds and ensure compliance. Chairman Nance is listed as the appointee and will be assisted by Schmid and Mamantov if necessary. The Board received a copy of the policies and procedures by email prior to the meeting.

Director Tillman asked if there will be a designated representative to assist Chairman Nance. Mamantov explained that he and/or Culver are familiar with tax-exempt bonds and would assist.

Director Bass asked if arbitrage was included. Mamantov stated that the arbitrage calculations have been done; however, he hopes that the tax-exempt bond proceeds will be spent within a twenty-four-month period which would exempt the Authority.

Director Thompson moved that the Authority adopt the tax compliance policies and procedures as recommended by Mr. Mamantov. Director Tillman seconded the motion. The motion was passed unanimously by voice vote.

Report on Final Bond Pricing

Mr. Mamantov presented the Board with the Debt Service Report. He explained that the annual debt service is almost exactly \$3.6 million, and no interest is paid on the bonds until December 2025. Money has been set aside to pay interest during construction. He also explained that the actual earnings could be found in the yield column. The yield is substantially lower than the interest rates because the bonds were purchased at a premium. Interest rates on the taxable bonds were substantially higher.

Director Hagood asked if Mr. Mamantov was pleased with the results. Mr. Mamantov stated that the debt service is 30% more than it would have been three years ago but compared to rates from earlier this year, the results were good. Historically and from a big-picture perspective, he was satisfied with the results.

Mr. Mamantov explained that the state requires that the Board receive a copy of the report that he provided that lists the tax-exempt bonds, taxable bonds, as well as related fees and that the report requires no action.

Diversity Business Enterprise (DBE) Update

Mr. Henley provided copies of the DBE report to the Board and explained that the data in the report was captured on June 15th. He reviewed some of the activities taken by the DBE team. He highlighted that the team surveyed the prime subcontractors to find out their workforce load, opportunities for collaboration, and ways that the workforce pipeline could be better prepared. That information is being used to inform decisions about the topics and areas that need more focus. The team also attended the Annual Business Opportunities Breakfast to advertise available opportunities.

Mr. Henley stated that news of the groundbreaking was leveraged to help engage contractors. The team is actively seeking to be present in places where they believe interested subcontractors might be and provide trade-specific engagement. He stated that one highlight that occurred since the last meeting was that a second-tier contract for field lighting has been awarded to a DBE.

Mr. Henley went on to explain that some smaller DBEs face pricing challenges. Material costs tend to be different for smaller companies that are unable to buy in bulk. Those challenges are being addressed during negotiations.

Vice Chair Thompson asked if it was possible to reach out to suppliers to see if opportunities for compromise exist. Mr. Henley replied in the affirmative and added that alternative materials can be considered as well. Materials can have a significant cost impact on the project.

Chairman Nance explained that the prime subcontractor has a budget to which they must adhere. If the subcontractors under them go over budget, the prime contractor's budget is affected and must be adjusted.

Mr. Henley then explained the portion of the report that outlines the contracts that have been awarded and that the profit margin sheet is now populated. The award commitment column and diversity business classification section were also highlighted.

Mr. Bass asked for clarification on the number of DBE contracts that have been awarded. Mr. Henley explained that twelve DBE contracts have been finalized as of June 15th. Twenty-eight of thirty prime contracts are still in negotiations.

Mr. Henley stated that the DBE team is holding a trades job fair offering material opportunities to attendees. Capacity-building events hosted by the Knoxville Area Urban League have continued and are informed by the results of the survey mentioned earlier. He added that two significant packages have yet to be released for food service equipment and IT/telecommunications.

Chairman Nance asked if the number in the DBE Award commitment column are signed contracts. Mr. Henley stated that those contracts have been executed but as the project goes on that number might change based on project changes. Mr. Bass stated that twelve vendors are under contract, but the dollar amounts listed might change. Mr. Henley agreed.

Chairman Nance asked for clarification on which tiers were represented in the report. Mr. Henley responded that first and second tier subcontractors were listed. Mr. Nance asked if the contract awarded to EDCI was represented in the numbers. Mr. Henley stated that conversations about how EDCI should be listed are ongoing and those numbers will be included in the report once that is determined. He added that they will likely be listed under Denark.

Construction Update

Mr. Brooke presented the Board with photographs of the site and briefly explained what each represented. He explained that although rain presents a challenge, construction progress has been good. He stated that the initial foundations and rebar walls are in progress along with sanitation and electrical under-slab work. He stated that the forms that will be stacked to build the walls were on-site.

Mr. Brooke stated that a forty-inch sewer line on the south side of the creek is also in progress. Two crews per day are working to remove rocks. Removal of the low-voltage wires on the poles in the middle of the site has been a challenge.

New Business

The next meeting is scheduled to be held on Tuesday, August 22, 2023, at 9:00 AM in the Board Room of the Knoxville Community Development Corporation.

Adjournment

Mr. Chairman Nance adjourned the meeting at 10:00 AM.