

MINUTES OF A REGULAR MEETING OF
THE SPORTS AUTHORITY OF THE COUNTY OF
KNOX AND THE CITY OF KNOXVILLE, TENNESSEE
August 31, 2021 – 9:06 A.M.

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 9:06 A.M. on Tuesday, August 31, 2021, 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, Jeff Hagood, Tim Hill, Alvin Nance, Nikitia Thompson, and Rosalyn Tillman. Richard Bass 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 and Terrence Carter, Vice President of Workforce and Economic Development for the Knoxville Area Urban League. Members of the media and other visitors were also in attendance.

Approval of the July 13, 2021, Meeting Minutes

As the first order of business, Mr. Nance presented the minutes from the Tuesday, July 13, 2021, meeting for the Authority's review. Mr. Hagood moved that the Authority approve the minutes as presented. Ms. Thompson seconded the motion. Ms. Tillman noted that the minutes as presented did not fully represent the discussion regarding the acquisition of interns. Mrs. Bumpas stated that the recording will be reviewed, and the requested additions will be made to the minutes. The Authority approved the June 22, 2021, Meeting Minutes pending the requested additions by a unanimous voice vote.

Consideration of Proposed Policies for The Authority

Mr. Schmid, the new legal counsel for the Authority, introduced himself and thanked the Authority for the opportunity. He then gave a brief overview of the following documents which were previously provided to the Authority for review:

- Bylaws - Can be amended with a 2/3 vote of the board.
- Public Input Policy - Can be amended at any meeting.
- Debt Management Policies - Published by the State Comptroller's Office.
- Ethics Policy - Initially generated by the State Comptroller's Office.
- Ethics Policy Certificate – Must be signed by each member of the Authority if the policy is adopted.

These documents are intended to communicate and outline the basic operating procedures for the Authority going forward.

Mrs. Thompson asked if these policies could evolve and be amended as the Authority sees fit. Mr. Schmid confirmed that all the documents are subject to amendment by the Authority. Mrs. Thompson wanted to ensure that the next board would have the ability to make any necessary changes over the life of the 30-year lease and beyond. Mr. Schmid explained that these policies can be enhanced, or the Authority could create new ones.

Mr. Nance asked if amendments required a simple majority. Mr. Schmid confirmed that, except for the by-laws which require a 2/3 majority, the other policies can be amended with a simple majority.

Mr. Nance sought clarity on the need for any board member to recuse themselves or abstain if a conflict of interest arose. Mr. Schmid explained that the ethics policy does not require board members to recuse or abstain; however, it does suggest it.

Mr. Hagood asked whether an ethics violation would exist if an Authority member purchased land in the vicinity of the stadium or if they were in a partnership that did so before. Mr. Schmid explained that it could be a conflict depending on what action the board is taking and that those issues would need to be analyzed on a case-by-case basis.

Mr. Mamantov pointed out that the policy states that “a majority of those present” can act and that a majority of the board as a whole is not necessary, but the Authority can choose to change that. Mr. Schmid expressed that a quorum for the Authority is four. If four members are present, then votes and actions can be taken.

Concerning the language of the debt management policy, Mr. Mamantov explained that the language is brief because the Authority is not expected to do variable rate debt or balloon debt.

Mr. Mamantov also expressed that although the Public Input Policy allows for the procedures to be changed at any meeting, spontaneous changes could open the board to criticism under constitutional claims. He encouraged the board to make sure to apply changes even-handedly and fairly.

Mrs. Cronan moved that the Authority adopt the policies as presented and as a whole rather than individually. Mr. Hill seconded the motion. The Authority adopted the policies as presented by Mr. Schmid by a unanimous voice vote.

Discussion of August 19, 2021, City Council and County Commission Joint Workshop

Mr. Nance thanked the Authority members for attending the workshop and explained that a considerable amount of information was gained. Authority members did not have an opportunity to ask questions during the workshop but would have that opportunity today.

Ms. Welch stated that the array of speakers delved into great detail on a variety of topics including construction costs. Two of the main topics discussed were the economic impact analysis and the tax revenue projections. Information gathering might impact the approval schedule. Construction costs and economic impact analysis findings may also affect the financing plan. Construction costs have risen. The overall liability on an annual basis for the city and the county is projected to be smaller than originally anticipated and revenues are projected to be higher than originally estimated.

Mrs. Cronan stated that she learned a great deal from the workshop and was thankful for the invitation to attend.

Ms. Welch pointed out that the takeaway from the workshop was that it will cost less on an annual basis to cover the debt service gap.

Mr. Hill expressed that some of the Commissioners seemed to be concerned about the capital expenditure reserve which will not be known until the lease is seen. Mr. Caldwell replied that they are exploring it as well as looking at other stadiums across the country. Mr. Nance stated that several at several stadiums across the country, the operators took on the capital expenses. Mr. Mamantov added that in most stadiums, the teams handle day-to-day maintenance, but the capital reserves are publicly financed as are all major public facilities. He explained that through the first 10 years it is likely that there will be very little capital expenditure because it is largely a concrete and steel structure. Mr. Hill said that once a number is produced, a better understanding would be gained. Mrs. Thompson asked what the timeline is for getting those numbers? Mr. Kirchofer replied that they hope to have them by mid-September.

Ms. Welch explained that another part of the workshop focused on DBE (disadvantaged business enterprise) engagement. She mentioned that the Knoxville Area Urban League (KAUL) held an event on August 30th that engaged small minority-owned businesses to inform them of the opportunities that this project presents.

Mr. Nance introduced Terrance Carter, Vice President of Workforce and Economic Development for the Knoxville Area Urban League, and asked him to share more information about the August 30th event.

Mr. Carter explained that the Urban League has been working hard to effectively recruit disadvantaged business enterprises with a focus on local minority-owned businesses because this project will significantly affect that community. The Urban League has held events in May, June, and July with further events planned for September. In addition to recruiting, the Urban League is also educating small local businesses, owners, contractors, and subcontractors on capacity building, training, increasing capabilities, and skillsets to better enable them to take part in a project of this scale. In May, KAUL partnered with ORNL Federal Credit Union, Score, and Citizen’s Bank to hold a 3-part cashflow training series. In June KAUL partnered with the Tennessee Small Business Development Center to hold training classes for contractors on accounting and bookkeeping. In July, KAUL held a 2-part training series on surety bonds. The August 30th event focused on helping these small organizations to network and build relationships with each other to better enable them to partner, team, and joint venture in the future.

The event was highly successful and had about 115 participants. Another such event will be scheduled in the future. Future training sessions are scheduled as follows:

- September 9th - Joint Venture
- September 14th - Marketing
- September 23rd - Accounting.
- September 30th - Bonds with Mr. Mamantov

Mr. Carter explained that many smaller companies have not had higher-level experience with these topics. KAUL hopes that the knowledge gained from the training classes will empower these companies to be competitive on this and future projects as well. They are encouraging local, minorities to visit <https://www.thekaul.org/baseball/> and register their business so that KAUL can aid them with taking advantage of this opportunity. The recruitment, training, and capacity-building efforts are very strategic in the hopes that more minority-owned companies can take part in this project and are better equipped for the future.

Mr. Carter added that KAUL is laser-focused on ensuring that there is maximum participation for local minority-owned companies in this project by ensuring that the construction management firm is aware of all the companies that are interested and what skills those companies possess.

Mr., Hagood stated that he was glad that Mr. Mamantov and KAUL were providing the Bond training class as lack of knowledge in that area would be a real impediment. He asked if there were surety bonds people available at the class so that participants could get a bond while they were there.

Mr. Carter answered that there were people there to begin that process and that the contractors that attended the class are engaged in that process. He explained that the process is far more complex than some may think and they were happy to provide that opportunity to the attendees so that it would not be an obstacle for them later.

Mrs. Thompson thanked Mr. Carter and KAUL for providing this extremely important piece of the stadium building process. She explained that she receives calls almost daily from community members to remind her how important this project is to the community and that we are being intentional. Mrs. Thompson expressed that everyone is engaged and understands the implications that this project will have on the community. The stadium project will not be successful without the participation and engagement of local minority-owned businesses and community members.

Mr. Nance asked if the contractors were represented at the August 30th event. Mr. Carter answered that they were and that many were successful in making contacts and have begun the process of engaging with each other. During the event, KAUL intentionally spent more time matchmaking and allowing for networking than speaking. Everyone who is taking part in the project was present to speak about their role and the opportunities that this project will bring.

Mrs. Cronan expressed that the Authority must remain focused on the intentionality of its decisions to ensure the success of the project.

Mr. Carter agreed and encouraged the board to inform any contractors with whom they engage to go to the website (<https://www.thekaul.org/baseball/>) to register their business which will allow KAUL to add them to the database and aligning them with the best available information.

Mr. Nance asked if a development agreement is anticipated to occur on building G which will house the grocery store so that its completion would happen in proximity to the completion of the stadium and whether revenues from building G were included in the analysis.

Mr. Mamantov answered that the prior incremental property tax revenues did not include any income from building G. Based on current plans, building G would provide approximately another \$400,00 if it was ready to proceed. The current development agreement covers buildings A, B, and C which is about a \$100 million investment. Mr. Mamantov explained that the plan is to move forward on building G as soon as possible after the staging area which could be about two years. Unless directed otherwise by the Authority, building G would not be contractual as of the date the lease is signed for the stadium.

Mr. Kirchhofer added that it would be difficult to enter into an agreement for a development that would not be able to begin for at least 2 years due to the need for that space as lay down space and construction staging.

Mr. Nance asked if Mr. Kirchhofer referred to two years for the completion of the stadium. Mr. Kirchhofer clarified that he meant two years from now and that upon completion of the stadium as well as buildings A, B, and C, it would be likely that building G would follow shortly thereafter.

Mr. Hagood asked Mr. Kirchhofer to clarify the timeframe. Mr. Kirchhofer answered that he believed work could begin on building G just months following the stadium and buildings A, B, and C.

Mrs. Thompson asked if it is certain that a grocery store will inhabit building G or if that is yet to be decided. Mr. Kirchhofer replied that provision had been made for a grocery store but no commitment has been received from a grocery tenant yet because it is early in the development of that building. The footprints of buildings A, B, and C do not lend themselves to a 30,000 square foot retail space with attached parking and street-level access which would be necessary for a grocery store. We would need to be further along on developing Building G before we could get a commitment from a grocery tenant.

Mr. Hill expressed that finding a grocery tenant might be a challenge; however, the Boyd Group has overcome many challenges successfully.

Mr. Nance asked if any completion guarantees have been contemplated on the private development side. Mr. Mamantov explained that a typical development agreement with KCDC would require that the subject of the agreement be built but would not go into detail outside of constructing the property where and according to the general schematic designs. No private development agreement has been discussed yet because it is too early in the process.

Ms. Tillman asked how to address to community members that there will be no Community Benefits Agreement going forward and requested an explanation of why it was denied. Ms. Welch explained that a Community Development Agreement is a very specific type of document and that, at this point, no one has come forward with whom a Community Development Agreement could be negotiated; however, community benefits can be negotiated into our contracts (development agreements, lease agreements, etc.). The community has actively requested that this project provide opportunities for small minority-owned businesses to take part. That request is being addressed through our relationship with the Urban League. As other community benefits are discovered we will find ways to incorporate them into agreements. At this time, no other requests have been identified. Ms. Tillman expressed that articulating an explanation of why a Community Benefits Agreement was denied was helpful and meaningful.

Mrs. Thompson added that she is meeting with people to gain feedback about what types of community benefits they would like to see come from this project and how those things could be incorporated into the contracts. She is encouraging the people with whom she speaks to give her specifics with the understanding that this project may not be able to address some of the issues.

Ms. Tillman expressed the importance of communicating that the issues were being addressed albeit not through a Community Benefits Agreement.

Mr. Hagood asked if the price of materials is being tracked. Mr. Kirchhofer replied that a process is underway to refine the pricing and costs and take advantage of the progress that has been made in the design and translate that into actual construction costs estimates and that effort should be completed by the third week in September.

Mr. Mamantov expressed that he is encouraged that the exposure to the city and county to make up for the shortfall in debt service will be minimal but asked the board to be mindful that material costs and interest rates are big variables and those numbers change often.

Review of the Project Schedule and Document Negotiation

Mr. Mamantov stated that he has received a rough draft of the lease and a rough draft of the development agreement related to the stadium. We will be providing a copy of those to Mr. Schmid and meeting with him to go over them. A draft of the private development agreement should be completed within the next few days. Drafts will be submitted for review to Mr. Schmid, the Authority, the County Commission, and the City Council with an awareness of and sensitivity to meeting schedules and the election cycle.

Ms. Welch reminded the Authority that the current schedule has these documents presented to the County Commission at the end of September for a vote and then to City Council at the beginning of October. Questions arose from the workshop that require some time to answer. Specifically questions about how to pay for the infrastructure such as roads, sidewalks and greenway connections, etc. Improvement or installation of these would also serve as community benefits for the area. A solid rough draft of the planning and costing of these items will need to be prepared before the vote. Welch, Caldwell, Kirchhofer, and the associated teams have been working on that plan. The completion of the plan may push the timeline in such a way that voting dates would be later in October or November, keeping in mind that election day is November 2nd.

Mr. Mamantov added that a driving factor on the timing is the pricing and development of a reasonable contingency that is agreeable for Boyd while material costs are down. They are trying to move as quickly as possible to get the best possible pricing so that an agreement can be reached.

Mr. Kirchhofer clarified that the schematic design is more than 50% complete because some of the schematic processes that would normally be spread out over the full process, such as engineering and plumbing, have already been completed. He is hopeful that in September they will have a better idea of what the cost is. No dramatic change is expected but a higher level of confidence would be gained over the next three weeks.

Mr. Mamantov express a high degree of confidence that a number will be presented by the deadline along with the necessary documents.

Mr. Nance asked the board to bear in mind that a special meeting may need to be added to the schedule.

Mrs. Cronan asked if the possible meeting dates could be sent to the Authority member. Mrs. Bumpas replied that all meeting dates had been added to the knoxsportsauthority.com website. The currently scheduled dates are as follows:

- September 28th
- October 26th
- November 23rd
- December 8th

She explained that some of the dates fall during holiday periods and may need to be discussed. The new timeline may require a shift in the October and November dates. The dates would need to be locked in so that we can ensure access to the meeting space as well.

Mrs. Cronan asked if the Authority would need to be present and the City Council and County Commission votes. Ms. Welch explained that it would be helpful if the members were present and that she would send those dates to the Authority. Ms. Bumpas added that she would add those dates to the calendar as well.

Mr. Hill inquired about when they would be going to the planning commission. Ms. Welch replied that the parallel process of the planned development land use approval will have its first reading at the planning commission on Thursday, September 9th.

Mr. Hagood asked when the Authority should expect to get the documents. Mr. Mamantov estimated that the documents could be before the Authority in late September. Ms. Bumpas added that the September meeting is scheduled for the 28th. Mr. Mamantov said that the goal would be to have the documents to the Authority members before that meeting so that they could be reviewed in fine detail.

Mrs. Bumpas asked if the Authority would like for her to doodle poll the November and December meeting dates. The members of the Authority replied in the affirmative.

Discussion Involving Project Oversight by the Authority

Mr. Nance explained that Boyd's position should be gauged regarding project oversight by the Authority. It is necessary to identify: what is needed, what works best, and what is currently in place.

Mr. Caldwell recommended the formation of a small working group that should include people in that field to come back with a recommendation. Caldwell nominated Harold Cannon from the City of Knoxville, Jim Snowden from Knox County,

and Tim Hill from the Sports Authority. The City and County have also had oversight concerns but have been able to have conversations that put them more at ease. The working group could serve to provide useful information.

Ms. Welch reminded the Authority that there are no agreements between the City, County, and the Boyd team. The design work, the documents, pricing, etc. Has all been done with no guarantees in place at Boyd's risk. The project is at a point of transition where the risk will be placed upon the city and the county. It will be helpful for the Authority to be able to have some conversations and gain insight. The options range from taking no action and have a strong development agreement to hiring a new construction manager, owner's representative, or project manager. It would be great to have a representative from the Authority to investigate the issue and come back with a recommendation for the next steps.

Mr. Mamantov stated that when there is a large public project the city hires an owner's representative/project manager. Partnership Compass has been hired to serve as the project manager. Mr. Mamantov cautioned the Authority against having too many cooks in the kitchen as well as cost while also staying informed throughout the process. There is a wonderful team in place but the community interest must be protected.

Mr. Nance stated that he liked Mr. Caldwell's suggestion about forming a committee of experienced individuals to inform the Authority of the best strategy.

Mr. Hagood agreed that it is a good idea and expressed his confidence in Cannon, Stone, and Hill.

Mrs. Cronan also agreed.

Mrs. Thompson pointed out the need for the Authority to have its own oversight but also the need to clarify what is being overseen. She expressed that the members of that committee would be key. The members of that committee would need experience in the area that they are overseeing.

Ms. Tillman expressed that the expertise coming from those who are working on the project being shared directly with an Authority member would provide a greater safety net.

Mr. Hagood asked if Mrs. Thompson suggested that the committee needed to be larger. Mrs. Thompson replied that she felt that the area being overseen would need to be more clearly defined so that members of the committee could be chosen more effectively. Depending on what is being overseen perhaps a community member could serve on that committee to afford more transparency.

Mr. Hill suggested the subject of DBE might be outside of this committee's jurisdiction.

Ms. Welch clarify that the suggested committee is meant only to look at representation options for the Authority to ensure that the stadium construction is happening properly. The committee would present the available options and make a recommendation on how the oversight would happen.

Mr. Mamantov said that he believed the committee's purpose would be narrow. It would only provide a recommendation in terms of construction oversight. He also hopes that a targeted committee will focus on implemented DBE requirements to the maximum extent allowed by law. The Authority may want to create a committee dedicated to reviewing documents as well. This committee will only determine how the Authority is kept apprised of risks and construction issues and to what extent the Authority needs to be protected. This committee would simply recommend to the Authority what oversight is needed and could be dissolved at the next meeting.

Mr. Hagood moved that the committee be formed as recommended by Mr. Caldwell. Mr. Schmid clarified the motion by stating that the motion is to create a committee including representatives from the City and County as well as Mr. Hill to research construction oversight options and make a recommendation to the Authority. Mrs. Cronan seconded the motion. The motion was carried by a unanimous voice vote.

Old Business

Mrs. Welch asked what the will of the board is in regards to the acquisition of interns. Ms. Tillman added that she would also like to know whether the Authority would like to move forward with planning to acquire an intern(s) at the beginning of the year.

Mr. Nance expressed the need to be intentional and look at how to develop a mutually beneficial internship program. Culver could be a resource to help pull the program together. Ms. Welch also agreed to work on the committee.

Mrs. Cronan express that it is a great idea to take the opportunity to get young people involved in a once-in-a-lifetime situation. Sports management majors from UT could be pulled in.

Ms. Welch pointed out that the Authority does not have staffing. Quality internships require time and resources. She expressed concern about returning a recommendation that was not what everyone had hoped.

Mr. Nance explained that the Authority has no expectations and is aware that the Authority may not be able to provide the internship opportunities.

Mrs. Cronan expressed that this week at UT the theme is "Making Volunteer a Verb". It doesn't necessarily have to be a paid internship but the knowledge gained from sitting in on a meeting could be helpful.

Mr. Hill has an intern that shadows him to gain exposure to the industry.

Mrs. Cronan moved that Mrs. Tillman head a committee including Ms. Welch and Mr. Culver to investigate the possibility of the Authority starting an internship program. Mr. Schmid asked that the chair be able to add any members he deemed necessary. Mrs. Thompson seconded the motion. The motion carried by a unanimous voice vote by the Authority.

Ms. Tillman stated that the by-laws state that the chair is an ex officio member of any committee and asked if the chair could sit in on any meeting and be a member of all committees. Mr. Schmid explained that as chair, Mr. Nance is an ex officio member of any committee and can sit in on all meetings.

New Business

Mr. Nance stated that the next meeting of the Authority is scheduled for September 28th.

Mrs. Bumpas explained that the Community Room has been held for the remaining 2021 meetings. She tentatively added the October 25th County Commission meeting and as well as the November 2nd and November 16th City Council meetings to the Sports Authority calendar but pointed out that those dates are fluid and can be adjusted. She asked if the Community Room was a convenient location for the board members. The board responded in the affirmative.

Mr. Nance reminded the Authority to sign the Ethics Policy Certification to be collected and given to Mr. Schmid.

Adjournment

Mr. Nance adjourned the meeting at 10:28 AM.