

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

August 23, 2022 – 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 9:06 AM on Tuesday, August 23, 2022, 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. 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, Barry Brooke, Executive Vice President of Lawler Wood, LLC, and Kim Bumpas, President of Visit Knoxville. Members of the media and other visitors were also in attendance.

Approval of Meeting Minutes

As the first order of business, Mr. Nance presented the minutes from the Tuesday, July 26, 2022, meeting for the Authority's review. Mr. Nance pointed out the omission of a name in the Representative's Report section and asked that the speaker's phone number be removed from the Public Forum section. Mr. Hill moved that the Authority approve the minutes with the corrections. Mrs. Thompson seconded the motion. The Authority approved the July 26, 2022, meeting minutes by a unanimous voice vote.

Update from the Disadvantaged Business Enterprise (DBE) Team

Mr. Kirchhofer explained that the DBE Project team consists of representatives from the Knoxville Area Urban League, Denark Construction, Barton Malow, Elite Diversified Construction Inc. (EDCI), Partners Development, Compass Partners, and G.E.M. Constructors. He stated that the team meets on a biweekly basis and has seven to eight regular attendees and participants. The objectives of the team are to identify and recruit DBE contractors, subcontractors, and businesses, to provide business development training to those identified as well as others that might have an interest in the project, to provide workforce training to individuals who would be interested in jobs that are related to the project both during construction and once it becomes operational, and to provide project-specific guidance for DBE companies that are interested in participating.

He stated that the activities of the DBE Team have been comprehensive. The concerted efforts include the following:

- Ongoing public outreach and information campaign to create awareness about the multi-use stadium and the opportunities to get involved
- Creation of a database of companies and individuals who have expressed an interest in the project
 - 225 individuals and 70 companies as of December 2021
- Media promotion
- Informational and networking sessions
 - Bidding prequalification
- Recurring educational and training workshops began in 2020
 - General business
 - Construction-specific
 - Bonding
 - Bidding
- Development of a DBE Policies and Procedures Manual
- Pre-apprenticeship and registered apprenticeship program
- Contractor and job-seeker matchmaking and teaming events

- Particularly beneficial to smaller businesses

Mr. Kirchhofer explained that a considerable number of DBE companies participated in the initial bidding process which was not completed due to previously discussed circumstances. Feedback received from the companies involved in that process illuminated the difficulty in generating accurate competitive bids without construction documents and with the general economic uncertainty as well as fatigue and frustration with the extended timeline. The team is surveying participating bidders and setting up one-on-one meetings to get feedback, follow up on questions, and provide assistance when needed.

Mr. Kirchhofer also explained that the window of time created by the decision to proceed to construction documents provides the DBE team the opportunity to continue to attract, train, and assist potential DBE bidders and resolve any obstacles they may encounter. Positive results are expected from these efforts. Mr. Kirchhofer suggested that the Board encourage bid participation later this year and stated that he is confident that the project will be completed on time and within budget.

Mrs. Thompson thanked Mr. Kirchhofer for the report and commended the DBE team for the significant effort they have put into this extremely important process.

Mrs. Cronan echoed Mrs. Thompson's sentiments and stated that the DBE team has gone the extra mile.

Mr. Nance stated that the DBE team's tremendous efforts have been intentional which is what the Board had hoped.

Interlocal Agreement Amendment

Mrs. Welch stated that this is the first amendment of the Interlocal Agreement. The amendment caps the interest rate at 6% due to the current economic changes. The previous cap was 5%. The amendment also extends the size of the Tax Increment Financing (TIF) district and adds that the City, County, and Authority must agree before any development incentive in the TIF district could be awarded.

Mr. Hill asked for an estimation of the difference in size between the referenced Magnolia TIF district and the South Waterfront TIF district. Mr. Mamantov explained that the South Waterfront TIF district is three or four times the size of the Magnolia TIF district. Parcels included in the Magnolia TIF were identified as those that would benefit most from the increased property value and likely development. Mr. Mamantov also stated that \$14 million would be repaid to the City at \$700,000 per year for 20 years and any shortfall in that would be rolled into the following year. Mr. Hill pointed out that the City will receive the \$14 million repayment first and that the Boyd Group is accepting the risk. Mrs. Welch added that Mr. Boyd has also agreed to loan up to \$20 million to accommodate for the increased construction costs with the potential of not being repaid.

Mr. Hill asked for an explanation of the mechanics of the TIF district. Mr. Mamantov explained that when a district is created, there is a phasing period or absorption rate for redevelopment. A ten-year absorption period is anticipated. During this period, when a parcel is redeveloped, collection of the increment on that parcel will begin. Mr. Mamantov also explained that RR Land is not a direct party to any agreement with the City and County. The Authority will help ensure that the interests of RR Land are taken into account when subsequent development agreements are considered in the future.

Mr. Hill asked if the 50/50 split with the team would be affected by the TIF. Mr. Mamantov stated that it would not. Half of the income will go to the team and the other half will go to the stadium debt service.

Mrs. Thompson asked if the 50/50 split applies to the extended TIF area. Mr. Mamantov confirmed that it applies to the Delaney Building and buildings B, C, and G.

Mr. Hill asked if any part of the debt service off the TIF goes towards repayment. Mr. Mamantov explained that it would not because it is not City debt. He stated that the City and the County will immediately benefit from the additional taxes. The County will receive 20% and the City will receive 16% from every parcel that is triggered to help pay the debt service on the bonds directly.

Mr. Nance asked about the process with regard to the TIF approval. Mr. Mamantov stated that the developer would approach the City to begin the normal process but the rest of the process matrix has not yet been finalized.

Mrs. Thompson ask if the people in the district have been notified about the changes. Mrs. Welch explained that the Knoxville Community Development Corporation (KCDC) is required by law to notify the property owners in the district. KCDC held a public meeting as well. Mr. Mamantov stated that changes such as these must be published

in the newspaper three times, notices must be mailed to every property owner in the district whether their parcel is affected or not, and a public hearing must be held.

Mr. Nance asked in what direction is the area being expanded. Mr. Mamantov explained that the TIF area roughly extends from Central Avenue, slightly north of the former Greyhound station, up towards Summit Hill, and then to the Old Swan bakery and reiterated that not all parcels within the area will be affected by the TIF.

Mr. Hagood and Mrs. Cronan both thanked Mrs. Welch and Mr. Mamantov for the work that they have put into the process.

Mr. Hill moved that the Authority approve the First Amendment to the Interlocal Agreement. Mr. Bass seconded the motion. The First Amendment to the Interlocal Agreement was approved by the Sports Authority Board by a unanimous voice vote.

Financing Update

Mr. Mamantov stated that interest rates continue to be monitored. The Federal Reserve raised interest by seventy-five basis points, at the same time the Ten-Year Treasury went down by fifty basis points. He explained that the market is very unpredictable. The rate will be more easily determined once the guaranteed maximum price (GMP) is determined early next year. The true interest cost increase that the Board approved a moment ago will allow for some flexibility in pricing the bonds. Mr. Mamantov stated that much of the financing work will begin in October or November. The Private Development Agreement will be adjusted to reflect the TIF structure as well.

Mr. Bass added that the actions of the finance team are reflective of the current economic environment and gives the developer some flexibility should interest rates increase. The short-term bond rates do not correlate with the long-term rates therefore the environment is unknown at this time.

Internship Committee Update

Mrs. Tillman stated that most of the employers who previously participated in the program have re-engaged. Denark has also engaged with the program. The committee has been working to update and revise documents to use language and formats that are more efficient and attractive to students. The Summer 2023 Internship Program will launch on August 31st which is several months earlier than the Summer 2022 launch. The application deadline will be October 31st and the committee will screen students from November 1st – 15th. Offers to students from employers will be due by March 1st. The dates are reflective of and intended to be competitive with other internship programs.

Mrs. Tillman stated that the list of contacts used for the Summer 2022 program will be broadened to include Historically Black Colleges and Universities (HBCUs) across the country. Students are eligible to participate regardless of residence. She explained that the goal of the program is to retain talent in Knoxville and Knox County. It is hoped that giving students the opportunity to create good working relationships within the participating employer organizations will help in the retention effort.

Mrs. Tillman also stated that an e-blast will be sent out during the week of September 12th to advertise the program. She asked that the Authority members send any contacts they think might be helpful to her to be added to the e-blast contact list. She also stated that she and Mr. Nance discussed adding new members to the Internship Program Committee. The committee will meet again at the end of September.

Adjournment

The next meeting of the Sports Authority will be held on September 20, 2022, at 9:00 AM in the Regal Commons of the Knoxville Museum of Art. Mr. Nance adjourned the meeting at 9:47 AM.