

Board Members:

Greg McWhorter
Paul Fortunato
Terry Henley
Julie Wheeler
Tiffany Gardner
Anthony Wise
Rick Gentry
Alvin Nance
Shannon Coleman Egle
Michael Wood
Mike George



The Industrial Development Board of the County of Knox

Regular Meeting
Tuesday, November 9, 2021, 4:00 p.m.
17 Market Square, #201
Knoxville, Tennessee 37902

AGENDA

- I. Call to Order
- II. Approval of Minutes from Previous Meeting
ACTION A) Regular Meeting – August 10, 2021
- III. Finance Report
ACTION
- IV. Consideration of Nominating Committee for Election of Officers, Committee Appointments, and Appointment to Greater Knoxville Foreign Trade Zone Advisory Council (Elections/Appointments at 12/14/21 Annual Meeting).
ACTION
- V. Old Business
- VI. New Business
A) Presentation by Knoxville Chamber
B) 2022 Meeting Schedule
- VII. Adjourn

**MINUTES OF THE REGULAR MEETING OF
THE INDUSTRIAL DEVELOPMENT BOARD OF THE COUNTY OF KNOX**

August 10, 2021, 4:00 p.m.

The regular meeting of the Board of Directors of The Industrial Development Board of the County of Knox (the “Industrial Development Board” or “Board”) was held on Tuesday, August 10, 2021, at 4:06 p.m., pursuant to notice duly provided to the Directors and the public. The meeting was held at the offices of the Knoxville Chamber and The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee, 37902.

The following Directors were present at the meeting, constituting a quorum, Greg McWhorter, (Chair), Paul Fortunato (Vice Chair), Tiffany Gardner, Anthony Wise, Rick Gentry, Shannon Coleman Egle, Michael Wood, Mike George, Terry Henley, Julie Wheeler, and Alvin Nance.

Also, in attendance were Mike Odom (The Development Corporation), Brenda Wilson Spence (The Development Corporation), R. Christopher Trump (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Susan L. Levine (Paralegal - Egerton, McAfee, Armistead & Davis, P.C.), David Hunt (Crosslin & Associates, PC), Curtis Payne (Crosslin & Associates, PC), Brannon McNeillie, CPA (Board accountant with Abacus Hive) James Moneyhun (Bond Counsel for The Ammons at Asheville Highway, LP), Brian Slagle (CFO of Lifetime Products, Inc.), Shawn Wilson (HR Director for Lifetime Products’ Knoxville office), Doug Lawyer (Knoxville Chamber), David Ringelstein (Bond Counsel for Knoxville Christian School), Chris Miller (a Board member of Knoxville Christian School), Bryan Kilday, Vice President with Renasant Bank (Bond Lender to Knoxville Christian School) Rick Dover (President of Dover Development – owner of the Historic Knoxville High), and Nick Kolb (Site Selection Lead for StoryPoint Senior Living, a subsidiary of CSIG Holding Company, LLC).

I. Greg McWhorter, the Board’s Chair, called the Industrial Development Board meeting to order. The Agenda of the Industrial Development Board meeting is attached hereto as Exhibit A.

The Industrial Development Board then discussed the following matters and took the following actions as noted:

II. Review/ Approve Minutes from Previous Meeting. The Chair of the meeting asked if there were any changes to the minutes of the regular meeting held on June 8, 2021. There were none. Upon a motion by Anthony Wise and a second by Michael Wood, the minutes of the June 8, 2021 meeting were unanimously approved.

III. Review and Approval of Finance Report as of June 30, 2021. The Chair recognized Brannon McNeillie who addressed the Board and presented the financial report as of June 30, 2021 (“Financial Report”), reviewing with the Board the Balance Sheet with Prior Year Comparison, Budget Variance Report, and Income Statement with Prior Year Comparison. Discussion was had.

Upon a motion by Julie Wheeler and a second by Paul Fortunato, the Financial Report as of June 30, 2021 was unanimously accepted. A copy of the financial statements so presented during the report are attached hereto collectively as Exhibit B.

IV. Presentation and Consideration of Agreed Upon Procedures for 12/31/2020 for the Knox County Property Tax Incentive Program. The Chair recognized Julie Wheeler who gave a report from the Performance Evaluation Committee (“Committee”), stating that the Committee met and recommends acceptance of the report of the Agreed Upon Procedures for 12/31/20 for the Knox County Property Tax Incentive Program prepared by Crosslin & Associates, PC. The Chair then recognized David Hunt who addressed the Board stating that Crosslin has been engaged to review the PILOT leases and confirm that each of the PILOT lessees are in compliance with each of their respective lease agreements and that the requirements under the PILOT projects are being met in a timely manner, including the jobs and wage requirements. Mr. Hunt then turned the presentation over to Curtis Payne to present the auditor’s draft Independent Accountant’s Report on Applying Agreed-Upon Procedures for the calendar year ending December 31, 2020. Mr. Payne stated that as of the date of the Report, only four entities fell short, but all have since become compliant.

Mr. Payne provided the following information regarding each of the following PILOT leases:

1. Ridgebrook II, L.P., Green Mountain Coffee Roasters, Inc., Markets at Choto, LLC, Marble Alley Lofts, LLC, Lifetime Products, Inc., and SCAPA Tapes North America, LLC were each in compliance with the terms of their respective PILOT leases as of December 31, 2020.
2. Fresenius USA Manufacturing, Inc. had not yet reached its compliance measurement dates within the terms of its PILOT lease.
3. Oakwood Senior Living, LLC, America’s Collectibles Network, Inc, Dover Development Corp., and White Oak Crossing, L.P., were not in compliance at the time of the report due to their not providing their Annual Performance Reports as of December 31, 2020; however, they have all since submitted their reports as of today’s Board meeting.

Discussion was had. Upon recommendation from the Committee, a motion by Terry Henley and a second by Tiffany Gardner, the Board approved the Independent Accountant’s Report for Applying Agreed-Upon Procedures for 12/31/2020 for the Knox County Property Tax Incentive Program as presented, a copy of which is attached hereto as Exhibit C and incorporated herein by reference.

V. Presentation and Consideration of Audited Financial Statements for Year Ended 3/31/2021. The Chair recognized David Hunt and Curtis Payne with Crosslin & Associates. Mr. Hunt reviewed their role as auditors and their responsibilities to the organization and to those charged with financial oversight. Mr. Payne stated that they found no issues with staff’s accounting procedures and communications. Mr. Hunt then turned the presentation over to Curtis Payne to present the Independent Auditor’s Report to the Board for the fiscal year ending 3/31/21, a copy of which is attached hereto as Exhibit D. The Chair then dismissed the staff for the Board from the meeting and the Board entered into an Executive Session to provide Board members an opportunity to discuss any additional matters with the auditors. The Board staff returned at the conclusion of the Executive Session.

Upon a motion made by Alvin Nance and a second by Julie Wheeler, the Board voted to approve the audited financial statements for the fiscal year ending on 3/31/21, as presented.

VI. Review and Consideration of Resolution Regarding Extension of PILOT Lease Agreement with respect to Lifetime Products, Inc. for property located at 2015 Eastbridge Boulevard, Mascot, TN 37806. The Chair recognized Brian Slagle, CEO of Lifetime Products, Inc. who addressed the Board regarding Applicant's request for a one-year extension on the Measurement Period and Determination Date as defined and mentioned in Section 4.02 of the PILOT Lease to meet its employment and capital investment thresholds through July 29, 2022. Mr. Slagle stated that they have more job openings than they can fill and upon hiring staff, can continue to invest in additional capital investment. The main reason for the shortage is hiring employees during the coronavirus pandemic. Mr. Slagle then introduced the HR Manager for Lifetime Products' Knoxville location, Shawn Wilson, should the Board have any questions. Discussion was had.

Upon a motion by Mike George and a second by Paul Fortunato, the Resolution approving the extension was unanimously approved. A copy of the Resolution is attached hereto as Exhibit E.

VII. Review and Consideration of Resolution regarding the Assignment of PILOT Lease Agreement with Dover Development to CSIG Holding Company, LLC regarding the senior living facility located within the Historic Knoxville High School, 101 E. Fifth Avenue, Knoxville, TN. The Chair recognized Chris Trump who addressed the Board regarding Applicant's request to assign it's PILOT lease for the remainder of the PILOT term (10 years) and the process the IDB has used in the past to approve assignments and the fees associated with the assignment. The Chair then recognized Rick Dover, the current PILOT owner, who addressed the Board regarding the current facility and its desire to sell the facility to CSIG. Mr. Dover then introduced Nick Kolb, with StoryPoint, who addressed the Board regarding its proven track record in owning and operating assisted living facilities throughout the United States. Mr. Trump then directed the Board to revised resolution provided in the board packet delivered to each Board Member prior to the meeting and addressed a few of the changes, including, the fact that the approval of the assignment is subject to receiving additional financial information from CSIG and negotiation of the final assignment transaction documents. Ms. Garner suggested that the approval also be subject to the payment in full of all outstanding closing fees at or prior to the closing of the assignment of the PILOT lease. Discussion was had.

Upon a motion by Alvin Nance and a second by Tiffany Gardner, the Resolution approving the assignment of the PILOT Lease was unanimously approved with an additional requirement that all initial closing fees still pending from Dover Development be paid in addition to the assignment fee. A copy of the Resolution, as revised, is attached hereto as Exhibit F.

VIII. Old Business. None.

IX. New Business.

- A) Discussion Regarding Knox County Code of Ethics and State Conflicts of Interest Requirements. The Chair recognized Christopher Trump who addressed the Board regarding the recent amendment to Tennessee Code Annotated, Title 7, Chapter 53, relative to the Board of Directors of any Industrial Development Corporations and the new requirement that all Board members complete and file a conflict of interest statement. Mr. Trump presented the Sample Conflict of Interest Statement prepared by the Tennessee Ethic Commission and asked each Board member to complete the

form for the IDB's records. All Board members complied and the forms will be on file at the IDB office.

B) Presentation by Knoxville Chamber. Presentation was tabled until next meeting.

X. Next Meeting. The next regular meeting of The Industrial Board of the County of Knox is scheduled for September 14, 2021, at 4:00 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

XI. Adjournment. No further business having come before the Board and upon motion duly made and seconded, the Board voted unanimously to adjourn the meeting at 4:48 p.m.

Dated

Tiffany E. Gardner, Secretary

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EXHIBITS

- Exhibit A Agenda – August 10, 2021
- Exhibit B Financial Report as of June 30, 2021
- Exhibit C Independent Accountant’s Report for Applying Agreed-Upon Procedures for 12/31/2020 for the Knox County Property Tax Incentive Program
- Exhibit D Independent Auditor’s Report to the Board for the fiscal year ending 3/31/2021
- Exhibit E Resolution Approving the Extension of PILOT Lease Agreement with respect to Lifetime Products, Inc. for property located at 2015 Eastbridge Boulevard, Mascot, TN 37806
- Exhibit F Resolution Approving the Assignment of PILOT Lease Agreement with Dover Development to CSIG Holding Company, LLC regarding the senior living facility located within the Historic Knoxville High School, 101 E. Fifth Avenue, Knoxville, TN

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The Industrial Development Board of the County of Knox
Balance Sheet with Prior Year Comparison
As of September 30, 2021

	As of September 30, 2021	As of September 30, 2020 (PY)
ASSETS		
Current Assets		
Bank Accounts		
100-000 Cash - Regions Bank	113,917	149,818.09
100-600 Construction Funds - Grassy Creek	392,705	-
100-700 CGI Grant Pass-through	150,000	-
Total 100-000 Cash - Regions Bank	\$ 506,623	\$ 149,818
112-000 Grassy Creek Project Fund	11,750	465
113-000 Northshore TC TIF Fund - City	1,294,029	543,746
114-000 Northshore TC TIF Fund - County	76,101	76,003
Total Bank Accounts	\$1,888,502	\$770,032
Accounts Receivable		
125-000 Accounts Receivable (A/R)	497,624	454,781
Total Accounts Receivable	\$497,624	\$454,781
Other Current Assets		
127-000 Prepaid Insurance	1,563	1,522
128-000 Closing Fee - Historic Knoxville High	74,918.54	37,459.26
Total Other Current Assets	\$76,481	\$38,981
Total Current Assets	\$2,462,608	\$1,263,794
Other Assets		
170-000 Loan to TDC	450,000	450,000
180-000 Long-Term Closing Fee - Knox High	-	74,919
Total Other Assets	\$450,000	\$524,919
TOTAL ASSETS	\$2,912,608	\$1,788,712
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
200-000 Accounts Payable	486,924	442,348
Total Accounts Payable	\$486,924	\$442,348
Other Current Liabilities		
218-000 Accrued Expenses	0	0.00
246-000 Northshore TC TIF - Liability	1,370,130	619,749
247-000 Grassy Creek TIF - Liability	11,750	465
250-000 Grassy Creek Project Fund Liability	392,705	-
251-000 CGI Reimbursement Liability	150,000	-
Total Other Current Liabilities	\$1,774,585	\$620,214
Total Current Liabilities	\$2,261,509	\$1,062,561
Total Liabilities	\$2,261,509	\$1,062,561
Equity		
300-000 Opening Balance Equity	18,401	18,401
320-000 Retained Earnings	669,178	741,921
Net Income	(36,479)	(34,170)
Total Equity	\$651,099	\$726,151
TOTAL LIABILITIES AND EQUITY	\$2,912,608	\$1,788,712

**The Industrial Development Board of the County of Knox
Budget Variance Report**

For the 6 Periods Ended September 30, 2021

	September 2021			April 2021 - September 2021			April 2021 - March 2022	
	Actual	Budget	Variance	Actual	Budget	Variance	Budget	% Remaining
Income								
410-000 Interest Revenue	7	8	(2)	40	50	(10)	100	59.93%
420-000 Base Rent Revenue	10,700	725	9,975	10,700	4,350	6,350	8,700	-22.99%
435-000 Application Revenue	0	333	(333)	0	2,000	(2,000)	4,000	100.00%
444-000 Closing Revenue	0	0	0	0	0	0	0	0.00%
445-000 Agenda Fee	0	0	0	0	0	0	0	0.00%
447-000 Appropriation from Retained								
Earnings	0	6,513	(6,513)	0	39,075	(39,075)	78,151	100.00%
Total Income	\$10,707	\$7,579	\$3,127	\$10,740	\$45,475	(\$34,735)	\$90,951	88.19%
Expenses								
502-001 Operating Expenses	64	125	(61)	472	750	(278)	1,500	68.50%
503-001 Advertising Expense	124	100	24	459	600	(141)	1,200	61.75%
507-001 Insurance Expense	313	313	(0)	1,875	1,876	(0)	3,751	50.00%
509-001 Professional Services	0	83	(83)	0	500	(500)	1,000	100.00%
511-001 Accounting Expense	0	792	(792)	9,600	4,750	4,850	9,500	-1.05%
512-001 Legal Expense	1,000	2,083	(1,083)	10,313	12,500	(2,188)	25,000	58.75%
519-001 Administrative Expense	4,083	4,083	(0)	24,500	24,500	(0)	49,000	50.00%
Total Expenses	\$5,584	\$7,579	(\$1,995)	\$47,219	\$45,475	\$1,744	\$89,451	47.21%
Net Operating Income	\$5,123	\$0	\$5,123	(\$36,479)	(\$0)	(\$36,479)		

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The Industrial Development Board of the County of Knox
Income Statement with Prior Year Comparison
For the 6 Periods Ended September 30, 2021

	<u>April 2021 - September 2021</u>	<u>April 2020 - September 2020 (PY)</u>
Income		
410-000 Interest Revenue	40	48
420-000 Base Rent Revenue	10,700	8,700
435-000 Application Revenue	0	0
444-000 Closing Revenue	0	0
445-000 Agenda Fee	0	500
Total Income	\$10,740	\$9,248
Gross Profit	\$10,740	\$9,248
Expenses		
502-001 Operating Expenses	472	403
503-001 Advertising Expense	459	944
507-001 Insurance Expense	1,875	1,826
509-001 Professional Services		345
511-001 Accounting Expense	9,600	9,400
512-001 Legal Expense	10,313	6,000
519-001 Administrative Expense	24,500	24,500
Total Expenses	\$47,219	\$43,418
Net Operating Income	(\$36,479)	(\$34,170)
Other Income		
430-000 PILOT Revenue	409,924	365,333
449-000 Oakwood Rent- Restricted	77,000	77,000
460-000 Grassy Creek Construction Revenue	1,074,755	0
Total Other Income	\$1,561,679	\$442,333
Other Expenses		
560-000 Grassy Greek Construction Expense	1,074,755	
587-001 PILOT Payment Expense	409,924	365,333
950-001 Transfer to TDC - Restricted Funds	77,000	77,000
Total Other Expenses	\$1,561,679	\$442,333
Net Income	(\$36,479)	(\$34,170)

The Industrial Development Board of the County of Knox

2022 Meeting Schedule

January 11	4:00 p.m.	17 Market Square, #201	
February 8	4:00 p.m.	17 Market Square, #201	
March 8	4:00 p.m.	17 Market Square, #201	
April 12	4:00 p.m.	17 Market Square, #201	
May 10	4:00 p.m.	17 Market Square, #201	
June 14	4:00 p.m.	17 Market Square, #201	
July 12	4:00 p.m.	17 Market Square, #201	
August 9	4:00 p.m.	17 Market Square, #201	
September 13	4:00 p.m.	17 Market Square, #201	
October 11	4:00 p.m.	17 Market Square, #201	
November 8	4:00 p.m.	17 Market Square, #201	
December 13*	4:00 p.m.	17 Market Square, #201	Annual Meeting