

Board Members:

Charley Bible
Shannon Coleman Egle
Paul Fortunato
Tiffany Gardner
Mike George
Terry Henley
J. Ford Little
Lou Moran, III
Alvin Nance
Lisa Rottmann
Anthony Wise



The Industrial Development Board of the County of Knox

Regular Meeting
Tuesday, August 8, 2023, 4:00 p.m.
17 Market Square, #201
Knoxville, Tennessee 37902

AGENDA

- I. Call to Order
- ACTION** II. Approval of Minutes from Previous Meeting
 - a) Regular Meeting – June 13, 2023
- ACTION** III. Finance Report
- ACTION** IV. Nominating Committee Report for Board Officers and Committee Members and Related Appointments
- V. Old Business
 - a) Discussion of poll results regarding changing the time of regular meetings
 - b) Update on the Property Transfer Agreement with TDC
- VI. New Business
- VII. Adjourn

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

June 13, 2023, 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”, “IDB” or “Board”) was held on Tuesday, June 13, 2023, at 4:00 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, Paul Fortunato (Chair), Tiffany Gardner (Vice Chair), Shannon Coleman Egle (Secretary), Dr. Anthony Wise, Jr., Alvin Nance, Lou Moran, III, Charley Bible, and J. Ford Little.

Also, in attendance were Mac McWhorter (Knoxville Chamber), Karen Kakanis (Knoxville Chamber), Caroline Bailey (Knoxville Chamber), R. Christopher Trump (Legal Counsel – Egerton, McAfee, Armistead & Davis, P.C.), Katrina Vargas (Paralegal - Egerton, McAfee, Armistead & Davis, P.C.), Mark Mamantov (Bass Berry & Sims), Blayne Chance (Public Observer), and Soriya Gast (Public Observer).

I. Paul Fortunato, 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 comments or changes to the minutes of the regular meeting held on May 9, 2023. There were none.

Upon a motion by Lou Moran, III and a second by Tiffany Gardner, the minutes of the May 9, 2023, meeting were unanimously approved. A copy of the minutes is attached hereto as Exhibit B.

III. Appointment of Nominating Committee for Board Officers and Committee Appointments. The Chair recognized Chris Trump, who addressed the Board regarding the Board’s officer and committee appointments. The Chair nominated himself, Lou Moran, III and Tiffany Gardner to serve as members of the nominating committee.

Upon a motion by Dr. Anthony Wise, Jr. and a second by Alvin Nance, the appointment of a nominating committee composed of Paul Fortunato, Lou Moran, III and Tiffany Gardner was unanimously approved.

IV. Review and Consideration of a Resolution Authorizing a Property Transfer

Agreement with The Development Corporation of the County of Knox. The Chair recognized Chris Trump who addressed the Board regarding the proposed Property Transfer Agreement with The Development Corporation of Knox County (“TDC”). Mr. Trump noted that significant discussion concerning the matter was had during the last meeting and explained the changes to the Property Transfer Agreement which were made since the last meeting. He stated that the most significant change being that the IDB will be assuming substantially all of TDC’s liabilities, including, unknown liabilities. He explained that the board members of TDC are concerned about personal liability for directors for unknown liabilities of TDC which may arise after TDC has transferred all of its cash and other assets. Mr. Trump stated that he had legal research conducted and that he believed that the directors of TDC are not likely to be held personally liable for such unknown liabilities. He stated that, however, but he was unable to find any case law or statutes directly on point. Mr. Trump further explained that he believes that the risk of any unknown liabilities is very low, as the Property Transfer Agreement requires that TDC list all of its assets and liabilities that are presently known. He further explained that the value of what the IDB is receiving greatly outweighs what the IDB is providing TDC in the transaction, as the total assets of TDC are in excess of \$30,000,000 and the TDC has minimal liabilities. A copy of the most recent balance sheet of TDC was provided to the Board members for inspection. Discussion was had.

The Board Chair recognized Mark Mamantov, who explained that the mayors of both the City and County want to see this happen and that this Board is the only entity with the power to facilitate. He explained that the transaction presents very low risk and minimal liability to the IDB, particularly when you consider sovereignty immunity. Mr. Trump stated that Tennessee’s nonprofit corporation statutes provide very high protection for directors of nonprofit corporations, and that the Board members face no individual liability pertaining to the transaction. He also explained that the Board has D&O insurance. Tiffany Gardner asked if any prior unassessed real property taxes could be assessed against the IDB, and Mr. Trump stated that the IDB is exempt from real property taxes by statute and that, in any event, unassessed property taxes cannot be assessed against a new owner. Further discussion was had.

Upon a motion by Alvin Nance and a second by Tiffany Gardner, the Resolution Authorizing a Property Transfer Agreement with The Development Corporation of the County of Knox was unanimously approved. A copy of the Resolution is attached hereto as Exhibit C.

V. Review and Consideration of a Resolution approving a revised PILOT Lease for a Payment-In-Lieu-of-Tax (PILOT) transaction for the proposed new construction of a 71,000 sq ft corporate office building to be located at 849 N. Central St/0 Bernard St., Knoxville, Tennessee, 37917. The Chair recognized Chris Trump, who addressed the Board concerning prior resolutions approved by the Board for the previously approved Axle/Blueprint PILOT. He explained that the initial as-completed appraisal received by Axle/Blueprint for the project provided insufficient value and that Blueprint has requested that the PILOT Lease be assignable. Mr. Trump stated that Axle/Blueprint believe that the appraised value will be higher with the ability of Blueprint to assign its interests in the PILOT Lease. He stated that, after consultation with the staff of the IDB, revisions were proposed to the previously approved PILOT Lease which permit the assignment by Blueprint of its interest in the PILOT Lease with certain limitations, including, the continued occupation of the subject property by Axle. Discussion was had.

Upon a motion by Lou Moran, III and a second by Alvin Nance, the Resolution approving a revised PILOT Lease for a Payment-In-Lieu-of-Tax (PILOT) transaction for the proposed new construction of a 71,000 sq ft corporate office building to be located at 849 N. Central St/0 Bernard St., Knoxville, Tennessee, 37917 was unanimously approved. A copy of the Resolution is attached hereto as Exhibit D.

VI. Old Business. None.

VII. New Business. Lou Moran, III suggested a discussion regarding changing the Board's meeting time due to recent difficulty achieving a quorum and suggested 8:30 a.m. would be a better time. Discussion was had. IDB staff will send a poll around to the Board to determine the most desired meeting time for future meetings.

VIII. Next Meeting. The next regular meeting of The Industrial Development Board of the County of Knox is scheduled for July 11, 2023, at 4:00 p.m. at the offices of The Development Corporation of Knox County located at 17 Market Square, #201, Knoxville, Tennessee.

IX. 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 4:50 p.m.

Dated

Shannon Coleman Egle, Secretary

EXHIBITS

- Exhibit A Agenda – June 13, 2023
- Exhibit B Minutes – May 9, 2023
- Exhibit C Resolution Authorizing a Property Transfer Agreement with
The Development Corporation of the County of Knox
- Exhibit D Resolution approving a revised PILOT Lease for a Payment-
In-Lieu-of-Tax (PILOT) transaction for the proposed new
construction of a 71,000 sq ft corporate office building to be
located at 849 N. Central St/0 Bernard St., Knoxville,
Tennessee, 37917

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The Industrial Development Board of the County of Knox
Balance Sheet
As of June 30, 2023

| | <u>As of Jun 30, 2023</u> | <u>As of Jun 30, 2022 (PY)</u> |
|---|---------------------------|--------------------------------|
| ASSETS | | |
| Current Assets | | |
| Bank Accounts | | |
| 100-000 Cash - Regions Bank | 76,985.23 | 152,380.99 |
| 100-600 Construction Funds - Grassy Creek | - | 262,331.64 |
| 100-700 CGI Grant Pass-through | 43,000.00 | 43,000.00 |
| 100-800 Workforce Training Funds | 75,000.00 | - |
| Total 100-000 Cash - Regions Bank | \$ 194,985.23 | \$ 457,712.63 |
| 112-000 Grassy Creek - TIF Fund | 384.64 | 409.65 |
| 114-000 Northshore TC TIF Fund - County | 754,833.29 | 782,900.67 |
| Total Bank Accounts | \$ 950,203.16 | \$ 1,241,022.95 |
| Other Current Assets | | |
| 127-000 Prepaid Insurance | 2,887.32 | 2,861.32 |
| Total Other Current Assets | \$ 2,887.32 | \$ 2,861.32 |
| Total Current Assets | \$ 953,090.48 | \$ 1,243,884.27 |
| Other Assets | | |
| 170-000 Loan to TDC | 450,000.00 | 450,000.00 |
| Total Other Assets | \$ 450,000.00 | \$ 450,000.00 |
| TOTAL ASSETS | \$ 1,403,090.48 | \$ 1,693,884.27 |
| LIABILITIES AND EQUITY | | |
| Liabilities | | |
| Current Liabilities | | |
| Accounts Payable | | |
| 200-000 Accounts Payable | 198.00 | - |
| Total Accounts Payable | \$ 198.00 | \$ - |
| Other Current Liabilities | | |
| 246-000 Northshore TC TIF - Liability | 754,833.29 | 782,900.67 |
| 247-000 Grassy Creek TIF - Liability | 384.64 | 409.65 |
| 250-000 Grassy Creek Project Fund Liability | - | 262,331.64 |
| 251-000 CGI Reimbursement Liability | 43,000.00 | 43,000.00 |
| 252-000 Workforce Training Liability | 75,000.00 | - |
| Total Other Current Liabilities | \$ 873,217.93 | \$ 1,088,641.96 |
| Total Current Liabilities | \$ 873,415.93 | \$ 1,088,641.96 |
| Total Liabilities | \$ 873,415.93 | \$ 1,088,641.96 |
| Equity | | |
| 300-000 Opening Balance Equity | 18,400.68 | 18,400.68 |
| 320-000 Retained Earnings | 537,875.85 | 591,668.41 |
| Net Income | (26,601.98) | (4,826.78) |
| Total Equity | \$ 529,674.55 | \$ 605,242.31 |
| TOTAL LIABILITIES AND EQUITY | \$ 1,403,090.48 | \$ 1,693,884.27 |

The Industrial Development Board of the County of Knox
Income Statement with Prior Year Comparison
For the 3 Periods Ended June 30, 2023

| | <u>Apr - Jun, 2023</u> | <u>Apr - Jun, 2022 (PY)</u> |
|--------------------------------|------------------------|-----------------------------|
| Income | | |
| 410-000 Interest Revenue | 6.34 | 13.43 |
| 446-000 Assignment Fee | | 12,771.02 |
| Total Income | \$ 6.34 | \$ 12,784.45 |
| Gross Profit | \$ 6.34 | \$ 12,784.45 |
| Expenses | | |
| 502-001 Operating Expenses | 404.67 | 286.73 |
| 503-001 Advertising Expense | 58.40 | 401.50 |
| 507-001 Insurance Expense | 1,082.76 | 1,073.01 |
| 512-001 Legal Expense | 12,812.50 | 3,600.00 |
| 519-001 Administrative Expense | 12,249.99 | 12,249.99 |
| Total Expenses | \$ 26,608.32 | \$ 17,611.23 |
| Net Operating Income | \$ (26,601.98) | \$ (4,826.78) |
| Net Income | \$ (26,601.98) | \$ (4,826.78) |