

AMENDMENT TO MAGNOLIA AVENUE WAREHOUSE DISTRICT REDEVELOPMENT AND URBAN RENEWAL PLAN RELATING TO TERMS OF TAX INCREMENT FINANCING

In 2011, Knoxville’s Community Development Corporation (“KCDC”) prepared and submitted, and the City Council of the City of Knoxville (the “City”) and the County Commission of Knox County, Tennessee (the “County”) approved, the Magnolia Avenue Warehouse District Redevelopment and Urban Renewal Plan (the “Plan”). In February, 2022, KCDC prepared and submitted, and the City and the County approved, an Amendment to the Magnolia Avenue Warehouse District Redevelopment and Urban Renewal Plan (the “Stadium Amendment”) to include certain tax increment financing provisions and to expand the area subject to the Plan. The area subject to the Plan as amended by the Stadium Amendment is referred to in this Amendment as the “Plan Area.” This amendment amends the Plan, as previously amended, to modify certain terms relating to the tax increment financing provisions that have previously been included in the Plan.

As was provided in the Stadium Amendment, the Plan, as amended, is intended to support, in addition to the redevelopment goals stated in the Plan as originally adopted, a transformational redevelopment project within the Plan Area that would include a multi-use sports and entertainment stadium (the “Stadium”), complementary residential, retail and commercial developments (the “Mixed-Use Project”) and related public infrastructure, including street improvements and utilities (the “Public Infrastructure”). The undertaking of the Stadium, the Mixed-Use Project and the Public Infrastructure have been and are hereby recognized as necessary actions to further the goals and objectives articulated in the Plan by serving as a catalyst for the redevelopment of the Plan Area and are collectively a redevelopment project for purposes of applicable law (the “Redevelopment Project”).

AMENDMENT TO INCREASE THE BOUNDARY OF THE TIF DISTRICT

In the Stadium Amendment, the City and the County approved tax increment financing provisions pursuant to which any excess of taxes levied by the City and County over the base taxes and dedicated taxes, as further described in the Stadium Amendment, shall be paid to KCDC for the purpose of paying principal of and interest on bonds, loans, or other indebtedness incurred or to be incurred by KCDC to finance or refinance, in whole or in part, the Redevelopment Project or as otherwise provided in applicable law or reserved for purposes permitted by applicable law, provided that a portion of the excess taxes may be allocated for administrative purposes.

Under applicable law, the City and the County may allocate less of the incremental tax revenues than all tax increment revenues from the entire Plan Area, and pursuant to the Stadium Amendment, only the tax increment revenues from an area identified in the Stadium Amendment as the TIF District are to be allocated to KCDC pursuant to the Plan, as amended by the Stadium Amendment. Pursuant to this Amendment, the City and the County desire to amend the boundaries of the TIF District to expand the size of the TIF District. Accordingly, the Plan, as previously amended by the Stadium Amendment, is hereby amended to provide that TIF District shall include the area marked with a red boundary as shown on Exhibit A to this Amendment. A list of the parcels, and base taxes for each such parcel, within the TIF District, as expanded, is attached here as Exhibit B. As to any parcel in the TIF District that is already subject to a tax increment allocation, the maximum allocation period as to such parcel shall include any prior allocation period.

ADDITIONAL INFORMATION RELATING TO TAX INCREMENT FINANCING

The following information is provided as required by Section 13-20-205 of the Tennessee Code Annotated, with respect to this amendment:

- The estimated cost of the Redevelopment Project described above, including the Stadium, Mixed-Use Project and Public Infrastructure, is approximately \$275 million.
- The sources of revenue that are expected to finance the costs of the Redevelopment Project include proceeds of bonds to be issued by The Sports Authority of the County of Knox and the City of Knoxville, Tennessee (the “Sports Authority”), tax increment financing undertaken by KCDC pursuant to the Plan, as amended, financing incurred and equity contributed by the private developers of the Mixed-Use Project, funds contributed by the owner of the minor-league baseball team that is expected to lease the Stadium (the “Team”), and funds contributed by the City of Knoxville and the Knoxville Utilities Board for public infrastructure costs.
- The estimated amount of all debt to be incurred by KCDC as tax increment financing is not expected to exceed \$50 million, of which approximately \$14 million is to be incurred for the cost of Public Infrastructure, \$8 million for redevelopment costs relating to the Mixed-Use Project and \$28 million for costs relating to the Stadium (of which approximately \$8 million is expected to support the financing of the Sports Authority and \$20 million is expected to be initially borrowed from an entity or person affiliated with the Team). It is presently expected that portions of the Mixed-Use Project will be subject to agreements relating to payments-in-lieu-of-tax agreements, and if such agreements are not entered into, the amount of debt described in this paragraph could increase.
- The estimated impact on the City and the County, on a present value basis, is the estimated amount of the debt described above, with approximately 60% of such impact being borne by the City and approximately 40% of such impact being borne by the County based upon current tax rates. This impact will be offset, to a large extent, by additional tax revenues, including local sales tax revenues and hotel tax revenues, to be realized from the redevelopment of the Plan Area, as well as additional property taxes available to pay debt service on debt of the City and the County.

EXHIBIT B
Parcels in TIF District and Base Taxes

See attached

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