

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

Knoxville's Community Development Corporation ("KCDC") has previously prepared the Magnolia Avenue Warehouse District Redevelopment and Urban Renewal Plan (the "Plan") for the Redevelopment Area defined in the Plan (the "Original Redevelopment Area"). After a public hearing held by KCDC, the Plan was approved by the City Council ("City Council") of the City of Knoxville (the "City") and the County Commission ("County Commission") of Knox County, Tennessee (the "County").

The City, the County and KCDC desire to provide for and/or encourage a transformational redevelopment project within the Original Redevelopment Area and certain adjacent parcels, which project is expected to include a multi-use sports and entertainment stadium, complementary residential, retail and commercial developments and related infrastructure, utilities and other facilities (the "Stadium Project"). In connection with the Stadium Project, it is expected that two different redevelopment projects will require financial assistance through the issuance of tax increment financing by KCDC. The first such redevelopment project is the public infrastructure, including the construction of street improvements and public spaces (the "Public Infrastructure Project") needed to support the Stadium Project. The second such redevelopment project is a mixed-use project, including residential condominiums, that is expected to be constructed immediately adjacent to the stadium described above (the "Mixed-Use Project"). The Public Infrastructure Project and the Mixed-Use Project are collectively referred to herein as the "Redevelopment Project."

In connection with evaluating the Original Redevelopment Area in preparing this Amendment, KCDC recommended that the boundaries of the Original Redevelopment Area be adjusted and, at the request of the City, determined that tax increment financing for the Redevelopment Project was appropriate.

1. AMENDMENT OF THE AREA SUBJECT TO THE PLAN

Currently, there is one commercial block adjacent to the Original Redevelopment Area (bounded by Linden Avenue, N. Bertrand Street, McCalla Avenue and Harriet Tubman Street) that was not included in the Original Redevelopment Area subject to the Plan. The City, the County and KCDC desire to add the parcels in such block to the area subject to the Plan. Accordingly, the Plan is hereby amended to provide that such parcels are added to the area subject to the Plan, and Exhibit A to the Plan is hereby replaced with the Exhibit A attached to this Amendment. The term "Redevelopment Area" (as used in the Plan and this Amendment) shall mean the area depicted on Exhibit A attached to this Amendment.

2. AMENDMENT TO PROVIDE FOR TAX INCREMENT FINANCING

The Plan is hereby amended to provide that, subject to the limitations herein:

(a) Property taxes, if any, that were levied by the City and/or the County (the City and the County are hereinafter referred to collectively or sometimes individually, as a "taxing agency") and payable with respect to the property within the Redevelopment Area (other than any portion of such taxes that is a debt service amount) for the year prior to the date the amendment of this redevelopment plan was approved ("base taxes") and that portion of property taxes, if any, designated by a taxing agency to pay debt service on the taxing agency's debt ("dedicated taxes") shall be allocated to and shall be paid to the respective taxing agencies as taxes levied by such taxing agencies on all other property are paid; provided, that in any year in which the taxes on any property are less than the base and dedicated taxes, there shall be allocated and paid to the respective taxing agencies only those taxes actually imposed and

collected; and

(b) Subject to the specific constraints of applicable law, any excess of taxes levied by a participating taxing agency, over the base taxes and dedicated taxes, shall be allocated to and shall be paid to KCDC (a “tax increment agency”) 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 as described below. Notwithstanding the foregoing, any excess taxes beyond amounts necessary to fund or reserve the payment of debt service on tax increment financing authorized herein or to pay administrative expenses shall revert to the City’s and County’s general fund.

Pursuant to applicable law and this redevelopment plan, up to five percent (5%) of incremental tax revenues allocated to KCDC may be set aside for administrative expenses of KCDC, the City or the County as provided by KCDC’s policies.

By approving this Amendment, KCDC, the City and the County confirm that the Uniformity in Tax Increment Financing Act of 2012 (the “Tax Increment Act”) shall apply to any financing authorized by this Amendment. KCDC is hereby authorized to make all calculations of tax increment revenues on the basis of each parcel within in the Redevelopment Area instead of on an aggregate basis as permitted by the Tax Increment Act. If KCDC opts to have such calculations made based upon each parcel, KCDC shall give notice to the City and the County that such methodology will be used prior to the first allocation date of any tax increment revenues. KCDC is also authorized to separately group one (1) or more parcels within the Redevelopment Area for purposes of calculating and allocating the tax increment revenues under this Plan and applicable law, and in such cases, the allocation of tax increment revenues shall be calculated and made based upon each such parcel or group of parcels, and not the entire area subject to the Plan. KCDC shall give notice of any such grouping of parcels to the City and the County. KCDC is also authorized to designate that the allocation of tax increment revenues with respect to a parcel or group of parcels within the Redevelopment Area may begin in subsequent or different years in order to match tax increment revenues with the purposes for which such revenues will be applied as determined by KCDC. KCDC shall give notice of any such designation to the City and the County.

Notwithstanding the foregoing, pursuant to Section 9-23-103(b) of the Tax Increment Act, all tax revenues, including incremental property tax revenues, shall be retained by the City and County as to all parcels within the Redevelopment Area other than the parcels located within the “TIF District” designated in Exhibit B attached hereto unless any additional parcels to be included in the TIF District are approved by City Council and County Commission pursuant to a subsequent amendment. A list of the parcels, and base taxes for each such parcel, within the TIF District is attached here as Exhibit C

Tax Increment Financing to Support the Redevelopment Project

The estimated cost of the Public Infrastructure Project is approximately \$15,000,000, and the estimated cost of the Mixed-Used Project is approximately \$46,750,000. The entire cost of the Public Infrastructure Project is expected to be initially paid from funds contributed from the City’s capital improvement fund, and then such cost will be financed as a redevelopment project by KCDC, with debt service being payable from tax increment revenues from the TIF District. Of the cost of the Mixed-Used Project, only approximately \$4,000,000 to \$8,000,000 is expected to be paid with the proceeds of tax increment financing with the remainder being paid with loans and equity obtained by the private developer of the Mixed-Use Project, and a commensurate amount of the redevelopment costs relating to the Stadium Project is expected to be paid with the proceeds of tax increment financing secured by a portion of the tax increment relating to the Mixed-Use Project. The maximum maturity of any tax

increment financing will be not later than forty (40) years from the date the financing, including any refinancing, is issued, but in no event shall the allocation of tax revenues with respect to any parcel in the TIF District to pay debt service with respect to the tax increment financing described in this Section exceed thirty (30) years.

The estimated impact of the tax increment financing provisions contained herein is expected to have a financial impact of \$23,000,000 to \$31,000,000 on a present value basis depending on the ultimate assessment of the Mixed-Use Project. However, the undertaking of the redevelopment is expected to have a positive financial impact on the City and County. Not only will both entities receive additional sales taxes from economic activity in the TIF District due to the Stadium Project, but as incremental property taxes are created, property taxes that are allocable to paying debt service on the City's and the County's general obligation debt shall be retained by the City and County. These additional taxes, as created, will immediately benefit the City and the County. After the tax increment financing is fully paid, the entire increased property tax revenues will be payable to the City and the County.

EXHIBIT A

Redevelopment Area

The boundary of the Redevelopment Area is depicted below and includes both the existing “Original Boundary” outlined in purple and the new “Expanded Boundary Area” outlined in red.

Original Boundary
Expanded Boundary Area

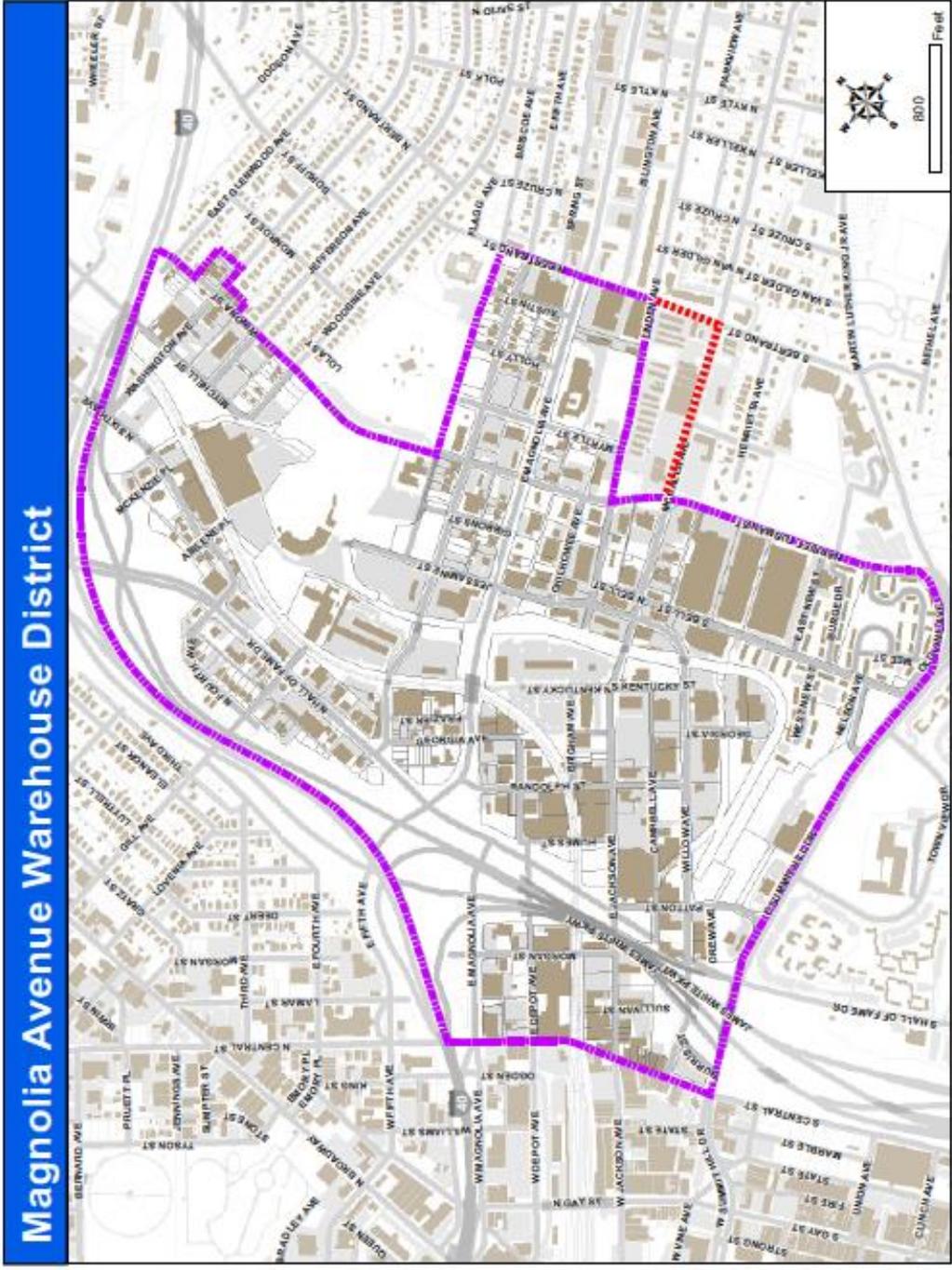


EXHIBIT B

TIF District

The boundary of the TIF District is depicted below and includes the “TIF District” outlined in blue.

MAGNOLIA AVENUE WAREHOUSE DISTRICT REDEVELOPMENT & URBAN RENEWAL PLAN

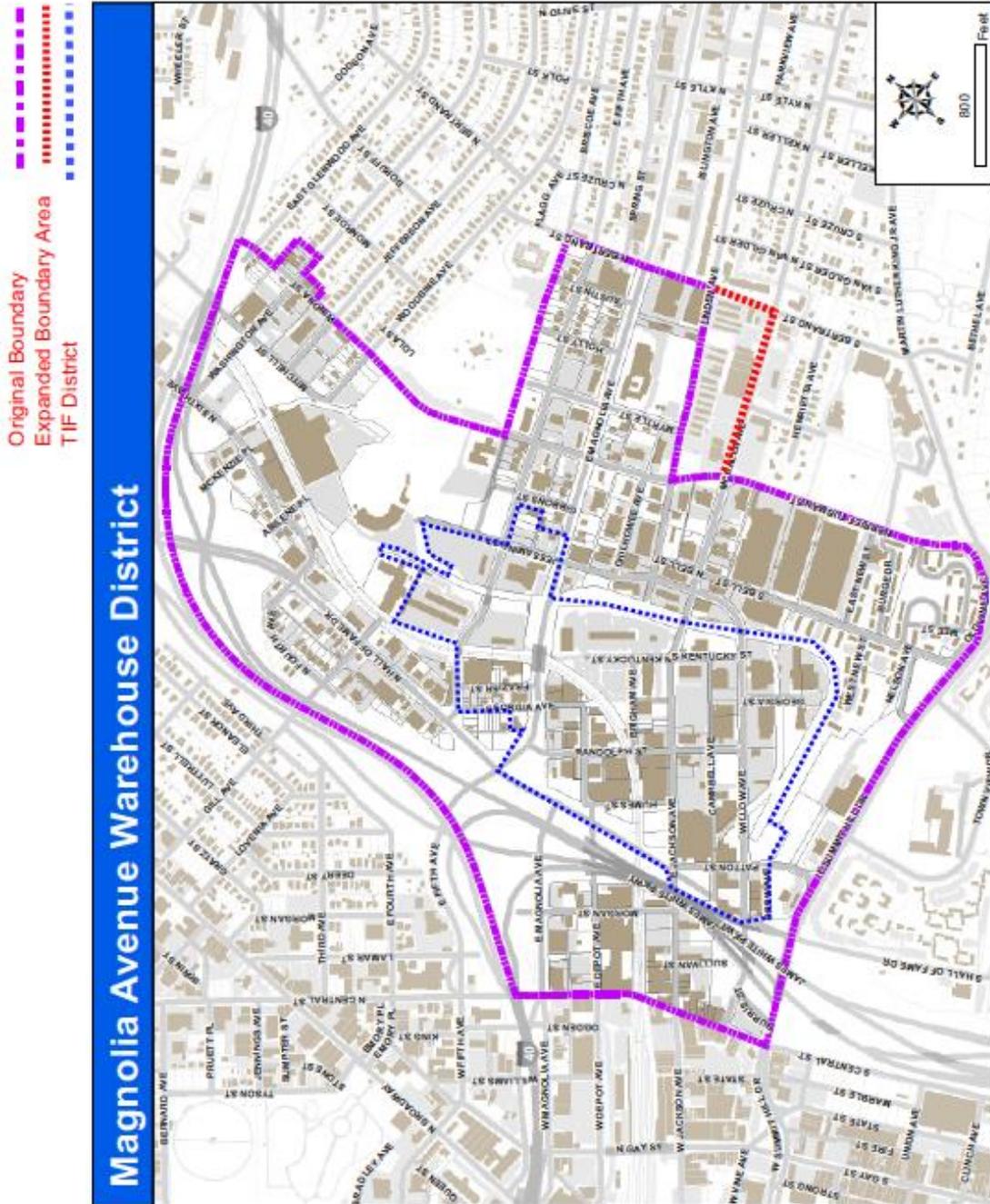


EXHIBIT C

Parcels in TIF District and Base Taxes

See attached

32290795.3

Magnolia Avenue TIF District 2021 Tax Summary

Parcel	Appraisal '21	Assessment '21	County Tax	City Tax	Total Tax
095HB00801	\$62,500	\$25,000	\$530.00	\$615.95	\$1,145.95
095HC010	\$34,400	\$13,760	\$291.71	\$339.02	\$630.73
095HB005	\$119,600	\$47,840	\$1,014.21	\$1,178.68	\$2,192.89
095HB001	\$8,000	\$3,200	\$67.84	\$78.84	\$146.68
095HB004	\$164,600	\$65,840	\$1,395.81	\$1,622.17	\$3,017.97
095HC012	\$350,000	\$140,000	\$2,968.00	\$3,449.32	\$6,417.32
095HC013	\$427,200	\$170,880	\$3,622.66	\$4,210.14	\$7,832.80
095HC015	\$281,400	\$112,560	\$2,386.27	\$2,773.25	\$5,159.53
095HC016	\$438,800	\$175,520	\$3,721.02	\$4,324.46	\$8,045.49
095HC017	\$277,700	\$111,080	\$2,354.90	\$2,736.79	\$5,091.69
095HC021	\$0	\$0	\$0.00	\$0.00	\$0.00
095HC018	\$352,800	\$141,120	\$2,991.74	\$3,476.91	\$6,468.66
095AK023	\$291,400	\$116,560	\$2,471.07	\$2,871.81	\$5,342.88
095AK02201	\$264,900	\$105,720	\$2,241.26	\$2,604.73	\$4,845.99
095AK020	\$0	\$0	\$0.00	\$0.00	\$0.00
095AK019	\$0	\$0	\$0.00	\$0.00	\$0.00
095AK018	\$0	\$0	\$0.00	\$0.00	\$0.00
095AK01802	\$0	\$0	\$0.00	\$0.00	\$0.00
095AK01801	\$365,400	\$146,160	\$3,098.59	\$3,601.09	\$6,699.68
095HB002	\$3,342,300	\$1,336,920	\$28,342.70	\$32,939.03	\$61,281.74
095HB003	\$74,700	\$29,880	\$633.46	\$736.18	\$1,369.64
095AM021	\$51,200	\$20,480	\$434.18	\$504.59	\$938.76
095AM018	\$103,200	\$41,280	\$875.14	\$1,017.06	\$1,892.19
095AM017	\$14,100	\$5,640	\$119.57	\$138.96	\$258.53
095AM016	\$374,200	\$149,680	\$3,173.22	\$3,687.82	\$6,861.03
095AM015	\$256,900	\$102,760	\$2,178.51	\$2,531.80	\$4,710.31
095AM010	\$8,800	\$3,520	\$74.62	\$86.73	\$161.35
095AM011	\$302,100	\$120,840	\$2,561.81	\$2,977.26	\$5,539.06
095AM014	\$342,900	\$135,975	\$2,882.67	\$3,350.15	\$6,232.82
095AM012	\$103,500	\$41,400	\$877.68	\$1,020.01	\$1,897.69
095AM013	\$15,300	\$6,120	\$129.74	\$150.78	\$280.53
095AM00402	\$346,900	\$138,760	\$2,941.71	\$3,418.77	\$6,360.48
095AM008	\$72,300	\$28,920	\$613.10	\$712.53	\$1,325.63
095AM00401	\$493,100	\$197,240	\$4,181.49	\$4,859.60	\$9,041.09
095AK008	\$0	\$0	\$0.00	\$0.00	\$0.00
095AK016	\$8,600	\$3,440	\$72.93	\$84.75	\$157.68
095AK017	\$13,300	\$5,320	\$112.78	\$131.07	\$243.86
095AK003	\$10,800	\$4,320	\$91.58	\$106.44	\$198.02
095AK002	\$29,700	\$11,880	\$251.86	\$292.70	\$544.56
095AK001	\$134,800	\$53,920	\$1,143.10	\$1,328.48	\$2,471.58
095AL010	\$0	\$0	\$0.00	\$0.00	\$0.00
095AL011	\$329,300	\$131,720	\$2,792.46	\$3,245.32	\$6,037.78
095AL012	\$419,000	\$167,600	\$3,553.12	\$4,129.33	\$7,682.45
095AL014	\$95,500	\$38,200	\$809.84	\$941.17	\$1,751.01
095AL015	\$2,100	\$840	\$17.81	\$20.70	\$38.50
095AL016	\$7,800	\$3,120	\$66.14	\$76.87	\$143.01
095AL017	\$131,800	\$52,720	\$1,117.66	\$1,298.92	\$2,416.58
095AL004	\$180,300	\$72,120	\$1,528.94	\$1,776.89	\$3,305.84
095AL003	\$82,900	\$33,160	\$702.99	\$817.00	\$1,519.99
095AL018	\$28,600	\$11,440	\$242.53	\$281.86	\$524.39
095AL019	\$141,800	\$56,720	\$1,202.46	\$1,397.47	\$2,599.93
095AL002	\$101,600	\$40,640	\$861.57	\$1,001.29	\$1,862.86
095AL001	\$78,400	\$31,360	\$664.83	\$772.65	\$1,437.48
095AL021	\$248,500	\$99,400	\$2,107.28	\$2,449.02	\$4,556.30
095AL020	\$113,300	\$45,320	\$960.78	\$1,116.59	\$2,077.38
095AB020	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB021	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB032	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB025	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB031	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB026	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB027	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB030	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB029	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB028	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB035	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB036	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB037	\$0	\$0	\$0.00	\$0.00	\$0.00
095AB038	\$0	\$0	\$0.00	\$0.00	\$0.00
095AC001	\$0	\$0	\$0.00	\$0.00	\$0.00
082PD017	\$0	\$0	\$0.00	\$0.00	\$0.00
095AC003	\$0	\$0	\$0.00	\$0.00	\$0.00
082PD015	\$0	\$0	\$0.00	\$0.00	\$0.00
082PD00401	\$0	\$0	\$0.00	\$0.00	\$0.00
095AC021	\$0	\$0	\$0.00	\$0.00	\$0.00
095AC004	\$0	\$0	\$0.00	\$0.00	\$0.00
095AC005	\$0	\$0	\$0.00	\$0.00	\$0.00
095AC006	\$0	\$0	\$0.00	\$0.00	\$0.00
095AC007	\$0	\$0	\$0.00	\$0.00	\$0.00
095AC008	\$0	\$0	\$0.00	\$0.00	\$0.00
Total	\$11,498,300.00	\$4,597,895.00	\$97,475.37	\$113,282.94	\$210,758.31