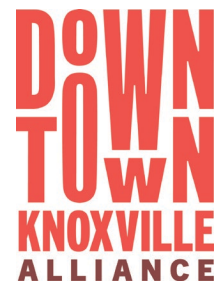


BOARD OF DIRECTORS' MEETING



FEBRUARY 21, 2022, 11:30 AM



- I. Welcome
- II. Approval of Minutes
 - A. *January Board Meeting
- III. *Audit
- IV. *Financial Report
- V. Staff Report
- VI. Old Business
 - A. Rail Project Update – Joe Hulquist
- VII. New Business
- VIII. Public Forum
- IX. Adjournment

* Denotes action items

Upcoming Meetings:

March 21, 11:30 am – Board Meeting

April 18, 11:30 am – Board Meeting

May 16, 11:30 am – Board Meeting

This meeting, and all communications between Board Members, are subject to the provisions of the Tennessee Open Meetings Act.

BOARD OF DIRECTORS MEETING



JANUARY 24, 2022, 11:30 AM – VIA ZOOM

The Board of Directors of Downtown Knoxville Alliance met on Monday, January 24, 2022, via Zoom.

Board members present included board chair, Matthew DeBardelaben, Rick Emmett, Michael Riley, John Sanders, Dan Smith, Adrienne Webster, and Mary Katherine Wormsley. DKA and Knoxville Chamber staff in attendance included: Michele Hummel, Angela Lunsford, Terry Tabors, and Robin Thomas.

I. Welcome

Matthew DeBardelaben, chair of the Board, welcomed everyone to the meeting and called the meeting to order.

II. Minutes

Mr. DeBardelaben called for the approval of the minutes from the December board meeting. Mary Katherine Wormsley made a motion to approve the minutes. Rick Emmett seconded the motion, which was unanimously approved by the board.

III. Discussion of new KPD Police Chief

Mayor Kincannon and Erin Gill with the City of Knoxville attended the meeting to update on the search for the new police chief and gather input for the search. Mayor Kincannon shared the process for hiring a new chief and attendees provided input.

IV. Financial Report

Terry Tabors delivered the financial report for the corporation. Mary Katherine Wormsley made a motion to approve the financial report as presented. Adrienne Webster seconded the motion, which was unanimously approved by the board.

V. Committee Reports

A. Quality of Life Committee

Staff presented a request to partner with the City of Knoxville, Knox County, and Visit Knoxville to develop an ambassador/outreach program with Block by Block. This program would provide ambassadors to welcome visitors to downtown and work as an outreach team to connect the street population with services to reduce panhandling and homelessness.

The request is \$75,000, which would require the board to review the request at two meetings. The board agreed this is a worthwhile program. The Quality-of-Life Committee will review more details and make a recommendation to the board at the February board meeting.

B. Marketing Committee

The committee met on January 14 and reviewed several sponsorship requests. The committee made a recommendation in the form of a motion to the board to approve the following events/amounts:

Big Ears	\$10,000
Dogwood Arts Festival	\$6,000
Chalk Walk	\$2,500
Southern Skies	\$5,000
Children's Festival of Reading	\$3,000
Rossini Festival	\$5,000
Market Square Farmer's Market	\$10,000
Dolly Fest	\$5,000
Old City Market	\$5,000

Daniel Smith seconded the motion, which was unanimously approved by the Board, except for Big Ears. John Sanders recused himself for voting for the Big Ears request as he is on their board. Big Ears request was approved by the vote of 6-0-1.

VI. Staff Report

Staff presented the staff report providing an update on the activities from the previous month, social media numbers, and highlighted the upcoming month's meetings. The full reports were included in the agenda packet.

VII. Old Business

There was no Old Business.

VIII. New Business

There was no New Business.

IX. Public Forum

There was no Public Forum.

X. Adjournment

With no other business, the meeting was adjourned.

Secretary

DOWNTOWN KNOXVILLE ALLIANCE

FINANCIAL STATEMENTS

JUNE 30, 2021

DOWNTOWN KNOXVILLE ALLIANCE

YEAR ENDED

JUNE 30, 2021

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Bible Harris Smith, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Downtown Knoxville Alliance

We have audited the accompanying financial statements of Downtown Knoxville Alliance (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Downtown Knoxville Alliance of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Bible Harris Smith, P.C.

Bible Harris Smith, P.C.
Knoxville, Tennessee
February 14, 2022

DOWNTOWN KNOXVILLE ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 997,983
Accounts Receivable	<u>725</u>
Total Current Assets	<u>998,708</u>
TOTAL ASSETS	<u><u>\$ 998,708</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ 81,662
Grants Payable	<u>250,000</u>
Total Current Liabilities	<u>331,662</u>
TOTAL LIABILITIES	331,662
NET ASSETS	
Without Donor Restriction	<u>667,046</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 998,708</u></u>

The accompanying notes are an integral part of these financial statements.

DOWNTOWN KNOXVILLE ALLIANCE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

REVENUES AND OTHER SUPPORT	
City of Knoxville Assessments	\$ 777,204
Sponsorships	725
Interest Income	<u>946</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>778,875</u>
EXPENSES	
Program:	
Development	363,408
Marketing & Sponsorships	280,621
Quality of Life	157,575
Recruitment & Retention	42,185
Residential	<u>46,790</u>
Total Program	890,579
General and Administrative Expense	<u>97,921</u>
TOTAL EXPENSES	<u>988,500</u>
CHANGE IN NET ASSETS	(209,625)
NET ASSETS - WITHOUT DONOR RESTRICTION - BEGINNING OF YEAR	<u>876,671</u>
NET ASSETS - WITHOUT DONOR RESTRICTION - END OF YEAR	<u><u>\$ 667,046</u></u>

The accompanying notes are an integral part of these financial statements.

DOWNTOWN KNOXVILLE ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Activities			
	Development	Marketing & Sponsorships	Quality of Life	Recruitment & Retention
Allocation of Service Contract	\$ 23,408	\$ 46,407	\$ 29,811	\$ 40,005
Administration	-	-	-	-
Advertising	-	87,105	-	-
Art in Public Places	-	-	-	-
Beautification	-	-	36,117	-
Bike Patrol	-	-	53,047	-
COVID - 19 Initiatives	-	-	-	-
Development Grants	325,000	-	-	-
Event Sponsorships	-	94,753	-	-
Path to Prosperity	15,000	-	-	-
Insurance	-	-	-	-
Market Data/Recruitment	-	-	-	-
Meals/Lodging/Travel	-	-	-	-
Printing	-	29,180	-	-
Office Expenses	-	-	-	-
Other Marketing Expense	-	3,724	-	-
Postage	-	-	-	-
Professional Fees	-	-	-	-
Quality of Life	-	-	38,600	-
Recruitment & Retention	-	-	-	2,180
Residential	-	-	-	-
Residential Projects/Initiative	-	-	-	-
Supplies	-	-	-	-
Security	-	-	-	-
Software	-	-	-	-
Website	-	19,452	-	-
Total Expenses	<u>\$ 363,408</u>	<u>\$ 280,621</u>	<u>\$ 157,575</u>	<u>\$ 42,185</u>

(CONTINUED ON PAGE 6)

The accompanying notes are an integral part of these financial statements.

DOWNTOWN KNOXVILLE ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

(CONTINUED FROM PAGE 5)

	Program Activities		G&A	Grand Total
	Residential	Total Program	G&A	
Allocation of Service Contract	\$ 29,811	\$ 169,442	\$ 48,058	\$ 217,500
Administration	-	-	-	-
Advertising	-	87,105	-	87,105
Art in Public Places	-	-	-	-
Beautification	-	36,117	-	36,117
Bike Patrol	-	53,047	-	53,047
COVID - 19 Initiatives	-	-	24,892	24,892
Development Grants	-	325,000	-	325,000
Event Sponsorships	-	94,753	-	94,753
Path to Prosperity	-	15,000	-	15,000
Insurance	-	-	781	781
Market Data/Recruitment	-	-	-	-
Meals/Lodging/Travel	-	-	544	544
Printing	-	29,180	-	29,180
Office Expenses	-	-	6,155	6,155
Other Marketing Expense	-	3,724	-	3,724
Postage	-	-	1,841	1,841
Professional Fees	-	-	13,947	13,947
Quality of Life	-	38,600	-	38,600
Recruitment & Retention	-	2,180	-	2,180
Residential	16,640	16,640	-	16,640
Residential Projects/Initiative	339	339	-	339
Supplies	-	-	1,703	1,703
Security	-	-	-	-
Software	-	-	-	-
Website	-	19,452	-	19,452
Total Expenses	\$ 46,790	\$ 890,579	\$ 97,921	\$ 988,500

The accompanying notes are an integral part of these financial statements.

DOWNTOWN KNOXVILLE ALLIANCE

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (209,625)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities: (Increase) Decrease in Assets:	
Accounts Receivable	7,451
Increase (Decrease) in Liabilities:	
Accounts Payable	(25,642)
Grants Payable	175,000
Net Cash Provided By (Used In) Operating Activities	<u>(52,816)</u>
NET INCREASE (DECREASE) IN CASH	(52,816)
CASH & CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,050,799</u>
CASH & CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 997,983</u></u>

The accompanying notes are an integral part of these financial statements.

DOWNTOWN KNOXVILLE ALLIANCE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies

The Organization - Downtown Knoxville Alliance (Organization), formerly known as Knoxville Central Business Improvement District Management Corporation, is a nonprofit organization established on April 5, 1993, to assist in developing and beautifying the downtown area of Knoxville, Tennessee.

Substantially all revenues are derived from assessments on downtown property owners collected by the City of Knoxville. Activities include making renovation/development grants for projects within the defined area of the Central Business Improvement District and support of downtown activities and events.

General - The Organization's policy is to prepare its financial statements on the accrual basis. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Tax-Exempt Status - The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision has been recognized for income taxes in the accompanying financial statements.

Effective with the fiscal year beginning July 1, 2009, authoritative guidance for the uncertainty in income taxes became effective under the provisions of FASB ASC 740. The standard prescribes a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status. As of June 30, 2021 the statute of limitations for tax years 2017 through 2019 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of June 30, 2021, the Organization had no accruals for interest and/or penalties.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards Update ASU 2016-14. The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed

restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition - Contributions are recorded on the date on which they are pledged. Currently, substantially all Organization revenues are derived from City of Knoxville tax assessments. Assessments are recorded when collected by the City of Knoxville as reported by the City to the Organization. Past due assessments, interest and penalties are not recorded until collected by the City as reported by the City to the Organization. The assessments contain a single delivery element at a single point in time when ownership, risks, and rewards transfer from the City to the Organization.

Expense Allocation – Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Directly identifiable expenses are charged to programs and supporting services. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but to provide for the overall support and direction of the Organization. Contract service agreement costs are allocated based on estimated time incurred for each functional category.

Cash Equivalents - The Organization generally considers all certificates of deposit and highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Receivables - Receivables are stated at the amount management expects to collect from balances outstanding at year-end. No allowance for doubtful accounts is considered necessary. At June 30, 2021, substantially all accounts receivable are from the City of Knoxville.

Property and Equipment – It is the Organization’s policy that property and equipment that are purchased are recorded at cost. Property and equipment is depreciated over the estimated useful lives of the assets. Maintenance, repairs, and minor renewals are charged to expense; betterments or major renewals and improvements that materially prolong the life of the assets are capitalized. At June 30, 2021, the Organization did not hold or own any property and equipment.

Grants Payable – Grants payable represent all unconditional grants that have been authorized prior to year-end, but remain unpaid as of the statement of financial position date. Conditional grants are expensed and considered payable in the period the conditions are substantially satisfied.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, including the liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Agency Transactions - The Organization's policy, if it acts as an intermediary or agent, is to record the receipt and disbursement of financial assets specified for a beneficiary as assets and liabilities of the Organization. Accordingly, there is no effect on the statement of activities.

Advertising - Advertising costs are expensed as incurred and totaled \$87,105 for the year.

In-Kind Contributions - Contributions of donated non-cash assets are recorded at their fair values in the period received.

Subsequent Events- Management has evaluated subsequent events through February 14, 2022, the date the financial statements were available to be issued.

Note 2 – Information Regarding Availability and Liquidity

Financial assets in excess of daily cash requirements can be invested in certificates of deposit and money market funds.

The following table reflects the Organization’s financial assets as of June 30, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 997,983
Accounts Receivable	725
Total Financial Assets	<u>998,708</u>
Less amounts not available to be used within one year:	
Contingent grants payable expected to be paid	<u>-</u>
	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 998,708</u></u>

Note 3 – Contract Services

Another nonprofit organization provides certain services to the Organization. These services include operations administration, marketing services, accounting and financial oversight, professional services, insurance, recommendations for improvements and capital expenditures, contract negotiating, services to ensure compliance with applicable laws and to maintain licenses and permits, and other management services. This amount has been allocated among the Organization’s various functional areas. On July 1, 2020 the Organization renewed the contract services agreement for a five-year period. The current agreement is cancelable by either party with 90 days’ notice. The total paid for these services during the year ended June 30, 2021 was \$217,500.

Note 4 – Grants Payable and Abatements

Because of their ownership and development of properties, either as individuals or as owners of companies within the Central Business Improvement District, current Board Members may have received grants from the Organization while not serving on the Board. If they, or a company they are involved in, requests funding for any project while a Board Member of the Organization, that Board Member will recuse themselves from voting on any project they have involvement with and will disclose this activity to the Board for consideration. There were no such grants payable at June 30, 2021.

The Organization paid \$75,000 in 2021 that was applicable to 2020 performance requirements. This amount was recorded as Grant Liabilities at June 30, 2020. The Board has approved grants to be paid in 2022

totaling \$250,000. This amount is recorded as Grant Liabilities at June 30, 2021.

The Board has also approved other grants totaling \$25,000, provided certain performance requirements are met. This contingent grant liability is not recorded at June 30, 2021, because the performance requirements have not been met as of the report date.

In July 2019 the Board agreed to a 10-year abatement of incremental tax assessments related to the State Supreme Court project. The abatement is effective during the construction period and for 10 years following construction. During the construction and abatement period, the Organization will receive assessments based on the project's acquisition cost, which total approximately \$3,300 per year.

Note 5 - Concentrations of Risk

The Organization maintains nine accounts with three local financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021, cash deposits exceeded federally insured limits by \$29,195.

Note 6 – COVID-19 Pandemic

During early 2020 the COVID-19 Pandemic had spread across the globe, and affected virtually every aspect of life throughout the local area. During 2021 the Organization reallocated its budget to provide assist downtown businesses affected by the Pandemic. The Pandemic continues to affect various segments of the downtown area. The Organization continues to have a reasonable expectation that it has adequate resources to continue in operation for at the least the next 12 months and that the going concern basis of accounting remains appropriate.

Downtown Knoxville Alliance
Statement of Cash Flows
Fiscal YTD January 31, 2022

	<u>Jul '21 - Jun '22</u>
OPERATING ACTIVITIES	
Net Income	(11,353)
Adjustments to reconcile Net Income to net cash provided by operations:	
1110 · Other Receivable	(1,784)
2020 · Accounts Payable	(8,703)
2600 · Accrued Payables	(3,000)
Net cash provided by Operating Activities	<u>(24,840)</u>
FINANCING ACTIVITIES	
3900 · Change in NA - unrestricted	-
Net cash provided by Financing Activities	<u>-</u>
Net cash increase for period	(24,840)
Cash at beginning of period	<u>1,029,432</u>
Cash at end of period	<u>1,004,592</u>
Current Liabilities	(29,617)
Approved Events/Quality of Life Sponsorships not booked	
Support Now Safe Local Initiatives	(2,933)
Cradle of Country Music Park (\$83,000)	(83,000)
FY22 Event Sponsorship Approved Requests (\$51,500)	(51,500)
Accounts receivable and Other	44,671
Approvals contingent on future events:	
COVID Related Initiatives	(75,108)
Halloween /Outdoor Activation Related Expenses (approved at August 2021 Board Meeting)	(2,534)
Transit Alliance of East Tennessee (match required)	(25,000)
Subtotal	<u>(225,022)</u>
Projected Remaining Budgeted Income (Expenses)	
Revenue	123,837
Development	(115,000)
Quality of Life	(92,934)
Business Support	(20,689)
Marketing/Sponsorships	(141,884)
Administration	(116,261)
Subtotal	<u>(362,932)</u>
Projected Cash - Before Minimum Reserve	<u>416,638</u>
Minimum Cash Balance - Reserve	(150,000)
Projected Cash Availability	<u>266,638</u>

Downtown Knoxville Alliance
Statement of Cash Flows
Fiscal YTD January 31, 2022

Project	Grants	Permit Date	Comp Date	YE 6/30/2019	YE 6/30/2020	YE 6/30/2021	YE 6/30/2022	Total to Pay
Transit Alliance of East TN	25,000			0	0	0	25,000	25,000
Fort Kid	<u>250,000</u>					250,000	0	250,000
	275,000			0	0	250,000	25,000	275,000

* City approval required

Note: Disclosure of Tax Abatement for Farragut Building. CBID Board agreed to receive current assessment of \$4,578 and forgo \$19,012/year for 25 years - total abatement \$475,302. Based on estimated increase in projected value \$18.4mm versus \$3.6mm. Tax is .32 per \$100 on 40% of projected value.

Note: In 2013, Knox County Commission and Knox County Industrial Development Board approved a 10 year PILOT for Marble Alley Lofts, LLC. The property was held by Knox County and did not pay property taxes because of its tax exempt status. The property is now held by the Knox County Industrial Development Board. Based on the current appraised value, at the end of the 10 year PILOT, CBID would be entitled to a projected assessment of \$36,800 annually.

Note: In July of 2019, the Board of the Downtown Knoxville Alliance agreed to approve a 10-year abatement of the incremental CBID assessment for the State Supreme Court projects starting 48 months after the Dover Signature Properties closes on the two parcels of property from the City of Knoxville to allow for construction and project stabilization. CBID will receive an assessment for both properties based on the acquisition cost of \$2.6mm or approximately \$320 for the property that will house the hospitality project, purchased for \$250,000 and \$3,008 for the parcel that houses the apartment project, purchased for \$2,350,000. Downtown Knoxville Alliance will receive this yearly assessment during the 48 month construction and stabilization period and during the 10-year abatement, after which the CBID assessment will be paid at full value.

Downtown Knoxville Alliance

Profit & Loss Actual vs Budget June 30, 2022

	Acct #	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	YTD FY22	FY22 Budget	Remainder
Income																
CBID Tax Assessments	4020	-	(15,988)	7,727	494,179	138,728	42,888	44,146	-	-	-	-	-	711,680	835,000	123,320
Investment income	4100	13	7	6	(14)	(29)	(9)	8	-	-	-	-	-	(17)	500	517
Total Income		13	(15,981)	7,734	494,165	138,699	42,879	44,154	-	-	-	-	-	711,663	835,500	123,837
Expenses																
Development																
Path to Prosperity	5225	-	-	-	-	-	-	-	-	-	-	-	-	-	15,000	15,000
Special Projects	5205	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000
Total Development		-	-	-	-	-	-	-	-	-	-	-	-	-	115,000	115,000
Quality of Life																
Beautification	5650	77	4,991	78	81	20,340	(2,419)	87	-	-	-	-	-	23,235	95,000	71,765
Residential	5901	-	-	-	-	-	-	-	-	-	-	-	-	-	8,000	8,000
Security	5700	18,299	11,079	10,778	8,663	10,926	15,597	11,489	-	-	-	-	-	86,831	100,000	13,169
Total Quality of Life		18,376	16,070	10,856	8,744	31,266	13,178	11,576	-	-	-	-	-	110,066	203,000	92,934
Business Support																
Business Support	5676	500	1,927	7,758	6,650	7,846	1,526	3,104	-	-	-	-	-	29,311	50,000	20,689
Total Business Support		500	1,927	7,758	6,650	7,846	1,526	3,104	-	-	-	-	-	29,311	50,000	20,689
Marketing Expenses																
Advertising General	5305	100	3,714	6,951	840	4,405	7,765	3,963	-	-	-	-	-	27,739	75,000	47,261
Print & Design	5306	2,124	1,415	2,216	2,880	6,389	2,636	4,809	-	-	-	-	-	22,469	30,000	7,531
Website - All Committees	5375	350	1,224	1,190	2,068	1,412	1,320	550	-	-	-	-	-	9,408	20,000	10,592
Events and Sponsorship	5360	-	1,000	-	-	2,500	-	-	-	-	-	-	-	3,500	80,000	76,500
Total Marketing Expenses		2,573	7,353	10,357	5,788	14,706	11,721	9,322	-	-	-	-	-	63,116	205,000	141,884
Administration																
Meals/ Lodging/ Travel	5420	722	1,149	672	234	177	489	559	-	-	-	-	-	4,002	5,500	1,498
Office Expense	5430	395	379	584	424	525	312	2,065	-	-	-	-	-	3,389	7,000	3,611
Postage	5440	-	6	7	10	-	-	8	-	-	-	-	-	31	2,500	2,469
Professional Dev.	5465	-	-	-	-	-	940	-	-	-	-	-	-	940	6,000	5,060
Professional Svc	5450	-	-	-	3,733	-	-	-	-	-	-	-	-	3,733	12,000	8,267
Svc Contract - Operations	5461	18,125	19,619	18,872	18,872	18,872	18,872	18,872	-	-	-	-	-	132,104	226,464	94,360
Insurance Directors/Officers	5750	-	-	-	804	-	-	-	-	-	-	-	-	804	800	(4)
Software	5480	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Supplies	5470	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Administration		19,243	21,153	20,136	24,076	19,573	20,613	21,504	-	-	-	-	-	145,003	261,264	116,261
Total Expenses		40,692	46,503	49,107	45,258	73,392	47,037	45,507	-	-	-	-	-	347,495	834,264	486,769
Change in NAV		(40,679)	(62,484)	(41,373)	448,907	65,307	(4,159)	(1,353)	-	-	-	-	-	364,168	1,236	362,932
Surplus spending																
Approved Event / Fort Kid Playground		0	0	0	250,000	0	0	0	0	0	0	0	0	250,000	250,000	-
Approved Events/Support Now Save Local		0	0	0	0	0	0	0	0	0	0	0	0	0	2,933	2,933
COVID Related Initiatives		0	0	10,200	0	2,266	0	10,000	0	0	0	0	0	22,466	100,108	77,643
Subtotal Surplus Spending		0	0	10,200	250,000	2,266	0	10,000	0	0	0	0	0	272,466	353,041	80,576
NAV Total after Surplus Spending		(40,679)	(62,484)	(51,573)	198,907	63,042	(4,159)	(11,353)	0	0	0	0	0	91,703		

Downtown Knoxville Alliance
Statement of Cash Flows
January 2022

	<u>Jan 22</u>
OPERATING ACTIVITIES	
Net Income	-55,499.17
Adjustments to reconcile Net Income to net cash provided by operations:	
1110 · Other Receivable	42,362.72
2020 · Accounts Payable	-8,703.31
2600 · Accrued Payables	-3,000.00
	<hr/>
Net cash provided by Operating Activities	-24,839.76
	<hr/>
Net cash increase for period	-24,839.76
Cash at beginning of period	1,029,431.84
	<hr/>
Cash at end of period	<u><u>1,004,592.08</u></u>

Downtown Knoxville Alliance

Balance Sheet

02/09/22

As of January 31, 2022

Accrual Basis

	Jan 31, 22
ASSETS	
Current Assets	
Checking/Savings	
1000 · Cash & Cash Equiv.	
1005 · Cash	
1016 · Regions - Checking	505,096.83
Total 1005 · Cash	505,096.83
1020 · Investments - Cert Dep and MM	
1026 · First Century Bank	114,819.61
1029 · Home Federal Bank - MM	43,584.88
1011 · Regions - MM	3,874.20
1021 · First Bank 2774	71,647.09
1024 · First Bank MM 2976	23,728.41
1023 · First Bank CD 2781	104,200.00
1027 · SunTrust MM Account	137,641.06
Total 1020 · Investments - Cert Dep and MM	499,495.25
Total 1000 · Cash & Cash Equiv.	1,004,592.08
Total Checking/Savings	1,004,592.08
Accounts Receivable	
1110 · Other Receivable	44,671.31
Total Accounts Receivable	44,671.31
Total Current Assets	1,049,263.39
TOTAL ASSETS	1,049,263.39
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Acc. Payable	
2020 · Accounts Payable	22,437.03
Total 2000 · Acc. Payable	22,437.03
Total Accounts Payable	22,437.03
Other Current Liabilities	
2600 · Accrued Payables	7,179.58
Total Other Current Liabilities	7,179.58
Total Current Liabilities	29,616.61
Total Liabilities	29,616.61
Equity	
3900 · Change in NA - unrestricted	929,936.72
Net Income	89,710.06
Total Equity	1,019,646.78
TOTAL LIABILITIES & EQUITY	1,049,263.39

Downtown Knoxville Alliance
Profit & Loss
January 2022

	Jan 22
Ordinary Income/Expense	
Income	
4020 · CBID Assessment	44,146.31
4100 · Interest on Cash Reserves	7.80
Total Income	44,154.11
Expense	
5678 · COVID-19 Initiatives	10,000.00
5676 · Merchant Support	3,104.00
5300 · Marketing Expenses	
5305 · Advertising	3,963.05
5306 · Miscellaneous Printing	4,809.43
5375 · Website	550.00
Total 5300 · Marketing Expenses	9,322.48
5400 · Administration	
5420 · Meals/Lodging/Travel	559.14
5430 · Office Expenses	2,065.20
5440 · Postage	7.95
5460 · Services Contract	
5461 · Svc Contract - Operations	18,872.00
Total 5460 · Services Contract	18,872.00
Total 5400 · Administration	21,504.29
5700 · Security Committee	
5710 · Bike Patrol	11,489.20
Total 5700 · Security Committee	11,489.20
Total Expense	55,419.97
Net Ordinary Income	-11,265.86
Other Income/Expense	
Other Expense	
5650 · Quality of Life	
5202 · Beautification	87.00
Total 5650 · Quality of Life	87.00
Total Other Expense	87.00
Net Other Income	-87.00
Net Income	-11,352.86

Downtown Knoxville Alliance A/R Aging Summary

As of January 31, 2022

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
City of Knoxville - Special Events	0.00	525.00	0.00	0.00	0.00	525.00
City of Knoxville.	44,146.31	0.00	0.00	0.00	0.00	44,146.31
TOTAL	44,146.31	525.00	0.00	0.00	0.00	44,671.31

Downtown Knoxville Alliance A/P Aging Summary

As of January 31, 2022

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL
Bible Harris Smith, P. C.	0.00	2,000.00	0.00	0.00	0.00	2,000.00
Knoxville Chamber	18,988.78	0.00	0.00	0.00	0.00	18,988.78
KUB	87.00	0.00	0.00	0.00	0.00	87.00
Thomas, Robin	1,361.25	0.00	0.00	0.00	0.00	1,361.25
TOTAL	20,437.03	2,000.00	0.00	0.00	0.00	22,437.03

Transit Rail System

Approved Board Motion (November 2019): Once Transit Alliance of East TN (TAET) demonstrates that the railroad company, City of Knoxville, and the Airport Authority are willing partners for the rail service, CBID will fund a matching grant up to \$25,000 for the projected ridership and revenue study.

TRANSIT ALLIANCE OF EAST TENNESSEE (TAET)

Submitted by:

Joe Hultquist, CEO Transit Alliance of East Tennessee, 220 W. Jackson Ave, Knoxville, TN

E-mail: Joe.hultquist@transit-et.org Ph: (865)705-9151

Total project budget: \$50 Million+

Request of CBID (Development): \$75K

Summary

The Transit Alliance of East Tennessee (TAET) is a Knoxville-based non-profit organization working to bring a new transportation mode (light rail passenger service) into East Tennessee with an initial corridor connection connecting Downtown, UT campus to Maryville and McGhee Tyson Airport, also serving Knoxville's South Waterfront District and the new City of Alcoa Downtown. The creation of this interconnected corridor will be transformative for our region.

We believe the realization of this new vector for business dollars to enter the CBID district will result in:

- a broader customer base across the spectrum of CBID interests
- a better visitor experience absent of traffic congestion and parking hassles
- generation of new downtown Knoxville business ventures
- an enhanced and densely developed corridor with Downtown Knoxville as it's epicenter
- overall better quality of life from this enhanced mobility in our community.

A central component of this light rail concept is a downtown terminus station located within the CBID, with a World's Fair site location envisioned. This would constitute a game-changing portal for new foot traffic to come into the district, resulting in additional business dollars spent and further enhancing downtown as a vibrant place to live, work, shop and recreate. The additional business would derive chiefly from the south Knoxville waterfront, south Knox County, and Blount County – with particular emphasis on enabling tourism traffic directly from McGhee-Tyson to a drop-off in the heart of CBID and an immediate introduction to downtown businesses.

Equally importantly, light rail service into downtown would serve as an iconic symbol that would enhance the identity of the greater Knoxville area with a focus on downtown.

We are requesting \$75,000 from CBID in order to help move this project through the critical planning and development phase in CY2019-2020. TAET needs financial support for:

- execution of a third-party contract to develop projected ridership and revenue numbers via a planning study (proposing jointly with UT-Knoxville and other stakeholders); \$12.5K
- relocating one (of the fleet) of light rail vehicles from California to a static interest-generating display within (or immediately adjacent to) CBID; \$25K
- engage in a comprehensive strategy to develop broad-based support within CBID and the larger community, \$10K

- project management and direction to oversee the effort; \$15K
- assist with initial conceptual design work and fundraising. \$12.5K

TAET is actively seeking private sector investment and working capital to launch these initiatives. In addition to CBID, similar levels of support are being solicited from the governments of Knox County and City of Knoxville, Blount County government partners in Maryville and Alcoa, the University of Tennessee and the Tennessee Department of Transportation. CBID and their constituency are inherent beneficiaries of this light rail concept – and an appropriate body to support this project. Importantly, the terminal station(s) in Blount County will be located in new mixed use (residential/retail) developments; with Phase II plans for connecting service to McGhee-Tyson Airport.

Progress to date:

- Charrettes held March 2018 and February 2019
- Eighteen light rail vehicles (Siemens Duewag U2) acquired from San Diego MTS, currently in storage in Miramar, California.
- Ongoing negotiations with Norfolk-Southern railroad for acquisition of line
- Developer's Roundtable June 2018 to inform on transit-oriented development strategy along line
- Non-profit TAET formed at the organizing entity for the project
- Initial, low-key public outreach efforts (newspaper and blog articles, Pecha Kucha presentation Nov 2018, etc) to provide a basic level of public awareness.
- Major public outreach planned for Summer 2019

Proposed project deliverables:

- Detailed debriefing to CBID on results of ridership study, including projections for supplemental business impact in CBID.
- Static "hands on" exhibit of typical light rail vehicle that will comprise the fleet of passenger rail cars. Details to be determined (location, duration, messaging, etc) but the exhibit will create a magnet for new foot traffic in the CBID. Note that this vehicle will not be refurbished for service, as will the other vehicles. After the initial exhibition period and subsequent institution of full service, this vehicle will be set aside for provision of spare parts as needed.
- Exhibit development culminates in summer 2019 rollout / launch ceremony branded as a CBID-sponsored event.
- Individualized meetings with CBID constituents to articulate the value proposition of the planned rail service.

What is the value proposition (i.e. Potential return on investment) for CBID?

The Downtown Knoxville business district is entirely within pedestrian walking range of the proposed light rail terminal in the World's Fair site, in addition to being served by shuttle (Trolley) service connecting the CBID and UT campus to that station. While the proposed ridership study is necessary to

help quantify that benefit, It is safe to say that the new rail service will probably initially bring an additional 300+ people a day into the CBID (above current levels within the district). That, in turn, will result in new revenues gained within the CBID, potentially in the range of \$20-30K/day. This would translate into an additional \$7-11M in annual business revenue for the district (on par with current CBID sales growth rate from all other influences). This is a relatively conservative number, and would undoubtedly grow over time, especially as the corridor develops. Equally importantly, the realization of the light rail line would also create an iconic brand for Downtown Knoxville, and would attract new business employment as well.

The additional foot traffic would derive chiefly from tourists (via TYS and other GSMNP visitor routes) Maryville/Alcoa, Vestal and South Knoxville waterfront residents availing themselves of new transportation mode that delivers them into the heart of Downtown Knoxville and the Old City, without needing to drive and park a personal vehicle. Quantification of benefits and impacts will be better understood from the proposed ridership study.

BOARD OF DIRECTORS' MEETING

➤ STAFF REPORT FOR FEBRUARY 2022

MARKETING

- Newsletter released on February 1 featuring mid-week events (poker, trivia, pool, singo, etc), romantic restaurants, girls' night in, and preview of Valentine's.
- Website update for First Friday ArtWalk events and promotion for February 4.
- Lighting of Market Square Grove PINK for February 10–15 and social promotion of Valentine's events, treats, prix-fixe menus, galentine's, etc.
- Ongoing updates to social media and online engagement; website updates for businesses, event calendar, and Insider's Guide.
- Social Media – 117,354 followers (previous: 115,871; 114,388; 112,561).

BUSINESS SUPPORT

- Working with Big Ears on highlighting art exhibits and live music at downtown businesses during festival weekend, including connecting businesses with The Maker City for artists and makers interested in being involved.
- Working with UT Systems on mobile passport for employee engagement with businesses for Spring launch.
- Provided businesses information on monthly conventions and events impacting staffing.
- Held Business Support committee meeting on January 27 and discussed plans for Spring.

QUALITY OF LIFE

- Finalizing plan with the City, Visit Knoxville and Knox County on an ambassador program for downtown with the goal to start in April.
- Holding the Community Conversation on March 28, Tennessee Theatre, doors open at 5:30, program starts at 6.

OTHER

- Finalized audit for FY 20-21.