

RESOLUTION NO. 32205

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHATTANOOGA APPROVING THE ISSUANCE OF A SUBORDINATE OBLIGATION OF THE SPORTS AUTHORITY OF THE COUNTY OF HAMILTON AND THE CITY OF CHATTANOOGA IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$5,000,000; AND AUTHORIZING THE EXECUTION OF AN INTERLOCAL COOPERATIVE AGREEMENT (MULTI-USE STADIUM PROJECT – SUBORDINATE BONDS) WITH THE SPORTS AUTHORITY OF THE COUNTY OF HAMILTON AND THE CITY OF CHATTANOOGA, TENNESSEE

WHEREAS, the City Council (the “Council”) of the City of Chattanooga, Tennessee (the “City”), has met pursuant to proper notice; and

WHEREAS, the Council is interested in preserving and promoting the economic welfare, employment opportunities, educational growth, and vitality of the City; and

WHEREAS, the Council has previously determined that the construction of a multi-use sports and entertainment stadium (the “Stadium”) and related facilities in the South Broad District of the City will be in the public interest of the citizens of the City and Hamilton County, Tennessee (the “County”) and will encourage and foster economic development and prosperity for the City and the County; and

WHEREAS, the City expects that substantial private development will occur proximate to the Stadium; and

WHEREAS, the Council, pursuant to Chapter 67, Title 7, Tennessee Code Annotated (the “Act”), has previously approved the creation of The Sports Authority of the County of Hamilton and the City of Chattanooga, Tennessee (the “Authority”), for the purpose of exercising all powers granted to a sports authority by the Act, including, without limitation, the ownership, financing, constructing, and leasing of the Stadium; and

WHEREAS, the Authority was jointly created with the County with the approval of the Board of Commissioners of the County; and

WHEREAS, it is expected that the Authority will issue bonds to pay for a portion of the costs of the design, development and construction of the Stadium (the “Sports Authority Bonds”); and

WHEREAS, pursuant to the requirements of Section 7-67-109(15) of the Act, the City has previously approved the issuance of the Sports Authority Bonds in a principal amount not in excess of \$80,000,000; and

WHEREAS, to enhance the marketability of the Sports Authority Bonds and to reduce the interest costs thereon, and to otherwise provide assistance to the Authority as authorized under the Act, the City and the County have made certain agreements with the Authority relating to the financing and operation of the Stadium, including agreements (i) to provide certain funding to the Authority in the event of a shortfall in revenues needed to pay debt service on the Sports Authority Bonds; (ii) to pledge certain revenues of the City and the County to secure such funding; and (iii) to provide funding for a capital repair and replacement fund with respect to the Stadium; and

WHEREAS, such agreements were made pursuant to an Interlocal Cooperative Agreement (Multi-Use Stadium Project) (the “Interlocal Cooperative Agreement – Stadium Project”), between the County, the City, and the Authority; and

WHEREAS, due to an increase in the estimated cost of the Stadium from when the Interlocal Cooperative Agreement – Stadium Project was approved, the City has been requested to approve, pursuant to Section 7-67-109(15) of the Act, the issuance of an additional subordinate obligation by the Authority (the “Subordinate Sports Authority Debt”) to pay costs of the design, development and construction of the Stadium; and

WHEREAS, there has been submitted to the Council a form of interlocal cooperative agreement (the “Interlocal Cooperative Agreement – Subordinate Bonds”), between the City and the Authority, which the Council proposes to execute, pursuant to Sections 12-9-101, *et seq.*, Tenn. Code Ann., in connection with the issuance of the Subordinate Sports Authority Debt by the Authority and the payment of debt service related thereto by the City, as further described therein; and

WHEREAS, the Interlocal Cooperative Agreement – Subordinate would also address additional issues relating to the relationship of the City and the Authority, including additional payments to the capital reserve for the stadium, the payment of ongoing expenses of the Authority, the waiver of permit fees for the Stadium and other matters; and

WHEREAS, the Council, on behalf of the City, desires to approve the issuance of the Subordinate Sports Authority Debt and the execution of the Interlocal Cooperative Agreement – Subordinate Bonds, subject to the terms contained herein.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA:

SECTION 1: Pursuant to Section 7-67-109(15) of the Act, the Council hereby authorizes and approves the issuance of the Subordinate Sports Authority Debt to be issued by the Authority, provided that such Subordinate Sports Authority Debt shall not exceed an aggregate principal amount of \$5,000,000, shall bear interest at an interest rate determined by the Authority to be reasonable for such type of a debt instrument and that does not exceed the maximum interest rate permitted by Tennessee law, shall in no event pledge the City's full faith and credit or taxing power to its payment, and shall have a term not to exceed the period from the date of issue through the conclusion of the thirtieth (30th) full fiscal year of the City after the year in which the Stadium is placed in service, with all such terms being subject to the approval of the Chief Financial Officer of the City.

SECTION 2: The Council hereby authorizes and directs the City Mayor to execute, and the appropriate officers of the City to take all appropriate actions to carry out the terms of, the Interlocal Cooperative Agreement – Subordinate Bonds.

SECTION 3: The Interlocal Cooperative Agreement – Subordinate Bonds shall be in substantially the form submitted, which is hereby approved, with such completions, omissions, insertions, and changes as may be approved by the City Mayor, his execution to constitute conclusive evidence of his approval of any such completions, omissions, insertions, and changes.

SECTION 4: The Mayor and all other officers of the City and the Authority and its officers and representatives are hereby authorized to take such actions and request such approvals as are necessary or are deemed advisable to effectuate the terms of this resolution.

ADOPTED: August 27, 2024

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