



Tuesday, August 14, 2018

Dr. Michael Bowie  
Chairman of the Board  
Mr. Leonard Adams  
Vice Chairman of the Board  
Dr. Keith Lindsey  
President  
Knoxville College  
P.O. Box 52648  
Knoxville, Tennessee 37950-2648

**Re: City of Knoxville and Knoxville College Partnership**

Dear Dr. Bowie, Mr. Adams and Dr. Lindsey,

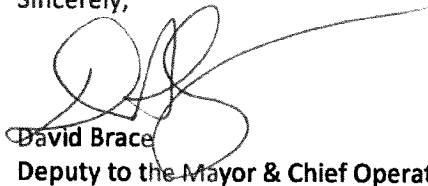
I hope you have each had a great summer. As both parties agreed and as described in the February 2018 memorandum of understanding (MOU), the first and most pressing deliverable for the Knoxville College Board of Trustees (the Board) was alleviating the significant financial burden held by Financial Capital Resources Inc. (FCR) on the campus. Without that deliverable, both parties are unfortunately not able to fully explore the opportunity of siting and the City potentially investing \$40M in a new police and fire administration office building and training center on the campus proper.

On July 2, 2018, I submitted a letter stating my concerns regarding the lack of response and limited participation from the Board since Mayor Rogero announced the partnership opportunity during her State of the City address in April of 2018. In my July 2 letter, I requested that the Board provide tangible evidence that negotiations with FCR are on-going, positive and will result in a site that is available for a potential KPD/KFD facility and neighborhood recreational amenities. To date and well beyond the 30-day requested response window, the City has yet to receive any tangible information regarding the FCR debt and more importantly, the unequivocal assurances from the Board that the Knoxville College campus site is a viable option for redevelopment.

Without any tangible evidence that FCR and the Board have reached a settlement that will result in such a possibility, the City is now in the difficult position of terminating our current partnership agreement with the Board as described in the MOU (see attached notice letter and MOU) and are now actively pursuing other site options for the needed public safety investment in the City.

I have enjoyed working with each of you on this project and am hopeful that our efforts have had a positive impact on Knoxville College as an organization. Please feel free to contact me directly should other partnership opportunities arise in the future. I am available at any time, so please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to be 'David Brace', with a long horizontal line extending to the right.

**David Brace**  
**Deputy to the Mayor & Chief Operating Officer**

**Cc: Madeline Rogero, Mayor**  
**William Lyons, Deputy the Mayor & Chief Policy Officer**  
**Charles Swanson, Law Director**  
**Avice Reid, Community Relations**  
**Members of City Council**



Monday, July 2, 2018

Dr. Michael Bowie  
Chairman of the Board  
Mr. Leonard Adams  
Vice Chairman of the Board  
Dr. Keith E. Lindsey  
President  
Knoxville College Board of Trustees  
P.O. Box 52648  
Knoxville, Tennessee 37950-2648

**Re: Public-Private Partnership – Next Steps**

Dear Dr. Bowie, Mr. Adams and Dr. Lindsey,

On October 24, 2017 Mayor Madeline Rogero received a letter from the outgoing Knoxville College Board of Trustees Chairman Dr. James F. Reese and Interim President Dr. Keith Lindsey regarding the Board's unanimous vote requesting assistance and a public-private partnership between the City of Knoxville and Knoxville College (KC). As you are aware, members of the City's executive team worked diligently with Board Vice Chair Leonard Adams to better understand the needs of the Board and to formulate a partnership agreement. As a result of this work, the Board approved and both parties signed a Memorandum of Understanding in February of 2018. The guiding principles of the MOU were important for both parties as well as the Mechanicsville and Beaumont neighborhoods that are directly impacted by the current conditions of the campus as well as any future redevelopment of the site. The importance of these principles cannot be understated so I have copied them below:

- To support, renovate, and preserve the College's historic and cultural resources by making every effort to preserve specific historic structures on the campus;
- To aspire to incrementally re-establish the College as a functional historically black college serving the educational needs of the community and region;
- To work toward providing additional City parks and recreational amenities that benefit the Mechanicsville, Beaumont and greater Knoxville communities as well as the College campus;
- To aspire to provide a developable site for a potential City fire and police administration and training facility; and
- To aspire to provide a developable site for a public and/or private, mixed-use redevelopment project that benefits the College and the Mechanicsville, Beaumont and greater Knoxville communities.

As you know, the MOU has served as a basis for the intentions and expectations of both parties. The City's executive staff has worked diligently to support the efforts of the Board. This support has included providing the Board with advice and consultation, KGIS aerial photos and base maps and preliminary site plans, KPD/KFD/Codes statistics for the campus, lien and title search information as well as base property

value appraisals. In addition, the City completed a Phase I environmental assessment on a portion of the site and completed a preliminary cost estimate for the environmental abatement and demolition of the non-historic buildings on the campus. This work has been beneficial to the City as we explore options for siting the KPD and KFD facility as well as the needs of the Beaumont and Mechanicsville neighborhoods. This work has also provided the Board with valuable information as they work to mitigate the significant debt and other encumbrances that have been long-standing obstacles to a market-based redevelopment of the site for over a decade.

In addition, at the request of the KC Board, Mayor Rogero publically announced the City - KC partnership during her April 27, 2018 State of the City luncheon. This announcement was exciting but, as expected, the announcement has yielded significant and needed dialogue about the KC campus, its conditions, future uses of the site and the needs and desires of both the Mechanicsville and Beaumont neighborhoods. Since the announcement, the City has been in the awkward position at times of championing the partnership with limited direct participation from the KC Board. While dialogue is almost always useful, based upon the principles set forth in the MOU, the City had hoped that the KC Board might engage in a more robust support of the MOU's guiding principles and proposed actions to advance those items.

One significant concern for the City is the lack of official word from the Board regarding their efforts with KC's single largest lienholder, Foundation Capital Resources Inc. (FCR). As you are aware, KC's ability to properly address the FCR debt is the first and most pressing deliverable as identified in the MOU (Action Plan 3a). The lack of transparency in any negotiations between the Board and FCR is of real concern for the City team who has offered repeatedly to participate in the process, including traveling to FCR's headquarters in Springfield, Missouri. More importantly, without some assurances and official notice from the Board and FCR that renegotiating and/or reassigning the debt is a reality, the City is unable to invest the significant monetary resources necessary to take this project from a conceptual opportunity to the next phase of the project. During this next phase, the City proposes hiring a planning and design firm to analyze in detail the site for the proposed KPD/KFD facility and for community parks and recreation amenities. This planning effort will also be the first step in a robust community process that formally engages the Mechanicsville and Beaumont neighborhoods. Without FCR assurances for debt mitigation, we are also unable to work on the other significant encumbrances to redevelopment of the site including numerous other liens, negotiations with the Tennessee Department of Environment and Conservation (TDEC), discussions with the State of Tennessee Higher Education Commission executive staff and discussions with the Internal Revenue Service (IRS) about the existing federal tax lien.

As you can see, successful and meaningful negotiations with FCR are the true keystone that will allow us to transition to the next phase of this project. We hope that will happen. Please know that the City is committed to supporting the intentions and expectations of the MOU. But our commitment to this site and the capital resources for a new KPD/KFD office and training facility are at a critical juncture as programming and design for the KPD/KFD facility need to commence. Bottom line, we need to know if the KC property is a real site option for us to further study.

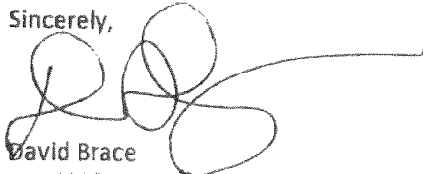
As I have discussed with Mr. Adams over the past thirty days, the City is requesting within thirty days of the date of this letter that the Board provide tangible evidence that negotiations are on-going, positive and will result in a debt free site that is available for a potential KPD/KFD facility and neighborhood recreation amenities. Should the City fail to receive clear and unequivocal assurances that the Knoxville College site is a viable option for redevelopment and tangible evidence that FCR has reached an

agreement with the Board to mitigate the existing debt burden, the City will be forced to focus its resources on alternative site options.

Again, the City is excited and supportive of its partnership with the Board and the incredible opportunity that exists for Knoxville College, the City and the surrounding neighborhoods. I am optimistic that the Board can reach an agreement with FCR which will permit the Board to provide tangible assurances about the reality of the Knoxville College campus as a potential site for redevelopment. As indicated in previous discussions, the City, including Mayor Rogero, Law Director Charles Swanson, Deputy Mayor William Lyons and I are all available to travel to FCR's headquarters to help communicate the vision for the site and assist in direct negotiations should the Board desire our participation. We have very much enjoyed working with you all to formulate a shared vision for moving forward with a project with such great promise for all parties. We have no desire to add pressure to the situation but we are rapidly reaching a critical point where our decisions will have a significant financial impact on the City of Knoxville taxpayers. If we cannot have definitive word on the financial viability of this project within thirty days, we will have no other reasonable choice than to pursue other available alternatives for siting our public safety facilities.

Thank you for your anticipated cooperation in this matter and as has been the case over the past 20+ months, if you have any questions or need any assistance, please do not hesitate to reach out to me via e-mail or cell phone.

Sincerely,

A handwritten signature in black ink, appearing to be 'David Brace', with a long horizontal flourish extending to the right.

David Brace  
Deputy to the Mayor & Chief Operating Officer

Attachments:

- (i) October 24, 2017 Letter from Dr. Reese and Dr. Lindsey to Mayor Rogero
- (ii) January 12, 2018 Letter from Mayor Rogero to Dr. Reese and Dr. Lindsey
- (iii) February 2018 Memorandum of Understanding Between the City of Knoxville and Knoxville College

Cc: Mayor Madeline Rogero  
Gwen McKenzie, Councilwoman Sixth District  
Bill Lyons, Deputy to the Mayor and Chief Policy Officer  
Avice Reid Senior Director for Community Relations  
Charles Swanson, Law Director

DEVIN P. LYON  
Attorney  
City of Knoxville

Document No. C-18-0204

**NON-BINDING MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**THE CITY OF KNOXVILLE AND KNOXVILLE COLLEGE**

THIS NON-BINDING MEMORANDUM OF UNDERSTANDING ("MOU") is made by and between the **CITY OF KNOXVILLE**, a municipal corporation organized and existing under the laws of the State of Tennessee, 400 Main Street, Suite 699, Knoxville, Tennessee 37902 (the "**CITY**") and **KNOXVILLE COLLEGE**, a non-profit educational corporation located at 901 Knoxville College Drive, Knoxville, Tennessee 37921 (the "**COLLEGE**").

**RECITALS**

A. This MOU reflects the nonbinding intentions, expectations, and understandings between the City and the College and is designed to initiate a collaborative redevelopment of the College's campus located within the corporate limits of the City and the historic Mechanicsville and Beaumont neighborhoods.

B. The College has a long, rich, and cherished history of serving, educating, and positively impacting the lives of African Americans and others in Knoxville, East Tennessee, throughout the country, and across the globe.

C. Both the City and the College are dedicated to honoring, restoring, and preserving the College's history and the historic buildings and facilities located on the upper-hill portions of the campus, including and around the buildings known as McKee Hall, President Home, McMillan Chapel, Alumni Library, El-Nathan Hall, Wallace Hall, and Faculty Apartment Homes, as well as the Student Center, AK Stewart Science Hall, and Young Memorial Hall.

D. The College recognizes the significant financial burdens it faces, including multiple liens and encumbrances in excess of \$6,000,000.00, and that these financial burdens create a barrier to redevelopment, particularly when combined with the physical and environmental conditions of the campus, including preliminary estimates as high as \$5,000,000.00 for the environmental abatement, demolition, and utility improvements for the non-historic buildings on the campus and significantly more for the stabilization, restoration, and renovation for the historic buildings.

E. Due to the College's financial status, the College desires assistance from and collaboration with the City to maximize the preservation of the College's property and history.

F. For over a decade, the College has not been in a position to serve as a functional and accredited institution for higher education as a historically black college, and the current property and nearly all structures are blighted, in severe decline, and negatively impacting the surrounding neighborhoods and community.

G. The College approached the City requesting assistance in addressing the physical and fiscal challenges it faces through a collaborative and mutually beneficial redevelopment effort.

## TERMS

The City and the College intend to proceed with this collaborative redevelopment as follows.

1. NON-BINDING DOCUMENT. This MOU sets forth and summarizes the mutual understandings and present intentions and expectations between the City and the College and is designed to move the parties toward a collaborative redevelopment of the College's campus located within the corporate limits of the City and the historic Mechanicsville and Beaumont neighborhoods. This MOU does not create any binding rights or obligations between the parties.
2. GUIDING PRINCIPLES. The parties intend for the collaborative effort to assist the College with its physical and fiscal impediments to be based on the following principles:
  - a. To support, renovate, and preserve the College's historic and cultural resources by making every effort to preserve specific historic structures on the campus;
  - b. To aspire to incrementally re-establish the College as a functional historically black college serving the educational needs of the community and region;
  - c. To work toward providing additional City parks and recreational amenities that benefit the Mechanicsville, Beaumont, and greater Knoxville communities as well as the College campus, and to aspire to incorporate greenway connectivity from the College's campus to such amenities;
  - d. To aspire to provide a developable site for a potential City fire and police administration and training facility;
  - e. To aspire to provide a developable site for public and/or private, mixed-use redevelopment projects that benefit the College and the Mechanicsville, Beaumont, and greater Knoxville communities, and to consider the College's input in the procurement of such redevelopment in an effort to produce a project that is complementary to both the College's and the City's purposes at this site; and
  - f. To remain cognizant of the potential need for growth of the College's campus and to use best efforts to accommodate such potential growth in the planning of this redevelopment project.
  - g. To work toward the development of educational platforms that will leverage Tennessee higher educational opportunities, certification and training programs, and a two-year Associate Degree concentration to complement the on-campus partners.
3. ACTION PLAN. The parties intend to pursue the following action plan.
  - a. During the first quarter of 2018, representatives from the College will initiate discussions with the lienholder of the largest lien, Foundation Capital Resources, Inc., located in Springfield, Missouri, and will present a plan, developed by both the College and the City,

for a collaborative redevelopment of the campus. The goal of this meeting will be the elimination of debt and/or a renegotiation of the payment terms so that a collaborative redevelopment of the campus is feasible. Should the College desire participation by the City in these discussions and/or negotiations, the City will use its best efforts to actively participate and work collaboratively with the College to support this goal.

- b. The City intends to complete preliminary redevelopment planning for the College campus, including the creation of detailed cost estimates for environmental abatement and the demolition of non-historic blighted structures; the evaluation of utility infrastructure and abandonment costs; a Phase I environmental assessment; preliminary geotechnical borings; and other work as deemed appropriate by the City.
  - c. The College intends to sell a portion of its property, including 0 Mississippi Avenue (Parcel ID Numbers 094GB032 and 094GB031) and 0 Western Avenue (Parcel ID Number 094GG010), to the City at fair market value, as determined by a mutually agreeable appraisal. The College intends to donate its property at 927 Knoxville College Drive (Parcel ID Number 094GG004), 923 Knoxville College Drive (Parcel ID Number 094GG005), and a portion of 901 Knoxville College Drive (Parcel ID Number 094GG007) to the City. The City intends to consider these parcels in its redevelopment planning as potential sites for additional parks and recreational facilities and amenities, a fire and police administration and training facility, and housing and/or mixed-use projects.
  - d. The City and the College expect to work collaboratively on initiating a dialogue with the community on any collaborative redevelopment plans to receive public feedback and information to guide the project should such a plan move forward.
  - e. The City intends to exert its best efforts to leverage other potential partners to contribute and/or locate additional assets to be used for the College's ongoing redevelopment.
4. TERM: TERMINATION. This MOU will become effective upon the signature of the authorized officials of the respective parties and will be effective for a period of one year from that date. This MOU may be amended at any time by a written statement signed by both parties. Either party may terminate this MOU upon 30-days' notice to the other party in writing.

This MOU constitutes a final written expression of the intentions and expectations of the parties and is complete and is an exclusive statement of those intentions and expectations. There are no other understandings or representations, either oral or written, not specified herein regarding this MOU.



IN WITNESS WHEREOF, the City and the College have executed this MOU in two copies as of the date last indicated below.

**KNOXVILLE COLLEGE**

Michael W. Bowie 2/9/18  
DR. MICHAEL BOWIE Date  
BOARD CHAIRMAN

Leonard L. Adams Jr. 2/9/18  
LEONARD L. ADAMS JR. Date  
BOARD VICE CHAIR  
CHAIRMAN BUILDINGS and GROUNDS

Keith Lindsey 2/11/18  
KEITH LINDSEY Date  
INTERIM PRESIDENT  
KNOXVILLE COLLEGE

**CITY OF KNOXVILLE**

Madeline Rogero 2/26/18  
MADELINE ROGERO Date  
MAYOR

APPROVED AS TO FORM:

Charles W. Swanson  
CHARLES W. SWANSON  
LAW DIRECTOR



January 12, 2018

Reverend Dr. James F. Reese  
Chairman of the Board  
Dr. Keith E. Lindsey  
Interim President  
Knoxville College Board of Trustees  
P.O. Box 52648  
Knoxville, Tennessee 37950-2648

**Re: Request for Public-Private Partnership and Assistance**

Dear Reverend Dr. Reese and Dr. Lindsey:

I have reviewed your letter dated October 24, 2017 regarding the Knoxville College Board of Trustees' unanimous vote requesting assistance and a public-private partnership between the City of Knoxville and Knoxville College. As you are aware, members of my executive team have been working diligently with Knoxville College Board of Trustees Vice Chair-Elect Leonard Adams to better understand the needs of the Board and to formulate a partnership agreement. Based on this dialogue I am attaching a draft Memorandum of Understanding (MOU) for your consideration. While the City's execution of this MOU is contingent on an appropriate public process and subsequent City Council approval, I believe this MOU is responsive to your request as specified in the guiding principles section of the document. The importance of these principles cannot be understated so I have copied them below:

- To support, renovate, and preserve the College's historic and cultural resources by making every effort to preserve specific historic structures on the campus;
- To aspire to incrementally re-establish the College as a functional historically black college serving the educational needs of the community and region;
- To work toward providing additional City parks and recreational amenities that benefit the Mechanicsville, Beaumont, and greater Knoxville communities as well as the College campus;
- To aspire to provide a developable site for a potential City fire and police administration and training facility; and
- To aspire to provide a developable site for a public and/or private, mixed-use redevelopment project that benefits the College and the Mechanicsville, Beaumont, and greater Knoxville communities.

I am incredibly excited that we are at this point in our discussions, and I have instructed my executive team to coordinate directly with Mr. Adams and others on the Board to finalize the MOU between the City and Knoxville College and to identify the resources needed to move forward with the action plan. My team is ready to fully support this effort should our assistance be needed.

In addition to the draft MOU, I also am including a number of items that may be of benefit to the Board as you initiate discussions with the lienholder of the largest lien, Foundation Capital Resources, Inc., located in Springfield, Missouri. These documents include:

- A GIS base aerial photo of the campus;
- A preliminary concept plan for redevelopment based on our dialogue with Mr. Adams;
- The Phase I environmental report and the fair market appraisal report for the approximately 14.3 acres of existing and proposed recreational facilities on the campus;
- The Knoxville Fire Department's 10-year response compilation;
- The Knoxville Police Department's 10-year response compilation;
- The Knoxville Neighborhood Codes Enforcement complaints compilation; and
- Liens/Title Summary Document.

Please know that I am committed to meeting the needs of your request, and I look forward to collaborating with Mr. Adams and other members of the Board of Trustees in the near future.

Sincerely,

A handwritten signature in black ink that reads "Madeline Rogero". The signature is fluid and cursive, with the first name "Madeline" and last name "Rogero" clearly distinguishable.

Madeline Rogero  
Mayor



## KNOXVILLE COLLEGE

**October 24, 2017**

Mayor Madeline Rogero  
The City of Knoxville  
400 Main St. Suite 691  
Knoxville, TN 37902

Dear Mayor Rogero,

We, the Board of Trustees of Knoxville College, have voted unanimously to present ourselves to you as we propose a public-private partnership between the City of Knoxville and Knoxville College in order to mutually share in the redevelopment of Knoxville College and Knoxville College owned land.

As the only Historically Black College-University (HBCU) in Eastern Tennessee, Knoxville College, since its creation in 1875, is proud to have played a key role in providing a rigorous four-year liberal arts education to mostly African-American students from the city of Knoxville, the state of Tennessee, across the country and several foreign countries. We have been a pillar of the Knoxville community and over the years have been successful by producing accomplished graduates such as, C. Virginia Fields, former borough president of Manhattan, N.Y., Palmer Williams, Actor & Musician, Dr. Robert Booker, Historian/Arthur, Johnny Ford, former mayor of Tuskegee, AL and Rev. Joseph E. Lowery, Minister and Leader in the Civil Rights Movement just to name a few.

In recent years we have found ourselves at the intersection of opportunity and transformation as we confront hurdles of change to continue the direction of our original purpose. It is with this need in mind that we turn to the City of Knoxville to propose the establishment of a public-private partnership by which we can mutually work to revitalize the Knoxville College site.

We would like to discuss potential opportunities that will allow for a continued use as an institution of higher learn as so in the past, explore creative programing and land use opportunities that will address both Knoxville College and the City of Knoxville needs and priorities.

Sincerely,

*James F. Reese*  
Reverend Dr. James F. Reese  
Chairman of the Board

*Keith E. Lindsey*  
Dr. Keith E. Lindsey  
Interim President

CC: David Brace, Becky Wade