

ISSUES RAISED BY SOCCER STADIUM PROPOSAL

by: Bob Mendes
October 7, 2017

This memo groups issues and comments about the proposed soccer stadium into categories. I have separately prepared a detailed summary of the proposed Resolution to approve \$225 million in revenue bonds for a soccer stadium. That detailed summary is included at the end of this memo.

1. The 10 acres for development (Resolution, A)¹
 - a. More background information is needed
 - i. There is no information about the current value of the 10 acres, or about what the value could be expected to be after zoning and other entitlements are improved. The Council should have reliable independent information about the value of this land in order to assess the proposed development.
 - ii. There is a reference at section 7(c) of the Resolution to "development sites." This is plural – "sites." The Council should ask whether it is anticipated that the 10 acres will be contiguous, or in multiple parcels. Will the 10 acres include some or all of the corners of the "Supporters March" intersection at Walsh Road and Street "A" on the schematic we have been provided?
 - b. Must know whether the Team and the administration intend for the 10 acre development to be a mandatory part of the deal.
 - i. If it is not mandatory, then any language in the Resolution which suggests that the no-cost 10 acres is an "inducement" to the Team must be removed. In fact, if it is not mandatory, all references to it should be removed and future proposals can be brought to the Council in the future.
 - ii. If it is a mandatory part of the deal and the Council agrees to that, then the list of conditions in section 7 of the Resolution to be met prior to the Sports Authority issuing bonds must be expanded so that the Council has to fully approve any zoning or other entitlement improvements before the Sports Authority may issue the bonds.
2. The guaranties (Resolution, D (discussing condition (d)(5)), and IGA, C)
 - a. Recommend that, in addition to providing a guaranty for Lease Payments, the guaranty also cover the required \$25 million cash contribution and any

¹ Any reference in parentheses refers to the Summary of Soccer Resolution and Intergovernmental Project Agreement that is included at the end of this memo. In most instances, there are more details about the issues in the Summary. The references in parentheses (e.g., "Resolution") correspond to sub-sections of the Summary.

Stadium and related infrastructure construction costs greater than \$225 million.

- b. Recommend that the Resolution and the IGA specifically name the guarantors, and that Metro confirm the credit worthiness of the guarantors and/or seek some commercially reasonable protection such as a letter of credit.
3. Conditions to bond issuance listed in Section 7 of the Resolution (Resolution, D)
- a. No comments to condition (a).
 - b. For condition (b),
 - i. This section should make a specific reference that the development agreement must require the Team to contribute at least \$25 million in cash toward construction costs; and
 - ii. This section should require that Metro will only issue up to \$200 million in revenue bonds and up to \$25 million in general obligation bonds for infrastructure related to the Stadium, and that the Team will pay all Stadium and related infrastructure construction costs over \$225 million.
 - c. Prior to agreeing to condition (c), the Council should insist on knowing the terms of the proposed long-term ground lease by the Fairgrounds Board to the Sports Authority for the Stadium and any development sites. The Council should also ask whether the 10 acres for development is intended to be contiguous or multiple parcels.
 - d. For condition (d),
 - i. At (d)(1), the term "debt service requirements on the Bonds" should be expanded to "debt service requirements *and any other costs related to the Bonds.*"
 - ii. At (d)(1), the last sentence of this sub-section appears to be inaccurate. The phrase "in an Term Lease year" should be changed to "in any of the first ten Term Lease years."
 - iii. At (d)(2), there should be more details provided about the types of capital expenses to be paid by Metro. Or, if the intent is for Metro to pay all capital expenses, then more information should be provided about the expected costs.
 - iv. At (d)(4) regarding public use days, the Council should ask whether Metro will have any reserved days. The Council should insist on a reasonable conflict resolution mechanism if there is a conflict in scheduling at the Fairgrounds.
 - v. At (d)(5), the Team guaranty is addressed. This is discussed earlier in this memo.
 - e. No comments to condition (e).

- f. No comments to condition (f).
 - g. Recommend adding a condition (g) that the Council pass the required ordinance to demolish buildings at the Fairgrounds before the Sports Authority issues bonds.
 - h. Recommend adding a condition (h) that the Fairgrounds Board approve demolishing buildings at the Fairgrounds before the Sports Authority issues bonds.
 - i. Recommend adding a condition (i) that the Council pass an ordinance to approve any zoning or other entitlements improvements for the private development of the 10 acres before the Sports Authority issues the bonds.
 - j. Recommend adding a condition (j) that the Fairgrounds Board approve all required changes in roads, the development of park and green space, and the infrastructure improvements needed for the Stadium before the Sports Authority issues the bonds.
4. Technical changes to Resolution or IGA
- a. There are multiple uses of defined, capitalized terms that need to be cleaned up. All capitalized terms should have a definition provided in the Resolution or the IGA. (General Comments, A & B)
 - b. Amend to limit Mayor's ability to approve changes to the IGA. The final version must be substantially the same as what the Council approves. (Resolution, C)
 - c. On the 1st page of the IGA, the description of "Fairgrounds Improvements" is not the same as in the Resolution. Add "...and public infrastructure related to the Stadium..." to the definition of Fairgrounds Improvements. (IGA, B)
5. Need more information
- a. Provide copies of Site Lease, Development Agreement, Team Lease, and Team Guaranty. (General Comments, A & B and IGA, A)
 - b. There is not enough information available to evaluate the pros and cons of dedicating countywide team product sales tax to debt service, but excluding concert and other non-game sales tax from debt service. (Structure, 3 and IGA, D)
 - c. More information would be necessary to understand how competition from the Stadium might impact Metro's obligations to fund operating shortfalls for the Bridgestone Arena. (Other Issues, A)
 - d. No information about parking has been provided. (Other Issues, B)
 - e. No information has been provided about any traffic studies. (Other Issues, C)
 - f. No information about a sound mitigation policy for the surrounding neighborhood has been provided. (Other Issues, D)

- g. The Council should want to hear from the Fairgrounds Board and Executive Director that they believe they can maintain all of the Fairgrounds' historical activities as required by the Charter during and after construction of the Stadium. (Other Issues, E)
- 6. Other things to be aware of...
 - a. This proposal would authorize the Sports Authority to develop and operate the Stadium. It looks like the Fairgrounds Board would not have any authority whatsoever over the Stadium. (General Comments, C and IGA, E)
 - b. The Resolution approves the bonds being sold by a negotiated sale. Be aware that this means the Council would be approving Metro negotiating the terms of the bond issuance rather than having multiple groups engage in competitive bidding. (Resolution, B)

SUMMARY OF SOCCER RESOLUTION AND INTERGOVERNMENTAL PROJECT AGREEMENT

by: Bob Mendes
October 7, 2017

I have reviewed the draft resolution approving \$225 million in revenue bonds (the "Resolution" – included as Exhibit 1¹) and the Intergovernmental Project Agreement (the "IGA" – included as Exhibit 2). Where I use capitalized terms, they have the same meaning as in these documents unless otherwise noted.

Structure of the Soccer Stadium Proposal

On October 2, 2017, the administration provided a Fact Sheet (included as Exhibit 3) describing the Resolution and the IGA. The Fact Sheet does a reasonably good job in describing what is in the documents. There were some confusing issues and some inconsistencies, however:

1. Although the Fact Sheet indicates a total project cost of \$275 million, the Resolution would have the Council approving a project costing up to \$300 million in total.
 - a. The Fact Sheet, in the Overview and Financing sections, describes a "\$275 million investment in the Fairgrounds..." as follows:
 - i. \$250 million to build the stadium;
 1. the proposal is to have the Sports Authority issue up to \$225 million in revenue bonds – although the Fact Sheet says that only \$200 million is anticipated to be needed;
 2. \$25 million in cash from the "MLS ownership group"; and
 3. \$25 million from Metro in general obligation bonds.
 - ii. \$25 million to complete the Fairgrounds Master Plan.
 - b. In the Resolution, the Council would be approving \$225 million in revenue bonds and \$50 million in general obligation bonds. The \$50 million in general obligation bonds represents \$25 million for infrastructure improvements related to the stadium, and \$25 million to complete the Fairgrounds Master Plan. There is never any mention of the \$25 million from the MLS ownership group in the Resolution or the IGA. (If \$225 million in revenue bonds are issued, and \$50 million in general obligation bonds are issued, and the team contributes \$25 million, the total project cost will be \$300 million.)
2. Both the Fact Sheet and the Resolution indicate that the Team will pay all Stadium construction costs that are not funded with bond proceeds. This begs

¹ There was a media report late on Friday, October 6, that the Resolution will be changed. That document has not been given to the Council as of the date of this Summary. So, this Summary addresses the initial version of the Resolution distributed to the Council on October 3. At the end of this Summary, the media report is discussed.

the question about why the Council would approve \$225 million in revenue bonds. It would make more sense for Metro to have a hard limit of \$200 million in revenue bonds.

3. In the Revenue bond payments section of the Fact Sheet, there are several references to the sales tax "generated at the stadium" being used for bond repayment. That's not quite the same as what is in the IGA:
 - a. The IGA defines the Sales Tax Revenue as including sales tax on Team game tickets, sales tax on concessions and parking from Team games, and the sales tax on any Team sales of "franchise goods and products" inside Davidson County.
 - b. This may include internet sales of merchandise, but the IGA is not clear on this point.
 - c. This apparently does not include sales tax related to concerts or other non-Team game events at the Stadium.
 - d. There is not enough information available to evaluate the pros and cons of dedicating countywide team product sales tax to debt service, but excluding concert and other non-game sales tax from debt service.

Review of Documents

I. General Comments

A. There appear to be additional transaction documents drafted that have not been provided. There are multiple uses of capitalized terms where no definition is provided. That suggests that these capitalized terms are used in error or that they are defined in documents that have not yet been provided. For example:

- The Resolution uses the terms "Team Lease", "Operating Lease", and "Operating Lease Agreement." Only the first of these is defined in the documents provided. They appear to all mean the same thing, but that's not clear. If I had to guess, I would say that the uses of "Operating Lease Agreement" were cut and paste from a draft of a proposed site lease between the Fairgrounds Board and the Sports Authority; but that's a guess.
- The Resolution uses the term "Sales Tax Diversion." That's not defined in the documents we have.
- The IGA uses the term "Team Lease Payments." That's not defined in the documents we have. The same is true for the terms "Permitted Uses" and "Surplus Revenue Fund."

B. If these usages are in error, they should be fixed. If these are terms defined in other documents that have not been provided, I would suggest the Council ask to see those documents. And whether they are provided or not, the Resolution and the IGA should be cleaned up so that they don't use a series of capitalized terms that are not defined anywhere in the Resolution or the IGA.

C. Also, these documents would make it so the Fairgrounds Board would have little or no control over the Stadium or its footprint (and the proposed footprint is not defined or described anywhere). The Sports Authority would have control over the finances, operations, and the physical structure. This is an important shift in how the Fairgrounds is operated and governed.

II. Resolution

A. The Resolution says that, "as an inducement for the Team to enter the Team Lease," Metro will enter a 99 year "no-cost" lease of 10 acres for the Team to develop. There are no descriptions of what kind of development it would be, or where it would be. There are several points to make about the proposed 10 acre development:

- There is no information about the current value of the 10 acres, or about what the value could be expected to be after zoning and other entitlements are improved. The Council should have reliable independent information about the value of this land in order to assess the proposed development.
- There is a reference at section 7(c) of the Resolution to "development sites." This is plural – "sites." The Council should ask whether it is anticipated that the 10 acres will be contiguous, or in multiple parcels. Will the 10 acres include some or all of the corners of the "Supporters March" intersection at Walsh Road and Street "A" on the schematic we have been provided? See Fairgrounds Site Map with Stadium – included as Exhibit 4.
- Separate from whether the 10 acres should be given at no cost for development, the Council needs to know fundamentally whether this is considered by the Team or the administration to be a mandatory part of the deal.
 - If it is not mandatory, then any language in the Resolution which suggests that the no-cost 10 acres is an "inducement" to the Team must be removed.
 - If it is a mandatory part of the deal and the Council agrees, then the list of conditions in section 7 of the Resolution to be met prior to the Sports Authority issuing bonds must be expanded so that the Council fully approves any zoning or other entitlement improvements before the Sports Authority may issue the bonds.

B. At section 1, the Resolution approves the bonds being sold by a negotiated sale. Be aware that this means the Council would be approving Metro negotiating the terms of the bond issuance rather than having multiple groups engage in competitive bidding.

C. At section 4, I would change some language. There is a conflict between where it says the IGA must be "substantially" in the form the Council approves and where it says the Mayor may approve and any changes she deems "necessary or appropriate." I would clarify that the Mayor's power to make changes is limited by the

requirement that the final version be "substantially" the same as what the Council approves.

D. Section 7 of the Resolution includes a series of conditions that must be met before the Sports Authority may issue the bonds. There are several comments with this lengthy section:

- at condition (b), it says that a development agreement must be executed between the Team and the Sports Authority requiring the Team to pay for the Stadium construction costs that are not covered by bond proceeds.
 - This section should make a specific reference that the development agreement must require the Team to contribute at least \$25 million in cash toward construction costs.
 - This section should require that Metro will only issue up to \$200 million in revenue bonds and up to \$25 million in general obligation bonds for infrastructure related to the Stadium, and that the Team will pay all Stadium and related infrastructure construction costs over \$225 million.
- at condition (c), it says that the Fairgrounds Board will give a long-term ground lease to the Sports Authority for the Stadium and "development sites." There are no lease terms at all provided – not the length of the lease, not the rent, not anything. The Council should also inquire about whether the 10 acres is intended to be contiguous or multiple parcels.
- at condition (d)(1), there are several points:
 - I believe that the amount of the rent should be broader than "debt service requirements on the Bonds." I would recommend that it be "debt service requirements *and any other costs related to the Bonds.*"
 - "Sales Tax Diversion" is used. Not defined.
 - The last sentence of this sub-section appears to be inaccurate. The phrase "in an Term Lease year" should be changed to "in any of the first ten Term Lease years."
- at condition (d)(2), it says Metro is obligated to pay "long-term capital expenses for the Stadium." I am accustomed to seeing more details than this.
 - For example, is this just for structural components of the Stadium, or for any repair that might be capitalized for more than a few years? Does it include HVAC units, for example? Elevators? Has this been negotiated yet?
 - It does look like Metro anticipates that there may be annual requirements to pay for capital expenses. The IGA, at section 3(d), requires the Sports Authority to participate in the annual Metro budget process and submit annual needs to Metro Finance during

the regular budget cycle. This suggests an expectation that there will be an annual capital need for Metro to pay for. There is no information about the amount of this cost.

- at condition (d)(3), there is a reference to parking, and that the Team will retain revenue from parking. It is worth noting that the schematics we have seen do not have any parking indicated.
- at condition (d)(4), there is a discussion of 20 public use days. The Resolution requires that the public use days may not conflict with "Team events." Does the term "Team events" mean games, or games and concerts? Will Metro have any reserved dates like we do for Ascend? Typically, there also would be a conflict resolution mechanism. For example, if the race track wants to have a race on the same day that the Team wants to have a game, how will that be resolved? This is not addressed.
- at condition (d)(5), it talks about the execution of a guaranty (singular) by the "Team owners" (plural). The guaranty will be for Lease Payments according to the Resolution.
 - The term "Team owners" is not defined. In the IGA, at the top of page 2, there is a reference to a single guaranty from a single "Team Guarantor," which is not named.
 - There is a critical ambiguity here. In the unfortunate event that the league fails or the team moves to another city, Metro's only protection on the revenue bond payments is from the Team Guarantor. Metro must insist on knowing who that is, and what it, his, or her credit worthiness is. In addition to protection for the Lease Payments, Metro also should want protection for the \$25 million construction cost contribution and all Stadium and infrastructure cost overruns.
 - I recommend that, in addition to providing a guaranty for Lease Payments, the guaranty also cover the required \$25 million cash contribution and any Stadium and related infrastructure construction costs greater than \$225 million.
 - I recommend that the Resolution and the IGA specifically name the guarantors, and that Metro confirm the credit worthiness of the guarantors and/or seek some commercially reasonable protection such as a letter of credit.
- I recommend adding additional conditions prior to bond issuance to Section 7:
 - It should be a condition that the Council pass the required ordinance to demolish buildings at the Fairgrounds before the Sports Authority issues bonds.

- It should be a condition that the Fairgrounds Board approve demolishing buildings at the Fairgrounds before the Sports Authority issues bonds.
- It should be a condition that the Council pass an ordinance to approve any zoning or other entitlements improvements for the private development of the 10 acres before the Sports Authority issues the bonds.
- It should be a condition that the Fairgrounds Board approve all required changes in roads, the development of park and green space, and the infrastructure improvements needed for the Stadium before the Sports Authority issues the bonds.
- It should be a condition that all necessary documentation is completed to be sure that the Brown's Creek Greenway will be built as part of this project and that it will not be closed to active transit during events at the Stadium.

III. IGA

A. The WHEREAS clauses on the 1st and 2nd pages refer to multiple documents – Site Lease, Development Agreement, Team Lease, and Team Guaranty. As mentioned earlier, I am guessing that drafts of at least some of these exist already. It would be useful to see what is anticipated in these other documents.

B. On the 1st page, the description of "Fairgrounds Improvements" is not the same as in the Resolution. I would add "...and public infrastructure related to the Stadium..." to the definition of Fairgrounds Improvements.

C. In the WHEREAS at the top of the 2nd page, about the guaranty, it should name all guarantors, and also expand the guaranty to cover lease payments, the required \$25 million cash contribution, and also cover any Stadium and related infrastructure construction costs greater than \$225 million.

D. On the 2nd page, in the WHEREAS that defines "Sales Tax Revenues," be aware that this does not include sales tax related to concert or any other non-game event, but it does include sales tax from Team franchise-related goods sold within Davidson County. There is not enough information to know whether this includes internet sales.

E. In section 1, be aware that this agreement would authorize the Sports Authority to develop ***and operate*** the Stadium. It looks like the Fairgrounds Board would not have any authority whatsoever over the Stadium.

Other Issues

There are some additional considerations that are not addressed in the Resolution or the IGA:

A. For concerts, the Stadium may compete with the Bridgestone Arena. I think these two venues would be the only ones in Nashville between 6,800 seats (Ascend) and 69,000 seats (Nissan Stadium). If Stadium concerts were to cut into

Bridgestone Arena's revenue, it could have the indirect effect of increasing the amount of the subsidy from Metro required to cover the operating costs of the Bridgestone Arena. More information would be necessary to understand how this competition might impact Metro's obligations for the Bridgestone Arena.

B. No information about parking has been provided.

C. There are two main approaches to the Fairgrounds from an interstate highway – 2nd Avenue/Nolensville and Wedgewood. Anecdotally, there have been significant traffic back-ups headed into the Fairgrounds for events with attendance of approximately 15,000. No information has been provided about any traffic studies.

D. No information about a sound mitigation policy for the surrounding neighborhood has been provided.

E. It is important under the Charter that all historic uses of the Fairgrounds be maintained, including fairs, flea markets, expositions, and auto racing. The Council should want to hear from the Fairgrounds Board and Executive Director that they believe they can maintain all of these historical activities as required by the Charter during and after construction of the Stadium.

F. The media report late on October 6, 2017, indicated that due to community opposition to the 10 acre development, the Resolution would be changed to re-direct a portion of the property tax revenue from the 10 acre development. Instead of going to Metro's General Fund, a portion of the property tax revenues would be earmarked for the benefit of the Fairgrounds. I do not see this changing any of the analysis in this Summary. This would move money from one Metro bucket to another. Metro's overall cost and exposure would be the same either way.

Exhibit 1

Resolution No. RS2017-_____

A RESOLUTION APPROVING THE ISSUANCE OF PUBLIC FACILITY REVENUE IMPROVEMENT BONDS BY THE SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY; AUTHORIZING THE PLEDGE OF CERTAIN REVENUES OF THE METROPOLITAN GOVERNMENT AS SECURITY FOR THE BONDS; AND AUTHORIZING AN OFFICIAL STATEMENT TO BE DISTRIBUTED IN CONNECTION WITH THE SALE OF THE BONDS.

WHEREAS, The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the "Authority") has been formed pursuant to Title 7, Chapter 67, Tennessee Code Annotated (the "Act"), by The Metropolitan Government of Nashville and Davidson County (Tennessee) (the "Metropolitan Government") for the purposes set forth in the Act; and

WHEREAS, the Authority is authorized by the Act to issue its revenue bonds to pay (i) costs to acquire, construct, improve, renovate and equip a Major League Soccer stadium (the "Stadium") and related facilities on a portion of the 128-acre Nashville Fairgrounds site located at 300 Rains Avenue (the "Site"); (ii) capitalized interest and debt service reserves (if applicable), (iii) architectural, engineering, legal and consulting costs incident thereto and (iv) costs incident to the issuance and sale of such bonds; and

WHEREAS, Nashville Soccer Holdings, LLC (including its affiliates, the "Team") has proposed to the Board of Directors of the Authority (the "Board") that the Authority (i) issue its revenue bonds to finance the Stadium and (ii) lease the Stadium to the Team for the primary purpose of hosting games to be played by the Team's Major League Soccer franchise, pursuant to a lease agreement between the Authority and the Team (the "Team Lease"); and

WHEREAS, in order to secure a Major League Soccer franchise, the Team must demonstrate the ability to acquire and construct a soccer stadium, and the Metropolitan Government desires to give this conditional approval pursuant to Section 7-67-109(15) of the Act for the Authority to issue its Public Facility Revenue Improvement Bonds (the "Bonds") for the purposes hereinabove stated; and

WHEREAS, pursuant to the Act, the Metropolitan Government is authorized to aid or otherwise provide assistance to the Authority, for such term or terms and upon such conditions as may be determined by resolution of the Metropolitan Council, by granting, contributing or pledging revenues of the Metropolitan Government to or for the benefit of the Authority; and

WHEREAS, to enhance the marketability of the Authority's revenue bonds and thereby reduce the interest costs thereon, the Metropolitan Government wishes to make Non-Tax Revenues (as defined and described in the Intergovernmental Agreement attached hereto as Exhibit A) available to the Authority for the payment of debt service such revenue bonds in the event other Authority funds are insufficient therefor; and

WHEREAS, it is deemed necessary and desirable by the Metropolitan Council that the Metropolitan Government and the Authority enter into the Intergovernmental Agreement addressing the funding of the Stadium, the payment of the costs thereof and costs related thereto, and the disposition and administration of the funds needed to pay principal and interest on the revenue bonds approved herein, and for the purpose of establishing the other agreements and rights of the parties hereunder; and

WHEREAS, a form of Intergovernmental Project Agreement (MLS Stadium Project) relating to the foregoing purposes, by and between the Metropolitan Government and the Authority, has been presented to the Metropolitan Council and is attached hereto as Exhibit A (the “Intergovernmental Agreement”); and

WHEREAS, as an inducement for the Team to enter into the Team Lease with the Authority, the Metropolitan Government, by and through the Metropolitan Government Board of Fair Commissioners (the “Fair Board”), further desires to enter into an agreement with the Team wherein the Team will agree to commence on or before a certain date the development of certain property adjacent to the Stadium consisting of +/- 10 acres, which property shall be leased from the Metropolitan Government and/or Fair Board, as applicable, pursuant to a no-cost 99 year ground lease, on the terms and subject to the conditions set forth in said agreement; and

WHEREAS, the addition of a Major League Soccer franchise in Nashville would increase public exposure to soccer, which could result in an increased interest and participation in women’s soccer, and one day lead to a professional women’s soccer team in Nashville.

NOW, THEREFORE, BE IT RESOLVED BY THE METROPOLITAN COUNTY COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY (TENNESSEE), that:

Section 1. The Metropolitan County Council (the “Metropolitan Council”) hereby approves the Authority’s issuance and sale of the Bonds for the purposes of paying (i) costs to acquire, construct, improve, renovate and equip the Stadium and related facilities on the Site (ii) capitalized interest and debt service reserves (if applicable), (iii) architectural, engineering, legal and consulting costs incident thereto, and (iv) costs incident to the issuance and sale of the Bonds. The Bonds shall be issued on the terms and conditions set forth herein. The Bonds shall be sold by the Authority by negotiated sale, and the Metropolitan Council hereby approves the sale of the Bonds, provided that:

- a. the Bonds shall be sold in one or more series, on a taxable or tax-exempt basis, to be determined in conjunction with bond counsel, with fixed rates of interest;
- b. the final maturity date of the Bonds shall not exceed 30 years beyond the commencement of Stadium operations, and the Bonds shall be payable as to principal in a manner that will not constitute balloon indebtedness for purposes of T.C.A. § 9-21-134;
- c. the aggregate principal amount of the Bonds shall not exceed \$225,000,000;
- d. prior to the sale of the Bonds, the Authority shall (i) cause to be adopted and published an initial resolution for the Bonds in full in one or more newspapers of general circulation in Davidson County, Tennessee, and (ii) cause to be adopted a detailed bond resolution authorizing the terms of the Bonds and the payment thereof; and
- e. prior to the sale of the Bonds, the Authority shall obtain the approval of the Metropolitan Government’s Director of Finance of the pricing terms of the Bonds.

Section 2. The Bonds shall be payable from:

- a. lease payments (the "Lease Payments") to be made by the Team to the Authority under the Lease;
- b. revenues received by the Authority from any diversion of state and local sales tax revenues collected at the Stadium pursuant to Sections 67-6-103 and 67-6-712, Tennessee Code Annotated, as amended from time to time ("Sales Tax Revenues") as defined in the Intergovernmental Agreement; and
- c. proceeds from the Ticket Tax, excluding the amount set aside for capital expenditures at the stadium (as defined below).

Section 3. The Metropolitan Council pledges and agrees to provide the Non-Tax Revenues to the Authority for the purposes and on the terms and conditions set forth in the Intergovernmental Agreement.

Section 4. The form, terms and provisions of the Intergovernmental Agreement are hereby approved and the Metropolitan Mayor of the Metropolitan Government (the "Metropolitan Mayor") is hereby authorized, empowered and directed to execute and deliver the Intergovernmental Agreement in the name and on behalf of the Metropolitan Government in substantially the form now before this meeting, with such changes and additions to and omissions from such draft of such agreement as the Metropolitan Mayor shall approve as necessary or appropriate, such execution and delivery to be conclusive evidence of such approval. From and after the execution and delivery of the Intergovernmental Agreement, the officers of the Metropolitan Government or any of them, are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Intergovernmental Agreement as so executed.

Section 5. The Metropolitan Mayor or the Director of Finance is authorized, on behalf of the Metropolitan Government, to enter into a continuing disclosure agreement for the benefit of the owners of the Bonds, specifying the details of the financial information and material event notices to be provided and its obligations relating thereto, all as required by Rule 15c2-12 of the Securities Exchange Commission.

Section 6. All acts and doings of the Metropolitan Mayor, the Director of Finance and any other officer of the Metropolitan Government which are in conformity with the purposes and intent of this Resolution shall be, and the same hereby are in all respects, approved and confirmed as may be necessary or appropriate in order for the Metropolitan Government to comply with the terms of the Intergovernmental Agreement.

Section 7. Notwithstanding any other provision of this Resolution to the contrary, the Authority shall not issue or sell any bonds for the construction of the Stadium unless and until all of the following conditions have been fully satisfied:

- a. Major League Soccer awards a MLS expansion franchise to Team;
- b. The execution of a development agreement between the Authority and the Team, obligating the Team to fund any Stadium construction costs not funded with bond proceeds;
- c. The execution of a long-term ground lease between the Metropolitan Government, by and through the Fairgrounds Board of Commissioners, and the Authority for the Stadium and development sites;

- d. The execution of the Team Lease between the Authority and the Team coterminous with term of the Bonds. The Team Lease shall include the following terms and provisions:
1. For the term of the Team Lease the Team will pay annual rent in an amount equal to the debt service requirements on the Bonds less the sum of (A) the Sales Tax Diversion and (B) the Debt Service Portion of the Ticket Tax (the "Rent Reduction"). In no event shall the Rent Reduction for any Team Lease year be less than (i) \$4,000,000 per year for years one through five of the Operating Lease Agreement and (ii) \$3,000,000 for years six through ten of the Operating Lease Agreement. In the event the Sales Tax Diversion and the Debt Service Portion of the Ticket Tax do not cumulatively generate \$4,000,000 or \$3,000,000, as the case may be, in revenue in an Team Lease year, the Metropolitan Government will provide the difference from Non-Tax Revenues to the extent other funds are not available therefor.
 2. The Team shall be responsible for all operating costs at the Stadium including, but not limited to, utilities, security, routine repairs and maintenance, and insurance expenses. The Metropolitan Government shall be responsible for necessary long-term capital expenses for the Stadium.
 3. The Team shall be entitled to all revenues generated at the Stadium including ticket sales, seat licenses, concessions, naming rights, fees/rent for use of the Stadium, and parking throughout the duration of the Team Lease.
 4. The Metropolitan Government shall be entitled to twenty public use days of the Stadium provided such public use days do not conflict with Team events. The Team will coordinate scheduling for Stadium events with the Executive Director of the Fair Board to ensure the Nashville Fairgrounds is able to provide all activities on the premises required by Section 11.602 of the Metropolitan Charter, including the fair, expo center events, flea markets, and automobile racing. In addition to the public use days, the Nashville Fairgrounds shall be entitled to use of the concourse of the Stadium for Fairgrounds events. The Metropolitan Government shall be responsible for all operating expenses associated with its use of the Stadium on public use days and for Fairgrounds events.
 5. The execution of a guaranty by the Team owners guaranteeing payment of the Lease Payments for the duration of the Development Agreement and the Team Lease.
 6. Entry into the Operating Lease Agreement will be subject to the approval of Major League Soccer.
- e. The Metropolitan Council approves a ticket tax pursuant to Section 7-3-202 or 7-3-204, Tennessee Code Annotated, in the amount of one dollar seventy-five cents (\$1.75) per ticket sold or given away during years one through five of the Operating Lease, two dollars twenty-five cents (\$2.25) per ticket sold or given away during years six and seven, and two dollars fifty cents (\$2.50) after year seven of the Operating Lease, excluding tickets to events under the control of the Fair Board (the "Ticket Tax"). Of the Ticket Tax, one dollar seventy-five cents (\$1.75) will be dedicated to the payment of debt service on the Bonds (the "Debt Service Portion"). From and after year five of the Operating Lease, the amount of the ticket tax above

one dollar seventy-five cents (\$1.75) per ticket sold or given away shall be deposited to a reserve account maintained by the Metropolitan Government Department of Finance on behalf of the Authority to be used for long-term capital expenditures at the Stadium.

- f. The Metropolitan Council authorizes the issuance of General Obligation Bonds not exceed \$50,000,000 as part of a capital spending plan for improvements to the fairgrounds, of which \$25,000,000 will be used for public infrastructure improvements associated with the Stadium and \$25,000,000 will be used for improvements to the existing fairgrounds buildings and facilities.

Section 8. All resolutions in conflict or inconsistent herewith are hereby repealed insofar as any conflict or inconsistency exists.

Section 9. This Resolution shall take effect from and after its adoption, the welfare of the Metropolitan Government requiring it.

APPROVED AS TO AVAILABILITY OF FUNDS BY:

Talia Lomax-O'dneal
Director of Finance

APPROVED AS TO FORM AND LEGALITY:

Jon Cooper
Director of Law

INTRODUCED BY:

MEMBERS OF COUNCIL

Exhibit 2

EXHIBIT A

INTERGOVERNMENTAL PROJECT AGREEMENT (MLS STADIUM PROJECT)

This Agreement is made and entered into as of the ___ day of _____, 201__, by and between The Metropolitan Government of Nashville and Davidson County (the “Metropolitan Government”) and The Sports Authority of The Metropolitan Government of Nashville and Davidson County (the “Authority”).

WITNESSETH:

WHEREAS, Major League Soccer (“MLS”) has awarded a MLS franchise to Nashville Soccer Holdings, LLC (the “Team”), pursuant to which the Team may commence play in Nashville in the Spring of 2021, provided that a suitable stadium be constructed for the Team’s use; and

WHEREAS, the Metropolitan County Council of the Metropolitan Government (the “Metropolitan Council”) has determined that the construction of a MLS stadium (the “Stadium”) and related facilities on a portion of the 128-acre Nashville Fairgrounds site located at 300 Rains Avenue (the “Site”) will encourage and foster economic development and prosperity for the Metropolitan Government; and

WHEREAS, pursuant to Chapter 67, Title 7 of the Tennessee Code Annotated (the “Act”), the Metropolitan Council has created the Authority for the purpose of exercising all powers granted to a sports authority by the Act, including, without limitation, the financing, constructing and operating of the Stadium; and

WHEREAS, the Metropolitan Government and, by and through the Fairgrounds Board of Commissioners, and the Authority have entered into that certain Lease Agreement, dated as of _____, 201__ (the “Site Lease”) providing for the lease of the Site to the Authority, and certain other matters collateral thereto; and

WHEREAS, the location of the Stadium on the Site will necessitate certain improvements to the Nashville Fairgrounds facilities (the “Fairgrounds Improvements”); and

WHEREAS, pursuant to Resolution No. RS 201_-____, the Metropolitan Council has approved the issuance of up to \$50,000,000 of general obligation bonds and/or notes (the “Metro Bonds”) to finance the Fairgrounds Improvements; and

WHEREAS, the Authority and the Team have entered into that certain Stadium Development Agreement, dated as of _____, 201__ (the “Development Agreement”) providing for the construction and development of the Stadium and the rights and responsibilities of the Authority and the Team related thereto; and

WHEREAS, the Authority and the [Name of Team] have entered into that certain Team Lease Agreement, dated as of _____, 201__ (the “Team Lease”) providing for the lease of the Stadium, once completed, to the Team and the use, occupancy, operation, maintenance and repair of the Stadium and certain other matters collateral thereto; and

WHEREAS, _____ (the “Team Guarantor”) has delivered to the Authority that certain Guaranty, dated as of _____, 201__ (the “Guaranty”), pursuant to which the Team Guarantor has guaranteed the Team’s payment of rent to the Authority pursuant to the terms of the Team Lease; and

WHEREAS, the Metropolitan Council now desires to facilitate the Authority's financing of the acquisition and construction of the Stadium; and

WHEREAS, pursuant to the Act, the Metropolitan Council is authorized to aid or otherwise provide assistance to the Authority, for such term or terms and upon such conditions as may be determined by resolution of the Metropolitan Council, by granting, contributing or pledging revenues of the Metropolitan Government to or for the benefit of the Authority; and

WHEREAS, the Authority has, by resolution of its Board of Directors adopted on _____, 201__ (the “Authority Resolution”), authorized the issuance of up to \$225,000,000 of its Public Facility Revenue Bonds (the “Bonds”) for the purposes of paying (i) costs to acquire, construct, improve, renovate and equip the Stadium and related facilities on the Site (ii) capitalized interest and debt service reserves (if applicable), (iii) architectural, engineering, legal and consulting costs incident thereto, and (iv) costs incident to the issuance and sale of the Bonds.

WHEREAS, the Bonds will be issued pursuant to the terms of that certain Indenture of Trust, dated as of _____, 201__ (the “Indenture”) by and between the Authority and _____, as trustee (the “Trustee”); and

WHEREAS, at the time the Stadium begins operations, there shall be apportioned and distributed to the Authority an amount equal to the state and local tax revenue derived under Title 67, Chapter 6 of the Tennessee Code Annotated from the sale of admissions to Team games and also the sale of food and drink sold on the premises of the Stadium in conjunction with those games, parking charges, and related services, as well as the sale by the Team within the Metropolitan Government of authorized franchise goods and products associated with the Team’s operations as a professional sports franchise (the “Sales Tax Revenues”); and

WHEREAS, to fulfill the purposes of the statutes and ordinances providing for the collection of the Sales Tax Revenues, and to facilitate the construction and operation of the Stadium and the issuance of the Bonds, the Metropolitan Government wishes to make the Sales Tax Revenues available to the Authority to pay debt service on the Bonds; and

WHEREAS, pursuant to Section [7-3-202] [7-3-204], Tennessee Code Annotated, and Ordinance No. BL201__ - ____, the Metropolitan Council has approved on third and final reading the levy of a ticket tax on admission to all events at the Stadium (the “Ticket Tax”), a portion of the proceeds of which are dedicated to the payment of debt service on any bonds issued by the Authority to finance the construction or improvement of the Stadium (the “Debt Service Portion of the Ticket Tax Revenues”), and the balance of the proceeds of which shall be deposited to a reserve account maintained by the Metropolitan Government Department of Finance on behalf of the Authority to be used for long-term capital expenditures at the Stadium (the “Capital Improvements Portion of the Ticket Tax Revenues”); and

WHEREAS, to fulfill the purposes of the statutes and ordinances providing for the collection of the Ticket Tax, and to facilitate the construction and operation of the Stadium and the issuance of the Bonds, the Metropolitan Government wishes to make the Debt Service Portion of the Ticket Tax Revenues available to the Authority to pay debt service on the Bonds; and

WHEREAS, to enhance the marketability of the Bonds and thereby reduce the interest costs thereon, the Metropolitan Government wishes to make Non-Tax Revenues (as defined and described herein) available to the Authority for the payment of debt service on the Bonds in the event Sales Tax Revenues, the Debt Service Portion of the Ticket Tax Revenues, Team Lease Payments, and other funds are insufficient therefor; and

WHEREAS, it is deemed necessary and desirable by the Metropolitan Council and the Board of Directors of the Authority that the parties enter into an agreement addressing the funding of the Stadium, the payment of the costs thereof and costs related thereto, the acquisition of the Site, the funding of the Fairgrounds Improvements, the disposition and administration of the funds needed to pay principal and interest on the Bonds, and other agreements and rights of the parties related thereto;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, the parties agree as follows:

1. Engagement of the Authority to Develop Stadium. The Metropolitan Government hereby engages the Authority to undertake the acquisition, construction, development and operation of the Stadium on the terms and conditions set forth herein.

2. Duties of the Metropolitan Government. The Metropolitan Government covenants and agrees as follows:

(a) The Metropolitan Government will cause to be issued and sold the Metro Bonds in accordance with the applicable schedule set forth in the Development Agreement and shall cause the proceeds of the Metro Bonds to be used to fund the Fairgrounds Improvements in accordance with the applicable schedule set forth in the Development Agreement.

(b) The Metropolitan Government agrees to remit all Sales Tax Revenues to the Authority until the Bonds have been paid in full.

(c) The Metropolitan Government agrees to remit the Debt Service Portion of the Ticket Tax Revenues to the Authority until the Bonds have been paid in full.

(d) The Metropolitan Government will establish a MLS Stadium Capital Improvement Fund (the "Capital Fund"), to be kept separate and apart from all other funds of the Metropolitan Government. The Metropolitan Government will deposit the proceeds of the Capital Improvements Portion of the Ticket Tax Revenues to the Capital Fund and apply and administer such funds as herein provided.

(e) So long as the Bonds are outstanding, the Authority will deposit the Sales Tax Revenues and the Debt Service Portion of the Ticket Tax Revenues (collectively, the "Tax Revenues") received from the Metropolitan Government to the Revenue Fund established in the Indenture, and such Tax Revenues will be used to pay debt service on the Bonds and to maintain a debt service reserve fund for the Bonds, all in accordance with the Indenture. If funds in the available funds of the Indenture are insufficient to pay debt service when due on the Bonds, the Metropolitan Government hereby pledges and agrees to transfer to the Trustee Non-Tax Revenues at such times and in such amounts necessary to cure the deficiency, all in accordance with the procedures set forth in the Indenture.

(f) The Metropolitan Government's pledge of Non-Tax Revenues hereunder is subject and subordinate to the prior pledge of such Non-Tax Revenues in favor of debt obligations

heretofore issued and/or incurred by the Authority or The Convention Center Authority of The Metropolitan Government of Nashville and Davidson County (the “Convention Center Authority”), and any bonds or other debt obligations hereafter issued by the Authority or the Convention Center Authority on parity therewith.

(g) As used herein, the term “Non-Tax Revenues” shall mean all income and revenues of the Metropolitan Government which according to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and normal and customary accounting practices of the Metropolitan Government are deposited to and become assets of the General Services District General Fund of the Metropolitan Government, derived from any source other than income and revenues derived from the exercise by the Metropolitan Government of its powers to levy and collect taxes of any kind. The term "Non-Tax Revenues" does not include: ad-valorem property taxes; sales taxes; State-shared taxes; revenues of any agency or instrumentality of the Metropolitan Government; revenues which according to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and the normal and customary accounting practices of the Metropolitan Government, are deposited to and become assets of any proprietary fund or enterprise fund of the Metropolitan Government; payments made by the Department of Water and Sewerage Services of the Metropolitan Government in lieu of ad valorem taxes pursuant to Resolution No. R96-177 adopted by the Metropolitan County Council on February 29, 1996; lease payments payable to the Metropolitan Government from the stadium currently known as Nissan Stadium; parking revenues from the parking lots surrounding Nissan Stadium; or ticket surcharge revenues collected by the Metropolitan Government or the Authority from patrons of the Authority’s downtown arena currently known as Bridgestone Arena.

(h) The Metropolitan Government further authorizes the Authority to pledge its rights under this Agreement and to the Sales Tax Revenues, the Debt Service Portion of the Ticket Tax Revenues and the Non-Tax Revenues as security for its obligations under the Indenture, including, without limitation, the repayment of the Bonds and additional or refunding bonds issued pursuant to the Indenture (the issuance of which shall require additional approval of the Metropolitan Council).

(i) For so long as any Bonds or any additional bonds or refunding bonds issued pursuant to the Indenture and approved by the Metropolitan Council are outstanding, the Metropolitan Government will transfer the Sales Tax Revenues, the Debt Service Portion of the Ticket Tax Revenues and the Non-Tax Revenues (to the extent required) to the Authority as described herein and will not repeal or amend the ordinances authorizing the collection of the Sales Tax Revenues or the Debt Service Portion of the Ticket Tax Revenues in such a manner as to reduce the amount of Sales Tax Revenues or Debt Service Portion of the Ticket Tax Revenues payable to the Authority pursuant to this Agreement.

(j) For so long as any Bonds or any additional bonds or refunding bonds issued pursuant to the Indenture and approved by the Metropolitan Government are outstanding, it will not issue or incur, or permit to be issued or incurred, any indebtedness payable from or secured by a pledge of or lien on any of the Non-Tax Revenues (“Additional Secured Indebtedness”), nor will it pledge any of the Non-Tax Revenues or create a lien on or security interest in any of the Non-Tax Revenues to secure the indebtedness or obligation of the Metropolitan Government, the Authority, or any other entity, unless all the following conditions are met, in which case such Additional Secured Indebtedness may be issued on subordinate basis with respect to any Bonds or any additional bonds or refunding bonds issued pursuant to the Indenture:

(A) all the payments into the respective funds and accounts provided for in the Indenture, as supplemented, shall have been made in full to the date of issuance of

said Additional Secured Indebtedness or the creation of the lien, security interest or pledge hereinabove described;

(B) the Authority shall be in substantial compliance with all of the covenants, agreements and terms of the Indenture, as supplemented; and

(C) following the issuance of such Additional Secured Indebtedness or the creation of such lien, pledge or security interest, the total amount of Non-Tax Revenues collected by the Metropolitan Government during the most recently concluded fiscal year of the Metropolitan Government equals or exceeds two times the maximum amount of debt service payable during any calendar year with respect to any Bonds, any additional bonds or refunding bonds issued pursuant to the Indenture, and any Additional Secured Indebtedness.

3. Duties of the Authority. The Authority covenants and agrees as follows:

(a) The Authority will cause the Bonds to be issued and sold pursuant to the Indenture. The Authority will cause the proceeds of the Bonds to be deposited as required by the Indenture and used solely for the Permitted Uses.

(b) The Authority will cause the completion of the construction of the Stadium with the proceeds of the Bonds, and any funds paid by the Team pursuant to the Development Agreement.

(c) The Authority will deposit the Sales Tax Revenues and the Debt Service Portion of the Ticket Tax Revenues received from the Metropolitan Government to the Revenue Fund established in the Indenture for application as provided therein.

(d) The Authority agrees that it will adopt an annual budget for the Stadium indicating all operating expenses, revenues and capital improvements. The Authority agrees to (i) promptly provide the Director of Finance all budget information and proposals, as and when prepared by the Authority, and any other statements, reports and information relating to the Stadium as the Director of Finance may request from time to time; (ii) consult with the Director of Finance in connection with the adoption of its annual budget for the Stadium and (iii) present the budget so adopted to the Metropolitan Government at times and in the manner prescribed by the Director of Finance and in compliance with any requirements of the budget process of the Metropolitan Government. The Authority shall additionally submit to the Metropolitan Council the annual audit and report of its business affairs and transactions in compliance with the requirements of the Act.

(e) The Authority will comply with all the terms and conditions set forth in the Indenture, including, without limitation, the obligation to use funds held in the Surplus Revenue Fund created by the Indenture to reimburse the Metropolitan Government for any payments of the Non-Tax Revenues made by the Metropolitan Government for debt service on the Bonds up to said amount.

4. Term.

(a) The duties and responsibilities of the parties hereunder shall commence as of the date hereof and shall continue until the Bonds and any additional bonds and refunding bonds issued under the Indenture are paid in full.

(b) Notwithstanding anything to the contrary herein, termination of this Agreement shall not be permitted if such termination would impair in any way the ability or capacity of any of the

parties hereto to fully and timely fulfill its obligations under any contract or agreement with any third party, including the holder or owner of any notes, bonds or other indebtedness described herein.

5. Default. Subject to Section 4(b) above, in the event any of the parties hereto shall fail to perform any of its obligations hereunder or shall become unable to perform by reason of bankruptcy, insolvency, receivership or other similar event, then the non-defaulting party, so long as said party is not itself in default hereunder, may seek specific performance, mandamus or other extraordinary relief to compel the defaulting party to perform hereunder.

6. Establishment of Funds. The Authority and the Metropolitan Government agree to establish such funds and accounts required by the Indenture and such further funds and accounts as shall be determined necessary and advisable by the Director of Finance and the Chairman of the Authority to account for and manage the revenues and receipts described herein and provide for the payment of the costs of operating, maintaining and repairing the Stadium and paying the principal of and interest on the Bonds.

7. Severability. If a court of competent jurisdiction or an arbitrator determines that any term of this Agreement is invalid or unenforceable to any extent under applicable law, the remainder of this Agreement (and the application of this Agreement to other circumstances) shall not be affected thereby, and each remaining term shall be valid and enforceable to the fullest extent permitted by law.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

9. Entire Agreement. This Agreement contains the entire understanding among the parties with respect to the matters contained herein, and supersedes any prior understanding and agreements between them respecting the within subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between or among the parties hereto relating to the subject matter of this Agreement which are not fully expressed herein. Notwithstanding the foregoing, to the extent this Agreement or any of the terms hereof shall conflict with the terms of any of the other documents or agreements referenced herein, the terms of said documents or agreements shall control.

10. Headings. The paragraph headings are inserted only as a matter of convenience and for references and in no way define, limit or describe the scope or intent of this Agreement or in any way affect this Agreement.

11. Authorized Representatives. Any action required of or permitted to be taken pursuant to this Agreement by any of the parties hereto may be performed by an authorized representative of the respective party without further action by the governing body of such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

By: _____
Metropolitan Mayor

ATTEST:

By: _____
Metropolitan Clerk

APPROVED AS TO AVAILABILITY OF FUNDS BY:

Director of Finance

APPROVED AS TO FORM AND LEGALITY:

Director of Law



Fact Sheet – MLS Stadium Proposal

NASHVILLE, Tenn. (October 2, 2017) – On Monday, October 2nd, Mayor Megan Barry and the MLS2Nashville organizing committee presented a private-public proposal to construct and maintain a 27,500 seat Major League Soccer (MLS) stadium at the Fairgrounds Nashville that would be almost entirely funded by private dollars and revenues generated at the facility. Additionally, Mayor Barry is committed to funding the Fairgrounds Master Plan for building upgrades and replacements of aging facilities used for the fair, flea market, and racing events.

Overview

- The project represents a \$275 million investment in the Fairgrounds Nashville property.
- \$250 million for the construction of a 27,500 seat soccer-specific stadium to be used by a future MLS franchise; \$25 million to complete the Fairgrounds Master Plan
- All existing uses of the Fairgrounds property will continue following the completion of the stadium such as a fair, flea market, expo activities, and auto racing.
- A stadium financing plan is a necessary next step in Nashville's bid for an MLS expansion franchise.
- Execution of the operating agreement and issuance of bonds will be contingent upon the approval by MLS of Nashville's bid for an expansion franchise.
- An economic impact analysis conducted by Dr. William Fox, director of the Boyd Center for Business and Economic Research indicates the construction of the stadium will result in more than 3,572 full-time jobs, generating \$139.2 million in income for Tennessee workers and business owners, and \$18.3 million in state and local tax revenues. Operations of the facility starting in 2021 would result in 1,886 jobs, generating \$77.7 million in income and \$15.1 million in tax revenue.

Financing

What it will cost: Construction of the 27,500 seat stadium is anticipated to cost **\$250 million.**

- Sports Authority will issue revenue bonds not to exceed \$225 million (30-year term), but anticipated to be \$200 million.
- The MLS ownership group commits to \$25 million in cash for construction of the stadium.
- Metro commits to \$25 million in general obligation bonds to support public infrastructure associated with the stadium that will also generally benefit the overall redevelopment of the Fairgrounds.

- The MLS ownership group will be responsible for any cost overruns associated with the construction of the stadium.

Revenue bond repayments

- The MLS ownership group will be responsible for lease payments for the facility used for debt service of the bonds, estimated to be \$13 million annually.
- Sources of funding for the debt repayment will be a combination of lease payments, taxes from revenues generated at the stadium, and private investment.
- Sales taxes generated at the stadium will be redirected to the Metro Sports Authority for bond repayments.
- A ticket tax of \$1.75 will be assessed and directed towards repayment of the bonds.
- If sales and ticket tax revenues are below \$4 million for the first five years of operation, or \$3 million in years 6-10, Metro agrees to contribute the difference from non-tax revenues.

Maintenance and Operations

- The MLS team shall be responsible for all operating costs at the stadium including, but not limited to, utilities, security, routine repairs and maintenance, and insurance expenses.
- The Metropolitan Government shall be responsible for necessary long-term capital expenses for the Stadium.
- In years six and seven the ticket tax will increase by 50 cents to a total of \$2.25, after year seven the tax will increase by another 25 cents to \$2.50. The increases in the ticket tax above the base level of \$1.75 will be dedicated towards long-term capital expenses for the stadium.

Lease terms for MLS Team

- 30-year lease operating lease coterminous with the term of the revenue bonds issued for the construction of the stadium.
- The MLS team will pay annual rent to the Sports Authority equal to the amount of debt service payments less the sum of the sales tax redirect and the debt service portion of the ticket tax
- The MLS team shall be responsible for all operating costs at the stadium including
- Metro shall be responsible for necessary long-term capital expenses for the stadium
- The MLS team shall be entitled to all revenues generated at the Stadium
- Metro shall be entitled to 20 public use days of the stadium.
- The MLS team will coordinate with the Executive Director of the Fair Board to ensure that the Fairgrounds Nashville is able to provide all activities required in the Metro Charter.

Metro Council Legislation

- Resolution authorizing Sports Authority to issue up to \$225 million in revenue bonds to build the stadium. Council could take action as soon as October 17, 2017.
- Subject to the successful award of a franchise by MLS, the Metro Council would consider the following legislative actions:

- Capital Spending Plan authorizing \$25 million in public infrastructure related to the stadium, \$25 million to complete the Fairgrounds Master Plan which includes new expo facilities, road infrastructure, greenway and park space
- Ordinance authorizing the demolition and reconstruction of aging expo facilities
- Ordinance approving zoning changes to allow for mixed-income, mixed-use development on unfertilized acreage within the Fairgrounds property to support sustainable neighborhood growth in the area.

Sports Authority Action

- October 5, the Sports Authority and Fair Board will hold a joint meeting to hear a presentation on the soccer stadium proposal.
- Following Metro Council authorization, Sports Authority can approve issuance of bonds and other financing matters.
- Approval of stadium lease consistent with resolution adopted by the Metro Council authorizing issuance of bonds

Board of Fair Commissioners

- Approval of the construction of stadium and entering into a long-term lease for the land required to construct the facility
- Approval of the demolition and reconstruction of existing expo and fair facilities
- Approval of the Fairgrounds Master Plan to include improvement to the property, redirecting of roads, and development of park and green space
- Approval of a long-term lease for the mixed-use development of +/-10 acres of underutilized property at the Fairgrounds Nashville.



The Fairgrounds Nashville