

Substitute Resolution No. RS2017-910

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" or "Team Lease Agreement"); 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 Project Agreement attached hereto as Exhibit A) available to the Authority for the payment of debt service for 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 Project 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 the 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 Project 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, provided that the Metropolitan Council approves the site plan as part of a Specific Plan (SP) zoning designation; 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 Project 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 Project Agreement.

Section 4. The form, terms and provisions of the Intergovernmental Project 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 Project 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, provided such changes, additions, or omissions do not substantively alter the basic terms of the agreement. Such execution and delivery is to be conclusive evidence of such approval. From and after the execution and delivery of the Intergovernmental Project 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 Project 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 Project 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, (i.) limiting the Metropolitan Government’s obligation for Stadium construction to \$225,000,000, (ii.) obligating the Team to fund any Stadium construction costs not funded with the \$225,000,000 bond proceeds, and (iii.) requiring the Team to contribute \$25,000,000 to the Stadium in addition to the amounts appropriated by the Metropolitan Government for infrastructure costs;
- 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 property and development sites. The ground lease shall also incorporate the substantive terms of the Team Lease;
- d. The execution of the Team Lease between the Authority and the Team coterminus 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 and other direct debt issuance costs related to ~~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 Team Lease Agreement~~ and (ii) \$3,000,000 per year 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~~ any of the first ten Team Lease years, 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. For purposes of this subsection, “capital expenses” shall include those expenditures that are considered capital expenses under generally acceptable accounting principles (GAAP).
 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 per year, 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. The Team Lease shall include a reasonable

mechanism for resolving scheduling disputes between the Team and the Executive Director of the Fair Board. 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.~~
5. Entry into the Operating Team 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 Team 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 Team 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 Team 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 Fair Board approves the infrastructure changes needed to construct the Stadium, including roads and sidewalks.
- g. 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.
- h. The execution of a guaranty by the Team and acceptable to MLS unconditionally guaranteeing payment of the Lease Payments, the Team's initial capital contribution, and cost overruns for the Stadium construction for the duration of the Development Agreement and the Team Lease. No personal guaranty shall be required for any of the Team's owners so long as John Ingram has a controlling interest in the Team. In the event John Ingram no longer has a controlling interest in the Team and/or falls below MLS guidelines defining a controlling owner, the Team shall promptly notify the Director of Finance. Within 14 days following delivery of such notice, a guarantor designated by the Team and acceptable to the Director of Finance for the successor controlling interest (the "Successor Guarantor") shall provide to the Director of Finance a guaranty (the "Successor Guaranty"), acceptable to MLS, insuring payment of all Stadium cost overruns and the sum of annual Lease Payments (minus the Rent Reduction) due over the remaining term of the Lease (collectively, "Outstanding Payments"). The Successor Guaranty shall further provide for evidence of the Successor Guarantor's ability to make payment of the Outstanding Payments, reduced by annual Lease Payments made subsequent to delivery of the Successor Guaranty, in

the event of the dissolution of the Team. The Successor Guaranty shall be in a form reasonably acceptable to the Director of Law, and in accordance with MLS guidelines, with supporting material sufficient to demonstrate the financial capability of the Successor Guarantor to fulfill its guaranty obligations.

- i. The Metropolitan Council approves an ordinance with twenty-seven (27) affirmative votes authorizing the demolition of structures at the Fairgrounds necessary to construct the Stadium and the infrastructure necessary for the Stadium.
- j. The Fair Board approves the demolition of the structures at the Fairgrounds necessary to construct the Stadium and the infrastructure necessary for the Stadium.

Section 8. The Metropolitan Council hereby goes on record as expressing its intent that one-half (1/2) of the property taxes generated by the +/- 10-acre private development site be annually appropriated as part of the Metropolitan Government operating budget to a reserve account maintained by the Metropolitan Government Department of Finance to be used for long-term capital expenditures at the fairgrounds.

~~Section 89.~~ All resolutions in conflict or inconsistent herewith are hereby repealed insofar as any conflict or inconsistency exists.

~~Section 910.~~ 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 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 Ground 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 and public infrastructure necessary for the Stadium (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”) excluding tickets to events under the control of the Fair Board, 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