

Re: more questions re stadium deal to submit to admin

Mendes, Bob (Council Member) <Bob.Mendes@nashville.gov>

Mon 12/5/2022 9:40 AM

To: Jameson, Mike (Mayor's Office) <Mike.Jameson@nashville.gov>

Cc: Darby, Margaret (Metro Council) <margaret.darby@nashville.gov>; Wilcox, Sam (Mayors Office) <Sam.Wilcox@nashville.gov>

Mike --

It is not acceptable for the administration to seek approval of a \$2.1 billion Term Sheet without providing any projections to the Council about the expected uses of public revenue streams, including the amount of bond payments, excess revenue funds, Capital Repair Reserve Fund, and surplus fund.

In refusing to provide this information to the Council, the administration is relying on the fact that the Mayor's Office is still negotiating "the remaining financial issues with the Titans..." I don't know what this means? What are the remaining financial issues being negotiated with the Titans?

Bob

From: Jameson, Mike (Mayor's Office) <Mike.Jameson@nashville.gov>

Sent: Monday, December 5, 2022 8:48 AM

To: Mendes, Bob (Council Member) <Bob.Mendes@nashville.gov>

Cc: Darby, Margaret (Metro Council) <margaret.darby@nashville.gov>; Wilcox, Sam (Mayors Office) <Sam.Wilcox@nashville.gov>

Subject: Re: more questions re stadium deal to submit to admin

Bob – My apologies. I thought we were sticking with the written Q&A process and saw that you had submitted your previous projections questions. Sorry about my confusion there.

Regarding spreadsheets, Metro's negotiating team has generated all sorts of preliminary versions. But at this point, these preliminary projections are work-in-process tools to (a) help Metro better negotiate the remaining financial issues with the Titans and (b) help Metro best present a precise and thoughtful finance plan to the rating agencies (with the hope of getting a favorable evaluation, better credit rating, cheaper debt, less Metro back-stop, etc.)

The substance of more final projections will depend in significant part on Metro's effectiveness in these last few Team negotiations and in our rating agency approach. Publicizing preliminary projections that our negotiating team is using to drive favorable negotiations with the Team would significantly impair our negotiating ability. And publicizing preliminary projections that remain a work in process would significantly muddle our message to rating agencies.

As soon as Metro's negotiating team has finalized negotiations and received rating agency feedback, we will have meaningful projections that can safely and appropriately be shared for comment, critique, etc. – along with full access to the consultants who helped prepare them, and along with the final negotiated documents. Approaching this in this manner will not hamstring Metro's ability to ensure getting the best deal for taxpayers.

I hope this helps.

Mike

From: Mendes, Bob (Council Member) <Bob.Mendes@nashville.gov>
Sent: Saturday, December 3, 2022 1:45 PM
To: Jameson, Mike (Mayor's Office) <Mike.Jameson@nashville.gov>
Cc: Wilcox, Sam (Mayors Office) <Sam.Wilcox@nashville.gov>; Darby, Margaret (Metro Council) <margaret.darby@nashville.gov>
Subject: Re: more questions re stadium deal to submit to admin

Mike — it's been 3 days with no response to my email below. Can you confirm? I find it hard to believe there is no projection of bond debt or the amount of the excess funds. Is that what the administration is telling me? If there are those projections, please provide all of them in their native format (which I assume is Excel).

Bob

Bob Mendes
615.414.4706 (c)

On Nov 30, 2022, at 12:18 PM, Mendes, Bob (Council Member) <Bob.Mendes@nashville.gov> wrote:

I'll review your email in more detail, but just to confirm my first impression is accurate--

I am understanding your email to say that there is no spreadsheet or analysis in existence that projects what the approximate bond payments will be? Or what the amount of funds that will be directed to Capital Repair Reserve Fund? Or the surplus fund? Please confirm.

Bob

From: Jameson, Mike (Mayor's Office) <Mike.Jameson@nashville.gov>
Sent: Wednesday, November 30, 2022 12:13 PM
To: Mendes, Bob (Council Member) <Bob.Mendes@nashville.gov>
Cc: Wilcox, Sam (Mayors Office) <Sam.Wilcox@nashville.gov>; Darby, Margaret (Metro Council) <margaret.darby@nashville.gov>
Subject: RE: more questions re stadium deal to submit to admin

Bob –

I conferred on this end and there is agreement that, while your questions are entirely valid, we won't have answers to this level of detail for the Sports Authority financing plan until the final terms of the definitive documents are determined.

For example, the Team is continuing to refine in-stadium sales tax revenue assumptions based on a facility with a domed roof and additional events. Upon further refinement, Metro expects to engage a feasibility consultant that will provide a market analysis of all revenue assumptions contemplated in the stadium project. Additionally, Metro expects to engage a rating agency (or agencies) in inductive rating processes that will provide their perception of the credit quality of each proposed

revenue stream and assess growth rate assumptions. This unofficial commentary will allow us to target scenarios with greater precision.

A proposed financing plan will be submitted for review and discussion by Council in concert with the filing of future legislation requesting the approval of the issuance of bonds. In the meantime, approval of the Term Sheet, subject to final approval by the Council, will allow Metro reps to negotiate and prepare final agreements for Council approval and get you the level of detail you want.

Mike

From: Mendes, Bob (Council Member) <Bob.Mendes@nashville.gov>
Sent: Tuesday, November 29, 2022 3:57 PM
To: Wilcox, Sam (Mayors Office) <Sam.Wilcox@nashville.gov>; Jameson, Mike (Mayor's Office) <Mike.Jameson@nashville.gov>
Cc: Darby, Margaret (Metro Council) <margaret.darby@nashville.gov>
Subject: Fw: more questions re stadium deal to submit to admin

Mike, Sam:

I've gone ahead and submitted the questions I have about the projections through the "normal" channels as suggested by Mike yesterday.

That said, my request to have direct contact with the consultant who prepared them stands. For what it is worth, Riebeling gave me that access on the transit referendum last term. As I recall, John (as Councilmember) was given access to talk to the consultant also...so I don't think my request is out of bounds.

I mentioned yesterday that whenever I have had to understand projections like this, it has always been an iterative process that takes at least 2 or 3 or 4 back-and-forths to reach a good understanding. I'm confident that Finance, Legal, Bass, and others have had many more meetings with the consultant than that to reach their current level of understanding.

If the decision is made to not give me access to the consultant and their Excel document, so be it. I'll work through my questions in as few rounds as possible. If the decision is made to give me access, then we may find that some of the questions I submitted to the Council Office today are probably unnecessary.

Just let me know.

Bob

From: Mendes, Bob (Council Member)
Sent: Tuesday, November 29, 2022 3:44 PM
To: Darby, Margaret (Metro Council) <margaret.darby@nashville.gov>; Godin, Danielle (Council Office) <Danielle.Godin@nashville.gov>
Subject: more questions re stadium deal to submit to admin

Danielle, Margaret,

Here are additional questions for the administration...

Regarding the PDF revenue projection at Ex. B to the responses posted on or around Nov. 21,

1. Please provide information about the anticipated bond debt to be paid with this projected revenue, including without limitation:
 - a. The interest rate for the bond debt.
 - b. A bond payment schedule for each year for the life of the bonds.
 - c. Will there be level payments for the entire life of the bonds? Or will there be a period of lower payments for the first years of the bond payments? If so, how many years will there need to be a reduced payment before an increase to level payments for the rest of the life of the bonds?
2. Please provide information about how the projected revenue will be divided into the various funds described in the term sheet, including without limitation, bond payments, the Capital Repair Reserve Fund (CRRF), the Maintenance and Repairs Fund, the amounts to be distributed to the Metro government, and the surplus fund (see pages 12 and 13 of the term sheet). Provide this information for each year covered in the PDF revenue projection.
3. What will be the maximum size of the CRRF? If the maximum size of the size of the CRRF will be different in different years, please provide the maximum size for each year during the expected life of the bonds.
4. Please provide the revenue projection (Ex. B) and the other information requested in this set of questions in an Excel spreadsheet such that the different assumptions (about bond interest rate, the size of any initial lower annual bond payments, the length of initial lower bond payments, the size of the Maintenance and Repairs Fund, the amount to be distributed to Metro, and the size of the CFFR, etc.) can be input and changed. Please provide the Excel document such that as many assumptions as possible are described and may be changed to demonstrate the impact of changing individual assumptions.
5. Provide information about the impact on revenue projects, bond payments, and the excess fund distribution analysis if a COVID-like event were to happen in the first 5 years of bond payments? After 10 years? After 20 years? Similarly, provide information about the impact of a flood similar to the one in 2010.

Bob

Bob Mendes

bob.mendes@nashville.gov