



# Metropolitan Nashville and Davidson County, TN

## Legislation Details (With Text)

**File #:** RS2024-270      **Name:**

**Type:** Resolution      **Status:** Passed

**File created:** 2/23/2024      **In control:** Transportation and Infrastructure Committee

**On agenda:** 4/16/2024      **Final action:** 4/16/2024

**Title:** A resolution approving a memorandum of understanding related to the proposed development of a multi-use performance space for the Tennessee Performance Arts Center on East Bank property owned by the Metropolitan Government.

**Sponsors:** Jacob Kupin, Delishia Porterfield, Jennifer Gamble, Sean Parker, Jordan Huffman, Jason Spain, Terry Vo, Clay Capp, Joy Styles, Sandy Ewing, Brenda Gadd, Sheri Weiner, Kyonzte Toombs

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibits A and B

Date	Ver.	Action By	Action	Result
4/18/2024	1	Mayor	approved	
4/16/2024	1	Metropolitan Council	adopted	
4/2/2024	1	Metropolitan Council	deferred	
4/1/2024	1	Planning and Zoning Committee	approved	
4/1/2024	1	Transportation and Infrastructure Committee	approved	
4/1/2024	1	Budget and Finance Committee	approved	
3/7/2024	1	Metropolitan Council	deferred	
2/27/2024	1	Metropolitan Council	filed	

A resolution approving a memorandum of understanding related to the proposed development of a multi-use performance space for the Tennessee Performance Arts Center on East Bank property owned by the Metropolitan Government.

WHEREAS, The Metropolitan Government of Nashville and Davidson County (the “Metropolitan Government”) owns that certain parcel of East Bank property depicted on Exhibit A (the “Project Site”); and

WHEREAS, the Tennessee Performing Arts Center (“TPAC”) has proposed (i) the development of a new multi-use performance space (a “Performing Arts Center”) on the Project Site, and (ii) the lease of the Project Site by the Metropolitan Government to TPAC, all on the terms set forth in the Memorandum of Understanding attached hereto as Exhibit B (the “Memorandum of Understanding”); and

WHEREAS, the Metropolitan Council wishes to provide its preliminary approval of the development of Performing Arts Center and the lease of the Project Site on the terms and conditions set forth in the Memorandum of Understanding, subject in all respects to final approval of definitive documents by the Metropolitan Council.

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

Section 1. The proposed terms and conditions of the development, construction and operation of the

Performing Arts Center, and the lease of the Project Site, as set forth in the Memorandum of Understanding attached hereto as Exhibit B, are hereby approved by the Metropolitan Council on a preliminary basis and subject in all respects to final approval of the Metropolitan Council, such final approval to be considered upon the presentation to the Metropolitan Council of definitive forms of the development agreement, lease agreement and other agreements described in the Memorandum of Understanding.

Section 2. All acts 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 hereof.

Section 3. All resolutions in conflict or inconsistent herewith are hereby repealed to the extent of any such conflict or inconsistency.

Section 4. This Resolution shall take effect from its adoption, the welfare of the Metropolitan Government requiring it.

### Analysis

This resolution approves a memorandum of understanding (“MOU”) for the proposed development of a multi-use performing arts venue (the “performing arts center”) for the Tennessee Performing Arts Center (“TPAC”) on property owned by the Metropolitan Government on the East Bank.

The MOU, attached as Exhibit B to the resolution, is not binding on the parties - it provides the proposed terms and conditions for the development, construction, and operation of the performing arts center, as well as the preliminary terms for a development agreement and a lease agreement for a specific parcel on the East Bank property, identified in Exhibit A to the resolution. Council’s approval of the MOU is preliminary, and all final definitive forms of the agreements presented in the MOU will require additional approval of the Council prior to execution.

### Proposed terms of the Development Agreement

#### *Project Design and Construction*

TPAC will be responsible for the design and construction of the performing arts center, which would include a 2,600-seat multi-purpose theatre, a 1,200-seat dance and opera hall, a 500-seat flexible venue, four rehearsal studios, and TPAC administrative offices. The project would also include necessary stormwater improvements, a plaza on the north side of the property that provides public access to the riverfront, an extension of the pedestrian bridge that would be structurally independent of the performing arts center, street improvements along Waterside Drive and Victory Way, and any off-site utilities necessary to operate the performing arts center not otherwise built for the new Titans stadium or other East Bank developments. Temporary improvements to the pedestrian bridge would be required to ensure continued pedestrian and bicycle access that would not require riders to dismount.

TPAC will be responsible for contracting with and directing the architects, construction managers, and other professionals in the design and construction of the performing arts center. The Metropolitan Government would have the right to monitor project construction and ensure compliance with the approved plans and

requirements, and TPAC would provide reasonable access to the construction site and provide construction reports to the Metropolitan Government until the project is complete. TPAC also committed to achieve a 25% minority and women-owned business participation goal with the project.

### *Project Funding*

TPAC will fund all costs, including cost overruns, of the project and enter into a construction contract with a guaranteed maximum price or stipulated sum. The construction contract will include a final cost budget for the design, development, and construction of the performing arts center. TPAC could not begin construction of the project until it can sufficiently prove it could pay the budgeted costs and any cost overruns. Sources of funding may include: a \$500,000,000 grant from the state of Tennessee; funding from donors of at least \$100,000,000; and private construction financing from one or more financial institutions.

### *Termination*

The Metropolitan Government will have the right to terminate the development agreement (as well as other definitive agreements) on September 30, 2025, unless the State of Tennessee has approved the entirety of its grant, TPAC has secured the necessary donor contributions, TPAC has delivered a concept design for the performing arts center approved by the Planning Department, TPAC has delivered a preliminary budget with total project costs to the Metropolitan Government, and TPAC has delivered a commitment for private financing to sufficiently fund the preliminary costs for the project, less the State of Tennessee grant and the donor contributions.

Further, the Metropolitan Government will have the right to terminate the development agreement (as well as other definitive agreements) on September 30, 2027, if TPAC has not started construction on the project, with that date being subject to extension for extraordinary events, delays unreasonably caused by the Metropolitan Government, or delays in the utility infrastructure for the Titans stadium and other East Bank projects. TPAC may not start construction work until the Metropolitan Government approves the final design of the performing arts center and until the Metropolitan Government is reasonably satisfied that TPAC can fully fund the project with the state contribution, donor contribution, and private financing.

If the development agreement (as well as other definitive agreements) is terminated for failure to meet the termination conditions, the Metropolitan Government will have no liability to TPAC.

### Proposed Terms of the Lease Agreement

*Property:* Metropolitan Government would lease to TPAC an approximately 3.3-acre parcel on the East Bank directly north of the John Seigenthaler Pedestrian Bridge (the “pedestrian bridge”), identified as parcel E2 in Exhibit 1 to the agreement.

*Term:* The initial term of the lease agreement would be for 35 years, and TPAC could exercise two options to extend the agreement by 30 additional years each.

*Rent:* During the initial 35-year term, TPAC would pay \$100 in annual rent. Rent would be recalculated at the beginning on each extension period to be 25% of the then market value, with appropriate annual escalations.

*Use:* TPAC would agree to use the performing arts center as its primary performance venue and manage the use of the performing arts center by other performance companies.

*Revenues and Expenses:* TPAC would retain all revenues from the operation of the performing arts center, including advertising rights. TPAC would be responsible for operating expenses, capital improvement expenses necessary to maintain the facility in a condition consistent with other first-class performing arts facilities, utilities expenses, and the maintenance of insurance coverage for the performing arts center.

*Civic Events Use:* The Metropolitan Government would be entitled to use the performing arts center for up to three civic-oriented events each year and would be responsible for related operating expenses.

#### Proposed Terms of Other Agreements

TPAC would also be required to enter into construction coordination and campus operation agreements with the Metropolitan Government, StadCo, and Fallon to ensure the cooperative development and operation of the performing arts center with the other tenants and users of the East Bank. Additional agreements would require TPAC to contribute toward the operation and maintenance expenses of the pedestrian bridge improvements and activate the pedestrian bridge improvements next to the performing arts center. While TPAC will be solely responsible to secure parking for patrons of performing arts center events, the Metropolitan Government would work in good faith with TPAC to negotiate market-rate parking TPAC patrons in Metro-controlled parking facilities. Additionally, TPAC and the Metropolitan Government will work together to identify public areas on the East Bank that are ideal to activate for cultural programming provided by TPAC.

*Fiscal Note:* Tennessee Performing Arts Center Management Corporation (TPAC) will pay rent in the amount of \$100 per year for the initial term of 35 year, with two 30-year renewal terms. Rent will be recalculated at the beginning of each 30-year extension period to 25% of the market value with appropriate future annual escalations.