



Metropolitan Nashville and Davidson County, TN

Legislation Text

File #: BL2023-1741, **Version:** 1

An ordinance authorizing the Metropolitan Government's execution and delivery of an intergovernmental project agreement with The Sports Authority of The Metropolitan Government of Nashville and Davidson County relating to the development and funding of a new, enclosed stadium; designating a geographic area within which 50% of state and local option sales taxes will be allocated to fund capital projects at the stadium or any onsite or offsite infrastructure necessary for the operation thereof; approving the issuance of one or more series of public facility revenue bonds by the Sports Authority to finance a portion of the costs related to the construction of the enclosed stadium; authorizing the use and pledge of certain of the Metropolitan Government's revenues as security for the bonds; authorizing the acquisition of the stadium campus from the Sports Authority and the lease of the new stadium site to the Sports Authority; authorizing the Metropolitan Government's execution and delivery of a site coordination agreement relating to the interaction between the operations of the stadium and the development within certain areas around the stadium; and authorizing the defeasance of a portion of the Metropolitan Government's general obligation bonds issued to fund the acquisition of the campus on which the stadium is located.

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 (the "Metropolitan Government") for the purposes set forth in the Act; and

WHEREAS, the Authority owns approximately 95 acres of land on the east bank of the Cumberland River in Nashville, Tennessee (as more particularly described in the hereinafter defined Intergovernmental Agreement attached as Exhibit A hereto, the "Campus"), on which is located a multi-purpose outdoor stadium currently known as Nissan Stadium (the "Existing Stadium"), which is owned by the Authority and leased to Cumberland Stadium, Inc., a Delaware corporation and the successor to Cumberland Stadium, L.P. ("Cumberland"), an affiliate of the National Football League's Tennessee Titans, operating as Tennessee Football, LLC (the "Team"), pursuant to that certain Stadium Lease, dated as of May 14, 1996, as amended, between the Authority, as lessor, and Cumberland, as lessee (the "Existing Lease"); and

WHEREAS, pursuant to the terms of the Existing Lease, the Authority is liable for the costs to repair and maintain the Existing Stadium in a first-class condition, and neither the Authority nor the Metropolitan Government has sufficient funds, apart from the Metropolitan Government's general fund, to satisfy this liability; and

WHEREAS, the Metropolitan County Council of the Metropolitan Government (the "Metropolitan Council") determines that (i) the construction of a new enclosed stadium (the "New Stadium") on the Campus for use by the Team and (ii) the demolition of the Existing Stadium will encourage and foster economic development and prosperity for the Metropolitan Government and eliminate the funding challenges presented by the Existing Lease; and

WHEREAS, the Authority and Tennessee Stadium, LLC ("StadCo"), an affiliate of the Team, will enter into a Development and Funding Agreement (the "Development Agreement"), a substantial form of which is attached hereto as Exhibit B, providing for the financing and development of the New Stadium, the rights and responsibilities of the Authority and StadCo related thereto, and the funding of a portion of the costs of constructing the New Stadium by the Authority and StadCo; and

WHEREAS, the Authority and StadCo will enter into a Stadium Lease Agreement (the "Stadium Lease"), a substantial form of which is attached hereto as Exhibit C, providing for the lease of the New Stadium, once completed, by the Authority, as sublessor, to StadCo, as sublessee, and including matters relating to the use, occupancy, operation, maintenance and repair of the New Stadium and certain other matters collateral thereto; and

WHEREAS, to ensure that the Team plays its home games at the New Stadium during the duration of the Stadium Lease, the Authority will enter into that certain Non-Relocation Agreement with the Team, (the "Non-Relocation Agreement"), a substantial form of which is attached hereto as Exhibit D; and

WHEREAS, to guarantee the obligations of StadCo under the Stadium Lease and the Development Agreement, the Team will deliver to the Authority that certain Team Guaranty (the "Team Guaranty"), a substantial form of which is attached hereto as Exhibit E; and

WHEREAS, the Authority and the State of Tennessee (the "State") will enter into a Funding Agreement, to be joined by StadCo (the "State Funding Agreement"), a substantial form of which is attached hereto as Exhibit F, whereby the State has agreed to fund a portion of the costs of constructing the New Stadium; and

WHEREAS, Tennessee Code Annotated Section 67-6-103(d)(1)(A)(ii)(c) and Tennessee Code Annotated Section 67-6-712(c)(1)(B)(ii) empower the Metropolitan Government to designate a geographic area of up to 130 acres contiguous to the New Stadium (the "Development Sales Tax Area"), within which 50% of state and local option sales taxes will be allocated to fund capital improvements to the New Stadium and the payment of debt service for capital improvements to the New Stadium or any onsite or offsite infrastructure necessary for the operation thereof; and

WHEREAS, under the terms of Tennessee Code Annotated Section 67-6-103(d)(1)(A)(ii)(c) and Tennessee Code Annotated Section 67-6-712(c)(1)(B)(ii), the designation of the Development Sales Tax Area by the Metropolitan Government must be approved by the Commissioner of Finance and Administration of the State of Tennessee (the "Commissioner"); and

WHEREAS, the Metropolitan Council has determined that it is advisable to designate that certain area depicted in Exhibit G hereto as the Development Sales Tax Area in order to provide a funding source for the construction of the New Stadium and infrastructure necessary for the operation thereof; and

WHEREAS, the Authority is authorized by the Act and has deemed it necessary and desirable to issue its revenue bonds for the purpose of paying its portion of the costs paid or incurred in respect to constructing the New Stadium; and

WHEREAS, the Board of Directors of the Authority (the "Authority Board") has determined it is in the best interest of the Authority to issue one or more series of its public facility revenue bonds (collectively, the "Bonds") to (i) pay the costs of planning, design, engineering, construction, improving, equipping and furnishing of the New Stadium, (ii) pay capitalized interest on the Bonds, if necessary, (iii) fund debt service reserve funds for the Bonds, and (4) pay costs of issuance of the Bonds; and

WHEREAS, as required by Section 7-67-109(15) of the Act, the Authority has requested that the Metropolitan Government approve the issuance and terms of the Bonds, and the Metropolitan Council desires to approve the issuance and terms of the Bonds upon the conditions set forth herein; 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 or ordinance 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 Metropolitan Government wishes to make all or a portion of its Stadium Sales Tax Revenues,

Development Area Sales Tax Revenues, Hotel Tax Revenues, Ticket Tax Revenues and PILOT Payment (as each is hereinafter defined) available to the Authority for the payment of debt service on the Bonds and for the purposes set forth in the Stadium Lease; and

WHEREAS, to enhance the marketability of certain of the Bonds and thereby reduce the interest costs thereon, the Metropolitan Government wishes to pledge its Non-Tax Revenues (as hereinafter defined) to the Authority for the payment of debt service on one or more series of Additionally Secured Bonds (as hereinafter defined), if any, in the event other funds are insufficient therefor; and

WHEREAS, the Metropolitan Government and the Authority desire to enter into an intergovernmental project agreement (the "Intergovernmental Agreement"), relating to the foregoing, a substantial form of which is attached hereto as Exhibit A; and

WHEREAS, as a result of the transactions contemplated herein, the areas of the Campus surrounding the New Stadium, including the area in which the Existing Stadium is located, will be released from the encumbrances of the Existing Lease, and may be developed by the Metropolitan Government (such development to be hereinafter referred to as the "Campus Development"); and

WHEREAS, to provide for the modification of certain terms of the Existing Lease, including but not limited to those terms related to capital improvement and maintenance of the Existing Stadium, in contemplation of the acts hereinbefore described, the Authority will enter into an amendment to the Existing Lease with Cumberland (the "Existing Lease Amendment"), a substantial form of which is attached hereto as Exhibit H; and

WHEREAS, in anticipation of the Campus Development, to provide for the more efficient administration of public property and pursuant to the terms of the Intergovernmental Agreement, the Authority will (i) convey to the Metropolitan Government, by quitclaim deed, fee title to all of the Campus other than the portion thereof that will remain encumbered by the Existing Lease Amendment, and (ii) enter into an option agreement with the Metropolitan Government (the "Option Agreement"), a substantial form of which is attached hereto as Exhibit I, pursuant to which the Metropolitan Government shall have the option to purchase the remaining portion of the Campus following the expiration of the Existing Lease, and thereafter the Metropolitan Government will be the fee owner of the Campus; and

WHEREAS, the Metropolitan Government determines that it is in the best interest of the Metropolitan Government to enter into a Stadium Site Ground Lease Agreement with the Authority (the "Ground Lease"), a substantial form of which is attached hereto as Exhibit J, for the purpose of leasing the site of the New Stadium, as more particularly described in the Ground Lease, to the Authority upon the terms set forth in the Ground Lease; and

WHEREAS, the Metropolitan Government, the Authority and StadCo desire to enter into a Site Coordination Agreement (the "Site Coordination Agreement"), a substantial form of which is attached hereto as Exhibit K, providing for the interaction between the operations of the New Stadium and the operations of the Campus Development, including without limitation the obligation of the Metropolitan Government or the Authority to provide certain parking facilities for the benefit of StadCo; and

WHEREAS, pursuant to that certain Intergovernmental Project Agreement (Stadium Project), dated as of February 29, 1996, as amended on July 16, 1996, by and between the Metropolitan Government and the Authority, a portion of Stadium Sales Tax Revenues has heretofore been applied by the Metropolitan Government to the payment of debt service on a portion of the Metropolitan Government's outstanding general obligation bonds originally issued in 1996 to fund the costs of acquiring the Campus (the "Outstanding General Obligation Bonds"); and

WHEREAS, the Authority has approved, and the Metropolitan Council wishes to approve, the defeasance of

the Outstanding General Obligation Bonds with funds of the Authority; and

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

Section 1. The form, terms and provisions of the Intergovernmental Agreement attached hereto as Exhibit A are hereby approved, and the Metropolitan Mayor, Metropolitan Clerk, Director of Finance and Director of Law of the Metropolitan Government are 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 attached hereto as Exhibit A, with such changes and additions thereto and omissions therefrom as the Metropolitan Mayor shall approve as necessary or appropriate, such execution and delivery to be conclusive evidence of such approval; provided that such changes, additions and omissions do not have any material effect on the terms of the Intergovernmental Agreement attached hereto as Exhibit A. 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 2. Pursuant to Tennessee Code Annotated Section 67-6-103(d)(1)(A)(ii)(c) and Tennessee Code Annotated Section 67-6-712(c)(1)(B)(ii), the Metropolitan Council hereby designates that certain geographic area depicted on Exhibit G attached hereto as the area within which 50% of state and local option sales taxes will be allocated for the purposes described in said statutes. The Metropolitan Mayor and the Director of Finance are hereby authorized and directed to file this Ordinance with the Commissioner and take all steps necessary to obtain his approval thereof.

Section 3. The Metropolitan Council hereby approves the Authority's issuance and sale of the Bonds for the purpose of (i) paying a portion of costs paid or incurred in respect to the planning, design, engineering, construction, improving, equipping and furnishing of the New Stadium, (ii) paying capitalized interest on the Bonds during the construction period, if necessary, (iii) funding the debt service reserve fund(s) for the Bonds, and (iv) paying costs of issuance of the Bonds. The Bonds shall be issued within the parameters of the terms and conditions set forth herein. The Bonds shall be sold by the Authority by negotiated sale to one or more underwriters as may be identified by the Authority and approved by the Director of Finance, and the Metropolitan Council hereby approves the sale of the Bonds, provided that the sale of the Bonds complies with terms and conditions hereof.

Section 4. The Bonds may be payable from all or a portion of the following revenues:

- a. certain state and local option sales tax revenues derived from the sale of admissions to all events at the Existing Stadium or the New Stadium, all sales of food, drinks and merchandise sold on the premises of either the Existing Stadium or New Stadium in conjunction with those events, all parking charges, and all related services, as well as all sales by the Team (including StadCo and other affiliates of the Team) within the Metropolitan Government of authorized franchise goods and products associated with the Team's operations as a professional sports franchise, which revenues are apportioned to the Metropolitan Government by the State pursuant to Title 67, Chapter 6 of the Tennessee Code Annotated, but excluding the revenues set aside for capital expenditures at the Existing Stadium as more fully described in the Intergovernmental Agreement (the "Stadium Sales Tax Revenues");
- b. one-half of certain state and local option sales tax revenues derived from sales made within the Development Sales Tax Area approved hereby and by the Commissioner, which revenues are apportioned to the Metropolitan Government by the State pursuant to Title 67,

- Chapter 6 of the Tennessee Code Annotated (the “Development Sales Tax Revenues”);
- c. certain revenues derived from the levy by the Metropolitan Government of an additional one percent (1%) hotel occupancy tax (the “Hotel Tax”) within the entirety of the boundaries of the Metropolitan Government, pursuant to Section 67-4-1415 of the Tennessee Code Annotated and Ordinance No. BL2022-1529 adopted by the Metropolitan Council (such revenues from the Hotel Tax to be hereinafter referred to as the “Hotel Tax Revenues”);
 - d. certain revenues derived from the levy by the Metropolitan Government of a ticket tax (the “Ticket Tax”) on events at the Existing Stadium and the New Stadium in the amount of three dollars (\$3.00) per ticket, pursuant to Section 7-3-202 of the Tennessee Code Annotated and Ordinances Nos. BL2009-545 and BL2011-40 of the Metropolitan Council and subject to the limitations provided therein (such revenues from the Ticket Tax to be hereinafter referred to as the “Ticket Tax Revenues” and, together with the Stadium Sales Tax Revenues, the Development Sales Tax Revenues and the Hotel Tax Revenues, the “Tax Revenues”);
 - e. until the first December 31 following the Commencement Date (as defined in the Stadium Lease), an annual \$4,000,000 payment from the Department of Water and Sewerage Services of the Metropolitan Government in lieu of ad valorem taxes levied pursuant to Title 7, Chapter 34 of the Tennessee Code Annotated and Metropolitan Council Resolution No. R96-177 (the “PILOT Payment”); and
 - f. certain rental payments to be made by StadCo, as sublessee, to the Authority, as sublessor, under the Stadium Lease (the “Stadium Lease Payments” and, together with the Tax Revenues and the PILOT Payment, the “Pledged Payments”).

Section 5. The Bonds shall be issued within the following parameters:

- a. The maximum aggregate principal amount of the Bonds may not exceed the par amount necessary to fund (i) a \$760 million deposit to New Stadium construction fund, (ii) capitalized interest on the Bonds during the construction of the New Stadium; (iii) debt service reserve funds for the Bonds; and (iv) the costs of issuing the Bonds.
- b. The final maturity date of the Bonds shall not extend beyond June 30, 2057.
- c. The Bonds may be sold in multiple series. Each series may be issued on either a federally tax-exempt or federally taxable basis, to be determined by the Authority in conjunction with bond counsel. Each series of Bonds may be payable from and secured by one or more liens on all or any portion of the Pledged Payments, and each such lien or liens may be senior to, on parity with, or subordinate to the lien or liens in favor of other series of Bonds.
- d. The Bonds shall bear interest at fixed rates, which such rates shall not exceed the maximum rate permitted by applicable law.

Section 6. The Authority may designate one or more series of Bonds to be additionally payable from and secured by a pledge of the Metropolitan Government’s Non-Tax Revenues, as such term is defined in the Intergovernmental Agreement (the “Additionally Secured Bonds”).

Section 7. The Metropolitan Council pledges and agrees to provide the Tax Revenues, the PILOT Payment and, to the extent required for payment of debt service on one or more series of Additionally Secured Bonds and as set forth in Section 7 above, the Non-Tax Revenues to the Authority for the purposes and on the terms and conditions set forth in the Intergovernmental Agreement. Pursuant to the terms of the Intergovernmental

Agreement, the Authority will covenant and agree to reimburse the Metropolitan Government from monies available for any payments of Non-Tax Revenues made by the Metropolitan Government for debt service on one or more series of Additionally Secured Bonds. Nothing herein shall preclude the Authority from electing not to pledge the Development Sales Tax Revenues to all or any series of the Bonds. In the event the Development Sales Tax Revenues are not pledged to any series of Bonds, the Metropolitan Government shall make the Development Sales Tax Revenues available to the Authority for the purposes set forth in the Stadium Lease, including without limitation the funding of Eligible Projects, as detailed more fully in the Intergovernmental Agreement.

Section 8. The Authority shall not issue or sell the Bonds or release the proceeds thereof for expenditure on the costs of constructing the New Stadium unless and until all of the applicable conditions precedent thereto and set forth in the form of Development Agreement attached hereto as Exhibit B have been fully satisfied. The Authority shall not issue or sell the Bonds if the General Assembly shall have adopted any legislation prior to the issue date that purports to reduce or otherwise limit the manner in which Pledged Payments are calculated and administered or to alter the purposes to which the Pledged Payments may be applied.

Section 9. The Metropolitan Government hereby approves (i) the acquisition of a portion of the Campus from the Authority pursuant to a quitclaim deed executed by the Authority, (ii) the Option Agreement by which the Metropolitan Government shall have the option to purchase the area of the Campus encumbered by the Existing Lease, as amended, and (iii) the lease of the site of the New Stadium to the Authority pursuant to the Ground Lease. The form, terms and provisions of the Option Agreement and the Ground Lease attached hereto as Exhibit I and Exhibit J, respectively, are hereby approved, and the Metropolitan Mayor, Metropolitan Clerk, Director of Finance and Director of Law of the Metropolitan Government are hereby authorized, empowered and directed to execute and deliver the Option Agreement and Ground Lease in the name and on behalf of the Metropolitan Government in substantially the forms attached hereto as Exhibit I and Exhibit J, respectively, with such changes and additions thereto and omissions therefrom as the Metropolitan Mayor shall approve as necessary or appropriate, such execution and delivery to be conclusive evidence of such approval; provided that such changes, additions and omissions do not have any material effect on the terms of the Option Agreement or the Ground Lease attached hereto as Exhibit I and Exhibit J, respectively. From and after the execution and delivery of the Option Agreement and the Ground Lease, 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 Option Agreement and Ground Lease, as so executed.

Section 10. The form, terms and provisions of the Site Coordination Agreement attached hereto as Exhibit K are hereby approved, and the Metropolitan Mayor, Metropolitan Clerk, Director of Finance and Director of Law of the Metropolitan Government are hereby authorized, empowered and directed to execute and deliver the Site Coordination Agreement in the name and on behalf of the Metropolitan Government in substantially the form attached hereto as Exhibit K, 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; provided that such changes, additions and omissions do not have any material effect on the terms of the Site Coordination Agreement attached hereto as Exhibit K. From and after the execution and delivery of the Site Coordination 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 Site Coordination Agreement as so executed.

Section 11. The Metropolitan Council hereby approves the defeasance of the Outstanding General Obligation Bonds upon receipt of funds from the Authority, pursuant to the terms of the Intergovernmental Agreement, in an amount sufficient therefor. The Metropolitan Mayor, Metropolitan Clerk, Director of Finance, Director of Law and other officers of the Metropolitan Government are hereby authorized to take all steps as may be

necessary or advisable to effectuate the defeasance of the Outstanding General Obligation Bonds, including without limitation (i) depositing those certain funds received by the Authority to a defeasance escrow fund pursuant to the terms of a defeasance escrow agreement in form and substance approved by the Director of Finance and Department of Law (the “Defeasance Escrow Agreement”), for the purpose of maintaining and investing the funds needed for payment at maturity or redemption of the Outstanding General Obligation Bonds, (ii) executing and delivering such Defeasance Escrow Agreement, (iii) engaging a defeasance escrow agent to hold and administer all funds deposited pursuant to the Defeasance Escrow Agreement, (iv) arranging for the investing of such escrowed funds, and (v) engaging a verification agent to verify the sufficiency of such escrowed funds and investments.

Section 12. All acts and doings of the Metropolitan Mayor, Metropolitan Clerk, Director of Finance, Director of Law and any other officer of the Metropolitan Government which are in conformity with the purposes and intent of this Ordinance 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 (i) comply with the terms of the documents and agreements contemplated herein, including but not limited to the Intergovernmental Agreement, the Option Agreement, the Ground Lease, the Site Coordination Agreement and the Defeasance Escrow Agreement, and (ii) provide for the issuance of the Bonds by the Authority in the manner provided herein and in the documents referenced herein, including but not limited to the execution and delivery of marketing and disclosure documents in connection therewith.

Section 13. This Ordinance may be amended by resolution adopted by the Metropolitan Council receiving a majority of the votes to which the Metropolitan Council is entitled.

Section 14. All ordinances in conflict or inconsistent herewith are hereby repealed insofar as any conflict or inconsistency exists.

Section 15. This Ordinance shall take effect from and after its adoption, the welfare of the Metropolitan Government requiring it.

Analysis

This ordinance would do the following:

1. Approve the issuance of public facility revenue bonds by the Sports Authority to finance a portion of the costs related to the construction of a new enclosed football stadium;
2. Authorize the execution and delivery of an intergovernmental project agreement with the Sports Authority relating to the development and funding of a new enclosed football stadium;
3. Designate a geographic area within which 50% of state sales and local option sales taxes will be allocated to fund capital projects at the stadium or any onsite or offsite infrastructure necessary for the operation of the stadium;
4. Authorize the acquisition of the stadium campus from the Sports Authority and the lease of the new stadium site to the sports authority;
5. Approve the execution and delivery of a Site Coordination Agreement related to the interaction between the operations of the stadium and the development within certain areas around the stadium; and
6. Authorize the defeasance of a portion of the Metropolitan Government’s general obligation bonds issued to fund the acquisition of the campus on which the stadium is located.

All of the actions and approvals contemplated in this ordinance are for the purposes of financing the construction of a new enclosed NFL Football Stadium and to eliminate the financial liability of the existing

stadium. It is anticipated that the Sports Authority will approve its revenue bonds resolution in late May or June of 2023.

Under Section 1 of the ordinance, the Metropolitan Council would approve and authorize the execution by the Mayor of the Intergovernmental Project Agreement (“IGA”) in the form attached as Exhibit A (discussed in more detail below). The Mayor would be permitted to make non-material modifications to the IGA after adoption of this ordinance.

Section 2 of the ordinance would designate the geographic area, as depicted in Exhibit G, within which 50% of the collected sales taxes will be allocated to stadium and stadium related projects, to the extent permitted by state law.

Sections 3 through 5 of the ordinance would approve the issuance of the Sports Authority’s revenue bonds in an amount that will produce, together with investment earnings, the following: \$760,000,000 for the costs of construction, planning, design, engineering, improving, equipping and furnishing the stadium; the cost of paying capitalized interest, if any, during the construction period, the cost of funding the debt service reserve fund (estimated to be \$9.5 million), and the costs of issuance (estimated to be \$20.9 million). The ordinance designates six sources of revenue for the payment of the bonds:

- a. certain state and local sales taxes derived from sales at the existing and new stadium;
- b. 50% of certain state and local sales taxes derived from the designated geographic area;
- c. certain hotel occupancy taxes;
- d. certain ticket taxes levied on events at the existing stadium and the new stadium;
- e. rental payments made by Tennessee Stadium LLC (“StadCo”), new stadium lessee; and
- f. until December 31 following the commencement date defined in the Stadium Lease, the PILOT payment from the Department of Water and Sewerage Services (\$4,000,000).

Section 6 of the ordinance would authorize the Sports Authority to designate some of the bonds as being payable from Non-Tax Revenues. Non-Tax Revenues are defined in section 2(k) of the IGA to include all income and revenue of the Metropolitan Government which are derived from sources other than taxes. According to the Finance Department, the non-tax revenue collections in FY2022 totaled over \$233 million. Non-Tax Revenues explicitly exclude:

- a. *ad valorem* property taxes;
- b. sales taxes;
- c. state shared taxes;
- d. revenues of any agency or instrumentality of the Metropolitan Government;
- e. assets of any proprietary fund or enterprise fund;
- f. the PILOT payment (until December 31 after the Commencement Date);
- g. lease payments for the use of any sports facility now or hereafter owned by the Sports Authority; or
- h. ticket surcharge revenues related to the Bridgestone Arena.

Section 7 of the ordinance provides the obligation and pledge of the Metropolitan Government to provide the Tax Revenues (the various taxes listed in Section 4), the PILOT payment, and the Non-Tax Revenues, if needed, to the Sports Authority.

Section 8 of the ordinance limits the sale of the bonds and the release of the proceeds from the sale until

certain conditions outlined in section 3.3 of the Development and Funding Agreement (Exhibit B) are met. Additionally, the sale is conditioned upon the State not having adopted legislation that purports to reduce or limit the manner in which the sources of payment (the various taxes listed in Section 4) are calculated, administered, or applied.

Section 9 of the ordinance would approve an Option Agreement (Exhibit I) and a Ground Lease (Exhibit J) in substantially the forms that are attached to the ordinance and would approve acquisition of a portion of the Campus from the Sports Authority - a portion of which is the subject of the Ground Lease. Section 10 of the ordinance approves the Site Coordination Agreement (Exhibit K) in substantially the forms that are attached to the ordinance.

Section 11 of the ordinance would approve the defeasance of outstanding General Obligation Bonds originally issued in 1996 to acquire the campus. The Sports Authority would supply the funding to defease the outstanding GO Bonds as outlined in section 3(a) the IGA. This means that the outstanding GO Bonds will be rendered paid and no longer an obligation of the Metropolitan Government.

Section 12 authorizes the Mayor, the Clerk, the Director of Finance, or the Director of Law or any other officer to take actions in conformity with this ordinance that are necessary and appropriate to comply with the documents approved by this ordinance.

Exhibits to Ordinance

(Metro is a Party - Requires Council Approval)

(Exhibit A) - Intergovernmental Project Agreement

The Sports Authority (“Authority”) and the Metropolitan Government would be the parties to this Agreement. The purpose of the Agreement is to formally engage the Sports Authority to undertake the new stadium project, provide for the obligations of each party, and provide for the Metropolitan Government’s pledge and delivery of certain revenues to the Sports Authority to support the debt service for the revenue bonds.

Under the terms of the IGA, the Metropolitan Government would be under a duty to perform the following:

- a. Provide information and assistance to facilitate the Authority’s defeasance of the outstanding general obligation bonds;
- b. Establish separate funds in which specific revenues would be deposited:
 - i. Stadium Revenue Fund,
 - ii. Maintenance and Repair Fund,
 - iii. Capital Repairs Reserve Fund, and
 - iv. Eligible Projects Fund
- c. Deposit sales tax revenues derived from sales of personal seat licenses (“PSLs”) into the Capital Fund created under section 7.3 of the existing stadium lease for the existing stadium until its demolition at which time the sales tax revenues will be depositing into the Stadium Revenue Fund;
- d. Enforce the PILOT payment until at least December 31 following the Commencement Date;
- e. Refrain from taking any action to rescind or reduce the hotel occupancy tax or the ticket tax for the life of the revenue bonds;

- f. Refrain from taking any action that would alter the apportionment or application of the stadium sales taxes or the geographic area sales taxes;
- g. Refrain from issuing or incurring any new indebtedness payable from the tax revenues or the PILOT payment or creating a lien on or other security interest in the tax revenues or the PILOT payment. However, after the designated time period the PILOT payment may be applied elsewhere; and the geographic area sales taxes may be pledged for other eligible projects as contemplated in state law and the Stadium Lease;
- h. Provide an annual report to the Authority and StadCo identifying and detailing the costs of any eligible projects;
- i. Provide timely reports to the state as required by state law regarding the geographic area sales taxes;
- j. Pledge and transfer Non-Tax Revenues as needed to cure any debt service deficiencies for the Additionally Secured Bonds, if any, and the section provides that the pledge of non-tax revenues would be subordinate to prior pledges of these revenues on behalf of the Sports Authority or Convention Center Authority as well as bond or debt obligations subsequently issued by either authority;
- k. This section provides the definition of non-tax revenues (provided hereinabove on page 2);
- l. Agree to provide non-tax revenues as long as any Additionally Secured Bonds or other parity bonds are outstanding;
- m. This section provides for the circumstances under which Metro could issue or incur other indebtedness secured by a pledge of non-tax revenues;
- n. Authorize the Authority to pledge its rights under the IGA, the tax revenues, the PILOT payment and non-tax revenues as security for its obligations related to the issuance of the revenue bonds.

The duties of the Sports Authority would be as follows:

- a. Provide for the defeasance of the outstanding general obligation bonds on or before the issuance of the revenue bonds;
- b. Cause the bonds to be issued and sold, the proceeds of which will be deposited into a construction project account and used solely for construction related expenses, capitalized interest, debt service reserve fund, or paying costs of issuance;
- c. Cause the construction of the new stadium;
- d. Provide capital improvements budgets to the Director of Finance until the demolition of the existing stadium;
- e. Submit annual audit to the Metropolitan Council;
- f. Deposit Stadium Lease payments into the Stadium Revenue Fund;
- g. Comply with all terms and conditions set forth in the revenue bond indenture, the development agreement, the state funding agreement, the ground lease, the new Stadium Lease, and the existing stadium lease;
- h. Enforce all of its rights pursuant to all documents and agreements related to the existing stadium and the new stadium. Refrain from amending any of the agreements related to the existing stadium or new stadium without the prior written consent of the Director of Finance. If the amendment were to shorten the term, limit remedies, or alter application of Stadium Fund accounts that would have a material adverse effect on the amount of monies allocated to the Eligible Projects or bond prepayment, then the amendment would require prior Council approval by resolution.
- i. Refrain from issuing or incurring any new indebtedness payable from the Stadium Lease payments or creating a lien on or other security interest in the Stadium Lease payments;
- j. Remit designated donations to the Metropolitan Government for deposit in the Nashville Needs Fund.

The term of the IGA would extend until either the indenture is discharged or the Stadium Lease is terminated, whichever is later. Neither party may assign its rights under the IGA except that the Authority is specifically authorized to assign its rights to the bond trustee to secure its obligations. StadCo would be a third party beneficiary and be able to rely on the representations, warranties, and covenants contained in the IGA.

(Exhibit G) - Development Sales Tax Area

Sections 67-6-103(d)(1)(A)(ii)(c) and 67-6-712(c)(1)(B)(ii) of the Tennessee Code Annotated authorize the Metropolitan Government to designate a geographical zone within which to capture a 50% of state and local option sales taxes for the purposes of financing capital improvements for a new enclosed football stadium as well as any onsite or offsite infrastructure necessary for the operation of the stadium. The geographic zone will be comprised of multiple parcels on the east bank of the Cumberland River generally bounded by the River to the West, Interstate 24 to the East, Korean Veterans Boulevard to the South, and the CSX train tracks to the North, all more particularly described in Exhibit G. The State Commissioner of Finance and Administration must approve the designation area. The ordinance directs the Metropolitan Mayor and Director of Finance to file the ordinance with the Commissioner and take the necessary steps to obtain approval. The distribution of the tax from the zone will last for 30 years after the revenue bonds are issued.

(Exhibit K) - Site Coordination Agreement

The Sports Authority, StadCo, and the Metropolitan Government would be parties to this Agreement. The primary purpose of the agreement is to determine coordination obligations between the parties to develop the site, the rights and duties of the parties during development, the rights and obligations of the parties with respect to the use of the site, and for the provision and maintenance of parking facilities for the new stadium and the existing stadium while it remains in operation.

The term of the agreement commences on the Effective Date, to be designated upon execution, and expires at the end of the Stadium Lease term.

The agreement authorizes the Metropolitan Government to engage a Campus Developer to perform development, design, and construction of improvements to properties within the Campus, excluding the stadium project. Campus is defined as the 95 acres on the East Bank, currently held by the Sports Authority and more particularly described in exhibit B to the Site Coordination Agreement. StadCo will not be responsible for Campus improvement costs.

Any agreements for Campus development and Stadium Village development should include a provision requiring good faith consultation, collaboration, and coordination with StadCo in order to provide continuity and shared interests between the stadium project and the campus improvements. Any agreement for a Construction Manager At Risk ("CMAR") for the stadium project should include a provision requiring that the CMAR meet with and keep the Campus Developers informed about the progress and status of the stadium project. The parties agree that their contractors will be obligated to meet and confer regularly to: coordinate construction scheduling; coordinate site management plans; coordinate site safety plans; and coordinate in good faith with regard to portions of the Campus that require integration with the stadium site.

The parties will be obligated to develop a plan to minimize disruption to events at the stadium. The parties will be responsible for their own environmental remediation work and related costs.

StadCo will develop and construct the North Village staging area and parking area with costs funded from the stadium project budget. If a Campus Developer improves the North Village, it must provide adequate notice, replacement parking spaces, a sliding fee between \$1 million and \$5 million to StadCo, and cover any Parking Contractor termination fees. The Campus Developer must construct a structured parking facility in the North Village area and provide 150,000 sq ft of parking/staging area for StadCo use.

Metro and the Authority will be obligated to maintain 2,000 parking spaces on the Campus outside of the North Village area. If the Campus Developer reduces the 2,000 parking spaces in order to develop parcels, it shall provide parking elsewhere on the Campus at a mutually agreeable location. The parties will be required to meet annually regarding parking coordination.

The parties will be required to agree upon a parking plan wherein all of the required parking spaces under this agreement shall be made available to StadCo during stadium events. StadCo will have right to revenue generated from the parking spaces in the North Village at all times; and the other required parking spaces in connection with stadium events. Parking will also be made available during the remaining term of the Existing Stadium.

The cost to develop the Second Street Improvements (between Woodland Street and Shelby Street) will be covered by the Stadium Project Budget, however the Authority will reimburse StadCo for 50% of its portion of costs which shall be payable from amounts on deposit in the Eligible Project Fund (derived from the geographic area sales taxes).

The Metropolitan Government will construct a Campus Park as contemplated in exhibit G to the Site Coordination Agreement. The costs will be borne by Metro and may be funded with amounts from the Eligible Project Fund.

The Authority and Metro, subject to reasonable approval by StadCo, will develop and record covenants, conditions, and restrictions that will govern the use, operation, and maintenance of the Campus by all owners and lessees.

In addition to other commercial rights (i.e. advertising rights, concession rights, broadcasting rights) that StadCo will have with respect to the Stadium, Stadium Plaza, and Campus Park during stadium events, StadCo will also retain all Data Rights in those areas during those times. Data Rights is defined as “the right to collect, use, sell, license, display, publish or otherwise use, names, contact information and other identifiable information with respect to those attending stadium events.” StadCo will also have the sole right to approve or not activities related to sports betting and casinos throughout the Campus, not just the stadium site. StadCo will also have the sole right to control metaverse opportunities and other digital experiences “now existing or hereafter developed” at the Stadium and to “mint” non-fungible tokens and other digital assets that relate to any Stadium element. Naming rights for the Campus Park will be shared by StadCo and the Campus Developer. Presumably, this right can be retained by Metro or the Sports Authority in its contract with the Campus Developer.

(Exhibit I) - Option Agreement

The Metropolitan Government and the Sports Authority are the parties to this Option Agreement. The Sports Authority grants to Metro the option to purchase the property bounded on the north by Russell Street, the east by Second Avenue, the south by Victory Avenue, and the west by Titans Way for \$100 within 36 months following the expiration of the Existing Stadium Lease. If exercised, the Sports Authority would convey fee interest in the 32 acres currently comprising the Existing Stadium to the Metropolitan Government. It is expected that the option would be exercised after the demolition of the Existing Stadium.

(Exhibit J) - Stadium Site Ground Lease

The Metropolitan Government (Lessor) and the Sports Authority (Lessee) are the parties to the Ground Lease. Metro will lease the property for the new stadium site to the Sports Authority for \$10 annually. The term of the ground lease will extend until the discharge of the revenue bonds or the end of the initial term and any extension of the Stadium Lease whichever is later in time. While other assignments and subletting is prohibited, the Sports Authority is expressly permitted to enter into the Stadium Lease. The Ground Lease expressly authorizes the Metropolitan Government to enter into a recognition, non-disturbance, and attornment agreement with the Sports Authority and StadCo in the form attached to the ground lease.

Additionally, the Sports Authority is permitted to grant the existing stadium lessee a license to use a portion of the property during the remaining portion of the existing stadium lease for any purpose for which the existing stadium site may be utilized.

Other Exhibits to Ordinance

(Metro Not a Party - No Council Approval)

Development and Funding Agreement (Exhibit B) - the parties to this agreement would be the Sports Authority and StadCo. The term begins upon execution of the agreement and extends through the date the project work is completed. The agreement covers funding commitments and conditions as well as payment of costs covenants. The Project Costs will be paid with the Sports Authority contribution of \$760 million; the State contribution of proceeds from a \$500 million bond issue; the proceeds received from PSL sales; and the amount necessary to complete the project contributed by StadCo. The Sports Authority's issuance of its revenue bonds would be subject to several conditions, among which is the presentation of evidence from StadCo that it has sufficient resources or access to financing to meet its obligations; and that the State contribution has been deposited into the Construction Fund Trust. The agreement also addresses the responsibilities for development of the project. StadCo would be required to procure the design, development, and construction of the project on behalf of the Sports Authority, who will have been engaged by Metro in the IGA to construct the project.

Stadium Lease (Exhibit C) - the parties to this agreement would be the Sports Authority and StadCo. The term of the lease would begin on the date of execution and continue through the initial term (maturity date of the revenue bonds) or any extension terms (3 periods of 5 years and a month-to-month period). The Rent is an

amount equal to \$3.00 for each ticket sold to non-NFL stadium events payable quarterly in arrears. Complimentary and no-consideration tickets will not be calculated as “tickets sold.” The Lease is a net lease meaning that StadCo will be responsible for all costs related to operations, equipping, furnishing, maintenance, and tangible personal property taxes. The costs of maintenance and capital repairs will be paid from the Capital Repairs Reserve Fund and/or the Maintenance and Repairs Fund, whichever is applicable to the expense. The Parties will undertake efforts to plan for and work in good faith to determine appropriate timelines for capital repairs and capital maintenance. The agreement covers the use of the facilities, the designation of certain rights for StadCo, such as naming rights, broadcast rights, etc. The Sports Authority will be entitled to use the stadium, rent free, five days per year for civic events. The lease provides that StadCo intends to enter a lease with Tennessee State University to use the stadium. StadCo will be responsible to procure and maintain liability and property insurance, naming the Sports Authority and the Metropolitan Government as additional insureds. Effectiveness of the lease will be conditioned upon the TeamCo executing a guaranty (Exhibit E to the Ordinance) guaranteeing the obligations of StadCo under the lease and other stadium project documents.

Non-Relocation Agreement (Exhibit D) - the parties to this agreement would be the Sports Authority and StadCo. The agreement provides for a “non-relocation term” beginning on the commencement date defined in the Stadium Lease and ending on the Stadium Lease expiration date or the date on which the Stadium Lease is terminated, whichever is earlier. The agreement provides for the remedies of specific performance or injunctive relief if there is a non-relocation default. And the agreement provides for specific liquidated damages if there is a “specified non-relocation default” as described in section 3(b) of the agreement.

Team Guaranty (Exhibit E) - the parties to this agreement would be the Sports Authority and TeamCo. The term of the guaranty begins at execution and extends for three years beyond the term of the Stadium Lease, subject to the full payment and performance of all StadCo obligations. The guaranty may not be terminated. TeamCo guarantees StadCo payments and performance of all obligations under the Stadium Lease and all other project documents.

State Funding Agreement (Exhibit F) - the parties to this agreement would be the State of Tennessee and the Sports Authority, with StadCo executing a joinder acknowledging certain obligations. The term of the agreement begins with the effective date and extends through the initial term of the Stadium Lease. The agreement obligates the State to deposit \$500 million into the State Contribution Trust Account on or before the date the Sports Authority provides its contribution. The Authority will entertain requests from the State to use the stadium for civic events. StadCo will provide 10,000 sq. ft. in the facility for the use of the Tennessee Sports Hall of Fame.

Existing Lease Amendment (Exhibit H) - amends certain portions of the Existing Lease in order to provide for continued use during the development and construction of the new stadium. CSI will have the right to use parking lots S, H, K, and J and will be solely responsible for maintenance costs and have rights to all revenues produced from the operation of the parking lots. The amendment would amend the initial term of the existing lease to provide another term ending option to be completion of the new stadium. The Amendment would transfer all obligations for improved item expenses, stadium equipment expenses, and capital project expenses to CSI. The definition of First Class Condition would be restated as follows: *“the condition satisfying each of the following, (a) being in compliance with applicable law, and (b) being in such condition and repair as does not pose a public health and safety risk for patrons of or participants in events at the stadium , and (c)*

being in such an operating condition sufficient to allow NFL Games to be played at the stadium in accordance with applicable NFL rules and regulations with respect to player safety, including the field, the locker rooms and other player facilities.” Most notably, the restated definition removes the comparable facilities standard for the remainder of the use of the existing stadium. If the new stadium is not built, the amended definition of First-Class Condition will remain in place, although the other provisions related to expense obligations will revert to the pre-amendment provisions.