



Metropolitan Nashville and Davidson County, TN

Legislation Text

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An ordinance authorizing the Metropolitan Government's execution and delivery of an intergovernmental project agreement and lease agreements with The Sports Authority of The Metropolitan Government of Nashville and Davidson County relating to the development and funding of an improved speedway facility proposed to be built on the Nashville Fairgrounds; approving the issuance of public facility revenue improvement bonds by the Sports Authority to finance a portion of the costs of the improved speedway; approving a development agreement and operating lease between the Metropolitan Government, by and through the Board of Fair Commissioners, and Bristol Motor Speedway, LLC for the construction and operation of the improved speedway; and approving the demolition of a portion of the existing speedway and grandstands to make way for construction of the improved speedway.

WHEREAS, The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") purchased the 118-acre site known as the Nashville Fairgrounds (the "Fairgrounds") in 1910, and has utilized the Fairgrounds for over 110 years for a variety of public activities and events; and

WHEREAS, Section 11.602 of the Charter of the Metropolitan Government (the "Charter") establishes a metropolitan board of fair commissioners (the "Fair Board") to operate the Fairgrounds on behalf of the Metropolitan Government; and

WHEREAS, the citizens of the Metropolitan Government voted in 2011 to amend Section 11.602 of the Charter to require the preservation of all Fairgrounds activities existing as of December 31, 2010, including without limitation, auto racing; and

WHEREAS, since 2011, the Metropolitan Government has significantly renovated and improved the Fairgrounds in keeping with the 2011 Charter amendment, including the construction of new exposition facilities, park spaces and infrastructure, and the construction of a new Major League Soccer stadium; and

WHEREAS, the existing Fairgrounds Speedway (the "Existing Speedway") has been located in the Fairgrounds since its acquisition by the Metropolitan Government, and is the second oldest operating race track in the United States; and

WHEREAS, the Existing Speedway has not been improved in decades, and its existing physical condition poses safety concerns for competitors, spectators, and employees, and limits its ability to attract and retain races and patrons; and

WHEREAS, Bristol Motor Speedway, LLC ("Bristol") has proposed a plan to participate with the Metropolitan Government to demolish a portion of the Existing Speedway, construct a new and improved 30,000-seat speedway consistent with the historic character of the Existing Speedway (the "New Speedway"), operate the New Speedway in a manner that would preserve auto racing at the Fairgrounds, enable the Fairgrounds to pursue NASCAR and other major racing events, and bring the physical condition of the Fairgrounds' auto racing facilities in line with other recently-improved Fairgrounds facilities, all as more fully described herein; and

WHEREAS, the improved speedway will enable the facility to host non-racing, revenue producing events at the Fairgrounds, and expand the operational parking capacity for other facilities at the Fairgrounds; and

WHEREAS, the State of Tennessee has awarded a grant of \$17,000,000 to assist in the funding of the

construction of the New Speedway (the "State Grant"); and

WHEREAS, the Nashville Convention and Visitors Corporation ("CVC") has entered into a tourism promotion agreement with Bristol under which CVC will (i) provide a grant in the amount of \$17,000,000 (the "CVC Grant") to assist in the funding of design, preconstruction services, and construction of the New Speedway and (ii) pay rent in the amount of \$650,000 per year for certain promotional and usage rights with respect to the New Speedway; and

WHEREAS, Tenn. Code Ann. §§ 67-6-103(d)(1)(A)(vii) and 67-6-712(c)(1)(E) provides for the diversion of all state and local sales taxes revenue derived from the sale of admissions to all events occurring at the New Speedway and from all sales of food, drinks, merchandise, and parking associated therewith to the Metropolitan Government, for payment of the costs of constructing and maintaining the New Speedway, including any debt service attributable thereto (the "Sales Tax Revenues"); and

WHEREAS, the demolition of the Existing Speedway and the construction of the New Speedway (together, the Speedway Project") would be accomplished pursuant to the terms of a development agreement by and between Metropolitan Government, by and through the Fair Board, and Bristol, the form of which is attached hereto as Exhibit 1 (the "Development Agreement"); and

WHEREAS, the New Speedway would be operated pursuant to the terms of a 30-year operating lease by and between the Metropolitan Government, by and through the Fair Board, and Bristol, the form of which is attached hereto as Exhibit 2 (the "Bristol Lease") under which Bristol would (i) make certain scheduled payments and certain revenue sharing payments to the Fair Board, and (ii) assign to the Fair Board all CVC Payments (collectively, "Bristol Rent"); and

WHEREAS, the Development Agreement contemplates that the Sports Authority of the Metropolitan Government of Nashville and Davidson County (the "Authority") would issue its revenue bonds (the "Authority Bonds") and apply the proceeds thereof, along with the State Grant and CVC Grant, to fund the Speedway Project, through a lease/lease-back of the property (the "Property") underlying the Existing Speedway with the Metropolitan Government, by and through the Fair Board (the "Authority Financing Leases"), and through an Intergovernmental Project Agreement by and between the Metropolitan Government and the Authority (the "Intergovernmental Agreement"); and

WHEREAS, the Sports Authority of the Metropolitan Government of Nashville and Davidson County (the "Authority"), has been established by the Metropolitan Government pursuant to Tenn. Code Ann. § 7-67-101 *et seq.* (the "Act"), for the purposes set forth in the Act, including without limitation the acquisition and construction of sports facilities, and the issuance of its bonds to finance the costs thereof; and

WHEREAS, the Act requires that any bonds issued by the Authority be approved by the Metropolitan Council, and the Metropolitan Council has determined that it is advisable for the Authority to issue its revenue bonds (the "Authority Bonds") to fund the costs of the Speedway Project, as described in the Development Agreement; and

WHEREAS, the Metropolitan Government and the Authority propose to enter into an Intergovernmental Project Agreement (the "Intergovernmental Agreement") pursuant to which (i) the Authority will agree to issue the Authority Bonds, and (ii) the Metropolitan Government will agree to make the Sales Tax Revenues available to the Authority to pay debt service on the Authority Bonds; and

WHEREAS, to further enhance the credit of the Authority Bonds, the Metropolitan Government will agree in the Intergovernmental Agreement to pledge certain non-tax revenues of the General Services District of the General Fund (the "Non-Tax Revenues") to replenish any deficiencies in the debt service reserve fund

established by the Indenture in favor of the Authority Bonds; and

WHEREAS, the Authority Bonds would be issued pursuant to an Indenture of Trust by and between the Authority and Regions Bank, as bond trustee (the "Indenture"), and the Authority Bonds would be payable from and secured by a pledge of the Authority's rights to the Bristol Rent and the rights of the Authority under the Intergovernmental Agreement to the Sales Tax Revenues and the Non-Tax Revenues; and

WHEREAS, by resolution adopted by the Fair Board on March 14, 2023, the Fair Board has approved the Authority Financing Leases, the Development Agreement, the Bristol Lease and the other matters set forth above.

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

Section 1. In order to provide funding for the Speedway Project in the manner contemplated by the Development Agreement, the form of which is attached hereto as Exhibit 1, the Metropolitan Council hereby approves the Authority Financing Leases and the Intergovernmental Agreement, in substantially the forms attached hereto as Exhibits 3, 4, and 5 respectively. The Metropolitan Mayor is hereby authorized, empowered and directed to execute and deliver each such agreement in the name and on behalf of the Metropolitan Government in substantially the form of the document attached hereto, with such changes as the Metropolitan Mayor shall approve as necessary or appropriate, provided such changes do not substantively alter the basic terms of the applicable agreement. Such execution and delivery shall be conclusive evidence of such approval. From and after the execution and delivery of the Authority Financing Leases and the Intergovernmental Agreement, the officers of the Metropolitan Government 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 Authority Financing Leases and the Intergovernmental Agreement as so executed.

Section 2. The Metropolitan County Council hereby approves the Authority's issuance and sale of the Authority Bonds for the purposes of (i) funding the costs of the Speedway Project, including any architectural, engineering, legal and consulting costs incident thereto, (ii) funding capitalized interest through the completion of the Speedway Project, (iii) funding a debt service reserve fund for the Authority Bonds, and (iv) paying costs incident to the issuance and sale of the Authority Bonds. The Authority Bonds shall be sold by the Authority by negotiated sale to one or more underwriters selected by the Authority, in consultation with the Director of Finance, and the Metropolitan Council hereby approves the sale of the Authority Bonds, provided that:

- a. The Authority Bonds shall be issued on the terms set forth in the Development Agreement, and the proceeds of the Authority Bonds shall be applied in the manner set forth therein;
- b. The Authority Bonds may not be issued until the applicable conditions set forth in the Development Agreement have been fully satisfied;
- c. The Authority Bonds shall be payable from the Authority's rights to the Bristol Rent and the rights of the Authority under the Intergovernmental Agreement to the Sales Tax Revenues, the Ticket Tax Revenues and the Non-Tax Revenues;
- d. The Authority Bonds shall be sold in one or more series, on a federally taxable basis, with fixed rates of interest;
- e. The final maturity date of the Authority Bonds shall not exceed 30 years beyond the commencement of New Speedway operations;

- f. The issuance of the Authority Bonds must be approved in advance by the Comptroller for the State of Tennessee as “balloon indebtedness” pursuant to Tenn. Code Ann. § 9-21-133.

Section 3. Prior to the sale of the Authority Bonds, the Authority shall obtain the certification of the Metropolitan Government's Director of Finance that the sales and terms of the Authority Bonds are consistent with the terms of the Development Agreement. In order to provide for the development and operation of the Speedway Project, the Metropolitan Council hereby approves the Development Agreement and the Bristol Lease, in substantially the forms attached hereto as Exhibits 1 and 2, respectively. The Metropolitan Mayor is hereby authorized, empowered and directed to execute and deliver each such agreement in the name and on behalf of the Metropolitan Government in substantially the form of the document attached hereto, with such changes as the Metropolitan Mayor shall approve as necessary or appropriate, provided such changes do not substantively alter the basic terms of the applicable agreement. Such execution and delivery shall be conclusive evidence of such approval. From and after the execution and delivery of the Development Agreement and the Bristol Lease, the officers of the Metropolitan Government 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 Development Agreement and the Bristol Lease as so executed.

Section 4. The demolition of the existing Nashville Fairgrounds speedway, grandstands and associated structures as necessary for the construction of the New Speedway is hereby approved.

Section 5. 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 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 comply with the terms hereof.

Section 6. All resolutions or ordinances in conflict or inconsistent herewith are hereby repealed to the extent of any such conflict or inconsistency.

Section 7. This Ordinance shall take effect after its passage, the welfare of the Metropolitan Government requiring it.