

To: Laura Womack, Executive Director, Metro Nashville Fairgrounds

From: Jason Bergeron, Vice-Chair, Metro Board of Fair Commissioners

Cc: Metro Board of Fair Commissioners

Date: January 7, 2021

Re: Fairgrounds Speedway Potential New Speedway Facility

As the Fair Board-appointed representative for negotiations with Speedway Motorsports, Inc. (“SMI”) and also the representative for negotiations on the three most recent Fairgrounds Speedway (“Speedway”) promoter contracts, and with public discussions regarding a potential new speedway facility beginning, I submit this Memorandum to report findings and information gathered thus far in order to assist the Board’s consideration of possible partnerships with SMI. This Memorandum follows two meetings in Summer 2019 with representatives from SMI, dozens of meetings with the two most recent Speedway promoters and feedback received from hundreds of area residents and a number of community organizations. As the Fair Board receives additional details, solicits community feedback and commences board level deliberations, I look forward to further incorporating that feedback as the Board assesses the feasibility of a new speedway facility and works to find a long term plan that can be a success for Nashville, for the existing Fairgrounds stakeholders and for the surrounding community.

1. Financial Sustainability

At the start of any discussion regarding a new speedway facility and woven throughout this Memorandum, is the need for a specific and sustainable financial model, whose cost and debt obligations can be satisfied only by limited race events and which also provides positive net financial impact for the Fairgrounds, such that the project carries adequate overall benefit to merit consideration. Any new speedway facility must not have a negative community impact through outsized increased use just to satisfy the minimum financial obligations incurred by building a new speedway facility.

Based upon community feedback, it is apparent that any new speedway facility (and the required financing) must be based upon clear and definite assumptions for limited race events that do not exceed current race volume of approximately ten races per year. Within that overall limit, and as will be discussed below, I do not believe it is not possible for SMI to conduct more than the two large scale racing events (i.e. those of a scope exceeding current race event weekends) per year, which SMI has indicated are at the core of their plans. And as will be addressed below, track rentals for non-race, automotive uses are no longer a viable activity for the Speedway. Further, other facility event rentals must be approached in a manner that do not harm or undermine the new Fairgrounds Expo buildings or effectively create an event “competitor” within the Fairgrounds campus. Altogether, SMI must demonstrate with a high level of confidence that the financial mode and debt obligation model is secure and does not remotely raise the possibility that in five years or ten years, an increase in race events or a reliance on track rentals could possibly be necessary in order just to meet minimum financial obligations. This will require transparent discussions as to envisioned uses in order to ensure that common ground and proportionality exists between SMI’s “needed” uses for a new speedway facility and the required community and financial protections for such a facility to be feasible.

2. Project Structures and Components

It is vital to recognize that by SMI's own characterization, the envisioned Speedway project is in many ways a new speedway facility. At minimum, SMI estimated that the Speedway will need to close, in part or in whole, for a period of time to undertake construction of the new speedway facility. The existing track surface and infield will need to be demolished, and it is apparent that some other portions of the existing Speedway structures will need to be demolished as well. These actions will require the same heightened level of Metro Council approval as with the other recent approved demolitions at the Fairgrounds. Additional important components within any new speedway facility construction plan include:

a) Sound Mitigation. Any new speedway facility must include massive sound mitigation components backed by concrete data to support confidence in their effectiveness. The current Speedway has no sound mitigation components and race events regularly exceed reasonable noise levels, with area residents reporting sound level readings in the 90 – 100 dB range at their homes. The two larger events conducted by SMI will likely exceed noise levels of the largest existing Speedway race events. In order to be possible then, any new speedway facility must include substantial sound mitigation control structures with demonstrable evidence that these measures are able to significantly limit community impact. It is vital for the Fair Board to deem sound mitigation measures as essential, regardless of cost, which measures cannot be cut in the interest of overall project cost, and all of which should be reinforced by specific sound level limits. If the cost of sound mitigation unbalances the overall proportions (cost, necessary use volume) of a new speedway facility, then difficult and honest discussions regarding project feasibility need to be broached.

b) North End Structure. Any envisioned north side building must not interfere with setbacks or planning priorities for the reconfigured Wedgewood and Benton Avenues. Some of SMI's initial renderings have suggested the new speedway facility would include a structure being built along Benton Avenue and Wedgewood Avenues at the north end of the Speedway. The planned new Benton Avenue will be a key thoroughfare connecting the new Fairgrounds campus, connecting the new Expo buildings to the new soccer stadium and mixed-use structures. As such, any proposed new speedway structure in this vicinity must not undermine or impede upon the accessibility of Benton Avenue or the established masterplan for the campus.

c) South End Bleacher Structure. Any proposed new bleacher structure on the south side of the Speedway should not displace or destroy park space. Some SMI renderings have suggested a possible new structure on top of Fair Park space. During meetings with SMI, at least one alternative rendering removed or condensed such bleachers back into the current Speedway footprint. To the maximum extent possible, impeding on Fair Park must be avoided. Fair Park is a substantial community asset that is used constantly and has filled a huge void for park space in the South Nashville area. These community benefits should militate against building structures that will only see use ten times per year.

d) Track Surface/Infield Must Accommodate Divisional Fair Needs. Any new speedway facility's new track surface should be designed in a manner so as to accommodate possible divisional fair needs. A great deal of expert testimony was offered during the soccer stadium litigation which envisioned a host of exciting opportunities for the future divisional fair at the Fairgrounds. Utilizing the Speedway track infield for a midway location or other fair uses will be essential to those plans. As such, any approved

design for a new track surface and infield must allow for use as (and access for) possible divisional fair uses.

e) Parcel 8C Plaza Preserved for Community Use. The oft-discussed (and now Twitter-famous) plaza portion of Parcel 8C should be preserved for community use and benefit. It is not entirely clear what assumptions or intentions SMI has regarding this plaza, but the Mayor has rightly identified the need for the plaza to be a landmark and standout community asset. To this end, any new speedway facility plan should not result in the plaza adjacent to Parcel 8C being utilized for any significant amount of time just as a parking or staging area for SMI events. These restrictions should be specifically incorporated into any approved plan agreements.

f) Environmental Protections. The new speedway facility must include assurances and elements to limit pollution and negative environmental impact to the community. With the scale of SMI events exceeding the scope of any previous automotive events in the long history of the Speedway, it is vital that any new speedway facility include appropriate environmental impact optimization studies and planning to ensure that water, soil and air pollution will be adequately limited and contained by new speedway facility operations.

3. Community Impact Considerations

a) Community Impact from New Speedway Facility Operations Must Not Increase. Through the hard-fought advocacy of area residents over a number of decades, slow progress has been realized in balancing and mitigating impact by Speedway operations on the surrounding residential community. SMI race events are of a massively larger scope and scale than have ever been seen at the Fairgrounds Speedway, even the 1980's Winston Cup races of a bygone racing era. Race events at SMI-owned properties are held at facilities sitting on several hundred acres each and which are located almost entirely in exurban areas, as opposed to densely populated residential neighborhoods. SMI race events usually consist of multiple races over a number of days. As such, SMI race events are the equivalent of two or even three current race weekends at the Speedway. Thus, when the Fair Board considers the details of a new speedway proposal, it should account for its long-running limit of ten race events per year and consider the need to adjust the allowed schedule accordingly. While certainly total race events should not increase beyond the current limit, the Fair Board should also consider the possible need to decrease the total race schedule, such as for example to eight race events per year (including the two larger SMI race events) in the interest of balancing community impact.

The Fair Board has realized tremendous progress in recent years in setting reasonable parameters for race events, through curfews and duration expectations. Any new speedway facility will have to meet stricter curfew standards. Based on initial community feedback, and in order to protect the surrounding neighborhoods, families and children, suggested standards I have received are for the continuance of no race events to be held on weeknights and implementing earlier curfews of 8 pm (or 9 pm at the latest) for the larger SMI race events on weekends.

In addition, long-established, existing community protections must not be disturbed. For example, no automotive activities of any kind should be allowed while school is in session at neighboring Fall-Hamilton Elementary School, as has been the approved standard for several years. To underscore the stakes of this discussion, it is important to highlight Fall-Hamilton's unique place within in the Metro Nashville Public School system. Fall-Hamilton has been the location of a number of experimental programs

addressing adverse childhood experiences (“ACEs”) so many of the students bring with them to school—and the impact that difficult life experience can have on a student’s academic performance. Fall-Hamilton has incorporated social and emotional learning strategies into its academic programming, including having a full-time trauma-informed practitioner on staff. Obviously, vital work such as this, occurring just a few hundred yards away from the Speedway, must take precedence over something as mundane as a track rental or a corporate ride-along event. Consideration of a new speedway facility must include nuanced and realistic discussions as to the stakes and repercussions of its would-be operations. Any feasible new speedway facility proposal must carry a high level of confidence that it can operate in harmony with the surrounding community, not at its expense. I submit that it will be vital for the Fair Board to recognize and embrace existing and enhanced community protections as part of any such approved plan.

b) Track Rentals for Non-Race Automotive Uses Must End. For decades, track rentals at the Speedway have existed as a “tradition” that has not received proper scrutiny or self-reflection. As recently as a few years ago, race promoters staged over fifty track rentals per year, mostly for private testing and other non-race private uses. Each such track rental occurs on a weekday or Sunday afternoon, often running into the evening, serving as the functional equivalent of an additional race to be borne by the surrounding community, disrupting school and families and confusing many residents as to when and how many races actually occurred at the Speedway on an annual basis. In recent years curfews have been set for track rentals, but prior to the current contract with Track Enterprises, previous promoters regularly violated those curfews. And before that, it took years of advocacy by community members, such as Heidi Basgall, just to ensure that mufflers were even used during track rentals.

Until the most recent promoter contracts with Track Enterprises, the only payment the Fair Board ever received for each track rental was a small stipend for electricity if track lights were used. The most recent two race contracts with Track Enterprises set stronger curfews (track rentals between 3 pm and 7 pm only) and for the first time, limited track rentals (25 total rentals per year) and instituted a small rental fee to the Fair Board (\$300). For the promoters, the net revenue realized from each such track rental ranges from roughly \$500 - \$1500. With this information in mind, the Fair Board must assess the justification for any continued track rentals, which are totally separate from actual ongoing racing. What amount of revenue would justify the exponential disruption to the surrounding community that track rentals represent? \$300 in revenue to the Fair Board undoubtedly falls well short of this mark. No other Metro facility, whether it is Nissan Stadium, First Horizon Field or Ascend Amphitheater is readily available for “rentals” at fractional rental rates. From Napier to Chestnut Hill to Edgehill to Wedgewood-Houston to Woodbine to 12 South and all across South Nashville, track rentals have long antagonized the surrounding community and massively disrupted the lives of residents. After a year when being in our homes has comprised a bigger part of everyone’s lives than ever before, it has never been more clear that the Fair Board must not continue to conduct an activity that is so disruptive for no other reason than “that is what we have always done.” Metro has always recognized the need to evolve and change to how it operates. It is the reason why there is no longer a trash-burning, polluting thermal energy plant located in the heart of downtown. It is the reason why the types and manner of conduct of events at the Fairgrounds have changed and evolved over the years. While Metro Charter-mandated auto racing will always continue at the Speedway, it is past time for track rentals to end, whether it be in the next Speedway promoter contract beginning in 2022 and/or as part of a new speedway facility partnership with SMI.

c) Community Protections Must Apply to Any Other Tourism and Convention Uses. The end of track rentals and other community protections must apply to any envisioned convention, tourism or ancillary events at a new speedway facility. On this point, I have been thinking a great deal about a recent column in The Tennessee Lookout, where Chairwoman McAnally aptly wrote about Nashville's "...unsettling tourist-first priority, often negligent of Nashville as a whole." Public media reports indicate that the Nashville Convention & Visitors Corp ("NVC") has had some involvement in discussions with state officials regarding a new speedway facility. NVC's envisioned uses for a new speedway facility must be encompassed within the overall limited acceptable use volume for a new speedway facility and not held apart as an "in addition to" possibility above and beyond SMI's requested operations. Simply put, a new speedway facility cannot function as a 365 day-a-year tourist attraction and instead must operate in accordance with the existing (and enhanced) community protections discussed here and those identified through forthcoming community feedback. The surrounding neighborhoods around the Fairgrounds are filled with the best of Nashville - diverse communities, artists, creators and burgeoning small businesses. The new mixed-use components at the Fairgrounds will only enhance that character, with the inclusion of such items as guaranteed space for a micro-business incubator for artisans and small businesses. With all of this in mind, there must be transparent discussions to ensure that an approved new speedway facility is not steeped only in the tourism industry's interests to the end of overwhelming the community character of the Fairgrounds area. In order to succeed, a new speedway facility cannot be a full extension of Lower Broadway, enjoying special treatment at the expense of Nashville's citizens.

4. SMI Community Benefits Agreement

The Stand Up Nashville - Nashville Soccer Holdings Community Benefits Agreement ("Nashville Soccer CBA") is a groundbreaking covenant for this community and for the nation. The Nashville Soccer CBA represents a massive victory for communities and citizens where cities have too often prioritized corporations over people and perpetuated economic and social inequity. Any new speedway facility partnership with SMI must also provide community benefits, which both protect the Nashville Soccer CBA and provides independent, specific benefits. Just as the Fair Board and Metro Council members voiced support for the soccer stadium deal only upon seeing completion of the Nashville Soccer CBA, so should SMI be expected to enter into a community benefits agreement with Stand Up Nashville and/or other community and neighborhood organizations (such as South Nashville Action People) in order for any new speedway facility plan to receive approval. Some initial concepts for minimum provisions of the SMI CBA are as follows:

a) Non-Disturbance Covenant as to Nashville Soccer CBA. The SMI CBA should guarantee that operations at a new speedway facility will not undermine or disturb any provisions of the Nashville Soccer CBA. This "non-disturbance" covenant is of foundational importance to ensure that the work of Stand Up Nashville on the Soccer CBA cannot be "defeated" by a new entity subsequently joining the Fairgrounds community. It will also be essential to demonstrate that SMI is committed to being a good partner and neighbor with the existing Fairgrounds stakeholders and the surrounding community.

b) No On-Track Automotive Activities during Operating Hours of Child Care Center. One of the most important components of the Nashville Soccer CBA provides for a child care center as part of the mixed-use development at the Fairgrounds. The lack of child care options is a full-on crisis in Nashville (and country) and securing space for child care centers carries a host of regulatory, licensing and logistical challenges. Securing a child care center at the Fairgrounds is thus a crucial victory for the community and

must be allowed to succeed. As such, no racing or other on-track automotive activities can be allowed during the operating hours of the child care center and SMI's CBA must commit to this protection, in addition to such a restriction being included within operating agreements.

c) SMI CBA Must Covenant to Support Workforce Housing. Affordable housing is likewise a community crisis for Nashville. Just as the Fairgrounds has served Nashville in a variety of changing ways over the years, a key component of the approved proposal for the soccer development, relied upon by Metro Council and the Fair Board, was the mandate for workforce housing to be included in the mixed-use development at the Fairgrounds to help to address this crisis. The SMI CBA must commit to the same community protections, such as curfews and sound limitations, so as to ensure that the workforce housing provided at the Fairgrounds is a desirable option. Thus, all curfew and noise restrictions identified in any new speedway facility agreements must be also included in the SMI CBA so that Stand Up Nashville and/or other community groups possess independent rights to enforce these protections.

d) SMI CBA Must Match Workforce Development Provisions. The Nashville Soccer CBA provides guaranteed a host of workforce development provisions, including but not limited to guaranteed \$15.50 per hour wages for workers. The SMI CBA must match all of those commitments. Simply put, two neighboring entertainment facilities cannot be allowed to have disparate working conditions.

e) Independent Community Benefits. Just as the Nashville Soccer CBA contains dozens of additional beneficial provisions beyond those identified here, the SMI CBA must also include substantial additional commitments, based upon good faith discussions and negotiations with community stakeholders.