

**SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY**

Minutes of the November 11, 2013 Meeting of the Board of Directors
LP Field- Postgame Interview Room
8:30 a.m.

Board Members: Kim Adkins, Alfonzo Alexander, Margaret Behm, Cathy Bender, J.D. Elliott, Chuck Meriwether, Steve North, Ralph Perrey, Ed Temple, Nancy Vincent, Helen Walker, Emmett Wynn

Staff: Toby Compton, Monica Fawknorton, Tom Cross (Legal)

Predators/Powers Management: Sean Henry, Gerry Helper

Titans/LP Field: Don Maclachlan, Walter Overton, Jeneen Kaufman

Visitors: Rich Riebeling, Greg Hinote, Erica Gilmore (Metro Council), Brady Banks (Metro Council), Megan Barry (Metro Council), Walter Hunt (Metro Council), Robert Duvall (Metro Council), Duane Dominy (Metro Council), Jerry Maynard (Metro Council), Ronnie Stein (Metro Council), Rip Ryman, Jim Forkum, Brasher Burbank (Stewart Parking Solutions), Patrick Holcomb (Convention Center Authority), Remick Moore (General Services), Scott Rayson (Waller Landsden), Lilian Blackshear (Bass Berry Sims), Jeff Oldham (Bass Berry Sims), Brad Tammen (Nashville Sounds), John Triggs (Nashville Sounds), Frank Ward (Nashville Sounds)

Chairman J.D. Elliott called the meeting of the Sports Authority to order at 8:30 a.m. After requesting a moment of silence to honor the memory of Mr. K.S. “Bud” Adams, owner of the Houston Oilers/ Tennessee Titans, Chairman Elliott announced that Sports Authority member Lauren Brisky has resigned from the board after moving out of county and thanked her for her service and commitment to the Authority during her years on the board. Chairman Elliott also thanked the Metro Planning Department and the city for hosting the community meeting on the proposed ballpark at the Farmer’s Market. Chairman Elliott continued by reminding everyone that the appeals process for decisions by the Sports Authority can be found both on the agenda and the Authority’s website. He then called for a motion to approve the minutes of the September 19th meeting. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes.**

Executive Director Report

Chairman Elliott recognized Mr. Toby Compton to give the Executive Director’s Report. Mr. Compton began by welcoming and acknowledging members of the Metro Council in attendance at the meeting. He then briefly addressed the items contained in the board packet including his report to the Authority, the Titans Periodic Report, Sean Henry’s Bridgestone Arena Report, and the proposed ballpark resolution the Authority would be asked to approve later in the meeting.

LP Field Report

Chairman Elliott recognized Mr. Walter Overton to give the LP Field Report. Mr. Overton reported that since the Sports Authority’s September 19th meeting LP Field has hosted seven football games, including two TSU games. As he reviewed the Titans Periodic Report with the Authority, Mr. Overton noted that ticket user fee has a balance of \$1.9 million, the stadium capital fund has a balance of \$1.18 million, and that the breakdown of parking revenue (net) generated by the 2013 CMA Music Festival is as follows: CMA (50%) - \$110,989.52, Titans (25%) - \$55,494.76 and Sports Authority (25%) \$55,496.76. Mr. Overton also reported that the Titans have planted grass in the area where the “displacement of soil” occurred after the 2010 flood. The ground is responding very well to the grass. He concluded by stating that the Titans will seek to meet with Mr. Compton, Mr. Bob Lackey, and Ms. Margaret Darby in the near future to address upcoming capital expense reimbursement items.

Bridgestone Arena Report

Chairman Elliott recognized Mr. Sean Henry to give the Bridgestone Arena Report. Mr. Henry began by announcing that Bridgestone Arena has been nominated for the 7th time for Pollstar's Arena of the Year Award. David Kells has received a nomination for the second year in a row for Pollstar Executive of the Year. Mr. Henry reported that the arena has also won a few philanthropic awards for the Predators Foundation. Other noteworthy items for the arena include the announcement that Nashville/Bridgestone Arena will host 12 straight SEC Basketball Championships (nine men & three women), the CMA awards show, broadcast from Bridgestone Arena, received its highest rating ever, and the arena has just wrapped up the strongest quarter the building's ever had. Mr. Henry stated his excitement about bringing the October report to the Authority due to the continued successes they are enjoying.

With regards to arena capital improvements, Mr. Compton reported that a policy recommending how the Authority should address capital needs is being finalized and will be brought to the board for final approval. He additionally reported that Bridgestone Arena has made a request for formal approval of building improvements totaling \$825,000 which include:

- Suite renovations (\$680,000)
- Floor seating (\$45,000)
- Non-revenue generating signage (\$50,000)
- Dressing Room renovations (\$50,000)

Mr. Compton noted that the total falls well below both the \$1.3 million in the CIF account and the total maximum leverage of approximately \$6 million. **Upon a motion duly made and seconded, the Sports Authority voted to approve the request for \$825,000 for the capital improvements.**

Bridgestone Arena South Entrance Renovations

Chairman Elliott recognized Mr. Patrick Holcomb of the Convention Center Authority to give an update on the renovations to the south entrance of the arena. Mr. Holcomb reported that the south plaza has come a long way. The glass rails and exterior walls/metal mesh will go up in the next couple of weeks and you can now see the new retail and restaurant storefronts from the concourse. Mr. Holcomb noted that the Convention Center Authority is only building the shell and that the retail/restaurant will come in and do the build out. The completion date for the project is still December 20th and the \$7 million budget is holding up so well that they were able to add the mesh to the garage. Mr. Holcomb stated that the plaza is looking good with a much improved ingress.

Ice Hockey Facility Construction Update

Chairman Elliott recognized Mr. Remick Moore of Metro General Services to give a construction update on the ice hockey facility located at the site of the former Hickory Hollow Mall. Mr. Moore reported that the 100% construction documents are complete and that General Services has had the 100% meeting with the Predators. The final pricing looks good and Mr. Moore reported that currently the grading permits are in hand and they are excavating material for the slab and main utilities.

Ballpark Update

Chairman Elliott recognized Mr. Rich Riebeling to give the ballpark update. Mr. Riebeling stated that the update would consist of a presentation/site plan by Ron Gobble (Gobble Hayes Architects) and Bruce Miller (Populous) to address design and how the project fits into the neighborhood, and details on the land transaction which he would provide. Mr. Riebeling then recognized Mr. Gobble to walk the Authority through the design. Mr. Gobble began his presentation by reporting that half of the proposed ballpark site is owned by the state and that a state museum and library are being planned. The area lies between 4th and 5th Avenues north and Jackson and is surrounded by historic neighborhoods. Mr. Bruce Miller added that it is an urban ballpark neighborhood, with a greenway border, "buried within the

block.” Neighborhood concerns such as lighting, sound, parking, traffic and pedestrian connections are being addressed. There will be very little spill light while distributed sound systems and a recessed playing field (12-15 ft. below street level) will help to minimize the sound. 30-50% of the anticipated parking need will be met by a newly constructed parking garage and there is estimated to be 17,000 parking spaces within $\frac{3}{4}$ of a mile from the ballpark. Excellent interstate access from Jefferson Street will aid in the disbursement of traffic and, finally the Avenue of the Arts is expected to be a strong pedestrian connection and excellent extension of the greenway. The ballpark will have approximately 8500 seats with an additional 1500 in the outfield. Mr. Gobble stated that the goal of making sure nothing sits below the 100 year flood plain. Lastly, in response to a question regarding feedback from the neighborhoods, Mr. Gobble and Mr. Riebeling stated that although there’s been only one neighborhood meeting to date, feedback has generally been very positive with most of the questions following in aforementioned categories.

Following the Gobble/Miller presentation, Mr. Riebeling began his presentation on the details of the land swap. Mr. Riebeling stated that this project is a true public/private partnership that could not have happened without Metro Government, the State of TN, the Sounds, and Embrey Development, a Texas firm that was in the planning a multifamily development in the area. He went on to state that the administration is excited about the opportunity to bring a new facility to Nashville and acknowledged that without the Sounds initiative, and substantial commitment, this would not be a reality. Details of the transaction are as follows:

Metro/Sports Authority:

- land for ballpark development plus adjacent greenway property
- Twenty-eight acres at the old Tennessee Preparatory School (TPS) site including Nashville School of the Arts
- Appraised value of property is \$21+ million

State of TN:

- \$18 million to construct 1,000 car parking garage
- \$5 million to construct underground parking at proposed State Library & Archives Site

Metro/Embrey Agreement:

- Metro has the right to acquire Jackson property from Embrey for \$3.45 million
- Embrey has the right to acquire development parcel from Metro for \$3.45 million less reimbursement of duplicative costs.

Sounds Ballpark Lease Terms:

- 30 year lease beginning with opening of the ballpark and ending in 2045 unless extended by the parties.
- \$700,000 annual rent
- Sounds operate and manage ballpark
- Sounds keep parking revenue and responsibility for costs of cleaning and maintaining the parking facility
- Sounds responsible for ballpark maintenance with Metro responsible for major capital expenditures.

Private Development:

- Embrey to construct a \$37 million multi-family development
- Sounds to construct a \$50 million multi-family/retail development
- Development to occur simultaneous with ballpark construction

Mr. Riebeling continued his presentation by providing the Authority with information pertaining to Metro Council Legislation. Mr. Riebeling reported that there are three areas of legislation:

1. Finance Ordinance
 - Gives Sports Authority the right to issue \$65 million in revenue bonds
 - Form of Trust Indenture/Intergovernmental Agreement/Sounds Lease terms all attached
2. Real Estate Ordinance
 - Agreement with State and Agreement with Embrey
3. Phillips Jackson Redevelopment District (MDHA)
 - Extends term to 2045 and increases debt capacity by \$50 million

The Sports Authority role is to adopt a resolution (at today's meeting) requesting approval to issue bonds to finance the ballpark project. Additionally the Sports Authority, subsequent to action by the Metro Council, must approve issuance of bonds /financing matters. Mr. Riebeling noted the financing plan to be as follows:

- Sports Authority issues 65 million in revenue bonds
- 30 year term
- Interest capitalized for twenty-four months
- Bonds secured by pledge of USD non-tax revenues
- Annual debt service requirements of \$4.3 million

Proceeds will be used in the following way:

- \$37 million for ballpark (to be constructed by Metro/Sports Authority)
- \$23 million for land (state)
- \$5 million for capitalized interest during construction

In regards to how the city is going to pay for the ballpark, Mr. Riebeling stated that the project will essentially pay for itself. Sources for the annual debt service payments will be:

• Sounds Lease	\$700,000
• Sales Tax Re-direct	\$650,000
• Sounds Development	\$750,000
• Embrey Development	\$675,000
• Existing MDHA TIF	<u>\$520,000</u>
Totals:	\$3,295,000

In addition to these sources, the city's obligation to the Sounds (\$250,000) and for the School of the Arts Lease (\$410,000) will be eliminated annually from the budget, for a total savings of \$660,000 per year. The ballpark's annual net operating budget impact will be \$345,000.

In closing, Mr. Riebeling stated that the following project benefits:

- Redevelopment along Jefferson Street (Public and private investment of nearly \$150 million)
- Baseball returns to its historic home
- Connectivity of Germantown to Downtown
- Minimal fiscal impact to the Government/project essentially pays for itself
- Ballpark will be owned by Metro Nashville/ Sports Authority
- Permanent home for Nashville School of the Arts

He additionally stated that the timeline anticipates the deal going before Metro Council for the first reading on November 19th, 2nd reading on December 3rd, and 3rd reading also in early December. The goal

is to have the Sports Authority meeting between December 7-13. Mr. Riebeling noted that reasons for the tight schedule are two-fold: the first being so that they can be onsite in January to be ready for the April 2015 baseball season; the second being that the relationship with Embrey calls for the deal to be done by the end of the year.

In response to a question on the bonds, Mr. Riebeling reported that the bonds are primarily tax-exempt (\$50-55 million), with only \$10-11 million being taxable. The only portion that is taxable is what the Sounds lease with Finance because private payments must go to a taxable series of bonds. Mr. Riebeling noted that Raymond James will serve as the lead underwriter. December is a complicated month for the finance world and that while they hope to be done around mid-December, the city's financial advisors will watch the market.

Mr. Chuck Meriwether stated his support and excitement of the project and the local jobs it will bring. He encouraged the city to look at other ballparks for ideas. Mr. Riebeling noted that the Sounds will be instrumental in the design of the ballpark.

In response to a question by Mr. Steve North, Mr. Riebeling stated that none of the property for the ballpark was acquired by eminent domain. Mr. North commended and congratulated the administration for putting together a great deal in a fiscally responsible way that offers opportunity for many people to be involved.

Mr. Riebeling stated that the State will take the proposal to the Building Commission's executive sub-committee on November 25th. Mr. Ralph Perrey stated that the Sounds ownership/leadership should be commended for the financial commitment they've made, without which there would be no deal.

Upon a motion duly made and seconded, the Sports Authority voted to approve the resolution requesting approval by the Metropolitan Government of the issuance and sale of not to exceed \$65,000,000 in aggregate principal amount of one or more series of public improvement revenue bonds (ballpark project).

Chairman Elliott thanked Mr. Riebeling and, there being no other business, the Sports Authority meeting was adjourned.