

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

**Board of Directors SPECIAL CALLED MEETING MINUTES
Thursday November 10, 2022 | 10:30 am | Nissan Stadium – Press Box**

Attendees

Members: Cathy Bender (Chair), Emmett Wynn (Secretary/Treasurer), Kim Adkins, Don Deering, Jad Duncan, Glenn Farner, Melvin Gill, Aaron McGee, Michael Zerah

Staff: Monica Fawknotson (ED), Valda Barksdale, Bob Lackey, Brandon Little, Melissa Wells, Joshua Thomas (Metro Legal), Lexie Ward (Metro Legal)

Visitors: Adolpho Birch (Titans), Bill Wickett (Predators), Councilmember Brett A. Withers Burke Nihill (Titans), Dan Werly (Titans), Danny Butler (Predators), Dave Briggs (5/3 Bank), Diamond Bell, James Morrison (Barton Malow Builders), Jeff Oldham (Bass Berry & Sims PLC), Jim Simmons (Barton Malow Builders), Jonathan Godfery (5/3 Bank), Kate Guerra (Titans), Keith Hegger (Predators), Keel Hunt, Kelly Flannery (Metro Finance), Kyle Clayton (Predators), Michael Carter (Pinnacle Construction Partners), Michelle Kennedy (Predators), Peter Heidenreich (Hall Strategies), Russ Simons (VSG), Sam Wilcox (Mayor’s Office), Sandy Mazza (Tennessean), Sean Henry (Predators), Tamika White (The Equity Alliance), Taylor Kimball (Barton Malow), Tom Cross (Metro Legal), Tom Wood (Ledger), Councilmember Tonya Hancock

Call to Order

Chair Bender called the meeting to order by welcoming all including Metro Nashville Council Members Brett Withers and Tonya Hancock to Nissan Stadium and thanking the Tennessee Titans for hosting.

Review of Venue Solutions Group (VSG) Documents

Chair Bender recognized Russ Simons, Chief Listening Officer & Managing Partner, of VSG and former EVP and General Manager, Bridgestone Arena, who reported as follows:

- VSG’s Project team includes Henderson Engineers, IDiBRi Technology, VDA Vertical Transportation, Thornton Tomasetti Structure, and Manhattan Construction which, collectively, bring over 118 years of combined NFL project experience.
- VSGs Scope of Work included: 1) evaluating projected cost required to meet the “First Class” standard under the Titans current lease; 2) comparing improvements and relative cost for comparable NFL facilities listed in the existing lease; and 3) conducting a limited review of Nissan Stadium with a focus on MEP (mechanical/electrical/plumbing), Structure, Vertical Transportation & Technology to establish the potential cost to maintain the Stadium through 2026.
- VSG examined 17 comparable NFL facilities and concluded that Hard Rock Stadium (Miami) is the closest NFL comparative example. Hard Rock, built in 1987, underwent numerous renovations & upgrades from 1993 to 2017 (2006-2017 upgrades totaled \$1.3B). Additionally, the Titans commissioned Gensler & Hastings architecture firms to produce a renovation design plan. Based on the Gensler/Hastings Plan, the estimated cost for maintaining Nissan Stadium through the term of the Existing Lease in 2039 would be \$1.8B. Total cost associated with the Plan include: 1) Enabling Projects- \$257M; 2) Master Plan Construction- \$984M; 3) Soft Cost- \$468M; and 4) Project Contingency- \$171M. Additional Capital Cost Requirement of \$235M brings the total cost to \$2.1B.

- It is VSGs professional judgment that a wholesale renovation (stripped down to the basic structure and rebuilt) would be necessary to make Nissan Stadium compliant with the terms of the existing lease and would require the Sports Authority to fund all capital expenditures necessary to keep the Stadium in “First Class Condition”. This Condition is defined as incorporating components present in current First-Class stadiums while also anticipating necessary future adjustments to maintain those standards.
- Some of the Enabling Projects include: 1) removal & replacement of corroded domestic water piping system; 2) Replacement of outdated/damaged mechanical & electrical systems equipment; 3) remedial repairs of concrete structure & masonry; 4) replacement of outdated concession food service equipment and light fixtures; and 5) updating vertical transportations elevators & escalators

Following Mr. Simons report, several discussions and questions ensued including:

- Director Gill questioned who sets the standard for First Class Condition. Mr. Simons responded that the NFL and the industry set the guidelines necessary for a game to be produced. Director Gill questioned whether the NFL has a list of required functions and components for NFL stadiums and whether the NFL provided comments or recommendation regarding Nissan Stadium. Mr. Simons reported that the NFL provides performance metrics for various categories including broadcasting, data, field, etc. and the NFL has not commented on Nissan Stadium. Director Gill further inquired if Nissan Stadium were to replace all equipment and deficiencies, would it meet NFL requirements. Mr. Simons replied that, based on VSG’s assessment and the Gensler/Hastings plan, Mr. if all recommendations were executed a new building that met NFL standards would be delivered. Gill: Did the Gensler Plan have any new additional functions included? Simon: Yes, there were some new allocations and enhancements within the context of the current space. Director Gill also inquired about the differences of upgrading vs constructing a new facility. Burke Nihil (President/CEO Titans) noted that the current building is at the end of its technology and utility life and diversifying the fan experience is limited.
- Director Adkins requested Mr. Nihill’s perspective on NFL standards to which he noted that the NFL expectations are fluid and there are facility standards for a myriad of components including safety for fans, players & the environment as well as broadcast & production values. Mr. Nihill also noted that Nissan Stadium is not equipped with the appropriate bandwidth frequencies to handle broadcast standards. Mr. Nihill further stated that the current stadium was built during an era of VCRs and DVDs which are now obsolete as many facilities are moving toward streaming services. Additionally, the funding that is available from the state, private investments and PSLs makes the risk of building a new stadium more attractive while maintaining the current facilities creates a greater financial risk to taxpayers. Director Adkins also questioned how many parking spaces Hard Rock Stadium has to which Mr. Simons responded it is surrounded by parking spaces, however, newer stadiums including Allegiant in Las Vegas has 3,500. Parking spaces surrounding ball parks is not considered an efficient use of land as ride share and shuttles are becoming more effective in reducing congestion.
- Director Deering questioned the time frame to complete renovations to which Mr. Simons stated it would create distress in terms of supply chain delivery delays, escalation of cost of materials as well as complications of working during the Titans off-season including team & fan inconveniences for a minimum of three years.
- Director Farner inquired about the cost of Hard Rock Stadium renovations to which Mr. Simons noted it was approximately \$550m+ in 2017.

Review of Documents Related to Proposed Tennessee Titans Stadium Deal

Chair Bender recognized Sam Wilcox, Deputy Mayor for Policy & Innovation, Metro Deputy Law Director Tom Cross, Metro Finance Director Kelly Flannery, and Metro’s Bond Counsel Jeff Oldham (Bass Berry & Sims PLC) to address questions pertaining the Titans Stadium Deal. Mr. Wilcox presented the following highlights of the Titans’ Stadium Term Sheet:

- The Stadium will be a new 60K seat, first-class, state-of-the-art enclosed facility located on 15 acres in the eastern portion of the East Bank property. Total cost is currently estimated to not exceed \$2.1B which includes site preparation, demolition of Nissan Stadium, and all public infrastructure necessary to open the Stadium and Stadium Village which encompasses the north & south parcels boarding either side of the Stadium. This land area will be reclaimed by the city.
- The Titans will be responsible for the design, development and construction of the Stadium on behalf of the Authority under a Project Development Agreement. The goal is that the Stadium will achieve a LEED Gold Certification.
- Proposed funding sources include: \$840M from the Titans, NFL and PSLs; \$500M one-time State contribution, and \$760M from Sports Authority revenue bonds backed by dedicated non-property tax revenue including:
 - A new 1% hotel occupancy tax available via State Statute only to fund a new enclosed stadium facility.
 - 100% of state & local sales tax collected within Nissan Stadium and the new stadium
 - 50% of state and local Area Sales Tax collected within 130 acres of stadium area
 - Continuation of a \$3 per ticket tax
 - Titans' rental payment equal to \$3 per ticket sold to all non-NFL events
 - Sale of Personal Seat Licenses and private financing sources including owner equity, secured loans and NFL G-4 financing
- Any access of Authority revenues after payment of debt service will be applied to 1) A maintenance & repair fund for capital repairs & non-operating maintenance; 2) Metro Government in an amount equal to Area Sales Tax Revenues; 3) To a capital repairs reserve fund as agreed upon by the Authority and the Titans; 4) Remaining funds will be deposited to an Authority surplus fund for retiring bonds or surplus capital repairs
- Titans will be responsible for all costs associated with operations, utilities, insurance, maintenance, capital repairs & capital improvements
- Every three years, at the sole expense to the Titans, the team must engage a third party to produce a Capital Asset Management Plan to identify Stadium maintenance required during the upcoming 10-year period
- With the Authority as owners of the stadium, they will lease to the Titans and Tennessee State University (TSU). Additionally, the Authority will also have access to the stadium for five civic events annually
- The Titans will sign a non-relocation agreement for the term of the lease including extensions
- Metro will oversee development of the Stadium Village (located directly north & south of the new Stadium) and will be responsible for all necessary infrastructure for development of the Stadium Campus. Further, a site coordination agreement will address the collaboration among the Authority, Metro and the Titans
- Metro and the Authority will ensure that the Stadium Village will accommodate an agreed upon number of parking spaces for players and other Titans' parking needs. The Authority will ensure a minimum of 2,000 parking spaces are available for the exclusive use of the Titans during Stadium events. The Titans will retain net parking revenues from all Stadium events excluding TSU & CMA events while the Authority will be entitled to use of and retention of all net parking revenues at all other times.
- In addition to ongoing meetings & updates, the Proposed Schedule includes the following:
 - 4th Quarter 2022 - Preliminary approval of the Term Sheet by Sports Authority & Metro Council; Titans to commence design & pre-development activities and Metro Council to approve additional 1% HOT
 - 1st Quarter 2023 – Metro Council & Sports Authority approval of definitive documents; authorization of Sports Authority revenue bonds;
 - 2nd & 3rd Quarter 2023 – Titans to finalize stadium budget; Titans & State funding secured; Sports Authority bonds issued

Questions & Discussions:

- Director Farner requested clarity regarding the team rent to which Mr. Wilcox noted it will be rent (in addition to the ticket tax) that the Titans will pay to the Sports Authority calculated on a per user basis of \$3 on non-NFL events. This allows the city the share in the anticipated increased Stadium usage and revenue. Director Farner questioned whether the new Stadium construction is dependent upon the success of the 130 acres East Bank Vision. Mr. Wilcox noted that the 50% of state & local sales taxes collected within the zone up to 130 acres of the new Stadium will fund an NFL facility and infrastructure via state statute. However, the East Bank vision is not necessary for paying the debt service given the city has other revenue sources.
- Director Deering requested clarity regarding the Titans proposal to repay the Authority's \$30M existing Stadium Bonds. Mr. Wilcox clarified that in addition to paying the Authority's \$30M existing Stadium Bonds (maturing in 2033), it will also waive previous capital improvements debt (approximately \$32M) owed by the Sports Authority. Both will be absorbed into the \$2.1B estimated cost. Director Deering additionally requested clarity surrounding who will be responsible for funding construction of a parking garage and what is the plan for motorist who currently utilize the parking spaces. Mr. Wilcox noted that the current development proposal will have less parking spaces as a result of remote work, reduced parking demand and opportunities for alternate parking. Mr. Nihill chimed in stating that the ingress/egress for 7,500 autos simultaneously is not a good fan experience and there is a paradigm shift moving towards shuttle service from suburbs, dedicated shuttle lanes and partnering with parking lots within a mile of the facility. Director Deering questioned who would retain parking revenues from the Authority's five civic events to which Mr. Wilcox stated those revenues would be retained by the Authority. Director Deering further requested whether the Authority could negotiate for more than 5 civic events to assist with its limited budget. Mr. Wilcox noted that the city recognizes the financial burdens of the Authority and will research the possibility of additional Civic Days to be dedicated to the Authority. Mr. Nihill noted that the five civic days are a carry-over from the current lease and commented that, to his knowledge, the Authority has utilized only one of those days in the past 25 years, possibly due to the enormous expense of operating the Stadium. There will be opportunities, he noted, for the Authority to capitalize on parking revenue particularly once the East Bank Vision is materialized.
- Chair Bender requested clarity pertaining to the sourcing of the \$840M contributions from the Titans. Mr. Nihill commented that it is a work in process and the team is committed to delivering the \$840M which may include PSL funding. Chair Bender further requested clarity regarding the Authority being responsible for all capital maintenance and repair of parking spaces. Mr. Wilcox noted that the Authority will have the option of using the Area Sales Tax Revenue (50% of State & Local Sales Tax collected within 130 acres of the Stadium) to fund Stadium related parking upkeep.
- Director Gill questioned the number of current PSLs, the process for transferring them to the new Stadium and the NFL's involvement. Mr. Nihill noted that the current number of PSLs is approximately 55k and a credit will be issued to the PSL holder based on the value of the PSL when purchased (e.g., if a PSL was purchased in 2013 for \$2K the holder will have the option of receiving a \$2k credit to transfer the old PSL to the new Stadium). Pricing of new PSLs will be based on market research once the facility is constructed. The NFL's involvement will include a series of grants and loans valued at approximately \$200M. Director Gill requested clarity surrounding privilege tax to which Mr. Wilcox responded it is the same as the 1% hotel occupancy tax. Director Gill requested clarity regarding the Titans commitment of leasing the new Stadium to TN State University (TSU). Adolpho Birch (Sr VP & Chief Legal Officer, Titans) noted that the Titans One Community Benefits Platform (subject to approval of new lease) will enhance TSU's benefits by eliminating TSU's monetary lease obligations plus a cash payment to TSU in lieu of any agreed upon dates they do not use. The Titans will also sponsor the John Merritt Classic including a Fan Fest, assistance with production, game day operations/promotions and fan experience. Student support will be provided in terms of internships, job shadows, apprenticeships, Bud Adams Fellowship Program (slots reserved for TSU students), Titans leadership to serve as adjunct professors,

recognizing as well as celebrating TSU athletics during Titans games. A fully branded locker room which fulfills one of the NFL's Super Bowl host site requirements. Additionally, any re-purposeful and valuable items from the current stadium will be donated to TSU for possible use at Hale Stadium. **Director Gill requested an update on documentation regarding whether the city could be a co-owner of the Titans Franchise to which Mr. Wilcox commented that he will provide the language stating that it is against the State Constitution for government agencies to invest in private businesses.** Director Gill requested clarity regarding the Term Sheet verbiage indicating that the Sports Authority will have final approval rights over the selection of architect and construction firms. Mr. Nihill noted that preliminary design concepts have been released for budgetary purposes only; the process of soliciting and hiring an architect firm is forthcoming and will involve the Sports Authority approval. Director Gill also requested clarity surrounding the continued collection and pledge of annual in-lieu-of-tax payments from the water and sewer department as bond credit support to the Authority. Mr. Wilcox noted it is the goal of the city to secure a financing structure that will exhaust that commitment prior to the 2033 mature date.

- Director McGee questioned the State's incentive to contribute funding to a new Stadium vs contributing to renovating the current stadium and he asked the team to elaborate on plans for property inside current stadium. Mr. Nihil stated while he can't speak on behalf of the State, he believes the State's vision is to invest in future activities at an enclosed stadium which will benefit future generations. Mr. Nihill further stated that the current facility will be demolished for the East Bank Vision and parts of the facility could potentially be repurposed. Additionally, he stated, there is opportunity for useable scraps to be donated to TN State University. Director McGee requested clarity regarding the public receiving mixed message on whether the new Stadium will position Nashville to host a super bowl. Mr. Nihil noted that an outdated internet memo states that the NFL's stadium requirement to host a Super Bowl is 75K. The cap is no longer applicable and the NFL's desire is that stadiums be built with a multitude of great fan experience spaces. The NFL is excited and very impressed with the design of the New Stadium and the Titans have every expectation that Nashville will host not only the Superbowl but the NFL Draft and NFL Combine. Director McGee commented that as a TSU alumnus, he is extremely pleased with the benefits being extended to TSU.
- **Director Adkins requested the Mayor's office to provide a list of frequently asked questions and answers for the Sports Authority to use as an overview prior to taking action at the December 1 meeting.** Mr. Wilcox confirmed that his office would be happy to provide a link to the East Bank Stadium Committee website which addresses many Q&As and they will also provide Q&As which are more specific to the Sports Authority.
- Mr. Birch encouraged all to visit the <https://www.tennesseetitans.com/new-stadium/> which captures information pertaining to the New Stadium process.

Adjourn

Chair Bender requested that the Titans New Stadium website be shared with the board. The next board meeting is set for December 1 at 10:30 a.m. and the Finance Committee will meet prior to at 9:30a.m. All are encouraged to attend the Finance Committee meeting as it is anticipated that the committee will bring a recommendation regarding the Term Sheet to the full board meeting. Both meetings will be held at Nissan Stadium. Director Deering encouraged all to attend the Veterans Day parade to be held tomorrow in downtown Nashville.

There being no other business the meeting adjourned.

Respectfully submitted, Valda Barksdale, The Metro Sports Authority

YouTube Link: <https://youtu.be/-K0QAYKJJDg>