

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

**Board of Directors WORK SESSION II MINUTES  
Thursday, March 20, 2023 | 9:00 am | Nissan Stadium Press Box**

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**Attendees**

**Members:** Cathy Bender (Chair), Frank Harrison (Vice Chair), Kim Adkins, Don Deering, Jad Duncan, Melvin Gill, Dan Hogan, Aaron McGee

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

**Visitors:** Adolpho Birch (TN Titans), Tom Cross (Metro Legal), Kelly Flannery (Metro Finance), Ross Florey (Fifth Third Bank), Kate Guerra (Titans), Josh Gulick (Lose Design), Jeff Oldham (Bass, Berry & Sims), Jim Pustejovsky (CPS), Katy Sheesley (GHP), Obi Ukwu (Public), Sam Wilcox (Mayor's Office), Daniel Werly (Titans), Brett A. Withers (Metro Council)

***Call to Order***

Chair Bender called the meeting to order by welcoming everyone to Nissan Stadium and thanking the Tennessee Titans for hosting. She also welcomed and recognized Metro Nashville Council Member Brett Withers.

***Consider Approval of March 8, 2023 Work Session I Minutes***

Review and approval of the minutes was delayed until mid-meeting when a quorum was present. Director Adkins noted a spelling correction on page two. In examining question seven, Director Gill clarified that the Architect of Record (AOR) does not necessarily have to be the designer but will primarily be the firm that will confirm and sign the construction documents to which Mr. Cross confirmed this to be correct. There being no further additions or corrections to the March 8, 2023 minutes,

**Upon a motion made by Director Hogan and seconded by Director Harrison, the board approved the minutes with noted corrections and clarification from the March 8, 2023 meeting.**

***Review of East Bank Stadium Documents & Exhibits***

Chair Bender noted that the Metro Team's goal for today's work session is to review the: 1) Stadium Lease Agreement, 2) Non-Relocation Agreement, 3) Team Guaranty, 4) Ground Lease, 5) Site Coordination Agreement and 6) Intellectual Property Agreement. The Metro Team consists of Jeff Oldham (Metro Bond Counsel, Bass Berry & Sims PLC), Tom Cross (Metro Legal), Kelly Flannery (Metro Finance Director) & Deputy Mayor Sam Wilcox. Mr. Cross introduced Frank Jones and Denis Braham of the Houston, Texas law firm Greenberg Traurig who have been instrumental in helping to craft the documents. Over the last 15-20 years, Greenberg Traurig has worked on practically every major U.S. sport stadium deal and bring a wealth of experience and knowledge to the project.

Mr. Oldham began the discussions with an overview of the East Bank Stadium Legal Structure. Metro Sports Authority will serve as the landlord and Tennessee Stadium, LLC (StadCo) is the tenant as well as the corporate affiliate of the Titans who will be responsible for stadium development and operations. StadCo will engage in two subleases: one with Tennessee State University (TSU) and a second one with Tennessee Football, Inc (TeamCo). Oldham gave an overview comparison of the current and proposed stadium leases noting the following three differences:

	<b>CURRENT LEASE</b>	<b>PROPOSED STADIUM LEASE</b>
Responsibility for Capital Expenses	Sports Authority	StadCo
Designated Funding for Capital Expenses	Stadium Sales Taxes (Since 2021), Ticket Taxes, Water and Sewer PILOT, Metro General Fund. Team not required to provide funding	Stadium/Development Sales Taxes, and New Hotel Taxes, if available; Team required to fund deficiency
Site Parking	Lease encumbers entire campus for surface parking	Site limited to new stadium and required 100' security buffer; parking addressed in site coordination agreement

**The following questions and responses were asked/given during the work session:**

Q1: Is the \$3 ticket tax subject to the inflationary index? Is it under the purview of the NFL agreement and if so, is that the reason there is no flexibility? (Director Hogan)

A: It is not a ticket tax, rather it is a per patron charge that was a negotiated provision.

Q2: Regarding the term “Comparable NFL Facilities”, is there a specific time frame for when a facility was constructed that constitutes which facilities are considered comparable? (Director Duncan)

A: In the Stadium Lease Agreement, the comparable facility definition is more specific in stating that it shall mean incorporating a premier, first-class stadium at the time of initial construction, material renovation, technological innovations and/or environmental sustainability considerations. Sofi Stadium in Inglewood California does not constitute a Comparable NFL Facility (Oldham)

Q3: The agreement indicates that StadCo agrees to pay for all operating expenses including the cost of maintenance equipment used in the operation and maintenance of the Stadium if the cost is not a Capital Expense. Will the Sports Authority (SA) be responsible for replacing escalators, elevators, etc? (Director Gill)

A: No, they will not be responsible for replacing those items. The lease agreement actually places responsibility of both operating and capital expenses upon StadCo. (Oldham)

Q4: Will the SA be responsible for backstopping operating and capital expenses? (Hogan)

A: No, they will not (Oldham)

Q5: Will the CAMP provide assurance to the SA of the continued stability of the stadium and that it is being maintained as a comparable facility? (Hogan)

A: Yes, it will provide a general summary of the condition of the stadium. Every three years SA will be provided with a past, current and an anticipated condition and assessment report, at the expense of StadCo (Oldham)

Q6: How long will the capital ticket tax funding last? (Director Deering)

A: After the payment of debt services, a portion of ticket tax revenues will be placed in a capital repairs reserve fund for the life of the lease. (Oldham)

Q7: What happens if there is a shortfall of funding for capital repairs? (Hogan)

A: StadCo will be responsible for capital repairs (Oldham)

Q8: With regards to Article 6b where it states “....StadCo.....shall hire (i) an independent consulting firm of qualified engineers.....”; was the term architect omitted intentionally? Shouldn't they participate in the condition assessment? (Gill)

A: No. Most of the firms with expertise in this field are engineers, however if an architectural firm qualifies to perform the work they too will be considered. An architectural firms' involvement in the condition assessment would be dependent upon the type of capital improvement needed (Cross)

Q9: What is the role of the SA in addressing upgrades and changes? Are some capital improvements optional? (Chair Bender)

A: If the update is necessary to maintain the Stadium to the required standard, StadCo is obligated to perform the work (Oldham)

Q10: Is the annual review by the SA of the CAMP subject to approval? (Director Adkins)

A: The SA has the right to review and object to the capital budget as well as the right to verify compliance with capital repair standards (Oldham)

Q11: If not used, what happens to the \$500k allocated for engaging professional assistance to review CAMP compliance and capital budget proposals? (Adkins) Will the professional services be subject to a bidding process? (Director McGee)

A: The funding remains available each year if it is not utilized. The engagement process will not be subject to bidding; however, it will be subject to a competitive process. Typically, the engagement for the firm/individual to perform the services will be for five years. (Oldham & Cross)

Q12: Under what circumstances might the team run out of space? (Gill)

A: The practice facility is surrounded by a lake and a road resulting in extremely limited growth opportunities. The Titans are already experiencing significant growth with no opportunity to expand at the current practice location (Daniel Werly, Titans, Sr VP & COO)

Q13: Should there be a need to relocate the practice facility will it remain in Davidson County? (Deering)

A: Remaining in Davidson County will certainly be the priority. Due to the required land size and rate of growth, it will be a challenge to secure the necessary lot size in Davidson County. (Werly)

Q14: How did the \$3 ticket tax with no inflation provisions for 30 years come into place? (Bender)

A: The \$3 ticket tax for all stadium events excluding TSU events has been in place since adoption of the current lease and was carried over to the new lease. There is also a \$3 per patron fee on all non-NFL events. The inflationary factor was negotiated. (Oldham)

Q15: Is the new stadium site currently owned by the Titans? (VC Harrison)

A: No, it is part of the parking lots owned by SA. Under the current lease, the Titans have a lease hold interest on the current stadium site and parking lots. Upon approval of the new deal, the Titans will have a lease hold interest only on the new stadium site and a few parking areas (Oldham)

Q16: What is the timeline for the land transfers? (Bender)

A: At the closing, the bonds will be issued and the timelines will be indicated (Oldham)

Q17: The lease indicates that the new stadium will be constructed on 20.78 acres of the 95-acre property owned by Metro. It also states that certain state and local tax revenue derived from sales within the existing stadium and the new stadium as well as from sales within an area of up to 130 acres contiguous to the new stadium. There is another reference to the stadium site being 32 acres. Please clarify the difference between the 20.78 and 32 acreages. (Gill)

A: The entire campus is approximately 95 acres with 20.78 consisting of the building itself and a 100-foot NFL mandated security buffer. Not certain about the 32 acres, however it could be referencing the village which includes parking lots A, B, C & D, the new stadium site as well as the north and south village (Oldham) The 130 acres property is designated by the council under the state statute for the capture of sales taxes (Cross)

Q18: Please share an example of how rights to advertising and concession might occur within the plaza and park during event operational periods at the new stadium (Bender)

A: Imagine the South Village as a robust mixed use development area with restaurants that have concession rights granted. On event days, StadCo may grant concession rights to those areas outside the new stadium. To ensure there are no infringement of rights, StadCo, Metro & the developer will coordinate with the businesses in the two areas. (Denis Braham)

Q19: South Village has been referenced several times during today's discussions. In looking at Exhibit G of the Site Coordination Agreement, please clarify whether South Village and Central Waterfront are one in the same. If not, what area is specifically considered South Village? (Hogan)

A: Central Waterfront is an East Bank Vision term that is the entire area. South Village will be bounded by the new stadium on the north, by Shelby on south, Second Street on the west and by Interstate Drive on the east. In looking at Exhibit E of the Site Coordination Agreement, parcel C would be considered the South Village and parcel B is the North Village (Oldham)

Q20: The Minority Contractor Participation section on page 19 of the Development Agreement does not address minority participation during the design process. Will it be a part of the RFP process? If so, will the board have access to the RFP? (Gill)

A: Yes, the RFP will be driven by the Titans who must comply with Metro rules and regulations. The RFP will be a public document. (Cross)

Q21: The Professional Services Contract references the procurement and evaluation process stating that during the evaluation process a numerical rating system may be used. My concern is that if a numerical rating system is done improperly, it may obstruct a fair scoring process. Will Metro be involved in this process? (Gill)

A: Metro will be involved in reviewing the evaluation criteria elements which typically includes categories such as management team bios, project approach, experience on other similar projects and commitment to minority participation. Feel free to call me directly if more details are preferred or bring any specific questions to the March 28 meeting (Cross)

In closing, Mr. Oldham shared the following schedule:

Schedule	
March 8	<ul style="list-style-type: none"><li>▪ Overview of Development Agreement and Amendment to Existing Lease</li><li>▪ Questions and Answers</li></ul>
March 20	<ul style="list-style-type: none"><li>▪ Overview of Stadium Lease, Non-Relocation/Guaranty Agreements, and Campus Documents</li><li>▪ Questions and Answers</li></ul>
March 28	<ul style="list-style-type: none"><li>▪ Presentation of Financing Plan (Revenues, Debt Service and Application of Excess Revenues)</li><li>▪ Review Selected Provisions of Development Agreement, and State Funding, Intergovernmental and PSL Agreements</li><li>▪ Questions and Answers</li></ul>
April 4	<ul style="list-style-type: none"><li>▪ Questions and Answers</li><li>▪ Vote for Approval</li></ul>

### *Adjourn*

ED Fawknorton reminded all that the upcoming Tuesday, March 28 meeting at First Horizon Park will be a typical standard meeting covering non-stadium matters in addition to the continuation of reviewing and discussing documents and plans for the new stadium project. The Finance Committee will meet at 9:30am to review and approve the First Horizon Park CAMP FY 24. Chair Bender encouraged all to attend the important upcoming meetings including the April 4 meeting when the new stadium vote will be presented to the board. She also reminded all that the Titans have offered individual session for any board member who so desires. There being no other business, the meeting adjourned.

Respectfully submitted, Valda Barksdale, The Metro Sports Authority

<https://www.youtube.com/watch?v=mQO83lp045k>