



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

SPECIAL CALLED WORK SESSION MEETING MINUTES

THE NASHVILLE FAIRGROUNDS – EXPO BUILDING #1 | WEDNESDAY, JUNE 28, 2023 | 1:30PM

Attendees

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

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

Visitors: Danny Butler (Preds), Jerry Caldwell (BMS), Mary Cavarra (NSC), Kyle Clayton (Preds), Jon Cooper (Holland & Knight), Darden Copeland (CSG), Tom Cross (Metro Legal), Ben Eagles (Mayor’s Office), Jeff Ellen (CARE), Roxanna Fields (CSG), Ron Gobbell (GHP), Keith Hegger (Preds), Max Johnson (CSG), Dave Locker (Resident), Ethan Link (Liuna), James Morrison (Barton Marlow), Jeff Oldham (Bass Berry & Sims), Kiran Peterson (Resident), Metro Councilmember Colby Sledge (District 17), Saul Soloman (KSM), Aretha Stennis, Krista Sullivan (Resident), Metro Councilmember Robert Swope (District 4), Sheri Weiner, *Virtual*, (Fair Board), Laura Womack (Fairgrounds), Joseph Woodson (Woodson Results), Metro Councilmember Zach Young (District 10)

Call to Order, Chair Bender

Chair Bender called the meeting to order and thanked Laura Womack, Fair Board Executive Director for hosting and Sheri Weiner, Fair Board Chair who joined the session virtually. She welcomed all including Metro Nashville District 6 Council Member Brett Withers.

Chair Bender noted that the purpose of today’s meeting is for the Sports Authority to better understand the proposed Speedway documents, its role in financing and future management of the debt as well as to ascertain how it will impact the community.

Chair Bender invited Sheri Weiner (Chair, Fair Board) to give a summary of the proposed Speedway deal process and its impact on the Fair Board. Via WebEx Ms. Weiner reported that the Fair Board was intent on ensuring that the community was engaged in the entire process. The two primary areas of focus are the impact on the neighborhood (particularly the noise levels) and on the taxpayers. Three public hearings were held (in 2021, 2022 & 2023) and at each Fair Board monthly meeting a Public Comment period was available and open for anyone to share their thoughts. Public access was also available during the Work Sessions. Monthly Neighborhood Impact Advisory Committee meetings convened where invitees included the community, representatives from Bristol Motor Speedway (BMS) and Nashville SC. BMS also held approximately thirty meetings where neighborhood groups, schools and other impacted stakeholders were invited to share their thoughts. Additionally, Ms. Weiner reported that she was intentional in ensuring that the Fair Board was in receipt of all documents at least two weeks prior to meetings to allow ample time for review.

The following questions and responses were asked/given:

Q1: What is the projected decibel level for the Speedway? (Director Page)

A: They will range between 80-90, similar to a hair dryer. For those living near the interstate, railroad track or Nolensville Road, the numbers may slightly rise during practice, depending on other sounds in the area. The further away from the Speedway the more the intensity is reduced. (Ms. Weiner)

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Q2: Are base levels measured in decibels? (Director Page)

A: A sound has two parameters: a pitch (high or low) and intensity (loudness) and are measured by noise dosimeters. A person's auditory perception of a high tone vs intensity is not separated; it is all measured in one bucket. (Ms. Weiner)

Q3: Regarding the adverse sound study, will the design of the facility help to mitigate the harmful noises and who will oversee the design? (Director Gill)

A: It will be designed by the sound and architectural engineers Jack Wrightson, Inc. who worked on the study and produced the sound mitigation program. (Ms. Weiner)

Q4: Have they indicated how much the noise levels can be reduced by design of the facility? (Director Gill)

A? Yes, the sound mitigation plan will be multifaceted in creating a reduction in intensity. The plan includes a maximum of ten race weekends, NASCAR races to occur once every two years, a reduction in the number of practice days, implementation of curfews, mandated muffler use during non-NASCAR races, engineered sound absorbing walls and a grandstand constructed of sound absorption materials. (Ms. Weiner)

Q5: How similar will the sound be to the NASCAR event held in Lebanon this past weekend? It was extremely loud even with ear plugs and induced a headache. (Director Farnier)

A: The properties are completely different with different types of acoustics which makes it difficult to compare the two. Ear plugs are inefficient; however, headphones are more effective. (Ms. Weiner)

Review of Fairgrounds Speedway Documents & Exhibits

Chair Bender invited Metro Deputy Law Director Tom Cross, Metro's Bond Counsel Jeff Oldham (Bass Berry & Sims PLC), Ben Eagles, Senior Advisor to Mayor Cooper and Jerry Caldwell, President, Bristol Motor Speedway to give an overview of the documents. Mr. Eagles reported as follows:

- The Fair Board does not have the authority to issue bonds, however the Sports Authority does and will serve as an enabling financial entity by issuing the bonds to fund the revitalization of the historic Speedway venue. The project will not have a negative financial impact on the Authority's operating budget
- The Fair Board will be responsible for oversight of the project while BMS will be responsible for operations and maintenance.
- In addition to the Sports Authority approval, the proposal also requires approval by the Metro Council
- One of our goals today is to address the public's lack of understanding and or intentional efforts by some to mislead the public of the Speedway proposal. It does not include \$100m of Metro revenue that could otherwise be used for metro schools and government services. The revenue bonds will be paid for by revenue generated by the project, not general obligation bonds.
- Mailer indicating NASCAR TV viewership ratings are declining is untrue, over 3m viewers tuned in per race in 2022
- Mailer claiming that the proposed Speedway deal will be paid for entirely by Nashville taxpayers is blatantly false; the revenue bonds will have a backstop; however, the state is contributing \$17m, BMS is partially paying for the design cost as well as annual rent and the Nashville Convention & Visitors Corp (NCVC) has pledged contributions for promotion of tourism and design work
- Revenue models indicate that the proposed Speedway will thrive and be successful
- The proposal adds hundreds of parking for not only Speedway attendees, but soccer games too

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Mr. Cross reported as follows:

- Legislation is currently pending before the Metro Council to approve the following Speedway documents:
 1. **Intergovernmental Agreement** (between Metro & the Sports Authority) authorizes the Sports Authority (Authority) to issue bonds for the project and for the Authority to pledge Metro's nontax revenues as a backstop
 2. **Speedway Development Agreement** is in operation before and during project construction. It involves procuring the design builder and sources of revenue. The Authority is not a party to the agreement, rather a financing agent. The current estimated budget is approximately \$100m with \$17m from the state, \$17 from NCVC and the remaining from the bonds (approximately \$85m) to be issued by the Authority. The bonds will be supported by Bristol Motor Speedway (BMS) annual rent, annual NCVC payments, the facility's state and local sales taxes, attendance-based rent, share of non-NASCAR event revenues and a share of sponsorship revenues.
 3. **Speedway Lease Agreement** is operational once the facility has been completed; it describes the relationship between the parties going forward. BMS will be responsible for the maintenance. Repayment of the bond debt is the first priority in the Waterfall payment structure.
 4. **Master Lease** allows for Metro to lease the property to the Authority to issue the bonds
 5. **Master Sublease** allows for the Authority to lease the property to back to Metro and releases the Authority from the responsibility of overseeing the project

Jon Cooper, Attorney, Holland & Knight reminded the group that with the Geodis Park deal, the team agreed to cover cost overruns of \$225m which in actuality totaled over \$300m. BMS does have the option to terminate the agreement should they find the overruns not acceptable.

Additionally, reported Mr. Cross, as required by the Development Agreement, a competitive selection process was utilized in selecting the design builder. The Selection Committee included representatives from BMS and Metro.

Mr. Cooper noted that he used the same Metro public procurement process template in the Development Agreement for both the Speedway Deal and the Titans Stadium Deal. The procurement process was reviewed by Metro legal to ensure consistency with Metro procurement standards. The design builder has been selected; it is anticipated that the guaranteed maximum price (GMP) will be determined sometime in November at which time the subcontractors essential to completing the project will be selected.

Mr. Cross reported that once the GMP has been established, a cap will be placed on the amount of bonds that can be issued and the financial feasibility of the project will be determined. The construction time frame is anticipated to be twenty-four months.

The following questions and responses were asked/given:

Q1: What did Nashville SC contribute to the construction of Geodis Park? (Director Gill)

A: I don't have the exact numbers; however, Metro's commitment was the net proceeds from a \$225m bond (Mr. Cross)

Q2: My understanding is that there are four sources of funding one of them being the overruns which will be paid by BMS. Why aren't they contributing more? Is it true that if the cost overruns are not acceptable to BMS, they can withdraw? (Director Gill)

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A: A GMP will be obtained by November 15. Should the GMP exceed the anticipated funding from the four sources, BMS will have the option to either cover the shortfalls or terminate the project. (Mr. Cross)

Q3: Was the option to terminate also available to Nashville SC? (Chair Bender)

A: Their timeline unfolded more slowly and I don't believe it was their expectation that the facility could not be built within the projected cost. I am reminded that Nashville SC did contribute \$225m. (Mr. Cross)

Q4: Is representation from Metro Finance in the audience? Please clarify the funding sources. What will be the exact bond issue amount? (Director Deering)

A: No, there is not representation from Metro Finance. The funding sources are \$17m from the state, \$17 from NCVC, approximately \$85m in bonds issued by the Authority (plus cost associated with the issuance of bonds and construction interest) and BMS to cover cost overruns. (Mr. Cross)

Q5: Please clarify what amount is being contributed by BMS and what amount will the funding sources have spent at the point when BMS has the option to terminate? (Director Gill)

A: Pre-construction cost is anticipated to not exceed \$4m and a portion of the NCVC grant will be used for those cost. BMS will be responsible to pay cost overruns. (Mr. Cross)

Q:6 I am interested in the SMWBE (Small Minority & Woman-owned Business Enterprise) participation and whether BMS has been following Metro's procurement policies and procedures. (Director Gill)

A: BMS is anticipated to spend \$4-5m prior to deciding if they will move forward. (Mr. Cooper)

Q7: How will the Sports Authority repay the \$85m issued in bonds? With the Titans new stadium project, there was clear understanding of the projected reliable and dependable revenues. (Director Farner)

A: Mr. Cross directed the boards attention to Exhibit H of the Development Agreement. The Exhibit includes a chart outlining the Bond Construction Proceed projections for years one through thirty. Pledged revenues for the thirty-year period include: BMS Annual Base Rent, Attendance Base Rent, NCVC Use Payments, Advertising and Sponsorship Revenue, Gross Revenue Share and Food & Beverage Revenue Share. The projections have been vetted by CSL (Conventions, Sports & Leisure International) a company hired by the Mayor's office to conduct an analysis of the Speedway deal. (Mr. Cross)

Q8: With regards to the Bond Construction Proceeds, are interest rates also being projected? Will the bonds be taxable or tax exempt? (Chair Bender)

Aa: Yes, 5.31% is the All Inclusive (projected) Interest Cost with some variation. Bonds will be issued once the GMP is determined. (Mr. Cross)

Ab: Yes, the bonds will be issued on a taxable basis. (Mr. Oldham)

Q9: Regarding the tax revenue, is it applicable to all sales tax or is it limited to a certain area? (Director Deering)

A: The State and local sales taxes revenue will generate from items sold in the Speedway facility only. (Mr. Cross)

Q10: In referencing page 11, Article E of the Development Agreement, Director Gill questioned whether Metro's Director of Finance was involved in the procurement approval processes. Additionally, was Metro's Purchasing Agent involved? (Director Gill)

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Aa: The Director of Finance is involved in several places including the Oversight Committee and design review. The RFP was not released through Metro Purchasing, rather it was released by BMS and it is possible that they may have consulted with Metro's Purchasing Agent.

Ab: Similarly, as with the Titans Stadium deal, Ms. Lane's (Michelle Lane, Metro's Purchasing Agent) office will be involved once subcontractors are hired. (Mr. Cooper)

Q11: Why has Metro's Purchasing Agent not been involved? Article E of the Development Agreement indicates that all Pre-Development activities shall be approved consistent with Title 4 of the Metro Code of Laws which addresses SMWBE participation, method of source selection, competitive sealed proposals. (Director Gill)

A: It was too early. Because BMS is acting as the purchasing agent, Metro's Purchasing Agent will be consulted once construction commences. Title 4 Metro Code of Laws were followed. (Mr. Cooper)

Q12: I requested from BMS a list of all firms that have been engaged on the project to date. I've received three names thus far from Matthew Kuhn, BMS. (Director Gill)

A: Mr. Kuhn is compiling that information and will submit upon his return from vacation next week. (Mr. Cooper)

Q13: Referencing Article 5a of the Development Agreement, please explain "Bristol shall cause the Project Improvements to be constructed in accordance with the Final Plans in direct consultation with and approval of the Authority. (Director Gill)

A: It is the responsibility of the Authority to understand whether the final construction project/facility will support the revenues necessary to pay off the bonds. (Mr. Cross)

Q14: Referencing Article 5L of the Development Agreement, please explain "The Fair Board may retain a representative to assist the Metro Gov with questions or any issues in connection with the Project Improvements Work". (Director Gill)

A: Metro has the right to hire someone at the cost of the project to oversee the construction improvement process; the Authority can request monthly updates. (Mr. Cross)

Q15: Are there any construction elements that are non-negotiable? (Chair Bender)

A: Exhibit E list all items that are non-negotiable. Additionally, once the specification of plans and the GMP is established, there is no negotiation. (Mr. Cross)

Q16: Referencing the Memorandum of Understanding Summary Item 7, page 3, where it states BMS will provide monthly status reports to the Fair Board and Metro. Who at Metro will receive the status reports? (Director Deering)

A: The reports will typically be sent to the Director of Finance, however, Metro is happy to provide a copy to the Authority. (Mr. Cross)

Q17: According to the CSL report, please clarify the amount of revenues they recommend necessary to support the issuance of \$85m in bonds. (Director Farner)

A: The report indicates that the revenues projected in Exhibit H are reasonable. (Mr. Cross)

Q18: What processes did the firm use to make those projections? (Chair Bender)

A: CSL specializes in sports facilities and revenues and they conduct extensive evaluations. I will share the report with your ED who can forward to the board members. (Mr. Cross)

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Q19: How will the issuance of bonds for this project which the Sports Authority does not own nor operate, impact our financial viability for future projects? (Director Page)

A: As a revenue supported bond, it will be secured by this one specific income producing project. (Mr. Cross) The primary revenue streams are facility specific and will not place a strain on other Sports Authority facilities. (Mr. Oldham)

Mary Cavarra, Executive Vice President & CFO, Nashville Soccer Club

Ms. Cavarra shared the following remarks:

- We are not opposed to racing and support all charter permitted usage of the Fairgrounds including current racing activities.
- We have observed that there appears to be a lack of communication and engagement amongst essential stakeholders including neighbors and surrounding communities. Multiple groups have expressed that they have not had a seat at the table of the Speedway proposal discussions.
- Adding another 30k seat venue less than 500' from Geodis Park without significant involvement with the neighbors to ensure balance and protection, jeopardizes all fairgrounds partners. The venue proposed will greatly increase the noise levels and four of the events will be weeklong events.
- Actual cost for Geodis Park was \$326m (\$214m of net revenue bonds and \$112m cash provided by the ownership group); Geodis Park is responsible for debt service payments. Qualified cost estimators were engaged during the conceptual design phase for the stadium at which point the estimate was \$275m; final cost estimate was \$354m. The project exceeded DBE requirements, total cost was \$28m favorable to budget, was completed ahead of schedule and had a stellar safety record.
- In clarifying the ten free acres, during the construction process we learned that activating the stadium site was a key component to the overall success of Geodis Park. Metro administration proposed that ten acres adjacent to Geodis Park be used for mixed use development which is currently under construction and generating property taxes (50% to Metro general fund and 50% to Fairgrounds). A community benefits agreement was engaged which includes affordable housing.
- Geodis Park never imagined that the Metro would build a competing 30k facility directly next door. Both venues will have to rely on non-sporting events including concerts to be financially successful. It is our understanding that BMS is investing a minimal amount of their cash and we believe there are a lot of unanswered questions to their proposal.

The following questions and responses were asked/given:

Q1: Please speak to the involvement that Nashville SC had with the immediate and surrounding community. (Director Gill)

A: A combination of community events and public meetings took place where the public shared their desire and expectations for land usage in neighborhood. (Ms. Cavarra)

Q2: How far will the proposed speedway be from the residential areas? Is it traditional to have a raceway in a housing neighborhood? (Director Zerah)

A: Approximately 75-100' from housing and 300'-500' from Geodis Park. I would not be the best person to address traditional location of speedways. (Ms. Cavarra)

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Colby Sledge, Metro Councilmember, District 17

Councilman Sledge shared the following remarks:

- He has been a council member for nearly eight years and has lived in the Wedgewood Houston area for 14 years.
- Over the years \$100m has been invested in the fairground's property including new facilities, green space, infrastructure and expansion.
- The two major concerns for the Speedway are safety and neighborhood impact. Over the years the Neighborhood Impact Advisory Council has expressed establishing standards for mufflers, practices, scheduling. Based on the Noise Mitigation Study there will be a significant increase in sound and the mixed housing units under development will serve as the sound wall.
- Councilman Sledge reported he and the community have been left out of conversations with Metro administration and when invited to conversations, they received a one-hour notice. Additionally, Metro has worked to overturn the 27-vote threshold that has guided every facet of the redevelopment of the fairground property. This has created a lack of trust and he is convinced that the proposal is not in the best interest of the community, Metro nor the facility.
- General obligation bonds are currently available to fund upgrades & repairs and have successfully funded the fairgrounds including a park and buildings.

Jerry Caldwell, President, Bristol Motor Speedway

Mr. Caldwell shared the following remarks:

- The goal of the proposed plan is to renovate, restore and modernize the Speedway with revenue contributions that according to Driven International (an independent analysis firm commissioned by Metro) will comfortably cover the debt and shift over \$100m from the taxpayers to BMS.
- The plan includes a 20' sound mitigation wall, rebuilding of the interior, creation of substantial parking for Geodis Park, construction of efficient space for a flea market and other non-racing events. NASCAR races will commence every other year (once every 730 days) and the historic ten race weekends will continue. The NCVV will also utilize the Speedway for special revenue producing events.
- BMS has conducted over 30 meetings with the community, various groups and individuals; including those submitted by Council Member Sledge. BMS is committed to being responsible for capital investments to maintain the Speedway for the next 30 years and create a financially sustainable enterprise. The proposal will create significant annual revenue for the Fair Board and an annual \$100m rent payment from BMS. According to the financial analysis by CSL, the plan is projected to create a revenue debt coverage ratio of 1.2 to one. The plan will also help to ensure that Nashville can fulfill its charter obligation to operate the Speedway.
- The CSL report clearly indicates that revenues from the project, not the taxpayers, are more than efficient to cover the debt.
- For clarity purposes, there will not be four weeks of racing but rather a four-week block to accommodate non-racing activities prior to and following the race days which are typically two days.
- There are other race venues in neighborhoods including Indianapolis Motor Speedway and within the next several days Chicago will host a race on the streets of downtown.

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The following questions and responses were asked/given:

Q1: Please speak to Councilmember Sledge's concerns of not being included in the planning and discussion processes. (Director Gill)

A: We have had open dialogue with Councilmember Sledge and the Fair Board and we welcome continued dialogue. I believe he may have been referring to the Mayor's office. (Mr. Caldwell)

Q2: Please speak to BMS' efforts to promote women's sports (Director Adkins)

A: BMS helped sponsor and has hosted Women In Motor Sports, a community of professionals devoted to supporting opportunities for women across all disciplines of motorsport. We see the importance of executive women in sports for now and for the future of sports. (Mr. Caldwell)

Q3: What was BMS' effort to engage local firms as part of the design project? Are there still opportunities for local design consultants to participate? (Director Gill)

A: From the very beginning it has been our goal to ensure that we abide by Metro standards. Yes, there are opportunities for local firms to participate; the subcontractors have not been hired. For more detailed information I am happy to set up a conversation with you and our engineers who spearheaded those efforts. (Mr. Caldwell)

Q4: Can you speak to Councilmember Sledge's concerns of the overturning of the charter going from 21 members to 27? (Director Page)

Aa: BMS was not party to the change; however, our attorney didn't believe a 27 member was needed because the proposal does not constitute a change of usage of the property. The proposal is to improve the current racetrack. (Mr. Caldwell)

Ab: The charter amendment was passed a few years ago and speaks to the demolition of facilities. From a legal perspective we didn't believe an amendment was necessary because the proposal is for the grandstand to be replaced and renovation of the Speedway. If you are renovating or improving an existing facility, then a 27-member vote is not required. It is currently the subject of three lawsuits to determine whether the action taken was valid or not. (Mr. Cooper)

Adjourn

Chair Bender reported that the next board meeting is scheduled for Thursday, July 20 at 10:30am at Nissan Stadium with the Finance Committee meeting prior to. The board will have additional opportunities to ask questions related to the Speedway and express its desire to hear from Metro Finance Director. Also, should board members have questions for Mr. Cross, he is open to scheduling time to meet individually in person or by phone.

There being no other business, the meeting adjourned.

Respectfully submitted, Valda Barksdale, The Metro Sports Authority
YouTube Link: <https://www.youtube.com/watch?v=sZuE4aV-7YQ&list=PL70A35525EA40FA72&index=1>