

RESOLUTION NO. R95-30

A RESOLUTION EXPRESSING THE APPROVAL OF THE METROPOLITAN COUNCIL OF THE LETTER AGREEMENT WITH THE HOUSTON OILERS, INC., CONTAINING THE TERMS WHICH THE METROPOLITAN GOVERNMENT OFFERS TO OBTAIN THE RELOCATION OF THE HOUSTON OILERS TO NASHVILLE FOR THE 1998 NATIONAL FOOTBALL LEAGUE SEASON.

WHEREAS, the Houston Oilers, Inc., have approached the Metropolitan Government regarding the negotiation of an agreement that would result in the relocation of the Houston Oilers' National Football League team to Nashville for the 1998 football season; and

WHEREAS the Metropolitan Mayor and the Chairman of the Board and President of Houston Oilers, Inc., have executed an exclusive negotiating agreement providing that the parties would determine on or before October 20, 1995, whether all necessary approvals, contingencies and other requirements could be obtained and negotiated to their mutual satisfaction, and

WHEREAS, the Metropolitan Government must indicate what financial arrangements it would be willing to make with Houston Oilers, Inc., in order to obtain an extension of the exclusive negotiating provision; and

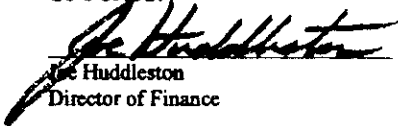
WHEREAS, the terms contained in the Letter Agreement with the Houston Oilers, Inc., attached hereto as Exhibit 1 are acceptable to the Metropolitan Council, conditioned upon the approval by the Metropolitan Council of the actual terms of the final arrangement(s) between the Metropolitan Government and Houston Oilers, Inc., contemplated therein.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

SECTION 1: The Metropolitan Council hereby expresses its approval of the terms contained in the Project Letter to Houston Oilers, Inc., which is attached hereto as Exhibit 1 and incorporated herein, which the Metropolitan Government is willing to offer to obtain the relocation of the Houston Oilers' National Football League team to Nashville for the 1998 football season. This approval is subject to the condition that the actual terms of any agreement(s) between the Metropolitan Government and Houston Oilers Inc., contemplated in the Letter Agreement, must be approved by the Metropolitan Council, and the Metropolitan Council reserves the right to approve or disapprove the same in its sole discretion.

SECTION 2: This Resolution shall take effect from and after its passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

APPROVED AS TO AVAILABILITY
OF FUNDS:


Joe Huddleston
Director of Finance

INTRODUCED BY:



APPROVED AS TO FORM AND
LEGALITY:


Metropolitan Attorney

Members of Council

EXHIBIT 1

**Metropolitan
Government
of Nashville
and Davidson
County**

4 October 1995

Philip Bredesen
Mayor



Office Of
The Mayor

Mr. K. S. "Bud" Adams, Jr.
Chairman of the Board and President
Houston Oilers, Inc.
6910 Fannin, Lower Level
Houston, Texas 77030

RE: Letter Agreement

Dear Bud:

This letter (this "Agreement") shall serve to indicate my understanding of the preliminary joint negotiations between the Houston Oilers, Inc. ("Oilers") and The Metropolitan Government of Nashville and Davidson County ("Metropolitan Government") concerning the possible relocation of Oilers' franchise to Nashville, Tennessee.

Oilers is aware that I am unable to bind the Metropolitan Government to the terms of this Agreement. Each of us, however, believes that the relocation of a National Football League ("NFL") franchise to the Nashville, Tennessee, area would be of benefit to the community and the State of Tennessee.

Oilers understands that the Metropolitan Council has the right and prerogative to approve or disapprove any proposed future agreements which would implement any relocation of Oilers and that no such relocation can be effective in the absence of the Metropolitan Council's final approval, which can be granted or withheld at the Council's sole discretion at the time(s) such agreements are considered. Likewise, I understand that the Board of Directors of Oilers must approve or disapprove any proposed future agreements and that such approval may be granted or withheld at your Board of Directors sole discretion at the time(s) such agreements are considered.

107 Metropolitan Courthouse
Nashville, Tennessee 37201
615 862-6000
FAX 615 862-6040

Mr. K. S. "Bud" Adams, Jr.
4 October 1995
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Subject to these understandings, the Metropolitan Government will construct a stadium on the east bank of the Cumberland River as more fully described in Exhibit A, which is attached hereto and incorporated herein. The stadium will be designed in the manner described in Exhibit A. The stadium will be leased to an Oilers' affiliate pursuant to a lease agreement having terms described in Exhibit A. The Oilers NFL team will play its home games in the stadium beginning with the 1998 season.

I propose the preliminary timeline (the "Timeline") which includes the due dates for the achievement of certain critical aspects ("Milestones") necessary for the implementation of Oilers relocation, including stadium design and construction, governmental approvals, marketing plans, financing plans, and NFL approvals. A copy of the preliminary Timeline with Milestones is attached hereto as Exhibit B and is incorporated herein by this reference.

The parties have also devoted substantial effort to the negotiation and drafting of a comprehensive Project Agreement which will be designed to address the matters contained in Exhibits A and B with specificity and precision, but which has not yet been completed, and the approval and execution of which is a Milestone. In the event a Milestone provided for herein is not achieved timely, this Agreement is terminated, unless otherwise mutually agreed in writing.

Subject to the Metropolitan Council's approval hereof, Oilers and Metropolitan Government hereby agree to extend through November 25, 1995, the period of exclusive negotiation referred to in the letter agreement dated August 11, 1995 between the Metropolitan Government and Oilers, attached hereto as Exhibit C.

Each of the parties understands that any transaction contemplated hereby is entirely contingent upon mutual satisfaction of usual and ordinary conditions as are customary in transactions of this nature, including but not limited to releases, indemnities, opinions of

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counsel and governmental approvals as may be required and such other terms as the parties may each separately require. The Metropolitan Government continues to expect Oilers to satisfy and honor its existing contractual obligations and that Oilers will be exclusively responsible for any disputes Oilers has with third parties that may arise out of any relocation of Oilers.

In this regard, it is clearly understood that no one on behalf of the Metropolitan Government will take any action which would cause anyone to breach or interfere with any contractual or other legal obligation.

If you are in agreement with these terms and conditions, please indicate your approval by signing in the space provided below. Upon receipt, I will submit it to the Metropolitan Council for its consideration. We look forward to continuing our relationship for the good of our community.

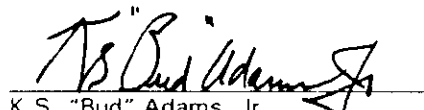
Warmest regards,



Philip Bredesen
Mayor

ACCEPTED AND APPROVED BY:

Houston Oilers, Inc.



K.S. "Bud" Adams, Jr.
Chairman of the Board and President

EXHIBIT A

I. Stadium.

- (a) The Stadium will be owned by a Sports Authority created by the Metropolitan Government.
- (b) The Stadium shall be a state-of-the-art, modern, first class football stadium, open air, with a grass playing surface.
- (c) The Stadium shall have at least 65,000 and not more than 70,000 permanent seats, with the ability to have additional temporary seats.
- (d) There shall be a minimum of 100 enclosed suites and 10,700 club seats, with appropriate related amenities.
- (e) Team practice facilities will be located on-site.
- (f) Appropriate infrastructure will be provided.
- (g) Parking spaces for a minimum of 7,500 vehicles will be located on-site.
- (h) The Stadium will include a special locker room for use by Tennessee State University.
- (i) The Stadium will comply with the Americans with Disabilities Act and other applicable law.
- (j) Seating will be available for sale on an individual game basis.

II. Stadium Site.

- (a) The Stadium Site will be located on the east bank of the Cumberland River in downtown Nashville, in the area bounded by the Victory Memorial Bridge, the Shelby Street Bridge, the Cumberland River, and Interstate 265.
- (b) The Stadium Site will contain approximately 105 acres.

III. Stadium Lease and Oilers Contract.

(a) The Stadium Lease from the Sports Authority to an Oilers' affiliate ("Operator") will be for a period equal to the life of the bonds to be issued (approximately 30 years), with the Operator to have the option to extend so that the total term would be 40 years in the aggregate.

(b) The Oilers will contract to play all home NFL games in the Stadium, commencing with the 1998 season, for a term equal to the term of the Stadium Lease, including any extension.

(c) The Stadium is expected to have a useful life of at least 50 years.

(d) Under the Stadium Lease, the Operator will be required to operate and manage the Stadium year-round and to bear the operating expenses of the Stadium.

(e) Stadium revenues will be allocated to the Operator and the Oilers.

(f) The priority use for the Stadium shall be for the Oilers' games. The dates between August 1 and January 20 in each NFL season shall be reserved for such Oilers' games until released by the NFL.

(g) The Operator shall have the right to utilize the Stadium for 30 days per year, including Oilers' games. The Sports Authority shall have the right to the use of the Stadium for the remaining days of the year in a manner that is subject to the rights of the Operator and the Oilers and does not damage the stadium or playing surface. The Operator may use days allocated to the Sports Authority if the Sports Authority does not then use the Stadium.

(h) The Sports Authority's dates shall be used for the TSU games referred to in IV below and for non-profit events. The cost to the Sports Authority for such non-profit events shall be the incremental cost to the Operator attributable to the event.

(i) The annual rental payment from the Operator to the Sports Authority shall be \$3 million, \$2 million of which amount shall be credited against the operating expenses to be borne by the Operator. The differential in such rental payment shall be reduced or eliminated to the extent net PSL revenues are increased above \$71 million or the extent transfer fees are reduced or eliminated, such that a \$13.8 million benefit would entirely eliminate such differential.

IV. Agreement With TSU.

A contract shall be entered into with TSU for the playing of its home games at the Stadium.

EXHIBIT B

<u>Timeline</u>	<u>Milestone</u>
(1) October 20, 1995	Metropolitan Government establishes the Sports Authority and provides interim funding for the project
(2) November 25, 1995	Metropolitan Government, the Operator and the Oilers approve and execute Project Agreement covering the overall project
(3) December 31, 1995	Completion of successful marketing of the enclosed suites
(4) February 5, 1996	Completion of successful marketing of the permanent seat licenses
(5) March 6, 1996	Final Metropolitan Government approval of its funding and approval by the Metropolitan Government, the Operator and the Oilers of the Development Agreement (that is more detailed and supersedes the Project Agreement), the Stadium Lease and the Oilers Contract
(6) March 10, 1996	State approval of its funding and putting in place the State funding mechanism.
(7) March 15, 1996	NFL approval of the transfer of the Oilers' franchise to Nashville
(8) March 22, 1996	Execution by the parties of the Development Agreement, the Stadium Lease and the Oilers Contract
(9) April 1, 1996	Ground breaking of the Stadium
(10) August 1, 1998	Stadium completion



**Houston
Oilers**

EXHIBIT C

K. S. ELDON ADAMS, JR.
President

August 11, 1995

Honorable Philip N. Bredesen
Mayor of Metropolitan Government
of Nashville and Davidson County
107 Metropolitan Courthouse
Nashville, Tennessee 37201

Dear Mayor Bredesen:

This letter will evidence the preliminary and tentative agreements of the undersigned parties to negotiate in good faith exclusively with each other from the date of this letter to and until October 20, 1995 for the relocation of the National Football League ("NFL") franchise held and known as Houston Oilers, Inc. ("Oilers") from the City of Houston, Texas to Nashville, Tennessee. For the purpose of this letter, the exclusivity agreement precludes the Metropolitan Government of Nashville and Davidson County ("Metropolitan Government") from negotiating with any other existing or expansion NFL team, and precludes Oilers from negotiating with any other governmental entity or locale, including but not limited to the City of Houston, Texas, and Harris County, Texas, during the exclusive negotiation period or any mutual extensions thereof.

It is understood and agreed that any transaction contemplated herein is contingent, *inter alia*, upon the satisfaction of such usual and ordinary conditions as are customary in transactions of this nature, including releases, indemnities, opinions of counsel as may be required and other such terms. Oilers will be expected to satisfy and honor its existing contractual and other legal obligations and will be solely responsible for any disputes arising out of the relocation of the team; provided, however, that Oilers shall not be obligated to violate the law of any jurisdiction, the constitution and by-laws of the NFL or any lawful Court order. In this regard, no one on behalf of the Metropolitan Government will take any action that would cause anyone else to breach or interfere with any contractual or other legal obligation.

It is further understood and agreed that any relocation is subject to necessary approvals, the satisfaction of various contingencies and requirements and the successful negotiation and execution of additional agreements, which the parties contemplate will be considered initially

HOUSTON OILERS INC. P O BOX 1516 HOUSTON, TEXAS 77251-1516 (713) 797-9111

Honorable Philip N. Bredesen
August 11, 1995
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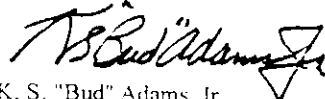
during the exclusive negotiation period, and subsequently during any extensions of the exclusive negotiation period. If at the conclusion of the exclusive negotiation period, either party reasonably believes in good faith that it will be unable to obtain necessary approvals, satisfy all contingencies and requirements, or successfully conclude the necessary additional agreements, then and in any of such events, the respective parties will be free to negotiate with other NFL teams or other governmental entities or locales.

Nevertheless, in the event the parties each conclude during the exclusive negotiation period that all approvals, contingencies, and other requirements can be obtained and negotiated to their mutual satisfaction, the parties shall on or before October 20, 1995, execute further and additional agreements (i) extending the period of exclusive negotiation and (ii) specifying and defining with precision the respective obligations of each party (and such additional parties as may be necessary).

The parties understand that the Metropolitan Council has the final approval on any agreements which will be necessary to effectuate this transaction and that such approval can be granted or withheld at the Council's sole discretion.

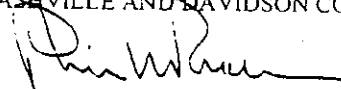
Very truly yours,

HOUSTON OILERS, INC.


K. S. "Bud" Adams, Jr.
President

ACCEPTED BY:

THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY


By: Philip N. Bredesen, Mayor

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MINUTE BOOK M 58 PAGE NO. 12

A RESOLUTION EXPRESSING THE APPROVAL OF THE METROPOLITAN COUNCIL OF THE LETTER AGREEMENT WITH THE HOUSTON OILERS, INC., CONTAINING THE TERMS WHICH THE METROPOLITAN GOVERNMENT OFFERS TO OBTAIN THE RELOCATION OF THE HOUSTON OILERS TO NASHVILLE FOR THE 1988 NATIONAL FOOTBALL LEAGUE SEASON.

Referred to BUDGET & FINANCE COMMITTEE

Introduced OCT 10 1995

Adopted OCT 10 1995

Approved OCT 23 1995

By 

Metropolitan Mayor
Departments Notified OCT 23 1995

Form 81