



MEMORANDUM

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TO: Members of the Metropolitan Board of Fair Commissioners
FROM: Tom Cross
DATE: December 20, 2022
RE: Speedway Lease Agreement

The Board of Fair Commissioners has previously received a draft Development Agreement and draft Lease Agreement relating to the proposed redevelopment of the Fairgrounds Speedway. This memorandum summarizes the main provisions of the Lease Agreement.

1. Parties: Metropolitan Government of Nashville and Davidson County, by and through the Board of Fair Commissioners, and Bristol Motor Speedway, LLC.
2. Term: The lease term is 30 years. Any extension would be subject to negotiation.
3. NASCAR Sanction Agreement: Bristol is obligated to use commercially reasonable efforts to obtain a NASCAR sanction agreement.
4. Rent: Bristol will pay:
 - a. base rent of \$1 million per year, escalating at 1%.
 - b. additional rent of \$103,125, escalating at 1%, to be paid directly to the Fair Board. (Another payment not to exceed this amount will also be made from the waterfall described in ¶ 6 if sufficient revenues are available.)
 - c. percentage rent equal to:
 - i. the sum of 5% of gross revenues for goods and services (other than food and beverage sales) and 15% of revenues from food and beverage sales received by Bristol in a lease year except during the four weeks each year designated for significant events.

- ii. the first \$600,000 per year of sponsorship revenues received by Bristol.
 - iii. ten percent of annual facility naming rights revenues received by Bristol.
 - d. contingent rent in the event Bristol does not host a NASCAR cup race during one of the years shown on Schedule 1. The amount of contingent rent will be based on the difference in revenues received by Metro in that year and the average of revenues received by Metro in prior years when a NASCAR cup race was held. Additional contingent rent will be due if no NASCAR cup race is held for two or more consecutive years shown on Schedule 1. Bristol will receive a credit for hosting a NASCAR race in a year not shown on Schedule 1 that it can use to avoid paying contingent rent in a subsequent year.
 - e. Bristol will also pass through to Metro \$650,000 per year received from the CVC for limited use of the facility.
- 5. Net Lease: Bristol will pay all facility operating costs. Bristol also will be responsible for all maintenance and for the costs of making necessary capital repairs. Bristol will be required to engage a professional engineering firm every five years to prepare a Capital Asset Management Plan to guide capital repairs.
- 6. Use of Revenues: Revenues (other than additional rent described in ¶ 2(b) above) are to be applied in the following order until exhausted:
 - a. pay bond debt expense
 - b. restore any deficiency in the debt service reserve fund
 - c. reimburse the Fair Board, Authority, or Metro for any bond debt expense paid from any source other than rent, the CVC payment, or sales and ticket taxes collected at the facility
 - d. pay additional guaranteed rent to the Fair Board in an amount not to exceed the additional rent described in ¶ 2(b) above
 - e. pay the Authority and Bristol, pro rata based on amounts expended, of unreimbursed project costs
 - f. pay the Authority any remaining sales or ticket taxes collected at the facility
 - g. split any remaining rent or CVC use payment funds 75% to Bristol and 25% to the Fair Board

7. Operating Standards: Race events may be held on no more than 10 weekends per year. Practices may be held on no more than 20 weekdays per year. Practice hours are limited to 3:00 PM – 7:00 PM except for practices on the day of a NASCAR cup race. Except for NASCAR cup races, race hours are limited to 3:00 PM – 9:00 PM on Fridays when schools are in session, 12:00 PM – 10:00 PM on Saturdays and Fridays when schools are not in session, 12:00 PM – 7:00 PM on Sundays when schools are in session the following Monday, and 12:00 PM and 9:00 PM on Sundays when schools are not in session the following Monday. Bristol is required to use good faith efforts to limit NASCAR cup races to these hours as well.
8. Sound: Mufflers must be used during practices and race events except NASCAR cup races and associated practices. No sound amplification is permitted after 10:00 PM without Fair Board Permission. Bristol is required to use good faith efforts not to schedule events involving amplified sound on a day when schools are in session on the following day.
9. Fair Board Use: The Fair Board has the right to use the facility concourse for Charter-protected events such as the flea market when not in conflict with Bristol events. The Fair Board will be required to pay for operating costs incurred in connection with Fair Board events.
10. Insurance: Bristol is required to obtain and maintain standard commercial liability and property insurance policies. The Fair Board is required to obtain commercial liability coverage for events it conducts at the facility.
11. Guaranty: Bristol's obligations will be guaranteed by Speedway Motorsports, LLC.