

Fair Board Questions - Bristol Proposal

General

- 1** **Who is the customer? Who will be coming to the speedway under this proposal?**

The CSL report projects that both local patrons and visitors to Nashville would attend races at a renovated track, with NASCAR races drawing relatively more visitors than local races. Bristol will host events that appeal to a broad demographic. Several events will be community-focused and designed to bring nearby residents to the Speedway. Many others will bring out of town guests in addition to Nashville area residents.
- 2** **Will Bristol be willing to participate in the monthly Neighborhood Impact Advisory Committee Meetings (NIAC)?**

Bristol has no objection to participating in the regular NIAC meetings and fully intends to do so. The Lease can be amended to provide this.
- 3** **Does "requisite capacity" mean the State mandated 30,000 seats?**

Requisite capacity means the number of seats required to comply with state law. Bristol will have 30,000 seats in compliance with state law for purposes of the ticket tax eligibility.
- 4** **Clarification: Sound study should be characterized as up to a 50% reduction in the perception of loudness .**

Agree. This will be further explored and explained by Jack Wrightson at the 12/21 work session.
- 5** **Why isn't the Bristol lease the same than the soccer lease?**

The Lease and Development Agreement represent the result of months of negotiations addressing a facility that Metro currently owns and is responsible for pursuant to the Charter. Bristol believes this agreement will result in a net increase in funding for the Fair Board. As noted above, it is anticipated that the Fair Board will get the full value of its lost revenue. Half of that is guaranteed while the other half is paid out of the waterfall of funds in excess of the debt service payments. The parties agreed that this approach was the most effective for creation of a cooperative relationship between the Fair Board and Bristol in which both parties have incentive to make the speedway financially successful.
- 6** **What is the value of the 10 acres that was provided to NSC as part of the lease? Is that consistent with the amount that Bristol isn't willing to commit to?**

See response 5. Further, one important difference between this transaction and the one for Geodis is that this one does not include a 10-acre ground lease for private development.
- 7** **Impact on Bristol managing the speedway on the Fairgrounds staff - What reduction in staffing/overhead costs do we project from not having to manage the speedway? Do we (the Fair Board) have a plan in place to realize those cost reductions? For example, if we have a reduced footprint to manage, can the Fairgrounds be operated with a smaller staff? What modelling has been done on this point?**

There are no plans for staff reduction. Existing staffing levels are needed to maintain event and shared spaces and to maintain event operations 7-days/week from 6am - midnight.

Development Agreement

- 8** **Is another material (other than metal) being considered for the grandstands to reduce reverberation?**

The RFP does not specify the materials to be used in construction of the grandstands. Many factors including sound, cost, availability of materials and installation will be considered in selecting the materials to be used.
- 9** **The agreement notes that Metro is responsible for construction the speedway - isn't Bristol?**

The development agreement requires Bristol to engage a design/builder to design and construct the new speedway and associated improvements. The Fair Board will be involved in the oversight of the design and construction process.
- 10** **What is the definition of "substantive" in regards to the use of procurement and competitive bidding?**

The development agreement requires that all substantive construction work be subject to competitive procurement, as would be the case if Metro were undertaking the project directly. Substantive in this context means all hard construction services such as concrete, electrical, plumbing, and the like.
- 11** **Alternative proposal to renovate the Fairgrounds - At the 11/8/2022 meeting, the Mayor's office mentioned that metro planning was working on an independent review and costing of necessary capital improvements to the site. What is the status of this work?**

The consultant toured the speedway and grandstands on 1/10/23. Anticipated completion of the report is February 3.

- 12 **What is the process to have an environmental impact study done on the area where the proposed work will take place?**
If it's a Phase I environmental study (hazardous materials) of the site's existing condition, Bristol will do that as part of its preconstruction work.

Financial Terms

- 13 **Do project accounts as defined mean that Bristol only contributes if the Sports Authority contribution and the State contribution are insufficient to support completion of the project?**
The development agreement requires Bristol to contribute to the project construction budget if the sum of the State grant, the CVC grant, and the Authority Bonds combined are insufficient to support completion of the project and project adjustments cannot be reasonably made that will reduce the cost of the project to within amounts available from those three funding sources. If that situation occurs, Bristol has the option of paying the necessary additional amount or terminating the agreements. Bristol will be contributing to the debt payments through the payment of rent and the other revenue sharing opportunities built into the lease.
- 14 **Didn't Bristol rent increase to a starting of \$1M instead of \$850K?**
Yes. Several adjustments to the financial structure were made following receipt of the CSL report. Under the lease, annual rent for Bristol will be \$1 million, escalating at 1% per year.
- 15 **Was consideration given for weather and other potential reasons that ticket sales may not live up to expectations as it relates to the Replacement Reserve Fund (funded by ticket tax)**
One of the primary reasons to maintain a debt service reserve fund is to cover potential revenue shortfalls, whether resulting from event cancellations or other causes. Weather-impacted event information was provided to CSL to use as part of its analysis.
- 16 **What isn't the payment to the Fairgrounds guaranteed up front in whole vs a partial guarantee and other half in the waterfall?**
The proposed agreements represent the result of more than a year of negotiations. The structure of the make-whole payments to the Fair Board is one of many negotiated elements of the overall transaction. Based upon the independently-reviewed revenue projects, the revenues should be sufficient to fully fund the payments to the Fair Board. This also allows the Fair Board to participate in the upside associated with use of the speedway.
- 17 **Why are Bristol revenue projections for Advertising/Sponsorship and Gross Revenue Sharing lower than CSL's?**
Bristol chose to use conservative estimates for these revenue streams. Bristol expects that the actual revenues will be more in line with CSL's projections.
- 18 **Explain the justification of the projected drastic increase in local racing attendance in consideration of tripling the ticket cost from what is currently charged?**
The CSL report projects average attendance of 3,000 at local races, which would represent an increase over the historical attendance averages of 1,500 – 2,500 per race. The report notes that an increase in projected local race attendance is reasonable based on (1) the improved fan experience associated with a fully renovated facility and (2) the marketing expertise that Bristol can bring to bear. The data that was provided to CSL was pre-COVID data, which was attributable to a prior operator of the speedway. Stability in operations and confidence in the current promoter have caused steady increases in participant and spectator ticket sales since that time. Bristol hopes to continue working with the current promoter for local racing events, adding marketing support along with the safer facility and improved fan amenities which experience has shown will dramatically increase attendance.
- 19 **How are the ticket prices compared to current ticket pricing with Track Enterprises?**
Bristol needs to know the specific data point being used to formulate the question in order to provide a meaningful answer.
- 20 **Can you shed some light on the disparity of projected attendance and the comparables?**
The CSL report notes that an increase in projected regional race attendance is reasonable based on (1) the improved fan experience associated with a fully renovated facility and (2) the marketing expertise that Bristol can bring to bear.
- 21 **Is there enough buffer in the revenue streams to protect the General Fund when there is weather, a pandemic, or if NASCAR/Bristol does come to a sanctioning agreement or lose it?**
See response 16. The lease agreement provides for establishment of a debt service reserve fund in order to protect against extraordinary events that would challenge the ability to meet debt service payments.

Lease Agreement

- 22 **The lease document says that Bristol will not be under any obligation to provide parking for Fairgrounds events - is there a more cooperative approach to be taken here?**
The expectation is that parking management will improve with time for events at both the speedway and Geodis. Further, Bristol anticipates opening the speedway for parking for major events hosted by other fairgrounds users. This will be negotiated separately by the parties.
- 23 **How will F&B work at the Expos during significant event weeks as it relates the contracted vendor that will hold catering, beer permit, and liquor license?**
For those weeks, Bristol will have the right to either use an existing vendor or use its own food and beverage vendor if that is different than the existing Expo center vendor.
- 24 **Do we have any criteria identified regarding the advance notice of needed dates or the dates already in use by long-standing vendors that may be in conflict - as it related to Cup races and 3 significant weeks?**
Bristol, NSC, and the Fair Board executive staff are working on a scheduling protocol to address notice requirements and potential conflicts among Fairgrounds users.
- 25 **CSL Cost Study: Was consideration given if there were no sanctioning agreement with NASCAR? Are there other tracks that don't have sanctioning agreements and what do those cost analyses reflect?**
The revenue projections in the CSL report are based on the assumption that the renovated speedway will receive a NASCAR sanctioning agreement, which will be necessary in order for the facility to host NASCAR-level events. Bristol commits to comply with NASCAR's sanctioning requirements.
- 26 **If Bristol is not responsible for all capital repairs and improvements to the speedway throughout the lease term, why do we not have a collaborative review and procurement plan with Metro relative to the needs, timeline, and implementaion?**
The lease requires Bristol to make necessary future capital repairs at the renovated speedway. A portion of the funds in the waterfall go towards a capital projects fund to help cover the costs of this work. In addition, the lease includes a requirement that starting in the fifth year, the Fair Board can require Bristol to hire an independent consultant to prepare a capital asset management plan (CAMP) to ensure the facility is kept up to standards.
- 27 **If Bristol is not contractually obligated under the proposed lease agreement to bring any event to the speedway/Fairgrounds nor can they guarantee that NASCAR will continue to allocate races to Bristol, nor is there a sanctioning agreement - should this be cause for concern such that Nashville taxpayers won't be responsible for this debt?**
The lease agreement contains a provision that obligates Bristol to make good faith efforts and undertake commercially reasonable best practices to host events that will generate revenues sufficient to pay the debt on the Speedway Project and the support and operation of the Speedway. Additionally, the lease agreement contains penalty provisions that will apply in the event NASCAR Cup Series events are not scheduled at the facility fifteen of the thirty years of the lease term. Any penalty payments would be used to pay a shortfall in the debt service. The Lease includes a schedule of years in which a NASCAR race is projected to be held. If no NASCAR race is actually held in one of those years, Bristol is required to make extra payments that offset the loss in revenue to Metro plus an additional penalty amount, beginning at \$100,000 and escalating, starting with the second missed NASCAR year. The Lease would allow Bristol a credit for holding a NASCAR race in a year not shown on the schedule.
- 28 **Number of activations chart - A chart showing a comparison of the maximum allowed activations (including type of activation) on the site under the Bristol deal; the number of activations by type contemplated to support revenue projections used in the CSL study; and the number of days the site is activated by type currently**
See document titled "Speedway Activation"
- 29 **Type of activations chart - A list of Bristol's proposed activations including the type of events planned to support the revenue projection of the CSL survey (e.g. 1 cup race, 1 truck race, 4 regional races, 5 local races, 1 monster truck shows, 1 concert, 10 track rentals, etc.). Include any events that are *required* by the lease agreement (e.g. a Cup race is required or Bristol pays a penalty).**
See posted document titled "Speedway Activation"
- 30 **Noise restriction chart - An example calendar showing the days of the week and times that noisy events are prohibited/allowed under the Bristol proposal. Include a calendar for race car events, concerts, and other types of events contemplated for the site.**
See posted document titled "Speedway Activation"

31 Traffic and Parking Plans - A copy or the current status of any agreements regarding traffic and parking among the tenants of the Fairgrounds. In the summary of deal terms the Fair Board received on 11/8/2022, there is a bullet that says the parties will work cooperatively to maximize space for parking and facilitate transportation. Does anything exist on this topic so far? Any framework agreement?

See posted document titled "Transportation Management Plan Overview Presentation"

32 Capital Repair Process - I'd like us to go over the Capital Repair Process again at the next work session to understand how capital repairs are funded, what standard the facility must be maintained at, and who determines what repairs are necessary.

See posted document titled "Speedway Lease Capital Repair and Improvement Process"

Nashville Convention and Visitors Corp

33 A copy of the Bristol/CVC agreement. This will be attached to the development agreement. Is this agreement still to be negotiated or can we see a copy now?

See posted document titled "Speedway Tourism Promotion Agreement"

34 Where is the \$17mil from the NCVC coming from and how is it able to be used for raceway?

NCVC had enough in a Metro reserve to pay a portion up front.

35 Is the NCVC funding a lump sum or payments over time?

A portion of the \$17,000,000 NCVC payment (expected to be about \$13,000,000) will help lower the amount Metro would have to borrow to finance the project. In addition, the CVC would pay \$650,000 per year for 30 years.

36 Is NCVC's \$17mil minus the \$4mil for predevelopment is the same money NCVC will be paying to rent the 20 days or in addition?

A portion of the \$17,000,000 NCVC payment (expected to be about \$13,000,000) will help lower the amount Metro would have to borrow to finance the project. In addition, the CVC would pay \$650,000 per year for 30 years.

37 How did NCVC come up with this as the best investment for that \$17mil?

NCVC has goals and objectives in their Metro contract. It is the NCVC's job to decide how they spend for best return on investment for the City and is a strategic move with Board approval.

38 What is the remaining \$13M from NCVC going towards? (\$4M towards pre-development)

The remaining \$13 million from the NCVC grant will be applied to the construction budget, resulting in a reduction of the amount funded by revenue bonds.

39 Will NCVC be held to the same curfew/noise standards as Bristol and other tenants?

The NCVC will be effectively a sub-tenant to Bristol under the lease and thus will have to abide by the same curfew and noise standards as Bristol. NCVC will be contracting for its events directly with Bristol.

40 Will NCVC be subject to Fairgrounds parking fees if parking is needed outside leased footprint?

Parking for NCVC events that cannot be accommodated within the areas that Bristol controls under the lease will be require separate arrangements with the Fair Board.

41 Does the NCVC have rights to any part of the Fairgrounds beyond the speedway?

The NCVC will have the right to use only the speedway and associated structures specifically covered by the lease. Use of other Fairgrounds facilities will require separate arrangements with the entity that controls those areas (Fair Board or Nashville SC).