



METROPOLITAN COUNCIL

Metro Council Office

MEMORANDUM TO: All Members of the Metropolitan Council

FROM: Jon Cooper, Director
Metropolitan Council Office

DATE: **December 3, 2013**

RE: **Analysis Report**

Current Fund Balances Will Be Available Prior To Tuesday's Council Meeting

Unaudited Fund Balances as of 11/13/13:

4% Reserve Fund	\$31,323,906*
Metro Self Insured Liability Claims	\$4,807,113
Judgments & Losses	\$2,352,156
Schools Self Insured Liability Claims	\$1,414,944
Self-Insured Property Loss Aggregate	\$6,429,454
Employee Blanket Bond Claims	\$627,355
Police Professional Liability Claims	\$2,889,007
Death Benefit	\$773,846

* Assumes unrealized estimated revenues in fiscal year 2014 of \$22,901,305

– RESOLUTION ON PUBLIC HEARING –

RESOLUTION NO. RS2013-903 (WESTERHOLM) – This resolution approves an exemption for Two Ten Jack located at 1900 Eastland Avenue from the minimum distance requirements for obtaining a beer permit. The Metro code prevents a beer permit from being issued to an establishment located within 100 feet of a church, school, park, daycare, or one or two family residence. However, the code provides a mechanism to exempt restaurants that already have a state on-premises liquor consumption license from Metro’s minimum distance requirements to obtain a beer permit upon the adoption of a resolution by the council. A public hearing must be held by the council prior to voting on this resolution.

– BILLS ON PUBLIC HEARING –

ORDINANCE NO. BL2013-590 (ALLEN) – This is a housekeeping companion ordinance for Ordinance No. BL2013-568 to amend the Metro zoning code to prohibit LED message boards and digital display signs within the ORI-A zoning district. BL2013-568, which has been deferred for third reading until December 17, 2013, would prohibit LED signs in the MUI, MUI-A, ORI, and MHP zoning districts. However, BL 2013-568 inadvertently left out the ORI-A district.

This ordinance has been approved by the planning commission.

ORDINANCE NO. BL2013-595 (GILMORE) – This ordinance approves amendment No. 5 to the Phillips-Jackson Street Redevelopment Plan to extend the expiration date for the plan and increase the amount of project costs to be financed through tax increment financing. A complete analysis of this ordinance is included as part of the supplemental analysis for the Sounds ballpark proposal which is attached to this analysis.

– RESOLUTIONS –

RESOLUTION NO. RS2013-903 (ALLEN) – This resolution approves an exemption for the Frothy Monkey located at 2509 12th Avenue South from the minimum distance requirements for obtaining a beer permit. The public hearing on this resolution was held at the November 18, 2013 Council meeting.

RESOLUTION NO. RS2013-920 (STEINE & GILMORE) approves an amendment to the 2013-2014 capital improvements budget to modify the project cost and funding type for a new minor league baseball stadium. The current capital improvements budget includes a \$55 million minor league stadium to be funded with general obligation bonds. This amendment increases the project cost to \$65 million and changes the funding source from proposed general obligation bonds to proposed revenue bonds to mirror the financing plan for the new ballpark.

The Metro Charter requires that this resolution receive 27 affirmative votes in order to be adopted.

RESOLUTION NO. RS2013-921 (GILMORE, STEINE & HUNT) – This resolution approves an amendment to the lease agreement between the Metropolitan Government and Square Investment Holdings, L.P., for the lease of office space in the Washington Square building on Second Avenue for the district attorney's office and the department of law. Metro has been leasing space in this building for the district attorney's office since 1993. A new lease agreement was approved in 2008 adding another 18,800 square feet to be used by the department of law. The term of this lease extends through November 2018. The base annual rent under the lease is \$15.85 per square foot for years 2012 and 2013, and \$17.85 per square foot thereafter. The 2008 lease agreement included a provision allowing Metro to lease adjacent space as it becomes available.

This amendment makes several changes to the amount of leased space, renovation allowance, and the term of the agreement. The district attorney currently occupies space on the fourth and fifth floors, and the department of law is located on the sixth floor. This amendment adds 4,508 square feet on the fourth floor at a rent amount of \$15.85 per square foot, which is to increase annually based upon a set rent schedule. This would result in a total leased space of 61,826 square feet. If Metro does not occupy this space by April 1, 2014, the landlord will have the right to market and lease the space to other tenants. The landlord agrees to spend approximately \$84,000 to renovate the additional space. In addition, the landlord agrees to provide a refurbishment allowance of \$5.00 per square foot to upgrade the fourth and fifth floor space, and \$2.50 per square foot to make improvements to the department of law space. The amendment further grants Metro the right at the end of 2018 to lease two additional suites totaling approximately 5,000 square feet. Finally, the amendment also increases the term of the lease for an additional five years with a new termination date of November 30, 2023.

This lease amendment has been approved by the planning commission.

RESOLUTION NO. RS2013-922 (STEINE, WESTERHOLM & LANGSTER) – This resolution approves an amendment to a grant from the state department of correction to the state trial courts to fund the Davidson County community corrections program. This program provides alternative punishments for non-violent offenders consisting of offender supervision, residential programs, and day reporting center programs. This amendment increases the amount of the grant award by \$13,311, for a new grant total of \$1,464,314. The term of the grant is from July 1, 2013 through June 30, 2014.

RESOLUTION NO. RS2013-923 (STEINE & LANGSTER) – This resolution approves an amendment to a grant from the state department of human services to the Davidson County juvenile court to enforce federal and state mandated child support guidelines concerning children born out of wedlock. This is a continuation of a grant used to fund part of the juvenile court referee salaries for the purpose of hearing child support cases and paternity hearings on an expedited basis. This amendment increases the amount of the grant by \$117,868.10 to hire three new case managers. The case managers will work with noncustodial parents to achieve long-term compliance with child support orders and connect them with appropriate agencies to assist in overcoming barriers to compliance. The amendment also increases the amount of the local match by \$60,719.90 for a new match total of \$467,603.90. The new grant total from the state is \$907,624.10.

RESOLUTION NO. RS2013-924 (STEINE, MAYNARD & LANGSTER) – This resolution approves a grant in the amount of \$1,589,107 from the U.S. department of health and human services to the Metropolitan board of health to address issues and barriers to responsible fatherhood. This is the third installment of a three year federal grant that has been awarded under the New Life Project, which is a comprehensive approach to improve the lives of high risk children by providing skills, education, and resources to fathers. The goal of the program is to enroll a minimum of 500 targeted fathers, with a 75% program completion rate.

The grant will provide continued funding for 12 full-time positions and partial funding for three other positions in the health department. The personnel costs, including benefits, account for approximately \$820,000 of the grant. The health department will also subcontract with the Martha O'Bryan Family Resource Center to implement part of the program at a cost of \$173,000. The grant budget also includes \$122,500 to advertise the program. The term of the grant is from September 30, 2013 through September 29, 2014. There is no required local match for this grant.

This is the same grant that was the subject matter of a recent letter from the U.S. Department of health and human services raising concerns about the program's performance and lack of adequate financial oversight for the grant in the previous grant year. The health department has taken corrective action to ensure such problems are not repeated in the coming grant year.

RESOLUTION NO. RS2013-925 (STEINE) – This resolution authorizes the department of law to settle the personal injury claim of Anita Ransom against the Metropolitan Government in the amount of \$10,000. On June 19, 2012, a Metro police officer attempting to make a left turn struck Ms. Ransom, a pedestrian, with his patrol car while she was crossing Charlotte Avenue at 5th Avenue North. Ms. Ransom was walking within the cross walk and had the right-of-way at the time of the accident. Ms. Ransom sustained minor injuries to her neck, lower back, and right side. She went through a physical therapy regiment incurring medical bills totaling \$4,400.

The department of law recommends settling the claim for \$10,000 since the police officer was clearly at fault. The officer received disciplinary action consisting of a one day suspension. This settlement is to be paid from the self-insured liability fund.

RESOLUTION NO. RS2013-926 (BARRY) – This resolution confirms the appointment of Irwin Fisher to serve on the board of directors for the convention center authority. State law provides that the convention center authority is to be governed by a board of directors of not less than seven registered voters of the municipality to serve staggered terms. The directors are to serve without compensation, and cannot be an elected official or employee of the municipality. Such directors are appointed by the mayor and confirmed by a resolution adopted by the council. The board is to be composed of members who are diverse in professional and educational background, ethnicity, race, gender, and area of residency within the municipality.

If confirmed, Mr. Fisher's term will extend through December 2, 2017.

– BILLS ON SECOND READING –

ORDINANCE NO. BL2013-591 (STEINE & DOMINY) – This ordinance makes several modifications to the solid waste provisions in the Metro code. The Council approved a major overhaul of the solid waste code in 2010 to implement a number of the initiatives recommended by the mayor’s green ribbon committee on environmental sustainability and the regional solid waste plan. Public works is proposing some additional changes intended to remove barriers to recycling in Davidson County.

First, this ordinance eliminates the requirement that persons hauling wood waste pay Metro a solid waste generator fee of \$6 per ton. This would keep landscapers and arborists from paying the fee since this material is generally recycled, not landfilled. Second, the ordinance revises the code to require companies hauling construction and demolition (C&D) waste generated in Davidson County to landfills outside Davidson County to pay a solid waste generator fee equal to \$1 per cubic yard of C&D material hauled. Third, the ordinance removes the requirement that wood waste recyclers pay a solid waste generator fee for recycling wood waste. The code does not require such a fee to be paid by other types of recyclers.

Finally, this ordinance would remove the permitting requirement for construction/demolition recycling facilities. When the solid waste code overhaul was approved in August 2010, an amendment was added to the bill at the request of the public works department to require C&D recycling facilities to obtain a permit from Metro to operate. The application must include the designation of a site manager, a site plan, an engineering report, fire protection documentation, an operation and maintenance manual, and a residue disposal facility designation. Applicants are also required to submit a letter of credit to cover the estimated cost of removing the recycling processing equipment. This ordinance deletes these permitting requirements in their entirety. The rationale behind this change stems from the fact that other recyclers are not required to go through additional permitting requirements and that the Tennessee Department of Environment and Conservation (TDEC) has jurisdiction over permitting all waste processing facilities. According to Metro public works, the TDEC requirements include financial assurance, enforcement staff, and the approval of all processors.

Public works does not estimate that this ordinance will have a significant financial impact on Metro, as the elimination of the fees would be offset by the new fee charged to C&D haulers disposing of material outside of Davidson County.

There is a proposed amendment submitted by public works to clarify that haulers of C&D waste to a municipal solid waste landfill would be required to pay the same fee as those haulers landfilling any other type of solid waste.

ORDINANCE NO. BL2013-592 (WESTERHOLM) – This ordinance amends the Metro code to allow weekend beer deliveries for special events. The code currently prohibits beer wholesalers or manufacturers from delivering beer within Davidson County at any time between nine p.m. on Friday and six a.m. on Monday. This ordinance would create a limited exception for this prohibition to allow wholesalers and manufacturers to deliver to events on the weekends that have obtained a special events permit from Metro. This would eliminate the need for special events to rent a refrigerated truck to store the beer in until the time of the event.

ORDINANCE NO. BL2013-593 (STEINE, GILMORE & GARRETT) – This ordinance approves the issuance of revenue bonds not to exceed a principal amount of \$65 million, authorizes the execution of a trust indenture, approves an intergovernmental agreement with the sports authority, authorizes the pledge of revenues for the bonds, and authorizes the distribution of an official statement for the sale of the bonds. A complete analysis of this ordinance is included as part of the supplemental analysis for the Sounds ballpark proposal which is attached to this analysis.

ORDINANCE NO. BL2013-594 (GILMORE, STEINE & OTHERS) – This ordinance approves agreements for the acquisition and disposition of various properties relating to the construction of the ballpark at Sulphur Dell, a new private development project, and the acquisition of a portion of the former Tennessee Preparatory School property located on Foster Avenue. A complete analysis of this ordinance is included as part of the supplemental analysis for the Sounds ballpark proposal which is attached to this analysis.

ORDINANCE NO. BL2013-596 (CLAIBORNE, TYGARD & OTHERS) – This ordinance accepts a deed from Wilson Bank and Trust to the Metropolitan Government for 5.79 acres of property located at 2471 Pennington Bend Road for use as part of the greenway system. This property is being acquired at no cost to Metro.

ORDINANCE NO. BL2013-597 (GILMORE, STEINE & OTHERS) – This ordinance authorizes the acquisition and acceptance of right-of-way, slope easements, and temporary construction easements for 32 parcels between 4th Avenue South and 8th Avenue South necessary for the planned extension of Division Street. Metro public works is planning to extend Division Street to connect the Music Row/Vanderbilt/Belmont/Midtown/Gulch areas with the Sobro area, Fulton Campus, and Rolling Mill Hill. Public works estimates the total Division Street extension project cost would be \$22 million, with \$11 million for right-of-way acquisition and another \$11 million for construction. These costs will be paid out of Metro bond funds allocated for the project. This ordinance has been approved by the planning commission.

ORDINANCE NO. BL2013-598 (LANGSTER, STEINE & DOMINY) - This ordinance accepts a contribution in the amount of \$60,000 from the Residential Group for infrastructure improvements at the intersection of 31st Avenue North and Long Boulevard. These funds will be applied toward the costs of a new traffic signal at the intersection.

ORDINANCE NO. BL2013-599 (GILMORE) - This ordinance amends the official street and alley acceptance and maintenance map by abandoning a portion of Alley No. 114 from Demonbreun Street northward approximately 178 feet. This closure is necessary to allow for the development of the proposed Marriott Music City Center hotel located at the intersection of 8th Avenue South and Demonbreun Street. The ordinance also abandons all utility easements. All necessary utilities are being relocated by the developer. This ordinance has been approved by the traffic and parking commission and the planning commission.

ORDINANCE NO. BL2013-600 (DOMINY & HUNT) – This ordinance approves the annual adoption of the additions, deletions, and/or other amendments to the official street and alley acceptance and maintenance map and the geographic information systems street and alley centerline layer for the Metropolitan Government made during the previous year. These amendments are submitted annually by the department of public works. The map shows the dedicated streets and alleys that were either accepted or abandoned for public maintenance by Metro since the last map adoption.

This ordinance has been approved by the planning commission.

ORDINANCE NO. BL2013-601 (BARRY) – This ordinance readopts the Metro code prepared by Municipal Code Corporation to include supplemental and replacement pages for ordinances enacted on or before July 2, 2013. This is a routine re-adoption of the code to ensure the codification is kept up to date.

– BILLS ON THIRD READING –

ORDINANCE NO. BL2013-552 (HARMON & BEDNE) – This ordinance, as amended, amends the Metro code to limit the parking of vehicles for sale on commercial property. The code currently does not restrict the parking of vehicles for sale in the parking lots of businesses such as grocery and retail stores. Thus, these vehicles can remain on the property indefinitely as long as the property owner does not take action to remove them. This ordinance would prohibit vehicles that have a visible “for sale” sign (or other conspicuous marking informing the public that the vehicle is for sale) from being parked in a commercial parking lot for more than 24 consecutive hours within a seven day period unless the vehicle owner has the written permission of the property owner or is an employee of a business served by the parking lot. In addition, all such vehicles parked for sale would be required to have a valid license plate. The amended ordinance includes a statement of intent that the fines collected for violations of the ordinance be used to help offset the costs of enforcement.

SUBSTITUTE ORDINANCE NO. BL2013-576 (STEINE) – This ordinance authorizes Metro departments to apply for grants that do not require a Metro match without first going to council unless otherwise required by the grantor. Some grants, such as those from the federal government, require council approval of the application before it can be processed. In order to ensure the appropriate approvals, most grant applications have been submitted to the council even when not specifically required.

The Metro code already includes a mechanism for departments to conditionally submit grant applications contingent upon council approval in the event there is insufficient time to obtain council approval before the grant application deadline. In the event the council does not approve a grant application that has been previously submitted, the application is deemed null and void and any funds received from the grantor must be returned by the Metropolitan Government.

This ordinance would allow Metro departments and agencies to submit grant applications without council approval as long as there is no required local match for the grant and the application does not contain any provisions that would subject Metro to liability. The departments would be required to notify the finance department and department of law in writing at the time the grant application is submitted. Obviously, grants that require council authorization before submission would still be subject to council approval by resolution.

ORDINANCE NO. BL2013-577 (JERNIGAN & HOLLEMAN) – This ordinance amends the Metro code to require a certified appraisal prior to the purchase of property for use as park land or open space. This has been Metro’s longstanding practice, but it is not specifically required by the code. This ordinance would require Metro to obtain an appraisal from a state certified real estate appraiser before acquiring property to be maintained as open space or used for recreational purposes within a purchase price of more than \$200,000.

ORDINANCE NO. BL2013-578 (TYGARD) – This ordinance amends the Metro code to exempt nonprofit organizations receiving a grant of less than \$5,000 from the requirement that a copy of the previous year’s annual audit be submitted to Metro. State law requires that all organizations desiring financial assistance from the Metropolitan Government submit “a copy of an annual audit”, but this state law provision does not define the term “audit” or specify a particular year for the audit. A Tennessee Attorney General opinion from 1991 states that although an audit is required, the audit does not have to be prepared by an independent accountant. The Attorney General opinion further provides that the local legislative body can adopt regulations to clarify the type of audit required.

In an effort to clarify the type of information required, the council enacted an ordinance in 2005 to specifically require nonprofits receiving grant funds to submit a copy of the organization’s audit for the most recent fiscal year. The 2005 ordinance defines the term “audit” as “a formal examination of the organization’s accounting records and financial situation in accordance with the generally accepted auditing standards issued by the American Institute of Certified Public Accountants.”

It has been determined that small and start-up nonprofits sometimes do not have the means to hire an accountant to prepare an annual audit. This ordinance would exempt such organizations from the more strenuous Metro requirements that an audit from the previous year be submitted as long as the amount of the grant award does not exceed \$5,000 during any one fiscal year. Rather, the state fallback language simply requiring “a copy of an annual audit” would apply.

ORDINANCE NO. BL2013-579 (STEINE & PARDUE) – This ordinance amends the Metro Code to delete the requirement that the county clerk’s office issue a separate decal to be displayed on the vehicle indicating that the local vehicle registration fee (wheel tax) has been paid and the vehicle has been registered with Metro. The county clerk has determined that the cost of issuing the separate decals amounts to \$24,000 per year. This ordinance would eliminate the separate decal requirement without affecting the requirement that the vehicle be registered and the payment of the required fee. The state sticker and registration issued by the county clerk will be evidence of the payment of all state and local fees and taxes.

ORDINANCE NO. BL2013-581 (STEINE, DOMINY & OTHERS) – This ordinance grants permanent easements for properties located at 2801 Tucker Road and 3133 W. Hamilton Avenue to Piedmont Natural Gas Company for the purpose of installing and maintaining a gas line. This property is located at Hartman Park. Piedmont will be paying Metro \$16,225 for the easement.

This ordinance has been approved by the planning commission and the board of parks and recreation.

ORDINANCE NO. BL2013-582 (LANGSTER, STEINE & OTHERS) – This ordinance authorizes the Metropolitan Government to enter into a participation agreement with 2400 TNWESTEND Avenue, LLC regarding the construction of 310 linear feet of 8-inch water main beneath 24th Avenue North from West End Avenue to Elliston Place. Metro agrees to pay 64% of the project costs up to a maximum of \$128,500. This new water main is necessary for the new 2400 West End development.

ORDINANCE NO. BL2013-583 (MOORE) – This ordinance authorizes Nashville Billiard Company to install and maintain a 15' x 85' fenced patio with a canopy cover at 925 8th Avenue South. The patio will be located on a grassy area that is technically Metro right-of-way, although it has been maintained by Nashville Billiard Company for many years. The patio is to be used to extend the business's retail space so they can sell outdoor patio furniture. This ordinance has been approved by the planning commission.

ORDINANCE NO. BL2013-584 (GILMORE) – This ordinance abandons a portion of Alley No. 515 right-of-way from 1811B 7th Avenue North to the dead end at the I-65 right-of-way north of Buchanan Street and South of Rosa Parks Boulevard. This portion of the alley is being abandoned to create a contiguous parcel for residential development. Consent of the affected property owner is attached to the ordinance. All Metro easements are to be retained.



M E M O R A N D U M

TO: Vice Mayor Neighbors and Members of the Metropolitan Council
FROM: Jon Cooper, Director
Metropolitan Council Office
SUBJECT: **Analysis of Proposed Sounds Ballpark Legislation**
DATE: November 25, 2013

The mayor has proposed that the Metropolitan Government construct a new \$65 million ballpark to be located at the historic Sulphur Dell site in the Jefferson Street/Germantown area. The new ballpark would allow the Nashville Sounds to move from Greer Stadium, which has been home to the Sounds since its construction in 1978. The condition of Greer Stadium has fallen below the standards set by Major League Baseball for AAA stadiums. In 2006, the council approved a memorandum of understanding with the former Sounds ownership and a private developer that would have resulted in the Sounds constructing a \$43 million stadium on the former thermal transfer site. However, that project never came to fruition.

The majority of the Sulphur Dell site is owned by the state of Tennessee and is used as surface parking for state employees. Embrey Development Corp., a private developer from San Antonio, Texas, has an option to purchase a 3.38 parcel of property located at 916 4th Avenue North that is within the footprint of the proposed ballpark upon which it intended to construct a multifamily residential development. In addition, the Sounds have an option to acquire another part of the property within the footprint. Under the terms of the ballpark proposal, Metro will acquire the state property and pay \$23 million to construct two new parking facilities for the state, receive part of the Tennessee Preparatory School property from the state, swap a parcel of property on Jefferson Street for the Embrey property, and issue \$65 million in sports authority revenue bonds to build the ballpark.

The legislation involved to approve this transaction includes: (1) an amendment to the capital improvements budget to modify the project cost and funding source; (2) the bond financing ordinance; (3) an ordinance approving the various property transfers with the state and Embrey; and (4) an amendment to the Phillips-Jackson Street redevelopment plan to increase the TIF capacity and duration of the plan. A summary of the required legislation and financing plan is included below.

Resolution No. RS2013-920 (Steine & Gilmore) approves an amendment to the 2013-2014 capital improvements budget to modify the project cost and funding type for a new minor league baseball stadium. The current capital improvements budget includes a \$55 million minor league stadium to be funded with general obligation bonds. This amendment increases the project cost to \$65 million and changes the funding source from proposed general obligation bonds to proposed revenue bonds to mirror the financing plan for the new ballpark.

The Metro Charter requires that this resolution receive 27 affirmative votes in order to be adopted.

Ordinance No. BL2013-593 (Steine, Gilmore & Garrett) approves the issuance of revenue bonds not to exceed a principal amount of \$65 million, authorizes the execution of a trust indenture, approves an intergovernmental agreement with the sports authority, authorizes the pledge of revenues for the bonds, and authorizes the distribution of an official statement for the sale of the bonds. The bonds will fund the ballpark land acquisition, design, engineering, construction, and capitalized interest. The bonds are to be paid from an assortment of revenue sources. First, the bonds are to be paid from the increased state and local sales taxes to be generated by the facility. State law provides that the increase in state and local taxes derived from the sale of tickets, concessions, merchandise, parking, and related services at a new minor league baseball stadium can be allocated and used for payment of the debt on the stadium for a period of thirty years. Second, a \$700,000 per year lease payment from the Sounds for 30 years will also be allocated toward payment of the debt. The third source of revenue for the bonds would be the tax increment financing (TIF) generated by the \$37 million Embrey 250-unit multifamily residential development and a \$50 million mixed-use development to be constructed by the Sounds next to the ballpark, as well as approximately \$500,000 per year of existing undesignated TIF funds under the control of MDHA from previous private projects for which the debt has been retired. TIF is a financing mechanism authorized by state law whereby the increased property tax revenue generated by a development is used to pay the debt service on the construction of the project. Although TIF is typically used for private developments involving private lenders, TIF is allowed for public projects financed by the government. Utilizing TIF as a revenue source means Metro will be foregoing the property taxes generated by the developments for 30 years.

The final source of revenue pledged for the bonds are the USD (urban services district) "non-tax revenues". These revenues, totaling approximately \$14 million per year, are predominantly comprised of payments-in-lieu-of-taxes from utilities, but also include business tax recording fees and a few other minor service charges. While these bonds would not be backed by the full faith and credit of the Metropolitan Government, the USD non-tax revenues would have to be made up for with general fund tax dollars or operating budget reductions if these revenues had to be used to pay debt service on the ballpark.

Capitalized interest for two years in the amount of \$5 million is built into the bonds since the revenue streams will not be collected until the ballpark and associated private development have been constructed. This will allow Metro to borrow the funds to cover the interest on the bonds during construction.

This ordinance also approves a trust indenture with Regions Bank serving as the trustee. The trust indenture secures the payment of principal and interest on the bonds. The term of the bonds will be 30 years (2014 through 2043). Any future pledge of the USD non-tax revenues would be subordinate to the pledge for the ballpark bonds. The collection of the non-tax revenues must continue to be at least twice the maximum debt service requirement on the bonds.

Intergovernmental Agreement with Sports Authority

This spells out Metro's and the Sports Authority's responsibilities regarding the construction and financing of the ballpark. The Sports Authority will issue the bonds and Metro will build the ballpark. Once the ballpark is constructed, the Sports Authority will enter into a 30 year lease with the Sounds at an annual rental amount of \$700,000. The intergovernmental agreement incorporates a summary of the Sounds lease, which will allow the Sounds to keep all revenues generated though ticket sales, broadcast rights, advertising, concessions, and naming rights.

The Sports Authority will assign its parking rights in the garage to the Sounds. The Sounds will be responsible for maintaining the ballpark except for large capital improvements. It is anticipated that the lease will include at least 20 days for use by Metro for community events as long as the Metro events do not conflict with the baseball schedule.

Ordinance No. BL2013-594 (Gilmore, Steine & Others) approves agreements for the acquisition and disposition of various properties relating to the construction of the ballpark at Sulphur Dell, a new private development project, and the acquisition of a portion of the former Tennessee Preparatory School property located on Foster Avenue. As noted above, the state is the owner of property between 4th Avenue North and 5th Avenue North, which is the majority of the land needed to build the ballpark and the private multi-family Embrey development. The state plans to construct a new Tennessee state library and archives building, as well as a new Tennessee state museum, on property across 5th Avenue from the ballpark. In order to protect the state's interests, the state requirements of Metro are: (1) replacement of the lost parking spaces with a new parking garage; (2) compensate the state to offset additional costs they will incur as a result of the development; and (3) protect the state's investment in Bicentennial Mall and the new state buildings to be constructed.

State Agreement

In exchange for receiving the state property, Metro agrees to pay the state \$18 million to construct a new above ground four level parking garage with a minimum of 1,000 spaces, \$5 million to construct underground parking for the new library and archives, and \$100,000 to relocate an electric vehicle charging station (if necessary). The state will be responsible for construction of the garage using Metro's design firm. During the period of construction, Metro must provide parking for state employees at LP Field and cover the costs of shuttling the employees. Metro has the right to all parking revenues from the garage on game days, which will be transferred to the Sounds through another agreement. Metro may be required to set aside 100 spaces on game days for the state if the date conflicts with another state function that will require visitor parking.

Metro agrees to accept full responsibility for any environmental issues that may arise. The state has the right to repurchase the western portion of the property if it is needed for a state project. The agreement with the state requires a design approval committee for all development, with the state having three representatives on the committee. If the Embrey development falls through, the state will have the right to repurchase the development property for \$5,401,000.

The appraised value of the state property to be acquired by Metro is between \$13 and \$14 million. In order to make the transaction more equitable, the state agrees to transfer 28 acres of the TPS property located at 1212 Foster Avenue, which has been leased by Metro public schools for a number of years to house the Nashville School of the Arts. Once the property is transferred, Metro schools will save \$410,000 per year in rent they are currently paying to the state. The appraised value of the TPS property to be transferred is \$7 million.

Embrey Agreements

This ordinance authorizes Metro to purchase a 3.38 acre parcel on 4th Avenue South from Embrey for \$3,450,000. Prior to the ballpark proposal, Embrey was planning to construct its multi-family residential development on this property. Metro agrees to purchase the property "as-is", including its current environmental condition. The closing on the property must take place not later than December 23, 2013. Metro agrees to reimburse Embrey \$853,160 in predevelopment expenses it has already incurred. This amount has been rolled into the \$65 million bond financing. To the extent not prohibited by applicable law, Metro agrees to maintain two-way traffic flow on 3rd Avenue South, 4th Avenue South, 5th Avenue South, and Jefferson Street. The traffic and parking commission has the exclusive responsibility under the Metro charter for traffic flow, which cannot be contracted away.

This ordinance also approves a corresponding purchase and sale agreement between Metro and Embrey for the property bordered by 4th Avenue South, 5th Avenue South, Jackson Street, and Jefferson Street. After acquiring the property from the state, Metro would sell the property to Embrey for \$3,450,000. Embrey would get a credit toward the purchase price for demolition costs, site work, water/sewer line extensions, water/sewer tap fees, signalization, power line relocation, building permit fees, and the cost of environmental remediation. Metro does not yet have an estimate for this credit, which would reduce the selling price accordingly. Embrey will have a 60 day "feasibility period" to inspect and investigate the property. The closing must take place within 30 days after the feasibility period ends. If, after investigation, Embrey determines that the site is not feasible for its development, it may cancel the agreement and Metro would remain owner of the property (subject to the right to repurchase by the state).

If for some reason Metro is unable to transfer the property and terminates the agreement before closing, Metro would be required to pay Embrey a \$2 million termination fee as liquidated damages plus the reimbursement of their out-of-pocket costs up to \$1 million.

Ordinance No. BL2013-595 (Gilmore) approves amendment No. 5 to the Phillips-Jackson Street Redevelopment Plan. This redevelopment plan was first adopted in 1993, and extended in 2005. The plan is basically for the redeveloped area surrounding the Bicentennial Mall between Interstate 40 and Interstate 65, and the Cumberland River to Hume Street. The Phillips-Jackson Street Redevelopment district provides for general residential, mixed use, public use, commercial services, and general business uses.

This amendment extends the expiration date for the plan from December 31, 2030 to December 31, 2045 to coincide with the term of the bonds for the ballpark. In addition, the amendment increases the amount of project costs to be financed through tax increment financing from \$11 million to \$50 million.

A public hearing will be held on this ordinance at the December 3, 2013 council meeting. State law requires that a public hearing be held prior to final approval of an amendment to a redevelopment plan.

Summary of Financing and Risk

The sports authority will issue revenue bonds in the amount of \$65 million to finance the construction of the ballpark. The annual debt service on the \$65 million bonds is estimated to be approximately \$4.3 million. The sources for the debt service are as follows:

Annual lease payment from the Sounds	\$700,000
Estimated increased sales taxes generated at the ballpark	\$650,000
TIF generated by \$50 million Sounds development	\$750,000
TIF generated by \$37 million Embrey development	\$675,000
Existing undesignated TIF from the redevelopment district	\$520,000
Elimination of Metro contribution for Greer Stadium	\$250,000
Elimination of School of the Arts lease for TPS property	\$410,000
Total	\$3,945,000
Required Debt Service	\$4,300,000
Less Revenue Estimate	(\$3,955,000)
Estimated Annual General Fund Impact	\$345,000

The basic risk associated with the proposal concerns the private development components. Neither the Sounds nor Embrey are contractually obligated to construct their portion of the development proposal. If one or both of those developments did not occur, Metro would not get the benefit of the TIF to apply towards the debt service. The amount of money needed from the general fund annually would be increased by \$1,450,000 if neither of the private developments were constructed. Further, the financing plan presupposes Embrey would not have followed through with its plans to build the multifamily residential development on the property it already has under contract absent the construction of a ballpark. Were Embrey to move forward without a ballpark deal, Metro would realize the benefit of the \$675,000 in increased property tax revenue from the residential development.