



## Fact Sheet – MLS Stadium Proposal

**NASHVILLE, Tenn.** (October 2, 2017) – On Monday, October 2<sup>nd</sup>, Mayor Megan Barry and the MLS2Nashville organizing committee presented a private-public proposal to construct and maintain a 27,500 seat Major League Soccer (MLS) stadium at the Fairgrounds Nashville that would be almost entirely funded by private dollars and revenues generated at the facility. Additionally, Mayor Barry is committed to funding the Fairgrounds Master Plan for building upgrades and replacements of aging facilities used for the fair, flea market, and racing events.

### Overview

- The project represents a \$275 million investment in the Fairgrounds Nashville property.
- \$250 million for the construction of a 27,500 seat soccer-specific stadium to be used by a future MLS franchise; \$25 million to complete the Fairgrounds Master Plan
- All existing uses of the Fairgrounds property will continue following the completion of the stadium such as a fair, flea market, expo activities, and auto racing.
- A stadium financing plan is a necessary next step in Nashville's bid for an MLS expansion franchise.
- Execution of the operating agreement and issuance of bonds will be contingent upon the approval by MLS of Nashville's bid for an expansion franchise.
- An economic impact analysis conducted by Dr. William Fox, director of the Boyd Center for Business and Economic Research indicates the construction of the stadium will result in more than 3,572 full-time jobs, generating \$139.2 million in income for Tennessee workers and business owners, and \$18.3 million in state and local tax revenues. Operations of the facility starting in 2021 would result in 1,886 jobs, generating \$77.7 million in income and \$15.1 million in tax revenue.

### Financing

**What it will cost:** Construction of the 27,500 seat stadium is anticipated to cost **\$250 million.**

- Sports Authority will issue revenue bonds not to exceed \$225 million (30-year term), but anticipated to be \$200 million.
- The MLS ownership group commits to \$25 million in cash for construction of the stadium.
- Metro commits to \$25 million in general obligation bonds to support public infrastructure associated with the stadium that will also generally benefit the overall redevelopment of the Fairgrounds.

- The MLS ownership group will be responsible for any cost overruns associated with the construction of the stadium.

### **Revenue bond repayments**

- The MLS ownership group will be responsible for lease payments for the facility used for debt service of the bonds, estimated to be \$13 million annually.
- Sources of funding for the debt repayment will be a combination of lease payments, taxes from revenues generated at the stadium, and private investment.
- Sales taxes generated at the stadium will be redirected to the Metro Sports Authority for bond repayments.
- A ticket tax of \$1.75 will be assessed and directed towards repayment of the bonds.
- If sales and ticket tax revenues are below \$4 million for the first five years of operation, or \$3 million in years 6-10, Metro agrees to contribute the difference from non-tax revenues.

### **Maintenance and Operations**

- The MLS team shall be responsible for all operating costs at the stadium including, but not limited to, utilities, security, routine repairs and maintenance, and insurance expenses.
- The Metropolitan Government shall be responsible for necessary long-term capital expenses for the Stadium.
- In years six and seven the ticket tax will increase by 50 cents to a total of \$2.25, after year seven the tax will increase by another 25 cents to \$2.50. The increases in the ticket tax above the base level of \$1.75 will be dedicated towards long-term capital expenses for the stadium.

### **Lease terms for MLS Team**

- 30-year lease operating lease coterminous with the term of the revenue bonds issued for the construction of the stadium.
- The MLS team will pay annual rent to the Sports Authority equal to the amount of debt service payments less the sum of the sales tax redirect and the debt service portion of the ticket tax
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- Metro shall be responsible for necessary long-term capital expenses for the stadium
- The MLS team shall be entitled to all revenues generated at the Stadium
- Metro shall be entitled to 20 public use days of the stadium.
- The MLS team will coordinate with the Executive Director of the Fair Board to ensure that the Fairgrounds Nashville is able to provide all activities required in the Metro Charter.

### **Metro Council Legislation**

- Resolution authorizing Sports Authority to issue up to \$225 million in revenue bonds to build the stadium. Council could take action as soon as October 17, 2017.
- Subject to the successful award of a franchise by MLS, the Metro Council would consider the following legislative actions:

- Capital Spending Plan authorizing \$25 million in public infrastructure related to the stadium, \$25 million to complete the Fairgrounds Master Plan which includes new expo facilities, road infrastructure, greenway and park space
- Ordinance authorizing the demolition and reconstruction of aging expo facilities
- Ordinance approving zoning changes to allow for mixed-income, mixed-use development on unfertilized acreage within the Fairgrounds property to support sustainable neighborhood growth in the area.

## **Sports Authority Action**

- October 5, the Sports Authority and Fair Board will hold a joint meeting to hear a presentation on the soccer stadium proposal.
- Following Metro Council authorization, Sports Authority can approve issuance of bonds and other financing matters.
- Approval of stadium lease consistent with resolution adopted by the Metro Council authorizing issuance of bonds

## **Board of Fair Commissioners**

- Approval of the construction of stadium and entering into a long-term lease for the land required to construct the facility
- Approval of the demolition and reconstruction of existing expo and fair facilities
- Approval of the Fairgrounds Master Plan to include improvement to the property, redirecting of roads, and development of park and green space
- Approval of a long-term lease for the mixed-use development of +/-10 acres of underutilized property at the Fairgrounds Nashville.