

RESOLUTION NO. RS2018-1372 & RS2018-1373 (COOPER & VERCHER) – These resolutions would call for a county-wide referendum election to ascertain the will of the people regarding the issuance of bonds by the Metropolitan Government for purposes of constructing the proposed Major League Soccer (MLS) stadium and surrounding infrastructure. The resolutions would also appropriate an amount not to exceed fifty thousand dollars (\$50,000) from the Undesignated Fund Balance of the General Fund to fund the referendum. (The Davidson County Election Commission provided this election cost estimate.) Both resolutions call for the election to be conducted on November 6, 2018 “or as soon as reasonably practicable under the laws of the State of Tennessee.”

Section 7.05 of the Metro Charter authorizes the Council, if it desires, to call an election “for the purpose of ascertaining the will of the qualified electors...with respect to the issuance of any bonds, whether payable from ad valorem taxes or other taxes, or any other revenues, or a combination thereof.”

State law provides that elections on questions submitted to the people may be held on dates set by the county election commission. If the election is to be held with the regular November election, it must be filed with the county election commission not less than 75 days prior to such election. (Tenn. Code Ann. §2-3-204). 75 days prior to the November 6, 2018 election would be August 23, 2018.

The two resolutions differ essentially in the matters being submitted for public approval. RS2018-1372 submits the general obligation bonds, the revenue improvement bonds, and the proposed property lease for referendum approval. RS2018-1373 submits only the general obligation bonds and revenue improvement bonds. The proposed referendum language for each Resolution likewise differs in this regard.

Resolution No. RS2018-1372 – The proposed referendum language for this resolution would be:

“Do you favor the expenditure of funds and/or revenues of the Metropolitan Government through the issuance of fifty million dollars (\$50,000,000) in general obligation bonds, two hundred twenty-five million (\$225,000,000) in revenue improvement bonds, and a 99-year lease of ten (10) acres of public property to become a mixed-use real estate development held by a privately-owned soccer team, for the purpose of constructing a new Major League Soccer Stadium at the Fairgrounds Nashville?”

Resolution No. RS2018-1373 – The proposed referendum language for this resolution would be:

“Do you favor the expenditure of funds and/or revenues of the Metropolitan Government, through the issuance of general obligation bonds not to exceed fifty million dollars (\$50,000,000) and revenue improvement bonds not to exceed two hundred twenty-five million dollars (\$225,000,000), for the purpose of constructing a new Major League Soccer Stadium and related infrastructure at the Fairgrounds Nashville?”

The Council office is of the opinion that the issuance of general obligation bonds is an appropriate matter for referendum approval because the bonds are “payable from ad valorem taxes or other taxes, or any other revenues, or a combination thereof”. Additionally, in this particular instance, the general obligation bonds involved would be issued by the Metropolitan Government.

The Council office does *not* believe the 99-year lease of public property adjacent to the proposed stadium is an appropriate matter for referendum. While revenues from the lease may be used to pay debt service on the revenue improvement bonds -- perhaps connecting the two inextricably -- Article 7 of the Charter nevertheless limits public approval to bond issuances. Likewise, while the Charter provides for referendum approval of “any bonds”, the revenue improvement bonds in this instance are to be issued by the Sports Authority, an entity authorized under separate state legislation to issue its own revenue bonds. Issuance of the revenue improvement bonds was previously approved by the Council per Resolution no. RS2017-910, subject to specific conditions – none of which included a referendum.

A substitute is recommended to address these and other technical concerns.

Rule 16 of the Council Rules of Procedure provides that the Director of Finance must be afforded a period of 20 days to furnish a statement certifying the availability of funds upon the filing of any legislation requiring the appropriation or expenditure of money. Until such statement has been provided, or 20 days has elapsed, no committee may consider the legislation.

Fiscal Note: The Election Commission staff agrees with the \$50,000 cost estimate to add either referendum to the ballot for the election to be held on November 6.