

East Bank Stadium Committee

1996 Stadium

- Created in 1995 as authorized in TCA 7-67-101 et seq. and approved by Resolution No. R95-29 of the Metropolitan Council.
- Created for the express purpose of planning, promoting, financing, constructing, acquiring, renovating, equipping and enlarging buildings and operating sports complexes, stadiums, arenas, structures, and facilities for public participation and enjoyment of professional and amateur sports, fitness, health and recreational activities.
- Non-profit corporation and public instrumentality of the Metropolitan Government.
- Designated Landlord (Lessor) in 1996 Stadium Lease.
- By Resolution No. R95-30, the Metropolitan Council approved the Letter Agreement with the Houston Oilers containing terms of the offer for the team to relocate to Nashville

Sports Authority



Legislation

General Obligation Bonds

Resolution No. R96-153

- Initial resolution authorized the issuance of up to \$80 million in General Obligation Bonds
- Proceeds to be used to acquire property, generally prepare land for stadium project, pay cost of infrastructure, pay cost of stadium construction, and pay related professional costs
- Resolution published on 2/8/96 as required by TCA 9-21-106
- Protest Petition filed with the DCEC and requisite signatures verified on 3/14/96 calling a special election on the proposition whether to issue the GO Bonds

Resolution No. R96-178

- Substitute resolution authorizing the execution, terms, issuance, sale, and payment of GO Bonds not to exceed \$77 million adopted
- Final maturity of bonds is 2026

General Obligation Bonds: Referendum

Resolution No. R96-206

- Pursuant to TCA 9-21-207, and upon the finding that 10% of the registered voters signed the petition, the Metropolitan Council adopted a resolution calling for an election on the proposition whether to issue the GO Bonds for the purposes outlined in R96-153

Resolution No. R96-267

- Pursuant to TCA 9-21-210, the Metropolitan Council adopted a resolution canvassing the returns and determining the results of the special referendum election held 5/7/96
- Based on the certification of the DCEC, a majority of the votes cast were in favor of issuing the bonds
- The GO Bonds were authorized to be sold in accordance with Substitute R96-178

Sports Authority Approvals

- Ordinance No. O96-222
 - Approved the issuance by the Sports Authority of its Revenue Bonds Series A in an amount not to exceed \$65 million, the proceeds of which were to fund the cost of acquiring and constructing the stadium
 - Metropolitan Council approved the form, terms, and provisions of an Indenture to which the Sports Authority and Metropolitan Government are parties
 - Indenture obligates Metro to deliver PILOT payments (\$4 million annually from Water Services as approved by Resolution No. R96-177), parking revenues, and to the extent that the PILOT, parking, and Lease rent are insufficient for debt service, non-tax revenues
- Resolution No. R96-313
 - Approved the additional issuance by the Sports Authority of its Revenue Bonds Series 1996B in an amount not to exceed \$15 million
- Ordinance No. O96-221
 - Approved the Intergovernmental Agreement between Sports Authority and Metropolitan Government
 - Metro agreed to issue debt, acquire land, construct the facility, develop the project, collect and administer taxes, fees, and grants for the benefit of the Sports Authority
 - Sports Authority agreed to issue revenue bonds, fund construction costs, and accept title to project upon substantial completion



Stadium Lease

General Terms

- Executed May 14, 1996
- Parties: Sports Authority (Lessor) and Cumberland Stadium LP (now Cumberland Stadium, Inc (CSI)) (Lessee)
- First "Lease Year" began at substantial completion date July 30, 1999
- Initial Term ends 90 days after the last NFL Game is played in the 2028 Season.
- CSI has option for two extensions:
 - First Extension Period would be for one year.
 - Second Extension Period would be for ten years
- If all extension options exercised the term could end 2039

General Terms

- Use of Facilities
 - CSI has exclusive right to use the facilities for 30 days each calendar year – includes home game dates
 - CSI can use the facility for other dates to the extent they do not interfere with nor are not already reserved dates for Lessor or TSU
 - Lessor can use the facilities for Civic Events (generally not for profit use or entity)
 - Tennessee State University can use the facility for TSU Home Games, pursuant to terms of the TSU Lease (dated May 27, 1997)
- Rent
 - CSI to pay Lessor \$3 million per Lease Year, less any offset amounts though the rent shall not be less than \$2.2 million

General Terms

- **Operation** – Lessee Obligation
- **Maintenance** – Lessee obligation
- **Insurance** – Lessor obligated to carry property insurance, general liability for Lessor events/uses, and require workers' comp for Lessor contractors; Lessee obligated to carry general liability, workers comp, employer's liability, auto, and umbrella liability
- **Taxes** –Lessor obligated for property taxes; Lessee rent may be offset for any "reimbursable tax" paid by Lessee
- **Revenues and Related Rights** – Lessee entitled to most revenues generated by, from, or in connection with the Facilities; Lessee also entitled to, with limited input from Lessor, Naming Rights, Advertising Rights, and Broadcast Rights

Lessor's Capital Improvement Obligation

- Generally, Lessor is obligated to cause capital projects for which it is responsible for the expense to be implemented and completed as promptly as possible
 - Lessor is obligated to pay \$1 million annually into a Capital Fund
 - Lessor is obligated to pay for all Capital Project Expenses even if they exceed the amount in the Capital Fund
 - Lessor is obligated to pay only for its share of Improved Item Expenses
 - An improvement or upgrade of an item that is part of the facility, in good condition, and has not reached the end of reasonable useful life, which replacement Lessee has elected
 - Lessor is obligated to pay for its own Voluntary Improvement Expenses
 - Projects for which the other party is not obligated to fund
 - Lessor and Lessee are to cooperate with one another
 - Provide 60 days notice before commencing project over \$10,000
 - Advise and consult regarding professionals and contractors for projects over \$10,000
 - Cause minimal disruption to playing season

- Definition of Capital Project Expense:
 - All expenses (other than Improved Item Expenses) incurred with respect to a Capital Project that are required to be made in order to cause all or any part of the Facilities to be in a First Class Condition
- Capital Project can be either a single or a series of improvements to the Facilities or a single improvement to Stadium Equipment – the cost of which must exceed a certain threshold *and* be classified as a capital expense by generally accepted accounting principles
 - The expense increases the life or future service potential of the asset or provides a replacement for such asset
 - The doming of the stadium is explicitly excluded from the definition a Capital Project
- Lessor is obligated to pay for Stadium Equipment (personal property) unless it exceeds a certain threshold
 - Stadium Equipment does not include scoreboards and related equipment or the playing field tarp
- Lessor is not obligated to pay for Lessee's Voluntary Improvements nor for Lessee's share of Improved Item Expenses

Capital Project Expense Obligation

- First Class Condition means
 - a) being in compliance with applicable law
 - b) being in good condition and repair, normal wear and tear excepted, and
 - c) having the level of improvements and new technology from time to time found at a reasonable number of comparable facilities

First Class Condition

Comparable Facilities

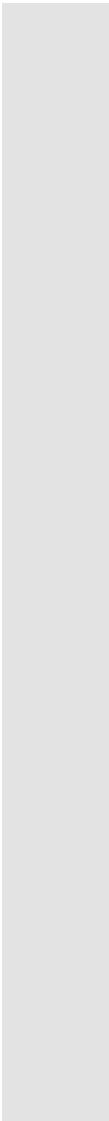
- First class sporting and entertainment stadiums that are
 - a) comparable to the Facilities
 - b) of similar age (completed within ten years before or after the substantial completion date July 30, 1999) and
 - c) located in major metro areas of the US, including other football stadiums in which NFL games are played
- Deemed comparable facilities:
 - Carolinas Stadium in Charlotte; Jacksonville Stadium in Jacksonville; Joe Robbie Stadium in Miami area; Coors Field in Denver; Jacobs Field in Cleveland; The Ballpark at Arlington; Oriole Park in Camden Yards; Comiskey Park in Chicago; Olympic Stadium in Atlanta; and BancOne Stadium in Phoenix

Comparable Facilities

- **Other comparable NFL Stadiums** (1989-2009; no roof; not exhaustive listing):
- FedEx Field – Washington DC area 1997
- M&T Bank Stadium – Baltimore 1998
- Raymond James Stadium – Tampa 1998
- FirstEnergy Stadium – Cleveland 1999
- Paul Brown Stadium – Cincinnati 2000
- Empower Field – Denver 2001
- Acrisure Stadium – Pittsburgh 2001
- Lumen Field – Seattle 2002
- NRG Stadium – Houston 2002
- Lincoln Financial Field – Philadelphia 2003
- Lucas Oil Stadium – Indianapolis 2008



New Technology

- With respect to improvements and new technology that perform a *completely new function* rather than being a replacement, upgrade, or enhancement of then existing portions of the Facilities it is *limited* to the level of improvements and new technology that at the time in question have been successfully implemented in a majority of Comparable Facilities
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Default

- Upon a Lessee or Lessor default the non-defaulting party can terminate the lease with 30 days notice
- Default means
 - Failure to pay, when due, any sums payable by the party within 30 days notice of failure
 - Failure by the party to observe or perform any other covenant, agreement, condition or provision of the lease within 60 days of notice of failure
 - Can be avoided if the failure cannot be cured within 60 days but efforts to cure are diligently proceeding within the 60 day timeframe



Development Agreement

General Terms

- Effective Date March 7, 1996
- Parties: Metropolitan Government, Sports Authority, CSI, Team
- Generally, addresses the construction and development of the Stadium Facilities
- Co-terminus with the Stadium Lease
- Provides that Metropolitan Government will fund the Capital Fund annually to benefit the Sports Authority
- Team covenants to play all possible team games in the stadium throughout the operating period (substantial completion date through end of Lease)
- Provides for specific relief for Team breach of its obligation to play games at the stadium

Questions?

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