

Titans Stadium Process Update



OBJECTIVES

- GUIDING PRINCIPLES & PRIORITIZATION CRITERIA
- OVERVIEW OF METRO'S DEBT MANAGEMENT
- STADIUM FINANCING CONSIDERATIONS
- DOCUMENTATION & APPROVALS

Guiding Principles & Prioritization Criteria



GUIDING PRINCIPLES FOR NEW STADIUM SOLUTION

- Reduce the burden on Metro's General Fund and Water/Sewer ratepayers
 - Leverage tourism and stadium-related funding sources to support Metro's contribution to Stadium construction and maintenance
 - Require the Team to fund any Stadium construction cost overruns
 - Eliminate the unfunded Stadium capital maintenance liability
- Leverage contributions from the State and Private Sources (Team cash, NFL G-4 Loan Program, PSLs, etc.) to fund Stadium construction, with Private Sources being the largest single contributor
- Retain Metro ownership of all Stadium and campus property
- Activate the surrounding campus in a manner that prioritizes affordable housing, multi-modal transportation, and greenspace
- Deliver a stadium solution that will generate significant economic activity and benefits for Nashville
- Keep the NFL in Nashville for the long-term

Overview of Metro's Debt Management



REVIEW OF LONG-TERM DEBT PROFILE

General Obligation Bonds

- A source of funding for general Metro & MNPS capital needs
- Pledge of Metro's full faith and credit
- Payable from property tax and general revenue of Metro

Revenue Bonds

- A source of funding for enterprise funds and conduit agencies/authorities
- Specific revenue is pledged
- Payable from specific source of revenue
- Can include a Metro 'back-stop'

LONG-TERM BONDED DEBT PROFILE

| Purpose | Issuer | Type of Bonds | Revenue Source(s) |
|------------------------|-----------------------------|--------------------|--|
| General Capital | Metro | General Obligation | Property tax, sales tax, non-tax revenues |
| Water/Sewer Capital | Metro | Revenue | Revenues of Metro Water system |
| Nissan Stadium | Sports Authority | Revenue | Water PILOT, parking revenues, TSU lease payments, ticket taxes* |
| Ford Ice Center | Sports Authority | Revenue | Predators lease payments, surcharges collected at Bridgestone Arena* |
| First Horizon Ballpark | Sports Authority | Revenue | Ballpark sales tax revenues, adjacent TIF, Sounds lease payments* |
| Major League Soccer | Sports Authority | Revenue | MLS team rents, MLS sales tax revenues and MLS ticket taxes* |
| Convention Center | Convention Center Authority | Revenue | Hotel/Motel tax revenues, incremental sales tax revenues, other tourism tax revenues** |

*In the event of a deficiency of such revenues, the debt is payable from Metro General Fund Non-Tax Revenues

**Approximately 2/3 of Convention Center bonds are 'back-stopped' by Metro General Fund Non-Tax Revenues

Stadium Financing Considerations



FUNDING AND FINANCING CONSIDERATIONS

- Cooperative effort among State, Team and Metro
- Priorities for Metro construction funding:
 - Minimize interest cost
 - Minimize general fund exposure
 - Eliminate Water and Sewer PILOT
- Identify funding source for long-term capital maintenance
- Eliminate Metro liability for unfunded capital maintenance requirements

EXISTING STADIUM – PRIMARY FUNDING SOURCES

\$74.88M Metro General Obligation Bonds – Funded East Bank land acquisition

| SOURCE | DESCRIPTION |
|----------------|--|
| Metro revenues | Bonds are paid primarily from Stadium sales tax collections, but all Metro property tax, sales tax, and non-tax revenues are pledged for payment |

\$116.8M Sports Authority Revenue Bonds – Funded Stadium construction and maintenance*

| SOURCE | DESCRIPTION |
|---------------------|---|
| Water & Sewer PILOT | Department of Water and Sewerage Services annual \$4M payment |
| Ticket Tax | \$3 per ticket for Stadium admittance (every event except TSU football games) |

*In the event of a deficiency of such revenues, the debt is payable from Metro General Fund Non-Tax Revenues

PRIMARY STADIUM FUNDING SOURCES

| SOURCE | DESCRIPTION/CONSIDERATIONS |
|------------------------------------|---|
| 1% County-wide Hotel Occupancy Tax | <ul style="list-style-type: none">• Authorized by the General Assembly in its 2022 legislative session• Must be approved by the Council• For the fiscal year ended June 30, 2022, a 1% hotel occupancy tax generated approximately \$18.6 million• Exclusively for construction of enclosed Stadium |
| In-Stadium Sales Tax | <ul style="list-style-type: none">• 100% of state and local option sales tax revenues from the Stadium-related sales• Authorized by the State in 1996• Until 2022, all proceeds had been withheld by the State to offset State debt service on existing Stadium• The Team projects that sales tax collections would increase with an enclosed Stadium• Exclusively for construction and maintenance of NFL Stadium facilities |
| Campus Sales Tax | <ul style="list-style-type: none">• 50% of state and local option sales tax revenues from sales made in 130-acre contiguous to the Stadium• Council must designate the boundaries of the 130-acre area• State Commissioner of Finance and Administration must approve• Exclusively for construction and maintenance of NFL Stadium facilities, associated campus improvements and associated campus infrastructure |

FINANCING GOALS

- Leverage primary Stadium funding sources to maximize a revenue-only debt structure
 - Sufficiency of revenues
 - Stability and predictability of revenues
- Ensure credit quality and minimize interest cost
- Identify a sufficient funding source to eliminate Metro's existing unfunded responsibility for ongoing capital maintenance

METRO STADIUM FINANCING PARTICIPANTS

Comprehensive team of professionals assembled to assist and advise with:

- Negotiation of business terms
- Development of the plan of finance
- Best practice in sports facility construction and ancillary development

| ROLE | FIRM |
|--------------------------------------|---------------------|
| Municipal Advisor | Hilltop Securities |
| Sports Facility Financing Consultant | Inner Circle Sports |
| Stadium Negotiations Counsel | Greenberg Traurig |
| Real Estate Consultant | RCLCO |
| Bond Counsel | Bass, Berry & Sims |
| Feasibility Consultant | TBD |
| Underwriter | TBD |

Documentation & Approvals



DOCUMENTATION & APPROVALS – STADIUM DOCUMENTS

- Stadium Development Agreement
- Team Lease
- Guaranty
- Non-Relocation Agreement
- Intergovernmental Agreement between Metro and the Sports Authority

DOCUMENTATION & APPROVALS – STADIUM FINANCING

- Sports Authority Bond Documentation
- Implement 1% County-wide Hotel Occupancy Tax
- Establish ~130-acre campus sales tax boundary

DOCUMENTATION & APPROVALS – CAMPUS

- Transfer of Non-Stadium Property from Sports Authority to Metro
- Campus Infrastructure Design and Installation
- Parking and Campus/Stadium Coordination Agreements
- Solicitation of one or more campus development partners
- Campus ground leases and development agreements