

Summary of Titans' Stadium Term Sheet

October 2022



Guiding Principles for New Stadium Solution

1. Reduce the burden on Metro's General Fund and Water/Sewer ratepayers
 - Leverage tourism and stadium-related revenues for Stadium construction and capital maintenance
 - Require the Team to fund any Stadium construction cost overruns
 - Eliminate the unfunded Stadium capital maintenance liability
2. Ensure private sources are the largest single contributor to the project
3. Leverage contributions from our partners at the State
4. Retain Metro ownership of the Stadium
5. Recoup development rights for the campus to ensure ability to prioritize affordable housing, multi-modal transportation, and greenspace
6. Deliver a solution that will generate significant economic activity and benefits for Nashville
7. Keep the NFL in Nashville for the long-term



Financing Goals

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



Stadium Site & Development

Stadium & Site:

- The Stadium will be a ~60k seat new, first class, state-of-the-art, enclosed facility
- It will be located on ~15 acres in the eastern portion of the East Bank property, generally bounded by Russell St, Interstate Dr, Shelby Ave and South Second St (see appendix 1)

Stadium Cost:

- The total cost of the Stadium is currently estimated not to exceed \$2.1B. This includes site preparation, demolition of Nissan Stadium, all public infrastructure necessary to open the Stadium, and a reasonable contingency

Design & Construction:

- The Titans will be responsible for the design, development and construction of the Stadium on behalf of the Authority under a Project Development Agreement
- The parties will agree upon a Base Stadium Plan in the Project Development Agreement. The Authority will have approval rights over the Base Stadium Plan and any material revisions
- It is the goal of the parties that the Stadium achieve a LEED Gold certification



Proposed Funding Structure

Overview of Project Funding:

- The Titans, Metro, the Authority, and State will enter into a Project Funding Agreement which will dictate the following contributions
- **\$840MM** from the Titans, NFL, and PSLs. The Titans will also be responsible for construction cost overruns
- **\$500MM** from a one-time State contribution
- **\$760MM** from Sports Authority revenue bonds to be repaid from available sources generated by tourists and users of the Stadium / area, as further described on slide 3

Release of Other Authority Obligations:

- The Titans will waive any claim it has against the Authority for reimbursement of previous capital improvements to Nissan Stadium, currently **~\$32 million**
- The Titans will repay 100% of the Authority's Existing Stadium Bonds (**~\$30 million**)



Available Sources of Funding

Available Authority Revenue Bond Primary Funding Sources:

- Collections from a **new 1% hotel occupancy tax** – available via State statute only to fund a new, enclosed stadium facility (Public Chapter 1046 of the 2022 Public Acts of the Tennessee General Assembly)
- **100% of State and Local Sales Tax** from Nissan Stadium and the new Stadium (Stadium Sales Tax) – available via State statute only to fund NFL stadium facilities (per T.C.A. 67-6-103(d))
- **50% of State and Local Sales Tax** collected within a zone of up to 130 acres contiguous to the Stadium (Area Sales Tax) – available via State statute only to fund NFL stadium facilities and infrastructure and other public improvements related to the Stadium (per T.C.A. 67-6-103(d))
- A continuation of the \$3.00 per **ticket tax** currently being levied at the Nissan Stadium
- **Titans Rental Payment** equal to \$3.00 per ticket sold to all non-NFL events at the Stadium

Football-Related Funding Sources:

- Private financing sources, including owner equity, secured loans, and NFL G-4 financing
- Sale of Personal Seat Licenses



Application of Excess Revenues

Application of Excess Financing Revenues:

- Any excess Authority revenues after the payment of debt service will be applied as follows:
 1. To a **Maintenance and Repairs Fund** in an amount equal to the sum of all Ticket Tax and Rent Revenues to be used for capital repairs and non-operating maintenance at the Stadium
 2. To **Metro Government** in an amount equal to Area Sales Tax Revenues, if needed to fund the costs of Sales Tax Eligible Infrastructure (campus infrastructure or public improvements that are related to the Stadium, per state statute – for example, Stadium-related parking)
 3. To a **Capital Repairs Reserve Fund** up to an amount to be-agreed between the Authority and the Titans in the Stadium Lease
 4. Any remaining funds will be deposited to an **Authority Surplus Fund** to be used by the Authority to retire Authority bonds or provide additional funding to the Capital Repairs Reserve Fund
- At Metro's election, the Hotel Tax may be terminated upon (A) the retirement of any Authority Bonds and (B) funding of 120% of the total amount scheduled deposited into the Capital Repairs Reserve Fund during the term of the Stadium Lease



Stadium Operations & Maintenance

Operations & Maintenance:

- The Titans will be responsible for all costs of the Stadium Project including, without limitation, operating, utilities, maintenance costs, capital repairs, and capital improvements
- The Titans will be responsible for all insurance costs at the Stadium, which is a cost currently borne by the Authority at Nissan Stadium
- Operational standards will be developed to be consistent with comparable NFL stadiums

Capital Expenditures:

- Neither Metro nor the Authority will have any obligation for Capital Expenditures at the Stadium
- Except for deposits available in the Capital Repairs Reserve Fund (as described on the prior page), the Titans will be responsible for all capital repairs, replacements, and improvements at the Stadium
- Every 3 years, the Titans (at their sole cost) must engage a third party to produce a Capital Asset Management Plan to identify Stadium maintenance required during the upcoming 10-year period



Lease Structure & Non-Relocation

Stadium Lease Structure:

- The Authority will own the Stadium and lease it to the Titans for an initial term at least equal to the initial stated term of the Authority Bonds, plus three 5-year renewal terms at the Titans option
- The Authority will also lease the Stadium to TSU on terms and conditions generally consistent with the current lease, subject to limited approval of the Titans
- The Titans will retain all revenues from operating the Stadium, except from TSU Events
- CMA Fest revenue streams will continue to be shared with the Authority
- The Authority will have use of the Stadium field for five (5) civic events and reasonable use of other areas of the Stadium and Site

Non-Relocation Agreement:

- The Titans will sign a Non-Relocation Agreement that will be coextensive with the term of the Stadium Lease (including extensions)



Campus Development & Parking

Campus Development:

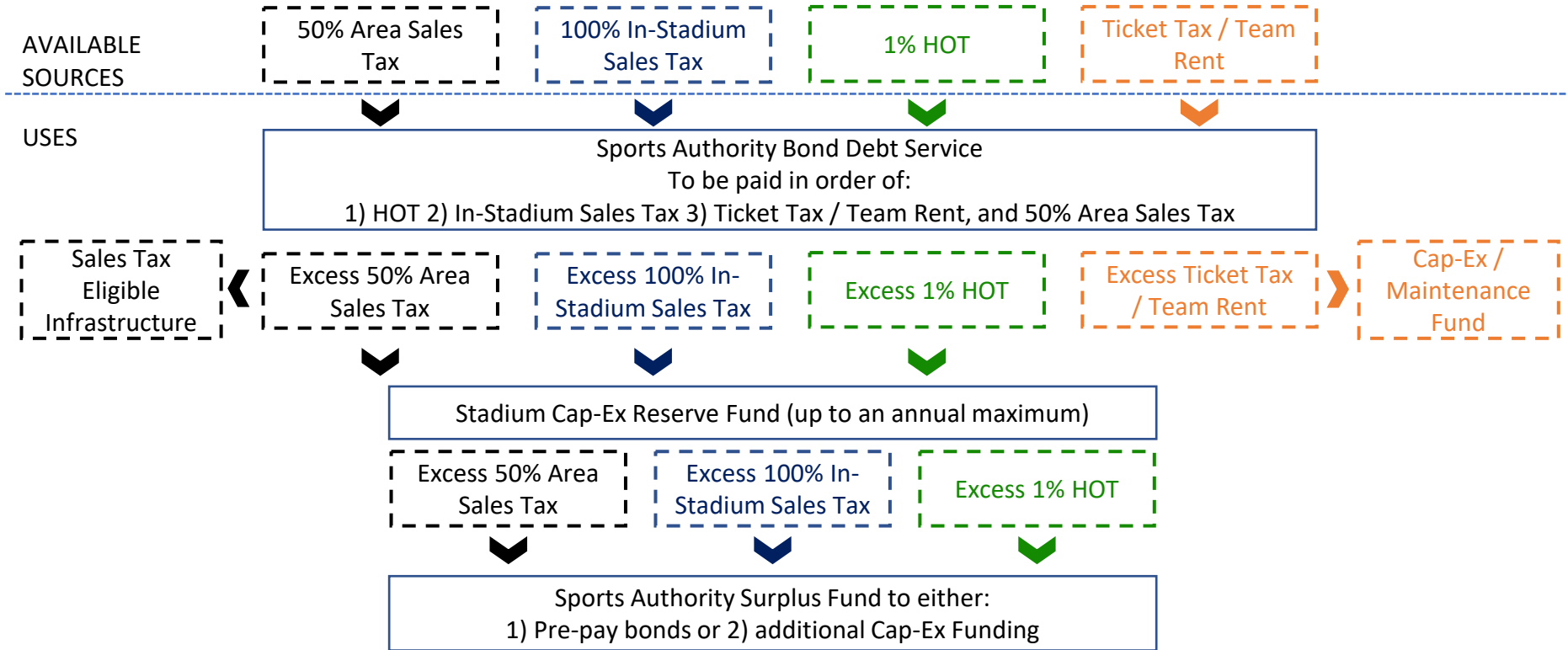
- Metro will oversee the development of those areas of the Campus outside of the Stadium Site, including the Stadium Village, located directly to north and south sides of the new Stadium (see appendix 1)
- Metro will be responsible for all necessary infrastructure for the development the Campus other than those costs included within Stadium project budget to be performed by the Titans
- A site coordination agreement shall address the collaboration among the Authority, Metro, and the Titans on certain aspects of the development and operation of the Campus

Parking:

- Metro and the Authority will ensure that the Stadium Village will accommodate a to-be-agreed-upon number of parking spaces for player and other Titans' parking needs
- The Authority will ensure that a minimum of 2,000 parking spaces are available within the Campus for the exclusive use of the Titans during Stadium events. The Titans will retain net parking revenues from all Stadium events (except TSU and CMA events). The Authority will be entitled to use of such spaces and retain all net parking revenues at all other times



Application of Excess Revenues



If the Authority's bonds have been retired, and the Cap-Ex Reserve Fund is funded to an amount more than 120% of the scheduled amount then Metro will have the option to repeal the 1% HOT tax

Proposed Schedule

**Q4
2022**

- Council and Sports Authority meetings: ongoing updates from Metro and the Team
- Sports Authority: approve term sheet on preliminary basis
- Team commences design and pre-development activities, at its cost
- Council: approve additional 1% HOT, approve term sheet on preliminary basis

**Q1
2023**

- Council and Sports Authority meetings: ongoing updates from Metro and the Team
- Team continuing design and pre-construction activities
- Council: approval of definitive documents and issuance of Sports Authority revenue bonds
- Sports Authority: approval of definitive documents and authorization of Sports Authority revenue bonds

**Q2-Q3
2023**

- Team finalizes stadium budget
- Team and State funding secured
- Sports Authority bonds issued



Appendix

Stadium and Village Development Site

