



## METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

JOHN COOPER  
MAYOR

OFFICE OF THE MAYOR  
METROPOLITAN COURTHOUSE  
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October 17, 2022

Ms. Monika Fawknottson, Director, Metro Sports Authority  
Ms. Cathy Bender, Chair, Metro Sports Authority Board  
Members of the Metropolitan Sports Authority Board  
c/o Metropolitan Sports Authority  
Lindsley Hall Building, Suite 103  
730 President Ronald Reagan Way  
Nashville, TN 37210

Vice Mayor Jim Shulman  
Members of the Metropolitan Council  
Historic Metro Courthouse  
Suite 204, Metro Council Office  
Nashville, TN 37201

**Re:** Nissan Stadium

**TO:** Ms. Monica Fawknottson, Director  
Ms. Cathy Bender, Chair  
Members of the Sports Authority Board

Vice Mayor Jim Shulman  
Members of the Metropolitan Council

It is my pleasure to submit for your consideration, over the coming weeks, a proposal to meet the Metropolitan Government's obligations for the required improvements and maintenance for Nissan Stadium. This proposal is the result of more than two years of exhaustive evaluation, negotiation, and collaboration with the Tennessee Titans and our partners within Tennessee State Government. As I believe you will soon see, this proposal reflects substantial cost savings and significant contract term improvements for the taxpayers of Nashville.

As you know, the current lease for the Titans' stadium imposes an obligation to provide facility improvements and to maintain the team's stadium in "first class condition" – an obligation currently borne by Nashville taxpayers. Under current estimates, that obligation will impose costs ranging between \$1.75 billion and \$1.95 billion over the remaining 17 years of the current stadium lease.

In 1996, our city leaders made the right decision to bring the Titans to Nashville. But simply renewing that lease without taking the opportunity to substantially improve the deal and alleviate taxpayer exposure was just not acceptable to me. As your Mayor, I have steadfastly maintained that such expense cannot and should not be shouldered by Metro's general fund.

Today, I am proud to present a negotiated proposal that not only resolves our city's obligations, but funds a new, enclosed, multi-purpose stadium without incurring a single dollar of taxpayers' money intended for core city functions. Specifically, this proposal derives necessary funding – not from Nashville's taxpayers -- but from the team, the state, tourists, and spending around the stadium. The proposal avoids any sales tax or property tax increases, shifts the financial responsibility for stadium maintenance onto the Titans, and requires the team, not taxpayers, to cover any construction cost overruns.

October 17, 2022

Page 2

Getting to this point was not particularly easy; however, through the dedicated effort, patience, and contributions of the Titans organization, Governor Bill Lee, and our valued partners in the state legislature, we have carefully constructed a proposal that relieves a burden on Nashville taxpayers totaling nearly \$2 billion dollars and brings a world-class asset – owned by Nashvillians – without relying on the city’s general fund or any general obligation debt.

There is much more to be said about this proposal, and in the coming weeks, I look forward to your review, consideration, and questions. In the next few days, legislation advancing the proposal will be formally filed, including (1) a resolution asking for approval of terms and conditions, and (2) an ordinance directing increased hotel occupancy privilege tax proceeds toward construction of the new stadium, per state law. The review process begins with consideration by the Metro Sports Authority, and I enclose current drafts of this legislation herein for the Sports Authority’s consideration at its next regular meeting on October 20<sup>th</sup>, 2022. We anticipate Metro Council’s initial consideration will occur at the November 1<sup>st</sup> regular Council meeting.

Additional materials will be forthcoming in the next few weeks, including a VSG cost study, review of a proposed community benefits platform from the Titans, as well as design reviews – all for consideration by the Sports Authority and Metro Council per their respective schedules.

I thank you in advance for your attention to this proposal and the underlying legislation, and I look forward to working with you in the coming weeks.

Sincerely,



John Cooper  
Mayor

Attachments

Resolution No. \_\_\_\_\_

A resolution approving a term sheet describing the terms and conditions of the agreements and transactions required to finance, construct, and operate a new, enclosed multi-purpose stadium on the East Bank, subject to the subsequent approval of final agreements, and authorizing the Metropolitan Government to pursue other matters related thereto.

WHEREAS, the Sports Authority of the Metropolitan Government of Nashville and Davidson County (the "Authority"), owns approximately 105 acres of land on the East Bank (the "Campus"), on which is located a multi-purpose outdoor stadium currently known as Nissan Stadium (the "Existing Stadium"), which is owned by the Authority and leased to Cumberland Stadium, L.P., an affiliate of the National Football League's Tennessee Titans (the "Team") pursuant to that certain stadium lease agreement dated as of May 14, 1996, as amended, between the Authority, as lessor, and the Team, as lessee (the "Existing Lease"); and

WHEREAS, the Existing Lease requires the Authority and The Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") to fund the costs of capital repairs and repairs to the Existing Stadium, as detailed in the Existing Lease, through the term of the Existing Lease, which may extend, at the option of the Team, through 2039; and

WHEREAS, the Metropolitan Government has commissioned a study to assess the current physical condition of the Existing Stadium and the range of costs that the Authority and the Metropolitan Government might be required to fund in order to remain in compliance with the terms of the Existing Lease, and that report estimates that such funding requirement has the potential to range from \$1.75 to \$1.95 billion; and

WHEREAS, the Existing Lease prohibits the development of the Campus, in order that the surface parking lots currently located thereon may continue to be utilized for parking for events at the Existing Stadium; and

WHEREAS, the Team has proposed to construct a new enclosed stadium (the "New Stadium") on the Campus, immediately to the east of the Existing Stadium, release the encumbrances on the Campus set forth in the Existing Lease, and upon completion of the New Stadium, dismantle the Existing Stadium; and

WHEREAS, the Authority and the Metropolitan Government expect that the New Stadium can be activated with much greater frequency than an outdoor stadium, and will attract significant sports and cultural events that could not have otherwise been attracted to the City of Nashville; and

WHEREAS, the construction of the New Stadium and the release of the encumbrances of the Existing Lease will afford the Metropolitan Government the opportunity to facilitate the development of the Campus in a manner that meets the goals of the Metropolitan Government to provide affordable housing, parks and green space and transportation and mobility facilities; and

WHEREAS, the Team has proposed a lease arrangement related to the New Stadium under which the Team, as lessee, would bear the risk and responsibility for capital repairs and improvements to the New Stadium, to the extent not funded as described in the Term Sheet (as defined below); and

WHEREAS, the State of Tennessee (the "State") has approved a contribution of up to \$500 million to assist in the funding of the New Stadium; and

WHEREAS, the proposed terms and conditions of the financing, construction, operation, and capital maintenance of the New Stadium, and the dismantling of the Existing Stadium, are set forth in that certain Term Sheet attached hereto as Exhibit A (the "Term Sheet"); and

WHEREAS, the Metropolitan Council wishes to provide its approval of the financing, construction, and operation of the New Stadium on the terms and conditions set forth in the Term Sheet, subject in all respects to final approval of the Metropolitan Council, such approval to be considered upon the presentation to the Metropolitan Council of final financing, development, lease and other certain other agreements described in the Term Sheet.

NOW, THEREFORE, BE IT RESOLVED BY THE METROPOLITAN COUNTY COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, that:

Section 1. The proposed terms and conditions of the financing, construction and operation of the New Stadium, and the dismantling of the Existing Stadium, set forth in the Term Sheet attached hereto as Exhibit A are hereby approved by the Metropolitan Council, subject in all respects to final approval of the Metropolitan Council, such final approval to be considered upon the presentation to the Metropolitan Council of final financing, development, lease and other certain other agreements described in the Term Sheet. The officers of the Metropolitan Government are hereby authorized, empowered and directed to take all such steps as may be necessary to cause the negotiation and preparation of such final agreements.

Section 2. All acts of the Metropolitan Mayor, the Director of Finance and any other officer of the Metropolitan Government that are in conformity with the purposes and intent of this Resolution shall be, and the same hereby are in all respects, approved and confirmed as may be necessary or appropriate in order for the Metropolitan Government to comply with the terms hereof.

Section 3. All resolutions in conflict or inconsistent herewith are hereby repealed to the extent of any such conflict or inconsistency.

Section 4. This Resolution shall take effect from its adoption, the welfare of the Metropolitan Government requiring it.

*(signature page follows)*

Approved:

Introduced by:

\_\_\_\_\_  
Kelly Flannery, Director  
Department of Finance

Approved as to Form and Legality

\_\_\_\_\_  
Metropolitan Attorney

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EXHIBIT A

Term Sheet

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ORDINANCE NO. \_\_\_\_\_

An ordinance amending Chapter 5.12 of the Metropolitan Code of Laws pursuant to Tenn. Code Ann. § 67-4-1415 by increasing the hotel occupancy privilege tax in the amount of one percent and directing the proceeds be used for the construction of and future capital improvements to a new enclosed stadium, and debt service related thereto.

WHEREAS, Sections 5.12.020 and 15.12.060 of the Metropolitan Code of Laws levy a hotel occupancy privilege tax in the amount of six percent of the consideration charged by hotel operators for occupation of hotel rooms within Davidson County and direct the use of the proceeds; and

WHEREAS, Sections 5.12.120 and 5.12.130 of the Metropolitan Code of Laws levy an additional hotel occupancy privilege tax in the amount of \$2.50 upon the occupancy of each hotel room within Davidson County and direct the use of the proceeds; and

WHEREAS, Tenn. Code Ann. § 67-4-1415 (the "Act") authorizes an additional privilege tax of one percent of the consideration charged by hotel operators to be levied, with the proceeds to be used by the Sports Authority of the Metropolitan Government of Nashville and Davidson County ("Sports Authority") for "the payment of debt service for the construction of an enclosed stadium with at least fifty thousand (50,000) seats and for future capital improvements to the enclosed stadium;" and

WHEREAS, pursuant to Resolution No. RS2022-\_\_\_\_\_, the Metropolitan Council has approved on a preliminary basis a term sheet (the "Term Sheet") between the Metropolitan Government and the Tennessee Titans (the "Team"), which term sheet contemplates the various agreements and transactions among, and the rights and responsibilities of, the Metropolitan Government, the Sports Authority and the Team required to facilitate the construction of an enclosed stadium capable of seating in excess of 50,000 seats (the "Stadium"); and

WHEREAS, levying the additional one percent hotel occupancy tax authorized by the Act for the purpose of paying for the construction of and future capital improvements to the Stadium, and debt service related thereto, is in the best interest of the Metropolitan Government.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

SECTION 1: There shall be a new Article III of Chapter 5.12 of the Metropolitan Code of Laws, reading as follows:

Article III. – Additional Hotel Occupancy Tax for Enclosed Stadium

§ 5.12.150 In addition to any other tax or fee imposed pursuant to this chapter, there is hereby levied an additional privilege tax of one percent cent of the consideration charged by the operator for the occupancy of each hotel room within Davidson County. The tax so imposed is a privilege tax upon each occupied room for each night of occupancy and shall be collected by the department of finance. The proceeds from such tax shall be distributed to the Sports Authority in accordance with Tenn. Code Ann. § 67-4-1415. The privilege tax hereby levied shall expire on January 1, 2024, unless the Sports Authority shall have theretofore issued its revenue bonds as contemplated by the Term Sheet (the “Bonds”).

SECTION 2: The Sports Authority is hereby authorized to apply the proceeds of the tax hereby levied either to the costs of the design and construction of the Stadium and/or the payment of debt service on the Bonds, as shall be determined by the Sports Authority.

SECTION 3: The various departments of the Metropolitan Government are hereby authorized and directed to take all such steps and incur any required costs necessary to implement the collection of the tax levied hereby.

SECTION 4: This ordinance shall take effect from and after February 1, 2023, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.



Recommended by:

Introduced by:

\_\_\_\_\_  
Kelly Flannery, Director  
Department of Finance

Approved as to form and legality:

\_\_\_\_\_  
Metropolitan Attorney

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\_\_\_\_\_  
Member(s) of Council

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