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“Global Nashville with Karl Dean”  
A Conversation with Andy Moats  
Pinnacle Financial Partners, Executive Vice President  
Director of Music, Sports and Entertainment

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Podcast: “Global Tennessee” series

**Karl Dean** [00:00:26] Hello and welcome to the Tennessee World Affairs Council's Global Nashville program. I'm your host, Karl Dean.

Today we are pleased to talk with Andy Moats, Pinnacle Financial Partners, Executive Vice President, where he serves as Director of Music, Sports and Entertainment. We'll be talking about how those areas of Pinnacle's business interact with Nashville as a global city.

First, let me thank Pinnacle for support to the World Affairs Council as a strong corporate member.

Andy is a Nashville native and a Vanderbilt grad. He took time in 2000 to pursue his passion for music, touring and supporting a multi-platinum rock band. And we'll hear more about that later. His days performing may be over, but his passion for music has helped to grow one of the largest music and entertainment focused banks in the country.

In 2001, Andy began his banking career at Union Planters Bank, then turned Regions Bank, rising to the role of commercial real estate credit manager with

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credit responsibilities for the bank's real estate loan activity in the Southeast. While working in banking, Andy has been heavily involved in his family's NASCAR business through Cole Motorsports and various family restaurant companies.

In 2006, Andy co-founded what would become Avenue Bank and worked as a member of the bank's executive team, serving as Chief Credit Officer and bank group director. The team took Avenue Bank public in 2015. A year later, Avenue Bank merged with Nashville based Pinnacle Financial Partners to form one of the top 50 largest banks in the United States. Andy joined the leadership team of Pinnacle following the merger, and he serves in the role of Executive Vice President, Director of Music, Sports and Entertainment.

Andy develops and manages \$2 billion in entertainment related accounts with clients, including artists, songwriters, international label and publishing businesses, touring athletes, professional sports franchises, among others. Outside of banking, Andy is a founder and partner of the Music City Grand Prix, an IndyCar race televised in over 180 countries, attracting over 100,000 fans each year. Andy is involved in numerous community activities and you can see some of these in the program notes. Andy Moats, thanks for taking time to come and talk about music, entertainment and sports in Nashville as a global city.

So, let's get into it. First, let me ask you about the band and your ties to music. How do you go from working with a rock band to becoming a banker?

**Andy Moats** [00:03:36] I don't know. That's probably not a normal path, is it? I grew up in Nashville. I love music. Been a drummer my whole life. Truthfully, not a very good one. But I was lucky enough to play in several bands through high school and college and then actually befriended a kind of hero of mine at the time, who it was a drummer of a big eighties rock band by the name of Cinderella. I got out of Vanderbilt in '99. And Fred said, hop on the bus, which I did for the better part of two summers.

I was really fortunate to be around friends, to see the country, but to really learn the music business through an artist's eyes first and from a bus and what it means. And you know, I really owe all of what we've done in this space too to some of those early experiences.

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**Karl Dean** [00:04:27] And so, that was the summer in between the academic year at Vanderbilt.

**Andy Moats** [00:04:34] It was right after I got out of Vanderbilt. That's right. Yep.

**Karl Dean** [00:04:38] How did you make the transition to banking?

**Andy Moats** [00:04:43] I wanted to do something entrepreneurial eventually and did it in banking. But at the time, I wanted to learn a little bit about everything. I grew up in a pretty entrepreneurial family. I had a father that worked at First American years ago, for those that remember First American and was running a company called Metropolitan Federal Savings and Loan.

So, it was kind of in my blood. I thought it'd be a good way to learn a little bit about everything and figure out what I wanted to do with my life. And nearly 25 years later, I'm still in banking.

**Karl Dean** [00:05:18] You went to work eventually with Avenue Bank.

**Andy Moats** [00:05:23] Yeah, that's right. So, I spent some time at Union Planters, Regions Bank through my mid-twenties and was working for an individual named Ron Samuels. I'm sure you know, Ron. Most Nashvillians do. I was really, really lucky to be able to call him a friend, a partner, and certainly one of my mentors. In 2006, some will recall a merger was announced between Regions and AmSouth and I was on the Regions management team, AmSouth really had the dominant market share in Nashville at the time.

The writing was on the wall that, well, while Regions in name, it was really going to be at least locally AmSouth in management. And so along with Ron and Kent Cleaver and Barb Zipperian, who were the other executives of Avenue. We put a small team together in late 2006, started writing a business plan and decided to start a bank which would become Avenue by the time we were capitalized in early 2007.

**Karl Dean** [00:06:31] Yeah, well, I do know Ron, of course, did a lot of work with him on the Convention Center project. And I recall when the bank when the bank opened and basically, I came into office as Mayor in '07. Then, you'll remember this as much as I do that, '07, '08, '09, we go into this incredibly deep

recession. And you're out here as an entrepreneur starting a new bank. How were those years?

**Andy Moats** [00:07:02] It's a good question. They were scary for sure. You didn't know what would happen one week to the next. But if you think about it, we were formed out of the disruption of a merger between two banks, and all of a sudden, the entire banking environment was disrupted at once. We didn't have any bad loans because we had made any loans and we had fresh capital. We had just raised \$75 million. February or March of '07. I think maybe it was March or April, the world learned what subprime lending was.

And so, we were off to the races there. We had fresh capital, no problem loans. Our issue was we had a lot of overhead and we needed to get to a certain size just to break even and not bleed to death. For us at the time, that was probably three or four hundred million in assets. So, when the rest of the world was kind of retreating and playing defense, Avenue really had to play offense. And the truth was it ended up being a really good thing for us. There were clients disrupted in banks throughout the city. We had the benefit of knowing what the current economic environment was like and kind of structuring and making loans. So, there were a lot of sleepless nights, but honestly, it probably ended up positive in the grand scheme of things.

**Karl Dean** [00:08:19] Why did you see Nashville as a good place to start a bank? What was the climate or what was the appeal of going out on the limb with a new bank?

**Andy Moats** [00:08:33] We knew we had clients that were loyal to us and people like Ron were really not just the face of the banking community, but a face of the Nashville community. So, we knew we had an opportunity when we raised our initial capital to 75 million, it was about half raised locally.

So, you know, individuals that you would know here and the benefit of raising your money locally is that they become clients. They really drive your strategy and your business plan. The other half was raised institutionally, and most of that came from the New York area, the Northeast. Institutional investors provide you a significant amount of capital and really kind of drive your valuation just by their being in your transaction. So, as we went to New York and began to raise this money, a few things were clear. Number one, Ron and team had a really good

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reputation. These institutional banking investors, they see a lot of opportunities. And it was clear that under his leadership management was solid.

Number two, Nashville. I mean, the Southeast was hot. Nashville was hot. It was the political environment, not just because you were in office at that time. It certainly was something that the national radar was watching. It was a growing market. And if you're going to invest in a bank, you want to invest where you can not only take market share, but the market itself is growing.

And so, there were a lot of investors that wanted to invest in Nashville in some way. And then I'd say thirdly, you know, Avenue was started is as a bank for Nashville, for Middle Tennessee, but specifically had this focus on music. And if you go to New York and you start knocking on doors, you say, I want to raise some money and start a bank. A lot of people have heard that a lot of times. But what they hadn't heard was, oh, and by the way, we're going to be a music bank. And what does that mean? That really perked up a lot of the investor community. And any time you have a chance to compete with knowledge and understanding instead of risk and pricing, it creates a real strategic advantage. And we were able to raise a significant amount of capital kind of behind those three pillars.

**Karl Dean** [00:10:49] Right. It's been your area of specialization, but how would you define what is a music bank? How is how is Avenue different and how is what you're providing at Pinnacle different than other banks?

**Andy Moats** [00:11:02] That's a good question. First of all, we're a senior lender, so we're not an investor. We make loans and we hold deposits and kind of all the ancillary business that comes with a traditional bank. There are five or six real music banks in the United States. So it is a very, very small niche. But, you know, you have to be really kind of right brain, left brain. There's a different vocabulary, not so different than, you know, commercial real estate where you might be talking about net operating income and, you know, loan to values and cap rates.

In music you might be talking about NPS, meaning net publisher share, NLS meaning net label share. You have to understand how these artists contracts work and how and when songwriters sell their catalogs. And so, it's really kind of a knowledge and understanding. And then for the most part, applying your basic standard banking tools and products into that business.

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**Karl Dean** [00:12:00] In terms of you know, you think of the music industry. We always think of Los Angeles, Nashville in New York. Is Nashville, in terms of the banking services or financial services available within the city, are we right to put ourselves up there with the other two cities?

**Andy Moats** [00:12:21] 100%, if not at the top of that list. And I do even take it a step further and talk London and other international markets. You know, when you go to New York, which is kind of the finance capital of the world, if you're a typical Nashville banker knocking on a door saying, I'm here and I want your banking business. Quite honestly, they don't really need you. They have some of the most talented people on the planet living and working in that city.

But for some reason, when you knock on the door in New York and say, you know, I'm a music banker, I'm here to help. The door swings wide open for you. There's just not that many of us. Of the five, six, seven kind of music banks in the United States, quite honestly, the world, at least half of those are here in Nashville. So, we've really become in terms of senior debt, one of the music capitals, the music finance, finance business is, you know, centers of influence, for sure.

**Karl Dean** [00:13:18] What do you think makes Nashville different than the other? cities. London, New York, L.A.?

**Andy Moats** [00:13:27] In terms of the music business itself, when I'm in L.A., I find it really competitive. You're an artist, I'm an artist. I want to beat you. You want to beat me. In Nashville, and I think this is the spirit of Nashville as a whole, I found it extremely collaborative. We think of the big artists that live here.

Certainly, the country music scene and Christian music scene and all the other genres that have been attracted to Nashville. But at its core, we're really a songwriter town and songs in Nashville are for the most part are co-written. Does it matter if I'm on one publisher and you're on the other? We get in a room, and we write a song together and we try to write the best song we can. And so, the creative community in Nashville, I think, feeds off of that songwriter community that inherently works together, and it just creates a really attractive, comfortable place to create art and do business.

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**Karl Dean** [00:14:25] Is there much, you mentioned London, does the Nashville banking industry play a part in music finance that is overseas or global.

**Andy Moats** [00:14:39] Yeah, it does. We have we have more commercial meaning, kind of record label music publisher clients in London than we even do in Nashville. So we bank companies in Amsterdam, London, Toronto, obviously New York, L.A., Nashville. I was on the phone with a company in Sweden last week, and then when I say bank, often we're lending against what we call song catalogs, music catalogs, a portfolio of songs that earn royalty streams. And those are coming from anywhere around the world. So our collateral can be a Latin music catalog or French music catalog. It can be rock; it can be country. The health and wellness music, the, you know, some of the most iconic artists on the planet.

We're involved in most transactions that you hear about that make The Wall Street Journal. It's a very international business. There really aren't any geographic boundaries to what we do. You're in the music business or you're not.

**Karl Dean** [00:15:40] Talk about music catalogs. I think probably from the casual observer of the music business, probably the thing we've read about the most in The Wall Street Journal or other papers is people selling their catalogs. What's behind all that? How is it suddenly become, you know, every few months you hear another, you know, huge number where an artist or songwriter sold their catalog.

**Andy Moats** [00:16:08] Yeah, they are big numbers. Better to be lucky than good. But it really started happening around the same time we were starting Avenue. We're in a recession. Interest rates are very low and investors are looking for uncorrelated investments to make. And when I say uncorrelated, meaning uncorrelated to the greater macroeconomic environment and coming out of the Great Recession, it turns out that music royalties held up really strongly, especially compared to something like the housing market. And not only that, they really started to look like an annuity, like a long term income stream.

And so, we started to see the early days of private equity and institutional investors developed this asset class, if you will, and they found higher yielding uncorrelated annuity like returns, say, compared to like pharmaceutical royalties

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or something like that, that would be similar in a way. And we start to see institutional money really kind of pour into the space. You layer on top of that really that the advent of streaming.

And if you think about the recorded music business, we used to sell something, so you sold as many CDs as you could and once you sold them the buyer, that CD got to listen to that music for free, if you will, from that day forward. So it was all about new releases. That's where all the cash was. But we switched from a sales model to a consumption model. And while there's not this influx of cash up front that there might have been in the CD and even download days, we're now monetizing the consumption of music. It created this real long tail, this annuity. So you kind of take streaming and the recession and the resiliency of music royalties and you pique the interest of private equity, pension funds and family offices around the world. And then we really watched and wrote alongside a growing asset class.

**Karl Dean** [00:18:10] At some point we come out of the recession and Avenue merges with Pinnacle. Right. What's the motivation there? And what does Pinnacle bring to your work?

**Andy Moats** [00:18:26] You're right. 2015, we're kind of coming out of the recession. My partners and I hit the road, take Avenue public on the Nasdaq, raise a little more capital, and about 12 months later, we're merging with Pinnacle.

First of all, it's been great. Pinnacle was our biggest competitor outside of music. They didn't have a big music presence, but often if it came down to winning a new client or a loan facility or transaction of some sort, it was often Avenue or Pinnacle. So it was clearly one of those better together than apart sort of opportunities. And it was a really similar story. Homegrown bank, Pinnacle was formed out of disruption of AmSouth and First American. Avenue was formed out of the disruption of AmSouth and Regions. So our stories were similar. Pinnacle had a bit of a head start. You merge the two together.

First of all, I've never seen so much banking talent at one company before and nearly 25 years of doing this. Pinnacle has really, really good people. But they had some size and sophistication that as an earlier company we didn't have at Avenue and particularly a larger balance sheet.



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So, by being able to make larger loans, we could really compete on an international level working with these intellectual property secured opportunities. And at Avenue I think we had the knowledge, and we had the connections and the clients, but we couldn't write the checks. Once we got to Pinnacle, that balance sheet really unlocked our ability to to play on an international scale.

**Karl Dean** [00:20:10] Your title now is as Director of Music, Entertainment, and Sports. And so that remains your area of concentration.

**Andy Moats** [00:20:21] It does. I mean, it almost operates like a bank within the bank. Rob McCabe is my boss and I'm super fortunate to have worked for Ron Samuels and now Rob McCabe. It doesn't get better than that.

When a group is doing a good job, he lets them do what they do best. And so we really, on the music side, do two things. We manage over 8000 accounts for artists and songwriters and managers and agents and athletes and coaches. So, it's the private banking side of our business. It's everything from a baby band you've never heard of to some of the world's most iconic artists interact with us on a daily basis for their banking needs. And then the other side of it is this intellectual property finance side. And so last year alone, we made nearly a billion dollars of new loan commitments, backed by music catalogs to make us one of the larger players in the world in those efforts.

**Karl Dean** [00:21:23] How do you see Nashville developing in terms of film and TV? It's been steady progress. But do you see that? Where do you see that going?

**Andy Moats** [00:21:39] Yeah. So, I'm fortunate enough to serve on the Governor's Tennessee Entertainment Commission, which is led by a guy named Bob Raines. Bob does a really good job. We kind of live and breathe film and TV throughout the state. It's come a long way.

First of all, there's a real want to be here. All things being equal, I think you would see a lot of content filmed in Nashville and in the state. Historically, our kind of grant programs, the incentives that we would provide productions have lagged behind. But there's been some recent changes there that are starting to attract some larger productions. I think Nicole Kidman is filming a film as we

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speaking right now with a pretty substantial budget in Nashville. And we also lacked the facilities. But even that's coming along.

We're starting to see some film and TV studios pop up. Dolly's manager, Danny Nozell, has built a couple. There's a group called World What Stages in Spring Hill, they've done some filming out there. So, I think we have the creative community and I think we're starting to get some horsepower behind us from the State to help with the incentives we need.

We have the talent and then, you know, the frontline talent, your Reeses and Nicole Kidmans and Dollys. They want to be here. This is home. And if they want to film here, then it's going to be filmed here. So quite honestly, I hope the moniker Music City one day is too limiting to describe our creative community here. I do believe we will be much more than music and are headed that way.

**Karl Dean** [00:23:16] Right. And then sports. Where are we heading?

**Andy Moats** [00:23:23] The city, of course, you know the teams that are already here. There are some efforts to bring some more professional franchises to Nashville. We work with athletes and coaches, and they could be New York Giants one day. And, you know, Los Angeles Rams, the next.

So, our clients are all throughout the United States. We're the official bank to the Tennessee Titans. We're the official bank of the Memphis Grizzlies. Proud to work closely with the Titans and what they're doing in terms of a new stadium and what that will mean in terms of not just football, but the sorts of events that we as a city will be able to host.

So, it's a really fascinating business. I think everybody wants to be in Nashville and we have clients in every league and every major city, and they're really jealous of what we have going on here.

**Karl Dean** [00:24:18] Now, as a founding partner of the Grand Prix for Nashville. How is it going now and where do you see that going?

**Andy Moats** [00:24:32] Man. So, I guess we are year three, we just concluded this August. That was a long process. My family, my dad was an owner in a NASCAR team for many years after he sold a restaurant company he had started. We were NASCAR sponsors and my dad and brother, and I really

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missed going to the track. And so we kind of got into the racing business and loved that. It kind of gets in your blood. It follows you. If you're a race guy, you're a race guy.

And an individual named Matt Kruse, who's the CEO of the The Big Machine Music City Grand Prix, worked for our family's NASCAR team and we started having conversations, probably when you were in office. I think this is ten years in the making. I know we went through multiple mayors before we finally got this thing done. It's been a great success. This is televised, I think, in over 200 countries now at any point in time. It's the only race that goes over a substantial body of water. So we had this goal to kind of make a bridge famous, if you will. And it's hard to not look at that bridge and not picture Indy cars going across it and it attracts 100,000 plus fans every weekend from all 50 states and multiple countries around the world.

This next year, we were proud to announce that it will become the Series finale. So, Indy Car is a 16-race schedule, I believe. The most well-known race would be the Indy 500. And now really second only to that will be Nashville, because it will be a race 16 out of 16. The championship will be here. All eyes will be on Nashville for that weekend. The series champion will be crowned in September of next year. So, it's been a great success, but it's really just getting started.

**Karl Dean** [00:26:33] Well, that's great. Looking at Nashville right now, particularly in terms of music, is there anything that you think we should be doing? Are we missing anything?

**Andy Moats** [00:26:47] It's a good question. You know, the creative community is really strong here. The business community is also well rooted. There are probably a few things that we're not in terms of music and it's just a handful of things.

One, I would say, growing, incubating, recruiting music type businesses will be important, continually important in the future. You think of Los Angeles and what they do in terms of creating film, and then you think of, you know, what Silicon Valley does in terms of distributing it. We really need to be a home for more music tech businesses. The EC is doing a really nice job with that in terms of project music. And if you really start looking out there, there's a lot of really interesting early-stage music, music tech companies that are being developed in Nashville that will have an international impact.

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Secondly, I would just say that the kind of equity side of the business is much as we're a world leader in terms of senior debt finance, you generally have to go raise your equity from somewhere else. So that's private equity in general. But it would be nice to see more home grown, substantial funds, especially investing in some of these catalogs so that we're not looking to other international markets in New York and Chicago and the likes, for investment dollars. But that's really it. It's all here.

There's no reason Nashville shouldn't be the equity investor in this space is as much as it is the debt provider. And I think you'll see more and more successes on the music tech front. So I'd watch out for those two things.

**Karl Dean** [00:28:32] All right. Well, thank you. We've been talking with Andy Moats, at Pinnacle Financial Partners, where he serves as Executive Vice President, Director of Music, Sports and Entertainment.

And thank you, Andy, for taking the time to do this. I enjoyed our conversation.

And thanks to Pinnacle Financial Partners for helping make global affairs programming possible at the World Affairs Council. You have been wonderful members. Thank you.

And let me thank all the viewers for watching this program today. And let me encourage you to go to [TNWAC.org](http://TNWAC.org) to join the World Affairs Council and participate in our events. We have speakers and other events all the time. A lot of things online and I encourage you to join. I encourage you to participate. So again, Andy, thanks and have a good day.

**Andy Moats** [00:29:27] Thank you, Karl. I appreciate it. Thanks, everybody.

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*Light editing for grammar, punctuation, and flow.*