

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of November 19, 2020 Meeting of the Finance Committee
WebEx Video Conference
9:30 a.m.

Committee Members: Dan Hogan (Acting Chair), Glenn Farner, and Frank Harrison

Board Members: Donald Deering, Aaron McGee

Staff: Monica Fawknorton, Quinton Herring, Melissa Wells, Margaret Darby (Legal)

Titans/ Nissan Stadium: Bob Flynn, Jenneen Kaufman,

Predators/ Ford Ice Center: Kyle Clayton, Keith Hegger,

Sounds/ First Tennessee Park:

Nashville SC: Mary Cavarra

Visitors: Kellen DeCoursey (CAA/ICON), Ron Gobbell (Gobbell Hays Partners), Nick Homrich (CAA/ICON), Michelle Lane (Chief Procurement Officer/Purchasing Agent-Metro Finance), Greg McClarin (Metro Finance), Jeremy Mitchell (Bell and Associates Construction), Bill Phillips (Metro Deputy Mayor), Shanae Phillips (Mortenson/Messer), Jim Pustejovsky (Capital Project Solutions),

Acting Chair Dan Hogan called the meeting of the Sports Authority Finance Committee to order at 9:30 a.m. and welcomed all in attendance. Mr. Hogan stated the meeting was being held electronically via WebEx to protect the health, safety, and welfare of Tennesseans in light of the COVID-19 outbreak and was being live streamed by Metro ITS on Metro Network 1. There were no objections. The meeting will be available later via YouTube. He also thanked other Sports Authority board members not on the Finance Committee and others for their participation.

Upon a motion duly made by Glen Farner and seconded by Frank Harrison, the Finance Committee by roll call unanimously voted to approve the minutes of the October 28, 2020, Finance Committee meeting.

Consider Approval of a Resolution authorizing the Chair to execute agreement for construction management services related to infrastructure related to the MLS Stadium Area by and between the Sports Authority and Bell & Associates Construction.

Chair Hogan recognized Jim Pustejovsky to provide an overview of a Resolution approving an agreement with Bell & Associates Construction for construction management services related to infrastructure related to the MLS Stadium. Several months ago the Sports Authority issued an RFP for a construction manager for the infrastructure portion of work adjacent to the MLS stadium. Three very qualified proposals were submitted. An evaluation committee established by the Purchasing Department reviewed the proposals and, based on Bell

& Associates score (97 out of 100) points, the evaluation committee recommended award, and the Notice of Intent to Award was sent out on October 28, 2020. Mr. Pustejovsky noted the contract is for a Construction Manager at Risk (which is similar to other Metro Projects) and will eventually have a Guaranteed Maximum Price. Mr. Glen Farner asked for clarification of a "Construction Manager at Risk" contract. Mr. Pustejovsky explained that the current drawings are nearing 100% completion and once Bell & Associates is engaged they will do a price review of those documents, and solicit bids for sub-contracts included in the scope. They will also compile and establish a Maximum Guaranteed Price which will include all of the bids and all contingencies. Mr. Farner asked whether Bell & Associates will perform the work themselves or if 100% will be sub-contracted. Mr. Pustejovsky explained that that 100% will likely be sub-contracted.

Mr. Farner also asked whether Bell Construction or Metro Procurement will award the contracts, and Mr. Pustejovsky responded that the procurement would be done by Bell. Mr. Farner also asked for clarification of the price award that Bell included in their proposal and how that will ultimately be factored into the Guaranteed Maximum Price once the assessment is complete. Mr. Pustejovsky explained that the evaluated cost included in their proposal was a little over \$19M. Bell included pre-construction services and staffing and a percentage mark-up on sub-contractor costs (which covers bond and insurance fees). That cost is factored into the Guaranteed Maximum Price as a lump sum and a % mark-up that will be included on all hard costs, which will then determine the total Guaranteed Maximum Price. Mr. Farner asked if the Guaranteed Maximum Price could be significantly greater than the \$19M. Mr. Pustejovsky explained that the engineering firm, Kimley-horn, has done estimates and that their numbers are about the same amount.

Purchasing Director, Michelle Lane explained that the use of a Construction Manager at Risk is designed to help manage the control of costs on the project at the onset of the project. The owners' risk is limited by using this process because the Construction Manager manages the process and provides construction documents, information, and detail, and considers all of the proper allowances and contingencies and make sure they are built into that Guaranteed Maximum Price. If there are costs that exceed the Guaranteed Maximum Price, it becomes the burden of the Construction Manager. The main reason to use a Construction Manager instead of a Design/Bid/Build approach is to control costs. For the most part the Construction Managers are

finding the most qualified contractors and they are trying to control costs because there is a Guaranteed Maximum Price. Mr. Farner asked if Bell Construction would be able to provide construction services if they could provide the work better and cheaper under this arrangement. Mr. Pustejovsky added that if Bell were allowed to bid on a self-perform package, the bids would go to Metro directly first in separate sealed envelopes, other than that they would be evaluated in the same way. *Upon a Motion duly made by Mr. Farner and seconded by Mr. Harrison, roll call was provided, the Committee voted unanimously to recommend approval to the full board.*

Consideration Approval of a Resolution authorizing and approving an increase in expenses related to project management consultant services related to preliminary planning, design, and construction of a new soccer stadium

Acting Chair Hogan recognized Monica Fawknorton to provide an overview of the proposed resolution approving an increase in expenses to project management consultant services related to preliminary planning, design, and construction of the new soccer stadium. Ms. Fawknorton explained that since April of 2018, Sports Authority staff has periodically come to the board requesting it authorize expenditures from the Arena Revenue Fund to pay the Authority's project managers (Gobbell Hayes Partners, Inc. and Capital Project Solutions) for consulting services related to the MLS Soccer stadium until revenue bonds are issued. Once bonds are issued, the Arena Revenue Fund will be reimbursed. To date the Authority has authorized \$1,025,000; the current request is for an additional \$370,000, which is based on scope of work and proposals received from the project managers, and should cover expenses through January 31, 2021. Bonds are scheduled to close the middle of December.

Mr. Harrison asked for clarification of the \$370,000. Ms. Fawknorton explained that the funds previously authorized by the Authority have been exhausted but bonds have still not been issued. When asked whether the \$370,000 was a new cost or an anticipated cost already factored in under the cost of the project, Ms. Fawknorton explained they were anticipated costs that would have been paid from bond proceeds. Mr. Harrison noted that the wording in the Resolution sounds like it is an increase in expenses. Ms. Darby advised that the wording could be revised to say "an increase in expenditures from the Arena Fund related to the project management consultant expenses." With explanation, committee members determined they were comfortable with the current language—and that the increase is referring to the amount approved from the

Arena Fund, not from the project. *Upon a Motion duly made by Mr. Farner and seconded by Mr. Harrison, roll call was provided, the committee voted unanimously to recommend approval to the full board.*

There being no further business, the meeting was adjourned.