

MINUTES OF THE MEETING

METROPOLITAN AUDITORIUM COMMISSION

TUESDAY, January 22, 2019

10:00 A.M. ROOM A-31 of the Municipal Auditorium

PRESENT: Blake McDaniel, Alice Chapman, John Landers, LEEANNE LISK, Aleah Armstrong, Perri duGard Owens and Christy Watkins.

ABSENT: None

GUESTS: Theresa Costonis, Attorney, Metro Legal Department; Jay McDowell, Musician's Hall of Fame & Museum; Angie Smith, Musician's Hall of Fame & Museum; Dustin Owens, Budget Analyst, Metro OMB

Mr. McDaniel called for the approval of the minutes for the meeting held on December 5, 2018. The motion to approve the minutes was made by Christy Watkins and seconded by Ms. Chapman. Vote – Unanimous.

Mr. McDaniel called for Mr. Skoney to address item #3 on the agenda.

Mr. Skoney announced that he will be retiring effective 03/31/2019. He stated that his whole 41 year career had been at Municipal Auditorium and that it had been a great, long run. He said he appreciates everyone's understanding and support during this transition time. Mr. Skoney stated that the Auditorium will carry on – it's been here for 56 years and will continue on.

Mr. Skoney said that he wants to leave it to the commission to entertain what can be done next to transition his position as General Manager. He recommended possibly bringing in an interim/transitional manager due to the short time frame we have. Mr. Skoney also stated that if the commission so desires to entertain the other idea of bringing in private management of the Auditorium, he wants them to be aware that procurement has proven to be a long process. He also said the current Live Nation Preferred Promoter contract ends 08/02/2019, with the option of

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adding on 2 more years if both parties are agreeable to renewal. He added that he wanted to remind the commission of their agreement with the Musician's Hall of Fame & Museum (MHOF&M), wherein we lease the exhibit floor space to them, but we are responsible for the things related to pipes, doors, restrooms....and things like that.

Mr. Skoney recognized that there were some of the Municipal Auditorium employees in the meeting audience today, and that he understands they are obviously very concerned about what is being discussed today. He wants to be cognizant and be sensitive to their needs and let them know what's going on every step of the way. Mr. Skoney then turned the meeting over to Mr. McDaniel for discussion.

Mr. McDaniel said that this is an end of an era. Mr., Skoney has been as much a part of the Auditorium as the rafters are. He reiterated Mr. Skoney's point that we are coming upon the end of the Preferred Promoter contract with Live Nation. He stated that Mr. Skoney is vacating his position and that the commission has a big vision of what they want to do with Municipal Auditorium and we need to figure out how to get to that vision, which is going to require a lot of money. The city has said that they are not going to pay for everything themselves. Therefore we are going to have to bring in a partner some way or other in order to do that.

Mr. McDaniel continued and said that he and Mr. Skoney met with Mayor Briley to get his vision on Municipal Auditorium. The meeting was more about the Mayor talking to them. The Mayor is committed to Municipal Auditorium and expressed a couple of options that were available.

- 1st Option: replace Mr., Skoney and go on with business as usual and hope that we will get the money/capital which Municipal needs to reach the commission's vision.
- 2nd Option: put out an RFP for a possible management contract.
- 3rd Option: put out an RFP for a lease agreement.

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Mr. McDaniel stated that he and Mr. Skoney had a clear discussion with Mayor Briley about the employees of Municipal Auditorium. They expressed to the Mayor how important it was that the employees were taken care of in the future. Mr. McDaniel stated first and foremost, that no matter what happens, they do not want anyone without a job.

Mr. McDaniel said that under the management scenario, a company could come in and take over management and possibly choose which employees they'd want to keep or possibly put under their umbrella and which positions they'd want to be filled by their own people in their company. One of the reasons for considering a management scenario would be that the entity that would come in to manage would also bring in a substantial amount of capital to put into renovations/upgrades. Mr., McDaniel stated that he felt, and could be wrong, but he felt that an outside entity coming in & putting up money to renovate would in return want to have full management control over the facility to ensure everything was running to top efficiency in order to make their money back. Mr. McDaniel continued by saying that if we go the rout of an RFP for management scenario, we would be requiring a money being put in by the management company and ideally the city would also bring money to the table. If that is something the management company would not do, then Mr. McDaniel does not see the commission going in the direction of a management company.

Mr. McDaniel circled back to the Municipal Auditorium employees. Regardless of what happens with a management contract, he & Mr. Skoney have had conversations with Mayor Briley about making sure the employees are taken care of....somehow or other, in some positions within the City itself. Mr. McDaniel stated that the Mayor is absolutely on board with this. Mr. McDaniel wants to make sure there is a safe guard in place, just in case. Ms. Bailey questioned if the employees jobs were guaranteed. Mr. McDaniel stated he could not guarantee, but would fight for it. Mr. McDaniel concluded by saying transition is hard and it's a disrupter, but as a Board, we

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have to make sure it's done in the right, proper way and that includes making sure everyone is taken care of in the future.

Mr. McDaniel opened the floor for discussion/questions.

Ms. Lisk asked if there was a dollar figure proposed. Mr. McDaniel stated that there were a couple of round numbers thrown out, but that the one they are looking at is \$10 million.

Ms. Watkins asked how a management contract would affect the MHOFFM. Mr. McDaniel replied that his impressions and his intentions were it would be business as usual with them. Ms. Costonis, of Metro legal department, stated that it would have to be written in the RFP.

Ms. Owens inquired about community events and if they would still be available under the management contracts. She is concerned and wants to make sure Municipal remains an affordable option for those like high school graduations, the Delta Christmas party, and other community organizations who would like to put on community events at Municipal in the future. Ms. McDaniel stated it was a great point, and one he had not thought about yet. He went on to say that we are a city owned facility which serves the city and the people of the city. He thanked Ms. Owens for bringing it up and stated it was something that the commission needs to address in the RFP. Mr. Landers brought up that in the Ascend management deal, they provide a certain number of city/community events a year. Ms. Costonis stated that under the Charter provisions that govern the Auditorium has a provision that says "Such Auditorium shall not be available to any user other than the city of Nashville without the payment of reasonable and proper compensation therefore to the city." Therefore it allows the city and only the city to have free events at the Municipal Auditorium. All other events holders must provide some kind of compensation.

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Ms. Armstrong circled back to Mr. McDaniel's earlier statement about the Mayor making the statement that city is not willing to pay, is there a reason that with all the growth and all the good things that have happened over the past few years and all that the Auditorium staff has done, why there would be a line drawn in the sand now. Mr. McDaniel responded that he wouldn't characterize it as a hard line drawn in the sand that anyone has drawn, but that he has tried over the past couple of years to lobby with council people and the mayor, and it's just not high on the list. Ms. Armstrong asked if he knew why? Ms. Chapman responded that they should think about the current climate right now; the schools are under-funded; neighborhoods in need of sidewalks; we have sports teams that have taken the limelight; the soccer stadium. Ms. Chapman continued that there are a lot of things the Mayor is currently looking at. Mr. McDaniel agreed with Ms. Chapman. He added that the Mayor had stated, and Mr. McDaniel agreed, that if we had an entity put money into this, that entity would want to ensure that Municipal was successful in order to make their money back. Ms. Chapman asked if there would be a match, for example if the management company puts in \$10M, then would the city be asked to also put in \$10M. Mr. McDaniel stated he thought it would be asked and that he thought the city would be willing to match.

Ms. Owens asked that if the RFP process was going to take longer than 3 months, what was to prevent the Commission from hiring a manager to replace Mr. Skoney first so that person is in place to manage a transition. And then use that time to evaluate a management agreement and/or develop a RFP. Mr. McDaniel responded that it was exactly what the commission needed to do. He added that the person the commission hired might also play the role of a consultant, but that could be discussed later. Mr. McDaniel stated the he optimistically sees this as at least a 9 month process and the commission needs someone to be in Mr. Skoney's place during this time.

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Ms. Chapman asked if the management company would report to the commission. Mr. McDaniel replied "Yes." Ms. Costonis stated that as required by the Charter, the Commission would have to stay in place. Ms. Armstrong expressed concern over the city losing complete control over the facility. She questioned how much the commission's concerns would matter to an outside management company. Mr. McDaniel said that the contact person for the management company would be responsible for meeting and responding to the Commission. Ms. Costonis agreed with Mr. McDaniel.

Ms. Owens asked what the next step would be. Mr. McDaniel asked for Ms. Costonis' suggestions. Ms. Costonis stated that in the past, when the Commission has had a decision to make that took a lot of time, thought and negotiation, the Commission appointed one member to take a leadership role in that process. It does not have to be done this way, but usually is done so as to avoid a sub-committee, which is also subject to open meeting, just the same as the whole commission is. Therefore one commission member can talk to the General Manger, someone from the Mayor's office, someone from Finance, without having to have an open public meeting. Mr. McDaniel agreed and Mr. Skoney advised a motion be made if the commission wished to go that route to explore the possible scenarios discussed today.

Mr. McDaniel made the motion to create a committee of one to research the possible scenarios of replacing Mr. Skoney, for the management contract and for a lease contract. Motion was approved and seconded.

Mr. McDaniel then asked for nominations for the committee of one.

Ms. Chapman said that the timing was unfortunate for her, as she was taking on the position of managing partner at her firm and would not be able to put in the time required for the research.

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Mr. Landers nominated Mr. McDaniel. Motion was approved and seconded.

Mr. McDaniel asked for a meeting in about 3 weeks. It was decided to move our next normal meeting of 02/06/2019 at 9:00 am to 02/12/2019 at 9:00 am.

Mr. Skoney asked for a motion for the Commission to approve the concession contract, and empower Mr. Skoney to sign the contract. Motion was approved and seconded.

Ms. Armstrong asked where we stood on the gaming company contract. Mr. McDaniel stated that he had deep conversation with Live Nation and told them where the commission stood, and he was very firm about it. Live Nation has agreed and said it makes sense and is willing to work with both the Auditorium and the gaming company. Mr. McDaniel went on to say, that with that being said, we still do not have a signed contract as of yet. Mr. Skoney stated that we just got the contract back from the gaming company and he is going to review it this week.

Mr. McDaniel asked if Mr. McDowell of MHOFM had anything to add. Mr. McDowell introduced Angie Smith, the MHOFM new full time accountant.

There being no further business, the meeting adjourned at 11:00 a.m.

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APPROVED:
