

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &  
DAVIDSON COUNTY

Minutes of December 13, 2018 Meeting of the Finance & Audit Committee  
Bridgestone Arena  
10:30 a.m.

**Committee Members:** Jon Glassmeyer (Chair), Margaret Behm, Cathy Bender, Dudley West

**Board Members:** Kim Adkins, Jad Duncan, Chuck Meriwether, Catana Starks, Emmett Wynn

**Staff:** Monica Fawknotson, Ilesha Montesrin, Quinton Herring, Margaret Darby (Legal)

**Titans/ Nissan Stadium:** Steve Underwood, Jenneen Kaufman, Burke Nihill, Bob Flynn, Robbie Bohren

**Predators/ Bridgestone Arena:** Sean Henry, Kyle Clayton, Keith Hegger, Michelle Kennedy, Ben Bosse, Danny Butler

**Sounds/First Tennessee Park:** Doug Scopel, Adam Nuse

**Visitors:** Roxianne Bethune (Alliance Synergy Group), Bob Lackey (Metro Finance), Mary Cavarra (MLS2Nashville), Ron Gobbell (Gobbell Hays Projects), Tom Eddlemon (Metro Treasury), Jim Pustejovsky (Capital Project Solutions), Vikki Gray (Kraft CPAs), Steve Jones (Messer Construction Co.), Toby Compton (MLS2Nashville)

Chairman Jon Glassmeyer called the meeting of the Sports Authority Finance & Audit Review Committee to order at 10:30 a.m. and welcomed all in attendance. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes of the October 24, 2018 Finance Committee meeting.**

***Executive Director's Report***

Chairman Glassmeyer recognized Ms. Monica Fawknotson to give the Executive Director's Report. Ms. Fawknotson reported that the Authority's Chair, Ms. Kim Adkins, has appointed Jon Glassmeyer to Chair the Finance Committee. After reviewing the agenda, Ms. Fawkntoson stated that a completed agreement with Stewart Parking is ready for the Finance Committee's consideration. Staff planned to have it as part of this meeting's agenda, but Mr. Brasher Burbank (VP of Stewart Parking) was subpoenaed to testify in court. She then stated that there was a need to move the next meeting to January 10, 2019, in order to accommodate the proposed timeline and schedule for the sale of the revenue bonds for the MLS Stadium. Metro Legal, bond counsel, and the Treasurer's office are working to finalize bond documents which will come before the Authority for consideration on January 10th.

Ms. Fawknorton then recognized Metro's Treasurer, Mr. Tom Eddlemon, to discuss the bond schedule and process. Mr. Eddlemon stated that in early November, Metro Purchasing issued a Request for Quotation (RFQ) for a bond underwriter and received twenty proposals. Of those submitted, Citi Bank was selected as the underwriter. Bank of America and Loop Capital were selected as the Co-Seniors. Raymond James, JP Morgan, Morgan Stanley, Siebert Cisneros Shank and UBS were selected as Co-Managers. Mr. Eddlemon provided the Board with a preliminary timeline for the bond issuance process and is included as Attachment 1.

Mr. Eddlemon then stated that the Authority will be asked to approve two resolutions during the January 10<sup>th</sup> meeting, an Initial Resolution and a Bond Resolution. The Bond Resolution will include four documents as exhibits, including:

- Form of Indenture
- Form of Intergovernmental Agreement
- Form of Bond Purchase Agreement
- Form of Preliminary Official Statement

Mr. Eddlemon concluded by noting that the majority of the bonds are taxable.

### ***Consideration of a Resolution authorizing MLS Stadium expenditures for Project Management Services***

Chairman Glassmeyer recognized Ms. Fawknorton, to discuss the Resolution authorizing MLS Stadium expenditures for Project Management Services. Ms. Fawknorton stated that back in April, the Authority approved a resolution authorizing project management consulting services for the MLS Stadium project. While the authorized amount was not to exceed \$75,000, staff reported that there would be a need to ask the Board, for that amount to be raised once proposals were received. The resolution also named Capital Project Solutions and Gobbell Hays Partners, Inc. as the Sports Authority's project and program managers. The fees proposed are "Not to Exceed Amounts" for work that is completed through February 2019. Initially, staff thought the bonds would close in November but it will be the middle of February, which is the reason to raise the cap. Ms. Fawknorton then stated that the April resolution authorizes staff to pay project management invoices for consulting services, out of the Arena Revenue Fund until the revenue bonds are issued. At that point, Metro staff will reimburse the Arena Revenue Fund from the bonds. **Upon a motion duly made and seconded, the**

**Finance Committee voted to recommend approval of the Resolution authorizing MLS Stadium expenditures for Project Management Services, to the full Board.**

***Consideration of FY18 Bridgestone Arena Audit and Agreed-Upon Procedures***

Chairman Glassmeyer recognized Ms. Vicki Gray from Kraft CPAs to discuss the FY18 Bridgestone Arena audit and agreed-upon procedures. Ms. Gray noted that she did not find anything unusual while conducting the Arena’s audit. Ms. Gray concluded by stating that the true-up of the Ticket Tax found \$37,000 that should have been included towards medical expenses. A summary of the financials recorded in the audit is included as Attachment 2. **Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the FY18 Bridgestone Arena Audit and Agreed-Upon Procedures, to the full Board.**

***Consideration of Bridgestone Arena FY20 Proposed Operating Budget***

Chairman Glassmeyer recognized Mr. Kyle Clayton to present the Bridgestone Arena FY20 proposed operating budget. Mr. Clayton began by stating that year to date, revenues have increased by 5% from FY18. Additionally, expenses have also increased by 5 – 6%. Overall, revenue growth for FY20 is budgeted 20% higher than FY19’s budget. This also reflects a 3% increase from FY18’s actual revenues. In FY17 the “Maintenance, Repair & Supplies” budget was \$586,558 and the actuals were \$1,710,345. He stated that Arena staff increased the FY20 budget for both the “Maintenance, Repair & Supplies” and “Service Agreements” line items, to accommodate the growing age of the building and its needs for improvements. The Arena’s budget submission is included as Attachment 3. **Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the Bridgestone Arena FY20 Proposed Operating Budget, to the full Board.**

***Bridgestone Arena FY20 Prioritized Preliminary Capital Budget***

Chairman Glassmeyer recognized Mr. Clayton to discuss Bridgestone Arena’s FY20 prioritized preliminary capital budget. Mr. Clayton stated that the Capital Improvements Fund (CIF) is funded

through the Ticket Tax that is charged to each patron at Bridgestone Arena. Year to date, \$1 million has been paid into the CIF this fiscal year and over 330,000 tickets have been sold. Last year had only produced \$579,000, during the same period of time. Mr. Clayton noted that the current available funds in the CIF are not sufficient to cover the work they anticipate completing during FY20. At the July 19, 2018 meeting, the Board approved a large scale visual/audio enhancement that would be completed in three phases. Mr. Sean Henry estimated the cost of the first phase to be \$8,540,475 and included upgrades to the following:

- In-Bowl LED (\$1,672,134)
- Video Control Room (\$3,297,717)
- Building Infrastructure (\$1,258,186)
- Sound System (\$2,312,438)

He also noted that the Predators (with assistance from Metro Finance) are currently pursuing options to extend the CIF loan. Mr. Henry stated that if the CIF did not have available funds at the start of phase 1, the Predators agreed to pay the initial expenses and be reimbursed when CIF funding becomes available. In preparation of the 2018 – 2019 hockey season, the Predators completed the four projects in phase 1 and paid the initial costs. Currently, the amount owed to the team is \$8,540,475. As of November 30, 2018, the CIF remaining borrowing capacity is \$5,047,782.01. Currently, Metro cannot borrow additional money, due to the timing of scheduled payments and the current loan balance equaling \$4,952,217.99. This balance must be paid entirely at the conclusion of the agreement. Mr. Clayton submitted a list of projects to the Authority and is included as Attachment 4.

***There being no other business, the meeting was adjourned.***