

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of February 21, 2019 Meeting of the Finance & Audit Committee
Bridgestone Arena
9:00 a.m.

Finance Committee: Jon Glassmeyer (Chair), Cathy Bender, Dudley West
Board Members: Kim Adkins, Jad Duncan, Bob Obrohta, Rip Ryman, Emmett Wynn
Staff: Monica Fawknotson, Ilesha Montesrin, Quinton Herring, Margaret Darby (Legal)
Titans/ Nissan Stadium: Steve Underwood, Jenneen Kaufman, Burke Nihill, Bob Flynn
Predators/ Bridgestone Arena: Sean Henry, Kyle Clayton, Keith Hegger
Sounds/First Tennessee Park: Doug Scopel, Adam Nuse
Visitors: Mary Cavarra (MLS2Nashville), Ron Gobbell (Gobbell Hays Projects), Chuck Mashburn (Stewart Parking), Brasher Burbank (Stewart Parking), Jasmine Quatthebaum (Music City Center), Bob Lackey (Metro Finance)

Chairman Jon Glassmeyer called the meeting of the Sports Authority Finance & Audit Review Committee to order at 9:00 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 December 13, 2018 Finance Committee meeting.**

Executive Director's Report

Chairman Glassmeyer recognized Ms. Monica Fawknotson to give the Executive Director's Report. Ms. Fawknotson reviewed the agenda and stated she did not have a formal report.

Consideration of Sports Authority's FY20 Operating Budget

Chairman Glassmeyer recognized Ms. Fawknotson to discuss the Sports Authority's FY20 Operating Budget. Ms. Fawknotson reported that Metro Departments were asked to analyze their existing budgets and indicate areas where reallocations could be made in order to meet departmental objectives. The Sports Authority budget for FY19 (current year) is \$865,500, and the department is on track to finish the year at or under budget projections. Ms. Fawknotson reporting that Metro Finance initiated a savings target for all departments and that Sports Authority's target of \$22,300. The department expects the same target savings for FY20 and intends to submit a flat budget of \$865,500. After noting that more than 98% of the budget is dedicated to staff compensation, utilities, internal service fees, and insurance, Ms. Fawknotson recognized Ms. Loan Huynh, Sports Authority's

Budget Analyst, to discuss Metro's budget calendar (*Exhibit A*). **Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the Sports Authority's FY20 Operating Budget, to the full Board.**

Ms. Fawknorton additionally reported that Metro also has a Capital Improvements Budget (CIB). The Sports Authority is working on capital budget submissions and continues to have conversations with Metro Finance, the Planning Department and facility managers. Ms. Fawknorton stated she hopes to have more information in the coming month and anticipates bringing a budget to the Board for approval in March.

Consideration of Sports Authority's Debt Management Policy

Chairman Glassmeyer recognized Ms. Margaret Darby to discuss the Sports Authority's Debt Management Policy. Ms. Darby stated that in 2011, Tennessee's State Funding Board determined that all bond issuers in the state needed a debt management policy. Metro Legal has worked to update the Sports Authority's policy, making it a more comprehensive document which meets the requirements of the state (*Exhibit B*). The state requires the Debt Management Plan be in place at the time the "report on debt obligations" (a report needed to issue the revenue bonds for the MLS Stadium) is submitted. Ms. Darby additionally reported that the Sports Authority's Debt Management Policy is similar to Metro's policy but includes a new section on "Balloon Debt," which states, "Generally speaking, balloon indebtedness reduces the Authority's future capacity to issue debt and its financial flexibility to meet future needs from designated revenue sources." Ms. Darby concluded by stating that the Sports Authority has not issued balloon debt previously. **Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the Sports Authority's Debt Management Policy, to the full Board.**

Consideration of a Resolution approving Contract #443759 between the Sports Authority and Stewart Logistics, INC. for Parking Management Services at Nissan Stadium

Chairman Glassmeyer recognized Ms. Monica Fawknorton to discuss Contract #443759 for parking management services at Nissan Stadium. Ms. Fawknorton stated that in September, the Board approved the engagement of Stewart Logistics, Inc. to provide parking management services for the Sports Authority controlled lots at Nissan Stadium. Since then, Sports Authority staff, Metro

Procurement, and Stewart Logistics have been in contract negotiations. Ms. Fawknorton reported that one of the largest concerns moving into a new contract, was the need to improve security in the lots which staff and the contractor plan to address by ensuring the lots are consistently well-lit, improving signage in the lots, and adding the installation of emergency call stations (*Exhibit C*). Ms. Fawknorton noted no change was made to the current revenue split:

- First \$60,000 in gross revenues = 50% to the Sports Authority
- Next \$40,000 in gross revenues = 60% to the Sports Authority
- Gross revenues over \$100,000 = 65% to the Sports Authority

Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the Resolution approving Contract #443759 between the Sports Authority and Stewart Logistics, INC. for Parking Management Services at Nissan Stadium, to the full Board.

Consideration of a Facility Management and Use Agreement between the Sports Authority and Mid-Ice, LLC. for the Bellevue Ice Center

Chairman Glassmeyer recognized Ms. Margaret Darby to discuss the Facility Management and Use Agreement with Mid-Ice, LLC. Ms. Darby reported that while the agreement for the Bellevue Ice Center is based on the agreement between the Sports Authority and Mid-Ice, LLC for Ford Ice Center; the agreement for the Bellevue Ice Center is a Management Agreement as opposed to a Lease Agreement. The Term begins on the Commencement Date (the earlier of July 1, 2019 or the issuance of the certificate of occupancy for the Ice Rink) and expires seven years later, with the option to extend. Ms. Darby noted that under Section 3.1 in the agreement, the Manager is required to make a \$3,000,000 contribution to the Sports Authority for the capital costs of constructing the ice rink. The Manager will also make deposits into a Capital Improvement Fund to maintain and improve the Ice Rink and Facility Systems directly related to ice making. After a review of the Management Fee Schedule (*Exhibit D*), **the Finance Committee, upon a motion duly made, voted to recommend approval of the Facility Management and Use Agreement between the Sports Authority and Mid-Ice, LLC. for the Bellevue Ice Center, to the full Board.**

Nissan Stadium Project Update

Chairman Glassmeyer then recognized Ms. Jenneen Kaufman to give the Nissan Stadium project update. Ms. Kaufman noted that the fire alarm panel is original to the building and has been

creating false alarms. Regular maintenance is required due to consistent failures. Work started in January and will cost \$50,000 to restore to working condition. She additionally reported that the team will need to purchase more magnetometers due to an NFL policy change. They currently have 78 on site, but rented ten more at the end of the season. Additionally, twenty-five Fan Assistants were hired to assist with directing fans. Ms. Kaufman reported that the team will need to replace 504 Wi-Fi access points due to a 16% increase in Wi-Fi usage since the last upgrade. The current access points are mounted above the seats and the new access points will be mounted below the seats. The cable for the existing access points will remain and has a lifespan of 10-15 years and the access points have a lifespan of 5-6 years. The Wi-Fi upgrade will cost \$5.4 million and the team has already signed the proposal.

Ms. Kaufman then recognized Mr. Bob Flynn to conclude the report. Mr. Flynn reported that the team recently reviewed the current list of receivables and found two projects (Stormwater & Sanitary Pumping Stations and expenses related to the Titans Safety Act Designation) that are the responsibility of the team- not the Sports Authority. The Titans will reimburse Metro \$36,219.36 for the Stormwater expenses.

There being no other business, the meeting was adjourned.