

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of June 18, 2020 Meeting of the Finance Committee
WebEx Video Conference
10:30 a.m.

Committee Members: Jon Glassmeyer (Chair), Margaret Behm, Dan Hogan
Board Members: Kim Adkins, Don Deering, Jad Duncan, Glenn Farner, Melvin Gill, Frank Harrison, Emmett Wynn
Staff: Monica Fawknorton, Ilesha Montesrin, Quinton Herring, Melissa Wells, Margaret Darby (Legal)
Titans/ Nissan Stadium: Jenneen Kaufman, Bob Flynn, Burke Nihill
Predators/ Ford Ice Center: Sean Henry, Kyle Clayton, Keith Hegger, Danny Butler, Michelle Kennedy
Sounds/ First Tennessee Park: Adam Nuse, Doug Scopel
Nashville SC: Mary Cavarra, Kellen DeCoursey
Visitors: Ron Gobbell (Gobbell Hays Partners), Jim Pustejovsky (Capital Project Solutions),

Chairman Glassmeyer called the meeting of the Sports Authority Finance Committee to order at 9:30 a.m. and welcomed all in attendance. Chairman Glassmeyer reviewed the appeals process and explained that this meeting was being held electronically via WebEx due to COVID-19. There were no objections. **Upon a motion duly made and seconded, the Authority unanimously voted to approve the minutes of the April 16, 2020 Finance Committee meeting.**

Executive Director's Report

Chairman Glassmeyer recognized Ms. Monica Fawknorton to give the Executive Director's Report. Ms. Fawknorton reviewed the agenda and announced that Mr. Dan Hogan was recently appointed to the Finance Committee. She also welcomed two new board members, Mr. Don Deering and Mr. Glenn Farner. Ms. Fawknorton reported that, following Mr. Bob Lackey's recent retirement, the Metro Council passed a resolution thanking Mr. Bob Lackey for his 46 years of service to Metro Finance. Staff is currently pursuing options to hire Mr. Lackey as a Metro pensioner so he can properly train the Authority's new Finance Manager.

Consideration 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

Chairman Glassmeyer recognized Ms. Fawknatson to discuss the resolution before the Board. Ms. Fawknatson reported that similar resolutions have been brought to the Board on multiple occasions requesting authorization of funds from the Arena Revenue Fund for the purpose of paying project management fees for services related to the MLS Stadium. Currently the Board has authorized expenditures of up to \$675,000 with \$545,000 expensed. The remaining \$130,000 is encumbered in open purchase orders. Staff recommends the Authority authorize an additional \$300,000 to allow for services through October 31, 2020- the total of Gobbell Hays Partners (GHP) and Capital Project Solutions (CPS) combined proposals. The rates billed to the Authority are specified in the Metro Contract and staff reviews all invoices prior to them being paid. Ms. Fawknatson stated that the current balance of the Arena Revenue Fund is roughly \$3 million and reminded the board that the fund will be reimbursed for project management fees once revenue bonds are issued.

Ms. Margaret Behm asked about the review process for invoices related to the MLS Stadium. In response, Ms. Fawknatson stated that all she and Finance Manager Melissa Wells review invoices. Ms. Behm asked when the bonds were originally scheduled to be issued. Ms. Mary Cavarra with Nashville Soccer Holdings stated the original plan was to issue bonds in February 2019, but pending litigation related to the Fair Grounds site has delayed the issue. Ms. Behm requested that the resolution definitively state that the Arena Revenue Fund will be reimbursed with bond proceeds. Chairman Glassmeyer asked for the status of the project spending. In response, Mr. Ron Gobbell, President Emeritus of GHP, stated they are on target with projections and that all charges have been within scope. **Upon a motion duly made and seconded, the Finance Committee voted to recommend approval of the 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, to the full board.**

MLS Stadium - DBE Participation Update

Chairman Glassmeyer recognized Mr. Kellen DeCoursey to present an update on DBE participation for the MLS Stadium. Mr. DeCoursey reported that DBE participation is above the goals in the following categories:

- Architecture/Design: Goal – 20%, actual – 21.03%
 - Main Contractor: Populous
- Construction Management: Goal – 30%, actual – 32.17%
 - Main Contractors: Mortenson/Messer

Ms. Behm stated that she appreciated the update and requested that DBE updates be given to the Board monthly.

Review of Revised MLS Stadium documents

Ms. Mary Cavarra presented an update on the soccer team and noted that MLS is currently determining the best way to restart the season. The first event will be tournament style in Orlando, Florida in July-August 2020. Players will be quarantined for the duration of the tournament to reduce the exposure to COVID. Demolition of existing buildings on the Fair Grounds site should be complete by June 30th. Construction on the MLS Stadium is scheduled to start in early July. The estimated cost of the stadium remains at \$335M and \$20M has been spent to date. Ms. Cavarra stated that all invoices are reviewed by: CAA/ICON, GHP, CPS, and Sports Authority staff. Documents related to the MLS Stadium were expected to be on the Agenda, but the final versions were not completed in time for the Committee to review them. Ms. Cavarra noted that the Authority should have the documents in time for the next meeting.

Presentation of Agreed Upon Procedures of 2019 Seat Use Fee at Nissan Stadium

Ms. Jenneen Kaufman (Titans Chief Finance Officer) introduced the Ernst and Young auditors, Mr. Chad Moore and Ms. Shannon Myers, who presented the audit report. The auditors agreed to and performed the following procedures:

1. Obtain a copy of the Summary of User Fee Payable for the 2019 National Football League Playing Season from the management of Tennessee Football, Inc. (*Obtained the report from Jenneen Kaufman*)

2. Recompute the User Fee Schedule for mathematical accuracy and note any differences.
3. Compare and agree total tickets distributed and complimentary seats that are permitted pursuant to Tennessee Code §7-3-202 to the Box Office Statements prepared by the Member Club and submitted to the National Football League after each home game. Note any differences. *(Found two games where the Permitted or Actual Complimentary Seats per the Schedule were appropriately set equal to the 3,250 limit pursuant to the Tennessee Code §7-3-202, Municipal stadium seat privilege tax as the Actual Complimentary Seats distributed per the Box Office Statements were greater than the permitted amount)*
 4. For each game on the User Fee Schedule, note whether Permitted or Actual Complimentary Seats exceed the 3,250 complimentary seats that are permitted pursuant to Tennessee Code §7-3-202, Municipal stadium seat privilege tax. *(Found none)*
5. Compare and agree the \$3 User Fee to the City of Nashville Ordinance No. BL2009-545 as amended by Ordinance No. BL2011-40.
6. Compare and agree the Total Payable appearing on the User Fee Schedule to the Member Club's accounting general ledger.
7. Compare and agree Total Paid appearing on the User Fee Schedule to the Member Club's cash disbursement records.
8. Obtain a representation letter from the President/Chief Executive Officer and Senior Vice President/Chief Financial Officer of the Member Club, certifying that the User Fee Schedule is accurate and complete.

Nissan Stadium Projects Update

Ms. Kaufman presented an update on projects at Nissan Stadium. Ms. Kaufman presented roughly \$1.1M of COVID-19 related expenses, including:

- Fountains and Faucets (\$643,000)
- Toilets (\$385,000)
- Escalator handrail and elevator buttons (\$25,000)

In addition to the projects above, Ms. Kaufman anticipates there will be a need for further COVID-19 upgrades to the stadium such as signage, self-scanning ticket devices, and other touchless customer

facing equipment. They are in the process of gathering that information, but no decisions have been made on those items at this time. In response to a question related to the effect of COVID-19 on the seat tax, she stated that they are continuing to make estimated payments and are currently planning to play all games with fans. She noted that most of the events that were scheduled at Nissan Stadium have been postponed. Ms. Kaufman concluded by announcing that Mr. Burke Nihill has been named the new President of the Titans organization. Ms. Behm congratulated Mr. Nihill on his recent promotion.

There being no other business, the meeting was adjourned.

<https://www.youtube.com/watch?v=Vc3mV0qc6dY>