

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of August 20, 2020 Meeting of the Finance & Audit Review Committee
WebEx Video Conference
9:00 a.m.

Finance Committee Members: Margaret Behm, Glenn Farner, Dan Hogan, Jon Glassmeyer
Board Members: Kim Adkins, Margaret Behm, Cathy Bender, Don Deering, Melvin Gill, Anna Page, Emmett Wynn
Staff: Monica Fawknorton, Ilesha Montesrin, Quinton Herring, Melissa Wells, Margaret Darby (Legal)
Titans/ Nissan Stadium: Jenneen Kaufman, Bob Flynn, Burke Nihill, Dan Werly, Gil Beverly, Adolpho Birch
Predators/ Ford Ice Center: Sean Henry, Kyle Clayton, Keith Hegger
Sounds/ First Tennessee Park: Doug Scopel
Nashville SC: Mary Cavarra
Visitors: Ron Gobbell (Gobbell Hays Partners), Jim Pustejovsky (Capital Project Solutions), Allen Troshinsky (Mortenson), Kellen DeCoursey (CAA/ICON), Lora Fox (Metro Legal), Tom Cross (Metro Legal), Nick Hormich (CAA/ICON), Bill Phillips (Deputy Mayor), Tim DeBuse (Gobbell Hays Partners), Tim Prow (Powell Building Group)

Chairman Glassmeyer called the meeting of the Sports Authority's Finance & Audit Review Committee to order at 9:00 a.m. and welcomed all in attendance. He then reviewed the appeals process and stated that the meeting was being held electronically (via WebEx) to protect citizens during the COVID-19 pandemic. Chairman Glassmeyer performed roll call. **Upon a motion duly made and seconded, the Authority unanimously voted to approve the minutes of the June 18, 2020 Board of Directors meeting Roll call attached.**

Executive Director's Report

Chairman Glassmeyer recognized Ms. Monica Fawknorton to give the Executive Director's Report. Ms. Fawknorton stated that at the June 18, 2020 Finance Committee meeting, there was a discussion related to the Authority's potential hiring of Mr. Bob Lackey as a Metro Pensioner. Mr. Lackey is a recent retiree and former Assistant Finance Director over Special Projects, including Sports Authority financials- especially revenue.. The Authority hired a Finance Manager to take on Mr. Lackey's responsibilities, but due to COVID-19, Mr. Lackey was not able to train Melissa Wells. Ms. Fawknorton stated that SPA staff is working with the Division of Accounts and hopes to make a recommendation at the next Finance Committee meeting.

Nissan Stadium Update

Chairman Glassmeyer recognized Ms. Jenneen Kaufman, Tennessee Titans Chief Financial Officer, to give an update on the Tennessee Titans' financials. Ms. Kaufman stated that during the months of August and September Titans games will be played without fans. In January, Titans and Metro estimated that \$1,620,000 would be collected in User Fees for Titans games during the 2020 season. This total was divided into ten equal installments to be paid on the 20th of every month, beginning in February. As of July 20th, the Titans paid six installments totaling \$972,000. Ms. Kaufman stated that COVID-19 has led to a material reduction in the number of events and attendance for events at Nissan Stadium. Due to the anticipated decrease in attendance, the Titans and Metro agreed to pause the remaining User Fee payments. Ms. Kaufman reported the following financials, as of 8/12/20:

- \$2.00 Ticket Tax Fund Balance – \$1,714,887.11
- Stadium Improvement Bond Funds (\$1 Ticket Tax)
 - 2015 Stadium Revenue Fund Reserve Balance - \$1,397,817.66
 - 2015 Stadium Prior Bond Reserve Summary - \$1,900,000.00
- Outstanding Stadium Loan - \$10,106,386.37
 - Loan Principal Paid to Date - \$3,793,489.24
 - Loan Interest Paid to Date - \$2,026,662.45
- The Ticket Tax program has brought in \$27,125,455.00 since March 2010
- The Stadium Capital Fund has a balance of \$2,199,622.96

Ms. Margaret Behm asked if there was a plan to address the growing capital fund balance. Mr. Burke Nihill responded by stating that the Titans are keenly aware of the balance and continue to minimize the number of current projects. They have had conversations with the Mayor's Office and are hopeful that in time, they will find a resolution. Ms. Behm reminded them that this is a major concern of hers and needs to be addressed by the Finance Committee as soon as possible.

Mr. Bob Flynn, Vice President of Operations, continued the report with an update on capital projects. Mr. Flynn stated that the replacement of the boilers is halfway complete (one is complete and the other one should be complete by the end of the season). The sports lighting project is now underway and anti-climb fencing has been added to the perimeter of the stadium. Mr. Flynn additionally reported that concrete and expansion joint repairs are needed due to water intrusion. These repairs were partially

addressed in 2016 (in 2016 work was completed on the East side of the upper deck and the 300 level of the West side) when the seats were replaced. Ms. Fawknotson added that in 2016, remaining funds from the seat replacement were used to replace some of the expansion joints. In response to Ms. Behm's request for clarification on the location of the work to be done, Ms. Kaufman reported that work will be completed in two phases: Phase 1 during 2020 (the Club Level of the West side) and Phase 2 in 2021 (work that is needed is on the main concourse level--corrosion in the crawl space and the ramps up to the 6th level--drainage and corrosion issues. The East Club and main deck have not been replaced, nor have they experienced leaking. The West Club and 300 level experienced some work in 2016 and the remainder is included in Phase 1. Mr. Flynn reported the Titans are working on the following stadium improvements as a result of COVID-19:

- Touchless faucets and toilets
- Safety shields at concession stands
- Steel barricades for social distancing (6' apart).
- Zip ties to control seating.
- 400 hand sanitizer dispensers
- Self-ticket scanners at gates
- Signage complying with CDC guidelines regarding social distancing

Consider approval of a Resolution Approving the Guaranteed Maximum Price (GMP) Amendment to the Construction Management Agreement between the Sports Authority and Mortenson/Messer Construction for construction of a Major League Soccer Stadium

Chairman Glassmeyer recognized Mr. Tom Cross, Deputy Director of Metro Legal, to discuss the Guaranteed Maximum Price (GMP) for the MLS Stadium. Mr. Cross stated that at the July 16, 2020 meeting, the Authority approved the Construction Management (CM) Agreement with Mortenson/Messer. The CM Agreement, provides the terms and conditions for the project and governs the responsibility of both parties. The GMP Amendment is a standard contracting method and construction delivery model used on complex and large dollar value projects. The GMP Amendment is executed as an amendment to the CM Agreement to allow the CM to perform (or continue to perform, as applicable) construction activities. The GMP Amendment requires that the CM commits to building the project from the construction documents delivered by the Architect for a maximum set price without any cost overruns. The CM has agreed to maintain their costs at the value of the GMP, unless there are

additional or deductive change orders. The CM shall be entitled to an increase in the GMP value if there is additional project scope directed and authorized by the Authority. The GMP is \$277 million, which includes \$258 million for the stadium and \$19 million for stadium site improvements.

Committee members questioned whose responsibility are unforeseen change orders and Ms. Cavarra responded that the Team is covering all overages, Mr. Cross stated that all change orders must be approved by the Authority. Mr. Glenn Farner asked for clarification on what the Authority is responsible for. Mr. Cross stated that the Authority will issue \$225 million in revenue bonds for design and construction of the MLS Stadium, and Ms. Cavarra noted that the Team is essentially responsible for paying debt service. Ms. Behm questioned what document refers to the \$225 million in revenue bonds, and Mr. Cross said that is in the Team Agreement.

Chairman Glassmeyer recognized Mr. Ron Gobbell, President Emeritus of Gobbell Hays Partners (GHP) and Mr. Kellen DeCoursey of CAAICON to review the GMP Amendment. Mr. Gobbell provided a summary of the exhibits in the GMP, including:

1. Schedule of Values: Description of all costs included in the GMP
 - a. Expenses related to construction management, subcontractors, equipment, contingencies and insurance mark-ups
2. Alternates: A list of optional changes to the scope
3. Unit Prices: Committed final pricing for various material quantities
4. Allowances: Identifies costs within the GMP that have an undefined scope
5. Clarifications & Assumptions: Additional information related to the Construction Manager's clarifications and assumptions
6. Equipment Rental Rates: Rental equipment costs
7. Construction schedule: Defines major milestones and substantial completion date
8. List of Contract Documents: Comprehensive list of all contract Construction documents
9. CM Agreement Terms: Provides both the CM and the Authority to modify terms and conditions
10. Change Order Adjustment Examples: Provides clarification on what mark-ups and calculations will be included with future change orders
11. Delegated Design Log: Provides clarification between the CM and the Architect regarding subcontract trades

12. Responsibility Matrix: Defines CM and the Authority's responsibilities

Margaret Behm asked for clarification of the City/SPA's responsibilities in reference to Exhibit 12. Kellen responded that most of the responsibility is with the Team and Mortenson/Messer.

Upon a motion duly made and seconded, the Finance Committee unanimously voted to recommend approval of a Resolution Approving the Guaranteed Maximum Price (GMP) Amendment to the Construction Management Agreement between the Sports Authority and Mortenson|Messer Construction for construction of a Major League Soccer Stadium, to the full Board.

There being no other business, the meeting was adjourned.