

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of September 17, 2020 Meeting of the Finance Committee
WebEx Video Conference
9:00 a.m.

Committee Members: Jon Glassmeyer (Chair), Margaret Behm, Dan Hogan, Glenn Farner

Board Members: Kim Adkins, Cathy Bender, Don Deering, Jad Duncan, 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, Tim Friedenberger, Matt Schick

Sounds/ First Tennessee Park: Adam Nuse, Doug Scopel

Nashville SC: Mary Cavarra

Visitors: Ron Gobbell (Gobbell Hays Partners), Jim Pustejovsky (Capital Project Solutions), Phil Carr (Metro Finance), Mark Sturtevant (Metro Director of Development), Bob Lackey

Chairman Glassmeyer called the meeting of the Sports Authority Finance Committee to order at 9:00 a.m. and welcomed all in attendance. Chairman Glassmeyer reviewed the appeals process and explained that this meeting was being held electronically via WebEx to protect the public health and well being during the COVID-19 pandemic. There were no objections. **Upon a motion duly made and seconded, the Authority unanimously voted to approve the minutes of the August 20, 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 noted that the Finance Committee has been meeting more often than normal and projected the trend would continue. Ms. Margaret Behm asked whether the Committee should consider adding an additional member, for a total of five. Ms. Fawknorton stated that the Committee just recently increased to four members at the will of the Board. Ms. Behm asked Ms. Fawknorton to discuss the addition of a member with the Board's Chair.

Bridgestone Arena Capital Asset Management Plan

Chairman Glassmeyer recognized Mr. Kyle Clayton, Bridgestone Arena VP of Operations, to discuss the Bridgestone Arena Capital Asset Management Plan (CAMP). Mr. Clayton stated that under the 2019 lease agreement, all capital and operating expenses are paid by Powers Management. The agreement also requires the presentation of the CAMP annually. Mr. Clayton noted that the CAMP is formatted similarly to the Venue Solutions facility condition study completed on the arena in 2016. The five categories include Architectural & Interiors, Mechanical, Electrical, Structural, and Roofs. Ms. Behm asked about previous HVAC work and Mr. Clayton reminded the committees that the HVAC upgrades were done in 2013-2014 as part of a federal grant. Structural improvements were made to allow for bigger stages to be rigged. Mr. Clayton stated that various Audio/Visual upgrades were made in 2018 and in 2019 and the center-hung scoreboard was replaced. Mr. Sean Henry, President & CEO of Bridgestone Arena and the Nashville Predators, added that about six years ago the organization began the process of overhauling several systems. He noted that the Capital Asset Management Plan identifies what was completely replaced and also provides a schedule of future replacements. Mr. Clayton stated that improvements to the roof occurred as a result of the facility assessment from 2016, reporting that the assessment noted that the 20-year-old roof needed replacement in various locations. In 2018, a Request for Proposal (RFP) was issued and Maxwell was selected to fix the roof.

Mr. Glenn Farner asked how decreases in ticket tax have impacted capital expenses. Mr. Clayton acknowledged that with no events there has been a drop off in ticket tax revenue. He additionally stated that the team hopes to be back in action around January and is taking this time to focus on preventative maintenance.

Arena Revenue Fund- Metro Finance Allocations

Chairman Glassmeyer recognized Mr. Phil Carr, Metro Chief Accountant, to discuss allocations from the Sports Authority's Arena Revenue Fund for Metro Finance expenses. Mr. Carr stated that for FY21 four Metro Finance (Division of Accounts) employees are providing various levels of financial support to the Sports Authority and that the Finance Department charges the Arena Revenue Fund for their allocated time, using the funds to cover portions of the

employees' salaries. The Sports Authority was charged \$119,785.17 in 2019, \$136,933.15 in 2020, and the FY21 projection is \$85,418.19. It was noted that the anticipated decrease for FY21 is the result of Bob Lackey's retirement (although the Sports Authority hopes to hire him part-time as a Metro pensioner).

Ms. Behm asked if the Finance Department's labor allocation process has changed from the past. Mr. Bob Lackey responded that Metro Finance bases the allocations on projected responsibilities that Finance staff will perform for the Authority and Ms. Fawknotson noted that some of the tasks would be transitioned to the Authority's Finance Manager while some would stay with Finance-Division of Accounts. Sports Authority attorney, Ms. Margaret Darby, stated that the Intergovernmental Agreement gives the Finance Director the authority.

Ms. Fawknotson expressed her appreciation for the support Finance Department employees have and continue to provide the department and noted that future updates from the Finance department will be needed as Metro moves into the FY22 budget process.

Nissan Stadium Capital Projects Update

Chairman Glassmeyer recognized Ms. Jenneen Kaufman, CFO with the Tennessee Titans, to give a capital project update for Nissan Stadium. Ms. Kaufman presented the Cap-Ex Communication Tool spreadsheet. In response to a question, Ms. Kaufman clarified that the current receivable is \$15 million and is projected to reach \$27.5 million by the end of 2021. Ms. Behm asked about Metro's plan to address the growing receivable, noting that members of the Finance Committee have repeatedly voiced concerns and asked Metro for a recommendation to address the growing number. Mr. Mark Sturtevant, former Director of Public Works and the new Director of Development, stated that while he does not have an answer today, he and the administration are working with the Titans and are aware of the outstanding issue.

There being no other business, the meeting adjourned.