

THE SPORTS AUTHORITY OF THE  
METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY

**FINANCE COMMITTEE MEETING MINUTES**

**Thursday May 19, 2022 | 9:30 am**  
**First Horizon Park – Bauer Lounge**

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**Attendees**

**Committee Members:** Frank Harrison (Chair), Dan Hogan, Glenn Farner, Kim Adkins, Winston Justice

**Board Members:** Cathy Bender, Don Deering

**Staff:** Monica Fawknorton (ED), Melissa Wells, Valda Barksdale, Lexie Ward (Metro Legal),

**Visitors:** Adolph Birch (Titans), Ben Arthur (Tennessean), Bob Flynn (Titans), Bonna Delacruz Johnson (NCVC), Brett Withers (Metro Council), Bruce Dobie (Power Poll), Burke Nihill (Titans), Chad Moore (EY), Doug Scopel (Sounds), Eli Motycka (Nashville Scene), Haley Ren (CSR), Jackie DelPilar (Fox 17), Jeff Maier (EY), John Agee (Terracon), Julia Masters (Nashville Business Journal), Kate Guerra (Titans), Katy Sheesley (GHP), Keith Hegger (Preds), Kenny Crapse (Fifth Third Bank), Kyle Clayton (Preds), Michael Redd (NewsChannel 5), Michell Bosch (Metro Finance), Rob Mortensen (GNHA), Ross Florey (Fifth Third Bank), Shannon Myers (Titans), Sharon Sepik (Metro Finance), Shereme Siewnarine (Titans), Steva Nyrin (Self), Teresa Walker (Associated Press), Will Traylor (Mortenson)

***Call to Order***

Chair Harrison called the meeting of the Sports Authority Finance Committee to order at 9:30 a.m. and welcomed all in attendance. He also thanked Chair Cathy Bender for appointing him to lead the committee.

***Consider approval of minutes from April 21, 2022, Finance Committee Meeting***

**Upon a motion made by Director Hogan and seconded by Adkins, the Finance Committee unanimously approved the minutes from the April 21, 2022 meeting.**

***Nissan Stadium Capital Project Update, Shannon Myers, SVP & CFO, Tennessee Titans***

Ms. Myers reported that since the last meeting, Titans outstanding receivables have increased from \$27.3m to \$28.7m. The primary drivers of the increase Phase two of the water infiltration project for \$1.3m, elevator repairs for \$35,800, the installation of a security video surveillance system for \$54,580 as well as the installation of touchless water fountains for \$16,571.

Continuing her report, Ms. Myers stated there are currently four anticipated projects for Nissan Stadium:

- 1) A Point-of-Sale System (credit card readers) for concessions stands and merchandise stands with a cost estimate of \$2.5m. August 2022 is the targeted completion goal.
- 2) The replacement of carpet in the East & West Club areas which have significant wear and tear. The estimated total is \$700,000 which will also include painting of the walls.
- 3) The purchase of four Emergency Medical Transportation (EMT) Club Car Transporters at an estimated cost of \$115,000. The goal is to purchase the trucks prior to the start of the 2022/2023 season.

- 4) The installation of permanent electrical power for the Evolv security checkpoint scanners located on the perimeter of the stadium. This will allow the removal of power cords that fans are currently stepping over, creating a potential hazard at four of the gates. The estimated cost is \$170,000.

Director Adkins inquired about the anticipated life of the Point-of-sale System to which Ms. Myers responded the terms are for four years with the option to renew.

***Nissan Stadium Ernst & Young User Fee Report, Chad Moore, Ernst & Young Partner***

Ms. Myers gave an overview of the User Fee Tax, stating that a \$3 ticket tax is imposed on all ticket sales for Titans games as well as non-Titans' ticket sales. The Titans collect and remit the tax income to the Sports Authority. Every year Ernst & Young (EY) Auditors conduct an external audit and review of the tax imposed on the Titans ticket sales as a courtesy to the board. Due to low numbers in previous years, the non-Titans ticket sales have not been reviewed. However, because of the expansion of events, the amount collected is growing. For the 2021 NFL season, Ms. Myers reported the remitted amount was \$1.8m.

Continuing her overview, Ms. Myers reported that the game ticket tax collected for the Titans 2021 season was \$2.18m which is up about 16% compared to 2019. Covid tickets sales for the 2020 season (an anomaly) were not considered for comparison. Mr. Chad Moore continued the report by stating that EY serves as independent auditors for the Titans. He stated that their auditing procedures and summaries are consistent with those followed in previous years. He reported that permitted and/or actual complimentary seats did not exceed the 3,250 number permitted in accordance with the TN Code. Lastly, Mr. Moore reported that the Total Paid amount appearing on the User Fee Schedule agrees with the Titans' cash disbursement records.

***Nissan Stadium Current Lease Summary, Burke Nihill, President & CEO, Tennessee Titans***

Mr. Nihill began his report by noting that during the March 2022 Sports Authority Finance Committee meeting, the board requested the Titans quantify the Sports Authority's obligation under the current lease for both today and forecasting out thru the end of the lease. The expiration of the current lease is 2029 with an extension option through 2039.

In terms of quantifying the Sports Authority's financial obligations, Mr. Nihill began by reporting that the Titans unreimbursed capital expenses dating back to 2016 totals \$27m. The estimated cost for ongoing building repair through 2026 is \$918m; maintenance and upgrades from 2026 through 2039 are estimated to cost \$894m. Estimates are based on two separate and independent third-party contractors with the goal of bringing the stadium to a 2026 NFL first class venue. Based on these three costs, the estimated total of unfunded taxpayer obligation under the current lease (2039) is \$1.8B

Mr. Nihil continued that the Titans have been in communication with contractors for estimates on renovating the stadium. Director Adkins questioned whether the Venue Solutions Group (VSG) assessment study was taken into consideration. Mr. Nihill responded that the building assessment performed several years ago did not address the scope of work necessary to ensure the building remains in compliance with the "First Class" lease requirement, which tracks the current and future trends (technology, fan experience, improvements, etc.) of comparable stadiums.

Mr. Nihill reported that under the current lease, the Sports Authority is responsible for funding capital project needed to keep the stadium in pace with comparable facilities. The luxury suites and areas used exclusively by the Titans are not under the Sports Authority responsibility and are managed solely by the

Titans. For stadium items that are in good condition and have a remaining useful life, the cost is split between the Sports Authority and the Titans.

Mr. Nihill continued by reporting on the stadium's current infrastructure, stating that Nissan Stadium has extensive flaws and with deteriorations that included crumbling stairs and a never-ending faulty water infiltration system resulting in busting pipes. He reviewed a number of comparable facilities completed within ten years of the construction of Nissan Stadium and noted that the majority of facilities had either received moderate/major renovations or had a plan to build new .

Mr. Nihill further commented that Buffalo's stadium is widely considered to be the worst NFL stadium with Nissan Stadium and Fed Ex Field in similar condition. Both Buffalo and FedEx Field are both seeking to build new stadiums; primarily to ensure the letter of the lease requirement of facilities keeping pace with current NFL standards.

Mr. Nihill shifted his attention to progress and reported that the Titans are committed to \$700m in private funding. He reported that the family of Bud Adams is in the process of liquidating and selling items to help with a building solution which underscores their commitment to the stadium project. The State of Tennessee has committed \$500m and has also helped enable Metro Nashville Government to add a 1% hotel occupancy tax committed to the stadium. Funds for both are conditioned upon the structure having a roof. This is in addition to the two other commitments from the state last year: 1) full allocation of in-stadium sales tax and 2) 50% of sales tax from developments within one acreage of stadium.

Director Hogan requested clarification of how each funding source would contribute to the overall financing, whether there are term limits associated with the funding commitments, and the length of time the numbers are reliable. Due to rising interest and uncertain bonding capacity, Mr. Nihill commented, he is unable to give a specific number of overall contributions and sustainability of the estimates. He stated the term limits are typically 30 years from date of bond issuance. Chair Bender inquired whether the bonds would be revenue or general obligation and asked for insight on how the rising interest rates might impact the project. Mr. Nihill confirmed that the bonds would be revenue and general obligation, and many will be non-recourse. He further stated that the Mayor, Titans' ownership/ leadership understand the sense of urgency and are desperate to find a solution. "We are seeking a building with distinct modularity and flexibility which is the exact opposite of what we have today," stated Mr. Nihill.

"The Nashville way is to build a smart and high character building on budget. We are determined to secure a sustainable approach that will render a 50-to-60-year life expectancy facility that the city is incredibly of," Mr. Nihil stated in his final remarks.

Chair Harrison announced that the next Finance Committee meeting is scheduled for 9:30am, June 16 at Nissan Stadium.

There being no further questions or business, the Finance Committee Meeting adjourned.

Respectfully submitted, Valda Barksdale, The Metro Sports Authority