

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

FINANCE COMMITTEE MEETING MINUTES
Thursday July 21, 2022 | 9:00 am
Bridgestone Arena – Loyal Legion Meeting Room

Attendees

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

Board Members: Cathy Bender, Don Deering, Melvin Gill, Aaron McGee, Emmett Wynn, Michael Zerah

Staff: Monica Fawknorton (ED), Valda Barksdale, Bob Lackey, Melissa Wells, Joshua Thomas (Metro Legal), Lexie Ward (Metro Legal)

Visitors: Adam English (Sounds), Bob Flynn (Titans), Diamond Bell (SUN), Doug Scopel (Sounds), James Morrison (Barton Malow Builders), Kyle Clayton (Preds), Michell Bosch (Metro Finance), Shannon Myers (Titans), Steven Boero (The Sports Credential), Will Farner (SELDL)

Call to Order

Chair Harrison called the meeting of the Sports Authority Finance Committee to order at 9:00 a.m. and welcomed all in attendance. He also thanked Bridgestone Arena's staff for hosting.

Consider approval of minutes from May 19, 2022, Finance Committee Meeting

Upon a motion made by Director Hogan and seconded by Director Farner, the Finance Committee unanimously approved the minutes from the May 19, 2022 meeting.

Consider a Resolution authorizing and approving salary updates for FY23

ED Fawknorton reported that Metro Council adopted a resolution approving the Mayor's FY23 pay plan for Metro general government employees, providing a 4.5% COLA (cost of living adjustment) and a 3% merit pay increase. The increase was automatically applied to Administrative Officer Valda Barksdale & ED Fawknorton's salary but not to Finance Manager Melissa Wells nor Finance Consultant Bob Lackey. The salaries of Wells and Lackey (a Metro retiree) are not funded by Metro's General Fund, rather with administrative allocations from the Bridgestone Arena. The Sports Authority is requesting salary updates for Ms. Wells and Mr. Lackey consistent with the increases provided to general government employees. Also, as a result of a compensation study, Metro HR has changed several pay grades, including the position of Finance Manager Wells which will result in an additional increase of 6.14% if approved.

Additionally, the resolution seeks approval to transfer Mr. Lackey from a temporary part-time employee (Metro retirees can work no more than 19.5 hours/week) to permanent part-time as a result of the department's continued need for his services, particularly as we prepare for Nissan Stadium's build or renovation plans. Funding for Mr. Lackey's compensation will come from the Arena Revenue Fund (under the old Bridgestone Arena Agreement and predecessor to the Arena Account) which collects and holds sales tax and seat user fee revenue.

Director Hogan questioned the purpose of the Arena Fund which carries a balance close to \$4m and whether the \$5.5m returned to the Metro General Fund in 2019 was due to a surplus. ED Fawknorton responded that the rent payments for Ford Ice Centers are collected into the account.

Other recent activity from the Arena Revenue Fund includes the reimbursement of MLS Stadium Project Management Expenses- a credit of \$961,989 in March 2021 and \$85,418 expense for annual Finance Department Support for FY21 which the Finance department has since discontinued.

Director Winston questioned the management of assets in the Arena Revenue Fund to which ED Fawknorton responded that per the intergovernmental agreement Metro's Finance Director acts as the Sports Authority's CFO and has authority to manage the funds at its discretion in ways that support the mission of the Authority.

Director Farner questioned whether the resolution covers the 6.14% pay grade change for Wells to which ED Fawknorton confirmed that it does.

Upon a motion made by Director Farner and seconded by Director McGee, the Authority voted to approve the resolution authorizing and approving *salary updates for FY23.*

Consider a Resolution granting MFP Baseball, LLC the right to use ten parking dates allocated to the Sports Authority at the State of Tennessee Parking Garage and authorizing a request of an additional twenty-five parking dates from the State of Tennessee at the expense of and for the use and benefit of MFP Baseball, LLC

Mr. English reported that they are in the late stages of negotiating a winter event at First Horizon Park; one that is anticipated to draw a large number of people to Nashville and add value to the city's recreation activities. Identification of the event will be disclosed once the agreement has been finalized which will incorporate a total of 38 dates from November 25 thru December 30. To accommodate the volume of attendees at several anticipated events, the Sounds are requesting the use of ten parking dates allocated to the Sports Authority and an additional twenty-five allocated to the State of Tennessee.

ED Fawknorton reported that the Sports Authority does not foresee a need for the parking garage and supports the request. Director McGee inquired about previous usage of the Sports Authority parking garage dates to which Mr. English responded there was an Open House Event for residences to visit First Horizon Park, an Eclipse viewing party organized by the mayor's office, and former Mayor Megan Barry hosted a campaign event.

Upon a motion made by Director Hogan and seconded by Director Farner, the Authority voted to approve the resolution granting MFP Baseball, LLC the right to use ten parking dates allocated to the Sports Authority at the State of Tennessee Parking Garage and authorizing a request of an additional twenty-five parking dates from the State of Tennessee at the expense of and for the use and benefit of MFP Baseball, LLC.

Director Farner requested an update on the roof at First Horizon to which Mr. Scopel responded repairs are mostly complete excluding a few items requiring sealant which is on back order due to a supply chain issue. The supplies are scheduled to arrive in August and repairs will be made promptly.

2022 SEC Tournament Reconciliation Presentation, Kyle Clayton, SVP Operations, Nashville Predators
Mr. Clayton reported that in March 2022 the Nashville Sounds/Bridgestone Arena hosted the SEC Women's Basketball Tournament which was a great success. Activities included a Title IX Trailblazer Celebration Reception, The Downtown Dribble, and a Gospel Explosion Concert with CeCe Winans.

The agreement which allows for the SEC Basketball Tournament is between the Sports Authority, Powers Management, the NCVC, and the Nashville Sports Council and includes three not-to-exceed expense categories the amounts of which change annually:

- Labor incurred \$305,831 total expenses which exceeded limits by \$13,319
- Décor incurred \$91,163 total expenses which exceeded limits by \$43,085
- Hospitality incurred \$325,578 in total expenses which did not exceed its limit of \$415,236
- Note: The agreement does not allow for monies to be moved from one category to cover exceeded limits in other categories

The Labor and Décor exceeded limits will be covered by Powers Management and reimbursement due from Sports Authority is \$292,513 for Labor, \$48,078 for Décor and \$325,579 for Hospitality for a grand total of \$666,170.

Director Farner requested clarification regarding revenues with regards to hosting the event. Mr. Clayton responded that Powers Management does not receive rent nor revenue from ticket sales for hosting the SEC tournament.

The agreement is in place for the arena to host the Men's SEC Basketball Tournament through 2035.

Consider a Resolution approving a Side letter Agreement to the Lease Agreement between the Sports Authority and Powers Management, LLC

ED Fawknorton requested postponement of discussions of the Side Letter due to additional items needing to be addressed prior to considering approval of the resolution.

Upon a motion made by Director Farner and seconded by Director Hogan, the Authority voted to postpone consideration of the Side Letter to allow more time for additional items to be addressed.

Presentation of Bridgestone Arena Capital Asset Management Plan (CAMP) 2022, Kyle Clayton, Senior VP, Operations

Mr. Clayton reported that part of the 2019 lease agreement between Powers Management and the Sports Authority was established to identify action necessary to maintain Bridgestone Arena. The agreement requires that the Capital Asset Management Plan (CAMP) be submitted annually to address maintenance requirements and maintain the Arena and its premises at certain standards.

Mr. Clayton shared several highlights from the CAMP including:

- Even though the Arena was impacted with closures due to Covid in 2021, we lead the world in ticket sales.
- The Planning of Routine & Preventative Maintenance Team is comprised of staff with over 165 years' experience; each of whom take tremendous pride in the Arena.

- Architecture & Interiors updates for 2021 include sensory room build-out on Gary Force Acura Club Level, dimensional “Smashville” sign installed on main plaza and 102.5 The Game studio build-out in Patron Platinum Club.
- Mechanical, Electrical, Plumbing & Fire Protection updates in 2021 include full re-build top and bottom end of four Viltor compressors and top end re-build on two Mycom low temp ice plant compressors. Despite the Arena’s age of 25 years the building is in very good condition and show evidence of a well-executed Preventative Maintenance Program.
- One component of the Water Management & Safety Plan ensures water is constantly circulating throughout the building even when it is not operational. This operation is a result of Covid 19.
- Updates to Audio Visual & IT in 2019 include higher internet speeds. No additional updates are anticipated for 5-7 years.
- Don Kennedy Roofing came on board in 2021. Director Gill questioned whether this was due to lack of quality of work and Director Zerah questioned life expectancy of the roof. Mr. Clayton responded that it was not, rather it is to have a different perspective in constantly maintaining and extending the life of the roof and keeping it modern.
- Jani-King Housekeeping provides a variety of scope of services including exceptional cleaning methods.
- Several projects previously submitted to and approved by the Sports Authority are either ongoing or complete including:
 - Large Scale Visual Audio Enhancement approved in 2018 have been completed
 - HVAC upgrades approved in 2019 are ongoing.
 - Upgrades to the Security System were approved in 2019 and is ongoing. A new digital system has been installed and as the analog cameras fail, they are switched over to new digital cameras which includes replacement of new data and fiber lines. The goal is to have the project completed within a year.
- New Projects include Food & Beverage Digital Menu Boards, Patron Platinum Club Renovation, SoBro LED Board Replacement and Bowl/Concourse flooring resurfacing. Several discussions ensued regarding the Patron Platinum to which Mr. Clayton noted that the goal is to transition the Club to a 365-day restaurant and keep it operational during peak seasons to avoid hindering the fan experience. The Club host about 100 fans during games and events then converts to a sports bar environment. As of now the Club caters to ticket holders and is a premium up-sale when tickets are purchased.

Chair Harrison announced that the committee recommendations will go to the full board today at 10:30. The next Finance Committee meeting is tentatively scheduled for 9:30am, August 18 at Nissan Stadium. Board members will be notified.

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

Respectfully submitted, Valda Barksdale, The Metro Sports Authority