

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

Board of Directors Meeting Minutes
Thursday September 15, 2022 | 10:30 am
Bridgestone Arena – Music City Meeting Room

Attendees

Members: Cathy Bender (Chair), Frank Harrison (Vice Chair), Emmett Wynn (Secretary/Treasurer), Kim Adkins, Don Deering, Jad Duncan, Glenn Farner, Melvin Gill, Winston Justice, Aaron McGee, Michael Zerah

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

Visitors: Adam English (Sounds), Adam Hardy (Mortenson), Alison Poland (GHP), Amanda Carlisle (PMC), Ann Grider (Metro Planning), Ben Reeves (NSC), Ben York (NDOT), Bill Wickett (Preds), Bob Flynn (Titans), Brett A. Withers (Metro Council), Danny Butler (Predators), David Kells (Predators), Dinah Wells (PMC), Doug Scopel (Sounds), Greg McClarin (Metro Finance), Jim Pustejovsky (CPS), Josh Hayes (Metro Stormwater), Josh Trumel (Metro), Kate Guerra (Titans), Kelly Flannery (Metro Finance), Kristina Kirby (Kraft CPAs), Kyle Clayton (Preds), Michell Bosch (Metro Finance), Necol Lyons (Metro Mgmt & Budget), Paul Lawson (Turner), Peter Heidenreich (Hall Strategies), Quinton Herring (GoWest Creative), Ron Gobbell (GHP), Ross Florey (5th3rd Bank), Sam Wilcox (Mayor's Office), Sarah Gardial (Belmont), Scott Ramsey (NSC), Shannon Myers (Titans), Steven Boero (The Sports Credential), Steven Henry (Jigsaw), Susan Vanderbilt (Entrée Savvy), Tim Bewley (PMC), Tom Wood (Ledger), Will Traylor (Mortenson)

Call to Order

Chair Bender called the meeting to order by welcoming all to Bridgestone Arena and thanking the Predators for hosting.

Consider Approval of Minutes from July 15, 2022 Meeting

Chair Bender asked if there were additions or corrections to the July 15, 2022 meeting minutes. **There being none, upon a motion made by Director Harrison and seconded by Director Wynn, the board approved the minutes from the July 15, 2022 meeting.**

Executive Director's Report

After noting a change of order to the agenda, Ms. Fawknorton introduced new staff member Brandon Little who joined the Sports Authority on August 15 as the Special Events Coordinator. Mr. Little received his BS in Sports Management/Marketing from Arkansas State University where he previously served as Special Events Coordinator in the Department of Athletics Facilities & Operations. He is currently enrolled online in Ohio State University's Graduate Sport Turf Management program and Arkansas State University's Masters of Sports Management Program. His anticipated graduation date of December 2022.

Finance Committee Report

Finance Committee Chair Frank Harrison noted that the Committee met earlier at 9:30am. A report was heard from Parking Management Company (PMC) who is currently under a five-year contract with the Sports Authority (June 2009-June 2024) to manage all Nissan Stadium Lots that are controlled by Sports Authority. Additionally PMC manages daily parking for Lot E, parking management for reserved events, invoicing, collections & gate management as well as weekly cleaning of lots.

The Finance Committee also considered the following resolutions and recommends approvals for each:

- A. Consider a Resolution approving a Side Letter Agreement to the Lease Agreement between the Sports Authority and Powers Management, LLC. The purpose of the Side Letter Agreement is to bring clarity to certain items in the 2019 Bridgestone Arena Lease Agreement that primarily arose during the 2022 Covid Pandemic and the lack of Waterfall Revenue, issues related to contractual language regarding debt service, the SEC Tournament, Metro allocations, withdrawals from the Arena Account and the Consumer Price Index.

Upon a motion made by Director Gill and seconded by Director Adkins, the Authority approved the resolution approving the Side Letter Agreement to the Lease Agreement between the Sports Authority and Powers Management, LLC.

- B. Consider a Resolution approving the FY20/FY21 Audited Financial Statements for Parking Management Company. Kristina Kirby with Kraft CPAs provided a summary during the Finance Committee meeting of PMC disbursements and revenues related to its contract with the Sports Authority which requires an annual audit. KraftCPAs responsibility was to express an opinion on the Schedule of Revenues and Disbursements based on the audit conducted for the period of June 1, 2019 thru June 25, 2021. KraftCPAs presented to the Committee that the revenues and disbursements of PMC to the Sports Authority presents fairly and accordingly.

Upon a motion made by Director Gill and seconded by Director Adkins, the Authority voted in favor of the Resolution approving the FY20/FY21 Audited Financial Statements for Parking Management Company.

- C. Consider a resolution authorizing and approving expenses related to storm water control measures at First Horizon Park. During the Finance Committee meeting Sounds Assistant GM Doug Scopel gave an overview of expenses related to pervious pavers, part the stormwater system, which require repair at First Horizon Park and fall under the scope of the Sports Authority. Josh Hayes of the Metro Stormwater Office noted that Metro Nashville is required, per the Municipal Separate Storm Sewer System Permit to ensure permanent Stormwater Control Measures are properly inspected and maintained. The paver repair project should not exceed \$15,000 and staff will request funding from 4% funding legislation later this fall.

Upon a motion made by Director Deering and seconded by Director Wynn, the Authority, voted in favor of the Resolution authorizing and approving expenses related to storm water control measures at First Horizon Park.

Consider approval of a Resolution pertaining to a request pursuant to Section 9(b) of the Lease Agreement between the Metro Sports Authority and Walsh Management, LLC

Chair Bender noted that the lease agreement between the Sports Authority and Walsh Management permits Walsh to obtain the Sports Authority's prior approval before naming the MSL stadium (Geodis Park) or other areas of the premises. Per the agreement, the Authority cannot withhold approval unless the proposed name violates applicable law or would reasonably cause embarrassment to the Sports Authority. Mary Cavarra with Ingram Industries and Nashville Soccer Club Ownership Group presented a sponsorship request for Mapco Express to install up to five electric vehicle rapid charging stations in the south stadium parking lot. During the construction phase it was anticipated that there would be an opportunity for electric vehicle chargers, thus the infrastructure is already in place. The request is for the chargers to be branded and maintained by Mapco.

Upon a motion made by Director Deering and seconded by Director Wynn, the Authority, voted in favor of the Resolution pertaining to a request pursuant to Section 9(b) of the Lease Agreement between the Metro Sports Authority and Walsh Management, LLC for the naming of electric vehicle charging stations located at Geodis Park Stadium after sponsor MAPCO.

East Bank Vision Presentation

In recognizing Anna Grider (Metro Planning Department, East Bank Study Project Manager) to present an overview of the East Bank Vision, Chair Bender noted that Nissan Stadium is a part of the redevelopment vision plan for the East Bank area. Ms. Grider noted that the Vision Plan was released August 22, 22 following several focus community group meetings. She shared several highlights of the Imagine East Bank vision plans including:

- The vision plan is a 140-page document including an interactive story map and upcoming events all posted on the eastbankstudy.nashville.gov website. The plan is aspirational based on research and analysis of existing conditions to be adopted as a guide for rezoning requests. It is not a detailed engineering or design plan nor is it a financing mechanism.
- Transportation Systems, Regional Street Network, Stormwater & Resiliency and Infrastructure were identified as the four community priorities. Of the 338 East Bank Acres Study, 113 acres are owned by Metro and 230 acres (68%) are pavement. The study area runs from Jefferson Street South to the interstate/river intersection and follows the interstate on the East side and the river on the west side. The East Bank is vastly under-utilized given its proximity to downtown and East Nashville. The River Front is a valuable public amenity that is hidden in plain sight, however, mobility challenges exacerbate isolation; there is no housing, no continuous north south connections nor pass-throughs of the East Bank.
- Since Spring 2021, to ensure public engagement, there have been twenty public meetings with 800 plus attendees, over 1,000 email subscribers and 1,500 surveys distributed. There is also a technical advisory committee which ED Fawknorton served on plus a neighborhood advisory committee. The vision is for a high quality of life including 10,000 housing units (with 3,600 on Metro owned property) for all Nashvillians plus a contiguous multimodal transportation system & north-south boulevard enabling easy access to and through the East Bank.
- The vision includes a street grid and a proposal for a newly constructed Nissan Stadium placement to the east of the proposed street grids as well as visions for a renovated stadium with green space. Over sixteen miles of proposed bikeways; nearly three miles of a new greenway.
- Grassy areas and an urban park will be used for stormwater management as well as a living shoreline elevation plan. The vision includes boat docking, kayaking, peers, restaurants, marinas and shopping overlooking the river to make people feel closer to and engage with the water.
- The survey for public comment closes September 30 and the vision plan will be presented to the Metro Planning Commission October 6 for adoption which may take 20-30 years for completion.

Chair Bender requested further details surrounding the survey to which Ms. Grider responded it is an online survey created to gauge the community's level of support. Approximately 370 responses have been received. Paper surveys are distributed at Imagine East Bank public meeting forums.

Director Gill requested clarity regarding the proposed percentage of affordable housing. Ms. Grider responded that best practices indicate that having a mix of income ranges is ideal for the city and the neighborhood; the Community Task Force is working to determine what the income ranges should be. Because the East Bank is a mix of publicly owned and privately owned land, there is opportunity for the Metro owned land to have a higher percentage of affordable housing. Director Gill questioned whether the number of surveys received was a disappointment. Ms. Grider stated that the level of engagement and participants at the various events plus the number of website hits indicates a strong interest in the vision plan.

Director Wynn questioned whether the vision plans were inclusive of elderly and those with limited mobility. Ms. Grider noted that it has been brought to the planning groups attention that there are no elderly demographics in the visuals and the planning team is working to incorporate all mobility demographics in the final draft of the plan.

Nissan Stadium Update

Sam Wilcox, Deputy Mayor for Policy & Innovation noted that their presentation was delivered at the Metro Council 9/14/22 meeting and is available on YouTube for anyone interested in additional comments and insights. He also noted that negotiations including commercial legal terms are still underway with the Titans which may prevent his team from addressing certain matters. The Mayor's guiding principles for the negotiation process include:

- 1) Reducing burdens on Metro's general fund/water-sewer ratepayers & require the team to fund overrun costs
- 2) Leveraging state and private contributions to fund Stadium construction with private sources being the largest single contributor
- 3) Retaining Metro ownership of all Stadium and campus property
- 4) Activating the surrounding campus that prioritizes affordable housing, multi-modal transportation and greenspace
- 5) Deliver a stadium solution that will generate significant economic activity that benefits Nashville
- 6) Maintain the NFL in Nashville for the long-term

Kelly Flannery, Metro Finance Director reported that Metro has two sources of long-term debt:

- **General Obligation Bonds:** a source of funding for general Metro & MNPS capital needs. It is a pledge of Metro's full faith and credit, payable from property tax and general revenue. Metro's General Capital fund & the East Bank land acquisition for the existing Stadium are sourced by GO Bonds
- **Revenue Bonds:** a source of funding for enterprise funds and conduit agencies/authorities. A specific revenue is pledged and is payable from a specific source of revenue. This type of bond may also include a Metro "back-stop" meaning should pledged revenues fall short, the city is committed to ensuring the debt is satisfied. The Convention Center, First Horizon Park, Ford Ice Center, Geodis Park and Nissan Stadium (construction and maintenance funded by Water & Sewer PILOT & a \$3 Ticket Tax) are all sourced with Revenue Bonds.

Ms. Flannery further reported that funding and financing considerations are a cooperative effort among the state, the Titans and Metro. Metro's priorities for construction financing are to minimize interest cost, eliminate the back-stop and develop a financing mechanism that is self-supporting. The three proposed funding sources for construction of a new stadium are: 1) 1% county wide hotel occupancy tax; 2) In stadium sales tax and; 3) 50% of state and local sales tax from sales made within the 130 acre campus that is contiguous to the Stadium. Goals for securing a revenue source to support the ongoing capital of a new facility are: 1) leverage primary Stadium funding sources to maximize a revenue-only debt structure; 2) Ensure credit quality and minimize interest cost and; 3) Identify a sufficient funding source to eliminate Metro's existing unfunded responsibility for ongoing capital maintenance. Current funding consultants include Hilltop Securities (municipal advisors), Inner Circle Sports (sports facility financing consultant), Greenberg Traurig (stadium negotiation counsel), RCLCO (real estate consultants), Bass, Berry & Sims (bond counsel).

Tom Cross, Metro Deputy Law Director reported that additional funding for the facility assessment study has been secured and the study should be available for review in early November. He shared an overview of the documents and approvals involved in the deal structure: 1) Development Agreement which speaks to how the facility will be constructed & financed; 2) Team Lease with Sports Authority listed as the lessor with an initial term of 35 years; 3) Guaranty; 4) Non-Relocation Agreement; 5) Intergovernmental Agreement between Metro & the Sports Authority given the Sports Authority is a separate entity and can own property in its own name; 6) Sports Authority Bond Documentation; 7) Implementation of 1% County-wide Hotel Occupancy Tax; 8) Establish 130 Acre Campus Sales Tax Boundary and; 9) Parking & Campus/Stadium Coordination Agreements. Additionally, he reported, because Metro nor the Sports Authority is in the development business, there will be a transfer of non-stadium

property from the Sports Authority to Metro, namely the parking lot property that surrounds the stadium. A development partner will be engaged to develop the property with an infrastructure design that will help fund the stadium.

Director Justice questioned whether any developers had been identified, is the back-stop optional and will the debt service be smaller if it is backed by Metro. Mr. Cross responded there will be a solicitation process to secure the most qualified developers and Ms. Flannery noted that the back-stop is negotiable and the interest rate is typically lower with Metro as a back-stop. Director Zerah questioned the feasibility of dual leases and usage of the stadium when the team is not in season to which Mr. Cross responded that with the Titans as the main tenant, they will engage other partners for various events and will also be responsible for facility maintenance. Dual lease agreements have been known to complicate responsibility for capital repairs and maintenance. Director Gill questioned whether renovating the existing stadium is an option to which Mr. Wilcox responded that the decision to build vs renovate has not been made and is pending the facility assessment study which will significantly impact that decision. In response to Director Gill's request for Metro's annual operating budget, Mr. Wilcox noted that it is approximately three billion however a capital project is not applicable and the debt service will be paid from general obligation bonds. Director Gill also requested that the mayor's team research the possibility of Metro having ownership in the Titans; they responded that ownership is governed by the current ownership group and rules of the NFL commissioner, however, they will research the possibility.

Director Adkins noted the importance of clarifying verbiage and terms on the front end pertaining to maintaining capital improvement and questioned whether the new lease will include verbiage requiring the stadium to be first-class. Mr. Cross stated because the NFL has standards similar to other leagues it is likely that some version of a first-class standard will be referenced. He also noted that the objective is to ensure that the team is responsible for maintenance and capital needs. Director Deering requested clarity regarding the approval process. Mr. Cross noted that the initial step will begin with the Sports Authority requesting approval from Metro Council to issue bonds. Director Farner requested status of the Stadium debt balance, the process for eliminating the Metro back-stop and repayment of bonds secured by tourism monies should tourism falter. Ms. Flannery reported the General Obligation balance is approximately \$10m and matures in 2025. \$36m is owed by the Sports Authority which is backed by the Water/Sewer PILOT, TSU lease payment, ticket tax and parking revenue; it matures in 2033. The debt will cancel and the back-stop will be removed should a new stadium debt be created. Unfortunately, bonds secured by tourism dollars will not be paid should tourism revenue falter.

Ms. Flannery also shared an overview of Coverage Ratio noting that one year's debt service is always kept in reserves in case of emergency. The reserve amount for back-stop and non-back-stop debt is typically 1.5 times the upcoming year's debt service. This affords Metro at least one year of coverage to either recover or re-negotiate in the event of a shortfall. Director McGee requested access to the slide presentation; Mr. Wilcox apologized that the information was submitted one hour prior to the meeting and promised to share with the entire board.

Adjourn

The next regularly scheduled board meeting will take place at 10:30 a.m. on October 20, 2022 at First Horizon Park. Staff will keep all posted on whether a Finance Committee meeting will convene earlier that morning.

There being no other business the meeting adjourned.

Respectfully submitted, Valda Barksdale, The Metro Sports Authority

YouTube Link: <https://www.youtube.com/watch?v=mtci-5hCB5M>

<https://P-Drive-Sports Authority/SA BOARD/SA Board Materials/FY23/2022 Sept 15 BOD FINAL.docx>