

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

**FINANCE COMMITTEE MEETING MINUTES**

**Thursday, June 15, 2023 | 9:00 am | Bridgestone Arena – Loyal Legion Meeting Room**

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**Attendees**

**Committee Members:** Frank Harrison (Chair), Glenn Farner, Dan Hogan, Anna Page

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

**Staff:** Monica Fawknorton (ED), Valda Barksdale, Bob Lackey, Brandon Little, Melissa Wells, Josh Thomas (Metro Legal), Lexie Ward

**Visitors:** Adolpho Birch (Titans), Michell Bosch (Metro), Brad Boullion (DRS), Katie Cafiero (Predators), Kyle Clayton (Preds), BC Cobb (Metro), Gary C. Clay (Metro Purchasing), Tom Cross (Metro Legal), Tyler Dorr (Metro), Ben Eagles (Mayor's Office), Adam English (Sounds), Jackson Ferrell (Metro Legal), Kelly Flannery (Metro Finance), Stephen Francescon (Piedmont Natural Gas), Kate Guerra (Titans), Ron Gobbell (GHP), Christiana Haynes (Mayor's Office), Sean Henry (Preds), Quinton Herring (NMMAM), Heidi Hoeffener (Metro), Dianna L. Khosa (Croft & Associates LLC), Matthew Kuhn (BMS), Michelle Lane (Metro Purchasing), Tamara McGee, Shannon Myers (Titans), Jeff Oldham (Bass, Berry & Sims), Jim Pustejovsky (CPS), Ben Reeves (Nashville Soccer), Doug Scopel (Sounds), Katy Sheesley (GHP), Dan Werly (Titans), Bill Wickett (Predators), Sam Wilcox (Mayor's Office), Duncan Williams (Croft & Associates LLC), Brett A. Withers (Metro Council), Ben York (Metro)

***Call to Order, Chair Harrison***

Chair Harrison called the meeting of the Sports Authority Finance Committee to order and welcomed all to Bridgestone Arena and thanked Bridgestone Arena and the Nashville Predators staff for hosting.

***Consider Approval of March 28, 2023 Meeting Minutes***

Chair Harrison asked if there were additions or corrections to the March 28, 2023 meeting minutes. There being none,

**Upon a motion made by Director Hogan and seconded by Director Farner, the Finance Committee unanimously approved the minutes from the March 28, 2023 meeting.**

***Consider Approval of a Resolution Authorizing Reimbursement of Funds to Powers Management, LLC for Cost Associated with Hosting the SEC Basketball Tournament***

Kyle Clayton, Chief Strategy Officer, Nashville Predators presented an overview of their request for reimbursement of expenses related to the SEC Basketball Tournament. He noted that in accordance with the 2019 lease agreement, all sales tax and user fees from Bridgestone Arena are deposited into the Arena Account and the SEC Basketball Tournament fees are reimbursed from this account. The 2023 Men's tournament was hosted by Bridgestone Arena to sellout crowds and will be held at the Arena until 2035. In accordance with the agreement, the 2023 *not to exceed* amounts are as follows: Labor \$441,399 (actual \$478,083); Décor \$49,521 (actual \$102,417) and Hospitality \$427,693 (actual \$453,322) for a total of \$918,613 not to exceed capacity and reimbursement. Director Hogan requested whether the balance in the Arena Account would cover the reimbursement to which Sports Authority Finance Director Melissa Hudson Wells stated it is approximately \$522k. Mr. Clayton noted that due to the pandemic there were monies left over in the account which rolled over into 2023 providing the account with adequate fees for reimbursement. ED Fawknorton noted that the Waterfall Payment Schedule also buffers any shortfalls.

**Upon a motion made by Director Farner and seconded by Director Hogan, the Finance Committee unanimously approved the Approval of a Resolution Authorizing Reimbursement of Funds to Powers Management, LLC for Cost Associated with Hosting the SEC Basketball Tournament**

***Update: Bridgestone Arena Water Main Break***

ED Fawknoson noted that it's been almost seven months since the Water Main Break flooded the Arena in November. Due to the complex nature of the insurance claim, in April Metro Legal engaged the services of Disaster Recovery Services (DRC) as a consultant. Brad Boullion, Managed Vendor Partner, DRC reported that DRC includes a team of accountants, architects, constructions consultants and engineers whose focus is on providing turnkey disaster recovery solutions. When the water main broke it flooded the arena with water for two hours and then froze. Fortunately, due to the Predators quick response of drying the facility effectively, they were able to save most of the walls. As the lead consultant, Mr. Boullion stated that his focus will be on the rebuild process, determining what needs to be replaced and reaching an agreement with the insurance company to cover cost. The major damaged areas include the water pumps, electrical switch ger, camera security system, fire alarm system, TVs, Terrazzo Floor and Phase I & II of the building repairs. The goal is to complete repairs during the Predator's off season. Director Gil requested photos of the damage sustained on the Terrazzo level. Mr. Boullion reported that he did not have photos and noted that previous damage to the Terrazzo was exasperated by the flood waters. The area has been inspected by the insurance company and they are determining whether the damage was enhanced by the flood. Their report is due to DRS by end of week. Director Hogan asked what happens if repairs are not completed before the hockey season begins to which Mr. Boullion noted that conversations are taking place between Metro, the Predators and the insurance company to determine what the best path forward will be in such a case.

***Consider Approval of a Resolution Authorizing the Use of Funds From the Arena Revenue Fund To Pay Ratings Agencies for Preliminary and Final Ratings Related to The Issuance of Bonds for a New East Bank Football Stadium***

Ed Fawknoson reported that earlier this year Metro engaged Moody's Investor Service, Fitch Ratings, Inc. and S&P Global Ratings to deliver ratings assessments. Metro Finance requested that the Sports Authority cover the invoices for those assessments from the Arena Revenue Fund and they would be reimbursed from the New NFL Stadium Budget. The two preliminary (first round) invoices received thus far are from Moody's for \$55k and S&P for \$80k and the third from Fitch is anticipated to be around \$40k.

**The following questions and responses were asked/given during the work session:**

Q1: Why is S&P's cost higher when compared to the others? Chair Bender

A1: The fee structure for rating agencies is based on various variables (i.e. issuance frequency) and is not negotiable. Kelly Flannery, Metro Finance Director

Q2: Have the rates been determined? Director Hogan

A2: This process is known as the indicative rating process to ascertain the opinions of the rating agencies. These opinions are not public nor are they official. There is also a fourth rating agencies that Metro may consider. Ms. Flannery

Q3: Does Metro have a rating goal? Chair Bender

A3: As an entity, yes, Metro does have a rating goal, however the goals vary based on the entity. Ms. Flannery

Q4: We are asking them to rate the structure of the deal and not the Sports Authority nor the city, correct? Director Hogan

A4: Correct. It is a way for investors to determine the likelihood of default and the value of the revenues.  
Ms. Flannery

Q5: What would be the reason that the fourth rating agency would be excluded? Do you typically use just one? Director Farner

A5: There are four rating agencies and they are not all equal in the eyes of investors. Moody's & S&P have historically been the most popular. We will only utilize an agency if it brings value to the project because they will provide ongoing surveillance of the project and consequentially a relationship will be developed with the agency for 30 years. Ms. Flannery

**Upon a motion made by Director Farner and seconded by Director Page, the Finance Committee unanimously approved the Approval of a Resolution Authorizing the Use of Funds From the Arena Revenue Fund To Pay Ratings Agencies for Preliminary and Final Ratings Related to The Issuance of Bonds for a New East Bank Football Stadium**

***Consider Approval of Resolution Authorizing the Granting of a Permanent and Temporary Easement to Piedmont Natural Gas Company, Inc on a Parcel of Property Owned by the Sports Authority***

Duncan Williams, Project Manager, Croft & Associates reported that this project was spurred by a request from Piedmont Natural Gas (Piedmont) to move an existing gas line that currently runs through the eastern parking lot of Nissan Stadium, a parcel of property owned by the Sports Authority. Piedmont has requested a temporary construction easement and a permanent easement to allow for relocation of their existing gas line from Parking Lot B. This relocation is required in order to clear Parking Lots A through D of all existing utilities in preparation for the proposed new NFL stadium. The proposed gas line route follows closely through Titans Way and Russell Street on the West side of Nissan Stadium. The proposed time frame for the relocation construction is August thru December 2023.

Estimate for the permanent pipeline easement is \$280,350 and for the temporary easement is \$63k for a grand total of \$343,350. Kimley Horn Planning & Design Engineering Consultants and the Titans are working together to ensure safety precautions for the general public are adhered to during the construction phase. Director Adkins questioned whether events will be held at Nissan Stadium during the construction phase. Mr. Williams noted that the work will be completed Monday thru Friday and a copy of the event schedule for Nissan Stadium has been shared with the construction company who will ensure that event traffic is not impeded. Close contact will be kept with the Titans staff throughout the project. ED Fawknotsen noted that the \$343,350 will be deposited into the Arena Revenue Account.

**Upon a motion made by Director Farner and seconded by Director Hogan, the Finance Committee unanimously approved the Approval of a Resolution Authorizing the Granting of a Permanent and Temporary Easement to Piedmont Natural Gas Company, Inc on a Parcel of Property Owned by the Sports Authority**

***Consider Approval of a Resolution Authorizing Reimbursement of MFP Baseball, Inc for Upgrades to the Bio-Retention (Rain Garden) Area at First Horizon Park***

ED Fawknotsen reported that during the construction of First Horizon Park several Storm Water Control Measures (SWCM) were installed including a bio-retention area referred to as the rain garden. The SWCM are designed to remove pollutants from urban runoffs and improve the quality of water, however the area is overgrown and requires maintenance. While it is the responsibility of the Sports Authority to maintain the area, the Cumberland River Compact (CRC) has volunteered to restore and maintain the area free of charge. The CRC has submitted a quote of \$1,000 to purchase and install plants in the area and the Sounds have agreed to cover half the cost and will make the full payment to CRC contingent upon the Sports Authority reimbursing them \$500.

**Upon a motion made by Director Farner and seconded by Director Page, the Finance Committee unanimously approved the Approval of a Resolution Authorizing Reimbursement of MFP Baseball, Inc for Upgrades to the Bio-Retention (Rain Garden) Area at First Horizon Park**

### ***Nissan Stadium Financials***

Due to the full agenda and in the interest of time, staff has requested that Shannon Myers, SVP & CFO, Tennessee Titans defer the Nissan Stadium Financial update until the July meeting. ED Fawknorton directed the boards attention to Ms. Myers memo that references Casualty Receivables. She noted that the \$387,003 for freeze damage has been satisfied and will be reflected on the July report.

**Upon a motion made by Director Farner and seconded by Director Page, the Finance Committee voted unanimously to delay the Nissan Stadium Financial report until the July 2023 meeting.**

### ***Nashville Fairgrounds Speedway Proposal***

Jeff Oldham, Metro Bond Counsel Bass, Berry & Sims gave an overview of the proposed funding structure for the Fairgrounds Speedway. The funding sources include: Sports Authority Bond issuance of approximately \$70-\$86m; a State Grant in the amount of \$17m; a Nashville Convention & Visitors Corporation Grant also for \$17m; and Bristol Motor Speedway (BMS) will cover budget balances and cost overruns. The proposal has been approved by the Fair Board and will go before the Sports Authority at the July meeting for consideration and again in October (tentatively) for consideration of a Bond Resolution. The proposal will also go before Metro Council for approval consideration possibly in July. BMS will present a final design, a guaranteed max price construction contract and they will execute various documents including a Development Agreement in which they will commit to the fund balance.

The legal structure of the Speedway includes a Development Agreement and Operating Lease Agreement between the Fair Board & BMS, a Ground Lease between the Fair Board and the Sports Authority, the Sports Authority as issuer of the Bonds and the credit support of a Metro Backstop

#### **The following questions and responses were asked/given during the work session:**

Q1: Please clarify the responsibilities of the Sports Authority. Director Farner.

A1: The Sports Authority will serve as the financier (issuer of the bonds). The Fair Board will be responsible for construction oversight and will serve as the landlord. Mr. Oldham

Q2: If the Sports Authority is issuing the bonds, why doesn't it have more responsibility? Director Hogan

A2: It is my understanding that because the Fair Board has managed the facility for quite some time, it will be appropriate for them to continue in that capacity of serving as the landlord. Mr. Oldham The Fair Board does have authority over the Fairground properties and in accordance with the Metro Charter, the Fair Board can lease it for amusement purposes. Tom Cross, Metro Deputy Law Director

Q3: Will the Fair Board maintain the title to the property? Director Hogan

A3: It is actually Metro's property and the Fair Board serves as administrators of the property. Of the five proposed agreements, the Sports Authority is only party to the Master Lease and the Master Sublease. However, it is essential for the Sports Authority to understand the Operating Lease and the Development Agreement which outlines revenue streams, fixed categories, debt service and the waterfall priority payment structure. Mr. Cross noted that he is available for individual conversation should any of the directors require additional information. Mr. Cross

Q4: Is anyone from the Fair Board in attendance today? Are there plans for them to come before the Sports Authority Board? Given the huge responsibility and request being presented to the Sports Authority, it will be wise for the Fair Board and the Sports Authority to engage in discussions. Director McGee

A4: To my knowledge no one is in the audience today, however, I'm sure they would be happy to come before the board to address questions and concerns. We will ensure that a representative from the Fair Board is at the next meeting. Mr. Cross

Q5: Is it true that Metro's position is to discontinue backstopping financial proposals? Director Hogan

A5: I'm unsure if there is a trend to discontinue backstopping deals. Even though the Speedway Proposal will be backstopped 100%, the majority of the Titans' deal will not.

Q6: Who owns the facility? Director Farmer

A6: Metro. Mr. Oldham

Q7: May we have a presentation of the design proposal as well as the names of the firms involved on the project including local firms and their role? May I see a copy of the RFP? Are the firms following Metro's Procurement processes and have they worked directly with Michelle Lane, Metro's procurement officer? Director Gill

A7: I am not an expert on Metro's procurement processes and will defer to Mr. Cross. I am not directly involved in the construction aspect but am happy to follow up on your questions and have our team build a list for you. Matthew Kuhn, BMS

A7b: Our office has worked with quite a few contractors, however to my knowledge we have not worked with BMS. I am happy to research and provide you with a definitive answer. Ms. Lane

Q8: As a point of clarity, will we be asked to vote on the \$70m bond proposal in July?

A8: The Sports Authority approval will come in two phases; one for the underlying transactional approval possibly in July and then the approval of a bond resolution. Mr. Oldham

Q9: A lot is being asked of the board to consider and make decisions on within the next 30 days. What is the sense of urgency? Director McGee

A9: The urgency is based on the schedule of Metro Council. It is their preference to hear from the Sports Authority prior to Second Reading which may take place in July or early August.

It was recommended that Council Member Colby Sledge who represents the fairground district be invited to the next meeting as well as representatives from Nashville SC/Geodis Park. It was also suggested that a Work Session be held to further review the documents, processes and a detail of the Sports Authority's role in the proposal.

### ***Adjourn***

Chair Harrison announced that the committee recommendation for approval of the resolution will go before the full board during its meeting today at 10:30a.m. The next Finance Committee meeting is tentatively scheduled for July 20 at Nissan Stadium. There being no further questions or business, the Finance Committee Meeting adjourned.

Respectfully submitted, Valda Barksdale, Metro Nashville Sports Authority