

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

FINANCE COMMITTEE MEETING MINUTES
Thursday, July 20, 2023 | 9:00 am | Nissan Stadium – Press Box

Attendees

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

Board Members: Kim Adkins, Cathy Bender, Don Deering, Jad Duncan, Melvin Gill, Aaron McGee, Emmett Wynn

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

Visitors: Rob Bigelow (CARE District 17), Lillian Blackshear (Bass, Berry & Sims), Adolpho Birch (Titans), Michell Bosch (Metro), Ron Gobbell (GHP), Heidi Hoeffener (Metro Finance), Savanna Howie (???), Matthew Kuhn (BMS), Erica Lanier (District 17), Tim Lamson (Clark Construction), James Morrison (Barton Malow), Shannon Myers (Titans), Jeff Oldham (Bass, Berry & Sims), Jim Pustejovsky (CPS), Michael Sadler, Sharon Sepik (Metro), Colby Sledge (Metro Council), Katy Sheesley (GHP), Laura Solomon, Saul Solomon (KSM), John Spragens (CARE), Will Traylor (CBMP), Dan Werly (Titans), Brett A. Withers (Metro Council), Ben York (Metro)

Call to Order

Chair Harrison called the meeting of the Sports Authority Finance Committee to order and welcomed all to Nissan Stadium and thanked the Titans staff for hosting.

Public Comment Period Pursuant to Tennessee Open Meetings Act, Tenn. Code Ann. § 8-44-101

Several constituents signed up to comment on the Bristol Motor Speedway (BMS) Fairgrounds project, but due to BMS's request to defer until the next meeting, no public comment was given.

Consider Approval of Meeting Minutes from June 15, 2023

Chair Harrison asked if there were additions or corrections to the June 15, 2023 meeting minutes. There being none, **Upon a motion made by Director Justice and seconded by Director Hogan, the Finance Committee unanimously approved the minutes from the June 15, 2023 meeting.**

Consider Approval of a Resolution Authorizing and Approving Salary Updates for Fiscal Year 2024

Executive Director (ED) Fawknotsen reported that in June the Metro Council approved the FY24 budget which included a 3% merit and 6% COLA (Cost of Living Adjustment) increases for Metro employees. The Sports Authority's finance team (B. Lackey & M. Wells) are not paid from Metro's general fund, but rather from the Arena Revenue Fund which means their Merit and COLA increases are contingent upon board approval. In reviewing the summary accounts, ED Fawknotsen noted that allocations to the Sports Authority from the Arena Account support the proposed pay for M. Wells and recurring revenue in the Arena Revenue Fund support the proposed salary pay plan for B. Lackey. Director Farner shared a clarifying statement that if B. Lackey and M. Wells were Metro employees, the board's approval would not be necessary and the increase would be automatic to which ED Fawknotsen confirmed. **Upon a motion made by Director Hogan and seconded by Director Farner, the Finance Committee unanimously approved a Resolution Authorizing and Approving Salary Updates for Fiscal Year 2024.**

Consider Approval of a Resolution Authorizing the Execution and Delivery of The Master Lease, Master Sublease and Intergovernmental Agreement with the Metropolitan Government of Nashville and Davidson County, Tennessee Relating to the Development, Funding, Use and Operation of a New Speedway Facility at the Nashville Fairgrounds

Chair Harrison reported that at the request of Bristol Motor Speedway, consideration of the resolution has been deferred until the August meeting.

Consider Approval of Resolution Approving the Stadium Project Budget for the New, Enclosed NFL Stadium

Titans' representatives Shannon Myers, SVP & CFO and Kellen DeCoursey, Project Executive, gave an overview of the Project Budget for the proposed new NFL stadium for the board's approval. Ms. Myers noted that the Titans are 100% responsible for all cost overruns. Mr. DeCoursey gave a line-by-line overview of the \$2.1B budget including:

- \$1,572,267 for Start-Up Expenses which includes an Economic Study, Market Analysis and Financial Advisory
- \$11M for Land Acquisition & Site Development for Public Art (a Metro Requirement) and Utility/Streets Permits
- \$74,725,000 for Design/Professional Services
- \$4,080,000 to cover Legal Counsel & Governmental Services
- \$39,650,000 for Project Administration and Management
- \$1,612,000,000 for Stadium GMP Construction and Nissan Demolition
- \$153,588,733 Systems & Equipment including Furniture, Broadcast Cameras and Fixtures
- \$12,200,000 Permits, Testing, Fees & Special Taxes including Material Inspections and Testing and Building Permits
- \$91,184,000 Insurance, Financing & Transaction Costs including Builders Risk, OCIP (Owners Controlled Insurance Policy) Coverage and Nissan Stadium Bond Repayment
- \$100M Stadium Infrastructure including Utility Relocations and Re-routing for the New Stadium.

The following questions and responses were asked/given following the budget overview:

Q1: Have vendors/subcontractors been engaged for the various categories? (Director Justice)

A1: A portion of them have been engaged and a report will be presented at the full board meeting following this meeting. (K. DeCoursey)

Q2: Please share more information about the process for the Public Art protocol. Are the artists local? (Director Bender)

A2: \$7.5M has been committed specifically for the Public Art commission and conversations surrounding the protocols are evolving. (K. DeCoursey)

A2a: Whenever debt is issued, Metro commits 1% of the par bond amount to the arts which is administered through the Arts Commission; historically the artists have been local from a variety of mediums including paintings and structures. (Kelly Flannery, Metro Finance Director)

Q3: How much of the Start-Up Expenses have been expended? (Director Adkins)

Q3A: Approximately one half with the majority of the expenditures allocated to market studies and analysis. (K. DeCoursey)

Upon a motion made by Director Page and seconded by Director Hogan, the Finance Committee unanimously approved a Resolution Approving the Stadium Project Budget for the New, Enclosed NFL Stadium

Consider Approval of Initial Resolution Authorizing the Issuance of Not to Exceed Seven Hundred Sixty Million Dollars (\$760,000,000) in Aggregate Principal Amount of Stadium Project Revenue Bonds of the Sports Authority of the Metropolitan Government of Nashville and Davidson County

Metro Finance Director Kelly Flannery reported that the project and process is moving along as anticipated. To achieve the budget plan commitment, Metro plans to issue \$760M in bonds with a maturity date range between July 1, 2028 through 2056. The sources are: Series 2023 A and Series 2023B (both secured by the 1% hotel tax, Stadium sales tax revenue and the water & sewerage pilot). Additionally, S&P determined that the work of Metro Administration in creating sustainable and financial management policies over the last four years warranted a rating upgrade for the first time in over four decades. Even though Metro is well rated, administration is contemplating the use of insurance as it gives investors three additional benefits: 1) additional security for the payment; 2) a higher rating than the underlying ratings; and 2) it gives market homogeneity for other insured issues within their bond portfolio. Insurance will only be purchased if there is a cost benefit.

An RFP was issued to build out the entire underwriting team based on stadium knowledge, expertise and diverse group that represents Nashville. The team includes: Goldman Sachs, JP Morgan, First Horizon National Financial (local), Loop Capital Markets (African-American owned), Ramirez & Company, Inc (Hispanic owned), Siebert Williams Shank & Company, LLC (African American & woman owned) and Academy Securities (disabled-veteran owned). Some of the preliminary financing calendar schedule includes posting of the POS (Preliminary Official Statement) and Investor presentation on July 25, pricing of state GO bonds on August 15 and closing of Sports Authority Bonds on August 31.

Director Hogan asked at what juncture will there be an estimation of whether hotel tax collections are meeting expectations. Director Flannery responded that it is typically two months following receipt of revenues by the state. Jeff Oldham (Metro Bond Counsels, Bass Berry & Sims PLC) added that monthly reports will give some indication, however, because taxes operate in seasons, annual reports will be more indicative of the financial status. **Upon a motion made by Director Hogan and seconded by Director Justice, the Finance Committee unanimously approved the Initial Resolution Authorizing the Issuance of Not to Exceed Seven Hundred Sixty Million Dollars (\$760,000,000) in Aggregate Principal Amount of Stadium Project Revenue Bonds of the Sports Authority of the Metropolitan Government of Nashville and Davidson County**

Consider approval of a Resolution Authorizing the Issuance and Sale of Stadium Project Revenue Bonds of the Sports Authority of the Metropolitan Government of Nashville and Davidson County; Approving the Execution and Delivery of Trust Indentures Relating to Said Bonds and Authorizing the Deposit of Certain Authority Funds in the Accounts Established Under Said Indentures; Approving the Execution and Delivery of a Bond Purchase Agreement, Construction Funds Trust Agreement and Personal Seat License Sales Administration Agreement Relating to Said Bonds and/or The Stadium Project; Authorizing Credit Facilities to Insure Payment of the Bonds or Portions Thereof When Due and Debt Service Reserve Fund Credit Facilities to Fund Debt Service Reserve Funds for Certain of the Bond; Authorizing Permitted Investments of the Authority in Connection with Funds Related to the Stadium Project; Authorizing the Preparation and Distribution of Offering and Disclosure Documents in Connection with the Sale and Issuance of the Bonds; Authorizing the Defeasance of Certain Outstanding Bonds of the Authority Issued to Fund or Refund Improvements to the Existing Stadium; and Authorizing the Application and Disposition of Certain Funds of the Authority.

Jeff Oldham noted that the State of TN requires the adoption of an Initial Resolution which outlines how the bonds will be paid and secured. This Resolution outlines the financial plan including payment sources and the type of bond Series. **Upon a motion made by Director Justice and seconded by Director Page, the FC unanimously approved the Resolution Authorizing the Issuance and Sale of Stadium Project Revenue Bonds of the Sports Authority of the Metropolitan Government of Nashville and Davidson County; Approving the Execution and Delivery of Trust Indentures Relating to Said Bonds and Authorizing the Deposit of Certain Authority Funds in the Accounts Established Under Said Indentures; Approving the Execution and Delivery of a Bond Purchase Agreement, Construction Funds Trust Agreement and Personal Seat License Sales Administration Agreement Relating to Said Bonds and/or The Stadium Project; Authorizing Credit Facilities to Insure Payment of the Bonds or Portions Thereof When Due and Debt Service Reserve Fund Credit Facilities to Fund Debt Service Reserve Funds for Certain of the Bond;**

Authorizing Permitted Investments of the Authority in Connection with Funds Related to the Stadium Project; Authorizing the Preparation and Distribution of Offering and Disclosure Documents in Connection with the Sale and Issuance of the Bonds; Authorizing the Defeasance of Certain Outstanding Bonds of the Authority Issued to Fund or Refund Improvements to the Existing Stadium; and Authorizing the Application and Disposition of Certain Funds of the Authority.

Adjourn

In closing, Chair Harrison announced that the committee recommendations for approval of the resolutions will go before the full board during its meeting today at 10:30a.m. There being no further questions or business, the Finance Committee Meeting adjourned.

Respectfully submitted, Valda Barksdale, Metro Nashville Sports Authority

MNN YouTube Meeting Link:

<https://www.youtube.com/watch?v=fnuOc82ixjM&list=PL70A35525EA40FA72&index=2>