

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

**FINANCE COMMITTEE MEETING MINUTES**

**Thursday, November 16, 2023 | 9:30 am | Bridgestone Arena–Loyal Legion Meeting Room**

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**Attendees**

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

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

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

**Visitors:** Adolpho Birch (Titans), Kyle Clayton (Predators), Rich Crimm (GHP), Haley Davidson (Titans), Adam English (Nashville Sounds), Bob Flynn (Titans), Kate Guerra (Titans), Keith Hegger (Predators), Kristina Kirby (Kraft CPAs), Shannon Myers (Titans), Doug Scopel (Nashville Sounds), Katy Sheesley (GHP), Kyle Tomlinson (PMC), Dinah Wells (PMC),

***Call to Order***

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

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

There were no sign ups for Public Comment.

***Review of Nissan Stadium CapEx Procedures***

Executive Director Fawknorton reminded the Finance Committee that the board has entered a new phase in terms of how it addresses capital needs at the existing Nissan Stadium. Joshua Thomas, Metro Legal, reported that prior to execution of Amendment 7 to the current Nissan Stadium lease agreement, the Sports Authority was legally obligated to fund all Capital Expenses. Under the newly amended agreement, the Titans agreed to waive all outstanding stadium capital expenditures (approximately \$36M). Moving forward, the Titans will requisition reimbursement from the Capital Fund for capital expenses up to \$42M. The Sports Authority and Metro will be responsible should the Capital Fund fall short of the \$42M.

Additionally, Counsel Thomas reported that the term “First Class Condition” as the standard for stadium repairs in the original lease was rather nebulous and has been amended to state “player and patron safety”. Moving forward, Capital Expenditure funding from the Capital Fund will be utilized to ensure the stadium is compliant with applicable laws and rules to ensure the stadium does not pose a risk or safety hazard for players and patrons.

ED Fawknorton commented that the Sports Authority will continue to work with the Mayor’s office and Metro Finance to ensure the new processes are operationally effective.

Director Hogan requested the termination date of the amended Nissan Stadium lease agreement to which Shannon Myers, Titans, SVP & CFP noted that it will end when the new stadium is substantially completed, probably early 2027, prior to the start of the football season.

***Report on Nissan Stadium CapEx Project/PSL Sales Timeline***

Ms. Myers reported that as of August 31, 2023, the old receivables of \$36m for capital expenses were waived. Current receivables total \$26,945 for costs incurred post August 31, and includes: \$18,863 for crack and coating repair on concrete floor and \$8,082 for concrete steps repaired in stadium bowl. Myers is working with Sports Authority staff to work out the details for requisitioning reimbursement. Requisitions will likely be submitted on a quarterly basis for reimbursement of completed projects, beginning around January 15, 2024.

Current ongoing projects deemed critical for stadium operation communicated to Sports Authority in February 2023 prior to the start of the work include:

- Electrical Maintenance (Main Switchboards/Switch Gear) - \$41,201 of the total \$1,500,000 project was waived as of August 31, 2023 leaving \$1,458,799 outstanding
- Vertical Transportation Maintenance (Passenger Elevator) - \$213,098 of the total \$400,000 project was waived as of August 31, 2023 leaving \$186,902 outstanding

Anticipated projects required for the safe and reliable operation of the stadium include:

- Electrical Panel Upgrades - \$28,000
- Sewer Pump Replacement - \$10,500
- Fire Safety Reliability and Repairs - \$20,000

Ms. Myers echoed Counsel Thomas' statement that the Titans will not request reimbursement amounts for capital expenditures that exceed \$42M.

Ms. Myers further reported that the sales tax revenue from the sale of Personal Seat Licenses (PSLs) for the new Titans NFL Stadium is one of the main funders for capital expenses. PSL sales are anticipated to begin in early 2024. If at any point costs incurred for Capital Expenditures exceed sales tax revenue, the Titans will receive reimbursement once the funds are available. Chair Bender requested clarity regarding the start of PSL sales stating that she is receiving quite a few inquiries from interested parties. Director Adkins requested clarity regarding the type of credit current PSL holders will receive. Ms. Myers reported that PSLs will go on sale in early 2024 and PSL holders will receive a credit toward the purchase of a PSL for the new stadium. The credit value will be commensurate with the original purchase price of their current Nissan Stadium PSL.

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#### *Consider Approval of Meeting Minutes from October 19, 2023*

Chair Harrison asked if there were additions or corrections to the October 19, 2023 meeting minutes. There being none, **upon a motion made by Director Hogan and seconded by Director Page, the Finance Committee unanimously approved the October 19, 2023 meeting minutes.**

#### *Consider a Resolution Approving the FY23 Audited Financial Statements for Parking Management Company, LLC (PMC)*

Kristina Kirby, auditor, reported that KraftCPA, based on its audit of PMCs revenues and disbursements, is of the opinion that all materials are accurate and present fairly in accordance with accounting principles generally accepted in the USA. KraftCPA compiled a Schedule of Revenues and Disbursements for July 1, 2022-June 30, 2023 based on monthly reports that PMC submitted to Sports Authority. Based on audit procedures, all figures and calculations are accurate with no significant adjustments. PMC collected a total of \$324k in revenues of which \$180 was submitted to Sports Authority. This is in accordance with the contract which states that the revenue split paid to the Sports Authority is as follows: 50% of the first \$60k in gross revenues, 60% of the next \$40k in gross revenues and 65% of gross revenues over \$100k. Sales taxes collected are included in revenues and approximated \$27,600 for the audited period. Sales taxes are not reflected as a disbursement to the Sports Authority and PMC is responsible for remitting them to governmental authorities.

The Sports Authority's share of revenues totaling approximately \$9,800 as of June 30, 2023 was remitted in July 2023 and is not reflected as a disbursement in the audited period. ED Fawknotsn reported that FY 2023 revenues were down \$50k in comparison to the FY 2022 audit report. This is mostly due to several large special events that did not return in FY 2023 for various reasons. Noting that the land has transferred ownership from the Sports Authority to Metro for the New Titans NFL Stadium and that the contract expires the end of May, ED Fawknotsn thanked PMC for their management services of the parking lots.

**Upon a motion made by Director Hogan and seconded by Director Page, the Finance Committee unanimously voted to recommend approval of a Resolution Approving the FY23 Audited Financial Statements for Parking Management Company, LLC**

***Consider a Resolution Authorizing Repairs at First Horizon Park***

ED Fawknoston reported that the Sounds are requesting \$11k for installation of seating components prior to the 2024 season opener. Since the Sounds previous seat project came in under-budget, funds remain available for this project. The request for \$11k is for the following two projects at First Horizon Park:

1. 36 replacement seat backs for the 4Topps seats located near the Band Box for an estimated cost of \$2,705.34. The 4Topps seats are original seating from 2015.
2. 89 seating components for the suite seats located on the Club Level estimated at \$8,299.33. Due to normal wear and tear, from a maintenance perspective, this will most likely be added to the Sounds' capital expenditures every five to seven years.

The Sounds have been advised by the manufacturer r that these projects carry a production lead time ranging from 8-12 weeks before delivery. It is the Sounds desire to have the projects completed prior to opening game day on April 2, 2024.

The following Q&A ensued:

Q1: Will this project represent full replacements of the seats? (Director Hogan)

A1: We will be replacing components of the seats including the backs, not the full seat. (Mr. English)

Q2: Are there any updates on relocating the bullpen from the field? (Director Hogan)

A2: This doesn't appear to be a high priority for Major League Baseball (MLB) and was issued for the construction of new baseball facilities. There has been no indication that we will need to relocate our bullpen from the field. If it does happen, the earliest would be in 2030. (Mr. English)

Q3: Tell us about the color of the seats. (Director Adkins)

A3: A vendor inadvertently sent us the wrong color and those seats are being replaced with navy seats. (Mr. English)

**Upon a motion made by Director Page and seconded by Director Hogan, the Finance Committee voted unanimously to recommend approval of a Resolution Authorizing Repairs at First Horizon Park.**

***Adjourn***

In closing, Chair Harrison announced that Director Gill requested to make comments.

Director Gill commented that as a result of the RFP processes for the Architect of Record (AOR) and Construction Manager At Risk (CMAR) for the New Titans NFL Stadium, he concluded that the processes were not open and fair. He has drafted language for a policy to be considered by the Sports Authority board to ensure the integrity of all future design and construction projects. This will help to eliminate conflicts of interest and minimize the probability of grievances by following best practices throughout all phases including the evaluation process. Director Gill noted that his plan is to introduce the draft language at the next board meeting.

**Discussion:**

- Chair Harrison questioned whether the draft language will be shared with all board members. Director Gill noted that he will provide the draft language for all board members to review.
- Director Hogan questioned whether the board has the jurisdiction to modify procurement processes to which Director Gill stated the policy will not change Metro's procurement policy; the language is intended to ensure that the Sports Authority follows Metro's procurement regulations.
- Metro Senior Legal Counsel Joshua Thomas mentioned that the Sports Authority is a separate entity from Metro and can adopt its own procurement policy; however, because of its limited staff, implementation would be difficult. State law allows the Sports Authority to utilize Metro's Procurement staff and thus, must follow its

rules. The Sports Authority does not have the jurisdiction to force Metro Procurement to follow a different set of policies.

- BOD Chair Bender questioned whether Metro Procurement had expressed similar concerns as Director Gill? Director Gill stated that Metro's Purchasing Agent was not involved in the development of the RFPs for the AOR nor the CMAR and this is the issue that is concerning. Director Page inquired whether Director Gill had expressed his concerns to Metro's Purchasing Agent and whether they shared his concerns to which he responded yes to both.

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

**Audio File Path:**

**P-Drive-Sports Authority\SA BOARD\All Meeting Recordings\2023.11.16 Finance Committee**