

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

FINANCE COMMITTEE MEETING MINUTES
Thursday, December 14, 2023 | 9:30 am | Nissan Stadium – Press Box Cafeteria

Attendees

Committee Members: Frank Harrison (Chair), Dan Hogan, Winston Justice

Board Members: Kim Adkins, Cathy Bender, Don Deering, Melvin Gill, Aaron McGee

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

Visitors: Bill Walker (Metro Audit), Brad Boullion (DRS), Kyle Clayton (Preds), Rich Crimm (GHP), Innocent Dargbey (Metro Audit), Ron Gobbell (GHP), Kate Guerra (Titans), Michelle Lane (Metro Finance), Emanuel Mathis (NDOT), Jill Ormandy (Preds), Jennifer Pedginski (Metro Finance), Jim Pustejovsky (CPS), Lauren Riley (Metro Internal Audit), Katy Sheesley (GHP), Don Twining (Cumming Gray), Bill Walker, Dinah Wells (PMC)

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

There were no sign ups for Public Comment.

Consider Approval of Meeting Minutes from November 16, 2023

Chair Harrison asked if there were questions or comments pertaining to the November 16, 2023 meeting minutes. There being none, **upon a motion made by Director Hogan and seconded by Director Justice, the Finance Committee unanimously approved the November 16, 2023 meeting minutes.**

Review of FY23 Bridgestone Arena Capital Asset Management Plan (CAMP)

Kyle Clayton, Chief Strategy Officer Nashville Predators and Bridgestone Arena, gave an overview of the 2023, CAMP noting that pursuant to the Bridgestone Arena Lease Agreement, Powers Management Company is required to submit an annual CAMP to keep the Sports Authority apprised of preventative maintenance and capital improvements at Bridgestone Arena. Additionally, every fourth Lease Year the Sports Authority may request an independent inspection and report by a professional architectural/engineering firm. Powers Management has begun the process for a 2024 independent inspection.

Kyle further reported that the 27-year-old facility is maintained in excellent condition by an internal routine & preventative maintenance team with a total of 66 years of service with Powers Management. Architecture & Interior updates in 2022 include: Digitally enhanced hockey dashboards; Digital menu boards; Evolv frictionless walk-through metal detectors; Nissan interior and exterior signage upgrade; Pedigree Dog Park (Sixth Avenue); Smashville Snaps virtual reality photo kiosk; Pedestal ticket scanners; Amazon 'Just Walk Out' grab-n-go concessions stands (sections 113 and 323); Pekka Rinne statue located on Arena Plaza and Media workroom renovation. 2022 updates for Mechanical, Electrical, Plumbing & Fire Protection include: Fire pump controller replacement; Ice plant compressor rebuild; Cast iron piping replacement on event level; HVAC controls replacement/upgrade; HVAC unit replacements (2) three-ton units; Water filtration system for enhanced ice quality and Chilled water coil replacement in three AHUs.

The Preventative Maintenance Program includes Fire Prevention/Life Safety; Low Temp Chillers, HVAC Controls, Generator/Back-Up Power, Water Treatment System & Safety Plan. Visual observation of the arena structure indicates that the overall condition of the structure is good. 2022 Audio/Visual & IT Updates include: Installation of exterior guitar-shaped LED screen located on the fascia of the rehearsal hall which replaced a 10-year-old existing screen. Computers, switches and other general IT gear has been modernized and a new HVAC system was installed in the IT room to ensure a longer life of equipment and proper operation.

In 2021 Don Kennedy Roofing completed several repairs and maintenance including removal of roof-related debris from the roof and drains and the repair of punctures, slices, failed laps and seams in the Firestone TPO roofing membrane and related flashings in accordance with manufacturer's requirements. Every two to three years a different roofing preventative maintenance contractor is engaged to obtain a different perspective and opinion. Chair Bender questioned whether it is beneficial and cost effective to switch roofing contractors every two years versus utilizing the same contractor who has developed a familiarity with the roof. Mr. Clayton commented that costs vary as fees are vendor-dependent. The first year does entail a higher cost due to the vendor performing a full assessment; however, it provides a fresh and independent analysis of the roof. The end goal is to extend the life of the roof for as long as possible. Director Gill inquired about the remaining life expectancy of the roof. Mr. Clayton reported that according to roofing vendors, there is approximately ten years left.

Mr. Clayton further reported the Vertical Transportation (elevators) equipment is being maintained; however, the freight elevators and the escalators are both high maintenance devices that require considerable uninterrupted scheduled maintenance. The elevators were critically impacted by the November 2022 water main break.

The BetMGM Sports Lounge/Restaurant (formerly Patron Platinum Club) is undergoing a \$4,500,000 complete renovation including new kitchen build-out, entrance enhancement, A/V overhaul and furniture upgrade. Scheduled to open January 2024, this project was guided by the 2017 CAMP. Chair Harrison questioned whether free parking will be available for the restaurant; Mr. Clayton commented that there is no free parking, however there are ample pay-parking lots in the surrounding area.

Bridgestone Arena Projects include:

- 501 Club Renovation/Eurostone Club (\$100,000) - Renovation of the premium space located on the club level that seats 80 patrons. Renovation includes flooring, ceiling, millwork and countertops.
- Dedicated TV interview room (\$50,000) - Conversion of a multi-purpose room to a dedicated TV interview studio located on the event level.
- Sound baffles (\$300,000) - Replacement of original sound baffles located in the rafters of arena bowl to enhance sound quality.
- Newly created premium hospitality space on suite level (\$800,000) - As we continue to sell out premium areas, the demand for a premium experience continues to grow. We have identified a location for another potential premium site. This new space enables us to continue to fulfill our obligation to keep pace with Comparable Facilities.
- Equipment and systems impacted by the Water Main Break
- Additional Projects in early planning stages
 - Various arena improvements/expansion
 - Upper Concourse/Press Level - Adding an additional level to the concourse/bowl area to allow for a proper press level and additional seating
 - Retail and hospitality expansion opportunities

Director Hogan inquired about the maximum seating capacity. Mr. Clayton noted that it is 19,159 including seats on the floor; for hockey games the capacity is 17,159.

Arena Flood Repair Updates Phase 2 & 3

Brad Boullion, Disaster Recovery Services, LLC reported that his company has been working diligently with Metro, insurance carriers, consultants and vendors to assess the Arena's building systems and equipment in an effort to restore the facility fully and more permanently to the condition it was in prior to the water main break. The November 25, 2022 Water Main Break poured water into the event level which impacted the entire area. Repair updates include:

Drywall and Insulation Repair - Phase Two is in progress and consists of the Pre-Function Corridor, Fan Reception, Reception Offices, Meeting Rooms A & B, the Ticket Offices and the Ticket Booth areas. All are scheduled to be complete by the end of January 2024. Phase Three activities under review consists of all other affected areas on the event level and concourse level, including bathrooms, concessions, Lexus Lounge, Visitor's Locker Rooms, Bunker Suites, Kitchen, Offices, Dressing Rooms, Production Rooms, Finance, HR, Security Base, etc.

Escalators and Elevators - All public elevators and escalators are 100% repaired and functioning. The two freight elevators are remaining. Parts have been ordered and are expected to be delivered in early December. There is a 56-day downtime required for each freight elevator in order to complete the repairs.

Concourse Flooring – More discussions and efforts are needed to have the flooring rectified. Repairs are currently underway and the flooring is safe.

Electrical Switch Gear - The decision has been made to perform a visual inspection on the electrical gear in quads A, B, C, and the room adjacent to the booster pump. A vendor has provided a quote for this work which has been approved by Traveler's Insurance consultant. We are in the process of scheduling the work. Powers' consultants recommend replacing the main breaker and two distribution sections of the electrical gear in quad D. This is under review by Traveler's consultant.

Booster Pump System – The new booster pump has been installed and is fully functioning.

Telephone System – The phone system was replaced out of necessity. Traveler's consultant is reviewing the invoice to determine a fair 1:1 reimbursement.

Control Room - We have moved production from the temporary solution to the newly built Control Room and are running final tests during live games through the month of December 2023.

Discussions:

Director Hogan: What is the protocol for determining the primary insurance carrier when working with multiple insurance companies?

Mr. Clayton: It varies and is dependent upon the scope of the work and the lease agreements.

Director Hogan: Given that corrosion testing is part of the preventative maintenance plan, was the water main break due to corrosion? Is it a Metro maintained pipe? Is there anything we can do to better protect the building from this happening again? I believe this is a vital discussion to continue at one of our upcoming meetings and consider an assessment by Metro Water of each of our facilities.

Mr. Clayton: The water main break happened outside of the building and according to Metro Water it is not uncommon and happens all the time. The corrosion testing is performed inside the building. We have installed additional on/off water valves near the meter, however if it happens externally, there is not much we can do. There is a hole inside the foundation to accommodate the 10-inch pipe which can be closed off to mitigate future flooding due to a water main break for less than \$10k. However, the insurance company does not provide for future mitigation, plus we will need to seek advisement from engineering to insure that grouting the hole does not compromise the integrity of the facility.

Mr. Boullion: Each facility will require an individual assessment based on the specific design and structure of the facility.

ED Fawknoson: We will consult with Metro Water for their advisement regarding a reasonable and effective way to mitigate future water line breaks.

Director Deering: Noted it is his understanding that Metro Water has 10-15 water breaks every day particularly with the 100-year-old pipes in the downtown area. He also asked whether it would be reasonable to request that the water main be relocated away from under the building?

Mr. Clayton: It is our true supply line and the location is necessary for our water supply.

Mr. Clayton thanked the Sports Authority for hiring Disaster Recovery Services, LLC (DRC) stating that their services helped to streamline and improve communication with the insurance carriers and consultants. ED Fawknorton noted that DRC's engagement is coming to an end and she thanked them for their valuable expertise and consultation.

Consider a Resolution Approving Audit of the Major League Soccer Stadium Construction Project Recommendations (Bill Walker, Auditing Manager, Innocent was lead auditor but is now with Assistant Director, Finance)

Lauren Riley, Metro Internal Auditor, reported that in November 2023 an audit was issued for construction of MLS Stadium/Geodis Park. The objectives of the audit was to determine whether controls were in place to ensure a participation goal of 30% for Disadvantaged Business Enterprise was attained and compliance of Davis Bacon wage laws for construction manager and sub-contractors.

The Metropolitan Nashville Sports Authority, the Nashville Soccer Holdings, LLC., and the construction manager worked together with a dedicated team to ensure the success of the Disadvantaged Business Enterprise program. The actual Disadvantaged Business Enterprise participation rate was 37 percent compared to the 30 percent required by the contract. The construction manager had a process in place to review payroll records for compliance with the federal minimum wage of \$7.25 per hour. No exceptions were noted in the payroll testing reviewed. However, enforcement of construction wage laws as set by Metropolitan Code was not possible given the *Wage Regulations* report is no longer published by the Tennessee Department of Labor and references to Davis-Bacon wages were removed from the Nashville Code of Ordinances. The references to an obsolete report result in the inability to require construction contractors and subcontractors to pay the occupational wages.

Three recommendations were made to Metro Procurement: Include references to Tennessee Code Annotated §50-2-112 and Metropolitan Nashville Code of Ordinances §4.20.080 in 1) Construction contracts to ensure awareness of potentially applicable occupational wages; 2) Construction solicitation affidavits to ensure awareness of potentially applicable occupational wages during the solicitation process; and 3) Ensure potential requirement to comply with wage laws is adequately communicated to all Metropolitan Nashville departments and agencies overseeing construction contracts.

The audit cited one recommendation for the Sports Authority stating that it establishes wage law monitoring procedures for all applicable contracts to ensure compliance by the construction manager and all sub-contractors throughout the life of the contract.

The audit also cited a recommendation for Metro Law that it establish a process to ensure all amendments approved by the Metropolitan Nashville Council are inserted in the related agreements or contracts.

ED Fawknorton noted that construction project managers Mortensen Messer did collect and monitor wages on the project. However, the Sports Authority subsequently entered into a construction administrative agreement with CAA ICON who served as the construction representatives. It was assumed that the role had been delegated to CAA ICON, however it was discovered that they were not monitoring the wages.

The audit recommendation is asking that we establish a procedure for monitoring wages, ED Fawknorton continued; for our office to accept the recommendation we would need to ensure that all future contracts require the construction manager to monitor the wages. Additionally, the board would need to be prepared to assume the cost to engage someone to interpret the collection of data considering the Sports Authority does not have the capacity to do so with its current staff of four. Given the Financial/fiscal implication of accepting the recommendation, acceptance needs to come from the board. Director Hogan inquired whether there was anyone present to address the fiscal impact. ED Fawknorton commented she was not aware of anyone present with the knowledge to address the financial implications. Director Bender and Director Hogan suggested that the

Authority gathered additional information regarding cost before accepting the recommendation. Director Hogan suggested that the recommendation be deferred to allow research and collection of information that would allow the board to formulate an informed decision.

ED Fawknorton asked if there was other business to be addressed concerning the audit to which Ms. Riley reported, should the audit recommendation be accepted at some point, Metro Audit will conduct a follow-up to ensure implementation of the recommendation.

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

Consider a Resolution Approving the Delegation of Authority of Receiving, Reviewing, and Approving Reimbursement Requests Made Pursuant to the Stadium Lease as Amended by Amendment No. 7 to the Stadium Lease

ED Fawknorton reported on the updated process for the funding of capital projects at Nissan Stadium. The Titans can request up to \$42m from the Capital Fund for Capital Project Expenses in accordance with the lease agreement. The Capital Fund will be supported with sales tax revenues from the sale of PSLs (Personal Seat Licenses) and Metro's annual \$1m contribution.

It is anticipated that requisitions will be submitted on a quarterly basis. The flow chart was reviewed beginning with requisition preparation by the Titans followed by verification by CPS, review and approval by Sports Authority (Finance Manager, Executive Director, Board Treasurer or Finance Committee or Finance Committee with subsequent final approval by Board of Directors) with final payment to StadCo processed by Metro Payment. In consideration of expediting the process without delay, the Sports Authority (SA) staff recommends the board delegate its review and approval to the Board Treasurer.

Director Hogan inquired about the source of funding for CPS compensation and the amount anticipated. ED Fawknorton noted that funds are available including lease payment revenue made directly to SA from TSU. Compensation to CPS will be nominal; their work will consist of approximately a few hours of work per quarter.

Director Justice requested an explanation regarding the recommendation to go with the Treasurer vs the Finance Committee (FC). ED Fawknorton noted either way will work and both are allowed by the bylaws, however because the FC meets once a month, their schedule may cause delays in processing.

Upon a motion made by Director Hogan and seconded by Director Justice, the Finance Committee voted unanimously to recommend approval of a Resolution Approving the Delegation of Authority (to the Board Treasurer) of Receiving, Reviewing, and Approving Reimbursement Requests Made Pursuant to the Stadium Lease as Amended by Amendment No. 7 to the Stadium Lease

Consider a Resolution Approving and Adopting a Proposed Procurement Policy

Director Gill proposed a policy to guide processes for all future RFPs and RFQs issued for design and construction projects for any Metropolitan Nashville and Davidson County department that will receive funding through the Sports Authority and /or be approved by the Sports Authority. He stated that he believed the Sports Authority was bamboozled by the Titans in that the Titans organization did not follow Metro Procurement's policies and procedures regarding the Architect of Record (AOR) and the Construction Manager at Risk (CMAR) for the Titans New NFL Stadium. Director Gill suggested the proposed policy include the following:

- 1) Clearly defined evaluation criteria
- 2) Each evaluation criterion shall be assigned a numerical value to be used in the evaluation process.
- 3) A protest clause providing a clearly defined means for filing a protest by any submitter who feels they have been aggrieved by the evaluation process.

- 4) The Sports Authority Board of Directors shall authorize the Executive Director of the Sports Authority, or his or her designee, to recommend a minimum of five and a maximum of nine evaluation committee members, all of whom should possess demonstrable expertise in their field that qualifies them to conduct the proposal evaluation.
- 5) A minimum of two of the evaluators shall be registered design professionals selected from the various Metro Departments and/or State agencies that employ registered architects and engineers.
- 6) The Executive Director of the Sports Authority, or his or her designee, shall serve as an advisory member of the committee and monitor the process.
- 7) When applicable, the pertinent sports team shall identify a minimum of one member and no more than two members who are either employed by the team or otherwise represent the team's interests, and are qualified to conduct the proposal evaluation
- 8) The RFPs and RFQs shall be developed by appropriate stakeholders who will, in association with the Metro Procurement Office, develop the RFPs and RFQs to be in full compliance with the provisions of the Metro Procurement Regulations. The Metro Procurement Office shall be the clearinghouse for the RFPs and RFQs.

The intent of the proposed policy, which was edited by Michelle Lane, Metro Chief Procurement Officer, is to have an open and fair process, noted Director Gill. Ms. Lane reported she recognizes and respects the independence of the Sports Authority Board and it is at their discretion to request Metro Procurement services. Should the Authority engage Metro Procurement, the proposed policy does not deviate from nor contradict Metro's standard procurement processes.

Questions & Discussions:

Q1: Director Justice - requested additional clarification surrounding the protest clause.

A1: Director Gill - noted there was not any opportunity nor reference on how one could express a grievance during the AOR and CMAR process.

Ms. Lane - noted that the procurement code and regulations defines a process where anyone who believes they have been aggrieved (relating to solicitation or award) may file a protest which must be expeditiously considered. Metro Procurement fully discloses the right and administrative remedy to anyone aggrieved during any phase of the procurement process.

Q2: Director Hogan – Does the Authority have a structure in place for addressing grievances?

A2: Ms. Lane – Should the Authority engage the Procurement Office for purposes of a solicitation, Metro's grievance process is included the solicitation process.

Q3: Director Hogan – Has there been any complaints registered with the Sports Authority office? How does the clause make it easier for one to register a complaint?

A3: Director Gill – When companies are aggrieved, they are reluctant to register a complaint for fear of retaliation and exclusion on future projects. The RFPs for the AOR and the CMAR did not have an avenue for registering a complaint; having the protest clause in place gives companies a right and format for filing a complaint.

ED Fawknottson – No, quite possibly due the public being aware that the Sports Authority did not lead the process.

Ms. Lane – Commented that she received quite a few complaints.

Q4: Director Hogan – Is the proposed policy scoped to apply only to design and construction?

A4: Director Gill – Yes, that is the intent.

ED Fawknottson – Noted that it will also apply to all construction and design projects including those where the Authority is not the owner but are issuing the bonds. For example, the Fairgrounds/Speedway project, which is not being led by the Authority, however they will be the issuer of the bonds.

Director Adkins - In the interest of time, suggested the Finance Committee consider deferring discussions and taking action on the proposed resolution. Director Gill requested a show of those in support of the proposal to which Chair Harrison noted that he is support of approving the resolution and passing it on to Metro Procurement for further fine tuning.

Q5: ED Fawknorton – There is value and importance in public and private partnerships such as this one. Typically, when there are multiple entities funding mass amounts of monies into a project, their desire is to be key decision makers. Per conversations with Director Gill, she believes he is open to a private entity developing the RFP or RFQ provided it is processed by Metro Purchasing.

A5: Director Gill – Correct, and it is noted in the policy recommendation that RFPs and RFQs shall be developed by appropriate stakeholders in association with the Metro Procurement Office.

Director Hogan – Since we are not entertaining a new design and construction project anytime soon, I recommend we take our time. I recognize Director Gill’s investment in this matter; however, I am not comfortable rushing through the vote today and will make the motion to defer.

Q6: Director Deering – Will there be a cost associated with implementing the minimum of five and maximum of nine evaluation committee members? Are these recommended policies already in place with Metro Procurement?

A6: Director Gill – No, there is no cost associating with implementing the policy as it will be similar to other ad hoc committees.

A6: Ms. Lane – The policy is in place with Metro Procurement with the exception of the number of members to serve on the Evaluation Committee (EC). Procurement regulations specify that the EC members possess relative expertise and an interest in the project. The Procurement office relies on their industry expertise, however the number of members serving on the EC is at the discretion of the Authority. The Procurement office will honor the Authority’s preference should they request a specific number of members to serve on the EC.

Q7: Director Justice – Can the proposed policy be updated? Will the new policies cause any delays in the procurement processes?

A7: Director Gill – Yes it can be updated. No, it will not delay the process because it is the same process that is currently in place; the EC will not necessarily be comprised of board members.

Director Adkins - How do we define expertise? How do we locate the additional people? As a body, these are the questions we need to talk through before taking a vote.

ED Fawknorton – Discussions can be deferred until the January 18 Finance Committee meeting.

A motion to defer made by Director Hogan failed due to lack of a second.

Upon a motion made by Director Justice and seconded by Chair Harrison, the Finance Committee voted by majority in favor to recommend approval of a Resolution Approving and Adopting a Proposed Procurement Policy

Adjourn

In closing, Chair Harrison announced that the committee recommendations for the resolutions will go before the full board during its meeting immediately following adjournment. 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\2023.12.14 Finance Committee