

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

**FINANCE COMMITTEE MEETING MINUTES
Tuesday, February 27, 2024 | 9:30 am | First Horizon Park – Brauer Lounge**

Attendees

Committee Members: Winston Justice (Chair Pro-Tempore), Don Deering, Glenn Farner, Anna Page

Board Members: Kim Adkins, Cathy Bender, Don Deering, Tiffany Degrafinreid, Jad Duncan, Glenn Hogan, Monchiere' Holmes-Jones, Aaron McGee, Anna Page, Emmett Wynn, Michael Zerah

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

Visitors: Alleyia Ashley (MoJo Marketing & PR), Kevin Brown (Metro Finance), Katie Cafiero (Predators), Kyle Clayton (Preds), Haley Davidson (Titans), Stephen Elliott (Nashville Banner), Adam English (Sounds), Ron Gobbell (GHP), Kate Guerra (Titans), Keith Hegger (Predators), Necol Lyons (Metro OMB), Greg McClarin (Metro Finance), George S. Morgan, Jr (Morgan & Morgan Tech Consultant Services), Shannon Myers (Titans), Jennifer Pedginski (Metro Finance), Jim Pustejovsky (CPS), Katy Sheesley (GHP), Steven Seibert (Morgan & Morgan Tech Consultant Services), Mark Sturtevant (Metro Planning), Don Twining (Cumming Group), Shelten Vieau (Barton Malow Builders), Bill Walker (Metro Audit), Dinah Wells (PMC)

Call to Order

Chair Pro-Tempore Justice called the meeting of the Sports Authority Finance Committee meeting to order and welcomed all to First Horizon Park and thanked the Sounds' 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 December 14, 2023

Chair Pro-Tempore Justice asked if there were questions or comments pertaining to the December 14, 2023 meeting minutes. There being none,

Upon a motion made by Director Deering and seconded by Director Farner, the Finance Committee unanimously approved the December 14, 2023 meeting minutes.

Executive Director's Report

ED Fawknorton reported as follows:

1. During the December 2023 meeting, Director Hogan inquired about potential mitigation options to protect Bridgestone Arena from future water damage similar to the November 2022 damage resulting from the water main break. ED Fawknorton introduced Kyle Clayton, Chief Strategy Officer, Nashville Predators and Bridgestone Arena who gave updates as follows:
 - Mr. Clayton reported that future efforts to prevent water damage was headed up by Water Services Director Scott Potter. Two recommendations were made and completed on February 5, 2024: Installation of extra bracing to pipes entering the building from the main water line and installation of additional sealant/caulking around the piping.
 - Phase 3 for Bridgestone Arena Flood Repairs will essentially be the same as Phases 1 & 2 with the goal of all parties (Sports Authority, Disaster Recovery Consultants, Travelers Insurance, JS Held Insurance and Powers Management) agreeing with the scope of work and services. Metro will be reimbursed by the insurance company for the cost of services. Mr. Clayton noted that the scope of work for this last phase is extremely large

with a focus on the fan base areas. It is anticipated that the work will be completed by summer 2024.

2. ED Fawknorton reported during the December 2023 meeting the Finance Committee deferred approval of Metro Internal Audit's recommendation that the Sports Authority establish procedures for the monitoring of wages for all future applicable contracts and cover the cost for such services. Staff recommendation is funding for all future construction activities/projects, be included in the project's budget and bond issuance. Bill Walker, Internal Audit noted that the audit reviewed prevailing wage rates for construction of Geodis Park and whether participation objectives of DBE (Disadvantaged Business Enterprise) were attained. The audit is essentially recommending that the Sports Authority have a system in place that ensures adequate wages are being paid by contractors. Director Farner questioned whether the auditors reviewed worker classification to discern whether they were W-2 workers vs 1099 workers as this can impact social security deductions. Mr. Walker stated payroll cycles and wages were reviewed, however he's uncertain whether a discernment was made between the different classes and will be happy to follow up. For future purposes he recommends the distinction between the different classes be included in the wage monitoring processes. Director Farner agreed that it would be essential to have those distinctions monitored. **ACTION ITEM: Mr. Walker will follow up with ED Fawknorton regarding protocols for ensuring job classifications are identified.**

Several discussions ensued:

Director McGee questioned whether approval of the Resolution would ensure that adequate wages and DBE objectives are attained and wage monitoring is enforced. ED Fawknorton noted that the Resolution does speak to the Authority's commitment of ensuring wage monitoring procedures are in place and DBE objectives are satisfied. Metro Attorney Josh Thomas noted that approval of the Resolution does not expose the Sports Authority to any legal concerns.

Director Deering questioned whether the Resolution applies to construction of the New Titans Stadium to which ED Fawknorton noted those construction contracts are not with Sports Authority.

Director Farner requested clarification of contractor enforcement and compliance; objective of the audit; and noted two critical areas to be monitored: Work Job Classification and efficacious identification of an Independent Contractor. ED Fawknorton noted that Sports Authority monitoring procedures as well as conversations during contract negotiations will help to ensure enforcement and compliance. She also noted that the objective of the Resolution is to ensure that these measures are in place for future construction projects. Mr. Walker also noted that the recommendations are intended to address future risk; contractors have a legal responsibility to ensure wages are adequate. If they are not, the Sports Authority's wage monitoring procedures will be in place to identify those areas of noncompliance. He further noted the importance of considering the cost benefit when seeking to determining every job classification.

Consider Approval of a Resolution Approving Audit of the Major League Soccer Stadium Construction Project Recommendation

Following discussions above,

Upon a motion made by Director Deering and seconded by Director Page, the Finance Committee unanimously voted to approve a Resolution Approving the Audit of the Major League Soccer Stadium Construction Project Recommendation

Consider Approval of a Resolution Approving the FY25 Capital Improvement Project Plan (CIPP) for First Horizon Park

Adam English, General Manager & COO, Nashville Sounds welcomed all to First Horizon Park. He directed attention to the Lease Agreement language which reads: *The Authority shall bear responsibility for all capital expenditures, classified as such in accordance with GAAP, including all capital expenditures necessary to keep the Premises in good condition and compliant with League Standards. The Authority's obligations include, without limitation, the repair, maintenance, and replacement of the Ballpark's roof, foundation, and structural members of walls, building lighting and operating systems, and the grandstands.*

Continuing his report, Mr. English gave an overview of Past Capital Expenditure which included a list of capital improvements taken on solely by MFP Baseball ownership during the first seven years of First Horizon Park's existence (dating to April 2015). The list has been divided into two groups: voluntary capital expenditures and capital expenditures that fall into the categories to be covered by the Sports Authority with a combined total of approximately \$3m.

Approved FY24 Projects include:

- Replacement of Concourse Level Padded-Bottom Seats (760 seats, cost: \$235,700) American Seating was chosen as the seating vendor for First Horizon Park during the original construction bidding process. Founded in 1906, American Seating had a longstanding, 100+-year reputation in the sports/entertainment seating industry. Unfortunately, in mid-2018, the company was sold, and the buyer chose to discontinue the production and support of any parts. Project Funding was approved by Metro Council Summer 2023. Expected completion date is February 28, 2024. This seat replacement request completes the removal of all American Seating items remaining at First Horizon Park. Director Adkins questioned whether the seat color was satisfactory to which Mr. English reported all seats now satisfactorily match the Sounds standard navy blue.
- Extension Of Protective Netting (cost: \$225,000) On December 7, 2022, Major League Baseball announced new netting requirements for all Professional Development League (PDL) clubs to increase fan safety mandating safety netting be extended to cover additional seating areas by start of 2025 playing season. Netting at First Horizon Park will be extended to cover an additional eight (8) seating sections (four on each side of the field). Project Funding was approved by Metro Council Summer 2023. Expected completion date is March 8, 2024.
- Conversion To LED Field Lighting (cost: \$790,000) First Horizon Park currently has a halogen lighting system provided by Musco Lighting. During a facility standards inspection conducted by Major League Baseball in May 2023, the ballpark's field lighting levels fell below MLB-mandated minimum foot-candle averages. This is not uncommon with halogen light systems. The upgrade to LED lighting not only ensures that First Horizon Park meets MLB standards but also lowers energy bills and makes LEED Silver-certified building even more sustainable and adds to our fan experience. Project Funding approved by Metro Council February 2024. Expected completion date is March 1, 2024
- Seating Part Replacements (cost: \$11,004.76) The Nashville Sounds requested \$11,004.76 for repairs/improvements to First Horizon Park, approved by the Sports Authority board in November 2023, to pay for the following two projects: 1) 36 replacement seat backs for the 4Topps seats located near the Band Box (\$2,705.34); and 2) 89 seating components for the suites seats located on the Club Level (\$8,299.33). Project Funding approved by Metro Council Summer 2023 Project and completed early February 2024.

Major League Baseball's Professional Development League (PDL) Facility Standards, updated in 2021, require all minor league ballparks to be below 10 facility compliance penalty points prior to the start of the April 2025 season. Each of the following requested FY25 projects remedy existing non-compliance areas at First Horizon Park and are anticipated to be completed from March 2024 to Sounds' Opening Day in April 2025:

- Addition Of Protective Padding On Field Level (\$68,424.37). A facility evaluation by MLB of First Horizon Park conducted in May 2023 determined that steel and concrete areas located along perimeter of playing field were a player safety concern and require padding installed as a protective measure to comply with current MLB PDL Facility Standards. With approval, this work will be completed in

February/March 2024 at same time as some already-scheduled padding maintenance work that falls under the Sounds' purview. This work as a standalone project during 2024-25 off-season would result in an increase in \$26,000 in project costs.

- Batting Cage Infrastructure / Netting / Lighting Updates (~\$300,000)
 - MLB PDL Facility Standards require the height of all batting cages to be at or as close as possible to 12 feet from the ground to the lowest sag point of the netting. The current heights of the cage nets at First Horizon Park are 9' 5" and 9' 7", resulting in facility compliance penalty. This project would extend netting heights to 11'6" in one cage and 10'0" in the other cage, which would reduce the facility compliance penalty to within allowable range. Anticipated completion is between March 2024 to Sounds' Opening Day in April 2025.
 - The lighting levels in the batting cages at First Horizon Park were measured in May 2023 and fall below the MLB PDL Facility Standards (current level = 45 FC, required level = 70 FC). With approval, this work will be completed during the 2024-25 baseball off-season in conjunction with the other batting cage work.
- Reconfiguration Of Umpire Room Lockers (cost: \$17,000) The current lockers in the umpire locker room at First Horizon Park are 30" width, which is the standard for player lockers; however, in MLB's PDL Facility Standards, the call-out is 36" widths for all four umpire lockers. With approval, this work will be completed during the 2024-25 baseball off-season.
- Purchase Of Seat Covers For Outdoor Suite Seating (cost: \$10,500) 36 outdoor seating row covers to be used on the seating areas on the exterior of the 18 club level suites at First Horizon Park during the baseball off-season and other extended non-use periods for those seats, which will extend their useable life. With approval, these would be purchased and delivered as soon as possible for immediate use.

Future Projects Within Next Five Years (FY26-FY30)

- HVAC / Roof / Structural as needed (equipment items that carry 10-year warranties tied to original ballpark construction will expire in April 2025)
- Additional seating component replacements (estimated every 3 years or so)
- Scoreboard upgrades/replacements

Long-Term Future Projects (FY30 and beyond)

- HVAC units and control systems replacements
- Roofing replacement
- Structural work as needed
- Expansion joint work as needed

ED Fawknorton noted that the CIPP plan runs until 2030 and most of the projects are a result of League mandates. She applauded the Sounds staff for their excellent stewardship over First Horizon Park. Mr. English noted that minor league baseball players are now unionized and many of the mandates result from the League's significant emphasis on player health and safety. Director Farner inquired whether the Sounds anticipate any structural/facility mandates from League. Mr. English stated structural mandates are difficult to predict, however, none are anticipated in the near future other than potential replacement of the HVAC unit and the Scoreboard due to technology updates. Doug Scopel, Sounds Assistant GM reported after every baseball season, structural engineers perform an annual inspection of the facility. The facility opened in 2015 and the Sounds are in their 9th season. Recognizing the facility's 10-year warranty is less than a year away, the inspectors have an especially keen eye on all things covered by the warranty. Chair Pro-Tempore Justice also noted that the CIPP does include long term projections beyond 2030 which include HVAC, Roofing, Structural & Expansion Joint potential replacements.

Upon a motion made by Director Deering and seconded by Director Farner, the Finance Committee unanimously voted to approve a Resolution Approving the FY25 Capital Improvement Project Plan for First Horizon Park

Consider Approval of Sports Authority FY25 Operating and Capital Budgets

ED Fawknorton reported that the Sports Authority current FY24 budget is \$2.1m with approximately 79% allocated to insurance premiums, 20% dedicated to salaries, fringe benefits and utilities with the remaining 1% dedicated to administrative operations. It is anticipated that the Sports Authority (SA) will finish FY24 on or below budget. The Arena Account covers the salary for the part-time Finance Consultant position and the Arena Revenue Fund covers the salary for the Finance Manager position. Monies to cover First Horizon Park Capital Improvement projects have received 4% Funding approval excluding the addition of Protective Padding on the Field Level; it is pending 4% funding approval.

The proposed FY25 budget is status quo and staff have not requested any budget improvements. Should the mayor include a pay plan improvement in his budget recommendations, SA staff will request board approval to fund our two finance positions accordingly. Funding for FY24/25 First Horizon Park CIPP are submitted as capital improvement budget items for 4% Funding; Metro Administration will make the final determination of how those projects will be funded.

Director Deering noted that he is concerned that more monies are not included in the budget for staff travel to meetings, conferences and collaboration with other sports authorities. With additional responsibilities being placed under their purview, adequate funding for travel is essential. Also, now that staff has relocated to a new office space requiring paid parking, the board needs to ensure adequate funding for parking is in place. ED Fawknorton thanked Director Deering for expressing his concerns and noted that funding for parking will be address at a later board meeting.

In final remarks ED Fawknorton noted that the deadline to submit the budget has passed, however, if there are any necessary ratifications, Metro's budget analyst will address.

Upon a motion made by Director Deering and seconded by Director Farner, the Finance Committee unanimously voted to approve a Resolution approving the Sports Authority FY25 Operating and Capital Budgets

Adjourn

In closing, Chair Pro-Tempore Justice 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\2024.02.27 Finance Committee