



FINANCE COMMITTEE MEETING MINUTES

NISSAN STADIUM – PRESS BOX CAFETERIA | THURSDAY, JANUARY 16, 2025 | 9:30 AM

Attendees

Committee Members: Dan Hogan (Chair), Aaron McGee (Treasurer), Don Deering, Winston Justice

Board Members: Kim Adkins, Cathy Bender, Victoria Crawford, Russ Pulley

Staff: Monica Fawknorton (ED), Valda Barksdale, Melissa Hudson, Brandon Little, Joshua Thomas (Metro Legal), Sam Keen (Metro Legal)

Visitors: Kevin Brown (Metro Finance), Kyle Clayton (Predators), Haley Davidson (Titans), Adam English (Nashville Sounds), Heather Hills (Cumming Group), Necol Lyons (Metro OMB), David Oswaks (Kraft CPS), Dinah Wells (PMC)

Call to Order

Chair Hogan called the meeting of the Sports Authority Finance Committee to order, welcomed all to Nissan Stadium and thanked the Titans' staff for hosting. He extended congratulations to Director Winston Justice on his new appointment as CEO of SageSpring Private Wealth.

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

There were no sign ups for Public Comment.

Consider Approval of December 5, 2024 Meeting Minutes

Chair Hogan asked if there were questions or comments pertaining to the December 5, 2024 meeting minutes. There being none,

Upon a motion made by Director Deering and seconded by Director Justice, the Finance Committee unanimously approved the December 5, 2024 meeting minutes.

Consider Resolution Approving the FY24 Audited Financial Statements for Parking Management Company, LLC (PMC)

David Oswaks, KraftCPAs, reported that his firm was engaged by PMC to conduct the FY24 PMC Audit covering July 1, 2023 thru June 30, 2024. It is the opinion of KraftCPAs that the schedule of revenues and disbursements presents fairly without issues nor concerns. Collections include Total Automation=\$145,424; Special Events=\$156,811 for Total Gross Revenue of \$302,235. Sports Authority's share of the revenues is calculated as follows: 50% of the first \$60k, 60% of the next \$40k followed by 65% of revenues over \$100k. Executive Director Fawknorton directed the board's attention to the Executive Director's Report containing the schedule of revenues and disbursement comparison for FY22-24. Ms. Fawknorton noted while Nissan Stadium parking lot availability has continued to decrease, there was approximately a \$40k increase due to an increase in Lot E which Brandon Little, Special Events Coordinator, reported was the result of a successful promotion in partnership with NCVC Event Marketing for events such as New Year's Eve and July 4. Although the parking availability continues to decrease for civic events, Sports Authority continues to work with event organizers and parking requests when possible. Ms. Fawknorton noted that parking revenue is expected to decrease as the availability of parking lots decreases with construction.

Q&A

Q1: Did we surpass the budget number? *Chair Hogan*

A1: Historically, parking revenue has not been budgeted and, since it is based on the automated parking, special events, is difficult to project. *Exec Dir Fawknorton*.

A1b: While we do not solicit events, we do have a steady flow of events which come to us each year. A lot of these are civic events which take advantage of our parking and event space waiver. The paid lots generated more revenue due to some major events and successful promotion of that space via event organizer partners like the CVC and their New Years Eve and 4th of July events. *Mr. Little*

Q2: Would it be a good idea to consider using last year's revenue as a budget for this year? *Director Deering*

A2: It might be a bit of a wildcard, but it is something we can look at. Historically, the revenue generated from these parking lots has been pledged to debt service. With the new agreement, that revenue is no longer pledged but is being held to fund any repairs and maintenance to the lot. It is very fluid as we continue to accommodate construction.

Q3: How will the civic events impact revenue? *Director McGee*

A3: There is a difference between civic events and parking lot events which are much more open to use. We only have a few events which use the interior of the stadium and would be classified as "civic events" under the lease. A lot of civic events are held in the parking lots. *Mr. Little*

Q4: How will the recently renewed PMC contract and the revenue be impacted by construction parking and the lessened amount of parking availability? *Director McGee*

A4: We can expect a drop in revenue. Less parking availability leads to decreased options for events and parking operations and as a result, less revenue generated. This decrease in parking lots and increase in construction parking demand affects us and PMC in terms of revenue generation, the public in regard to civic event space and general parking availability. *Mr. Little*

Q5: What budget are the revenue funds assigned to? *Director McGee*

A5: The funds were once used to pay debt service, however that is no longer the case; they are unbudgeted. *Exec Dir Fawknorton*

Upon a motion made by Director Deering and seconded by Director Justice, the Finance Committee unanimously approved the Resolution Approving the FY24 Audited Financial Statements for Parking Management Company, LLC (PMC)

PMC Operations Update Dinah Wells, PMC Director of Special Event Operations, reported on PMC operations. She spoke on annual special events such as Music City Triathlon, Rock n' Roll Marathon, Jazz on the Cumberland, Music City Head Race, Dragon Boat Festival, etc. Director Hogan asked for clarity on Music City Head Race to which Ms. Wells noted it is sponsored through Vanderbilt and involves a plethora of boats from a variety of cities. Mr. Little noted the elongated boats race on the Cumberland River and the race is one of Sports Authority's largest events.

Consider Resolution Approving the FY26 Capital Improvement Project Plan for First Horizon Park

Adam English, General Manager/COO reported that Doug Scopel, Sounds Assistant General Manager/VP of Operations recently underwent back surgery on Monday. Mr. English reminded the board that, according to its lease agreement, the Authority bears responsibility for all capital expenditures including those necessary to keep the premises in good condition and compliant with League Standards. He noted that over \$3m in capital improvements were funded solely by MFP ownership during the first seven years of First Horizon Park's existence dating to April 2015.

Continuing, Mr. English gave an overview of some of the Approved FY25 Projects including 1) Addition of Protective Padding On Field Level for \$68k; 2) Batting Cage Infrastructure, Netting & Lighting Updates for \$300k; 3) Reconfiguration of Umpire Room Lockers for \$17k; and 4) Purchase of Seat Covers for Outdoor Suite Seating for \$10,500.

Mr. English additionally summarized the Requested FY26 Projects including: 1) Replacement of Dugout Flooring for \$58k; 2) Replacement Suite Seat Parts for \$20.5k; and 3) Replacement of two HVAC Units Serving Concessions Areas for \$20.8k. As the ballpark continues to age, future projects within the next five years will include scoreboard upgrades and replacements, HVAC, Roof & Structural upgrades as needed and additional seating component replacements. FY31 and beyond long-term projects will focus on HVAC units and control system replacements, roofing replacement, structural work and expansion joint work as needed. Mr. English recommended a visit be scheduled for the board to tour the park and view the work that has been completed as well as those areas that will require future upgrades and/or replacements.

Director Pulley asked who makes the decision on the brand of HVAC units that are installed to which Mr. English reported during the construction phase the General Contractor makes the call; replacements simply match original installations. Executive Director Fawknorton noted that the initial build process was overseen by Metro General Services in collaboration with the Project Construction Manager.

Chair Hogan asked whether the expectation for scoreboard replacement will be in the shape of a guitar; Mr. English noted the guitar shape is essential. Director McGee requested an approximate cost for replacement of the guitar shaped scoreboard to which Mr. English noted an estimate will be available at a later date.

Director Deering stated that because some of the upgrades & replacements are time sensitive is it possible for the Sounds to pay on the front end and subsequently receive reimbursement from Metro. Mr. English noted, yes, that has been the case in previous circumstances. Director Deering spoke of the possibility of developing a revenue stream to cover capital expenditures similar to the process of other Sports Authority facilities. He also spoke in favor of the Resolution. Exec Dir Fawknorton reported in accordance with the lease agreement, the Sports Authority is responsible for funding the capital needs of First Horizon Park. Funding for FY26 Projects will be sought from either the Capital Improvement Budget (CIB) or Metro's 4% funding. Exec Dir Fawknorton further noted it is the Administration's decision whether to seek 4% funding from Metro Council or to submit into the CIB/Spending Plan.

Director Pulley elaborated that the 4% fund captures 4% of the revenue from Metro's General Fund to address building and equipment needs; the CIB is a wish-list of items that can be funded via either the 4% fund or the CSP. Director Pulley questioned whether the funding for First Horizon Park will come from the CIB or 4% funds. Exec Dir Fawknorton noted that the 4% funding has allowed the Authority to meet its obligations to the Sounds in a timely manner, but ultimately, it is up to the Administration how it wishes to seek funding.

Upon a motion made by Director Deering and seconded by Director McGee, the Finance Committee unanimously approved a Resolution Approving the FY26 Capital Improvement Project Plan for First Horizon Park

Old Business

Exec Dir Fawknorton reflected on a previous conversation initiated by Chair Hogan related to his desire to have the security protocols of Sports Authority facilities independently assessed. The committee discussed the need to exercise caution and, should it choose to move forward, to follow local/state procurement laws. Counselor

Thomas noted that Authority previously engaged Capital Project Solutions Inc. (CPS) to help with procurement, noting this is a possible option for this project as well.

Discussion:

Director Adkins: Multiple states are experiencing similar concerns; perhaps we can explore opportunities with other cities, including cooperative purchasing agreements.

Exec Dir Fawknottson: We've had conversations with MNPd and they are exploring whether federal partners may be able to assist.

Director Deering: Given the facilities are owned by Metro, would security of the facilities fall upon MNPd (Metro Nashville Police Department)?

Exec Dir Fawknottson: Contractually, it is the responsibility of the teams to secure the premises and the building; they all work closely with MNPd, SWAT and Metro's Emergency Management Team.

Chair Hogan: From my perspective, the goal today is to have redundancy and another set of eyes assessing security measures at the facilities. There are 27 examples of terror attacks against facilities and downtown Nashville was the victim of the 2020 Christmas Day bombing. As landlords it behooves us to lead a separate evaluation of security measures to ensure protection of the patrons who visit our venues. Is it anticipated that the board would act on a resolution within the next few months?

Exec Dir Fawknottson: Because it is not an agenda item, the board is unable to take action. However, the board can advise staff to move forward with discussions and bring forth a resolution at an upcoming meeting.

Director McGee: I am in favor of moving forward and will vote affirmative in the board meeting.

Director Adkins: Can the board appoint a security representative from the board to serve as liaison who will work with staff?

Counsel Thomas: It is a good idea to have a board member serve as liaison and report findings to the board; we'll need to formulate how reporting to the board in a public forum will manifest.

Director Pulley: There are brilliant minds with sinister motivations and the bad guys tend to stay a step ahead. We must be careful about what we share in a public forum; the bad guys are watching.

Exec Dir Fawknottson: Perhaps every four years we can engage an independent group to evaluate the safety and security processes of our venues.

Director Deering: I recommend we ask Sports Authority Board Chair Bender to appoint Director Pulley as security liaison for the SA.

Adjourn

In closing, Chair Hogan announced that the committee recommendations for approval of the resolutions and appointment of Director Pulley as Security Liaison will go before the full board during its meeting immediately following. There being no further questions or business, the Finance Committee meeting adjourned.

Respectfully submitted, Valda Barksdale, Metro Nashville Sports Authority
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