

SPORTS FACILITIES DEVELOPMENT CORPORATION (Sports Corp)

MINUTES: MAY 3, 2021

**Grand Prairie Sports Facilities Development Corporation
Regular Meeting
May 3, 2021**

**City Hall East
Conference Room D
300 W. Main St.
Grand Prairie, Texas 75050**

Minutes

CALL TO ORDER

A regular meeting of the Grand Prairie Sports Facilities Development Corporation was called to order by President Ron Jensen at 6:00 PM.

Members Present

Ron Jensen, President
Jorja Clemson, Vice President
Eddie Freeman, Secretary*
Jeff Wooldridge*
R. J. Garcia
Greg Giessner
Michael Skinner

Members Absent

None

Staff Present

Cheryl De Leon, Deputy City Manager
Becky Brooks, Chief Financial Officer
Brady Olsen, Treasury and Debt Manager
Megan Mahan, City Attorney
Marty Weider, Economic Development
Director
Lee Harriss, Treasurer
Sheryl Osborn, Recording Secretary

Guests

Kent Slabotsky, VP of Operations, Lone
Star Park
Shelly Wimberly, Finance Manager, Lone
Star Park

CITIZEN COMMENTS

President Jensen Acknowledged that there were no citizens present.

AGENDA ITEMS

1. Minutes from March 1, 2021

Mr. R. J. Garcia moved to approve the March 1, 2021 minutes. Mr. Michael Skinner seconded the motion. The motion carried 5-0, with no abstentions.

Ayes: Jenson, Clemson, Garcia, Giessner, Skinner

Nays: None

Unavailable for voting: Freeman, Wooldridge

2. Monthly Financial and Investment Reports for January, February, and March 2021.

Ms. Lee Harriss reviewed the Monthly Financial and Investment Report for January through

SPORTS FACILITIES DEVELOPMENT CORPORATION (Sports Corp)

MINUTES: MAY 3, 2021

March, 2021.

January: Base rent was \$146,610, and additional rent totaled \$16,359. Interest earnings for the month were \$616 for total receipts of \$163,585. Disbursements for the month were \$2. The net increase in cash and investments was \$163,583. The Sports Corporation had total cash & investments of \$11,363,781.

February: Base rent was \$146,610, and additional rent totaled \$6,254. Interest earnings for the month were \$4,056 for total receipts of \$156,921. Disbursements for the month were \$2. The net increase in cash and investments was \$156,919.

March: Base rent was \$146,610, and additional rent totaled \$4,657. Interest earnings for the month were \$150 for total receipts of \$151,417. Disbursements for the month were \$3,860. The net increase in cash and investments was \$147,557. The Sports Corporation had total cash & investments of \$11,668,257.

As of March 31, 2021:

Cash in Bank:	\$92,526
Texpool:	\$9,575,731
Investments:	\$2,000,000
Total Cash and Investments:	\$11,668,257

Mr. Brady Olsen commented that approximately \$9,000,000 was readily available, with the remainder two or so years away in maturity.

President Jensen inquired about the outstanding commitments to Lone Star Park. Mr. Kent Slabotsky stated that all projects through 2020 have been funded. Mr. Giessner noted that we have commitments for 2021-2022 totaling just over \$1,000,000.

President Jensen stated that approximately \$1,500,000 is received in revenues each year. He also noted that he, Marty Weider, Tom Hart, and Steve Dye are going to Windstar for a Planning Retreat on May 20.

Investment Recap

The Investment Recap summarizes the activity by month in the Sports Corp's investment portfolio. The schedule shows a year-to-date increase of \$556,539. The book value and market value of each type of investment is also shown on the report. As of March 31, 2021, the Sports Corp had an unrealized gain of \$908 on its securities.

Portfolio by Type of Investment

83% of the portfolio is invested in Texpool, a Public Fund Investment Pool with the remainder in a government agency.

SPORTS FACILITIES DEVELOPMENT CORPORATION (Sports Corp)

MINUTES: MAY 3, 2021

Portfolio by Maturity

83% of total investments mature within 31 days, with a remaining agency out at three years. Policy allows up to five years maximum maturity. The portfolio is in compliance with this limit.

Weighted Average Maturity

As of March 31, 2021 the weighted average maturity (WAM) was 152 days. Policy is a maximum WAM of 2 years, so the portfolio is in compliance.

Interest Earnings

The primary difference in the interest income budget, interest received, and ending accrued interest amount is due to the timing of when interest is received and reported. Interest received is on a cash basis, as is the budgeted amount. Interest earnings and accrued interest are on an accrual basis. As long as the portfolio is kept relatively liquid, interest earnings will be lower than in years' past. It is highly unlikely investment income reaches budgeted figures this year.

Yield Compared to U.S. Treasury Bill and Texpool

A metric more indicative of the portfolio performance is the overall expected yield-to-maturity. This metric is benchmarked against monthly yield of the one-year U.S. Treasury Bill and the average monthly yield on TexPool. Since the strategy at the Corporation is a buy and hold to maturity, the yield-to-maturity rate represents the final expected results.

Investment Policy and Strategy: The portfolio continues to operate under a buy and hold strategy. During this time of economic uncertainty, we have attempted to keep the fund more liquid to address any potential scenario.

Vice President Jorja Clemson noted that a vote needed to be taken regarding acceptance of the financial report.

Mr. Greg Giessner moved to approve the financial reports, as presented. Vice President Jorja Clemson seconded the motion. The motion carried 5-0, with no abstentions.

Ayes: Jenson, Clemson, Garcia, Giessner, Skinner

Nays: None

Unavailable for voting: Freeman, Wooldridge

3. Contract Negotiations Committee Report

Mr. Mike Skinner advised that there was nothing to report regarding Contract Negotiations.

4. Construction Committee Report

Mr. Greg Giessner stated there was no official Construction Committee Report, but we did sign off on closing out some projections, with Sports Corp's half of the total at \$362,000.

SPORTS FACILITIES DEVELOPMENT CORPORATION (Sports Corp)

MINUTES: MAY 3, 2021

5. Finance Committee Report

Mr. Greg Giessner stated there was no Finance Committee report, but he would be reporting on Item 8, which will be a discussion of the proposed budget that will be voted on in August.

6. Reimbursement to the City for January 1, 2021 through March 31, 2021

**Mr. Eddie Freeman and Mr. Jeff Wooldridge joined the meeting prior to the vote on Item 6.*

Mr. Greg Giessner moved to authorize Reimbursement to the City for period the January 1, 2021 through March 31, 2021, totaling \$1,861.06. Secretary Mr. Eddie Freeman seconded the motion. The motion carried 7-0, with no abstentions.

Ayes: Jenson, Clemson, Freeman, Garcia, Giessner, Skinner, and Wooldridge

Nays: None

A discussion took place regarding the pay rate for the suite coordinators who worked at the City's suite at Lone Star Park. Ms. Lee Harriss listed the pay rate history, and stated the current rate is \$120 per event, before tips. President Jensen asked Ms. Harriss to provide the rate history for discussion at the next meeting. Mr. Kent Slabotsky noted that the suite coordinators at Lone Star Park have pay ranges from \$220 to \$350 per event, including tips.

7. Resolution approving \$1,000,000 transfer to the City of Grand Prairie for the Bolder One LLC Adventure Park at Epic Central

Information was presented and discussion took place regarding some of the amenities involved in the Bolder One project (e.g., stone climbing wall, zip lines, indoor non-ice skating, tubing slides, arcade, ropes course, second floor viewing area, food service), the location at Epic Central, and the overall design. Additional discussion followed regarding the City's investment amount of \$2,000,000 (which will come from TIF funds, not General Fund), including the requested \$1,000,000 from Sports Corp, the documentation for how the City's funds will be used (i.e., only after all other investors' funds have been used), and the financial compensation to the City as an equity partner. City attorney Megan Mahan explained the compensation structure as tiered, that is, the better Bolder One does financially, the more revenue the City receives. It was also noted that City Council has already approved the business arrangement with Mr. Paul Fontanelli / Bolder One, and that City staff have incorporated a number of risk contingencies. Total construction cost is \$13,000,000.

President Jensen noted that if Bolder One is not successful, the physical structure will be on our property, and moving it would be unlikely.

Vice President Jorja Clemson asked if our financial contribution is going to general expenses, or a specific expense. Deputy City Manager Cheryl De Leon explained that there are three 'buckets' of money. The investors are the first 'bucket,' The agreement is that the other investor's money must be spent first. The second 'bucket' of money is the City's \$2,000,000. The third 'bucket' is the SBA loan. In order for Mr. Fontanelli, to obtain the SBA loan, all of the equity money must be spent first, including the City's \$2,000,000. When it comes time for City's money to be spent, he must request the money from the City, and he must account for every dollar of the City's money that is spent.

SPORTS FACILITIES DEVELOPMENT CORPORATION (Sports Corp)

MINUTES: MAY 3, 2021

Mr. R. J. Garcia asked about precedents, and Deputy City Manager Cheryl De Leon cited Chicken and Pickle and Major League Cricket as examples. It was also clarified that the revenue will not go back to Sports Corp, or necessarily to the Parks Department.

Deputy City Manager Cheryl De Leon accessed a video via the laptop of the project's amenities for Committee members to view.

Mr. Greg Giessner moved to approve Item 7, and Vice President Jorja Clemson seconded the motion. The motion carried 7-0, with no abstentions.

Ayes: Jenson, Clemson, Freeman, Garcia, Giessner, Skinner, and Wooldridge

Nays: None

8. Discuss Proposed Budget FY 2021-2022

Mr. Greg Giessner presented the proposed preliminary budget, which will be voted upon in August.

Estimated revenues are \$2,326,000 from rent, additional rent, interest income, and ground rent from the stadium. The amount of base rent increases by 10% every five years, so the monthly lease amount will increase from \$146,610 to \$161,251 in January 2022.

Expenditures are in line with previous years, at about \$319,000, which does include contract services with the suite hosts, reimbursement to City staff or out-of-pocket expenses, the Grand Prairie Metropolitan Utility Reclamation District payment of \$165,00, the Lone Star Park charitable fund, with a small contingency also budgeted.

Mr. Giessner inquired about the \$50,000 budgeted for potential legal expenses, specifically as to whether it was still an appropriate amount. City Attorney Megan Mahan replied that it was an appropriate amount.

Mr. Giessner noted that all 2019 Capital Expenditures were fulfilled, and an additional \$1,000,000 has been set aside for 2021-2022 Capital Expenditures. Including the additional \$1,000,000 for Bolder One, the ending balance will be approximately \$9,800,000.

Mr. R. J. Garcia inquired about the \$750,000 investment for Tranquility Park. Mr. Giessner stated the request had not been formally presented and it may not be needed.

President Jensen noted that after revenue and expenses, we should have about \$1,000,000 each year for projects.

9. Lone Star Park Report

Mr. Kent Slabotsky commented on the new schedule at Lone Star Park. They are still evaluating it. The goal is to have Lone Star Park recognized as a top racing park. Their team is gathering data on the schedule, they will review it, and decide whether it needs to be adjusted. Mr. Slabotsky noted they are in a good position as of now. When comparing to

SPORTS FACILITIES DEVELOPMENT CORPORATION (Sports Corp)

MINUTES: MAY 3, 2021

2019, they are financially ahead by 35%. Mr. Slabotsky also stated they are adjusting what amenities are open, some of the offerings (e.g., type of food and menu), and he discussed the updates and renovations that had been made. He also reviewed the upcoming special activities.

President Jensen, Mr. Slabotsky and other board members discussed the pros and cons of the schedule change, as well as the corporate business opportunities that may be available.

EXECUTIVE SESSION

The Sports Facility Development Corporation may conduct a closed session pursuant to Chapter 551, Subchapter D of the Government Code, V.T.C.A., to discuss any of the following:

- (1) Section 551.071 "Consultation with Attorney"*
- (2) Section 551.072 "Deliberation Regarding Real Property"*
- (3) Section 551.074 "Personnel Matters"*
- (4) Section 551.087 "Deliberations Regarding Economic Development Negotiations."*

No Executive Session was held.

ADJOURNMENT

There being no further business, Mayor Jensen adjourned the meeting at 7:01 PM. After the meeting adjourned, President Jensen asked for a group picture of the Sports Corp board.

Respectfully submitted,

Eddie Freeman

Mr. Eddie Freeman, Secretary