

WEST HAYMARKET JOINT PUBLIC AGENCY (JPA)
Board Meeting
February 27, 2020

Meeting Began At: 2:30 P.M.

Meeting Ended At: 3:23 P.M.

Members Present: Leirion Gaylor Baird, Tim Clare, and Tammy Ward

Item 1 - Introductions and Notice of Open Meetings Law Posted by Door

Gaylor Baird advised that the open meetings law posted at the entrance to the room is in effect.

Item 2 - Public Comment and Time Limit Notification

Gaylor Baird advised individuals from the public are given a total of five minutes for public comment on specific items listed on today's agenda and those testifying should identify themselves for the record.

Item 3 – Approval of the minutes from the JPA meeting held January 15, 2020

Ward moved approval of the minutes as presented. Clare seconded the motion. Motion carried 3-0.

Item 4 - Approval of December 2019 and January 2020 Payment Registers and Review of December 2019 and January 2020 Expenditure Reports (Brandon Kauffman)

Brandon Kauffman, JPA Treasurer, stated in reviewing the December 2019 payment register the operating budget had \$7,458,728.96 in operating expenditures with the major payments consisting of \$250,000.00 for the costs related to issuing the bonds. Kauffman explained the JPA just refinanced the 2011 Series bonds and the refinancing will save \$12.2 million over the life of the bonds. Clare asked if the \$12.2 million is the net savings and Kauffman agreed. Kauffman stated there were payments totaling \$5,317,583.00 for the 2010A, 2010B, 2010C, and 2013 bonds; and a First Quarter payment for City Staff reimbursement in the amount of \$100,377.75. Clare asked if the \$100,000 for city staff is for work that the City Attorney and others do and asked if this amount was an average. Clare commented that previously it was discussed to use time tickets to show the exact time because on the JPA side we need to make sure that it is an accurate amount the JPA is required to pay but also the City needs to be fairly compensated for their time as well. Kauffman stated there are various metrics used for that and explained the City Attorney is time based and that when the JPA started there were positions added like an accountant and other staff in the treasurer's office because finance collects all of the occupation taxes that help pay off the bonds for the arena. Kauffman stated in the past couple of years purchasing's time was reduced and a formula was worked out with the JPA, PBC, County, and City to split the costs out evenly among the entities. He explained this is looked at every two years during the City's budget process to set the figures for the upcoming years.

Kauffman stated the next major payment was \$88,816.00 for the installation of the security cameras; Second Quarter Sponsorship payment from IMG of \$281,540.50; Second Quarter Operating Increment of \$150,000.00; two months of arena repair and maintenance totaling \$63,314.00; and Parking Management costs of \$121,118.00 for one month of services.

Kauffman stated the financial reports for the JPA for the period ending December 31, 2019 reflect revenues of \$11,158,383.16 and expenditures of \$19,293,827.46, for a deficit of \$8,135,444.30 and an ending balance of \$36,607,886.89. This reflects what was discussed previously with refinancing the bonds and the fact that the JPA had to pay cash for the refinancing costs where typically they are rolled in with the refinancing costs, however, with the state law changes the JPA had to pay cash for the costs. This impact will improve through the fiscal year.

Kauffman stated the Pinnacle Bank Arena Income Statement for the four months ending December 31, 2019 shows total revenues for Pinnacle Bank Arena of \$1,576,941.00 and total expenditures of \$1,748,966 for a deficit of \$172,025.00, and an ending balance of \$710,521.00 in retained earnings.

In reviewing the January 2020 payment register, the operating budget had \$912,472.87 in operating expenditures with the major payments of \$12,000.00 for BKD's audit review; payments totaling \$19,491.00 to PC Sports for JPA project management; \$24,825.00 for maintenance at the arena; \$30,870.00 for the Olsson Phase 2 streetscape project; two months worth of DEC payments totaling \$425,396.00 for thermal heating and cooling of which approximately 69% or \$293,000.00 is billed to West Haymarket private customers and the JPA pays about \$132,000.00 or approximately 31%; SMG management bonus payment of \$185,436.00 which is based on certain metrics in the contract. Clare asked if Olsson and Olsson 2.0 are online. Kirkpatrick explained it is still under construction. Clare asked when it comes online what will the percentage go up to. Kauffman stated he will take a look and get back to him with an answer. Kauffman went on to explain that there was another major payment for parking garage management for \$192,406.00.

Kauffman stated the financial reports for the JPA for the period ending January 31, 2020 reflect revenues of \$13,313,393.33 and expenditures of \$20,214,333.10, for a deficit of \$6,900,939.77, and an ending balance of \$38,360,855.42.

As of January 31, occupation taxes were up 4.57% and remain ahead of the original projections by 27% corresponding with the year 2032. Clare commented the good news is 4.57% is pretty good when we only budgeted for 2%.

Jane Kinsey, Watchdogs of Lincoln Government, asked where most of the occupation taxes are coming from. Kauffman stated the largest percentage of occupation taxes come from restaurants. Clare commented that they are also collected from bars. Kinsey asked if there is occupation tax on liquor. Kirkpatrick stated there is not an occupation tax on liquor, only on food. Kauffman stated occupation taxes come from any restaurant, bar, hotel, or rental vehicle within the corporate limits of the City. Kinsey asked what fund will the December payment come out of for the bonds. Kauffman explained it will be paid out of the total overall collective revenues from occupation taxes, premium seat rentals, reimbursement from the IRS for the Build America Bonds, TIF investment revenues, etc.

There being no further discussion or public comment, Ward moved approval of the resolution. Clare seconded the motion. Motion carried 3-0.

Item 5 – WH 20-8 Resolution to approve the Fifth Addendum to the Energy Service Agreement between the West Haymarket JPA and District Energy Corporation for service to Canopy Park at Canopy Street and West “O” Street. (Jeff Kirkpatrick)

Jeff Kirkpatrick, City Attorney, stated this Resolution is for the adoption of a standard Addendum to the District Energy Corporation Agreement. As the JPA area develops, the new buildings are added to the Agreement with DEC to provide heating and air conditioning. He explained this is for the Block 4 redevelopment. The terms are standard, there are no changes, and there is no financial impact as this Agreement doesn't set rates or estimates for energy. It basically states the DEC will provide the energy for the new development. Clare commented that if they are in the footprint isn't the DEC supposed to provide the service anyway. Kirkpatrick stated this is a recognition of a certain building and agreed with Clare's comment. Kinsey asked if there were any buildings yet. Kirkpatrick confirmed there are no buildings yet. There being no further discussion or public comment, Ward moved approval of the resolution. Clare seconded the motion. Motion carried 3-0.

Item 6 - WH 20-9 Resolution to approve a Consultant Agreement between the West Haymarket JPA and Five Nines Technology Group for information technology services at the Pinnacle Bank Arena for a term of three years for an amount not to exceed \$192,182.00. (Tom Lorenz/Bob Walla)

Tom Lorenz, General Manager of Pinnacle Bank Arena, stated that approving this Resolution will allow Five Nines to provide technology services for the arena. Lorenz stated the arena is a very unique building and the data needs are significant. Five Nines provides a broader range of business services to the arena for things such as Ticketmaster, points of sale, video walls, internet protocol, TV programming, menu boards, sound equipment, IP phone system, email service, accounting software, a large wireless network that serves over 8,000 people simultaneously, PCI compliance which helps protect credit cards, VPN, and media interface, technology services for security cameras, TV truck needs, fire alarms, HVAC, etc. Five Nines was the initial company to install all of the equipment so they have a historical amount of information that deals with the servers, upgrades, security updates, etc. Lorenz stated changing to a different company would be a significant step back and be more expensive. Clare asked does this include the metal detectors. Lorenz stated the metal detectors are offline but if an issue arose, Five Nines would be able to assist them. Ward asked if this includes Pinewood Bowl. Lorenz stated the technology needs at Pinewood Bowl are more rudimentary. There is internet service, but it is a step back. He further stated that if they needed Five Nines' service there, Five Nines would provide it. Lorenz stated Five Nines also helps with desktop software and they just helped upgrade to Microsoft 10. Gaylor Baird asked if Five Nines will be assisting with any cyber security concerns or protections they may be looking at. Lorenz confirmed and stated all the different systems will have different security updates that Five Nines will watch and ensure are up to date. Lorenz stated they also help with the UNL interface. Kinsey asked if this was bid out. Lorenz stated this was done as a sole source. He explained that you can get bids or you can apply for sole source. When the arena made the application to extend the contract, they gave reasons why sole source was requested. If this was bid and ended up with a low bid company, they might not be able to do it or it could take them several years to catch up to the level of technology that is needed at the arena. Kinsey asked what is sole source. Lorenz explained you can obtain certain things from a single source without going back to multiple entities bidding on something. Kinsey asked if this is what the state law allows. Lorenz stated he cannot comment on the comparison between city/county purchasing and the state law requirements, but he stated her concern would be whether or not they received a good deal and stated they are well within the business norm for

this type of service. Kinsey commented that she asked the state auditor to determine if the purchasing guidelines are being followed here and that they have agreed to do this for her. There being no further discussion or public comment, Ward moved approval of the resolution. Clare seconded the motion. Motion carried 3-0.

Item 7 - WH 20-10 Resolution to approve a Contract between the West Haymarket JPA and MUSCO Sports Lighting LLC to replace lights and fixtures and install a new lighting control system at the Pinnacle Bank Arena for an amount not to exceed \$737,476.00. (Tom Lorenz)

Lorenz stated this Resolution will allow a contract to be awarded to MUSCO Sports Lighting, the lowest responsible bidder, to upgrade the lighting to LED. This was bid with 19 companies responding. Essentially the sports lighting within the arena is a metal halide system. When the arena was built the LED technology was not ready. Now, 6 and half years into the project, LED lighting is more efficient, cooler, lasts longer, produces better light, and is dimmable. By replacing the fixtures, there will be consistency with the light and it can be fully dimmed instead of a mechanical dim. Lorenz showed a 1,000-watt metal halide bulb that is currently being used in 196 fixtures at the arena and stated that when these bulbs are dimmed they are still burning at full capacity. LEDs allow you to dim from zero to 100%. The savings of going from the metal halide to the LED is over \$16,000 in kW savings and then another \$14,000 to \$15,000 in annual savings with not having to replace the bulbs and paying for the labor to replace the bulbs. A halide bulb costs \$130.00 and lasts anywhere from one to three years and they are being replaced on a regular basis. The new lighting will have three different systems, one is a pure white sport lighting, another is a dimmable white which allows for some yellows, and there are some red, blue, and green fixtures that also have white that will allow for some color washes within it. The bid also replaces aisle lighting. The new LED bulbs have an 81,000 hour life span. If they are used heavily for multiple years, they will most likely last 17 – 18 years. Clare commented that technology is changing and asked what's next. Lorenz stated LED will last for awhile. There are several different applications they can do with the dimming and the colors and the colors are brighter. He stated when you do tv lighting within the arena, different broadcasts like to have different color temperatures and the LEDs allow you to directly address the color temperatures. LED is what you see for most of the entertainment lighting plus you see it all over the city with the streetlights, etc. Clare asked if this is one of the requirements of the performers. Lorenz stated the shows will bring their own lights and technology and explained this deals more with the sports lighting for basketball, monster jam, every day lighting, and pregame and postgame lighting within the building. The bands have truck loads of equipment with their own lighting which is also LED. Gaylor Baird asked what the estimated dollar savings would be associated with the energy savings. Lorenz stated Ryan, his director of operations, worked closely with LES and with just changing these bulbs to LED the kW savings was almost half or about \$16,000 a year in energy savings and the fact that the LED bulbs have an 81,000 hour life around \$14,000 to \$15,000 will be saved per year by not having to replace the current bulbs and paying for the labor to do so. Lorenz explained that the current bulbs are recycled so there won't be the expense for recycling the bulbs. Kinsey asked why LED wasn't installed in the first place. Lorenz stated in 2012/2013, the LED technology was not ready for arenas. There was only one building in the country that was just beginning to use LED lighting and that was in Ontario, Canada. It wasn't a finished technology, but over the last six years it has become standard. Not only sports facilities, but office buildings, city buildings, baseball parks, etc. are converting to LED. Kinsey asked if there was a reason why an Iowa company was chosen. Lorenz explained they were the lowest responsible bidder. Kinsey asked if anyone local bid. Lorenz stated they

are the premier company for lighting in sports facilities and stadiums across the country. If there are any issues, they are close enough to complete service in a very quick timeframe. Clare asked what percentage of arenas now use LED. Lorenz stated 80 to 90%. Ryan Weiss, Director of Operations at Pinnacle Bank Arena, stated most NHL and NBA facilities are going through the LED process right now. When Baxter Arena opened in Omaha, they used MUSCO and they are all LED. The Devaney Sports Center and the stadium just went to LED also. MUSCO is about to do this in Toronto and a dozen more arenas and stadiums this year. Any stadiums currently being built are going straight to LED. There being no further discussion or public comment, Ward moved approval of the resolution. Clare seconded the motion. Motion carried 3-0.

Item 8 - WH 20-11 Resolution to amend the 2019-2020 Operating Budget. (Brandon Kauffman)

Kauffman explained the primary reason for the amendment to the budget was for the costs associated with the refunding of the Series 2011 bonds that will save a net of \$12.2 million over the remaining life of the bonds. He explained some of the adjustments consist of increasing the revenue budget by \$1,254,000 to recognize the good faith deposit required for the underwriter for the bonds. There were a few changes under “Other Services and Charges” on the expenditure side consisting of a \$329,300 increase for the costs to issue the bonds, an increase of \$25,000 for the Olsson 2.0 Streetscape consultant contract, and an increase of \$18,174.00 for the DLG design contract approved by the Board to look at making adjustments at the arena. There was an increase under “Capital Outlay-Improvements” which was a roll-over cost from the prior year for the demolition costs of the Jacobson building. This was budgeted in the prior year, but the payment didn’t come through until the current year. There was an increase under “Debt Service” of \$8,550,813 for the cash contribution in order to refund the outstanding bonds. There was an adjustment on the expense side of \$1,254,000 that came in on the revenue side for the good faith deposit that then had to be paid back to the escrow agent for the bond closing costs. In summary, there is an increase of \$7,334,286 for an amended expenditure budget of \$36,923,148 compared to the prior budget of \$29,588,862. Clare asked if after these adjustments the net savings is more than \$12 million and Kauffman confirmed this is correct. There being no further discussion or public comment, Ward moved approval of the resolution. Clare seconded the motion. Motion carried 3-0.

Item 9 - WH 20-12 Resolution to approve Change Order No. 1 to the Contract Agreement between the West Haymarket JPA and Nemaha Landscape Construction (WH01123) for Olsson Streetscape Improvements, pursuant to Bid No. 19-245, for an additional amount of \$1,250.00. (Adam Hoebelheinrich)

Adam Hoebelheinrich, PC Sports, stated while working on the Olsson Streetscape project a conduit box was found where they need to pave. The box was damaged and needed to be replaced. The origin of the damage is unknown. The \$1,250 is the costs to replace the damaged box. There being no further discussion or public comment, Ward moved approval of the resolution. Clare seconded the motion. Motion carried 3-0.

Item 10 - WH 20-13 Resolution to approve Design Amendment No. 1 to the Contract between the West Haymarket JPA and Olsson Inc. (WH01087) for Project Oscar 2.0 Streetscape Improvements to incorporate Phase 200 – Oscar 2.0 Streetscape Testing, to incorporate all mileage and expenses into the contract value, and to extend the contract time to October 31, 2020. (Adam Hoebelheinrich)

Hoebelheinrich stated this is related to a design agreement with Olsson for the Oscar Streetscape project. They are currently under budget and are looking to include some quality testing for the streetscape as well as incorporating mileage and expenses that were excluded in the original agreement in the \$18,100. With the Block 4 delay in development that is now moving forward again, they are looking to extend the agreement for a few more months to complete any design adjustments that may come up. This does not increase the amount of the contract. There being no further discussion or public comment, Ward moved approval of the resolution. Clare seconded the motion. Motion carried 3-0.

Item 11 - Set Next Meeting Date

The next meeting date will be Tuesday, March 31, 2020 at 1:30 p.m. in the County-City Building, Council Chambers, First Floor.

Item 12 – Motion to Adjourn

Ward moved to adjourn. Motion seconded by Clare. The meeting adjourned at 3:23 p.m.

Prepared by: Kasey Simonson, City Law Department