SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY
Minutes of January 21st, 2016 Meeting of the Board of Directors
Bridgestone Arena
10:30 a.m.

**Board Members**: Kim Adkins, Margaret Behm, Cathy Bender, Ralph Perrey, Ed Temple, David Wicker, Marcus Currie, Christie Wilson
**Staff**: Monica Fawknotson, Ilesha Montesrin (Sports Authority Temp), Margaret Darby (Legal)
**Titans/ Nissan Stadium**: Jenneen Kaufman, Stuart Spears, Steve Underwood, Bob Flynn
**Predators**: Sean Henry, Sean Marshall, Gerry Helper, Kyle Clayton, David Kells
**First Tennessee Park**: Doug Scopel (Senior Vice President)
**Visitors:** Ed Henley (Commonwealth Development), Jordan Wyman (Commonwealth Development)

Chairwoman Kim Adkins called the meeting of the Sports Authority to order at 10:30 a.m. and welcomed all in attendance. Ms. Adkins reminded everyone that the appeals process for decisions by the Authority could be found at the top of the agenda. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes of the November 18th, 2015 meeting.**

***Executive Director's Report***

Chairwoman Adkins recognized Ms. Monica Fawknotson to give the Executive Director's Report. Ms. Fawknotson began by giving a brief overview of the meeting's agenda and then spoke of a Stormwater Runoff Management Plan that is being developed for Nissan Stadium. This is led by Metro Water Services with input from the Titans and Sports Authority staff. The purpose of the plan is have processes in place that will ensure that day to day operations and special events at Nissan Stadium do not contribute to pollution of the Cumberland River by means of the storm drains. The discussions began a couple of years ago and have increased as the city has received more and more requests to permit "color runs". Ms. Fawknotson reported that Metro Water Services, using GPS, has mapped out the storm drains at Nissan Stadium. Sports Authority staff will discuss the plan with other stakeholders around the stadium (Parks, Bridge Building, etc.) and will bring a final plan back to the board for approval.

Ms. Fawknotson additionally reported that the Sports Authority staff is looking to offer an internship to a student who is enrolled in TSU's Sports Management Graduate Program. Ms. Fawknotson has been working with Dr. Harriet Hamilton, Sports Management Professor, and will keep the board updated as staff moves through this process.

Finally, Ms. Fawknotson concluded by reporting that Metro departments are currently awaiting direction from the Finance Department with regards to the FY17 budget. Ms. Fawknotson noted that the Department Heads have been alerted that this year's budget process will be different than past years. A more strategic approach will be taken with departments and they were asked to take a three-year look. Additionally there will be a tremendous focus on the Mayor's priorities and on collaborating with other departments and agencies.

***Finance Committee Report***

Chairwoman Adkins recognized Ms. Margaret Behm, Chair of the Finance Committee, to give the Finance Committee Report. Ms. Behm reported that the Finance Committee met on Tuesday, January 19th to review the list of Capital Expenses the Titans are requesting reimbursement for. She stated that the total amount being requested for reimbursement is $1,055,711.90 and includes the following projects from 2013 and 2014:

- LED Lighting Installations ($51,156.48)
- Stabilization of Concrete Beams ($39,021)
- Leaking Concrete Walls in the Pit/Replacement of Sidewalks in Main Concourse ($46,399)
- Equipment/Upgrades ($101,958.58)
- Grease Interceptors and Concrete Repair ($100,819.39)
- TV Installation on Main Concourse ($61,500)
- Stormwater Pumping Station ($42,297.07)
- Speaker Carts ($32,329.12)
- Water Quality ($209,244.33)
- Reseal and Stripe Parking Lots ($110,801.83)
- Security Fencing Around Ramps and Stairs ($11,623.25)
- Coating in North End Zone ($10,900)
- Metro Insurance Requests- Electric Gear ($49,327.20)
- Magnetometers ($13,949.04)
- Leak Repairs ($158,085.61)

The items up for reimbursement have been vetted by Sports Authority staff, Metro Legal and Metro Finance. Should these requests be approved, there will be a balance of $156,707.06 in the Stadium Capital Fund. **Upon a motion duly made and seconded, the Sports Authority voted to accept the committee's recommendation to approve the Titans' 2015 Capital Expenditure Reimbursement Request.**

Ms. Behm continued her Finance Committee Report with a discussion of the Bridgestone Arena Operating Budget for FY17. The Predators are contractually obligated to submit an annual operating budget to the Sports Authority no later than December 1st each year. Ms. Behm then called on Mr. Bob Lackey, the Special Projects Manager with Metro Finance, to explain what the Sports Authority's role is in approving this budget. Mr. Lackey began by stating that prior to 2008, the difference in revenue and expenses would be paid out of Metro's General Fund, which made it extremely important to approve the budget before the fiscal year began. When the contract was amended in 2008 Powers Management was given an incentive to maximize its revenues and the Incentive Fee was bumped up to $1 million. Also at this time, the management fee was raised from $235,000 to $1 million. This incentivized Powers Management to bring in more events which, in turn, brought in more sales tax and additional seat user fee money to the city. In 2012, when the contract was amended again, the incentive fee became $2.7 million. Mr. Lackey noted that the incentive fee will increase in 2018 because at that time, the

inducement bonds used to bring the Predators to Nashville will be paid off. The operating loss cap was put into place to control how much of Metro's money would be utilized and each year the loss cap increases by a fixed CPI (the current loss cap is $4,419,808). This makes the need to approve the budget less of a priority because Metro will only pay a fixed rate every year and it is Powers Management's job to stay below that budget. He then continued by stating that it is the management's responsibility to make reasonable efforts to minimize expenses and maximize revenues. This can be determined by comparing previous years to the current year, by examining the expenses, looking at the number of events, and the quality of the events that are being booked.

Ms. Margaret Behm thanked Mr. Lackey for his thorough report before recognizing Mr. Kyle Clayton, Bridgestone Arena accountant, to provide additional information on the budget, including an updated budget with FY15 actuals as requested by the Finance Committee. In response to a question asked by Ms. Behm, Mr. Clayton stated that utility costs should begin to decrease due to capital improvement projects that have been made within the last two years. He noted that the arena's budget projections are very conservative because the budget is constructed so far in advance that some details are still unknown. Mr. Clayton stated that the projected revenue for FY17 is $10,043,030, the anticipated expenses are $15,266,099, and the overall net operating loss would be $5,223,068. He concluded by stating that the budget is based off of the previous year's budget, rather than the actuals. **Upon a motion duly made and seconded, the Sports Authority voted to accept the committee's recommendation to approve the FY17 Bridgestone Arena Operating Budget.**

Ms. Behm then recognized Ms. Margaret Darby to begin the discussion on the Fourth Amended and Restated Limited Guaranty. Ms. Darby stated that this is a request from Powers Management to receive approval for the addition of new ownership. Two of the current owners decided to sell a small share to Joey Jacobs, Jeremy Jacobs, and Scott Jacobs. As a result, it caused a shuffle in equity interests between the different guarantees. According to Section 2 of the agreement, the Guarantors' liability shall be limited to the lesser of $1,827,727 plus 9.14% or $2,741,591 (the "Maximum Amount"). The Jacobs' will acquire fewer than 6% of the Predators' organization. Ms. Darby noted that the deadline for submission of Accountant's Certificates (proof of Net Worth) needs to be modified in the guaranty. The deadline should be moved from December 1st to March 30th. This is because at the end of each quarter the guaranties already have reporting requirements that must be met. This is essentially less cumbersome for them to obtain the certificates at the end of the quarter. **Upon a motion duly made and seconded, the Sports Authority voted to accept the committee's recommendation to approve the Fourth Amended and Restated Limited Guaranty conditioned upon the modification of the deadline.**

***Bridgestone Arena/Ford Ice Center Report***

Chairwoman Adkins then recognized Mr. Sean Henry to give the Bridgestone Arena/Ford Ice Center Report and thanked him for hosting the meeting. Mr. Henry began by stating that his goal, in regards to the budget, is to double the expenses every year. More expenses such as electric, maintenance and water, means that there are more revenues as well. Mr. Henry noted that in the past five years, Bridgestone Arena has had $50 million worth of building renovations and improvements. Of that, half was contributed by the owners of the Predators or their private partners. As of the end of

November, Bridgestone Arena is pacing ahead of last year's actual revenues by $212,931. Mr. Henry reported that Bridgestone Arena is now the 5th busiest building in the country and the 12th busiest in the world. The arena has also been nominated for Arena of the Year, and Mr. David Kells has been nominated for Executive of the Year- for the fourth time. Reiterating Mr. Lackey, Mr. Henry stated that Bridgestone Arena is dedicated to bringing in big events and also multiple shows of the same performer. Some examples of upcoming events include Rihanna, WWE RAW, Blake Shelton (2 Shows), Selena Gomez, Adele (2 Shows), Men's SEC Basketball Tournament, and more.

Mr. Henry continued by reporting that Ford Ice Center experienced a 27% growth in youth hockey from last season. Financially, it is pacing 17% ahead of last year. Ford Ice Center recently made a multi-million-dollar donation that was utilized to fund skating for those who required financial help. This contribution was four times the combined amount donated since the opening of Ford Ice Center.

Mr. Henry additionally reported that next weekend marks the start of the Youth Tournament for the All-Star Game. In response to a question by Ms. Behm about the number of girls playing hockey, Mr. Henry stated that there are some co-ed youth hockey teams, and they are in the process of starting a girls' recreational program. He also revealed that the Predators are starting a new Legacy Project at the Intercity Ministries, and will cut the ribbon next Friday. Other Legacy Projects include their contributions to the 365 Fund and Monroe Carroll Jr. Hospital, which total from $400,000-$500,000 annually. Mr. Henry noted that the Predators have made charitable donations to more than 100 different organizations varying from $3,000-$10,000. He also projects that by the end of the fiscal year they will have donated roughly $2 million towards in-kind services. In just a few short weeks, the Predators will be the first NHL team to take a stand against Domestic Violence. After expressing his excitement about the upcoming All-Star game, Mr. Henry concluded his report with the Predators' decision to make a one-on-one trade, Seth Jones for Ryan Johansen (a top and strong-willed center).

***Stadium Refurbishment- Project Manager Report***

Chairwoman Adkins recognized Ms. Fawknotson to begin the Nissan Stadium Refurbishment Project update. She began by stating that during the past two months, the Commonwealth Development Group has been working hard on finalizing contracts with the vendors so that work can begin. She then recognized Mr. Ed Henley and Mr. Jordan Wyman, from Commonwealth Development Group, to give the update. Mr. Wyman began by announcing that Hussey Seating has won the bid for the seat replacement. They are the vendor that is doing the seat replacements at Bridgestone Arena. Commonwealth Development Group and the Titans have also worked together to finalize the contract with SKA Engineering, based out of North Carolina, to replace the expansion joints. Carolina Restoration (C.A. Lindman) has been selected to do the waterproofing component of the expansion joint project, and PBG Builders will be the Project Manager for both projects. Neither of the contractors is a diversity company, but they do have a diversity component that exceeds the 20% that is contractually necessary. He expects the seat replacement to start as early as February 1st, and a master schedule for the entire project is currently being created.

Mr. Henley ended the discussion with a budget update, reporting that the project management team and Metro Finance recently met with the three lenders, Pinnacle Bank, First Tennessee Bank, and Fifth-Third Bank. At this meeting they discussed the reimbursement process and the payment process. Mr. Henley concluded by stating that he continues to feel confident in the approved budget and, as of now, they are right on schedule.

***Nissan Stadium Report***

Chairwoman Adkins recognized Mr. Bob Flynn to begin the Nissan Stadium Report. He announced that Mr. Steve Underwood is now the President/CEO, Jon Robinson is the new General Manager and Mike Mularkey has moved from interim to permanent head Coach. Mr. Flynn reported that the owner, Amy Adams Strunk, has played a big role in these new hires for the Titans' Organization. Mr. Mularkey has already appointed his coordinators which include: Terry Robiskie, Bobby April, and Dick LeBeau. Mr. Flynn stated that since the last meeting the Titans have hosted four football games-three Titans games and the Music City Bowl. Upcoming events include the Women's SheBelieves Cup on March 6th and Monster Jam on June 18th. The SheBelieves Cup will be a double header with USA vs. France and Germany vs. England. The Titans are currently working on a marketing strategy for the Soccer Tournament to help boost attendance.

Mr. Flynn continued his report with recent building enhancements which include:

- "Home of the Titans" (Below Nissan Stadium on the East Side)
- "Welcome" Sign on Back of North Scoreboard
- Painting of the Ramps
- Light Raker Painting
- New Grass by Ticket Office
- Bollard Painting

Ms. Jenneen Kaufman continued the report with the Titans' community involvement. Titans' staff joined with the Bridge Ministries for Thanksgiving Outreach where they handed out hot meals, Thanksgiving boxes, and clothes to the homeless. They volunteered with the Salvation Army for the Angel Tree Telethon, and also hosted the Mr. Football Awards, which honored the top prep players in the state. The Titans have made more than 350 player appearances in 2015 and they had a 98% player participation in community events. Ms. Kaufman transitioned into the financials and began with the $2.00 Ticket Tax Fund that is currently at $378,904.11. The Stadium Improvement Bond Funds (The $1.00 Ticket Tax) was split into three funds which include:

- Stadium Revenue Fund Reserve ($289,558.02)
- Stadium Prior Bond Reserve Summary ($1,900,000.00)
- Construction Fund Summary ($1,031,500.23)

The amount of ticket tax paid since inception totals $13,711,537.00, and includes a contribution of $2,976,408.00 from 2015. The total User Fee for the 2015 football season is $1,791,309.00, and the Capital Fund Summary is $1,212,072.52. The Titans' current unfiled reimbursements total

$2,738,074.42, and the casualty receivable is $23,405.63. Ms. Kaufman noted that the unfiled reimbursements receivables include a variety of projects with ranging from $8,580.28 to $792,265.45.

***First Tennessee Park Update***

Chairwoman Adkins recognized Mr. Doug Scopel to give the First Tennessee Ballpark Update. He began by stating that there are 77 days until Opening Day on April 7th, and that the Sounds' schedule has officially been released. In the off- season the Sounds have been involved with MILB charities to create care packages for soldiers; they also sponsored a family of four and provided them with over $400 in Christmas gifts. Mr. Scopel announced they have a few upcoming events including a job fair for hiring Sounds' seasonal employees and Vanderbilt vs. Belmont (the first collegiate baseball game held at the Ballpark). New additions at First Tennessee Park include:

- Protective Netting (now reaches to the end of the dugout)
- Six new concourse fans that are 14 feet in diameter
- New drinking fountains with a water bottle refill station
- Improvements to the Fun Zone
- Starting Phase 2 of the construction plans to expand South of the Greenway
- Completion of the state parking garage

Finally, Mr. Scopel concluded with the announcement of a new scholarship program where four High School students will receive a $2,500 scholarship for college. Ms. Fawknotson added that since the state parking garage is complete, the statue of Coach Temple will now be moved down the Greenway to its permanent home.

***2016 Officer Elections***

Chairwoman Adkins began by stating that, per Sports Authority's Bylaws, officer elections are to be conducted each January. Mr. Ralph Perrey nominated Ms. Kim Adkins to continue her role as Chair. Mr. Ed Temple nominated Ms. Cathy Bender to be Vice-Chair and Ms. Christie Wilson to be the Secretary. **Upon a motion duly made and seconded, the Sports Authority voted to elect Ms. Kim Adkins as Chair, Ms. Cathy Bender as Vice-Chair, and Ms. Christie Wilson as Secretary.**

***Other Business***

Chairwoman Adkins briefly stated that Ms. Cathy Bender would be inducted into the Vanderbilt Sports Hall of Fame on the following day. Ms. Bender thanked everyone for the congratulations that she has received.

**There being no other business, the meeting was adjourned.**