SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY
Minutes of January 19th, 2016 Meeting of the Finance & Audit Committee
Peabody Conference Room in Lindsley Hall
8:30 a.m.

Board Members: Margaret Behm (Chair), Ralph Perrey, Dudley West, Kim Adkins, David Wicker, Christie Wilson
Staff: Monica Fawknotson, Ilesha Montesrin (Sports Authority Temp), Margaret Darby (Legal)
Titans/ Nissan Stadium: Jenneen Kaufman, Steve Underwood, Walter Overton
Predators/ Bridgestone Arena: Beth Snider, Michelle Kennedy
Visitors: Bob Lackey (Metro Finance), Brandon Hess (Metro Finance)

Chairwoman Margaret Behm called the meeting of the Sports Authority Finance & Audit Review Committee to order at 8:30 a.m. and welcomed all in attendance. **Upon a motion duly made and seconded, the Sports Authority unanimously voted to approve the minutes of the November 4th, 2015 meeting.**

Titans Capital Reimbursement Requests

Chairwoman Behm recognized Ms. Monica Fawknotson to begin the discussion of the Titans Capital Reimbursement Requests. Ms. Fawknotson reported that on December 11th she, Ms. Jenneen Kaufman, Mr. Walter Overton, Mr. Jeff Rhinehart, Mr. Bob Lackey, and Ms. Margaret Darby met to discuss the reimbursement requests, item by item, and invoice by invoice. Ms. Darby stated that Metro is required to make an annual contribution of $1 million to the Stadium Capital Fund for Capital Projects. A Capital Project is a single addition, refurbishment, demolition or improvement to stadium equipment or property that is part of the facility and also a series of additions, refurbishments, demolitions or improvements to the facility. Mr. Steve Underwood noted that any single or aggregated group of expenses that exceeds $10,000 and meets the definition of capital expense is automatically a Capital Project. The following items were submitted for reimbursement by the Titans:

- LED Lighting Installation ($51,156.48)
- Stabilization of Concrete Beams ($39,021.00)
- 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 Titans' total reimbursement request is for $1,055,711.90. The Capital Fund balance as of November is $1,212,418.96. Should the requests be approved, there will be $156,707.06 left in the Capital Fund. Ms. Kaufman noted that once these projects are approved, the items that are included in the list of unfiled reimbursements will only be from 2015. **Upon a motion duly made and seconded the Sports Authority voted to recommend approval to the full board of the Titans Capital Reimbursement Request.**

Bridgestone Arena FY17 Operating Budget

Chairwoman Behm next asked Ms. Fawknotson to give an overview of the proposed FY17 Bridgestone Arena Operating Budget. Ms. Fawknotson stated that the Operating and Management Agreement requires Powers Management to submit its budget no later than December 1st of each year. The FY17 budget reflects a 1% decrease in revenue and a 1% increase in expenses. Ms. Michelle Kennedy stated that during the 2012 negotiations of the lease, the Sports Authority received the certainty of the Sales Tax subsidy and Powers Management was given the opportunity to receive a performance fee. Chairwoman Behm stated that it is important for the Finance Committee to understand why they are looking at a budget and what they should be looking for. Mr. Dudley West asked what role the budget plays in what the Predators get at the end of the day. Beth Snider stated that the formula for calculating the performance fee is the budget minus the actuals. Should the arena's budget be more than Metro's loss cap, they do not receive a performance fee and are responsible for the difference. The committee, Predators Executives, and Bob Lackey all agreed that the Sports Authority's approval of the budget neither impacts the arena, nor Metro's General Fund, because Metro's funding is locked in based on the loss cap. Prior to 2008 and the loss cap, the arena's budget had a significant impact on Metro's General Fund. When asked what the Finance Committee should be looking for as it reviews the budget each year, Mr. Lackey responded that the committee should look at the events being brought it because they directly impact the amount of revenue derived from the seat use fee which is placed in the Capital Improvement Fund (CIF). Ms. Fawknotson specified that needed improvements do not have to be approved by Metro due to having the CIF. **Upon a motion duly made and seconded, the Sports Authority voted to recommend approval of the Bridgestone Arena's proposed FY17 operating budget to the full board and requested that actuals from FY15 be provided.**

Fourth Amended and Restated Joint and Several Limited Guaranty

Mr. Dudley West recused himself from the discussion on the Fourth Amended and Restated Joint and Several Limited Guaranty. Ms. Michelle Kennedy stated that two Predators owners have decided to sell a small share to Joey Jacobs, Jeremy Jacobs, and Scott Jacobs. This resulted in a shuffle in equity interests due to the addition of another guaranty. The transaction is currently pending, and the revised guaranty is contingent upon finalization of the accountant's certificates, which are expected to be complete in roughly a week and a half. Until the accountant's certificates are complete, the guarantees remain in place as they are. The changes that have been made to the existing Guaranty are

the recitals and the amount of the limited guarantee in Section 2. Additionally Section 25(c) has another amount that is identified as contingent liability that is allocated between everyone. A spreadsheet with everyone's Pro Rata Share of the contingent liability is provided. Ms. Michelle Kennedy requested that net worth certificates reflect a date of March 30, 2016 date. **Upon a motion duly made and seconded, the Sports Authority voted to recommend approval of the Amended and Restated Joint and Several Limited Guaranty contingent upon the transaction being finalized.**

Other Business

Ms. Fawknotson stated that the Sports Authority, along with other Metro Departments, is waiting to receive directives from the Finance Department on Metro's FY17 budget. Department Heads have been informed that the budget will look different and the process will be a new one. Departments will be asked to examine their budget more strategically and to collaborate with similar departments to achieve a common goal. Mr. Brandon Hess (Sports Authority's Budget Analyst) stated that there will be more details in the first week of February.

There being no other business, the meeting was adjourned.