

**SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE  
& DAVIDSON COUNTY**

Minutes of the June 13, 2008 Meeting of the Board of Directors  
Sommet Center- Meeting Rooms H-K  
9:30 a.m.

**Board Members:** Arnett H. Bodenhamer, Lauren Brisky, J.D. Elliott, Forrest Harris, Mike Hobbs, Cathy Bender Jackson, Kevin P. Lavender, Rusty Lawrence, Steve North, Edward Temple

**Staff:** Emmett Edwards (Sports Authority), Monica Clayton Fawknorton (Sports Authority), Sue Cain (Legal), Larry Thrailkill

**Titans/Cumberland Stadium:** Don MacLachlan, Walter Overton

**Predators/Powers Management:** Hugh Lombardi, Brock Jones, Ed Lang, Gerry Helper

**Visitors:** Brad Schrade (Tennessean), Frank Curry, Heather Vincent (Fox 17 News), George Plaster (104.5 FM), Jason Cole (Waller Lansden), David Freeman, Nate Rau (City Paper), Nancy Amons (Channel 4), Councilman Phil Claiborne, Charles Starks, Hugh Lombardi, Brock Jones, Nina Cardona (WPLN), Richard Riebeling

Mr. Kevin P. Lavender called the meeting to order at 9:30 a.m. and recognized Ms. Monica Fawknorton to read the Metro Code of Laws (Ordinance No. BL2006-1050, § 2.68.030). Minutes of the May meeting were unanimously approved. Mr. Lavender requested that visitors introduce themselves to the Authority.

***LP Field Report***

Mr. Lavender recognized Mr. Don MacLachlan to give the LP Field Report. Mr. MacLachlan reported on the success of the CMA Music Festival, stating that it was the largest crowd ever and noted that LP Field is currently preparing for the Kenny Chesney concert on July 5<sup>th</sup>. Mr. MacLachlan additionally reported that the Titans are not bringing any new capital initiatives before the Authority, and that they are diligently working on the replacement of the suite televisions- a very extensive project. On behalf of Mr. Underwood, Mr. MacLachlan requested that a periodic update, as provided for in the lease, be given to the Titans in regards to risk management and LP Field.

***Sommet Center Report***

Mr. Lavender recognized Mr. Hugh Lombardi to give the Sommet Center Report. Mr. Lombardi reported that April was a good month for the arena and included three Predators play-off games in addition to having Kenny Chesney in the rehearsal hall. Income statements for April and May will be presented at the July meeting. Mr. Lombardi reminded the Authority that although May and June were quiet months with respect to public events, Brad Paisley, Rascal Flats, and Toby Keith kept the rehearsal hall busy. July events are scheduled to include: Barbershop Quartet, Poison, Allyson Kraus and Sheryl Crow with James Blunt.

***Predators Ownership Report***

Mr. Lavender recognized Mr. David Freeman to address the Board. Mr. Freeman thanked the Sports Authority for its public service and assured them that the owners are communicating candidly and consistently with city officials and Metro Legal regarding the developments with Mr. DelBiaggio. Mr. Freeman acknowledged that the Predators owners received a subpoena from the Federal Bureau of Investigation (FBI) seeking information on Mr. DelBiaggio the same day as did the Sports Authority and Metro Council. Mr. Freeman stated that the allegations were a surprise to them and that they will cooperate fully with the FBI. Mr. Freeman stated his belief that it is in everyone's best interest to wait until the bankruptcy court to appoint a trustee and stated that they will continue to communicate with the Sports Authority through Counsel throughout this process. Mr. Freeman requested that the Sports Authority retain all of its options so as to protect the city as future events unfold.

Mr. Lavender recognized Mr. Larry Thrailkill to address the Board. Mr. Thrailkill reported that six lawsuits with common threads had been filed against Mr. DelBiaggio in Santa Clara, CA. Mr. DelBiaggio filed bankruptcy on June 6, 2008. A trustee has not been appointed in this matter as of yet. The court has set some key dates, one of which is October 6<sup>th</sup> when all claims against the estate must be

filed. Should the Sports Authority decide to file a claim it must be done by this date unless the date is extended. Mr. Thrailkill noted that Mr. DelBiaggio's current intent is not to contest whether his debts are dischargeable. He further noted that Mr. DelBiaggio does not own a direct interest in the Predators, but a limited liability interest in an entity called Four Check Investments. He owns approximately 83% of this entity which owns an interest in Predators Holdings which is the holding company for the Predators. Predators Holdings is the 100% owner of the Nashville Hockey Club, LP, the Sports Authority's tenant at the Sommet Center. Mr. Thrailkill reported that a trustee would not take control of a direct ownership interest in the Predators, but would be dealing with the Four Check interest.

Mr. Thrailkill continued by stating that it appears the Sports Authority, along with Metro Government, Metro Council, CIT Corporation, the local investor group, and several other financial institutions have been the victims of a fraudulent scheme by Mr. DelBiaggio and that no one is to blame but Mr. DelBiaggio.

Mr. Thrailkill reported that no loss has occurred to the Sports Authority but that there is a missing \$9.8 million guarantee that needs to be replaced. As long as the change of ownership is approved by the NHL and does not cause the local ownership group's investment to drop below 51%, the Sports Authority does not have approval rights over the owner. Under Mr. DelBiaggio's guarantee there are two bases by which the Sports Authority could take action:

- The failure of Mr. DelBiaggio's representations and warranties that he made were found to be untruthful.
- Mr. DelBiaggio has filed for bankruptcy protection.

Mr. Thrailkill stated that, under the second scenario, if within 60 days after the bankruptcy filing a substitute guarantor that meets the net worth requirements is found and signs a guarantee acceptable to the Sports Authority there would be no default under Mr. DelBiaggio's guarantee. The 60 days began June 6<sup>th</sup> and expires August 4<sup>th</sup> unless the Sports Authority chooses to extend the date. Mr. Thrailkill stated this to be his recommendation as the Sports Authority's Counsel. Mr. Steve North asked what the current default amount on the agreements is and Mr. Thrailkill replied that the liquidated damages amount (should the lease be canceled) is \$50 million. Mr. Thrailkill advised the Sports Authority to meet on a more regular basis in order to receive updates but to take no formal action at this point. He noted that, in doing so, the Sports Authority was not waiving its right to declare a default.

Mr. Lavender reminded the Board that the Sports Authority has options and is not giving up any of its rights, that the local owners are diligently looking for a substitute guarantee, and that the Sports Authority has excellent counsel in Mr. Thrailkill and Ms. Cain and her staff.

The meeting adjourned and the Sports Authority Board retired into Executive Session.