

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

Minutes of the Meeting of the Board of Directors

Sommet Center – Meeting Rooms H-K

December 19, 2008

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

Staff: Emmett Edwards (Sports Authority), Monica Clayton Fawknottson (Sports Authority), Terri Costonis (Metro Legal), Bob Lackey (Metro Finance)

Titans: Steve Underwood, Don MacLachlan, Walter Overton

TSU: Carl Pillow

Powers Management: Hugh Lombardi, Beth Snider, Mark Floyd, Michelle Kennedy

Visitors: Larry Thraikill, Scott Ramsey, Kraft CPA Auditors, Frank Curry, Michael Cass

Mr. Kevin P. Lavender called the meeting to order at 9:30 a.m. and recognized Ms. Monica Fawknottson to read the Metro Code of Laws (Ordinance No. BL2006-1050, 2.68.030). Corrected minutes of the October meeting were unanimously approved.

Nashville Sports Council Report

Mr. Lavender recognized Mr. Scott Ramsey to give the Nashville Sports Council update. Mr. Ramsey reported that the Sports Council will host the 11th Music City Bowl between Vanderbilt University and Boston College on December 31st at LP Field. The game will be nationally televised on ESPN. Mr. Ramsey additionally reported that the SEC/Big East Invitational Tournament was held at the Sommet Center on December 16th and that Nashville has been selected to host the 2014 NCAA Women's Basketball Final Four Tournament.

Finance Committee Report

Mr. Lavender recognized Mr. J.D. Elliott to give the Finance & Audit Review Committee Report. Mr. Elliott reported that the Finance Committee met on December 9th and received a brief LP Field Report. He additionally reported that the committee received the Sommet Center's October Income Statement, noting that Mr. Hugh Lombardi would elaborate on the financials in his Sommet Center Report. The committee also discussed the shared allocation of arena employees. Mr. Mark Floyd stated that, in the event an agreement on the allocations cannot be reached, an independent accountant would be brought in to review the materials and make a recommendation. The Finance & Audit Review Committee determined that approval of the budget should be deferred to allow Board Members, as well as Metro Legal and Finance, thirty days to review the shared allocation document. The committee voted to accept the FY10 Operating Budget but will not look to approve it until after all members of the Authority have been fully briefed on the Shared Allocation Budget. Finally, Mr. Elliott reported that the committee received a press release announcing that the Sommet Center has been nominated for the 2008 Arena of the Year Award and that Hugh Lombardi has been nominated for 2008 Facility Executive of the Year by Pollstar Magazine.

With regards to the subject of shared employee allocation, it was decided that the Finance Committee would further discuss and vet the issue at its next meeting. Additionally, a question was raised as to whether the full board had, in fact, approved the Sommet Center's FY08-09 Operating Budget. Mr. Lavender requested that staff examine past minutes and report back to the Board.

LP Field Report

Mr. Lavender recognized Mr. Steve Underwood to give the LP Field Report. After briefly noting the LP Field calendar in the Titans Periodic Report, Mr. Underwood reported that the Titans currently have \$798,000 in unreimbursed capital expenses. Mr. Underwood continued by reporting that the Titans have continued to examine the risk of damage to LP Field and the Titans facility at Metro Center should the area experience a damn break or natural disaster. Mr. Underwood stated that Metro Government has \$100 million worth of seismic insurance and that the Titans are considering purchasing an additional \$50 million worth of insurance as a supplement.

Mr. Underwood reported that TSU Reconciliation statements for revenues and expenses for games played at LP Field were included in the periodic reports. He stated that the stadium lease agreement does provide that the Titans ask their outside auditors to review the game reconciliation (expenses and revenues) for TSU games. He reported that, while this outside review has not been done in the past, the Titans have included the report of their reconciliation of game expenses/revenues for 2006 and 2007. Additional revenues such as tickets and parking sold on campus are not included in the reconciliation. Mr. Underwood noted that the TN Board of Regents does conduct an annual accounting review of TSU games. Mr. Rusty Lawrence requested a summary of the term sheet with TSU, and the Board requested that Mr. Edwards and TSU's Associate Athletics Director, Mr. Carl Pillow invite President Johnson to give a TSU update at an upcoming meeting.

With regards to the recent scoreboard outage at LP Field, Mr. Underwood reported that a buss duct failed which triggered a trip on a circuit breaker which cut off power to that particular grid. Power was restored to the scoreboard portion of the scoreboard but not the video portion. He additionally reported that the Titans will begin looking at a backup power system

Finally, Mr. Underwood reported that an estimate of proposed capital spending for calendar year 2009 was included in the Titans Periodic Report. He reminded the Board that the televisions in the common areas need to be replaced, noting that they had received an estimate for approximately \$800,000. He additionally reported that there is oxidation of exposed steel and other metals under ramps and in other areas of the stadium that needs to be addressed. Carpet repair and water sealing are also upcoming needs for 2009.

The Sommet Center Report

Mr. Lavender recognized Mr. Hugh Lombardi to give the Sommet Center Report. Mr. Lombardi reviewed the October Income Statement. October actual revenue was \$265,763, compared to the budgeted \$186,877. Total Operating Expenses for October were \$982,396, compared to the budgeted \$839,304. Mr. Lombardi noted that the variances in Compensation & Benefits and Maintenance, Repair & Supplies were respectively due to the shared allocation figures and unexpected building repairs. He additionally reported that while rent revenue from events was down, actual ancillary event revenue (food & beverage and merchandise) was over budget. October events included Predators games, Get Motivated, Cheetah Girls, and Nine Inch Nails. In response to a request from Ms. Nancy Vincent, Mr. Lombardi stated that an operating budget which includes historical information would be presented at the Finance Committee Meeting and distributed to the full Board.

Mr. Lombardi recognized Mr. Mark Floyd to discuss the FY08 Audited Financial Statements. Kraft CPAs reported that they had no recommendations for the Sommet Center, and noted that staff has cooperated fully with the audit. The Board decided to defer approval of the audit to allow the Finance & Audit Review Committee more time to discuss any issues related to the audit. They requested that Kraft CPAs be available to answer questions. The Board additionally requested that staff prepare an analysis of items to be discussed at subsequent full board and finance committee meetings, and that any action required by the Board be specified. Finally, Mr. Lombardi reported that he will discuss the Special Events Reporting Procedure at the January Board Meeting and that materials will be presented to the Board in advance so that they have ample time to review.

Other Business

Mr. Lavender reminded the Board that, according to Sports Authority Bylaws, officer elections are scheduled to take place each January. Upon a motion duly seconded the Board voted to elect officers at the upcoming January 16th meeting, with nominations to be taken from the floor.

Mr. Bodenhamer expressed his concerns regarding the daily administration of the Sports Authority by staff, especially with regards to the communication and distribution of board related documents and meetings.

With regards to questions concerning the Predators and the financial problems of CIT Bank which loaned a large sum of money to the Nashville Hockey Club, Mr. Larry Thraillkill reported that no notice of default has been sent to the team by CIT. If notice was sent, the NHL would then have six months to take action. Mr. Thraillkill additionally stated that bankruptcy counsel in California is monitoring the situation and that the Sports Authority will be contacted when/if necessary.

Finally it was suggested that the Sports Authority examine and discuss issues pertaining to conflicts of interest within the Board.

There being no other business, the meeting adjourned at 11:40 a.m.