

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

Minutes of the  
Meeting of the Board of Directors  
Sommet Center – Meeting Rooms H-K  
January 16, 2009  
9:30 a.m.

**Board Members:** Arnett Bodenhamer, Lauren Brisky, J.D. Elliot, Kevin P. Lavender, Ralph Perrey, Edward Temple, Helen Walker, Mike Hobbs, Rusty Lawrence, Forrest Harris, Steve North

**Staff:** Emmett Edwards (Sports Authority), Theresa Costonis (Legal)

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

**Predators/Powers Management:** Hugh Lombardi, Dewayne Smith, Mark Floyd, Michelle Kennedy

**Visitors:** Frank Curry

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

*Finance Committee Report*

Mr. Lavender recognized Mr. Elliott to give the Finance and Audit Committee Report. Mr. Elliott reported there was good attendance at the January 5 Finance Committee meeting. Reports were given by Steve Underwood for the L. P. Field, discussion of the Titans letter of agreement with TSU, Sommet Center discussion by the members, and Mark Floyd discussed the audit of 2008 which is awaiting Board approval. Tommy Francis, CPA from Kraft, was there to answer questions and discuss any issues.

Upon further discussion and a motion duly seconded the Board voted to call to question to vote for the approval of the Sommet Center audit and agreed upon procedures (AUP) and report for the year ended June 30, 2008. Ms. Helen Walker, Mr. Arnett Bodenhamer and Steve North stood opposed. A motion duly seconded by the Board voted to approve the Sommet Center audit and agreed upon procedures for year ended June 30, 2008. Mr. Rusty Lawrence, Mr. Arnett Bodenhamer, Helen Walker and Steve North stood opposed.

Emmett Edwards presented a bar graph of 2008 showing the shuttle growth as being a very successful program. It was implemented at LP field thanks to the Downtown Partnership and the L. P. staff. Included in the information was an accommodation letter from Mayor Dean to Lauren Brisky. This was a letter the Board directed through Legal Counsel, Mr. Thrailkill, to the Nashville Predators as it relates to Bankruptcy issues and a Metropolitan Budget Finance budget calendar which indicated an expectation of 10% budget cut per department in Metro Government. A copy was shared on the Sports Authority results matter with indications of what the current budget allocations are.

Next item presented by Mr. Edwards was TCA - 676103 January 1, 2009. Because of the change in a taxation issue, there will be impact on the way taxes are collected at a state level and therefore passed through to Metro Government and Sports Authority. The impact has not been determined because only the past 16 days are being looked at right now to see the impact. The net impact will be positive in that the State has allowed Metro Government and the Sports Authority to capture funds that historically have resided at the State level.

Mr. Hugh Lombardi's analysis report indicated the level of detail involved from Metro Legal and Finance and the Sports Authority staff in looking at items before they come before the meeting. Mr. Edwards expressed interest in getting additional input from the Board.

### L.P. Field Report

Mr. Lavender recognized Mr. Steve Underwood to give the LP Field Report. Mr. Underwood asked if everyone had received their January 2009 report. Mr. Underwood expressed under Tab 3 there was a fire and inspection report that was conducted at the facility by the fire Marshall's office. He mentioned there were five or six relatively minor matters the fire Marshall found. They are all in the process of being corrected and the fire Marshall will return to ensure compliance.

It was noted under Tab 4 that the regular report of the capital expense items are ongoing at the stadium. Mr. North wanted to remind the members that these are not necessarily items that will be asked for reimbursement or qualify for reimbursement but that his office suggested that capitol expense items may qualify for reimbursement. The current procedure is to make the request for reimbursement once per year, usually in August after money has been placed in the capital fund. Mr. Underwood asked the members to feel free to ask him questions or any member of the stadium staff anytime.

Under Tab 5 were current items that will be or already have been added to the reconciliation that is under Tab 4 which include ongoing regular items of expense that appear to be capital in nature under the lease. Mr. Underwood pointed out that under the very last page under that tab is the current capital expense projects checklist. This was a format that began to be used last year to be a quick summary for the membership on what is going on since August of last year. He pointed out that some of the items are still being evaluated and receiving bids and some are being simply considered like carpet replacement, etc. although some of the items may be postponed due to the economic downturn.

At the last meeting a dialog was raised on the game reconciliations and audits for TSU games hosted. Mr. Underwood added on his report under the last Tab a copy of a letter that was furnished to the Executive Director summarizing the activities that have taken place including the information shared by the Finance Committee in some detail at the last meeting. These were some of the bullet points Mr. Underwood pointed out that are

to be noted by the Sports Authority at the February meeting, and if anyone is interested in adopting the procedure being recommended, it can be done at that time. The key points are: the stadium lease being negotiated, completed and finished about 15 months before meeting with representatives of the Metropolitan Government and representatives of TSU to negotiate the TSU lease which is a separate lease with the Sports Authority. It's a three way agreement among Cumberland Stadium Inc., the Sports Authority and TSU in connection with their games. The section in the lease that has been called in question, (our lease with the Sports Authority Section 33B and 33A) preceded the TSU lease by 15 months. They also preceded TSU's lease roughly by 15 months. They also preceded TSU's first game in the stadium by three years. When the TSU lease was negotiated and signed they were interested in different audit procedures that had been previously negotiated. As a result there were slightly different procedures. Copies of the lease provisions were attached for review. Mr. Underwood continued to say that over the last 10 years a different custom and practice has been adopted with the University and the state's auditors and the Board of Regents auditors. Mr. Underwood stated that there has been a great working relationship with TSU over the years and have never had any issues over audit questions related to game expenses. TSU sells separately its season tickets, parking and game packages at the University. There are revenues that are not known to us. The information passed out last month only showed part of the revenue. Backup expenses are given to them in game expenses. Mr. Underwood expressed that is very important for their games to be played in our stadium and they remain important to us, therefore it is important that TSU is comfortable with the audit procedures for the games and are satisfied with the outcome. The letter proposed that both leases remain just as they are with no amendments and waive and relinquish any defense they we may have for the past audit years in question.

Mr. Temple suggested that a TSU representative be invited again to the next meeting so that everyone would be in agreement. Mr. Lavender mentioned that there were a lot of questions at the last meeting about how TSU feels about the lease and therefore having a representative would be a great idea. Mr. Underwood agreed that they would be invited.

#### Sommet Center

Mr. Lavender recognized Mr. Lombardi to give the Sommet Center report. Mr. Lombardi stated the Siemens Building Technology will be doing a comprehensive audit of the Sommet Center with suggestions on how to save on the expenses.

The CMA award show was held in November for 13 days. Usually these days are split between October and November. Because of this the budget is showing more for November compared to the previous year. When the budget was done, it was budgeted more for Predator games than previously as last year there were none on the books. That was the reason the budget number was so low. The reason why the rent number is so high is because it was still being negotiated at the time and the rent was increased as well as having the basketball game that was at the end of the month. Revenues were almost \$200,000 to the good. Expenses were less by \$25,000. It was reported that year to date there is \$407,000 to the good. There are still shared employees which is another

\$211,000. At the last meeting it was decided to take out the shared employees that would leave over \$600,000 to the good.

*Election of Officers*

J. D. Elliott and Arnett Bodenhamer were nominated for the position of Board Chair. Both were willing to serve. There were questions regarding procedures of breaking a tie. Theresa Costonis noted from the Roberts Rules of Order that the current Board Chair could either break or create a tie. Mr. Lavender asked the candidates to speak for a few minutes on why they would be willing to serve. Votes were cast and Arnett Bodenhamer was voted to be the new Board Chair. Congratulations were given. Steve North and Ralph Perrey were nominated for Vice Chair. Votes were cast and Steve North was voted to be the new Vice Chair. J.D. Elliott and Cathy Bender Jackson were nominated for Secretary/Treasurer. J. D. Elliott declined the nomination. Nancy Vincent was nominated but also declined. Votes were cast and Cathy Bender Jackson was nominated to be the new Secretary/Treasurer.. Mr. Lavender turned over the meeting to the new Chair, Mr. Arnett Bodenhamer for further business. Members gave thanks to Kevin Lavender for his service as Chair.

Meeting was adjourned at 10:18 am.