

**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  
April 17, 2009  
9:30 a.m.

**Board Members:** Arnett Bodenhamer, Rusty Lawrence, Forrest Harris, Kevin Lavender, Mike Hobbs, Edward Temple, Ralph Perry, Helen Walker, Cathy Bender Jackson, Steve North

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

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

**Predators/Powers Management:** Hugh Lombardi, Beth Snider, Michelle Kennedy, Dewayne Smith

**Visitors:** Frank Curry

Mr. Arnett Bodenhamer 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 March meeting were unanimously approved.

*Finance Committee Report*

Mr. Bodenhamer recognized Rusty Lawrence to give the Finance Committee report. Mr. Lawrence reported that at the April 9th Finance Meeting, Mr. Bob Lackey presented an overview of the Titans contracts with the Sports Authority. A summary (in chart form) of the most recent negotiation on the Allocation of Shared Employees plan was distributed to the board. The Finance Chair reported challenges in reaching a consensus on the plan. The committee recommended that the board vote to appoint a qualified independent individual to determine a fair and equitable employee allocation level. Mr. Lawrence stated that the budget has already been submitted with all of the allocations that were originally proposed by the Sommet Center. It would then need to be amended to meet the agreed upon terms. Mr. Lavender stated since our resource is Metro Finance they should be on board with our numbers and that the finance team should agree with our analysis. He continued that a commitment should not be made to hire a qualified independent individual if it is not known whether funds will be available for that hire. **Upon a motion made and duly seconded, the Board accepted the Finance Committee's recommendation to appoint a qualified independent individual to determine a fair and equitable allocation of the Shared Employee expense subject to concurrence with Metro Finance and the availability of funds.**

Theresa Costonis reported on two issues involved in the engagement of professional services discussed at the Finance and Audit Finance meeting. One is the issue of the procedure for the appointment of a qualified independent professional and the other is the process for engaging outside counsel with regard to the most recent amendments on the ticket surcharge issue. It was determined that the Sports Authority would be required to pay for professional services through Metro Finance.

Mr. Lawrence reported on the progress of the request that the Sommet Center furnish documents related to special events occurring at the Sommet Center, and that they be furnished to the Sports Authority's office and be available for public review. At issue was the confidentiality clause in contracts with various promoters of events at the Sommet Center. Powers requested time to review the issues with the promoters.

Mr. Lawrence reported an issue of language in the ticket tax contract which in the original lease indicated a 5% limitation surcharge. When amended that language was not included. Since the contract reads this way, the committee recommended that the Sports Authority retain independent counsel in accordance with Metro's procurement process to advise the Sports Authority on its rights and responsibilities. A recommendation for an amendment to the contracts is needed so that the omission is corrected.

Mr. Bodenhamer recognized Mr. Thraikill to discuss the ticket surcharge tax issue. Mr. Thraikill stated that previously the term sheet provided the seat use charge would stay the same. When the documents were drafted, the 5% limitation was inadvertently omitted. Since that time the parties have continued as if the limitation had been left in the contract and the surcharges have been collected and paid. The new drafted proposal amends the documents to what the parties intended at the time. The reinsertion of 5% or \$1.75 for hockey events and 5% of \$2.00 for non hockey events is being proposed to the contract. Mr. Thraikill recommended that the Sports Authority engage independent counsel for the purpose of looking at the Intergovernmental Agreement. **Upon a motion made and duly seconded, the Board unanimously approved that the Sports Authority appoint independent legal counsel to review the seat use tax contract.**

Mr. Lawrence addressed the process for selection of the audit firm to conduct the Sommet Center audit. Powers Management submitted the results of their procurement process and recommended the engagement of Kraft CPA firm. Mr. Lawrence recommended that Finance and Audit committee members do independent research on the qualifications of the competing firms and determine which firm the committee would recommend to the Sports Authority at the next meeting. Mr. Bodenhamer asked Beth Snider how quickly this needs to be done. Ms. Snider replied that a decision should be made in a timely fashion so that the financial reporting deadlines could be reached. Mr. Bodenhamer stated that at the next meeting a recommendation should be made on which firm will be chosen and a vote would be taken at that time.

Mr. Lawrence stated that the Finance Committee, at its previous meeting, discussed staff responsibilities and the Sports Authority's need for logistical help. The Finance Committee recommended that the Chair of the Sports Authority establish a committee to review the informational and logistical needs of the Sports Authority and clarify staff roles and responsibilities to meet those needs.

### LP Field Report

Mr. Bodenhamer recognized Mr. Underwood to give the LP Field report. Mr. Underwood indicated their report included: the current calendar which extends into 2010, the property and casualty loss statement, current capital expenses summary which is roughly where it should be, a summary of all current capital projects that are under way, and a summary of proposed user fee legislation. The user fee as proposed originally and included

in the development agreement 13 years ago has successfully provided for present capital needs at the facility. The current proposal would help address future capital needs. Also included in the report was: draft legislation, stadium lease provisions, summary of proposed legislation and key features of the user fee as proposed. Mr. Underwood explained the user fee is a two step process. The General Assembly must first pass enabling legislation which empowers them to the Metro Council to levy the user fee as part of the ticket price. Under the draft legislation only TSU games will be excluded from the application tax. Other events that take place on the playing surface will all be taxed. Mr. Underwood stated that there are three choices with respect to the long term capital needs of the building. Mr. Underwood felt the most simple, easiest and best path is for the users of the building to participate in its long term capital needs. Mr. Underwood felt that a resolution was not needed at this time from the board and that he feels this proposal has the support of Metropolitan Government.

Sommet Center

Mr. Bodenhamer recognized Mr. Hugh Lombardi to give the Sommet Center report. Mr. Lombardi passed out the event schedule from February through May. He reported that February was a great month with 15 events- ten of which were hockey games. March was a busy month with more Predator games and the OVC basketball tournament as well as the SEC Gymnastic Championships. Mr. Lombardi announced that the world wide first quarter ticket sales showed Sommet was 19<sup>th</sup> on the list and 6<sup>th</sup> in the US. Mr. Lombardi reported that there was nothing out of the ordinary for expenses this past quarter.

There being no further business, the meeting of the Board was adjourned at 11:20 am.

Respectfully submitted,

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Cathy Bender Jackson, Secretary