

SPORTS AUTHORITY OF THE METROPOLITAN GOVERNMENT OF NASHVILLE &
DAVIDSON COUNTY

Minutes of October 12, 2017 Meeting of the Finance & Audit Committee
Bridgestone Arena
9:00 a.m.

Board Members: Kim Adkins, Margaret Behm (Chair), Cathy Bender, Khalat Hama, Lisa Howe, Bob Obrohta, Ralph Perrey, Rip Ryman, Catana Starks, Dudley West, Emmett Wynn

Staff: Monica Fawknotson, Ilesha Montesrin, Quinton Herring, Margaret Darby (Legal)

Titans/ Nissan Stadium: Jenneen Kaufman, Steve Underwood

Predators/ Bridgestone Arena: Keith Hegger, Kyle Clayton

Visitors: Basher Burbank (Stewart Logistics), Chris Harrington (CMA), Jeremy Harrell (MLS2Nashville), Clint Brewer (MLS2Nashville), Stuart Goldberg (Sirius XM), Thomas Comisky (Sirius XM), Jonathan Burtner (Sirius XM)

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 May 15, 2017 Finance Committee meeting.**

Executive Director's Report

Chairwoman Behm recognized Ms. Monica Fawknotson to give the Executive Director's Report. Ms. Fawknotson reported that the committee would be asked to consider two items: 1) 2017 CMA Parking Settlement and 2) Revision to Amendment No. 2 of the Sirius XM Radio, Inc. Agreement. Ms. Fawknotson concluded her report by stating that the Committee would meet on November 14th to discuss the following:

- Titans' Inflatable Field Cover
- Project Management Report
- Submission and Approval process for CIF projects at Bridgestone Arena

Consideration of 2017 CMA Parking Settlement

As legal counsel for Stewart Logistics, Inc., Chairwoman Behm recused herself from the upcoming parking discussion and asked committee Vice-Chair Ralph Perrey to preside. Mr. Perrey asked Ms. Fawknotson to begin the discussion of the 2017 CMA Parking Settlement. Ms. Fawknotson stated that the 2012 CMA License & Use Agreement states that the net parking revenue will be split between the CMA (50%), Nissan Stadium (25%), and the Sports Authority (25%). She stated that the Board had been given a comparison of the 2017 and 2016 settlements, and that there was a significant variance in parking expenses in 2017.

Mr. Perry then recognized Mr. Brasher Burbank, V.P. of Stewart Logistics, (the parking contractor for the CMA Festival). Mr. Burbank stated that in previous years, the security at the music festival was severely understaffed which led to Mr. Jeff Keeter, retired Metro Police now

with Apex Security Company, taking on the scheduling of security officers. The CMA voiced its concerns about the lack of Police presence inside the parking lots to Mr. Burbank and Mr. Keeter. Mr. Burbank stated that the security schedule for 2018 will be released early next year to all the partners. In response to a question asked by Mr. Dudley West, Mr. Burbank noted a \$27,000 increase in staffing expenses from 2016. The following chart shows the comparison between 2016 and 2017 expenses:

<u>Line Item</u>	<u>2016 Expenses</u>	<u>2017 Expenses</u>	<u>Difference</u>
Payroll (Staff)	\$ 29,837.50	\$ 29,734.48	\$ (103.02)
Payroll (Officers)	\$ 47,253.19	\$ 74,814.39	\$ 27,561.20
Liability Ins.	\$ 1,260.00	\$ 1,260.00	----
Tickets	\$ 162.96	\$ 195.92	\$ 32.96
Supplies / Stationary	\$ 160.00	\$ 160.00	----
Radios	\$ 163.88	\$ 169.36	\$ 5.48
Signage	\$ 278.59	-----	\$ (278.59)
Management Fee (10% of Net Rev)	\$ 10,186.90	\$ 10,000.00	\$ (186.90)
Total Expenses	\$ 89,303.02	\$ 116,334.15	\$ 27,031.13

Mr. Burbank stated that the Sports Authority would receive \$36,142.09 for their share (25%) of the parking revenue. The revenue comparison between 2016 and 2017 is as follows:

<u>Line Item</u>	<u>2016 Total</u>	<u>2017 Total</u>	<u>Difference</u>
Revenues	\$ 286,162.01	\$ 273,302.52	\$ (12,859.49)
Over / (Short)	\$ 19.00	\$ (86.00)	\$ (105.00)
Sales Tax (Paid by Titans)	-----	----	----
Net Revenues	\$ 286,181.01	\$ 273,216.52	\$ (12,964.49)

Mr. Burbank stated that due to the increase in security expenses, Stewart Logistics lowered their fee from 10% to \$2,500 each day. Additionally, this year they did not bill CMA for their management oversight, totaling around \$3,500 in savings. The Committee then thanked Mr. Burbank for this gesture.

Upon a motion duly made and seconded, the Finance Committee unanimously voted to recommend approval of the 2017 CMA Parking Settlement to the full Board. Ms. Margaret Behm abstained.

Consideration of Revision to Amendment No. 2 of the Sirius XM Radio, Inc. Agreement

Mr. Perrey turned the Chair back over to Ms. Margaret Behm who recognized Ms. Fawknorton to discuss the Revision to Amendment No. 2 of the Sirius XM Radio, Inc. Agreement. Ms. Fawknorton stated that at the June 15th board meeting, the Authority approved Amendment No. 2 of the agreement- a five year extension (September 1, 2017-August 31, 2022) for the same premises. Section 2 of the Amendment provides for the tenant or landlord to terminate the lease with a one (1) year prior written notice without penalty beginning in 2018 in the event: 1) the Landlord cannot provide sufficient space to accommodate Tenant's request for additional space; or 2) the Landlord has entered into an agreement with the Nashville Predators or an affiliate of the Predators for the Premises.

Ms. Fawknorton continued that during the board meeting, Sirius XM Radio expressed interest in putting money into their space at Bridgestone Arena for studio upgrades. A couple of weeks later Sirius XM Executives confirmed their willingness to make \$3.5 M of improvements to the space. Since half of this investment will be left behind should they move, Sirius XM is requesting that the termination for convenience be moved from 2018 to 2019. Additionally, a calculation error was found in the rent schedule (Section 3). The revised rent schedule and adjustment to the termination for convenience are included in the proposed revision of Amendment No. 2.

Upon a motion duly made and seconded, the Finance Committee unanimously voted to recommend approval of the Revision to Amendment No. 2 of the Sirius XM Radio, Inc. Agreement to the full Board.

There being no other business, the meeting was adjourned.